



DRAFT STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED
31st March 2026

CONTENTS

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE COUNCIL AND EXTERNAL AUDITORS. THIS IS DUE BY THE END OF JANUARY 2027.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYLDE COUNCIL

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE COUNCIL AND EXTERNAL AUDITORS.
THIS IS DUE BY THE END OF JANUARY 2027.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYLDE COUNCIL

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE COUNCIL AND EXTERNAL AUDITORS.
THIS IS DUE BY THE END OF JANUARY 2027.**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYLDE COUNCIL

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE COUNCIL AND EXTERNAL AUDITORS.
THIS IS DUE BY THE END OF JANUARY 2027.**

NARRATIVE REPORT BY CHIEF FINANCIAL OFFICER

1. INTRODUCTION

Welcome to the narrative report and Statement of Accounts for Fylde Borough Council. In my role as Chief Financial Officer and the Council's statutory Section 151 Officer, I am required to prepare a narrative report to accompany the Statement of Accounts. This narrative report is prepared in a style which aims to enable readers to understand and interpret the accounting statements. By producing this report, I aim to give electors, local residents, Council Members, partners, stakeholders and other interested parties confidence that public money which has been received and spent has been properly accounted for and that the financial standing of the Council is secure. The narrative report sets the scene and tells the story of the past year. Included are details of the Council and the Borough, financial and non-financial performance, and the outlook for the future.

I hope what follows is interesting and informative, and I thank you for your interest in the finances of the Council.

The Finance Team at Fylde Council aims to prepare the Statement of Accounts to the highest standards and in accordance with the guidance for Local Authorities in the UK. This document sets out the Council's statutory Statement of Accounts for the financial year ending 31st March 2026. The Accounts and Audit (Amendment) Regulations 2024 require me, as the Council's responsible financial officer, to certify that they '**present a true and fair view of the financial position of the authority**'.

Local authorities must commence the public inspection period of the draft 2025/26 accounts on or before the first working day of July 2026. This means that the unaudited Statement of Accounts must be published on or before 30th June 2026 at the latest. Following completion of the audit process the Regulations require that for 2025/26 local authorities in England publish their audited Statement of Accounts by 31st January 2027.

The 2025/26 accounts are audited by the Council's External Auditors, KPMG, who also review whether the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to issue a conclusion on this as part of their Annual Audit report alongside their report to those charged with governance which will be prepared for the Council's Audit and Governance Committee at the conclusion of the audit.

The format of the Statement of Accounts is heavily prescribed and follows the requirements as set out by the Chartered Institute of Public Finance and Accountancy (CIPFA), Local Authority Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code), and the Service Reporting Code of Practice for Local Authorities 2025/26 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

2. THE BOROUGH OF FYLDE

Fylde Borough consists of the seaside towns of Lytham and St Anne's-on-Sea, the market town of Kirkham and a rural hinterland with numerous small, picturesque villages. The borough covers 166 square km and is situated on the west coast of Lancashire. It is bounded to the north-west by the densely populated urban area of Blackpool, to the north by Wyre Council and the estuary of the River Wyre, to the east by Preston and to the south by the Ribble Estuary.

St Anne's-on-Sea is a traditional seaside resort with fabulous award-winning sandy beaches, a Victorian pier, quality accommodation and fine floral displays, a gentler and more peaceful tourism destination than neighbouring Blackpool. 'Leafy' Lytham is a desirable location for residents and visitors with, an attractive Victorian shopping centre, the spectacular grade one listed Georgian Lytham Hall set in seventy-eight acres of mature parkland and an expansive seafront Green with the iconic white Windmill overlooking the sea.

Visitors can stroll along the recently rejuvenated Promenade from Lytham to Fairhaven Lake where there are wonderful views across the Ribble estuary which is a haven for wildlife. Fairhaven Lake and Gardens have been recently rejuvenated and alongside the historic gardens and lake now offers an Adventure Golf course, paddle boarding, boating, tennis, an adventure playground and much more besides.

Kirkham is a traditional market town surrounded by beautiful countryside with strong links to neighbouring Wesham, Treales, Roseacre, Wrea Green and Freckleton. The rural hinterland provides a contrasting lifestyle and tourism experience with countryside pursuits such as walking, cycling, horse riding and boating, complemented with high quality, award winning, eating establishments and accommodation, all mixed into a vast farming community. The rich heritage within the towns and villages has helped to make the Fylde countryside a destination in its own right. The summer period sees numerous village fetes, galas and club days across the borough and Fylde is renowned for “In Bloom” initiatives.

Fylde boasts an internationally famous championship golf course situated at Royal Lytham & St Annes Golf Club, one of the premier links courses in the world which has hosted The Open on eleven occasions, most recently in 2012. The event is worth circa £100 million to the regional economy. In 2026 the course will again host the Women’s Open, with the men’s competition returning in 2028. There are also beautiful award-winning parks and gardens such as Ashton Gardens in St Annes and Lowther Gardens in Lytham for a gentle stroll all year round.

Fylde is home to many music and cultural events throughout the year with the highlight being Lytham Festival, an annual five-day music festival taking place adjacent to Lytham Windmill on Lytham Green and attracting nightly audiences of around 20,000 to enjoy some of the biggest names in popular music. Lowther Pavilion serves both the visitor and the resident population with a varied year-round programme of live entertainment, outdoor theatre and cinema.

The St Annes Kite Festival takes place in September each year. Joined by kite teams from across the UK and beyond, the event is a partnership between Fylde Council and kite fliers SmileFactor10 with support from St Annes Town Council. The skies above St Anne’s seafront are awash with colour as fabulous display kites take to the air on the beach adjacent to the pier. The event incorporates a fairground on the beach and entertainment and additional food stalls on the Promenade.

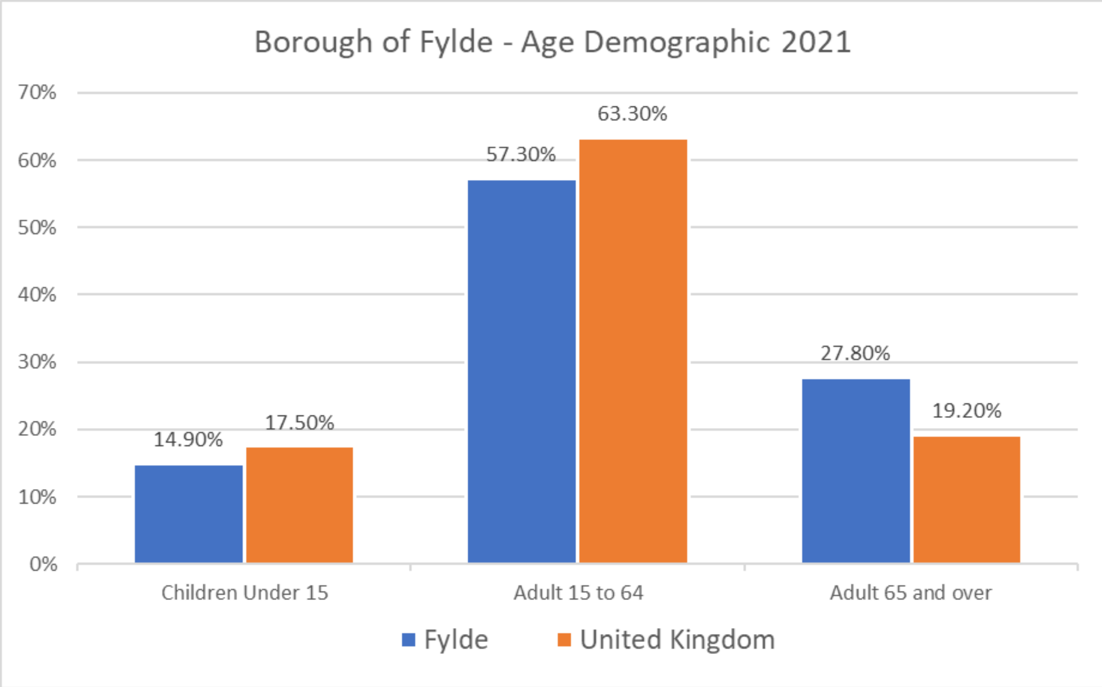
Fylde Demographics

On Census Day, 21 March 2021, the size of the usual resident population in Fylde was 81,400 people, which is an increase of 5,643 since 2011, when it was 75,757 people. Fylde is ranked 13 out of 18 Districts in the North West region in terms of total population. Fylde's population increase, at c7%, compares to a 5% increase for the North West and a 7% increase for England. The 2024 mid-year estimate shows a further increase to 85,447.

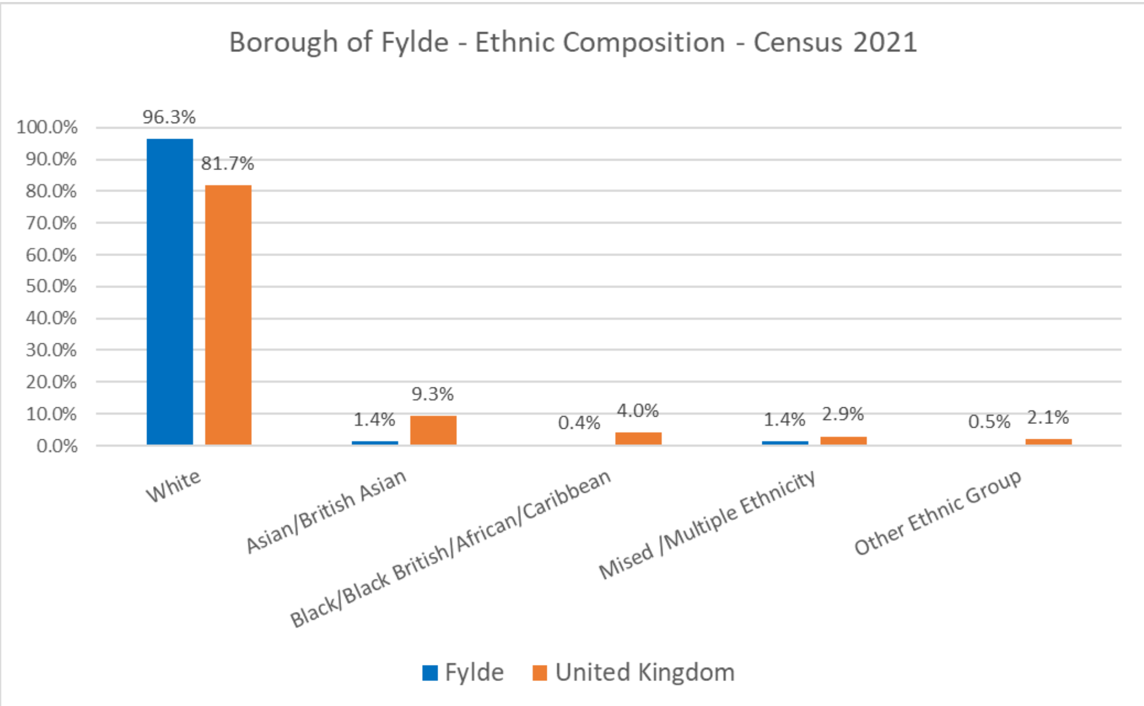
As of 2021, Fylde is ranked 28 out of the 41 local authority areas in the North West for population density, with around 4.91 persons per hectare of land. The population density for the North West is 5.26 persons per hectare and for England it is 4.34 persons per hectare

Of the 81,400 people in Fylde, 41,600 were women (51% of the population) and 39,800 men (49%). 14.9% (11,300) were children aged under 15, and 57.3% (47,400) were adults aged 15 to 64. 27.8% (22,700) were aged 65 and over, which was the highest proportion in Lancashire and well in excess of the national average of c19%.

Fylde is one of the safest areas of the country when compared with its ‘family’ group of local authorities based on population and demographics. The borough has been a popular retirement destination for many years, resulting in the higher than average percentage of the population being over 65 years of age. There is a strong sense of community, volunteer groups and charity organisations play a big part in making the borough a great place to live, work and visit.



At the date of the 2021 national census, 27.8% of the Fylde population were aged 65 and over, which was the highest proportion in Lancashire and well in excess of the estimated national average of 19.2%.



The above chart shows the ethnic composition of the borough at the date of the 2021 national census, as compared to the estimated UK composition.

Housing Profile

Within Fylde, there are a significant number of detached properties, particularly in the rural areas. There has been substantial delivery of apartments in Lytham & St Anne's with almost 90% of the borough's apartment stock located in the towns. Owner occupation levels are high, while in the context of national levels the proportion of social rented stock is low. There are concentrations of lower cost private rented stock in the central areas of St Annes. There are large dwellings in the rural areas and on the outskirts of Lytham, with many new developments as well as older traditional stock. The rate of owner occupancy and the level of under-occupation are both well above the national average. House prices are high in Fylde, relative to the rest of the Fylde Coast, with properties on average attracting a premium of at least £40,000 over comparable properties elsewhere on the coast.

Health and Well-Being in Fylde

The health and well-being of the Borough is complex, with a higher-than-average elderly population there are a significant proportion living with long-term, often multiple, health conditions. Leisure provision is extensive with facilities for almost every sport, activity, and interest, the private and community sector is active in delivering leisure, arts, and culture.

Community Safety

Fylde is the second safest borough in Lancashire according to the crime statistics, with below-average crime and anti-social behaviour rates compared to similar districts. Residents and visitors report high satisfaction levels in feeling safe, although the fear of crime is high. Crime recorded by police equated to 51.66 crimes per 1,000 population in 2023. The Fylde Community Safety Partnership focuses on an 'Early Action' approach to anticipate and prevent issues. High-risk victims receive multi-agency support. A jointly managed CCTV system with Wyre Council has saved money while improving town centre coverage. Despite the statistics, fear of crime is high among Fylde's sizable elderly population, influenced by challenges faced by neighbouring Blackpool and Preston, and there are pockets of anti-social behaviours in each of the three main towns, and rural crime does spike on occasion with valuable farm equipment and vehicles stolen. The changing role and resource allocation in the police force has led to challenges over the level of engagement and visual presence 'on the street'. Managing expectations while working with partners and the new Western Police Division is a priority, and police-Council relations have always been productive and positive with the focus on working together as effectively as possible.

Economic Profile

Fylde has a diverse economy that is centred on manufacturing, the energy sector, aeronautics, farming, and tourism industries. There are two regionally significant employers in BAE Systems at Warton and the Westinghouse nuclear processing plant at Springfields. Other major employers include the public sector through the Department of Work and Pensions (DWP) and Land Registry, financial services organisations and the many hotels, cafes, restaurants, and leisure facilities reflecting the tourism aspect of the local economy.

In October 2011, the government created a single Lancashire Enterprise Zone that covers two separate sites, one of which is located around the BAE Systems manufacturing facility and runway at Warton in the Council's area. Within these sites financial incentives and a simplified planning system are designed to encourage businesses and create employment. The zone is operated by BAE Systems and Lancashire County Council (with strategic oversight being provided by the Lancashire Enterprise Partnership). The enterprise zone is focussed on high-end manufacturing that is related to the military aeronautic industry, and as such is designed to complement existing production at the BAE Systems facility.

In the 2015 Budget, the Chancellor announced that a further Enterprise Zone would be established at Blackpool Airport and adjoining land, which straddles the border between Fylde and Blackpool Council areas. This Enterprise Zone came into being in April 2016 with a focus on the energy, manufacturing, service industries (insurance / financial) and aviation business development. The Council is represented on the Enterprise Zone Programme Board along with Blackpool Council and private sector partners. A specialist energy college within the enterprise zone was completed and opened during 2017/18, forming part of the Blackpool & the Fylde College. Enterprise Zones are designated by Government for a period of 25 years.

3. ORGANISATIONAL OVERVIEW, GOVERNANCE, AND OPERATING MODEL

Political Structure and Constitution

The Council holds 'all out' elections every four years with the last election being held in May 2023 at which a Conservative majority was returned for the sixth consecutive election. Fylde is a two-tier District Council with Lancashire County Council being responsible for delivering the upper tier authority functions.

During the 2024/25 financial year the Council consisted of 37 elected members representing 17 wards across the Borough.

The political composition of the Council as at 31st March 2026 was;

Party	Number
Conservative Party	21
Independent	8
Labour Party	2
Liberal Democrat Party	2
Non-Aligned	3
Vacancy	1
Total	**37**

One Councillor tendered their resignation with effect from 27th March 2026, temporarily reducing the council members from 37 to 36, the election for the vacancy being held on Thursday May 21st 2026.

The Council and it's Committees

The Executive Committee has full delegated authority to take decisions on behalf of the Council on any matter, other than a decision which:

(i) is required by law to be taken by a meeting of the Council;
(ii) is required by law to be taken by another committee, or in any other way inconsistent with delegation to the Executive Committee;
(iii) the constitution expressly or impliedly reserves to a different decision-maker; or
(iv) the Council or a scrutiny committee has directed should not be taken by the Committee

Overview and Scrutiny Committees:

The Council has two Scrutiny committees. Each Scrutiny committee is an overview and scrutiny committee within the meaning of the Local Government Act 2000.

1.The role of the **Internal Affairs Scrutiny Committee** is defined as:

· To keep the work programme under review
· To review new and amended policy across all service areas (corporate and service-specific)
· To recommend future policy options
· To review strategic items
· To receive and assess requests for scrutiny
· To monitor the Council's budget and budgetary processes
· To receive performance reports on an exception basis
· To establish topic-specific in-depth reviews, to be time limited.
· To seek to ensure that the expertise of all Councillors who are not members of the Executive Committee can be utilised in the development of Council policy
· To add value to Council business and decision-making

2. The role of the **Community Focus Scrutiny Committee** is defined as:

· To keep the work programme under review

· To constructively challenge why and how local public services are being provided, including consideration of inspection results, liaising with external partners and organisations as necessary
· To challenge performance standards and targets
· To ensure that the needs of the local community are met by collaborative working between the Council and external organisations and partners
· To consider responses to consultations , making recommendations in light of the results
· To oversee the Council's compliance with the requirements of the Freedom of Information Act.
· To receive periodic reports from the Community Safety Partnership
· To establish topic-specific in-depth reviews, to be time limited

Regulatory Committees:

Planning Committee – which determines planning matters and planning applications made to the Council in its capacity as a local planning authority;

Public Protection Committee – which hears and determines any appeal made by a Council employee, as permitted by the appropriate procedure, in respect of (i) disciplinary action taken against the employee; (ii) the grading of their post; or (iii) any grievance raised by them; and fulfils the functions of the Appeals Committee as set out in model disciplinary procedure which forms part of the National Salary Framework & Conditions of Service;

Licensing Committee – which is responsible for licensing functions under the Licensing Act 2003 and the functions of a licensing authority under part 8 of the Gambling Act 2005;

Chief Officers Employment Committee- which is responsible for the appointment of:
(i) The Officer designated as the Head of the Authority's Paid Service;
(ii) A statutory Chief Officer within the meaning of Section 2(6) of the Local Government and Housing Act 1989; and
(iii) Any officer designated as a director

The Council's **Constitution** sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent, and accountable to local people. The constitution also identifies the principal obligations and functions of the Council. The constitution and its appendices clearly explain how the different elements of the Council interact and work together. It sets out procedure rules to which members and officers must adhere, codes of conduct and protocols. The constitution builds on model constitutions and guidance produced by the government.

The Council, meeting as a body, is responsible under the constitution and the Local Government Act 2000 for setting the policy framework and the budget for the authority. It also exercises certain other functions that are reserved to it.

A joint committee has been in place for a number of years with Blackpool and Wyre Councils to discharge economic development functions, within the context of the Council's overall policy framework. The Council is engaged in other partnerships and these arrangements are subject to review on an on-going basis, for example, the Community Safety Partnership.

The Council remains committed to working with all the Lancashire authorities to establish alternative options for working together on strategic regional initiatives. In line with all other Lancashire Councils, a commitment has been given to high level priorities for Councils to come together to develop a vision for the wider Lancashire county area. This has included evidence gathering work to assist in shaping an overarching vision, strategy and plan for the whole of Lancashire under a "Lancashire 2050" strategic framework. Eight priority themes have been developed focusing on economic prosperity; transport and infrastructure, early years and education; employment and skills: housing; health and well-being; environment and climate, and communities and place.

Meetings of the Council's committees are open to the public, except where personal or confidential matters may be disclosed. Public platform allows members of the public to make a point or raise a question during Programme Committee meetings, Council together with the Planning Committee. Members of the Council who are not members of the respective committees can ask questions at committee meetings. This helps ensure robust accountability of decisions. Members of the public also have the facility to ask a question at Council meetings by pre-registering to do so.

All the Council's work is aligned to its corporate priorities through its committee system. All committee reports identify how council activity aligns with the council's key commitments to Quality Services, Clean & Green Environment, A Great Place to Visit, Vibrant & Healthy Economy, and Safe & Caring Community.

During 2025/26 the Council's Standards Committee dealt with conduct, ethics, propriety, and declarations of interest. It also oversees and determines complaints made against members under the Code of Conduct.

The monitoring and performance of the Council's assurance and governance framework is also led by the Council's Audit and Governance Committee. The committee has the responsibility to ensure that the monitoring and probity of the Council's governance framework is undertaken to the highest standard and in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines.

Decisions on planning, licensing and other regulatory or quasi-judicial matters are taken by committees of the Council in accordance with the principles of fairness and natural justice and, where applicable, article 6 of the European Convention on Human Rights. Such committees always have access to legal and other professional advice.

Officer Structure

As well as the Council and committees, the authority implements its priorities, objectives and decisions through officers, partnerships, and other bodies. Officers can also make some decisions on behalf of the authority under the Scheme of Delegation.

The Council's statutory officers have specific legal responsibilities for ensuring probity and good governance in the way the Council manages its affairs. The statutory officers are the **Head of Paid Service**, the **Monitoring Officer** and the **Chief Financial Officer**.

The Chief Executive is designated as the Council's **Head of Paid Service**. As such, legislation and the constitution make him responsible for the corporate and overall strategic management of the authority. He is responsible for establishing a framework for management direction, style, and standards and for monitoring the performance of the organisation.

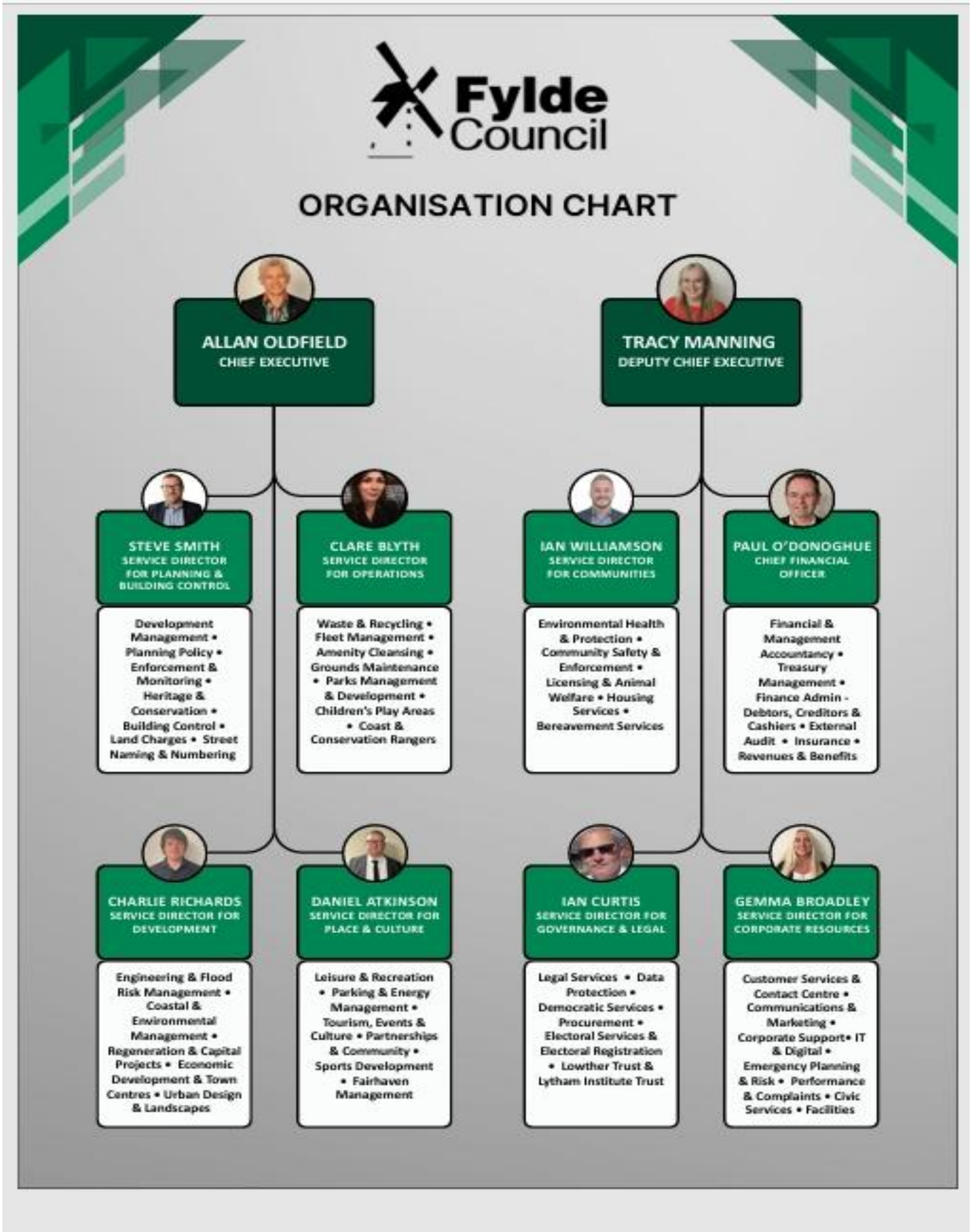
The Council's **Monitoring Officer** during 2025/26 held the substantive post of Deputy Chief Executive. The Monitoring Officer must ensure compliance with established policies, procedures, laws, and regulations. She must report to the Full Council if she considers that any proposal, decision, or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. No such reports have arisen during the 2025/26 financial year. The council's Service Director for Governance and Legal acts as a Deputy Monitoring Officer for the Council, supporting the Monitoring Officer in her role. There are reciprocal arrangements with Blackpool Council for investigating standards matters across both councils.

The Council has designated the **Chief Financial Officer** as the officer responsible for the proper administration of its financial affairs in accordance with Section 151 of the Local Government Act 1972. The principal responsibilities of this officer include financial management, reporting and monitoring financial information, ensuring compliance with financial codes of practice including the Accounts and Audit Regulations 2015. Regular reports have been made to the Council and Executive Committee, and other committees as appropriate, throughout the course of the year.

Both the Monitoring Officer and Chief Financial Officer have unfettered access to information, to the Chief Executive and to Councillors so they can discharge their responsibilities effectively. The functions of these officers and their roles are clearly set out in the Council's Constitution. In particular, the role of the Chief Financial Officer accords with the principles set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. A protocol supports the statutory role of the Monitoring Officer.

Each of the three statutory officers has been in post for several years, bringing stability, experience, and corporate knowledge to their key governance functions.

During 2025/26, the Management Team consisted of the three statutory officers, together with seven Service Directors as follows:



Note: The above chart shows the latest senior management structure for the benefit of the reader, including the new Service Director for Planning and Building Control, who took up the post under a shared arrangement with Wyre Council with effect from April 2026.

In addition to the three statutory officers, the Management Team collectively and individually is responsible for managing the Council and securing the economic, effective, and efficient use of resources as required by the duty of best value. Powers delegated to each member of Management Team, together with other officers, are documented in the constitution.

Further details of the political and organisational structure of the Council, together with details of the governance framework, are set out in the Annual Governance Statement which can be found towards the end of this document.

Local Government Reorganisation

During the 2025/26 financial year, the Council operated within a rapidly changing legislative landscape driven by the central government's structural reform agenda. Following the formal mandate to replace Lancashire's current two-tier system with larger unitary authorities, the Council maintained its principled opposition to the reorganisation, viewing the process as a resource-heavy distraction from delivering local services and corporate priorities. Nevertheless, to safeguard the interests of residents and other stakeholders, and to ensure robust governance, the Council actively engaged in the process. It collaborated with regional partners to submit final business case proposals in late 2025, which were subsequently subjected to a statutory public consultation by the Ministry of Housing, Communities and Local Government (MHCLG) between February and March 2026.

In navigating the five distinct structural options presented to the government, the Council advocated for a three-unitary council model as the optimal fallback configuration for the region. This preferred "Coastal Lancashire" blueprint proposes grouping Fylde with Blackpool, Wyre, and Lancaster. This framework unites areas with shared coastal management priorities, deep-rooted economic infrastructure, and a combined tourism and energy footprint.

Financially, the progression towards the mandated Vesting Day of new unitary structures on 1 April 2028 introduces complex medium-term risks and transition costs. Over the course of 2025/26, the Council focused closely on managing its reserves and capital program, and managing risks through the strategic risk management process, while maintaining service continuity. As the transition accelerates, including the upcoming election of a temporary Shadow Authority in May 2027, the council will continue to actively engage to ensure the robust management of resources during the transition to new structures in order to protect public funds and services.

4. MEDIUM TERM FINANCIAL STRATEGY

The Council has strong financial management practices which are well-established and embedded, the cornerstone of which is a Medium Term Financial Strategy (MTFS). The strategy is updated and reported to Members on a regular basis, with the latest update being approved at the Council meeting of 4th March 2026. In that report I concluded, having taken account of the major items of expenditure and income and their sensitivity to change, together with the risks detailed in the report, that the finances of the Council were robust at that time.

The purpose of the MTFS is detailed within that document, together with details of: the Vision for the Borough; the Council's Strategic Planning and Performance Management Framework; the Council's Capital Strategy and Asset Management Plan; Savings and Growth proposals; Reserves and Balances provision; details of the Council's Capital Programme; key areas of financial risk facing the Council; and a five year financial forecast for the Council. One key aim of the MTFS is to ensure that the resources available to the Council are aligned with the priorities set out within the Council's approved Corporate Plan.

The latest Medium Term Financial Strategy (MTFS) as reported to Council in March 2026 includes the impact of the 2026/27 Local Government Finance Settlement, details of which were confirmed in February 2026. This followed the announcement by the government in November 2025 of its final response to the consultation on the Fair Funding Review 2.0 and the publication of a finance policy statement outlining the key decisions that will determine budget allocations for the next financial year and the whole three-year spending review period. The Statement may be accessed here.

The 2026/27 settlement marked, for the first time in this decade, illustrative multiple years' funding allocations, covering 2026/27 to 2028/29. However, it should be noted that the settlement remains an annual event and figures for future years are subject to change until they are confirmed annually for the upcoming financial year. Fluctuations could include the impact of growth or reductions in business rate income each year.

Details on the latest version of the Medium Term Financial Strategy can be found on the website and further details on the Council's Corporate Plan are contained in section 9 of this Narrative Report below.

5. THE FINANCIAL STATEMENTS

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 (as amended by The Accounts and Audit (Amendment)

Regulations 2024), those Regulations requiring the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) and the Service Reporting Code of Practice 2025/26 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Full details of the accounting policies that have been adopted in the preparation of the Statements of Accounts are set out in Note 1 to the accounts on page 48

The Authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities that require it to prepare group accounts.

The Core Financial Statements contained within the accounts and the purpose of each is set out below:

- Expenditure and Funding Analysis – this 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 Programme Committees.

- Comprehensive Income and Expenditure Statement – this consists of two sections: the first section showing entries for income and expenditure arising from day-to-day operational services and the second section showing the increase or decrease to net worth as a movement in fair value of assets.

- Movement in Reserves Statement – this is a summary of the movement in year on the different reserves held by the Authority analysed into 'usable reserves' (those which can be applied to fund expenditure) and un-usable reserves (those which cannot be used to fund expenditure).

- Balance Sheet – this sets out the Council's assets and liabilities as at 31st March 2026 and how these are funded (by reserves, borrowing, provisions and other balances).

- Cash Flow Statement – this summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

- Notes to the Core Financial Statements – these assist in the interpretation of the accounts by comprising a summary of significant accounting policies and other explanatory information.

Additional statements accompanying the accounts:

- Statement of Responsibilities for the Statement of Accounts – this identifies the officer who is responsible for the proper administration of the Council's financial affairs.

- Risk Management Policy Statement - this outlines the Council's approach to the management of risk.

- Collection Fund - this was established to maintain a separate fund for the collection and distribution of amounts due in respect of Council tax and non-domestic rates, as a requirement for all billing authorities under the Local Government Finance Act 1988.

- Glossary – an explanation of some of the key technical terms used in these accounts.

In line with the Code of Practice on Local Authority Accounting 2025/26 the Annual Governance Statement is included within the Statement of Accounts.

6. THE COUNCIL'S SPENDING

The Council effectively has two types of expenditure:

- **Revenue expenditure** – this is essentially the day-to-day costs incurred by the Council in providing services, including for example, employee costs, premises running costs, transport related costs and supplies and services.

- **Capital expenditure** – this is essentially one-off major items of expenditure relating to the purchase of new assets or expenditure which materially improves the working life of existing assets. This may include Revenue expenditure funded from capital under statute (REFCUS) and Revenue treated as capital under a direction order.

At the Annual Budget Setting Council meeting, the Council plans and approves how much it is going to spend in the coming year and reflects these spending plans as budgets. It calculates how much money needs to be raised from Council tax having allowed for income and government grants and determines how much it can raise from existing resources, contributions from outside sources or borrowing to fund its capital expenditure.

Revenue Budget Forecast Updates were reported to the Executive Committee and to Council in November 2025 and in January 2026, with the Medium Term Financial Strategy (MTFS) and budget decisions presented the Executive Committee and the Internal Affairs Scrutiny Committee for consideration in February 2026 and to Full Council for approval in March 2026.

The statement of accounts sets out the outturn position for the financial year 2025/26, a year that has been shaped by a number of the key themes. The economic backdrop during the year to date has been characterised by reduced inflation, as compared to the previous few years, but with significant pressures remaining on the public finances, along with further uncertainties arising from the conflicts in Ukraine and for much of the year in the Middle East. Meanwhile, policy announcements from the new United States administration on trade and tariffs have been numerous and often unclear, followed by subsequent suspensions and reversals as the country attempts to redress supposed trade imbalances and negotiate new trading agreements, or seeks to utilise the threat of tariffs to achieve foreign policy objectives. The result has been a series of shockwaves amongst the financial markets across the world and the long-term future arrangements remain unclear. Consequently, the economic outlook for UK and world growth remains uncertain.

The UK annual inflation rate, as measured by the Consumer Prices Index (CPI), was 3.3% in March 2026, up from 3.0% recorded for February, largely as a consequence of events in the middle-east and the impact on fuel prices. Although much reduced from the high levels seen in 2022 and 2023, the rate of annual inflation has remained stubbornly above the Bank of England target rate of 2% throughout the year to date.

Whilst the rate of increase may have slowed during the year to date, prices continue to rise month by month. Price increases represent a significant cost pressure to the council and increase the risk that existing budget provision is insufficient to cover the cost of service delivery. This is particularly pertinent with respect to the financial risks associated with the delivery of the capital programme with building costs and materials continuing to rise.

Price increases represent a significant cost pressure to the Council and increase the risk that existing budget provision is insufficient to cover the cost of service delivery. This is particularly pertinent with respect to the financial risks associated with the delivery of the Capital Programme with building costs and materials continuing to rise.

6.1 REVENUE EXPENDITURE AND FINANCING 2025/26

This part of the Narrative Report deals with the revenue outturn position for the Council for the financial year ended 31st March 2026.

A summary of the outturn position and the transfers to reserves are shown in Table 1 below:

Table 1 – General Fund Revenue Outturn Position and Transfers to Reserves 2025/26

	Budget	Actual	Variance	
	£m	£m	£m	
Net budget requirement for the year	11.961	10.983	(0.978)	(Fav)
Financing for the year	(13.770)	(14.272)	(0.502)	(Fav)
Surplus of resources for the year	**(1.809)**	**(3.289)**	**(1.480)**	(Fav)
Less:				
Budgeted transfer to Fleet Replacement Reserve	0.861	0.861	0	-
Budgeted transfer to Capital Investment Reserve	0.947	0.947	0	-
Balance – underlying outturn variance	**0.000**	**(1.480)**	**(1.480)**	(Fav)
Analysis of further transfers to reserves:				
Required transfer to GF revenue balances re slippage	0.000	(0.790)	(0.790)	(Fav)
Transfer to Capital Investment Reserve	0.000	(0.690)	(0.690)	(Fav)
Total further transfers to reserves	0.000	**(1.480)**	**(1.480)**	(Fav)

Full details and further analysis of expenditure, income and budget variances is set out in the Medium Term Financial Strategy (MTFS) Outturn Report reported to the Executive Committee on 23rd June 2026. A copy of the report can be found on the Council's website at this link.

6.2 Council Tax and Business Rate Income – The Collection Fund

As a Council tax and non-domestic rates (NDR) Billing Authority, Fylde Council is required by legislation to collect Council tax and business rates within the borough on behalf of central government, Town and Parish Councils and major preceptors (being Lancashire County Council, and the Fire and Police Authorities), and to account for that income through a 'Collection Fund'. Under the Collection Fund accounting arrangements any surplus or deficit on the fund each year, which occur as a result of actual income being higher or lower than that budgeted for, is split between the Government and the other precepting bodies in proportion to their shares.

For Council Tax only, there was a deficit on the fund as at 31st March 2026 of £124k. This will be shared between Fylde Council, the County Council, the Police Authority and the Fire & Rescue Authority in 2026/27. Fylde Council's share of the deficit is £15k, the impact of which will be reflected in future updates of the Council's financial forecast.

For Non-Domestic Rates only, there was a surplus on the fund as at 31st March 2026 of £3.683m. This will be shared between Central Government, Fylde Council, the County Council, and the Fire & Rescue Authority in 2026/27. Fylde Council's share of the surplus is £1.473m, the impact of which will be reflected in future updates of the Council's financial forecast.

The Collection Fund accounting processes mean that there are significant timing differences between when a deficit or surplus on the Collection Fund occurs and when the relevant payments or receipts are made to or from the relevant parties to the Collection Fund.

The Council joined the Lancashire Business Rate Pool with effect from 1st April 2017 in order to benefit from a reduced government levy on business rate growth which resulted in a higher level of retained Business Rates. Full details of the pool and its benefits to the Council for 2025/26 are set out within a note to the Collection Fund. However, the settlement for 2026/27 confirmed a major change in the funding formula for local authorities, including a reset to the methodology for the distribution of business rates income, which in turn led to the discontinuation of the Lancashire-wide Business Rates Pool from 2026/27 onwards.

Gross Cost of Services 2025/26

The 2025/26 Gross Cost of General Fund Services, excluding internal support service recharges, is analysed by service area in Table 2 below:

Table 2 – Gross Cost of General Fund Services 2025/26

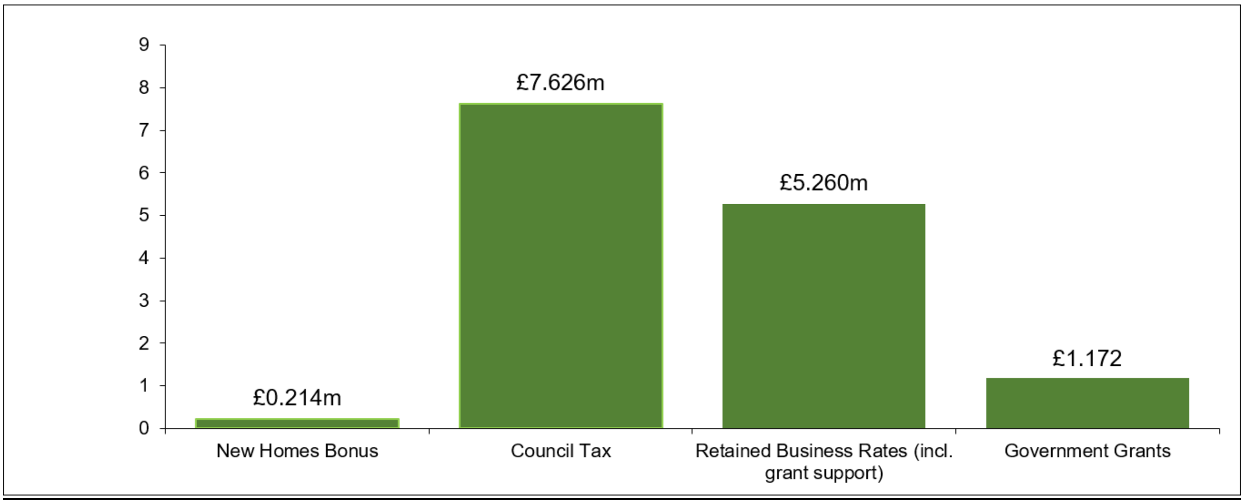
	Outturn
	£'m
Service:	
Refuse Collection	3.814
Street Cleaning	1.284
Other Environmental Health	1.900
Development Control, Building Control and Local Plans	2.265
Tourism and Leisure	4.274
Housing	1.429
Housing Benefits	12.134
Local Tax Collection	1.013
Economic Development and Regeneration	0.849
Other	7.862
Gross Expenditure Totals	**36.824**
Income and Grants:	
Other Government Grants (incl Housing Benefit Subsidy Grant)	(11.592)
Other Grants and Contributions	(5.042)
Other Income, Fees and Charges etc.	(9.207)
Income and Grants Totals	**(25.841)**
Net Expenditure for the Year	**10.983**

(as per Table 1)

6.3 INCOME 2025/26

The Council finances its net operating expenditure from Council Tax, New Homes Bonus, General Government Grants and the local share of retained Business Rates. The net income receivable from each source is shown in the following graph:

Source of Funding 2025/26



New Homes Bonus

The Council received £0.225m in New Homes Bonus (NHB) during 2025/26, of which £0.011m was distributed to town and parish Councils, leaving a net grant of £0.214m for Fylde Council.

The settlement for 2026/27 confirmed a major change in the funding formula for local authorities, including the discontinuation of New Homes Bonus grants with effect from 2026/27.

Retained Business Rates (including grant support)

The Council's share of retained local business rate income for 2025/26, net of grant support for national discount schemes, transfers to and from the collection fund deficit reserve, and the surplus/deficit from the previous year, totalled £5.260m.

Council Tax

Fylde Borough Council charged an average Band D Council Tax of £232.17 for 2025/26 (excluding Town and Parish precepts), which was a 2.99% increase on the 2024/25 average charge for a Band D property.

The actual in-year rate of collection in 2025/26 was 96.7%. The in-year collection rates for 2023/24 and 2024/25 were each 96.6% and 96.7% respectively. Ultimately the Council collects in the region of 99% of Council Tax. In 2025/26 the Council retained £7.626m of Council Tax income.

Other Government Grants

The government grants comprise Revenue Support Grant of £0.121m, and Funding Guarantee Grant of £1.051m.

6.4 CAPITAL PROGRAMME 2025/26

In 2025/26 total capital expenditure was £6.124m as compared to a revised total programme of £12.955m. After adjusting for slippage of £6.772m this leaves a net underspend for the year of £0.059m. An analysis of how the money was spent, and financed, is shown in Table 3 below.

Table 3 – Capital Expenditure and Sources of Financing 2025/26

Capital Expenditure by Scheme:	£'000	£'000
Tourism & Leisure Culture Portfolio Schemes:		
Fairhaven Lake and Gardens	71	
Fairhaven Lake H&S Fencing	34	
Improvements to Ashton Gardens Parks Footpaths	58	
Promenade Footways	31	
Outdoor Digital Signage	7	
Fairhaven Boathouse / Visitor Centre – Remodel/Refurb	20	
Boating Pool Safety Improvements	10	
Lytham St Annes Art Collection Display Options	1	
St Annes Beach Hub Facility	45	
Park View Community Centre	96	
Kirkham Pool - Holding, Security, Preservation and Project Works	139	
Friends of Clifton Park - New Play Area	60	
Kirkham Bowling Club - Lease & Utility Provision	18	
Singleton Village Green	1	
sub-total		591
Customer and Operational Services Portfolio Schemes:		
Replacement Vehicles	233	
Depot Heat Management System	13	
Bartec IT Solution for Statutory Refuse and Recycling Services	22	
Car Park Improvements	52	
Kirkham Toilet Block Internal Refurbishment	1	
sub-total		321
Environment Portfolio Schemes:		
Carbon Neutral Vehicles	45	
Replacement ICT system – Environment, Health & Housing team	15	
sub-total		60
Corporate and Economic Development Portfolio Schemes:		
Public Transport Improvements	30	
St Annes - Public Realm Improvements	1,228	
Lytham Regeneration Schemes	237	
Future High Street Fund: Kirkham	1,438	
Garden Street, St Annes	205	
St Annes Pier Link Project	437	
Warton Village Centre	1	
sub-total		3,576
Social Well-being Portfolio Schemes:		
Disabled Facilities Grants	1,365	
Affordable warmth Scheme	71	
Housing Needs Grant	3	
Local Authority Housing Fund – Phase 2	137	
sub-total		1,576
Total Expenditure		**6,124**

Financing of Capital Expenditure:	£'000	£'000
External Grants & Contributions	4,004	
Capital Receipts	70	
Capital Investment Reserve	462	
Fleet replacement Reserve	257	
Borrowing (currently via Internal Borrowing)	1,331	
Total Financing		**6,124**

Further commentary of the financing of the Capital Programme and the Capital Financing Requirement is provided in the Treasury Management section which follows.

7 TREASURY MANAGEMENT

The Council is bound by the requirements of the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities, and it is required to comply with both these Codes through regulations issued under the Local Government Act 2003.

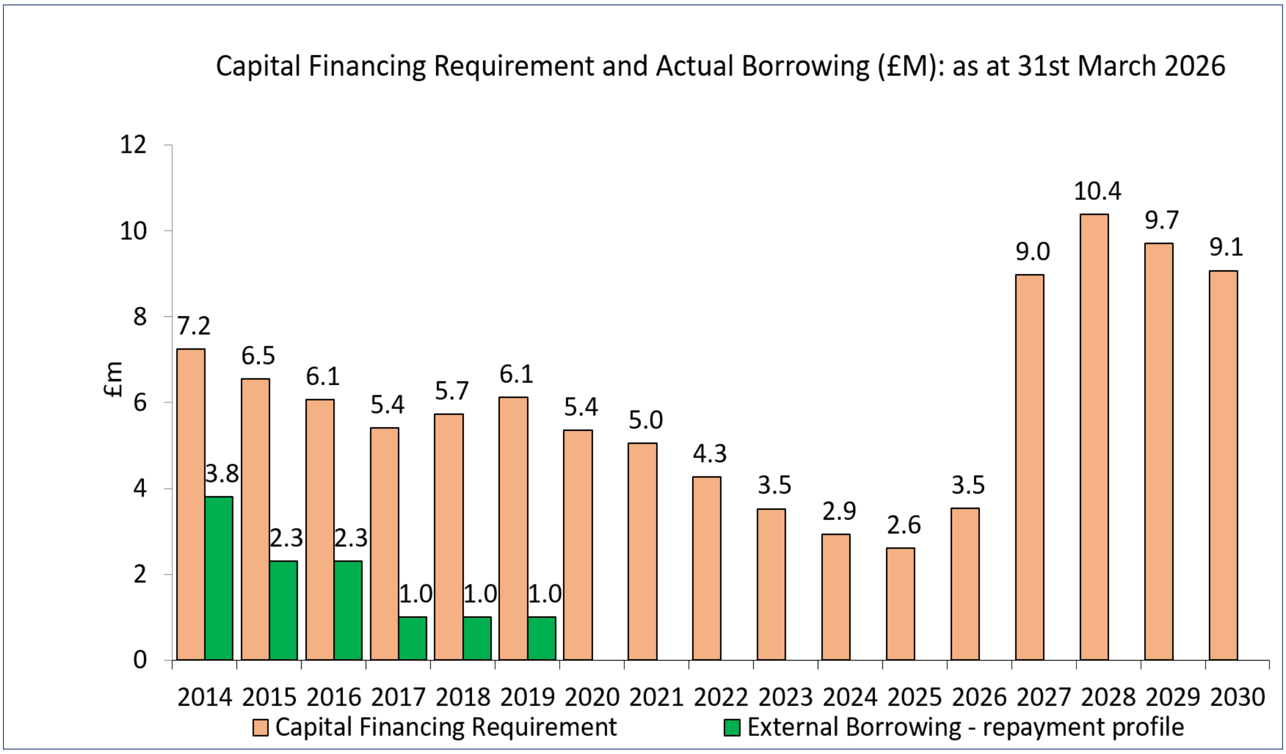
The Prudential Indicators and Treasury Management Strategy for 2025/26 were originally approved in the Medium Term Financial Strategy 2025/26 Report to Council on 3rd March 2025. The Prudential Indicators are updated as required and changes have been approved by Council in the Mid-Year Prudential Indicators & Treasury Management Monitoring Report to Council on 25th November 2025 and the Medium Term Financial Strategy Report to Council on 4th March 2026. For 2025/26 the Council has complied with all agreed internal procedures and the Prudential Indicators set for borrowing have been managed within the limits set.

The security of investments is the Council's main investment objective. This is achieved by adhering to the Treasury Management Strategy, as approved by Council on 3rd March 2025. The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties.

The Capital Financing Requirement (CFR) is a key component of an authority's capital strategy. It quantifies the amount of capital spending that has not been financed by any other source such as capital receipts, capital grants or contributions from revenue income or reserves. It measures the "underlying need to borrow" for a capital purpose, although this borrowing may not necessarily take place externally. The CFR for Fylde Borough Council as at 31st March 2026 was £3.537m.

The Council regularly reviews the financing of the capital programme in order to achieve the optimal balance between capital expenditure financed from earmarked reserves and expenditure financed from borrowing with regard to the level of available reserves and new investment decisions. As a consequence of the investment decision during 2025/26 relating to the provision of swimming facilities and refinancing decisions with various capital schemes in 2024/25, together with scheme slippages from the 2025/26 outturn position, the council's total borrowing requirement for all schemes has now increased to a maximum projection of £10.4m in the financial year 2027/28.

The chart below shows the Capital Financing Requirement (CFR) of the Council from 2014 to 2030, based on the existing capital schemes and their financing as set out in the Capital Programme, together with the historical external debt repayment profile.



The Council's Capital Financing Requirement is currently being financed by "internal borrowing", a common practice whereby a local authority utilises its internal resources which are not required in the short to medium-term (comprising working capital and reserves), rather than external borrowing, to finance expenditure. Currently the use of internal borrowing continues to be the most cost-effective means of funding capital expenditure not financed from another source as it allows the council to lower the overall treasury risk by reducing both external debt and temporary investments, and to minimise interest costs.

It is expected that internal borrowing will continue to be used for the rest of the financial year in line with advice from the Council's treasury advisers. However, this position is not expected to be sustainable over the longer term, particularly in light of the significant investment in the development of the swimming facilities in the upcoming financial years.

The Council can borrow money from either the Public Works Loans Board (PWLB) (an agency of HM Treasury), from banks, building societies, or from other public bodies. During 2019/20 the Council repaid its last external borrowing and became debt-free. Accordingly, as at 31st March 2026 the Council had no external borrowing, and incurred no interest payment costs in respect of external debt during 2025/26.

The Authorised Limit for External Debt is a further key Prudential Indicator that controls the overall level of borrowing and is a statutory limit set by the Council that must not be breached. The Council's authorised limit for external debt for 2025/26 was £6.0m. The Council's actual total debt at 31st March 2026 was nil as a result of the use of internal borrowing (cash balances used to meet the CFR in place of external borrowing). This has the effect of also lowering the overall treasury risk by reducing both external debt and temporary investments.

Economic Background and Treasury Activity

The economic backdrop during the year to date has been characterised by reducing inflation but with significant pressures remaining on the public finances, along with further uncertainties arising from the continuing conflicts in Ukraine and in the Middle East. Consequently, the economic outlook for UK and world growth remains uncertain.

Following the inauguration of Donald J. Trump for a second term as president of the United States of America in January 2025, policy announcements on trade and tariffs have been numerous and often unclear, followed by subsequent suspensions and reversals as the country attempts to redress supposed trade imbalances and negotiate new trading agreements. The consequence has been a series of shockwaves amongst the financial markets across the world and the long-term future arrangements remain uncertain.

The rate of annual inflation has fallen from the highs seen in recent years yet remains stubbornly above the Bank of England target rate of 2.0%. The Consumer Price Index (CPI) showed an annual increase of 3.3% in the year to March 2026, up from 3.0% in the 12 months to February 2026. Whilst reduced inflation is to be welcomed, the impact of the higher levels seen during 2022 continues to be experienced as those are now the baseline price levels against which future inflation is measured i.e. prices have not fallen but are instead now rising more slowly than previously was the case.

During the year the Council held an average cash balance of £25.9m of internally managed funds, which were invested with approved banks, money market funds, Lancashire County Council and a number of other Local Authorities in line with the approved Treasury Management Strategy.

The overall performance was an average gross return of 4.29% over the year, compared with a benchmark return of 4.10%. The benchmark is the SONIA (the Sterling Over-Night Index Average rate) which is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

Interest earned from investments during the year was £1.110m compared to a revised budget of £0.974m. The level of interest from investments was higher than the revised budget due to higher than expected in-house cash balances during the year and reduced capital expenditure, combined with a slower than expected reduction in the bank base rate during the year.

Pension Fund

As part of the terms and conditions of employment of its officers, the Council offers retirement benefits for officers who contribute into the Local Government pension Scheme. Although not required to be paid until employees retire, the pension fund is committed to making the payments and the Council is required to disclose the authority's liability at the time that employees earn their future entitlement. The scheme is funded, however, meaning that both the authority and employees pay contributions into the fund calculated at a level intended to balance the pension liabilities with scheme assets.

During 2023/24 the Council made a £2.270m lump sum pre-payment of employer pension contributions in respect of 2024/25 and 2025/26. The Council did this to secure a discount from the pension fund which outweighed the equivalent investment income that could be generated from investing the money elsewhere.

The Council's share of the pension fund valuation has fluctuated over the past few years, with a significant impact being the financial assumptions made by the scheme actuary, Mercer Ltd, which in turn has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. The latest actuarial valuation as at 31st March 2026 shows an updated surplus with Fylde's share being £26.652m. This surplus is largely a consequence of the updated assumptions used by the scheme actuary in assessing scheme assets and particularly scheme liabilities at the balance sheet date, which are influenced by macroeconomic factors including the prevailing bank base rate which has increased significantly since the previous triennial review was completed. However, pensions accounting regulations state that where such a surplus exists the surplus declared on the Council's balance sheet must be measured at the lower of 1) the surplus in the defined benefit plan, and 2) the "asset ceiling" (with the asset ceiling being the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan). The asset ceiling for Fylde Council has been calculated at nil, meaning that the surplus of £26.652m at the balance sheet date cannot be recognised and has been adjusted for by way of an "Impact of Asset Ceiling" adjustment. The net position after this adjustment results in a net liability figure for the pension scheme of £0.941m as shown within Long Term Assets on the balance sheet. To summarise, although the pension fund is in surplus, accounting rules prevent the Council recognising the surplus because it has no unconditional right to realise that surplus.

Full details of the scheme history and assumptions used by the actuary, including how changes in assumptions effect the valuation of scheme assets and liabilities, are included in note 41 to the accounts.

8. REVIEW OF THE COUNCIL'S OVERALL FINANCIAL POSITION

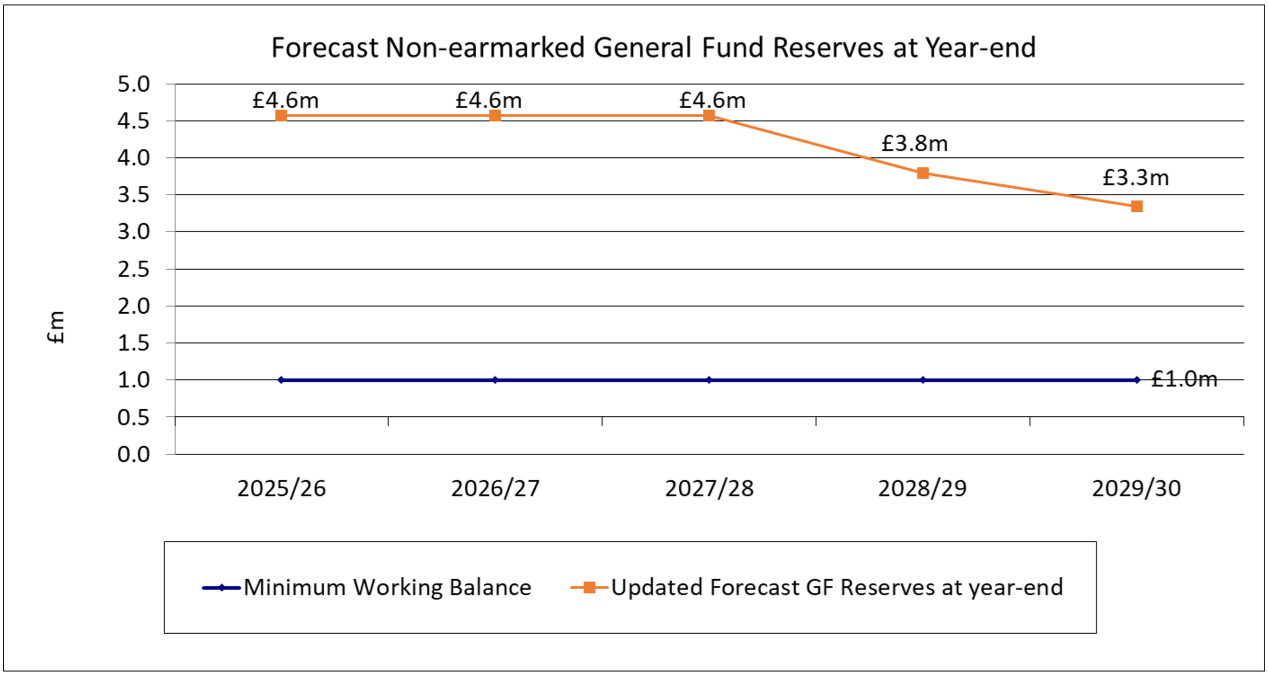
The favourable outturn position for revenue allows for a further contribution to be made to the Capital Investment Reserve in the sum of £0.690m. This will provide additional financing resources for future projects – which in turn reduces the need for the Council to borrow. This further contribution is beneficial to the overall position of the Council and is thus to be welcomed. As a result, the financial position of the Council has improved since the revised 2025/26 budget was approved in March 2026, the Council remains debt-free, and the financial position remains robust.

Through continued focus on the importance of financial stability, the Council has delivered a savings programme over several years and has continued to reduce overheads wherever possible. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain high quality frontline services to customers. This work has yielded ongoing savings to help improve the Council's financial position over that period. For Fylde Council to continue to successfully meet the new challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this Council can best respond to the increased challenges.

Whilst challenges remain, and will no doubt continue to be present, prudent financial management has provided a relatively stable financial environment which allows the necessary time for the Council to assess and respond to the challenges it faces.

Reserves & Balances

The following graph sets out the estimated general fund balances of the Council as reported to Budget Council in March 2026. The balance as at 31st March 2026 will increase temporarily by £0.790m in order to fund items of revenue slipped from 2025/26 into 2026/27. The forecast reduction in reserves from 2028/29 onwards reflects the uncertainty of future central government funding allocations to Local Authorities. Despite the potential reductions shown below, the forecast level of General Fund Reserves remains above the recommended minimum working balance of £1.0m throughout the forecast period.



In addition to the non-earmarked General Fund Reserve shown in the graph above the Council also has a number of ear-marked reserves, set-aside for specific purposes. The total of these ear-marked reserves at 31st March 2026 is £12.748m. Full details of these reserves are shown at Note 8 to these accounts.

Capital Programme

The current Capital Programme for the Council is fully funded. In order to provide a resource for future additions to the Capital Programme the Council created a Capital Investment Reserve a number of years ago. Following favourable revenue outturn positions in recent years it has been possible to transfer resources into that reserve which have provided funding for numerous capital schemes.

During 2024/25 the Council re-financed the capital programme to finance shorter life assets such as vehicles from reserves whilst using borrowing, albeit internal borrowing in the short to medium term, to finance longer life assets. This approach has the benefit of spreading the cost of borrowing over a longer time period, thus reducing the impact on the revenue budget.

The Council will need to consider any possible future additions to the capital programme very carefully to ensure they are fully funded and that any subsequent revenue implications are affordable on an ongoing basis.

The Medium Term Financial Strategy

The Medium Term Financial Strategy sets out the Council's revenue budget allocations, the ongoing programme for capital investment, efficiency targets and forecasts for the five year period covered by the Strategy. The key influences on this strategy include:

- The continuing uncertainty around central government funding for local government;
- The consequent spending constraints resulting from reduced resources in the medium term;
- Ensuring a robust and sustainable budget through the prudent use of reserves and balances and ensuring externally funded projects are facilitated;
- Developing new ways of delivering services using modernisation techniques to achieve higher levels of customer satisfaction, efficiency, value for money, strategic partnerships, service commissioning, and enterprise; and
- The need to continuously review and maintain existing assets to a quality standard.

The MTFS looks at the current year and ahead over the next four years to identify the resources likely to be required by the Council to finance service priorities and to meet spending pressures. It aims to:

- Ensure the sustainability of the Council's budget;
- Facilitate pro-active strategic management of the budget to ensure service investments and dis-investments flow from the Council's corporate and service planning frameworks;
- Be responsive to a changing and uncertain financial climate in which existing funding streams cease and new opportunities arise; and
- Demonstrate clearly to stakeholders, both internal and external, what the Council's plans are for the use of its resources.

The Longer-Term Outlook and the Vision for the Borough

Finance Reform

The history of proposed reform to local government financing mechanisms stretches back a number of years without significant progress being made on the matter.

As part of the 2024 Budget Statement and the Policy Statement the then new Labour Government signalled it would reform the local government funding system after 2025/26 and would carry out a broader redistribution of funding to better reflect local need (previously known as Fair Funding) through a multi-year settlement from 2026/7.

On 20th November 2025 the Ministry of Housing, Communities and Local Government published its final response to the consultation on the Fair Funding Review 2.0 and a finance policy statement outlining the key decisions that will determine budget allocations for the three-year spending review period. The Statement may be accessed here.

The Policy Statement confirmed the government's broad intentions with regard to how the government plans to implementing the Fair Funding Review 2.0 through the Settlement and the Business Rates Retention System.

On 17 December 2025, the Minister of State for Local Government and Homelessness at the Ministry for Housing, Communities and Local Government (MHCLG) Alison McGovern MP, delivered a Written Ministerial Statement to Parliament on the provisional local government finance settlement 2026/27. The papers can be viewed by clicking here.

The settlement marks the first time in this decade that the Government has illustrated multiple years' worth of funding allocations, covering 2026/27 to 2028/29. However, it should be noted that the settlement remains an annual event and figures for future years are subject to change until they are confirmed annually for the upcoming financial year.

Accordingly, the estimates of government funding for future years contained in the latest financial forecast have been calculated based on the final 2026/27 settlement estimates. Income from business rates in particular will be subject to annual fluctuations against the revised baseline funding level.

The potential for future general reductions in central government funding from 2027/28 onwards, requires that the Council continues the approach to continually seek opportunities to achieve savings and efficiencies and to generate additional income to enable a balanced budget position to continue into the future and to provide on-going contributions to reserves. The Council has a past record of taking actions in order to meet and overcome these challenges; the introduction of a chargeable green waste collection service from 2017/18 being a recent example of such action, as was the decision to join a Business Rates pool from 2017/18 and a ‘75% Business Rate Retention Pilot’ scheme for 2019/20, the latter of which further increased the total of retained business rates for the borough.

The two Enterprise Zones in the Borough were created to help attract more investment into the area, bringing jobs and businesses, delivering long-term, sustainable growth based on cutting-edge technology and enterprise. The Blackpool Airport Corridor Enterprise Zone Masterplan outlines the aspirations for the site including the generation of 3,000 new jobs, securing in excess of £300m of private sector investment and with over 180 new businesses locating to the site.

Fylde Council will continue to seek other such opportunities to maintain a robust financial position in the face of a challenging and changing financial environment. This approach will ensure that the Council continues to achieve and sustain a balanced budget position on an ongoing basis and is able to deliver the priorities set out in the Corporate Plan.

Local Government Reorganisation

As detailed in Section 3 above the Government has signalled its plans to reform the structure of local government in areas that retain District Councils such as Fylde.

At present the proposals submitted by Lancashire councils in November 2025 are under consideration by the minister who will decide which proposal for unitary councils will be implemented through parliamentary approval. This is currently scheduled to happen in Summer 2026. It is likely that future changes to the current arrangements will have a significant impact on Fylde Council.

Managing Risks and Uncertainties

The Council recognises that effective risk management is integral to the Council’s corporate governance arrangements. The Council’s Corporate Risk Management Group meets quarterly to review the Council’s strategic risks as identified on the Council’s Strategic Risk Register and identify any new risks that may prevent the Council from achieving its long-term corporate objectives.

The Council has developed a methodology which provides a structured process for the identification, evaluation and management of risk at strategic and operational levels. The Audit and Governance Committee approve any changes to the Risk Strategy and monitor actions designed to alleviate or ameliorate risks on a regular basis.

The Council manages its operational risk register via a Risk Management system called GRACE. This system gives managers the platform to identify, record, manage and ultimately reduce/remove risks from their areas of responsibility.

The note on Contingent Liabilities (note 42 to this Statement of Accounts) outlines a number of potential future risks that may arise, but which have not yet materialised.

9. ORGANISATIONAL PERFORMANCE AND CULTURE

Over a decade ago the Council initiated a cultural transformation program to drive continuous improvement and modernisation. In 2007/08, the Council faced significant financial difficulties, with low general reserves. In the period since then the Council has downsized its workforce by nearly 50% while boosting reserves.

Central to the transformation was engaging employees and fostering ownership of change. Competencies were developed collaboratively and ingrained as core behavioural guidelines across the Council. Every process was influenced by these competencies to shift away from longstanding public sector attitudes. This was reinforced through communication strategies.

The cultural change was implemented through "leadership from everywhere", mentoring, coaching, workshops, an "open door" policy, leading by example, and cross-organisational teamwork. Simple mantras like "more from less" and "treat people well" helped everyone understand their role in driving change. These were demonstrated and reinforced through newsletters, briefings, meetings, and discussions.

The Corporate Plan

The Council produces a Corporate Plan which outlines the key priorities, targets and outcomes for the Authority and the wider community. The latest Corporate Plan covers the period 2024 to 2028 and has been developed through consultation and feedback with stakeholders based on the key strategic responsibilities of the Council. The Plan takes into consideration emerging legislation, policy and changes in resources and responsibilities and is informed by partners, elected members and external organisations, including the Local Government Association, MHCLG, the Department for Work and Pensions and the various professional associations that provide support on policy, governance, waste, planning, parks and environmental health.

The intention is to forecast the resources required to address the strategic issues the Council will need to deliver against over the next four years. At Fylde Council we have worked closely with local people to establish our corporate priorities and objectives. These represent the things we want to achieve for the community.

The Council's vision is for "Fylde to be a place where people choose to live, work and raise a family, retire and feel safe, visit and want to return". To deliver this, five strategic commitments have been outlined:

- Quality Services
- Clean and Green Environment
- Vibrant and Healthy Economy
- Safe and Caring Community
- A Great Place to Visit

The 2024/28 Corporate Plan was approved at the July 2024 meeting of the Council, along with a review and closure of the 2020/24 plan. In light of government proposals for Local Government Reorganisation, the current Plan is under review and a refreshed version will be presented to Members during 2026 together with a progress update on actions within the existing Plan.

The current Corporate Plan is accessible on the Council website at Corporate Plan 2024-2028

Fylde Corporate Peer Challenge

The Council went through a Corporate Peer Challenge (CPC) in September 2024, funded by the government and provided at no direct cost to all English Councils through the Local Government Association (LGA). The CPC process is an improvement-focused initiative designed to complement Councils' existing performance framework. The process was not an inspection, but rather an opportunity for self-reflection and constructive challenge from sector experts, focusing on five core areas:

- How we set and achieve local priorities
- Our leadership at both organisational and community levels
- Our governance structures and workplace culture
- Our approach to financial planning and management
- Our capacity and willingness to improve

The CPC involved an LGA peer team spending three days on-site, meeting with a diverse range of staff, Councillors, partners, and stakeholders. This comprehensive approach allowed the LGA peer team to gain a thorough understanding of the Council, enabling them to provide robust, strategic, and credible challenges. In preparation, the Council invited thoughts against each theme in advance from our position statement, which helped guide the LGA peer team's evaluation and discussions during their visit.

This initiative offered an opportunity for self-reflection and constructive feedback from sector experts, including both officers and elected members. The focus was on Council performance, governance, and culture, considering the challenges in the local government sector at that time.

The Peer Review Report and action plan can be found at this link.

One of the themes from the review was a recommendation that the council revisits its approach to spending and borrowing, and risk and reward, to ensure ambitions and innovations are delivered, without losing focus on the delivery of core services. In line with this theme, the council reviewed how it finances its existing and future capital aspirations and subsequently re-financed the capital programme to optimise the balance between capital expenditure funded from the councils own earmarked reserves, and schemes financed from borrowing.

As part of the CPC process, an on-site Progress Review was required. That review took place in January 2026, 15 months after the original on-site visit, and provides an expert opinion to gauge success in delivery against agreed actions. Of the nine original CPC recommendations, the Council's RAG-rated Action Plan reported six as green, three as amber, and none as red, which was a strong overall position that the peer team received positively. Full details were reported to the Council’s Audit and Governance committee in June 2026.

Key Events and Achievements of 2025/26

Listed below are some of the **key events and achievements of the Council during 2025/26** which have helped deliver against the strategic priorities set out in the Corporate Plan:

- In January 2026 councillors gave the green light to the most ambitious leisure investment in the Council’s history. Full Council approved a **transformative £9.3 million package that will see St Annes Pool completely modernised and Kirkham Baths reopened** for the community. The main pools at both sites will remain at the heart of the facilities, continuing to provide swimming lessons, lane swimming and community swimming sessions for residents of all ages and abilities. St Annes Pool will be transformed with modern leisure facilities, while Kirkham Baths will be fully restored with a reconditioned pool and new fitness suite, and historic features protected where possible. Plans for additional facilities at St Annes, including a gym, health suite, indoor splash pad and café, are being developed and full details will be shared with residents once designs are finalised. The Council will be working in partnership with Places Leisure to deliver the investment to both sites under a 15-year contract. The investment has been structured to deliver long-term value for residents, with the Council expecting to save over £600,000 across the life of the contract compared to current budget provisions. The funding package uses a combination of Council reserves and borrowing, ensuring that this ambitious project is both affordable and financially sustainable for the future, whilst delivering a much improved, quality offering.

- **St Annes Town Centre Transformation works** continued as Pier Link & Garden Street Projects began. Phase 2 of the St Annes Masterplan commenced in February 2026 with the Pier Link project, which will transform the route between the newly improved St Annes Square and the promenade. Traffic will become one-way, travelling from Clifton Drive South towards the pier, creating a safer environment for pedestrians and additional space for wider pavements, planting and seating. A dedicated cycle lane will run in contraflow to the traffic, enabling cyclists to travel safely to the town centre. Carefully selected coastal planting including geraniums and ornamental grasses will add year-round colour, while raised planters use built-in drainage to naturally irrigate the plants. New stone benches with back and arm rests will provide spots to pause, and raised crossing tables will calm traffic while keeping pavements level for wheelchair users and those with pushchairs. Work also began on the Garden Street project, creating a vibrant pedestrian-friendly link to the beautiful Ashton Gardens. The design carefully protects existing mature trees whilst adding new seasonal planting in both sunny and shaded areas. A flowing pedestrian route will improve access to bus stops, while additional seating including cube seats designed to accommodate wheelchairs between them will make the street a welcoming place to rest and socialise. New lighting will also improve safety and visibility in the evenings. Both projects continue the high-quality look and feel of St Annes Square, creating a consistent flow through the town centre that celebrates St Annes’ heritage as a premier coastal destination.

- Works were completed during 2025/26 on the **Kirkham Regeneration Project - Kirkham Futures**. This was a 4-year programme of work to revitalise the town centre, representing the biggest investment in Kirkham in a generation, funded by the Historic England High Street Heritage Action Zone, the Government's Future High Street Fund, and contributions from Lancashire County Council, Fylde Council, and Kirkham Town Council. The Public Realm works consist of improvements to footways and carriageways, including new lighting, green bus shelters, new street furniture, and new planting, including semi-mature trees. In addition, the works incorporate beautiful artworks such as bespoke railings, architectural lighting, and a mural chronicling Kirkham's historic past.

- **Lytham's most ambitious town centre investment in a generation** neared its final chapter, as the transformation of Clifton Street moved into its closing stages – with the street already looking strikingly different thanks to work completed in recent months. The 26 elegant new heritage lighting columns, featuring ornate panels celebrating the Clifton family crest alongside oak and elm leaf designs, are now in place along the full length of the street. Alongside the lighting installation, redundant street furniture and old utility posts have been removed, opening up the streetscape and giving Clifton Street a cleaner, more characterful appearance. The 28 London Plane trees, whose canopies were carefully pruned as part of the first phase of the project, are now thriving alongside the new columns. Pavement reinstatement works are progressing to restore surfaces to a high standard following the installation works. The finishing touches – decorative banners designed by Lytham primary school children and new flower baskets – are still to come and will complete the transformation of Clifton Street into a vibrant, welcoming town centre ahead of Lytham Club Day on Saturday 27 June.

- Fylde was once again host to a wide variety of tourism and leisure events, including the renowned **Lytham Festival** on Lytham Green. Dozens of artists and DJs performed to tens of thousands of attendees over the course of the festival and again the event brought a massive boost to the local economy whilst reaffirming Fylde's place on the UK events map. In 2025 the festival featured a wide range of artists including Stevie Wonder, Justin Timberlake, Simple Minds, Texas and a long list of support acts.

- The **Lytham 1940s Weekend** took place in August, welcoming over 40,000 visitors in total over the weekend. The two days of events featured vintage vehicle parades, static Spitfire displays, 1940s music, dancing, and wartime re-enactments, alongside market stalls and food outlets and were once again a tremendous success, bringing business for Fylde traders.

- **St Annes Beach flies the Seaside Award Flag in Summer 2025** - As the international Blue Flag award reaches its 38th year, the area's best beaches were celebrating. In May 2025 the environmental charity Keep Britain Tidy announced the winners of the prestigious Blue Flag and Seaside Awards for summer 2025, and among them was St Annes Beach. Keep Britain Tidy's Chief Executive, Allison Ogden-Newton OBE, said: "In England we are lucky enough to have some of the best beaches in the world. It's wonderful to see the flags flying proudly over St Annes beaches in Fylde, demonstrating their quality to residents and visitors alike. "The awards are a credit to the collective efforts of beach and site managers, volunteers, residents and businesses who should take pride today in their tireless efforts to maintain, protect and improve some of our best-loved and most popular blue spaces. "Visitors to a beach flying a Blue Flag can be assured the beach will be clean, safe and meet the highest environmental standards."

- **Fairhaven Lake New Visitor Centre** opened its doors in March 2026. The beautiful Pagoda building – formerly home to the RSPB – has been transformed into a welcoming hub for families and visitors following a £25,000 conversion. The new visitor centre will offer refreshments, retail, event ticket sales and educational resources including the park's beloved interactive timeline, bringing this iconic heritage building back to life as a real focal point for the community.

- Six **parks** in Fylde Borough raise the prestigious **Green Flag Award** after achieving international quality mark for parks and green spaces. The awards were for Ashton Gardens, Fairhaven Lake and Gardens, Lowther Gardens, Lytham War Memorial Garden, Promenade Gardens, and Elswick Parish Council's Elswick Village Hall and Gardens, which have each met the rigorous international standards for excellence in park management. The Green Flag Award scheme recognises and rewards well-managed parks and green spaces, setting the benchmark standard for the management of green spaces across the United Kingdom and around the world.

- **Children's play areas** benefited from numerous improvements and upgrades, with redevelopments across the Borough continuing to strengthen the play offer in line with the priorities set out in the Corporate Plan.

- **New Playzone Schemes –** the Council approved funding to support the development of three new PlayZone facilities across the borough, aimed at providing safe, inclusive, and accessible recreational spaces for local communities. The PlayZone project, will see the creation of modern, multi-use recreational spaces at Memorial Park, Kirkham, Ashton Gardens, St Annes, and Rawstorne Sports Centre, Freckleton. These facilities will be specifically designed for a range of activities, with a focus on football, and will feature robust security measures, durable playing surfaces, and flexible designs to meet community needs.

- **New parish Councils** were established for Ansdell and Lytham in 2025 providing a new level of representation for residents of those areas. The decision to create two new parish Councils was informed by public consultation in 2024, which followed a thorough community governance review to consider parishing arrangements throughout the borough. Parish Councils are the first level of local government, empowering communities by giving them a democratic voice and a structure for taking local community action.

- **New Community Beach Hub** – April 2025 saw the opening of the new Community Beach Hub on St Annes Beach. The facility, completed on schedule, is a base for services that will enhance visitor experience and beach safety. Situated within the previously vacant deck chair storage building near the main beach entrance, the newly transformed hub houses amenities such as an information centre and dedicated storage for beach wheelchairs, significantly enhancing accessibility to the popular coastal destination. The Hub will be a base for the newly established Friends of St Annes Beach volunteer team and will be open when volunteers are available, or weekend staff are present. Key improvements include a new accessible ramp. Designed to make the beach more welcoming and accessible for people with limited mobility, parents with young children, and all beach goers, the new ramp replaced the previous cracked paving slabs and uneven concrete.

- The annual **Christmas Tree planting event** at the Fylde sand dunes again proved a tremendous success, with more than 600 volunteers attending the two-day event during February, planting about 2,000 Christmas trees donated from across Lancashire by local households to help enhance the effectiveness of the dunes as a natural sea defence.

The dunes along the Fylde Coast are home to a diverse and specialised ecosystem, hosting a variety of unique plants and animals. These dunes, designated as a Site of Special Scientific Interest, play a crucial role in providing habitat for flora and fauna of international and national importance. Additionally, they serve as an effective soft sea defence for our local community. Sadly, over the past 150 years, more than 80% of the dunes have been lost due to coastal town expansion.

The Fylde Sand Dunes Project aims to restore and conserve these dunes by growing them in seawards. The old Christmas trees, donated by residents, are strategically placed in front of the existing dunes. As the wind blows, the branches of the trees trap sand, gradually creating new dunes.

- The award-winning **St Annes International Kite Festival** took place during August 2025 on St Annes beach. The three-day event featured giant themed kites, professional displays, an illuminated night fly on Friday, a beach fairground, and food stalls.

- **UK Shared Prosperity Fund Programme (UKSPF)**

  The Council's allocation from the UKSPF has already enabled numerous successful projects, including the launch of the Invest in Fylde brand, the Community Wellbeing Fund, the Voluntary Sector Study to help the Council better understand how local organisations can be supported, and the Apprenticeship Project and Employment Skills Project, delivered through a partnership with the AFC Fylde Community Foundation.

The Annual Residents Survey

A resident satisfaction survey is carried out each year and the results, as set out in the table below, show high levels of customer satisfaction with the Council's performance:

The objective of the survey is to obtain an overview of satisfaction levels with services and the Council that can be used to identify areas for improvement and allow comparison over time. In many cases the high-level overview which the survey provides supplements service-based customer research carried out in service areas across the Council. The survey is live gathering feedback throughout the year and the latest results can be viewed on the Council's website at this link - Residents Survey Results 2025 – Fylde Council

The Resident Survey Results 2025:

QUESTIONS (Percentages figures are of those who rated the service they received as **satisfied, good, or excellent**)	**2025 Response**
Overall, how would you rate Fylde as a **place to live**	95%
Overall, how would you rate Fylde as a **place to visit**	96%
How would you rate the **value for money** you receive from Fylde Council	78%
Overall and taking **everything into account**, how would you rate Fylde Council	87%
How would you rate the **refuse collection** service at Fylde	96%
How would you rate the **household recycling** service at Fylde	88%
How would you rate the **parks and open spaces** in Fylde	94%
How would you rate the **cleanliness of the streets** in Fylde	79%
How would you rate the **planning service** at Fylde*	61%
How would you rate the **building control service** at Fylde*	71%
How would you rate the **environmental protection control service** at Fylde*	70%
How would you rate the **benefits service** at Fylde*	74%
How would you rate the **cemetery and crematorium service** at Fylde*	97%
How would you rate the **housing service** at Fylde*	66%
How would you rate the **customer service** at Fylde*	87%
How would you rate how well Fylde Council informs residents about what is happening in the area	**86%**

**Percentage of respondents that had used the service.*

The survey allows residents to provide feedback on Council services. The feedback is analysed and used to inform service improvements. Residents can provide an email address to receive a weekly e-newsletter.

The 2025 data shows high satisfaction levels, consistent with previous years. Many services attract over 80% satisfaction, which is exceptional.

Regulatory and enforcement services like planning tend to have lower satisfaction due to the nature of decisions made and customer expectations. For example, a refused planning application may lead to dissatisfaction despite good service delivery. **Overall;**

- **78% of respondents are satisfied or better that the Council provides value for money**
- **87% rate their overall satisfaction with Fylde Council as satisfied or better when taking everything into account**

10. OUTLOOK FOR THE FUTURE

The favourable outturn position for revenue allows for a further contribution to be made to the Capital Investment Reserve in the sum of £0.690m (in addition to the budgeted contribution into that reserve of £0.947m and the budgeted transfer into the Fleet Replacement Reserve of £0.861m). The contribution into the Capital Investment Reserve provides financing resources for future projects – which in turn reduces the need for the Council to borrow. This further contribution is beneficial to the overall position of the Council and is thus to be welcomed. As a result, the financial position of the Council has improved since the revised 2025/26 budget was approved in March 2026, the Council remains debt-free, and the financial position remains robust at this point in time.

The proposed reform of the structure of local government in Lancashire, with the expected replacement of the current two-tier structure with a smaller number of Unitary councils, will most likely dominate the activity of the council in the period up to reorganisation. In accordance with the formal invitation issued under the English Devolution framework, this Council together with all other Lancashire councils submitted comprehensive structural proposals to the MHCLG. Statutory consultations concluded in early 2026, and a final legislative determination regarding our future footprint is expected in summer 2026. While the immediate 2025/26 financial statements are prepared on a business-as-usual basis, there is a material narrative disclosure regarding institutional continuity. If a unitary footprint for Lancashire is confirmed in summer 2026, a Shadow Council configuration will launch following elections in May 2027, with full vesting of new unitary councils on 1st April 2028. At that date, Fylde Council will be wound up and dissolved and its functions along with all property, rights, liabilities and financial reserves, vested in and transferred to a new unitary council ensuring service continuity. Consequently, the responsibility for closing down and auditing subsequent financial periods will ultimately dissolve and transfer to the successor legal entity. Notwithstanding LGR, the Statement of Accounts has been prepared on a going concern basis in accordance with CIPFA guidance.

The Financial Forecast within the most recent MTFS report shows a projected surplus for 2026/27and 2027/28 followed by projected budget deficits thereafter. The potential for future general reductions in central government funding from 2027/28 onwards combined with cost pressures requires that the Council continues the approach to continually seek opportunities to achieve savings and efficiencies and to generate additional income to enable a balanced budget position to continue into the future and to provide on-going contributions to reserves. Whilst challenges remain, and will no doubt continue to be present, prudent financial management has provided a relatively stable financial environment which allows the necessary time for the Council to assess and respond to the challenges it faces.

The Council has not required any temporary borrowing to support its cashflow during 2025/26. Nor does it anticipate any cashflow concerns in future years through careful management of cashflow and investment decision-making. Cashflow forecasts are prepared and reviewed regularly throughout the financial year by senior finance officers. The forecast is revised as required to reflect changes in actual cash movements, transaction timing changes and to include new cash movements. The monthly cash flow forecast is used as the basis for determining the level of cash that is available for external investment to thereby generate additional revenue income. In order to ensure that excessive funds are not invested externally and consequently causing potential liquidity issues for the Council it is day-to-day practice to leave a minimum cash balance of £0.5m within the Council’s current bank account. In addition to this, short term liquid deposits of at least £6m are maintained on call or available within a week’s notice. Monies will not be placed on fixed term deposit when such an action would reduce cash balances below this level. It is expected that such practices will provide sufficient liquidity of funds at all times. However, if necessary short-term borrowing is available from the Money Market as and when required.

To maintain a future stable financial environment for the Council, the minimum level of General Fund reserves was raised to £1.0m as part of the March 2024 Medium Term Financial Strategy update to reflect the increased uncertainty in the future levels of central governments funding and the current economic environment in which inflation remains relatively high, economic growth prospects are limited and a significant section of the population is still feeling the effects of the recent inflationary shocks.

The key financial risks that the Council is currently facing are set out in detail in the MTFS, and can be summarised as:

- Potential reductions in levels of future central government funding;
- Local Government Reorganisation;
- New Food Waste Collection Requirements;
- Upward pressure on pay and prices; and
- Capital Programme delivery complexities and challenges, in particular the swimming pool refurbishment schemes and the town centre regeneration projects.

The impact of recent inflationary pressures are expected to continue to exert a negative influence on the UK economy. These factors have the potential to affect the following areas of the Council's financial statements:

- Asset valuations, such as those over property, may be more difficult to estimate and may be more volatile where the view of market participants may have changed; and

- Defined benefit pension valuations are inherently very sensitive to the selection of an appropriate discount rate. Actuarial views around discount rates and other assumptions may be impacted in the future.

In preparation for the known future financial challenges the Council has, in recent years, undertaken a review of potential means of responding to those circumstances. Consequently, a number of important decisions have already been made with regard to income generation and expenditure reduction that will have a positive effect on the financial forecast for future years, demonstrating a responsiveness to the current financial challenges which is essential for the Council to be able to maintain a robust financial position and deliver its key corporate objectives.

At a strategic level, activity and resources are focused on the delivery of the key objectives of the Council as set out within the Councils approved Corporate Plan. Given the level of reserves that have been generated in recent years the level of budget deficits currently estimated in the final years of the forecast appear to be at manageable levels. However, in an uncertain financial environment the position can change in unexpected ways. It is important that the Council continues to operate in a sound and prudent manner in order to maintain a stable financial position and to explore further means by which the financial position can be further strengthened, whilst continuing to provide high quality services to residents and to deliver the priorities set out in the Corporate Plan.

CONCLUSION

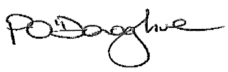
Prudent financial management of the Council's resources over the last decade has provided a level of reserves which allowed the Council sufficient resources to manage any significant negative financial impacts on the Council, and looking forward, will provide the necessary time to determine how best to respond to future financial challenges, including LGR, the full impact of the Fair Funding Review 2.0 into Local Government funding arrangements, and the delivery of a significant capital programme. Officers and Members will be continuously monitoring all areas of concern through established budget forecasting and setting procedures and will work to ensure that the Council's Revenue Budget remains robust and sustainable.

Consideration the Authority has given to the risk that a Section 114 Notice might need to be issued in the near future or medium term: Fylde Borough Council confirms that the statutory threshold for issuing a Section 114 Notice under the Local Government Finance Act 1988 has not been breached, and there is a low level of risk of such a notice being required in the near future (the 2026/27 financial year) or the medium term (the 5-year Medium Term Financial Strategy planning horizon). The Council has a track record of making savings as dictated by resource availability. I am therefore confident that the Council will continue to maintain a balanced budget position in the short to medium term. However, it is noted that the position remains fluid, and that the financial landscape can change in unexpected ways. The Council will need to consider any possible future additions to the capital programme very carefully to ensure they are fully funded and that any subsequent revenue implications are affordable on an ongoing basis.

I would like to place on record my thanks to all staff across the Council for their efforts during the last year. **In particular, I would like to thank the Finance Team for the timely production of this Statement of Accounts and for their continued dedication and resilience following a prolonged period of intense workload delivering to statutory reporting deadlines and supporting teams across the Council in delivering corporate priorities.**

This is the Statement of Accounts upon which the auditor should enter his certificate and opinion and has been prepared under the Local Government Finance Act 1982.

Signed



P. O'Donoghue, FCMA, CGMA
Chief Financial Officer, Section 151 Officer
Date: 30th June 2026

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

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

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance & Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;

The Chief Financial Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;

The Chief Financial Officer's Certification

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31st March 2026 and of its income and expenditure for the year then ended.

PO'Donoghue

P. O'Donoghue, ACMA, FGMA
Chief Financial Officer, Section 151 Officer

Date: 30th June 2026

CORE FINANCIAL STATEMENTS

INTRODUCTION TO THE CORE FINANCIAL STATEMENTS

Introduction to the Core Financial Statements

Set out below is a brief explanation of the Core Financial Statements which are presented on the following pages:

- **The Expenditure and Funding Analysis (Page 41**

  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 Programme Committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

- **The Comprehensive Income and Expenditure Statement (Page 42)**

  The Comprehensive Income and Expenditure 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 statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

- **The Movement in Reserves Statement (Page 43)**

  The Movement in Reserves 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 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year following those adjustments.

- **The Balance Sheet (Page 44)**

  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 and reserves that hold timing differences shown in the Movement in Reserves Statement line '*Adjustments between accounting basis and funding basis under regulations*'.

- **The Cash Flow Statement (Page 45)**

  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.

- **The Collection Fund (Page 106)**

  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.

EXPENDITURE AND FUNDING ANALYSIS

2024/25 Net Expenditure Chargeable to the General Fund	2024/25 Adjustments (Note 6)	2024/25 Net Expenditure in the Comprehensive Income and Expenditure Statement		2025/26 Net Expenditure Chargeable to the General Fund	2025/26 Adjustments (Note 6)	2025/26 Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
			Portfolio			
1,814	2,149	3,963	Corporate and Economic Development Services	2,481	1,083	3,564
3,349	1,178	4,527	Customer and Operational Services	2,767	988	3,755
1,114	1,685	2,799	Environmental Services	712	551	1,263
3,754	140	3,894	Finance and Resources	3,684	110	3,794
67	231	298	Social Wellbeing Services	(28)	676	648
2,537	703	3,240	Tourism Leisure and Culture	2,626	953	3,579
12,635	**6,086**	**18,721**	**Net Cost of Services**	**12,242**	**4,361**	**16,603**
(11,298)	(3,433)	(14,731)	Other Income and Expenditure	(14,594)	(1,312)	(15,906)
(1,169)	1,169	-	Transfer to Earmarked Reserves	1,928	(1,928)	-
168	**3,822**	**3,990**	**(Surplus)/Deficit**	**424**	**1,121**	**697**
(5,105)			**Opening General Fund Balance**	(4,937)		
168			(Surplus)/Deficit on General Fund	(424)		
(4,937)			**Closing General Fund Balance as at 31st March**	(5,361)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024/25 Gross Expend-iture	2024/25 Gross Income	2024/25 Net Expend-iture		Notes	2025/26 Gross Expend-iture	2025/26 Gross Income	2025/26 Net Expend-iture
£'000	£'000	£'000			£'000	£'000	£'000
			Portfolio				
5,471	(1,508)	3,963	Corporate and Economic Development Services		4,972	(1,408)	3,564
7,605	(3,078)	4,527	Customer and Operational Services		7,915	(4,160)	3,755
3,278	(479)	2,799	Environmental Services		1,875	(612)	1,263
18,445	(14,551)	3,894	Finance and Resources		15,665	(11,871)	3,794
3,791	(3,493)	298	Social Wellbeing Services		4,019	(3,371)	648
5,101	(1,861)	3,240	Tourism Leisure and Culture		5,400	(1,821)	3,579
43,691	**(24,970)**	**18,721**	**Cost of Services**		**39,846**	**(23,243)**	**16,603**
1,445	(141)	1,304	Other Operating Expenditure	**9**	1,772	(330)	1,442
1,768	(2,764)	(996)	Financing and Investment Income and Expenditure	**10**	1,738	(3,378)	(1,640)
6,132	(21,171)	(15,039)	Taxation and Non-Specific Grant Income and Expenditure	**11**	4,440	(20,148)	(15,708)
53,036	**(49,046)**			**12**	**47,796**	**(47,099)**	
		3,990	**(Surplus)/Deficit on Provision of Services**				**697**
		(704)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment. Heritage Assets	**13+14**			(362)
		(1,542)	Re-measurement of the net defined benefit liability/(asset)	**41**			(1,020)
		(2,246)	**Other Comprehensive Income and Expenditure**				**(1,382)**
		1,744	**Total Comprehensive Income and Expenditure**				**(685)**

MOVEMENT IN RESERVES STATEMENT

	Note	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves (Note 26)	Unusable Reserves (Note 27)	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current Year								
Balance at 31st March 2025		**4,937**	**10,820**	**141**	**2,271**	**18,169**	**51,115**	**69,284**
Movement in Reserves during 2025/26								
Total Comprehensive Income and Expenditure		(697)	-	-	-	(697)	1,382	685
Adjustments between accounting basis and Funding under Regulations	**7**	3,049	-	260	(1,110)	2,199	(2,199)	-
Net Increase/(Decrease) before transfers to Earmarked Reserves		**2,352**	**-**	**260**	**(1,110)**	**1,502**	**(817)**	**685**
Transfers to/from Earmarked Reserves	**8**	(1,928)	1,928	-	-	-	-	-
Increase/(Decrease) in 2025/26		**424**	**1,928**	**260**	**(1,110)**	**1,502**	**(817)**	**685**
Balance at 31st March 2026		**5,361**	**12,748**	**401**	**1,161**	**19,671**	**50,298**	**69,969**
Comparative Year								
Movement in Reserves during 2024/25								
Balance at 31st March 2024		**5,105**	**11,989**	**-**	**2,946**	**20,040**	**50,988**	**71,028**
Total Comprehensive Income and Expenditure		(3,990)	-	-	-	(3,990)	2,246	(1,744)
Adjustments between accounting basis and Funding under Regulations	**7**	2,653	-	141	(675)	2,119	(2,119)	-
Net Increase/(Decrease) before transfers to Earmarked Reserves		**(1,337)**	**-**	**141**	**(675)**	**(1,871)**	**127**	(1,744)
Transfers to/from Earmarked Reserves	**8**	1,169	(1,169)	-	-	-	-	-
Increase/(Decrease) in 2024/25		**(168)**	**(1,169)**	**141**	**(675)**	**(1,871)**	**127**	**(1,744)**
Balance at 31st March 2025		**4,937**	**10,820**	**141**	**2,271**	**18,169**	**51,115**	**69,284**

BALANCE SHEET

Balance As at 31st March 2025		Notes	Balance As at 31st March 2026
£'000			£'000
43,823	Property, Plant and Equipment	13	41,887
4,926	Heritage Assets	14	4,926
5,832	Investment Properties	15	6,554
48	Intangible assets	16	63
2,037	Long Term Investments	18	2,037
56,666	**Long Term Assets**		**55,467**
12,380	Short Term Investments	17	8,318
-	Assets held for sale	19	-
116	Inventories	20	124
7,318	Short Term Debtors	21	6,952
7,035	Cash and Cash equivalents	22	11,014
26,849	**Current Assets**		**26,408**
(-)	Short Term Borrowing	17	(-)
(7,214)	Short Term Creditors	23	(5,885)
(1,926)	Receipts in Advance - revenue	23	(2,037)
(-)	Receipts in Advance - capital	23	(492)
(1,660)	Provision for Business Rate Appeals	24	(694)
(79)	Provision for Accumulated Absences	27	(73)
(10,879)	**Current Liabilities**		**(9,181)**
(2,367)	Long Term Creditors	25	(1,784)
(-)	Long Term Borrowing	17	(-)
(985)	Liability related to Defined Benefit Pension Scheme	41	(941)
(3,352)	**Long Term Liabilities**		**(2,725)**
69,284	**NET ASSETS**		**69,969**
18,169	Usable Reserves	26	19,671
51,115	Unusable Reserves	27	50,298
69,284	**TOTAL RESERVES**		**69,969**

CASH FLOW STATEMENT

2024/25		Notes	2025/26
£'000			£'000
(3,990)	Net Surplus / (Deficit) on the Provision of Services		(697)
8,519	Adjustments for non-cash movements	**28**	3,041
(6,130)	Adjustment for movements relating to investing and financing activities	**28**	(3,223)
(1,601)	**Net Cash Flows Generated from Operating Activities**		**(879)**
2,241	Investing Activities	**29**	5,562
1,255	Financing Activities	**30**	(704)
1,895	**Net Increase / (Decrease) in Cash and Cash Equivalents**		**3,979**
5,140	Cash and Cash Equivalents at the beginning of the reporting period		7,035
7,035	**Cash and Cash Equivalents at the end of the reporting period**	**22**	**11,014**

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

INDEX TO EXPLANATORY NOTES TO THE ACCOUNTS

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

INTRODUCTION

The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) and the accounting policies set out at Note 1. The notes that follow set out supplementary information to assist readers of the accounts.

1 ACCOUNTING POLICIES

a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) and the Service Reporting Code of Practice 2025/26 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

b) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings are accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

c) Acquisitions and Discontinued Operations

Where, and if, appropriate, income and expenditure directly relating to acquisitions or discontinued operations is shown separately on the face of the Comprehensive Income and Expenditure Statement under the appropriate heading.

d) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and 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 Authority's cash management.

e) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

f) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding Non-Current Assets during the year:

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

The Authority 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 either an amount calculated on a prudent basis determined by the Authority 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.

g) Council Tax and Non-Domestic Rates

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

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

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

h) Employee Benefits

(i) **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, bonuses 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 Authority. 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 employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in which the holiday absence occurs.

(ii) **Termination Benefits**
Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority 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 Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year-end.

(iii) **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, 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 scheme attributable to the Authority 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 projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a real discount rate of 6.1% (2024/25 5.8%), based on the indicative rate of return on an AA corporate bonds.
- The assets of the 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; and
    - Property – market value.
- The change in the net pensions liability is analysed into the following components:

  Service cost comprising:
    - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

  Re-measurements comprising:
    - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or

because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions made to the Lancashire County Council Pension Fund:

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

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

i) <u>Events after the Reporting Period</u>

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

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

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

j) <u>Financial Instruments</u>

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.

(i) **<u>Financial Liabilities</u>**

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

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- Trade payables for goods and services received.

(ii) **<u>Financial Assets</u>**

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

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:

    - cash in hand;
    - bank current and deposit accounts;

- fixed term deposits with banks;
- loans to other local authorities; and
- trade receivables for goods and services provided.

- Fair value through profit and loss (all financial assets) comprising:

  - money market funds.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

k) Foreign Currency Translation

Where the authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

l) Government Grants and Contributions

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

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

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

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

m) Heritage Assets

Heritage assets are defined as assets which have historical, artistic or cultural qualities and that are held and maintained principally for their contribution to knowledge and culture.

The introduction of FRS 30 and subsequently FRS 102 - Heritage Assets has resulted in the requirement for this standard to be included within the Council's accounting policies from 2011/12. Prior to 2011/12 the Code did not require heritage assets to be reported separately. These will have previously been reported as part of Community Assets in the balance sheet.

There is no IFRS that deals with tangible heritage assets. Authorities are therefore required to account for tangible heritage assets in accordance with FRS 102.

Accounting for Heritage Assets in 2025/26

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

Heritage assets should normally be included in the balance sheet at their current value. Where it is not practical to obtain a valuation at a reasonable cost, heritage assets should be valued at cost.

Where the Council has information on the cost or value of a heritage asset that value has been used in compilation of the 2025/26 balance sheet. Where this information is not available and the historical cost information cannot easily be obtained the asset can be excluded from the balance sheet.

Valuations may be made by any method that is appropriate. There is no requirement for valuations to be carried out or certified by external valuers nor is there any prescribed minimum period between valuations. However, where heritage assets are valued at their current value that value has to be reviewed with sufficient frequency to ensure the valuation is up to date.

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.

The Authority's collections of heritage assets are as follows.

- ***Art Collection***
  - The art collection comprises approximately 200 paintings of a wide range of subjects most of which have been donated or bequeathed to the Council and a number of which are by local artists and depict scenes from around the local area. Prominent amongst the collection is a painting by Johann Heinrich Fuseli, R.A. entitled 'Vision of Catherine of Aragon'. This work is of significant merit and is periodically loaned to public galleries in order that it may be widely viewed.
  - The valuation will be regularly reviewed with a professional revaluation of the collection being obtained at intervals of not more than 5 years. A professional valuation was obtained during 2022/23.
  - The 2022/23 valuation was undertaken by Christie's (Christie, Manson & Woods Ltd.of London) and presented valuations in respect of each work for insurance purposes on a 'double-low auction estimate' basis (a sum equivalent to double the minimum that the piece would be expected to achieve at auction). This is deemed most appropriate for those instances where an owner might wish to replace any totally lost item by purchasing something comparable at auction. The insurance value here allows for the possibility of a hammer price just above a high auction estimate with the addition of the buyer's premium and VAT. Whilst this basis is the most appropriate for insurance purposes (and the collection has been insured according to those valuations) the value of the collection contained within the balance sheet is at a 'low auction estimate' i.e. at half of the value assigned to each piece by Christie's using the 'double-low auction estimate' approach. This is a more prudent approach for accounting purposes and consistent with the valuation methodology used in previous years.
  - Public access to the collection is afforded by exhibition in a local gallery space and the loan of the more significant components to local, national and international galleries.
  - Donations are recognised at valuation with valuations provided by the external valuers.
- ***Memorials & Monuments***
  - The Council owns a range of memorials and monuments situated within the borough including a number of war memorials.
  - Previously the Council did not have historic cost information for all but one of these items and consequently the Authority had recognised the remaining four assets on the balance sheet at a nominal value. The single item for which a value was previously available is for a memorial sculpture which was, and still is, valued for insurance purposes in the sum of £80,000, the estimated replacement cost. During 2022/23 the Council commissioned re-instatement cost valuations in respect of the four remaining memorials by professional valuers. Therefore, the Council now has recent and relevant valuations in respect of all of the memorials and monuments contained within the Heritage Asset classification and these reinstatement cost values have been used for the assets within the balance sheet and for insurance purposes for 2025/26.
  - The Authority does not intend to extend the range of this class of assets.
  - Public access is afforded by the location of the items in prominent and accessible locations within the borough.
- ***Sculptures / Ivories***
  - The Council owns a range of sculptures including a collection of Japanese ivory figurines all of which have been donated or bequeathed.

- These valuations will be regularly reviewed with a professional revaluation of the collection being obtained at intervals of not more than 5 years. A professional valuation was obtained during 2022/23. The valuation basis is as for the art collection as detailed above.
- Public access to the collection is afforded by exhibition in a local gallery space and loan of the more significant components to local galleries upon request.
- Donations are recognised at valuation with valuations provided by the external valuers.

- ***Trophies & Other Items***
  - The Council owns a number of trophies of a sporting heritage and other miscellaneous items of a ceremonial nature.
  - These valuations will be regularly reviewed with a professional revaluation of the collection being obtained at intervals of not more than 5 years. A professional valuation was obtained during 2022/23. The valuation basis is as for the art collection.
  - Public access to these items is limited to the display of the items at civic events.

- ***Civic Regalia***
  - The Council owns a variety of chains, pendants and badges which together with the ceremonial mace comprise the civic regalia.
  - These valuations will be regularly reviewed with a professional revaluation of the collection being obtained at intervals of not more than 5 years. A professional valuation was obtained during 2022/23. The valuation basis is as for the art collection.
  - Public access to these items is limited to the display of the items at civic events and occasionally as components of an exhibition.

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 Authority's general policies on impairment – see accounting policy on page 59.

n) Intangible Assets

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

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 Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised on a straight-line basis 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.

o) Interests in Companies and Other Entities

The Authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities that require it to prepare group accounts.

p) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

q) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used for the delivery of the Council's services or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued every year according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

r) Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

s) Leases

The Authority as Lessee

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

Initial measurement

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

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

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and

- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise)

Lease Expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed. Depreciation and impairments are not charges against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to [the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve. The written-off value of disposals is not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

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

t) <u>Overheads and Support Services</u>

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

u) <u>Property, Plant and Equipment</u>

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.

(i) **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority; that the cost of the item can be measured reliably; and that the cost exceeds the 'de minimis' threshold of £10,000. 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.

(ii) **Measurement**

Non-Current Assets are valued on the basis recommended by CIPFA (Chartered Institute of Public Finance & Accountancy) and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the RICS (The Royal Institute of Chartered Surveyors). Non-Current Assets are classified into the groupings required by the Code of Practice on Local Authority Accounting.

Assets are initially measured at cost and subsequently carried in the Balance Sheet at current value or fair value in strict accordance with the CIPFA/LASAAC Code of Practice 2025/26. To eliminate potential valuation "blind spots" and satisfy the 2025/26 Code requirements, the Council departed from its historical rolling revaluation schedule. **A comprehensive, full portfolio revaluation of 100% of the Council's Operational Properties was executed with an effective date of 31st March 2026.** This independent valuation was conducted by the Council's qualified external valuers CBRE, operating under the professional parameters of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards, and have been arrived at by having regard to market evidence and the Surveyor's knowledge and experience of the properties involved.

Since a total portfolio baseline valuation was applied at the Balance Sheet date, separate interim indexation metrics, adjustments, or estimation models were unnecessary for the 2025/26 accounts. For future reporting periods, the Council will integrate annual indexation methodologies across intervening years to guarantee carrying amounts do not materially diverge from current values at any intermediate reporting date.

Definitions of each of the valuation methodologies used are:

> **Market Value** - *"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".*
>
> **Depreciated Replacement Cost -** "*The current cost of replacing an asset with its modern equivalent asset less deductions for the physical deterioration and all relevant forms of obsolescence and optimisation."*
>
> **Existing Use Value -** *"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost".*

Operational properties have been valued on the basis of Existing Use Value, unless they are Specialised, in which case they have been valued on the basis of Depreciated Replacement Cost. All Depreciated Replacement Cost valuations are subject to the prospect and viability of the continued occupation and use of the properties concerned.

Non-operational properties have been valued on the basis of Market Value. In the case of the ***Community assets*** they have been valued on either Existing Use Value or Market Value.

Heritage Assets
Valuation methodologies in respect of heritage assets are outlined in note m on Heritage Assets above.

Revaluations of Non-Current Assets included in the balance sheet at current value are planned at intervals of not more than five years. Investment properties are reviewed every year to consider that the value of the assets are fairly reflected in the Balance Sheet. In addition, material changes in asset values are recorded as they occur.

(iii) **Impairment**

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

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

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

(iv) **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life. Useful life is estimated at the time of acquisition or revaluation. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset; and
- infrastructure – straight-line allocation as advised by a suitable qualified officer.

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

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 equal charge to revenue is made over the useful life of all assets.

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.

(v) **Componentisation**

The Code requires that each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The Council will use the value of an individual asset relative to the overall asset portfolio to assess whether an asset is material. Any building element below 1% of the value of the portfolio is not therefore viewed as material. In terms of significance, the CIPFA advice is that they are not looking for more than 3 to 4 components in addition to the “host” asset. The Council will therefore adopt a de minimis cost equating to 20% of the asset value.

(vi) **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

Assets Held for Sale, are where the:

- Asset is immediately available for sale;
- Sale is highly probable;
- Asset is actively marketed; and
- Sale is expected to be completed within 12 months.

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

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 in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment [or set aside to reduce the Authority’s underlying need to borrow (the capital financing requirement)]. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council tax, as the cost of 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.

(vii) **Infrastructure assets**

infrastructure assets include Structural (Coastal Defence), Promenade new Pavement and Resurfacing work, which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

infrastructure assets are measured at depreciated historical cost
Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the network are assessed by the Chief Engineer using industry standards where applicable as follows:

Part of the Infrastructure Asset	Useful life
Structures (Coastal Defences)	50 years
Footways and cycle tracks (Promenade)	40 years

Disposals and derecognition

When a component of the network is decommissioned, the carrying amount of the component in the Balance Sheet is written off to the ‘Other operating expenditure’ line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

The written-off amounts are not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

v) <u>Provisions, Contingent Liabilities and Contingent Assets</u>

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (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 authority settles the obligation.

Contingent Liabilities
A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

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

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

w) <u>Reserves</u>

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against Council tax for the expenditure.

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

The Council operates a number of different reserves, the purpose of each is laid out in note 8 on pages 69 to 70.

x) Revenue Expenditure Funded by Capital Under Statute

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

y) Value Added Tax (VAT)

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

z) Fair Value Measurement

The Council measures some of its non-financial assets, such as surplus assets and investment properties, and some of its financial instruments, such as equity share holdings, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest). When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

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

    - quoted prices for similar assets or liabilities in active markets,
    - quoted prices for identical or similar assets or liabilities in markets that are not active,
    - inputs other than quoted prices that are observable for the asset or liability, for example,
    - interest rates and yield curves observable at commonly quoted intervals,
    - implied volatilities,
    - credit spreads,
    - inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

- Level 3 – Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

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

The Council is required to disclose known or reasonably estimated information relevant to assessing the possible impact on the financial statements of an accounting change that will be required by the application of a new standard that has been issued but not yet adopted in the period of application.

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

b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024

c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024

d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

It is likely there will be limited application of items a) and d), although the authority will need to consider individual circumstances in case either of these standards apply.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1 (pages 48 to 63), the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the 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.

There are three items in the Authority’s Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year, namely property valuations, the liability related to the defined benefit Pension Scheme, and the provision for Business Rate Appeals.

Property Valuations

Operational land and buildings are revalued at least every five years on a rolling programme, while investment properties are revalued annually. A number of judgements are required to be made as part of the revaluation and impairment assessment process. This brings with it uncertainties, and assumptions have to be made and responded to accordingly. Where necessary, any resultant long-term implications would be incorporated into our financial strategy. Information relating to operational land and buildings (with a carrying value of £13.065m at 31 March 2026) is contained in Note 13, and information on investment properties (with a carrying value of £6.554m at 31 March 2026) is contained in Note 15.

In addition, the Authority recognises £94.0m of gross pension assets held within the Lancashire County Pension Fund. Within these pension assets are directly and indirectly held property assets, which represent 10.5% of the total Pension Fund’s assets. Information relating to the pension scheme is contained in Note 41.

Liability relating to the defined benefit pension scheme

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% per annum increase in the discount rate assumption would result in a decrease in the pension liability of £4.108m (2024/25 0.5% decrease £4.260m). Also, a one year addition to the members' life expectancy would result in an increase in the pension liability of £1.445m (2024/25 £1.418m). Further information relating to the pension scheme, including additional sensitivity analysis, is contained in Note 41.

Provision for Business Rates Appeals

Since the introduction of the Business Rates Retention Scheme effective 1 April 2013, Local Authorities are liable for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. A provision has been recognised for these potential liabilities up to and including 31 March 2026. The estimate has been calculated using data provided by ratings specialists with reference to the Valuation Office Agency (VOA) ratings list of appeals. The costs will be shared between Central Government, Fylde Borough Council, Lancashire County Council and Lancashire Combined Fire Authority. For 2025/26 Fylde Council's share of the appeals provision is £0.694m (2024/25 £1.660m). It is anticipated that this revised level of provision is sufficient to meet the full cost of outstanding appeals currently lodged and any future appeals under the check challenge and appeal system. This judgement is based upon information held on outstanding appeals and after having taken specialist advice.

5 EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 30th June 2026. Events taking place after this date are not reflected in the financial statements or notes. 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. There are no post balance sheet events.

6 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2025/26:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 6a) £'000	(Note 6b) £'000	(Note 6c) £'000	**£'000**
Programme Committees				
Corporate and Economic Development	936	147	-	**1,083**
Customer and Operational Services	690	299	(1)	**988**
Environmental	485	69	(3)	**551**
Finance and Resources	8	102	-	**110**
Social Wellbeing	569	107	-	**676**
Tourism Leisure and Culture	807	147	(1)	**953**
Net Cost of Services	**3,495**	**871**	**(5)**	**4,361**
Other Income and Expenditure from the Expenditure and Funding Analysis	(157)	105	(1,261)	**(1,313)**
Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit on the Provision of Services (Note 7)	**3,338**	**976**	**(1,266)**	**3,048**

Comparatives for 2024/25:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 6a) £'000	(Note 6b) £'000	(Note 6c) £'000	**£'000**
Programme Committees				
Corporate and Economic Development	1,921	225	3	**2,149**
Customer and Operational Services	750	422	6	**1,178**
Environmental	1,540	143	2	**1,685**
Finance and Resources	8	130	2	**140**
Social Wellbeing	73	156	2	**231**
Tourism Leisure and Culture	485	215	3	**703**
Net Cost of Services	**4,777**	**1,291**	**18**	**6,086**
Other Income and Expenditure from the Expenditure and Funding Analysis	(3,398)	103	(138)	**(3,433)**
Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit on the Provision of Services (Note 7)	**1,379**	**1,394**	**(120)**	**2,653**

6a) Adjustments for Capital Purposes

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

- *Other operating expenditure* – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- *Financing and investment income and expenditure* – the statutory charges for capital financing i.e. Minimum Revenue Provision (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 from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

6b) Net Change for the Pensions Adjustments

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

- For *services* this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For *Financing and investment income and expenditure* **–** the net interest on the defined benefit liability is charged to the CIES.

6c) Other Differences

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

- For *Financing and investment income and expenditure* the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- The charge under *Taxation and non-specific grant income and expenditure* represents the difference between what is chargeable under statutory regulations for Council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance
The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

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

Capital Grants Unapplied
The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2025/26	Usable Reserves General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
1. Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
• Charges for depreciation and impairment of non-current assets.	3,495	-	-	(3,495)
• Movement in market value of Investment Properties.	(252)	-	-	252
• Amortisation of Intangible Assets.	-	-	-	-
• Capital grants and contributions applied.	(2,780)	-	-	2,780
• Movement in Donated Assets Account.	-	-	-	-
• Revenue expenditure funded from capital under statute.	4,440	-	-	(4,440)
• 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.	-	-	-	-
2. Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
• Statutory provision for the financing of capital investment.	(402)	-	-	402
• Capital expenditure charged against the General Fund (Direct Revenue Contributions)	(719)	-	-	719
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	(113)	-	113	-
Applications of grants and capital financing transferred to the Capital Adjustment Account.	-	-	(1,223)	1,223
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.	(330)	330	-	-
Use of Capital Receipts Reserve to finance capital expenditure.	-	(70)	-	70
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement.	1,096	-	-	(1,096)
Employer's pension's contributions and direct payments to the pensioner's payable in the year.	(120)	-	-	120
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amounts by which Council tax income and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements.	(1,261)	-	-	1,261
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(5)	-	-	5
Total Adjustments.	***3,049***	***260***	***(1,110)***	***(2,199)***

Comparatives for 2024/25	Usable Reserves: General Fund Balance	Usable Reserves: Capital Receipts Reserve	Usable Reserves: Capital Grants Unapplied	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
1. Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
• Charges for depreciation and impairment of non-current assets.	4,777	-	-	(4,777)
• Movement in market value of Investment Properties.	287	-	-	(287)
• Amortisation of Intangible Assets.	-	-	-	-
• Capital grants and contributions applied.	(1,254)	-	-	1,254
• Movement in Donated Assets Account.	-	-	-	-
• Revenue expenditure funded from capital under statute.	6,132	-	-	(6,132)
• 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.	7	-	-	(7)
2. Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
• Statutory provision for the financing of capital investment.	(505)	-	-	505
• Capital expenditure charged against the General Fund (Direct Revenue Contributions)	(3,189)	-	-	3,189
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	(4,735)	-	4,735	-
Applications of grants and capital financing transferred to the Capital Adjustment Account.	-	-	(5,410)	5,410
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.	(141)	141	-	-
Use of Capital Receipts Reserve to finance capital expenditure.	-	-	-	-
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement.	1,511	-	-	(1,511)
Employer's pension's contributions and direct payments to the pensioner's payable in the year.	(117)	-	-	117
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amounts by which Council tax income and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements.	(138)	-	-	138
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements.	18	-	-	(18)
Total Adjustments.	***2,653***	***141***	***(675)***	***(2,119)***

8 MOVEMENTS IN EARMARKED RESERVES

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

Name of Reserve	Balance at 31st March 2024	Transfer In 2024/25	Transfer Out 2024/25	Balance at 31st March 2025	Transfer In 2025/26	Transfer Out 2025/26	Balance at 31st March 2026
	£'000	£'000	£'000	**£'000**	£'000	£'000	**£'000**
IT Reserve	**40**	-	(15)	**25**	-	-	**25**
Performance Reward Grant Reserve	**1**	-	-	**1**	-	-	**1**
Capital Investment Reserve	**5,650**	746	(897)	**5,499**	3,035	(462)	**8,072**
Community Right to Bid/Challenge Reserve	**46**	-	-	**46**	-	-	**46**
Funding Volatility Reserve	**4,519**	-	(4,519)	**-**	-	-	**-**
Fleet Replacement Reserve	**-**	5,477	(2,265)	**3,212**	861	(257)	**3,816**
Collection Fund Deficit Reserve	**1,017**	592	(211)	**1,398**	-	(1,398)	**-**
Covid-19 Unringfenced Grant Reserve	**41**	-	(41)	**-**	-	-	**-**
Homes for Ukraine Reserve	**466**	-	(140)	**326**	-	(30)	**296**
UK Shared Prosperity Fund Reserve	**78**	-	(78)	**-**	-	-	**-**
Biodiversity Net Gain Reserve	**64**	-	(64)	**-**	-	-	**-**
Asylum Seeker Dispersal Reserve	**67**	58	-	**125**	28	-	**153**
Weekly Food Waste Collection Reserve	**-**	188	-	**188**	69	(27)	**230**
Building Safety Levy New Burdens Reserve	**-**	-	-	**-**	109	-	**109**
Total Earmarked Reserves	**11,989**	**7,061**	**(8,230)**	**10,820**	**4,102**	**(2,174)**	**12,748**

Purpose of Earmarked Reserves

Reserves are those sums set aside for purposes falling outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management.

The Council operates a number of different earmarked reserves, the purpose of each is summarised below:

- **IT Reserve (formerly Replacement Systems Reserve)** – This is a voluntary set-aside established for the funding of new IT initiatives and the development of IT systems and the IT service.

- **Performance Reward Grant Reserve** – Created in 2009/10, this is a voluntary set-aside of performance reward grant (PRG). Although Fylde Council is the Accountable Body for the Fylde PRG, the Fylde Local Strategic Partnership are the appointed decision making body in relation to the allocation of the PRG.

- **Capital Investment Reserve** – Created in 2012/13, this is a voluntary set-aside of funds to help finance future capital expenditure.

- **Community Right to Bid/Challenge Reserve** – Created in 2012/13, this is a voluntary set-aside of funds to finance expenditure linked to the award of Community Right to Bid and Community Right to Challenge grant received by the Council during 2012/13, 2013/14 and 2014/15.

- **Funding Volatility Reserve** – Created in 2013/14 from additional Business Rates received under the Business Rate Retention Scheme, this is a voluntary set-aside established to provide a degree of protection to the Council's finances against future volatility in central government funding allocations and to fund investment in activity to stimulate Economic Development in the Borough.

- **Fleet Replacement Reserve** – Created in 2024/25 following a review of the financing of the Council's capital programme, this reserve is to be used to fund operational vehicle replacements on an ongoing basis.

- **Collection Fund Deficit Reserve** - Created in 2013/14, this is a voluntary set-aside of funds to meet the Council's share of any collection fund deficit in respect of Business Rates.

- **Covid-19 Unringfenced Grant Reserve** - Created in 2021/22, this is a voluntary set aside of unspent Covid-19 Unringfenced grant. These sums have subsequently been transferred out of the reserve each year to be available to spend as part of the MTFS Outturn Report considered by Members each year.

- **Homes for Ukraine Reserve** – Created in 2022/23, this is a set aside of unspent Government grant, relating to the scheme which provides funding to residents who have sponsored a Ukrainian national or family to come to live in the UK with them, to allow the funds to be spent in subsequent years.

- **UK Shared Prosperity Fund Reserve** – Created in 2022/23, this is a set aside of unspent Government grant, relating to the new investment programme which replaced the previous EU structural funding programme, to allow the funds to be spent in subsequent years.

- **Biodiversity Net Gain Reserve** – Created 2022/23, this new reserve relates to the unspent element of the Government grant provided to assist local authorities with the preparation for the introduction of Biodiversity Net Gain (BNG) legislation in November 2023.

- **Asylum Seeker Dispersal Reserve** – Created in 2023/24, this is set aside of unspent grant from the Home Office, intending to address concerns raised by Local Authorities in relation to pressure on local services associated with supporting Asylum Seekers with settled status leaving National Asylum Support Service accommodation.

- **Weekly Food Waste Collection Reserve** – Created in 2024/25, this is set aside of unspent grant from DEFRA towards mobilisation costs for the introduction of a food waste collection service, to be used in line with the purpose of this government funding.

- **Building Safety Levy New Burdens Reserve** – Created in 2025/26, this is set aside of unspent grant from MHCLG towards initial costs for the introduction of the Building Safety Levy.

9 OTHER OPERATING EXPENDITURE

	2024/25	2025/26
	£'000	£'000
Town and Parish Council Precepts	1,388	1,721
IAS19 Administration Expenses	50	51
Losses/(Gains) on the disposal of non-current assets	(134)	(330)
Total	**1,304**	**1,442**

10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25	2025/26
	£'000	£'000
Interest payable and similar charges	-	-
Net interest on the net defined benefit liability / (asset)	53	54
Interest Receivable and similar Income	(1,413)	(1,110)
Income and expenditure in relation to investment properties and changes in their fair values (see note 15)	364	(584)
Total	**(996)**	**(1,640)**

11 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

	2024/25	2025/26
	£'000	£'000
Council Tax Income	(8,683)	(9,310)
Non-Domestic Rates income and expenditure	(1,099)	(3,186)
Non-Ringfenced Government Grants (see Note 36)	(5,400)	(4,758)
Capital Grants and Contributions (Net of REFCUS Expenditure)	143	1,546
Total	**(15,039)**	**(15,708**

12 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2024/25	2025/26
Expenditure/Income	£'000	£'000
Expenditure:		
Employee benefits expenses	13,689	13,611
Other services expenses	26,083	22,894
Support service recharges	12,753	11,468
Depreciation, amortisation, impairment	4,778	3,495
Revenue expenditure funded from capital under statute	6,132	4,440
Interest payments	-	-
Precepts and levies	1,388	1,721
Loss/(Gain) on the disposal of assets	(134)	(330)
TOTAL EXPENDITURE	**64,689**	**57,299**
Income:		
Fees, charges and other service income	(10,678)	(12,112)
Support service recharges	(12,753)	(11,468)
Interest and investment income	(1,413)	(1,110)
Income from Council Tax, Non-Domestic Rates etc.	(13,475)	(15,868)
Grants and contributions	(22,380)	(16,044)
TOTAL INCOME	**(60,699)**	**(56,602)**
(SURPLUS)/DEFICIT ON THE PROVISION OF SERVICES	**3,990**	**697**

The deficit on the provision of services in this note agrees through to the deficit on the provision of services as presented in the Comprehensive Income and Expenditure Statement (CIES). The gross total income and expenditure do not agree with the gross total income and expenditure presented in the CIES due to the inclusion of internal recharges in this note which must not be shown in the CIES.

13 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

2025/26	Other Land and Buildings	Vehicles, Plant & Equipment	Community	Infra-Structure	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or Valuation						
at 1st April 2025	**15,176**	**10,663**	**6,254**	**22,141**	**455**	**54,689**
Additions	103	340	160	-	1,008	**1,611**
Revaluations to the Revaluation Reserve	(1,309)	-	-	-	191	**(1,118)**
Derecognition - disposals	-	(246)	-	-	-	**(246)**
Impairment (losses) / reversals	(1,025)	-	-	-	(898)	**(1,923)**
Other movements in cost or valuation	120	-	(453)	-	(124)	**(457)**
At 31st March 2026	**13,065**	**10,757**	**5,961**	**22,141**	**632**	**52,556**
Accumulated Depreciation						
at 1st April 2025	**(1,131)**	**(7,477)**	**-**	**(2,258)**	**-**	**(10,866)**
Depreciation Charge	(348)	(726)	-	(452)	-	**(1,526)**
Derecognition - disposals	-	246	-	-	-	**246**
Revaluation Depreciation	1,479	-	-	-	-	**1,479**
Other movements in cost or valuation	-	(3)	-	1	-	**(2)**
At 31st March 2026	**-**	**(7,960)**	**-**	**(2,709)**	**-**	**(10,669)**
Net Book Value of Assets						
At 31st March 2026	13,065	2,797	5,961	19,432	632	**41,887**
At 31st March 2025	14,045	3,186	6,254	19,883	455	**43,823**

Comparatives for 2024/25	Other Land and Buildings	Vehicles, Plant & Equipment	Community	Infra-Structure	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or Valuation						
at 1st April 2024	**15,245**	**9,177**	**6,615**	**22,421**	**2,044**	**55,502**
Additions	555	2,478	57	-	223	**3,313**
Revaluations to the Revaluation Reserve	153	-	-	-	-	**153**
Derecognition - disposals	-	(969)	-	-	-	**(969)**
Impairment (losses) / reversals	(885)	(23)	(418)	(280)	(1,471)	**(3,077)**
Other movements in cost or valuation	108	-	-	-	(341)	**(233)**
At 31st March 2025	**15,176**	**10,663**	**6,254**	**22,141**	**455**	**54,689**
Accumulated Depreciation						
at 1st April 2024	**(1,332)**	**(7,560)**	**-**	**(1,819)**	**-**	**(10,711)**
Depreciation Charge	(350)	(879)	-	(439)	-	**(1,668)**
Derecognition - disposals	-	962	-	-	-	**962**
Revaluation Depreciation	551	-	-	-	-	**551**
Other movements in cost or valuation	-	-	-	-	-	**-**
At 31st March 2025	**(1,131)**	**(7,477)**	**-**	**(2,258)**	**-**	**(10,866)**
Net Book Value of Assets						
At 31st March 2025	14,045	3,186	6,254	19,883	455	**43,823**
At 31st March 2024	13,913	1,617	6,615	20,602	2,044	**44,791**

Depreciation Methodologies

Depreciation is charged on a straight line basis on all fixed and intangible assets with a finite useful life. Newly acquired assets are depreciated fully in the year of acquisition in line with the Code. Asset lives range between 10-65 years for operational buildings and 2-20 years for vehicles, plant and equipment.

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.

There has been no change during the period in either the estimate of useful lives or the estimate of any residual values.

Assets Under Construction

This relates to a property in Kirkham (48 Preston Street / Hillside), which is part of the current Kirkham Futures Capital Schemes, and Kirkham Swimming Pool.

Capital Commitments

Capital projects often take several years to complete. This means that the Authority is often committed to capital expenditure in later years arising from programmed works at the balance sheet date whereby all or part of the capital work has yet to be undertaken. The estimated value of capital expenditure committed at 31st March 2026 to be paid from 2026/27 onwards is £4.588m and relates to various schemes within the approved Capital Programme

Revaluations

Assets are initially measured at cost and subsequently carried in the Balance Sheet at current value or fair value in strict accordance with the CIPFA/LASAAC Code of Practice 2025/26. To eliminate potential valuation "blind spots" and satisfy the 2025/26 Code requirements, the Council departed from its historical rolling revaluation schedule. A comprehensive, full portfolio revaluation of 100% of the Council's Operational Properties was executed with an effective date of 31st March 2026. This independent valuation was conducted by the Council's qualified external valuers CBRE, operating under the professional parameters of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards, and have been arrived at by having regard to market evidence and the Surveyor's knowledge and experience of the properties involved. The valuations were subsequently reviewed by the Council's Estates function and Finance team.

Since a total portfolio baseline valuation was applied at the Balance Sheet date, separate interim indexation metrics, adjustments, or estimation models were unnecessary for the 2025/26 accounts. For future reporting periods, the Council will integrate annual indexation methodologies across intervening years to guarantee carrying amounts do not materially diverge from current values at any intermediate reporting date. The following statement shows the progress of the Authority's rolling programme for the revaluation of Property, Plant and Equipment including additions and disposals.

	Other Land and Buildings	Vehicles, Plant & Equipment	Community	Infra-Structure	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	**£'000**
Carried at Historical Cost	-	2,797	5,961	19,432	-	**28,190**
Valued at fair value as at:						
31st March 2026	13,065	-	-	-	632	**13,697**
31st March 2025	-	-	-	-	-	**-**
31st March 2024	-	-	-	-	-	**-**
31st March 2023	-	-	-	-	-	**-**
31st March 2022	-	-	-	-	-	**-**
Total Cost or Valuation	**13,065**	**2,797**	**5,961**	**19,432**	**632**	**41,887**

14 HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets held by the Authority:

	Art Collection	Memorials & Monuments	Sculptures / Ivories	Trophies & Other Items	Civic Regalia	Total
	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost or Valuation						
at 1st April 2024	**3,219**	**1,088**	**167**	**77**	**375**	**4,926**
Additions	-	-	-	-	-	**-**
Other movements	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	**-**
Impairment losses / (reversals) recognised in the (Surplus)/Deficit on the Provision of Services	-	-	-	-	-	**-**
Net Book Value of Assets at 31st March 2025	**3,219**	**1,088**	**167**	**77**	**375**	**4,926**
Cost or Valuation						
at 1st April 2025	**3,219**	**1,088**	**167**	**77**	**375**	**4,926**
Additions	-	-	-	-	-	**-**
Other movements	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	**-**
Impairment losses / (reversals) recognised in the (Surplus)/Deficit on the Provision of Services	-	-	-	-	-	**-**
Net Book Value of Assets at 31st March 2026	**3,219**	**1,088**	**167**	**77**	**375**	**4,926**

Information on the Council's collection of heritage assets and the accounting policies adopted in respect of heritage assets is shown in note (m) of the Accounting Policies section of the Statement of Accounts.

15 INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2024/25	2025/26
	£'000	£'000
Rental Income from Investment Property	(393)	(382)
Direct operating expenses arising from investment	469	50
	76	(332)
Changes in Fair Value of Investment Properties	287	(252)
Net (Gain) / Loss	**363**	**(584)**

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

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

	2024/25	2025/26
	£'000	£'000
Balance at start of year	5,335	5,832
Additions	551	13
Net gains /(losses) from fair value adjustments	(287)	252
Reclassification of Assets	233	457
Balance at end of year	**5,832**	**6,554**

Fair Value Hierarchy
All the Council's investment property portfolio has been assessed as Level 3 for valuation purposes (see pages 62-63 for explanation of fair value levels).

Transfers between Levels of the Fair Value Hierarchy
There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 3 Fair Values for Investment Properties
Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which includes the entity's own data, taking into account all information about market participant assumptions that is reasonably available. The approach has been developed using the authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs etc.

Changes in the Valuation Technique
There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use of Investment Properties
In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuer
The investment property portfolio has been valued at 31st March 2026 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by external valuation experts CBRE Limited and were subsequently reviewed by the Council's Estates team which includes registered valuers who have appropriate experience and expertise in this type of valuation work.

16 INTANGIBLE ASSETS

Intangible assets comprise the software licences for the main Authority systems, and other new e-government systems. The policy adopted is to depreciate over a 3 to 5 year useful life.

	2024/25	2025/26
	£'000	£'000
Balance at start of year		
• Gross carrying amounts	550	389
• Accumulated amortisation	(514)	(341)
Net carrying amount at 1st April	**36**	**48**
Additions / Disposals		
• Additions	27	37
• Disposals	(187)	-
• Depreciation	(15)	(22)
• Depreciation Adjustment – Disposals	187	-
Net carrying amount at 31st March	**48**	**63**
Comprising:		
• Gross carrying amounts	389	426
• Accumulated amortisation	(341)	(363)
	48	**63**

17 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.

(a) Financial Instrument - Balances

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

	Long Term		Current	
	31/03/25	31/03/26	31/03/25	31/03/26
	£'000	**£'000**	**£'000**	**£'000**
Financial Assets				
Investments				
At amortised cost				
Loans and Receivables - Principal	2,000	2,000	12,000	8,000
Loans and Receivables – Accrued Interest	37	37	380	318
Total Investments	**2,037**	**2,037**	**12,380**	**8,318**
Cash and Cash Equivalents				
At amortised cost				
Loans and Receivables – Cash (Including bank accounts)	-	-	7,035	11,014
Accrued Interest	-	-	-	-
Total Cash and Cash Equivalents	**-**	**-**	**7,035**	**11,014**
Debtors				
At amortised cost	-	-	580	1,026
Total included in Debtors	**-**	**-**	**580**	**1,026**
Debtors that are not financial instruments	-	-	6,738	5,926
Total included in Debtors	**-**	**-**	**7,318**	**6,952**

	Long Term		Current	
	31/03/25	31/03/26	31/03/25	31/03/26
	£'000	£'000		£'000
Financial Liabilities				
Borrowing				
Financial Liabilities at amortised cost - Loans (Principal sum borrowed)	-	-	-	-
Financial Liabilities at amortised cost - Loans (Accrued Interest)	-	-	-	-
Total Borrowing	**-**	**-**	**-**	**-**
Creditors				
Financial liabilities at amortised cost	(2,367)	(1,784)	(3,778)	(2,921)
Total included in Creditors	**(2,367)**	**(1,784)**	**(3,778)**	**(2,921)**
Creditors that are not financial instruments	-	-	(5,362)	(5,493)
Total Creditors	**(2,367)**	**(1,784)**	**(9,140)**	**(8,414)**

(b). Financial Instrument – Fair Values

Financial Instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the present value of the remaining contractual cash flows at 31st March 2026.

Financial instruments classified at amortised cost are carried in the Balance Sheet at fair value. Their values have been estimated by calculating the net present value of the remaining contractual cash flows at the 31st March 2026 using the following methods and assumptions.

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

- The fair value of investments have been discounted at the market rate for the similar instruments with similar remaining terms to maturity on the 31st March 2026.

- No early repayment or impairment is recognised for any financial instrument.

- The fair value of short-term instruments, including creditors and debtors, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities

- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the assets or liability, e.g. interest rates or yields for similar instruments

- Level 3 – fair value is determined using unobservable inputs e.g. non-market data such as cash flow forecasts or estimated creditworthiness

	Fair Value Level	31/03/25 Carrying amount £'000	31/03/25 Fair value £'000	31/03/26 Carrying amount £'000	31/03/26 Fair value £'000
Financial Assets held at fair value:					
Long-Term Investments - Loans to Local Authorities	2	2,037	2,030	2,037	2,200
Financial Assets held at amortised cost:					
Cash & Cash Equivalents	2	7,035	7,035	11,014	11,014
Short-Term Investments - Loans to Local Authorities	2	12,380	12,380	8,318	8,318
Long-Term Debtors		-	-	-	-
Short-Term Debtors		580	580	1,026	1,026
Total Financial Assets		**22,032**	**22,025**	**22,395**	**22,558**
Financial Liabilities held at amortised cost:					
Long-term PWLB Loans	2	-	-	-	-
Short-term Creditors		3,778	3,778	2,921	2,921
Long-term Creditors		2,367	2,367	1,784	1,784
Borrowing repayable within 12 months		-	-	-	-
Total Financial Liabilities		**6,145**	**6,145**	**4,705**	**4,705**

The fair value of short-term liabilities and assets including trade debtors and receivables is assumed to approximate to the carrying amount.

(c). Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and expenditure Statement in relation to Financial Instruments consists of the following:

	2025/26			
	Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost	Amortised Cost	Fair Value through Profit & Loss	Total
	£'000	£'000	£'000	£'000
Income				
Interest income	-	1,073	37	1,110
Dividend income	-	-	-	-
Interest and Investment Income	**-**	**1,073**	**37**	**1,110**
Expense				
Interest expense	-	-	-	-
Interest payable and similar charges	**-**	**-**	**-**	**-**

	Comparatives for 2024/25			
	Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost	Amortised Cost	Fair Value through Profit & Loss	Total
	£'000	£'000	£'000	£'000
Income				
Interest income	-	1,375	37	1,412
Dividend income	-	-	-	-
Interest and Investment Income	**-**	**1,375**	**37**	**1,412**
Expense				
Interest expense	-	-	-	-
Interest payable and similar charges	**-**	**-**	**-**	**-**

18 LONG TERM INVESTMENTS

The Council holds one long-term investment with another Local Authority.

2024/25	2025/26
£'000	£'000
2,037	2,037

19 ASSETS HELD FOR SALE

The council does not currently hold any assets held for sale.

	2024/25	2025/26
	£'000	£'000
Balance outstanding at start of year	-	-
Revaluation Gain	-	-
Additions	-	-
Impairment losses	-	-
Assets Sold	-	-
Balance outstanding at year end	**-**	**-**

20 INVENTORIES

The Council only holds an inventory of consumable materials, no other types of inventories are held.

	2024/25	2025/26
	£'000	£'000
Balance at start of the year	98	116
Purchases	299	291
Recognised as an expense in the year	(275)	(280)
Written (off)/on balances	(6)	(3)
Balance outstanding at year end	**116**	**124**

21 SHORT-TERM DEBTORS

	2024/25	2025/26
	£'000	£'000
Central Government Bodies	1,089	620
Other Local Authorities	3,998	4,157
NHS Bodies	-	-
Other entities and individuals	2,231	2,175
Total	**7,318**	**6,952**

- Central Government Bodies – In 2025/26 there has been a reduction in the debtor with DWP for the final Housing Benefit Subsidy Claim £0.095m compared to £0.785 in 2024/25. This has been offset by a increase in the amount owed to HMRC £0.083m and a new debtor for the Building Safety Levy £0.109m

22 CASH AND CASH EQUIVALENTS

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

	2024/25	2025/26
	£'000	£'000
Cash held by the Authority	3	3
Bank Current Accounts	7,032	11,011
Term Deposits	-	-
Total	**7,035**	**11,014**

23 SHORT-TERM CREDITORS AND RECEIPTS IN ADVANCE

	2024/25	2025/26
	£'000	£'000
Central Government Bodies	3,111	2,629
Other Local Authorities	812	683
Public Corporations and Trading Funds	-	-
Other entities and individuals	5,217	5,102
Total	**9,140**	**8,414**

The main reasons for the overall increase in the value of Short-Term Creditors are:

- Central Government Bodies – Within Central Government Bodies in 2025/26 there has been an decrease £0.448m in the net creditor owed to Central Government for Business Rates.

24 PROVISIONS

	2024/25	2025/26
	£'000	£'000
Business Rate Appeals Provision		
Balance at 1st April	1,903	1,660
(Reduction)/Additional in provisions made in year	(243)	(966)
Balance at 31st March	**1,660**	**694**

Business Rate Appeals Provision

Since the introduction of the Business Rates Retention Scheme effective 1 April 2013, Local Authorities are liable for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. A provision has been recognised for these potential liabilities up to and including 31 March 2026. The estimate has been calculated using data provided by ratings specialists with reference to the Valuation Office Agency (VOA) ratings list of appeals. The costs will be shared between Central Government, Fylde Borough Council, Lancashire County Council and Lancashire Combined Fire Authority. For 2025/26 Fylde Council's share of the appeals provision is £0.694m (2024/25 £1.660m). It is anticipated that this revised level of provision is sufficient to meet the full cost of outstanding appeals currently lodged and any future appeals under the check challenge and appeal system. This judgement is based upon information held on outstanding appeals and after having taken specialist advice.

25 LONG-TERM CREDITORS

	2024/25	2025/26
	£'000	£'000
Section 106 Agreements	2,367	1,784
Total	**2,367**	**1,784**

Section 106 Agreements are for the fulfilment of obligations under certain Planning Application Approvals. The amounts held under Long-Term Creditors represents cash received to fund expenditure commitments that are expected to be incurred against these Agreements after more than 12 months from the Balance Sheet date.

26 USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 43.

	2024/25	2025/26
	£'000	£'000
General Fund Balance	4,937	5,361
Earmarked General Fund Reserves	10,820	12,748
Capital Receipts Reserve	141	401
Capital Grants Unapplied	2,271	1,161
Total Usable Reserves	**18,169**	**19,671**

27 UNUSABLE RESERVES

	2024/25	2025/26
	£'000	£'000
Revaluation Reserve	12,329	12,144
Capital Adjustment Account	39,705	37,763
Pensions Reserve	(985)	(941)
Collection Fund Adjustment Account	144	1,405
Accumulated Absences Account	(78)	(73)
Total Unusable Reserves	**51,115**	**50,298**

Further details of each of these reserves and accounts are set out on the following pages:

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance 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 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated to the balance on the Capital Adjustment Account.

	2024/25	2025/26
	£'000	£'000
Balance at 1st April	**11,723**	**12,329**
Upward Revaluation of assets	1,544	2,281
Downward Revaluation of assets and impairment losses not charged to the Surplus/(Deficit) on the Provision of Services	(840)	(1,920)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/(Deficit) on the Provision of Services	704	361
Difference between fair value depreciation and historic cost depreciation	(98)	(200)
Revaluation adjustments transferred to the Capital Adjustment Account	-	(346)
Accumulated gains on assets sold or scrapped	-	-
Amounts written off to the Capital Adjustment Account	(98)	(546)
Balance as at 31st March	**12,329**	**12,144**

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

	2024/25	2025/26
	£’000	£’000
Balance at 1st April	**40,453**	**39,705**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
• Charges for depreciation and impairment of non-current assets	(4,759)	(3,471)
• Revaluation losses on Property, Plant and Equipment	-	-
• Amortisation of Intangible Assets	-	-
• Amounts of non-current assets written off on disposal or sale as part of the gain/loss in disposal to the Comprehensive Income and Expenditure Statement	(7)	-
• Revenue expenditure funded from capital under statute	(6,132)	(4,440)
• De-minimis Capital Expenditure	(19)	(23)
	(10,917)	(7,934)
Adjusting amounts written out of the Revaluation Reserve	98	546
Net written out amount of the cost of non-current assets consumed in the year	(10,819)	(7,388)
Capital Financing applied in the year		
• Use of the Capital Receipts Reserve to finance new capital expenditure	-	70
• De-minimis Capital Receipts	-	-
• Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,254	2,780
• Application of grants to capital financing from the Capital Grants Unapplied Account	5,410	1,223
• Statutory provision for the financing of capital investment charged against the General Fund	505	402
• Capital expenditure charged against the General Fund	3,189	719
	10,358	5,194
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(287)	252
Balance as at 31st March	**39,705**	**37,763**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a 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	2025/26
	£'000	£'000
Balance at 1st April	(1,133)	(985)
Re-measurements of the net defined benefit (liability)/asset	8,971	(3,119)
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	(382)	712
Impact of Asset Ceiling	(8,441)	2,451
Balance as at 31st March	**(985)**	**(941)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2024/25	2025/26
	£'000	£'000
Balance at 1st April	6	144
Amount by which Council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	138	1,261
Balance as at 31st March	**144**	**1,405**

Accumulated Absences Account

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

	2024/25	2025/26
	£'000	£'000
Balance at 1st April	**(61)**	**(78)**
Settlement or cancellation of accrual made at the end of the preceding year	61	78
Amounts accrued at the end of the current year	(78)	(73)
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	(17)	5
Balance as at 31st March	**(78)**	**(73)**

28 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items

	2024/25	2025/26
	£'000	£'000
Interest Received	**1,413**	**1,110**
Interest Paid	-	-
Total	**1,413**	**1,110**

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

	2024/25	2025/26
	£'000	£'000
Depreciation	1,683	1,548
Impairment	3,076	1,923
Increase/(Decrease) in Creditors	1,560	(996)
(Increase)/Decrease in Debtors	(379)	819
(Increase)/Decrease in Inventories	(18)	(8)
(Decrease/Increase in Provision for Appeals and Accumulated Absences	(225)	(972)
Movement in Pension Liability	2,528	979
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised and Fair Value movements on investment properties	294	(252)
Total	**8,519**	**3,041**

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

	2024/25	2025/26
	£'000	£'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(141)	(330)
Capital Grants included in the net surplus/deficit on the provision of services	(5,989)	(2,893)
Total	**(6,130)**	**(3,223)**

29 CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2024/25	2025/26
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	(3,889)	(1,661)
Purchase of Short Term Investments	-	4,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	141	330
Other receipts from investing activities	5,989	2,893
Net cash flows from investing activities	**2,241**	**5,562**

30 CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2024/25	2025/26
	£'000	£'000
Other receipts from financing activities	1,255	(704)
Repayments of short-term and long-term borrowing	-	-
Net cash flows from financing activities	**1,255**	**(704)**

31 TRADING OPERATIONS

The Council operates one trading activity which is for Grounds Maintenance, providing services to external clients within and outside of the borough. The financial results are as follows:

	2024/25	2025/26
	£'000	£'000
Turnover	(1,046)	(1,080)
Expenditure	868	975
Net (Surplus) / Deficit on trading operations for the year	**(178)**	**(105)**

The Grounds Maintenance trading operations are incorporated into the Comprehensive Income and Expenditure Statement. In 2025/26, the Grounds Maintenance operations generated a surplus of £104,816 compared with a surplus of £178,279 in 2024/25. In addition to the surpluses shown above, these activities also benefit the Council by providing a positive contribution to corporate support service and service management costs.

32 AGENCY SERVICES

The Council acts as agent for Lancashire County Council in respect of Highways work in the urban core and also street lighting, gully cleansing and special maintenance.

A summary of the Off-Street Civil Parking Enforcement Parking Accounts, as required by Section 55 of the Road Traffic Regulation Act 1984, is shown below:

	2024/25	2025/26
	£'000	£'000
Income (Penalty Charge Notice only)	(70)	(83)
Expenditure	103	111
(Surplus) Deficit	**33**	**28**

33 MEMBERS ALLOWANCES

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

	2024/25	2025/26
	£'000	£'000
Allowances	256	267
Expenses	1	2
Total	**257**	**269**

34 OFFICERS REMUNERATION AND TERMINATION BENEFITS

The following table sets out the remuneration of Senior Officers whose salary was £50,000 or more (excluding employer's pension contributions):

Title of Post		Remuneration	Expense Allowances	Compensation for Loss of office (Redundancy Payment)	Total Remuneration excl. pension contributions	Pension contributions (Incl. strain/ Augmented costs)	Total Remuneration incl. pension contributions
		£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	2025/26	127	-	-	127	19	146
	2024/25	123	-	-	123	18	141
Deputy Chief Executive	2025/26	59	-	-	59	9	68
	2024/25	95	-	-	95	14	109
Chief Financial Officer	2025/26	85	-	-	85	13	98
	2024/25	82	-	-	82	12	94
Service Director for Planning	2025/26	69	-	-	69	10	79
	2024/25	64	-	-	64	10	74
Service Director for Operations	2025/26	56	-	-	56	8	64
	2024/25	59	-	-	59	9	68
Service Director for Development	2025/26	60	1	-	61	9	70
	2024/25	55	1	-	56	8	64
Service Director for Place and Culture	2025/26	57	-	-	57	9	66
	2024/25	64	-	-	64	10	74
Service Director for Governance and Legal	2025/26	68	-	-	68	10	78
	2024/25	62	-	-	62	9	71
Service Director for Communities	2025/26	60	1	-	61	9	70
	2024/25	55	-	-	55	8	63
Service Director for Corporate Services	2025/26	66	-	-	66	10	76
	2024/25	57	-	-	57	9	66

The remunerations shown in the table above include any payments for services performed in relation to elections, by-elections or referenda held during the years shown (£10K for 2024/25).

In addition to the above Senior Officers, other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were as follows:

Remuneration Bands		2024/25	2025/26
		No.	No.
Main Bands:			
	£50,000 - £54,999	4	9
	£55,000 - £59,999	3	1
	£60,000 - £64,999	-	1
	Total	7	11

Exit Packages

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

Exit Package Cost band (incl. special payments)	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages by each band	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	No.	No.	No.	No.	**No.**	**No.**	£'000	£'000
£0 – £20,000	1	1	2	-	**3**	**1**	**23**	**1**
£20,001 - £40,000	-	-	-	-	**-**	**-**	**-**	**-**
£40,001 - £60,000	-	-	-	-	**-**	**-**	**-**	**-**
£60,001 - £80,000	-	-	-	-	**-**	**-**	**-**	**-**
£80,001 - £100,000	-	-	-	-	**-**	**-**	**-**	**-**
£100,001 - £150,000	-	-	-	-	**-**	**-**	**-**	**-**
	1	1	2	-	**3**	**1**		
Total cost included in the Comprehensive Income and Expenditure Statement							**23**	**1**

In 2025/26 the authority terminated the contracts of 1 employee, incurring costs of £586 (£22,906 in 2024/25).

35 EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to external audit and inspection:

	2024/25	2025/26
	£'000	£'000
Fees payable to external auditor with regard to external audit services carried out by the appointed auditor for the year	155	160
Fee variation payable in relation to the previous years audit	23	18
Redmond Review – Local Audit Fees Grant	(46)	-
Fees payable to the Cabinet Office in respect of the National Fraud Initiative	3	-
Total	**135**	**178**

36 GRANT INCOME

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

	2024/25	2025/26
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(104)	(121)
New Homes Bonus (net of payment to Town and Parish Council's)	(541)	(214)
Section 31 Business Rate Relief Grant	(3,692)	(3,372)
Services Grant	(14)	-
Funding Guarantee Grant	(1,048)	(1,051)
Disabled Facility Grant, Town Centre Redevelopment and Economic Regeneration	(5,738)	(2,198)
Capital Grants and Contributions	(252)	(695)
Total	(11,389)	(7,651)
Credited to Services		
Housing & Council Tax Benefits	(13,293)	(10,847)
Department of Levelling Up Housing and Communities	(203)	(294)
Department of Environment, Food and Rural Affairs	(213)	(87)
Homelessness Grants	(211)	(145)
UK Shared Prosperity Fund	(731)	(392)
Other	-	-
	(14,651)	(11,765)
Total	**(26,040)**	**(19,416)**

37 RELATED PARTY TRANSACTIONS

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

(a) Central Government

The UK 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.

(b) Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. Each Councillor has agreed to be bound by a code of conduct, requiring them to disclose certain personal interests on a register, which is available for public inspection at the Town Hall, Lytham St Annes. These declarations are also accessible on the Council website.

There are no transactions to disclose in relation to 2025/26.

Declarations of 'Disclosable Pecuniary Interest' that any Member holds are accessible on the Council website.

The Council makes a number of Member appointments to outside bodies each year. In relation to the 2025/26 financial year these are detailed in the Council reports of 8h May 2024,15th July 2024, 31st March 2025 and 8th July 2025, all of which are available on the Councils website.

The Council made a financial contribution to numerous partner organisations during 2025/26, most notably:

- Fylde Citizens Advice Bureau;
- Age UK Lancashire; and
- Lancashire Domestic Violence Fund.

(c) Senior Council Officers

Members of the Council's Management Team may exert influence control over the Council's financial and operating policies. In the furtherance of transparency each member of the Management Team has submitted information regarding outside bodies with which they have an association. Any such associations are shown below:

- Chief Executive: Trustee of Homeless Action which is a homeless charity based in Blackpool; Member of the Board of Governors at Blackpool & the Fylde College which is a further and higher education college in Blackpool, Lancashire.

- Deputy Chief Executive: Director - Fylde Coast Women's Aid, a registered charity which offers free advice and support to individuals living in Blackpool, Fylde & Wyre who are experiencing or have experienced domestic abuse, stalking and child sexual exploitation.

- Head of Governance: The Association of Democratic Services Officers since 2019, which involves delivering training to democratic services officers and occasionally Councillors in other Councils.

- Former Head of Planning: (left post during 2025/26) relatives have a close friend who has family land interests in and around Freckleton and fall within the parameters of the Morgan and Morecambe Transmission NSIP Project.

(d) Partnership working

During 2025/26 the Council continued to work both formally and informally in partnership with neighbouring authorities. In light of the proposed reform to the structure of local authorities in Lancashire the Council has increasingly engaged in co-operative and shared arrangements with other Lancashire councils. The main partnership operations were as follows:

Lancashire County Council	• Flood Prevention (Lead Local Flood Authority) • Guidance on flooding and surface water drainage matters • Fylde Coast Duty to Co-operate Officers Group (Lancashire, Wyre, Blackpool) • Public Health (advice on Planning Policy) • Archaeology Services • Education (Planning) • Planning applications and Archaeology matters • Lancashire Environmental Record Network (LERN) • Local Nature Partnership • Refugee programmes – Ukrainian, Afghan • Housing with Care and Support Steering Group • Complex needs Housing Support Group • Crisis Resilience Funding (CRF) • Holiday Activities and Food (HAF) Programme • Homes for Ukraine Programme • Domestic Abuse Partnership Board • Lancashire Energy Officers Group • Marketing Lancashire Ltd - tourism support • Grounds Maintenance - Maintenance of Public Realm • Amenity Cleansing – Maintenance of Public Realm • Windfarm (Planning) • Art Collection Support • Lancashire Conservation Studios • Disabled Facilities Grant Programme • Minor Aids and Adaptions Consultation • Affordable Warmth Programme • Safety at Sports Grounds • Safeguarding matters • Lancashire Waste Partnership • Lancashire Local Nature Recovery Strategy • Lancashire Registration Service (wedding services) • CHANGE Health Improvement Programme

Lancashire Combined Authority	• Lancashire Growth Plan • Local Transport Plan
Blackpool Council	• Payroll services • Human Resources • Health & Safety • Recruitment and Selection • Organisational Development • Occupational Health • Legal support for Blackpool Council Planning Committee and Specialist Property Advice • Revenues & Benefits Services • Coastal Programme Board • Economic Prosperity Board • Grounds Maintenance - Blackpool Coastal Housing • CCTV System Maintenance • Bathing Water Quality management • Property surveying/maintenance • Fylde Coast Duty to Co-operate Forum (Planning) • Fylde Sand Dunes Project • Fylde Coast Housing Providers • MyHomeChoice Fylde Coast • Changing Futures Programme • Fylde Coast Homeless Forum • Lancashire Homeless Forum • Windfarm (Planning) • Fylde coast Duty to Co-operate (Planning) • Estates Management Services • Grundy Art Gallery
Wyre Council	• Coastal Programme Board – Our Future Coast Programme • Economic Prosperity Board • CCTV Monitoring Service • Bathing Water Quality management • Fylde Coast Duty to Co-operate Forum (Planning) • Sewer Baiting (pest control) • Parliamentary Elections - Electoral Registration Officer • Fylde Coast Housing Providers • MyHomeChoice Fylde Coast • Housing Outreach Worker with Fylde Coast Women's Aid • Fylde Coast Homeless Forum • Lancashire Homeless Forum • Fylde coast Duty to Co-operate (Planning) • Complex Needs Housing Support Grant • Minor aids and Adaptions consultation with LCC • Parking Services Management • Planning and Building Control Management • Windfarm Planning
Preston City Council	• Financial and Treasury Management Support • Corporate Fraud Service • Fylde Coast Duty to Co-operate: Fylde and Preston
Tameside Metropolitan Borough Council (Greater Manchester Ecology Unit)	• Ecology advice (Planning)

Blackburn with Darwen Borough Council (Growth Lancashire)	• Heritage advice (Planning) • Lancashire Homeless Forum (across all Lancashire Authorities)
South Ribble Council	• Windfarm Planning
Lancaster City Council	• Lancashire Homeless Forum (across all Lancashire Authorities) • Complex Needs Support Grant • Minor aids and Adaptions consultation with LCC

(e) Other Public Bodies
Precepts were raised for Lancashire County Council, Lancashire Police and Crime Commissioner, Lancashire Combined Fire Authority, and local Town and Parish Councils within the Fylde area. Details of these are contained within the Collection Fund statements.

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

(g) Associated Companies and Joint Venture Partners
Fylde Council has no associated companies or joint venture partners.

(h) Lowther Trust
A Trust board was formed in 2009/10 consisting of 7 Trustees, one being an elected member of Fylde Council. The remaining Trustees were appointed from interested members of the public following an open application process. From April 2012 a new arrangement between the Council and the Trust saw the transfer of responsibility for all day-to-day management to the Trust with the Council meeting an agreed level of deficit funding. The meeting of the Executive Committee of 23rd May 2024 approved a change to the financial relationship between the Trust and the Council whereby in exchange for a one-off capital grant during 2024/25 and the annual subsidy payments have now ceased.

(i) Lytham Institute
The Council is the registered proprietor of the Lytham Institute building but holds the property on behalf of The Lytham Institute (registered charity 1186995), of which the Council is one of the trustees. The Council is therefore obliged to manage the property according to the directions of the charity.

38 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

The CFR is analysed in the second part of this note.

Capital Financing Requirement	2024/25	2025/26
	£'000	£'000
Opening Capital Financing Requirement	2,926	2,608
Capital Investment		
Property, Plant and Equipment	3,107	626
Investment Properties	551	13
Intangible Assets	27	37
Assets Under Construction	223	1,008
Revenue Expenditure Funded from Capital Under Statute	6,132	4,440
Sources of Finance		
Capital Receipts	-	(70)
Government Grants and Other Contributions	(6,664)	(4,004)
Sums set aside from Revenue	-	-
Direct Revenue Contributions	(3,189)	(719)
MRP/Loans Fund Principal	(505)	(402)
Closing Capital Financing Requirement	**2,608**	**3,537**
Explanation of Movements in Year		
Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	(318)	929
Increase/(Decrease) in Capital Financing Requirement	**(318)**	**929**

39 LEASES

Authority as Lessor

Operating Leases

The Council acts as lessor in respect of land and property owned by it and leased to tenants. The value of the income from rents associated with these agreements, and included within the Council's Income and Expenditure account, is as follows:

	2024/25	2025/26
	£'000	£'000
Land and Property Leases	393	382

The capital value held within the balance sheet at 31st March 2026 in respect of land and property generating leasehold income is £6.554m (2024/25 £5.832m). The accumulated depreciation charge applicable to these assets reflected in the 2025/26 financial statements is nil.

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

	31st March 2025	31st March 2026
	£'000	£'000
Not Later than one year	539	552
Later than one year but not later than 5 years	1,527	1,692
Later than 5 years	7,380	7,329
	9,446	**9,573**

40 IMPAIRMENT LOSSES

An impairment review during the course of the year identified reductions in the value of the following Council's Non-Current Assets. A summary of these impairments is shown below:

	31st March 2025	31st March 2026
	£'000	£'000
Cemetery and Crematorium	-	494
Public Conveniences	101	22
Town Hall	784	-
Vehicle Written Off	23	-
St Annes Sea Wall	1,066	-
Bridges Playing Field, Warton	107	-
Fleetwood Road Playing Field, Wesham	25	-
Staining Playing Fields	286	-
48 Preston Street, Kirkham	684	898
Fairhaven Lake and Gardens	-	189
St Annes Beach Hub	-	128
Wood Street Car Park	-	5
St Albans Road Car Park	-	6
Ballam Road Car Park	-	122
Snowdon Road Depot	-	60
	3,076-	**1,924**

41 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

The authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Lancashire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. Following the publication of draft legislation, we do not now expect the ruling to give rise to any additional liabilities.

Transactions relating to Post-employment Benefits

The cost of retirement benefits are recognised 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 required against Council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Local Government Pension Scheme	2024/25	2025/26
	£'000	£'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service Cost, comprising:		
- Current Service Cost	1,408	974
- Curtailments	-	17
- Past Service Cost	-	-
Other Operating Expenditure		
- Administration expenses	50	51
Financing and Investment Income and Expenditure		
- Interest on Asset Ceiling	1,012	1,688
- Net interest expense	(959)	(1,634)
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,511	1,096
Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
- Return on plan assets (excluding the amount included in the net interest expense)	1,450	3,448
- Actuarial (gains) / losses arising on changes in financial assumptions	(10,421)	(329)
- Change in the effect of the asset ceiling	7,429	(4,139)
Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(1,542)	(1,020)
Movement in Reserves Statement		
- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefit in accordance with the Code	(1,394)	(976)
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers' contributions payable to scheme	117	120

Pensions Assets and Liabilities Recognised in the Balance Sheet

Balance Sheet items arising from the authority's defined benefit obligation is as follows:

	2024/25	2025/26
	£'000	£'000
Present Value of the funded benefit obligation	(66,347)	(67,388)
Fair value of plan assets	95,450	94,040
(Deficit)/Surplus before asset ceiling	**29,103**	**26,652**
Impact of asset ceiling - adjustment	(27,968)	(25,517)
Pension asset recognised on the Balance Sheet	1,135	-
Present Value of the unfunded benefit obligation	(985)	(941)

Asset Ceiling

Following the pensions valuation by the scheme actuary, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2026, resulting in a pension plan asset at the balance sheet date as shown above. IAS 19, Employee Benefits, requires that, where a pension plan asset exists, it is measured at the lower of:

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

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary calculated the asset ceiling as the net present value of future service costs less the net present value of future contributions. The Council has therefore limited the pension asset recognised in the balance sheet to the asset ceiling. The adjustment has been recognised within the Comprehensive Income and Expenditure Statement in the Balance Sheet.

The asset ceiling for Fylde Council is nil meaning that the surplus of £26.652 million cannot be recognised and has been adjusted for by way of an "Impact of Asset Ceiling" adjustment.

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

	2024/25	2025/26
	£'000	£'000
Opening fair value of scheme assets	95,578	95,450
Interest income	4,604	5,439
Re-measurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	(1,450)	(3,448)
Administration expenses	(50)	(51)
Contribution from employer	117	120
Contributions from employees into the scheme	532	544
Benefits paid	(3,881)	(4,014)
Closing fair value of scheme assets	**95,450**	**94,040**

Reconciliations for changes in effect of Asset Ceiling

	2024/25	2025/26
	£'000	£'000
Asset ceiling impact at beginning of period	18,392	27,968
Interest on surplus above asset ceiling	1,012	1,688
Change in asset ceiling (net of interest)	7,429	(4,139)
Lump sum pre-payment	1,135	-
Asset ceiling impact at end of period	**27,968**	**25,517**

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

	2024/25	2025/26
	£'000	£'000
Opening Balance at 1st April	76,049	67,332
Amendment to opening balance for asset ceiling calculation	-	-
Current service cost	1,408	974
Past service cost	-	-
Curtailments	-	17
Interest cost	3,645	3,805
Contributions from scheme participants	532	544
Re-measurement gain/(loss):		
- Actuarial Experience (gains) and losses	(89)	7
- Actuarial (gains) and losses arising on changes in financial assumptions	(10,100)	(21)
- Actuarial (gains) and losses arising on changes in demographic assumptions	(232)	(315)
Benefits paid	(3,881)	(4,014)
Closing Balance at 31st March	**67,332**	**68,329**

The employers' liability contains an "unfunded" element. This means that it is not a liability of the Local Government Pension Scheme and is instead met by Fylde Council as the employer from its own financial resources; at 31st March 2026 the unfunded liability was £0.941 million. This element exists every year within the overall net defined liability.

Scheme History

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Present Value of the defined benefit obligation	(104,875)	(73,892)	(74,916)	(66,347)	(67,388)
Fair Value of plan assets	85,560	87,136	95,578	95,450	94,040
Pension asset recognized on B/S	-	-	(2,270)	(1,135)	-
Surplus/(Deficit) in the Scheme	**(19,315)**	**13,244**	**18,392**	**27,968**	**26,652**

During 2023/24 the Council made a £2.270m lump sum pre-payment of employer pension contributions in respect of 2024/25 and 2025/26. £1.135m of this related to financial year 2025/26 and is shown separately as asset related to DBP, while the net deficit of 941k is shown separately as net defined benefit liability.

Local Government Pension Scheme assets comprised:

Fair value of scheme assets	2024/25	2025/26
	£'000	£'000
Cash:		
• Cash and Cash Equivalents	-	-
• Cash Accounts	1,216	733
• Net current assets	200	206
Sub-total cash	**1,416**	**939**
Equity instruments:		
By industry type		
• Financials	95	95
• Consumer	-	-
• Manufacturing	-	-
• Energy and utilities	-	-
• Financial institutions	-	-
• Health and Care	-	-
• Information Technology	-	-
• Miscellaneous/Unclassified Total	-	-
Sub-total equity	**95**	**95**
Bonds:		
• Corporate	-	-
• Government	-	-
• Overseas	95	-
Sub-total bonds	**95**	**-**
Property:		
• Retail	191	206
• Commercial	956	1,100
• Residential	-	-
Sub-total property	**1,147**	**1,306**
Private Equity:		
• UK	-	-
• Overseas	5,866	5,078
Sub-total private equity	**5,866**	**5,078**
Other Investment Funds:		
• Infrastructure	12,684	12,943
• Credit Funds	15,334	17,742
• Pooled Fixed Income	5,149	5,879
• Emerging Markets ETF	-	-
• Indirect Property Funds	6,521	7,605
• UK Pooled Equity Funds	1	41
• Overseas Pooled Equity Funds	47,142	42,412
Sub-total other investment funds	**86,831**	**86,622**
Total Assets	**95,450**	**94,040**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Pension Fund liabilities has been assessed by Mercers Ltd, an independent firm of actuaries, estimates for the pension fund being based on the last valuation of the Scheme as at 31st March 2022. The significant assumptions used by the actuary have been:

	31st March 2025	31st March 2026
	£'000	£'000
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.1 years	21.0 years
- Women	23.6 years	23.6 years
Longevity at 65 for future pensioners (aged 65 in 20 years' time) :		
- Men	22.3 years	22.1 years
- Women	25.4 years	25.1 years
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 below did not change from those used in the previous period.

	Approximate increase (decrease) in Employee Liabilities
Changes in assumptions at 31st March 2026	£'000
0.5%p.a. increase in discount rate	(4,108)
0.25%p.a. increase in inflation	2,151
0.25%p.a. increase in pay growth	262
1 year increase in life expectancy	1,445

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100%. The maximum deficit recovery period for the Fund has been set at 13 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2028.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014 (or service after 31st March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Actuary anticipates that the Authority will pay £0.712m contributions to the scheme in 2026/27.

The weighted average duration of the defined benefit obligation for scheme members is 13 years, 2025/26 (16 years, 2024/25).

Contingent Liabilities:

- **Insurance Claims –** As at 31st March 2026, the Council has outstanding insurance claims against it with a reserve amount of £193,747 (24/25, £311,358). However, the Council's liability is limited to the excess on the insurance policy, with the maximum amount payable by the Council on these claims being £17,020 (24/25, £17,750) for revenue items. No adjustments have been made within the Accounts for these revenue items as, at the balance sheet date, it was not known if the claims were or will be successful.

- **On-going Legal Cases -** There are two on-going legal cases which may incur future costs:

  - An employment Tribunal case brought by a former employee for unfair dismissal; and
  - A judicial review against the council which challenges a planning decision relating to a specific property in the borough.

- **Section 106 (s106) Agreements -** S106 of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a S106 Agreement and S106 monies received by the Council are used to support the provision of services and infrastructure such as highways, recreational facilities, education, health and affordable housing, which is necessary as part of the development or to mitigate its impact. Such agreements or obligations may lay down conditions that monies must be spent by a specified date and on specified items. If these conditions are not met the monies may have to be returned to the developer and in some cases interest may also be payable. The Council has a number of S106 agreements. The balance of monies held as long-term creditors in respect of those agreements (i.e. those that have more than 12 months to run) is £1.784m, as detailed in Note 25 to this Statement of Accounts. These accounts have been prepared on the basis that no monies are returnable at the balance sheet date as it is the Council's intention to spend the money as required under the agreements rather than repaying it to developers.

- **Accountable Body Status -** The Authority has been appointed Accountable Body status for a number of schemes and projects that are either wholly or partly funded by central government and related agencies. Accountable Bodies have to operate within prescribed regulations giving potential rights for grant to be clawed back if specific output targets are not met by the partner organisations. The total value of the uncompleted projects for which the Council was acting as accountable body as at 31st March 2026 is below £100k. These accounts have been prepared on the basis that none of the grants involved will either be clawed back or withheld as it is the Council's intention to spend the money as required to deliver the projects.

- **Business Rates (National Non-Domestic Rates - NNDR) Appeals -** The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts. The total value of the Provision for Appeals at the balance sheet date has been reduced to £1.734m from £4.151m in 2024/25, with Fylde Council's share of this being £0.694m (2024/25 £1.660m). It is anticipated that this level of provision is sufficient to meet the full cost of outstanding appeals.

Contingent Assets:

Housing Stock Transfer - Right to Buy (RTB) Sharing Arrangements - Following the transfer of housing stock from the Council, New Fylde Housing (now Progress Housing Group) has agreed to share RTB receipts, calculated according to the formula as set out in the transfer agreement of 2nd October 2000. This arrangement will terminate at the end of the financial year 2029/30, on 31st March 2030. The amount the Council receives in any given year is dependent on prevailing market conditions. During 2025/26 the Council received capital receipts in respect of RTB sales and other receipts in the sum of £330k (2024/25, £141k). Receipts of this nature in future years are expected to be at an average of £25k per annum but will vary from year-to-year.

43 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

(i) Key Risks

The Council complies with the CIPFA Code of Practice on the Treasury Management and Prudential Code for Capital Finance in Local Authorities, revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises the priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- Credit risk: The possibility that other counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity risk: The possibility that the Council might not have the cash available to make contracted payments on time.
- Market risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

(ii) Credit Risk

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Moody's and Standard & Poors Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. The full investment strategy for 2025/26 was approved by Council on the 3 March 2025 and is available on the Council's website.

The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of a minimum Long Term A-;
- UK or EU Member Banks domiciled in a country with a minimum sovereign rating of A-
- Limits on investments in certain sectors (e.g. Money Market Funds, Building Societies, foreign countries); and

Amounts Arising from Expected Credit Losses

The Council's short term investments have been assessed the expected credit loss is not material therefore no allowances have been made.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	Long Term 31/03/26	Short Term 31/03/26	Long Term 31/03/25	Short Term 31/03/25
	£'000	£'000	£'000	£'000
A+	-	-	-	-
A2 – Rated Local Authorities	-	-	-	2,033
Unrated Local Authorities	2,037	8,318	2,037	10,347
Total Investments	**2,037**	**8,318**	**2,037**	**12,380**

At 31 March 2026, there we no loss allowances related to treasury investments.

Credit Risk Debtors

The following analysis summarises the Council's potential maximum exposure to credit risk from trade debtors. Only trade debtors meeting the definition of a financial asset are included.

	As at 31st March 2026 £'000	Historical experience of default %	Adjustment for market conditions at 31/03/25 %	Estimated maximum exposure to default £'000	Estimated maximum exposure At 31/03/25 £'000
	a	b	c	a * c	
Debtors	1,072	6.56%	6.56%	70	56

The Council does not generally allow credit for its trade debtors. Of the £1.073m (£0.615m 2024/25) outstanding for debtors, £0.467m (£0.397m 2024/25) is overdue. The overdue but not impaired amount (impaired amount £0.036m 2025/26) can be analysed by age as follows:

	2024/25	2025/26
	£'000	£'000
Less than three months	302	272
Three months to one year	19	101
More than one year	40	58
	361	431

(iii) 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 access to the Public Works Loan Board and money markets for longer term funds. The Council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure.

The maturity analysis of financial liabilities is as follows:

	2024/25	2025/26
	£'000	£'000
Less than one year	2,596	2,921
Between one and two years	47	75
Between two and five years	253	167
Between five and ten years	607	322
More than ten years	1,460	1,220
	4,963	4,705

Amounts payable relating to statutory debts, e.g. Council tax, non-domestic rates are not included in the analysis above as they are outside the scope of the Financial Instrument provisions.

The maturity analysis of financial assets is as follows:

	2024/25	2025/26
	£'000	£'000
Less than one year	18,814	20,358
Between one and two years	2,037	2,037
Between two and three years	-	-
More than three years	-	-
	20,851	,22.395

(iv) Market risk

(a) Interest rate risk – The Council has limited exposure to interest rate movements on its borrowings and 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 Comprehensive Income & Expenditure Statement. However, changes in interest receivable on investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance.

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

	2024/25	2025/26
	£'000	£'000
Increase in interest receivable on investments	281	259
Impact on Comprehensive Income and Expenditure Account	281	259
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income & Expenditure Statement)	-	-

The Council's short-term borrowing is at fixed rates.
The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

(b) Price risk – The Council, excluding the pension fund, does not generally invest in instruments with this type of risk, e.g. equity shares or marketable bonds.

(c) 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.

44 LANCASHIRE BUSINESS RATES POOLING ARRANGEMENTS

In 2016/17, 2017/18 and 2018/19 this Council was a member of the Lancashire Business Rates Pool. In a Business Rate 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 of the local authorities in Lancashire, was designated by the Secretary of State for Housing, Communities and Local Government and originally operated with allocations on the basis of the 50% business rates retention scheme.

In 2019/20 we successfully submitted a bid along with 15 other authorities in Lancashire to become a 75% Business Rates Pilot Pool. This meant that 75% of collected rates were retained in Lancashire rather than 50%.

In respect of 2020/21, the Government confirmed that 75% Business Rate Pilots would cease at the end of March 2020. As a result, applications for a 50% Lancashire Pool were successfully submitted for 2020/21 and for subsequent years, consisting of 10 district Council's and the county Council. For 2025/26 the pool operated on the same basis as in earlier years.

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 between all members of the pool by Ribble Valley Borough Council in their role as lead.

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

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

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**

Lancashire Business Rates Pool Members 2024/25	Authority Type	Tariffs and Top-Ups in Respect of 2024/25 £	Retained Levy on Growth 2024/25 £	10% Retained Levy Payable to/received by Lancashire County Council £	Net Retained Levy 2024/25 £
Burnley Borough Council	Tariff	6,905,313	-1,159,582	115,958	-1,043,624
Chorley Borough Council	Tariff	7,863,271	-1,665,064	166,506	-1,498,558
Fylde Borough Council	Tariff	8,851,094	-719,596	71,960	-647,636
Hyndburn Borough Council	Tariff	5,040,763	-1,543,377	154,338	-1,389,039
Pendle Borough Council	Tariff	4,283,870	-781,679	78,168	-703,511
Ribble Valley Borough Council	Tariff	5,272,407	-979,687	97,969	-881,718
Rossendale Borough Council	Tariff	3,459,084	-593,709	59,371	-534,338
South Ribble Borough Council	Tariff	12,783,337	-2,103,915	210,392	-1,893,523
West Lancashire Borough Council	Tariff	10,657,450	-1,226,617	122,662	-1,103,955
Wyre Borough Council	Tariff	8,334,219	-922,579	92,258	-830,321
Lancashire County Council	Top-Up	-169,453,264		-1,169,582	-1,169,582
Central Government	-	96,002,456			
Total		**0**	**-11,695,805**	**0**	**-11,695,805**

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.

COLLECTION FUND

2024/25 Council Tax	2024/25 Business Rates	2024/25 Total		Notes	2025/26 Council Tax	2025/26 Business Rates	2025/26 Total
£'000	£'000	£'000			£'000	£'000	£'000
			INCOME:				
(74,510)	-	(74,510)	Council Tax Receivable		(79,120)	-	(79,120)
-	(23,841)	(23,841)	Business Rates Receivable		-	(27,478)	(27,478)
-	(198)	(198)	Transitional Protection Payments receivable		-	(221)	(221)
-	-	-	Council Tax Hardship Fund Reliefs (Discretionary Relief)		-	-	-
(74,510)	**(24,039)**	**(98,549)**			**(79,120)**	**(27,699)**	**(106,819)**
			EXPENDITURE:				
			Apportionment of Previous Years Surplus/(Deficit)				
-	(264)	(264)	Central Government		-	205	205
87	(48)	39	Lancashire County Council		257	37	294
14	-	14	Police and Crime Commissioner for Lancashire		41	-	41
4	(5)	(1)	Lancashire Combined Fire Authority		13	4	17
14	(211)	(197)	Fylde Council		42	164	206
			Precepts, Demands and Shares				
-	11,988	11,988	Central Government		-	13,073	13,073
8,649	9,591	18,240	Fylde Council		9,305	10,459	19,764
53,249	2,158	55,407	Lancashire County Council		56,700	2,353	59,053
8,484	-	8,484	Police and Crime Commissioner for Lancashire		9,061	-	9,061
2,729	239	2,968	Lancashire Combined Fire Authority		2,931	261	3,192
			Charges to Collection Fund				
318	596	914	Write offs of uncollectable amounts		882	152	1,034
789	(445)	344	Increase/(Decrease) in Bad Debt Provision		202	(36)	166
-	(608)	(608)	Increase/(Decrease) in Appeals Provision		-	(2,416)	(2,416)
-	114	114	Cost of Collection		-	114	114
-	-	-	Transitional Protection Payments payable		-	-	-
			Disregarded Amounts				
-	31	31	Designated Area Growth		-	236	236
-	165	165	Renewable Energy		-	171	171
74,337	**23,301**	**97,638**			**79,434**	**24,777**	**104,211**
(173)	**(738)**	**(911)**	**(Surplus)/Deficit arising during the Year**		**314**	**(2,922)**	**(2,608)**
(17)	**(23)**	**(40)**	**(Surplus)/Deficit brought forward at 1st April**		**(190)**	**(761)**	**(951)**
(190)	**(761)**	**(951)**	**(Surplus)/Deficit carried forward at 31st March**	**1**	**124**	**(3,683)**	**(3,559)**

NOTES TO THE COLLECTION FUND

1) ALLOCATION OF COLLECTION FUND BALANCES

2024/25		2025/26 Council Tax	2025/26 Business Rates	2025/26 Total
£'000		£'000	£'000	£'000
	Allocation of Collection Fund Balances			
(326)	Fylde Council	15	(1,473)	(1,458)
(381)	Central Government	-	(1,841)	(1,841)
(207)	Lancashire County Council	89	(332)	(243)
(22)	Police and Crime Commissioner for Lancashire	15	-	15
(15)	Lancashire Combined Fire Authority	5	(37)	(32)
(951)		**124**	**(3,683)**	**(3,559)**

2) COUNCIL TAX BASE

The Council Tax base for 2025/26 was calculated as follows:

Property Band	Chargeable Dwellings	Band Multiplier	Relevant Amount
Additional Band (Disabled)	14	5/9	8
Band A	4,352	6/9	2,901
Band B	5,147	7/9	4,003
Band C	7,896	8/9	7,018
Band D	6,505	9/9	6,505
Band E	4,851	11/9	5,929
Band F	2,711	13/9	3,916
Band G	1,536	15/9	2,560
Band H	118	18/9	236
Other Adjustments	80	-	80
Total Relevant Amount			33,156
Multiplied by: Estimated Collection Rate			98.25%
			32,576
Add: Other Adjustments			89
Council Tax Base			**32,665**

A Band D Council Tax was set at £2,286.10, split £1,735.79 for Lancashire County Council, £183.18 for Fylde Council, £277.40 for the Police and Crime Commissioner for Lancashire and £89.73 for Lancashire Combined Fire Authority. Council Tax-payers in St Annes and Lytham also paid a Special Expenses charge at Band D of £85.94 whilst Parish and Town Councils agreed additional Council Tax charges of between £21.55 and £115.06 at Band D level.

3) TOWN AND PARISH PRECEPTS

	2024/25	2025/26
	£	£
Ansdell	-	99,475
Bryning-with-Warton	160,494	168,554
Elswick	38,280	45,160
Freckleton	110,544	115,220
Greenhalgh-with-Thistleton	11,249	13,416
Kirkham	258,277	289,270
Little Eccleston-with-Larbreck	20,000	19,800
Lytham	-	95,875
Medlar-with-Wesham	71,563	74,000
Newton-with-Clifton	81,250	85,319
Ribby-with-Wrea	70,413	83,528
Singleton	24,356	25,686
Staining	87,505	98,672
St.Annes	395,118	445,460
Treales, Roseacre and Wharles	13,985	14,332
Weeton-with-Preese	27,471	28,981
Westby-with-Plumptons	17,866	18,380
	1,388,371	1,721,128

4) NON-DOMESTIC RATE (NDR)

	2024/25	2025/26
NDR Rateable Value as at 31st March	£69,062,570	£69,528,493
NDR Multiplier	0.546	0.555
NDR Multiplier (Small Business)	0.499	0.499

Executive Summary

This Annual Governance Statement provides assurance that Fylde Council has in place a comprehensive and effective governance framework, including arrangements for risk management, internal control and financial governance.

The review undertaken for 2025/26 concludes that governance arrangements are generally effective, but operating within a context of continued financial pressure, workforce capacity constraints and wider uncertainty associated with Local Government Reorganisation.

The Council's governance framework remains closely integrated with its Medium-Term Financial Strategy (MTFS), ensuring that financial planning, risk management and service delivery are considered in a joined-up and sustainable way.

The Council recognises that governance is not static and continues to evolve in response to both internal improvement activity and external challenge, including the Corporate Peer Challenge follow-up.

1. Scope of Responsibility

Fylde Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council also has a statutory duty under the Local Government Act 1999 to secure continuous improvement.

In discharging this responsibility, the Council must ensure it has in place proper arrangements for governance, risk management and internal control, and that these arrangements are reviewed regularly for effectiveness.

The Council has aligned its 2025/26 statement to a Local Code of Corporate Governance drafted in response to the framework issued by CIPFA and SOLACE in 2025. This provides the basis for assessing governance arrangements and preparing this statement.

This Annual Governance Statement is a key component of the Council's overall assurance framework and should be read alongside the Statement of Accounts and the Medium-Term Financial Strategy (MTFS), which together provide a comprehensive view of financial and governance sustainability.

2. Governance Framework and How It Operates in Practice

The governance framework is the system through which Fylde Council is directed and controlled, and through which it engages with and accounts to the community.

It includes formal structures, processes, behaviours and organisational culture.

Key governance arrangements include:

- The Constitution, including Financial and Contract Procedure Rules
- Full Council, Executive Committee, Scrutiny, Standards and Audit & Governance Committee

- Corporate Leadership Team and statutory officers
- Corporate Risk Register and risk management framework
- Performance management aligned to Corporate Plan and MTFS
- Internal and external audit arrangements
- Codes of conduct and governance protocols

How governance operates in practice

In practice, governance arrangements ensure that:

- decisions are supported by integrated reports covering financial, legal, risk and equality implications
- statutory officers provide advice and assurance prior to decision-making
- Scrutiny provides challenge and review of performance and policy
- Audit & Governance Committee provides independent oversight of risk, control and governance effectiveness
- standards arrangements support ethical behaviour and accountability

Governance is embedded within day-to-day management rather than operating as a standalone process.

3. Integration with the Medium-Term Financial Strategy (MTFS)

A key feature of Fylde's governance framework is the integration between governance arrangements and the Medium-Term Financial Strategy.

This ensures that:

- governance decisions are financially sustainable over the medium term
- risks identified through governance processes are reflected in financial planning
- financial pressures inform corporate risk management
- service priorities are aligned with available resources

The MTFS is embedded within the Council's governance framework and informs:

- annual budget setting
- in-year financial monitoring
- reserves strategy
- savings and transformation planning

During 2025/26, this integrated approach has been essential in maintaining financial stability and supporting informed decision-making in an ever-changing financial environment.

4. Review of Effectiveness

The Council undertakes an annual review of the effectiveness of its governance framework, including the system of internal control.

The review is informed by:

- Corporate Leadership Team assurance statements
- Internal Audit reports and annual opinion
- External audit findings
- Audit & Governance Committee oversight
- Scrutiny activity
- Corporate Peer Challenge follow-up

The review also considers:

- progress against previous Annual Governance Statement actions
- implementation of internal audit recommendations
- effectiveness of risk management arrangements
- alignment between governance issues and MTFS risks

The Audit & Governance Committee plays a central role in reviewing this assurance throughout the year.

The Council's annual audit opinion for 2025/26 from its internal audit service delivered through MIAA is as follows:

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.

From 1st April 2025 management team responsibilities were reviewed and aligned following the retirement of two heads of service. The review included new senior appointments to the management team including newly named Service Directors for Planning and Building Control, Tourism and Leisure, and Operations.

The Council had a Corporate Peer Review undertaken in 2024; in January 2026 a review by the Local Government Association assessing progress against the report recommendations was completed. The review found the Council had made strong progress, with six of the nine original recommendations rated as complete and three showing ongoing development. Peers praised the Council's impressive performance data and satisfaction rates, describing them as "a testament to the Council's commitment to positive community outcomes."

Across the internal audit reviews completed in the year it has been noted that the Council is facing resourcing challenges, which is a recurring theme across the Local Government sector. This has resulted in Property Maintenance being provided from September 2025 through arrangements made with Blackpool Council.

Further commentary is set out below illustrating how the Council can evidence its compliance with the governance framework issued by CIPFA and SOLACE in 2025. This provides the basis for assessing governance arrangements and preparing this statement. More detailed commentary on evidence of compliance against these themes is set out in Appendix B.

A. Integrity, Ethics and Rule of Law

Codes of Conduct, Monitoring Officer oversight, Standards Committee, Independent Persons.

B. Openness and Engagement

Public decision-making, scrutiny, consultation including Local Plan and financial planning.

C. Outcomes and Sustainability

Corporate Plan and MTFS jointly guide decision-making and resource allocation.

D. Decision-Making and Intervention

Reports include financial, legal, risk and equality implications.

E. Capacity and Capability

Capacity pressures remain a key organisational risk, particularly in specialist areas. This is recognised as a strategic risk within the strategic risk register.

F. Risk, Performance and Financial Control

Risk management is linked to MTFS and financial pressures. Internal Audit provides independent assurance.

G. Transparency and Audit

Audit & Governance Committee provides independent oversight of governance, risk and control.

5. Significant Governance Issues and Actions

The following issues have been identified as significant governance issues requiring attention throughout the year because of analysis of Service Director Assurance Statements together with other commentary such as the internal audit opinion.

Local Government Reorganisation

LGR, and the uncertainty it creates, presents a strategic and financial planning risk. This issue has already been captured as a strategic risk within the Strategic Risk Register (SRR). As actions to respond to this have already been captured within the strategic risk register, it is not necessary to repeat these here. This governance risk should be read in parallel with the SRR to identify actions taken to mitigate against it.

Organisational Capacity and Workforce Resilience

There is ongoing pressure on specialist capacity and recruitment. This issue has already been captured as a strategic risk within the Strategic Risk Register (SRR). Interim capacity support through differing means will become more of a delivery feature in the run-up to LGR. As actions to respond to this have already been captured within the strategic risk register, it is not necessary to repeat these here. This governance risk should be read in parallel with the SRR to identify actions taken to mitigate against it.

Procurement

The Procurement Act 2023 went live in February 2025. Whilst its aim has been to create greater flexibility, there are higher expectations on governance and documentation. All procurement decisions are defensible and documented to avoid the potential for challenge. These changes might more accurately be described as a corporate governance reform rather than a procurement change, and as a consequence there is more to do to ensure that this is fully embedded within the organisation. This action, whilst significant, is not a strategic risk in the same sense as the two risks outlined above. To address this, contract standing orders will be re-written, together with associated guidance, and will be brought before the Audit and Governance Committee during the course of the year prior to the council being invited to approve the same.

6. Overall Conclusion

The Council is satisfied that its governance framework is generally effective and continues to operate in a proportionate and improving manner.

Strong arrangements exist in relation to:

- financial management and MTFS alignment
- internal audit and control environment
- member governance structures
- statutory officer oversight

The Corporate Peer Challenge follow-up confirmed positive progress in governance maturity, councillor-officer relationships and organisational effectiveness.

Signed and dated

Allan Oldfield

Chief Executive

Date:16/6/2026

Councillor Karen Buckley

Leader of the Council

Date:16/6/2026

Appendix A - Governance Framework Roles and Responsibilities

ROLES	RESPONSIBILITIES
The Council	Decides the Council's overall policies and sets the Council Tax and budget each year. Senior members are accountable to the public and to elected members, who may raise questions at Council meetings.
Leadership Board	The Council operates a committee-based governance model. Designated lead members oversee specific corporate themes, but they do not have decision-making authority. These members work with officers from the Senior Management Team through the Leadership Board.
Audit and Governance Committee (governance role)	Advises the Council on the adoption/revision of the various Code of Conduct and considers changes to the Constitution for recommendation to full Council.
Audit and Governance Committee (audit role)	Oversees the Council's arrangements for corporate governance and transparency. Monitors audit, fraud and risk activity management and the anti-fraud and corruption strategy. Approves the annual statement of accounts for the Council and the Council's Annual Governance Statement.
Standards Committee	Supports the promotion and maintenance of exemplary standards of conduct among councillors and officers, and provides guidance regarding the Elected Member Code of Conduct, and advises on the Complaints Handling Procedure. Holds hearings to consider investigation findings relating to allegations of member misconduct.
Committees	Some committees take decisions on regulatory matters; whilst others take executive decisions or scrutiny functions. The Executive Committee handles most Council functions within the framework established by the full Council.
Senior Management Team	Chaired by the Chief Executive and comprising the Deputy Chief Executive and Monitoring Officer, the Section 151 Officer, and seven Service Directors. It ensures effective oversight and promotes corporate cohesion.
Statutory Officers and Service Directors	These officers promote the delivery of policies within their service. They submit annual assurance statements confirming their confidence in the effectiveness of internal arrangements for compliance with policies and procedures, and for managing the principal risks within their service areas.
Corporate Governance Group	Chaired by the Deputy Chief Executive and Monitoring Officer, with core membership from the Section 151 Officer, the Service Director for Governance and Legal, the Head of Internal Audit, and the Head of the Fraud Shared Service. The Group's purpose, as set out in its Terms of Reference, is to develop and maintain good governance practices across the Council aligned to the CIPFA/SOLACE framework.

Golden Triangle Officers	Collaborative working between the Council's three statutory officers (Head of Paid Service, Monitoring Officer, and Section 151 Officer) to support effective, lawful, and ethical governance.
Monitoring Officer	Together with her Deputies, ensures that decisions taken by the Council comply with statutory requirements and are lawful; oversees the operation of the Constitution; and advises on matters relating to the conduct of councillors.
Section 151 Officer	Responsible for the proper administration of the Council's financial affairs. Discharges responsibilities under the Local Government Act 1972 s151.
Internal Audit	Provides objective assurance on the overall adequacy and effectiveness of the Council's governance, risk management and control framework. Delivers an annual programme of risk-based audit activity.
External Audit	Audits, reviews and reports on the Council's financial statements, providing an opinion on the accounts and arrangements for securing value for money.

Appendix B - The Council's Local Corporate Governance Framework

Core Principles	(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	(B) Ensuring openness and comprehensive stakeholder engagement	(C) Defining outcomes in terms of sustainable economic, social, and environmental benefits	(D) Determining the interventions necessary to optimise the achievement of the intended outcomes	(E) Developing the Council's capacity, including the capability of its leadership and the individuals within it	(F) Managing risks and performance through robust internal control and strong public financial management	(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance (Key Documents)	Constitution and decision-making framework	Constitution	Published Reports	Corporate Plan	Member Development	Audit Strategy and Audit Plan	Published Reports
	Financial Procedure Rules	Council website includes a calendar of meetings, agendas and minutes.	Corporate Plan	Medium Term Financial Strategy	Workforce and Organisational Development	Risk Management Strategy and Strategic and Operational Risk Registers	Annual Statement of Accounts
	Contract Regulations	Online Council Tax information	Contract regulations	Decision Making Framework	Networking	Financial Procedures	Annual Governance Statement / Assurance Framework
	Members and Officers Codes of Conduct, and Standards Complaint Handling Procedure	Open Data and Transparency Code	Risk Management Strategy	Risk Management Strategy	Staff Performance Development Review	Medium Term Financial Plan	Head of Internal Audit Annual Opinion / Report
	Planning Code of Conduct	Customer feedback (how did we do?) / complaints policy	Strategic performance, financial and risk reporting framework	Scrutiny Committees	Continuing Professional Development Opportunities	Head of Internal Audit Annual Opinion/Report	Strategic performance, financial and risk reporting framework

GLOSSARY OF ACCOUNTING TERMS

This Glossary of Terms is designed to aid interpretation of the Council's Statement of Accounts.

- **Accounting Policies**
  These specify how transactions and other events should be reflected in financial statements.

- **Accruals**
  The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid. The Local Government Pension Scheme Actuary reassesses the rate of employer contributions to the pension fund every three years.

- **Actuary**
  An actuary is an expert on pension scheme assets and liabilities.

- **Actuarial Gains and Losses**
  Changes in the actuarial deficits or surpluses over time arising from either or both of i) differences between the actual events as they have turned out and the assumptions that were made as at the date of the earlier actuarial valuation (known as experience gains and losses), and ii) changes in the actuarial assumptions.

- **Amortisation**
  An annual charge to the revenue account that spreads the cost of an asset over a period of time.

- **Appropriation**
  A contribution to or from a financial reserve.

- **Balances (Or Reserves)**
  These represent accumulated funds available to the authority. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities. There are a number of unusable reserves which are for technical purposes, it is not possible to utilise these to provide services.

- **Budget**
  A statement of the Council's spending plans for revenue and capital expenditure over a specified period of time.

- **Capital Expenditure**
  Expenditure on the acquisition and/or improvement of an existing Non-Current Asset which adds to, and not merely maintains, its value. Expenditure that does not fall within the definition must be charged to a revenue account.

- **Capital Receipts**
  Proceeds from the sale of capital assets which can only be used to repay the original loan or to finance new capital expenditure. Any receipts which have not yet been utilised as described are referred to as 'capital receipts unapplied'.

- **CIPFA (Chartered Institute of Public Finance and Accounting)**
  CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code, which defines proper accounting practice for local authorities.

- **Collection Fund**
  The Collection Fund is a separate statutory fund which billing authorities have to maintain. It shows the transactions in relation to non-domestic rates, any residual Community Charge and the Council Tax, and illustrates the way in which these have been distributed to precepting authorities and the General Fund.

- **Community Assets**
  Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

- **Consistency**
  This is a concept that the accounting treatment of like items, within an accounting period and from one period to the next, is the same.

- **Contingency**
  This is a condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Contingent assets and contingent liabilities should not be recognised in the accounting statements but be disclosed by way of notes.

- **Corporate and Democratic Core**
  The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

- **Council Tax**
  This is a banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1st April 1991. The level of tax is set annually by each local authority for the properties in its area.

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

- **Current Assets**
  Current assets are items that can be readily converted into cash.

- **Current Liabilities**
  Amounts which will become payable or could be called in within the next accounting period.

- **Current Service Cost (Pensions)**
  The increase in the pension liabilities as a result of years of service earned this year.

- **Curtailment**
  For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include termination of employees' services earlier than expected and termination of, or amendment to the terms of, a defined benefits scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

- **Debtors**
  Amounts owed to the Council for work carried out, services rendered or goods provided by the Council for which income has not been received by the balance sheet date.

- **Debt Redemption**
  This is where a debt is repaid early.

- **Deferred Credits**
  These represent capital income to be received in the future, when disposals have taken place, and deferred payments have been agreed.

- **Defined Benefit Scheme**
  A pension or other retirement benefits scheme other than a defined contribution scheme, where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

- **Depreciation**
  This is the measure of the cost or revalued amount of the benefits of the Non-Current Asset that have been consumed during the period.

- **Direct Revenue Financing**
  Resources provided from an authority's revenue budget to finance the cost of capital projects.

- **Discontinued Operations**
  An operation should be classified as discontinued when the activities related to the operation have ceased permanently and the termination has a material effect on the nature and focus of the authority's operations and represents a material reduction in its provision of services.

- **Emoluments**
  All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

- **Estimation Techniques**
  The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

- **Events after the Balance Sheet Date**
  These are events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

- **Exceptional Items**
  Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

- **Expected Rate of Return on Pensions Assets**
  For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

- **Fair Value**
  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.

- **Financial Instruments**
  A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

- **Finance Lease**
  This is a lease that transfers substantially all of the risks and rewards of ownership of a Non-Current Asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

- **Financial Reporting Standards (FRSs)**
  FRSs are statements which deal with accounting issues of fundamental importance and general application. They are applicable to all published accounts and compliance is mandatory. The Code of Practice on Local Authority Accounting in UK applies FRSs to Councils accounts as appropriate.

- **Financial Year**
  The Council's financial year runs from the 1st April to 31st March.

- **General Fund**
  This is the main revenue account of the Council covering day to day spending on services other than the provision of housing. Credited to the fund are charges made by the authority, specific Government and other grants and receipts from the Collection Fund.

- **Going Concern**
  The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

- **Government Grants**
  Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

- **Heritage Assets**
  Heritage assets are defined as assets which have historical, artistic or cultural qualities and that are held and maintained principally for their contribution to knowledge and culture.

- **Historic Cost**
  The cost of an asset at the time it was bought.

- **Housing Revenue Account (HRA)**
  The HRA is an account which includes the expenditure and income arising from the direct provision of housing by the Council.

- **Impairment**
  This is a reduction in the value of a Non-Current Asset below its carrying amount on the balance sheet.

- **Infrastructure Assets**
  Non-Current Assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

- **Intangible Assets**
  These are non-financial Non-Current Assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. Examples are purchased software licences.

- **Inventories**
  The amount of unused or unconsumed stocks bought but not used at the end of the accounting period, held in expectation of future use. E.g. goods or other assets purchased for resale, consumable stores, raw materials and components purchased for incorporation into products for sale, products and services in intermediate stages of completion, long term contract balances and finished goods.

- **Investments - Non Pension Fund**
  A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments, other than those in relation to the pensions fund, that do not meet the above criteria should be classified as current assets.

- **Investment Properties**
  This represents an interest in land and/or buildings in respect of which construction work and development have been completed, and which is held for its investment potential, with any rental income being negotiated at arm's length.

- **Leasing**
  Leasing is a method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

- **Liquid Resources**
  Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

- **Local Public Service Agreement (LPSA)**
  Government initiative whereby demanding performance targets are set to deliver improvements for local people through partnerships with district Councils and other organisations.

- **Materiality**
  The concept that any omission from or inaccuracy in the statement of accounts should not be so large as to affect the understanding of those statements by the reader.

- **Minimum Revenue Provision (MRP)**
  The minimum amount (as laid down in Statute) that the Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

- **Non Domestic Rates (NDR)**
  NDR is a tax levied on business properties and sometimes known as Business Rates. This tax is set nationally by the Government. Sums based on rateable values are collected by billing authorities and shared between major preceptors, central government, the Police and Crime Commissioner and the billing authority.

- **Net Book Value**
  The amount at which Non-Current Assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amount provided for depreciation.

- **Net Current Replacement Cost**
  This is the cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

- **Net Debt**
  The authority's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

- **Net Realisable Value**
  The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

- **Non-cash Adjustments**
  Changes in debtors' and creditors' balances over the year

- **Non-Current Assets**
  Assets that yield benefits to the Council and the services it provides for a period of more than one year.

- **Non-distributable Costs**
  These are costs that cannot be specifically applied to a service or services and are held centrally, comprising certain pension costs and the costs of unused shares of IT facilities and other assets.

- **Non-Operational Assets**
  Non-Current Assets held by a local authority but not directly occupied, used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

- **Operating Leases**
  An operating lease is a lease other than a finance lease. This is a method of financing assets which allows the Council to use, but not own an asset. A third party purchases the asset on behalf of the Council, who then pay the lessor an annual rental over the life of the asset. Expenditure financed by operating leasing does not count against capital allocations.

- **Operational Assets**
  Non-Current Assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility. Examples include Council dwellings, other land and buildings, vehicles, plant, equipment, infrastructure assets and community assets.

- **Past Service Cost**
  For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

- **Post Balance Sheet Events**
  These are events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

- **Precept**
  This is a charge levied by one Council which is collected on its behalf by another by adding the precept to its own Council Tax and paying over the appropriate cash collected.

- **Principal**
  The amount of money borrowed, not including interest charges.

- **Principal Repayment of Debt**
  Repayment of a loan, not including interest charges.

- **Prior Year Adjustments**
  Prior year adjustments are material adjustments, arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

- **Projected Unit Method**
  An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

  - the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases;
  - the accrued benefits for members in service on the valuation date; and
  - The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

- **Provision**
  These are monies set aside for liabilities or losses which are likely or certain to be incurred but the exact amount and dates are not currently known.

- **Prudence**
  The concept that revenue is not anticipated but is recognised only when realisation in cash is reasonably certain. Conversely, provisions should be made for all known liabilities.

- **Prudential Code for Capital Finance**
  This Code was introduced from 1st April 2004. The basic principle of the Code is that local authorities will be free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Code sets out indicators that the authority must use and factors that they must take into account to demonstrate that they have fulfilled this objective.

- **Public Works Loan Board (PWLB)**
  A government agency which provides longer-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

- **Related Parties**
  Two or more parties are related parties when at any time during the financial period:
  - one party has direct or indirect control of the other party; or
  - the parties are subject to common control from the same source; or
  - one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or
  - the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests

- **Related Party Transactions**
  A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

- **Reserves**
  Amounts set aside in one year's accounts which can be spent in later years. Reserves are often earmarked for specific purposes, including the financing of future capital expenditure, replacement or renewals and the funding of future defined Council initiatives.

- **Residual Amount**
  The amount an asset can be sold for, less the cost of selling it.

- **Retirement Benefits**
  All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by the employee.

- **Revenue Expenditure**
  This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

- **Revenue Expenditure Funded from Capital Under Statute**
  A new term introduced in 2008/09 accounts. Expenditure that is not capital in accordance with UK GAAP is allowed by statute to be funded from capital resources and hence such expenditure would have no impact on Council tax in the year that it was incurred.

- **Revenue Support Grant (RSG)**
  This is a general grant received from Central Government to contribute towards the cost of providing services. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

- **Scheme Liabilities**
  The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method, reflect the benefits that the employer is committed to provide for service up to the valuation date.

- **Service Reporting Code of Practice (SeRCOP)**
  A code of practice prepared to provide accounting guidance on financial reporting to stakeholders which is designed to enhance the comparability of local authority financial information. The code represents proper accounting practice for the purpose of best value reporting.

- **Settlement**
  An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:
  - a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits
  - the purchase of an irrevocable annuity contract sufficient to cover vested benefits, and
  - the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

- **Specific Grants**
  Government grants for a particular service.

- **Statement of Recommended Practice – (SORP)**
  This is the Code of Practice on Local Authority Accounting in the United Kingdom.

- **Tangible Non-Current Assets**
  Assets which have a physical form e.g. buildings, equipment.

- **The 'Code'**
  The 'Code' incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.

- **Total Cost**
  The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. This includes an appropriate share of all support services and overheads which need to be apportioned.

- **Total Net Worth**
  The total net value of resources available to or owned by the Council.

- **Unapportionable Central Overheads**
  Overheads for which no user now benefits and that are not apportioned to services.

- **Useful Life**
  The period over which the local authority will derive benefits from the use of a Non-Current Asset.