

# Eden District Council

## DRAFT Statement of Accounts 2022/23



Castle Park Bowling Green, Penrith

Intentionally Blank

## **CONTENTS**

<b>Section</b>	<b>Page</b>
Narrative Report	5
Statement of Responsibilities for the Statement of Accounts	15
<b>Single Entity Accounts</b>	
Movement in Reserves Statement	16
Comprehensive Income and Expenditure Statement	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Financial Statements	20
Note A - Accounting Policies	21
Other Notes to the Accounts	35
Collection Fund	75
Notes to the Collection Fund	76
<b>Group Accounts</b>	78
Group Movement in Reserves Statement	79
Group Comprehensive Income and Expenditure Statement	80
Group Balance Sheet	81
Group Cash Flow Statement	82
Notes to the Group Financial Statements	83
<b>Annual Governance Statement</b>	89
<b>Independent Auditor's Report</b>	103

Intentionally Blank

## **NARRATIVE REPORT**

### **1. Layout and Explanation of Document**

Eden District Council must prepare and publish its Statement of Accounts annually. Their purpose is to give electors, local taxpayers, Council members, employees, and other interested parties clear information about the Council's finances. The accounts presented are group accounts as the Council has one wholly owned subsidiary, Heart of Cumbria.

The aim is provide information on:

- The cost of providing Council Services in 2022/23
- How these services were paid for
- What assets the Council owned at the end of the financial year; and
- What was owed, to and by, the Council at the end of the financial year

This narrative report gives a guide to the most important matters included in the Statement of Accounts. The Statement of Accounts for the year ended 31 March 2023 have been produced by the Director of Resources of Westmorland and Furness Council and consist of the following:

(i) **The Statement of Responsibilities for the Statement of Accounts**

This sets out the respective responsibilities of the Council and the Director of Resources, Westmorland and Furness Council, for preparing the Statement of Accounts.

(ii) **The Movement in Reserves Statement**

This Statement shows the movement from the start of the year to the end on the different reserves held by the 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 movement 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 the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

(iii) **The Comprehensive Income and Expenditure Statement**

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (Note 1) and the Movement in Reserves Statement. The Comprehensive Income and Expenditure Statement (CIES) is prepared in accordance with the requirements of the Code of Practice 2022/23 and is reported by Portfolio Holder. The Portfolios include the following services:

- Communities Portfolio: Arts & Leisure; Community Development & Engagement; Leisure Facilities; Queens Platinum Jubilee
- Economies and Enterprise Portfolio: Tourist Information Centres; Economic Development and Promotion; Markets; Tourism Promotion; Town Centres
- Green Growth Portfolio: Low Carbon Initiatives; Environmental Enhancement & Conservation;
- Housing & Health Portfolio: Animal Licencing; Environmental Services; Homelessness; Housing Delivery; Pollution Control
- Leader Portfolio: Emergency Planning & Works; Sustainability; Building Regulations; Development Control & Enforcement; Local Plans and Policy; Planning Services
- Resources Portfolio: Financial Services; Human Resources; Committee and Member Costs; Legal Services; Licencing; Revenue & Benefits; Information Technology; Land Management; Estates
- Services Portfolio: Appleby Fair; Cemeteries; Footway Lighting; Recycling; Refuse Collection; Street Cleaning; Off-street parking

- (iv) **The Balance Sheet**  
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example capital reserves that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “adjustments between accounting basis and funding basis under regulations”.
- (v) **The Cash Flow Statement**  
The Cash Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as, operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- (vi) **Notes to the Financial Statements**  
These explain in more detail some of the more significant entries in the core financial statements and include details of the significant Accounting Policies used in the preparation of the accounts.
- (vii) **The Collection Fund**  
This shows the total income received by the Council from council tax and business rates and how this has been distributed to all precepting organisations it is collected for, including the Council.
- (viii) **Group Accounts**  
Aggregated accounts for Eden District Council and Heart of Cumbria Ltd, its wholly owned subsidiary.
- (ix) **The Annual Governance Statement**  
This explains the framework within which internal control has been managed and reviewed by the Council during the year of account.

## **2. Overview**

Over the last 12 months the Council has continued to provide services and deliver on its priorities despite dealing with the challenges of the impact of the war in Ukraine and planning for local government reorganisation.

Under the Cumbria (Structural Changes) Order 2022 Eden District Council will be abolished in April 2023 (along with Cumbria County Council, Barrow Borough Council and South Lakeland District Council). Responsibility for all Local Government functions will transfer to a new unitary Westmorland and Furness Council. Elections to the Shadow Authority took place on 5th May 2022. Between May 2022 and March 2023, all existing and future authorities will exist in parallel until April 2023 when Eden District Council (and the current County and other Districts) will be abolished and the Shadow Authority will become Westmorland and Furness Council.

Despite Eden District Council ceasing to exist from 31 March 2023, due to the continuation of its existing services, its statutory basis and its financial performance the Council is a going concern and will continue to deliver services in accordance with that mandate.

The Interim Director of Resources (Section 151 Officer) ensured the Council’s financial affairs were properly administered and its financial position remained stable and robust during 2022/23. As of 1 April 2023, this role was passed on to the Director of Resources (Section 151 Officer) for Westmorland and Furness Council.

### **3. Corporate Priorities**

Eden is the largest area (at 830 square miles) of any district council in England and with 54,700 residents (2021 Census), has the lowest population density. More than half (55.8%) of Eden's population live in small villages and hamlets, scattered across a wide rural area.

In such a large and sparsely populated area, there are challenges to delivering services. These challenges are compounded by the loss of rural services, a low wage economy, high fuel costs, high house prices, an ageing population, a decline in numbers of young people and unprecedented uncertainty in public spending.

Given the challenges that the Council and communities across Eden face, it is essential to have a clear sense of direction. The priorities set out in the current Council Plan provide a structure for making decisions on the Council's services and budgets. The four priorities of the Council are:

- Sustainable;
- Healthy, safe and secure;
- Connected; and
- Creative.

The Council Plan was approved at the Council meeting on 7<sup>th</sup> November 2019, and covers the period 2019-2023.

### **4. Operational Model**

Eden District Council has statutory responsibility for a number of key functions. These include waste collection, planning policy, development control, building control, licensing, collection of local taxation, environmental health, housing and homelessness. The Council also provides some discretionary services to support leisure and tourism in the district. These services create value for the community and their successful delivery is central to the Council's corporate priorities. This statement sets out how the Council's resources (inputs) have been used in creating this value through delivery of services in line with statute and the corporate priorities (outputs).

#### **Operating model and structure**

The Council's main incoming resources are those from council tax, central government grant, retained business rates (£9.950m of corporate revenues in total, see note 12). The Council also generates income from investment property and treasury management activity (£3.026m including increases in fair value, see note 11) and service specific income including grants (£11.313m, see note 39) and fees from service users (£2.851m, see note 34).

The main directly controllable resource is staffing and the majority of outputs are services delivered by those staff (or external contractors) rather than creation of assets. The main principal of the Council's operating model is that staff are organised into teams of operational activity. These teams contain staff who perform managerial, technical and customer facing roles to provide services in the form set out by statute and Council policy, informed by the needs and expectations of service users.

The Council is also the sole shareholder of the Heart of Cumbria Limited. As such, group accounts have been prepared for 2022/23. See part 15 (page 14) for further details. During 2022/23, the company transferred its assets and liabilities to Eden District Council and became dormant. the company will be dissolved and the service brought back in-house.

At a political level, the Council has been structured around 7 Portfolios, with each Portfolio taking responsibility for certain elements and targets from the Council plan. These portfolios are set out in section 1 of this Narrative report.

The approved budgets are set out by Services; Section 1 of this narrative report contains details of which services are included in each Portfolio. Portfolio holders are held accountable for budgets in their area and are involved in review and sign off through the budget process. These are the operating segments that the Cost of Services in the Comprehensive Income and Expenditure Statement are reported in. Although the Council has opportunities through its resilient financial position, there are significant risks and uncertainties over the medium term. These include but are not limited to the current economic environment, Local Government Reorganisation and the Central Government Fairer Funding

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

Review. The Annual Governance Statement attached to these Financial Statements deals with risk and opportunities in more detail.

The Council operates within legislative constraints and is committed to deliver key services as set down by Central Government. This has a major influence over what the Council does, how it does it and the resources it receives and can generate.

## 5. 2022/23 Budget and Medium Term Financial Plan

The 2022/23 Revenue budget was set within the context of the Council's Medium Term Financial Plan (MTFP). This was set by the Council in February 2022. The MTFP provides a financial framework within which the Council will seek to achieve its priorities.

The MTFP forecast a pull from the General fund of £1.067m in 2022/23, with small funding surpluses and gaps in 2023/24 and 2024/25.

## 6. Performance against Budget

In terms of performance against budget, the table below shows how actual spending compared with the budget:

Category	Under / (Over) Spent £'000
Gain on Heart of Cumbria Business Transfer of Assets	(600)
Additional Interest and Investment Income	(325)
Staffing incl agency and pay award	300
Other net savings	(13)
<b>Total</b>	<b>(638)</b>

A draft Outturn report was presented to Westmorland and Furness Cabinet in July 2023.

## 7. General Fund & Reserves

The Comprehensive Income and Expenditure Statement sets out the Council's financing performance in line with proper accounting practice. As certain items of income and expenditure under proper accounting practice are not chargeable to council tax payers under statute, the impact on the Council's underlying financial position needs to add or remove these statutory adjustments.

The Expenditure and Funding analysis (note 1) helps to set this out by reconciling the surplus/deficit under accounting practices to the underlying impact on the Council's revenue reserves (General Fund, including earmarked reserves). This is summarised below:

	<b>Net Expenditure Chargeable to the General Fund</b>	<b>Adjustments between Funding and Accounting Basis</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net cost of services</b>	<b>12,724</b>	<b>2,235</b>	<b>14,959</b>
Other income and expenditure	-7,428	-4,180	-11,608
<b>Surplus / deficit (-/+)</b>	<b>5,296</b>	<b>-1,945</b>	<b>3,351</b>
General fund balance 31 March 2022	-11,694		
Surplus/deficit in year (-/+)	5,296		
<b>General Fund balance 31 March 2023</b>	<b>-6,398</b>		

This shows a total General Fund decrease of £5.296m in 2022/23 (decrease of £5.517m in 2021/22).



**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

The table below shows how these figures tie into the Movement in Reserves Statement, including capital reserves:

<b>31-Mar-22</b>		<b>31-Mar-23</b>	<b>Movement</b>
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
3,090	General Fund Balance	2,360	-730
8,604	Earmarked Reserves	4,038	-4,566
<b>11,694</b>	<b>Total Revenue Reserves</b>	<b>6,398</b>	<b>-5,296</b>
557	Capital Receipts Reserve	569	12
1,138	Capital Grants Unapplied	815	-323
<b>1,695</b>	<b>Total Capital Reserves</b>	<b>1,384</b>	<b>-311</b>
<b>13,389</b>	<b>Total Usable Reserves</b>	<b>7,782</b>	<b>-5,607</b>

This shows that revenue reserves have decreased by £5.296m over the period.

The table below sets out how the Council's earmarked and general fund reserves levels compares at 31 March 2023 to those that were forecast in its budget was set in March 2022.

	<b>Budgeted</b>	<b>Outturn</b>
	<b>31/3/23</b>	<b>31/3/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>General Fund Balance</b>	<b>2,041</b>	<b>2,360</b>
<b>Earmarked Reserves</b>		
Capital Funding	321	446
Affordable Housing Fund	1,170	27
Business Rate Pool Volatility	0	650
Community Housing Fund	664	467
Heart of Cumbria Loan	990	966
Eden Local Plan Reserve	284	265
Corporate Priorities	0	309
LGR Implementation Reserve	0	11
Other Reserves	1,004	897
	<b>4,433</b>	<b>4,038</b>
<b>Total Usable Reserves</b>	<b>6,474</b>	<b>6,398</b>

The Capital funding reserve supports the capital programme.

Affordable Housing Fund – in the budget, some section 106 funds were shown as part of the Affordable Housing Reserve, however they should have been shown as a creditor on our balance sheet. The funds were moved as part of our preparation of the 21/22 accounts which came after the budget was set.

Corporate Priorities. A reserve was created to fund corporate priorities set in 2021/22 to be delivered in 2021/22 and 2022/23. Unfortunately, not all programmes were able to be completed by 31 March 2023.

## 8. Capital Expenditure and Borrowing

During 2022/23, the Council spent £6.645m on capital projects, against a budget of £11.073m. £2.376m is due to the accounting for Green Homes Grants. £4.447m will be re-profiled into future years of the programme. The main items of expenditure were:

<b>Description</b>	<b>£'000</b>
Green Homes Grants	2,376
Voreda House Development	1,680
Disabled Facility Grants	866
Heart of Cumbria Funding	440
Leisure Centre Equipment and Renovation	422
Inspiring Eden Capital Grants	205
Green Business Support Fund	188
UKSPF Capital Grants	183
Other	285
	<b>6,645</b>

Details of the financing can be found in Note 41 to the Financial Statements. The Council has a five year Capital Programme which is updated at least yearly as part of the budget process.

The Council does not currently have any external borrowing, however the capital programme for 2023/24 includes plans for internal borrowing (use of cash reserves to fund borrowing which is repaid through revenue funding over a period of time).

## **9. Summary of Financial Position**

The Council's balance sheet and supporting notes provide the detail behind the Council's financial position as at 31 March 2023. The Council has net assets of £73.114m (see the Balance Sheet). This is the difference between its assets and liabilities. In simple terms, this shows the cash balance that would have been left if the Council was to have realised its assets (selling its land and buildings) and settled its liabilities (paid its creditors). This is an increase of £19.165m over the year. The single largest factor is an decrease to the net pension asset/liability of £18.132m. Working capital (cash plus current debtors and creditors) has decreased from £8.3m to £0.9m. The Council's usable reserves (capital and revenue) decreased by £5.607m overall (see Summary of Financial Performance section above).

## **10. Pensions Reserve**

International Accounting Standard (IAS) 19 requires the Council to account for its liability under the pension (defined benefits) scheme as it arises. The Council is a member of the Cumbria Local Government Pension Scheme Fund. At 31 March 2023, the actuarial valuation showed a net asset of £7.608m (2021/22: liability of £10.524m). The balance on the pension scheme has varied substantially in recent years and reflects the volatile nature of financial markets after 2000. The move to an asset rather than a liability in 2022/23 is mainly relating to the financial assumptions (for example, general price inflation, growth in salary and pension rates) used by the actuary. Further details are set out in Note 44 to the Financial Statements.

## **11. Collection Fund**

From 1 April 2013, a national Business Rates Retention Scheme (BRRS) has been in place. This does not impact on businesses paying business rates. In essence, national funding from Revenue Support Grant has been replaced with funding from BRRS. BRRS is reflected in these accounts, principally in the Collection Fund and Comprehensive Income and Expenditure Statement.

The Collection Fund balance was a net deficit of £1.926m at 31 March 2023 (31 March 2022, £7.458m deficit), made up of a deficit of £0.276m from council Tax (31 March 2022, £0.762m deficit) and a deficit of £1.650m from NNDR (31 March 2022, £6.696m deficit). This is recoverable from all precepting authorities, which are Cumbria County Council, Cumbria Police and Crime Commissioner, and Eden District Council for Council Tax, and Central Government, Cumbria County Council and Eden District Council for NNDR. These outturn figures will feed into the budgeting process by Westmorland and Furness Council to ensure that the fund aims to break even by redistributing any gains or losses between the preceptors.

The large deficit in NNDR is due to additional reliefs given to businesses during the Covid-19 pandemic. Further information is provided in the Collection Fund section of the accounts.

## **12. Investments and Cash**

The Council managed its cash and investments balances in-house during 2022/23. As at 31 March 2023, £4.093m of investments and cash of £2.155m were managed in-house. The Council had £1.402m long term loans outstanding, an increase of £0.130m from 2021/22, due to the inclusion of a deposit held for future house purchases relating to the now dissolved Heart of Cumbria Limited.

The Council's investment activity complied with the Council's Treasury Management Strategy for 2022/23, which was approved by Council on 24 February 2022 and revised on 30 March 2023. During the year, a further £440k of approved loan facility to the Heart of Cumbria Limited was utilised. As of 19 January 2023, the assets and liabilities of Heart of Cumbria were transferred into Eden District Council with the loan being cancelled as part of the arrangement.

During 2022/23 the net change in cash and cash equivalents was a decrease of £15.206m.

### **13. Workforce**

During 2022/23, the position of Chief Executive was filled on an interim basis due to the upcoming local government reorganisation. The position during the year and up to 31 March 2023 is set out below:

- Interim Chief Executive
- Deputy Chief Executive
- Interim Director of Resources

The position of Chief Monitoring Officer was held at Assistant Director Level.

#### **Chief Executive responsibilities**

The Chief Executive is our Head of Paid Service and has responsibility for overall management of the Council, its vision and strategy. The Deputy Chief Executive and the Interim Director of Resources report directly to the Chief Executive.

#### **Department of Corporate Services responsibilities**

The Interim Director of Resources takes the lead on the governance arrangements for the Council ensuring that the Constitution and Standing Orders are fit for purpose and are adhered to. They are also responsible for leading the Commercial Strategy and the programme of work which supports it. The Interim Director of Resources is currently being filled on an interim basis and includes the role of Chief Finance Officer (s151). It has senior management responsibility for the Assistant Director Legal and Democratic Services, who is the Council's Monitoring Officer. The department provides a mix of support and front line services and is organised into the following sections:

- Finance & HR - Internal Audit; Financial Advice and Accountancy; Insurance and Risk Management; Payroll; Purchasing; Treasury Management; Creditors and Sundry Debtors.
- HR & Communications - Employee Relations; Recruitment; Learning and Development; Personnel admin; Corporate Health and Well-being; Organisational Development; Communication; and Council's websites
- Legal & Democratic Services – Legal Advice and support to Members and client departments; Elections; Member Services and Scrutiny
- Customers, Performance & Housing – Council Tax; Business Rates; Housing Benefits and Council Tax Reduction; Customer Services; Alston Local Links Centre; Corporate Policy; Performance Management and Information Governance; Housing (including grants); Private housing conditions and enforcement; Homelessness; Social Housing services; Housing policy; Disabled Facilities Grants
- IT services (part of shared service with South Lakeland District Council).

#### **Department of People and Place responsibilities**

The Deputy Chief Executive takes the lead on the development and delivery of the Council's plans to meet the long-term challenges for Eden, such as delivering more homes, creating higher paid jobs and improving transport infrastructure. They lead the district's plans for place-shaping and master-planning and have senior management responsibility for the following sections:

- Communities - Food Safety, Health and Safety enforcement; Environmental Protection; Community Wardens; Pest Control; Health and Well-being and Licensing; Sports facilities and the leisure services' contract; Markets
- Delivery - Contract Management for refuse collection, street cleaning, grounds maintenance and building cleaning; Emergency Response including flood management; Facilities and Estates Management and Corporate Health and Safety
- Development - Economic Development; Town Centres including the provision of a markets service; Tourism promotion and development; Tourist Information Centre support; management of Penrith Museum and partnership working with a range of private and public sector agencies; Planning Policy (setting the planning policy framework for the district and managing building conservation policy and the local plan); Development Management (dealing with planning applications, approvals and enforcement); Sustainability; Building Control; Planning Services Support (administration support, the Gazetteer function and street naming and numbering) and Land Charges.

#### **14. Assessment of Going Concern**

The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

Given the significant reduction in funding for local government in recent years and the potential threat this poses to the ongoing viability of councils, as a consequence, greater emphasis is now placed, on local authorities to make an assessment on a 'going concern' basis on which they prepare their financial statements.

The main factors which underpin this assessment are outlined below and include:

- the Council's current financial position;
- the Council's projected financial position; and,
- the regulatory and control environment applicable to the Council as a local authority.

##### **The Council's current financial position**

The financial outturn position for 2022/23 shows an underspend of £0.638m on Net Cost of Services. As at the 31st March 2023 the Council held general revenue reserves of £2.360m. Additionally the Council held £4.038m in earmarked reserves.

General reserves reflect the ability of the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of the financial resilience of the organisation. The Medium Term Financial Plan (MTFP) prepared by the Chief Finance Officer has assessed that the minimum level of general reserves to be held by the Council is 10% of net expenditure. At 31 March 2023 general reserves were at 16%. This reflects the requirements of a Council of Eden's size.

At 31 March 2023 the Council held £2.155m in the form of either cash or short term investments maturing within the next financial year.

##### **The Council's projected financial position**

Under the Cumbria (Structural Changes) Order 2022 Eden District Council will be abolished in April 2023 (along with Cumbria County Council, Barrow Borough Council and South Lakeland District Council). Responsibility for all Local Government functions will transfer to a new unitary Westmorland and Furness Council

Westmorland and Furness Council set a balanced budget for 2023/24 in March 2023.

##### **The Council's balance sheet as at 31 March 2023**

The balance sheet shows a net worth of £73.114m (2021/22 £53.949m), the majority of the movement being the swing from a pension liability of £10.524m to a pension asset of £6.608m. Therefore the financial position of the Council remains healthy. Other factors giving rise to this assessment include:

- the adequacy of risk-assessed provisions for doubtful debts;
- the range of reserves set aside to help manage expenditure; and,
- an adequate risk-assessed working balance to meet unforeseen expenditure

##### **The external regulatory and control environment**

As a local authority, the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement for a balanced budget each year combined with the legal requirement for councils to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and central government control there are

other factors such as the role undertaken by External Audit as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.

Against this backdrop it is considered unlikely that a local authority would be 'allowed to fail' with the likelihood being, when faced with such a scenario, that central government would intervene supported by organisations such as the Local Government Association to bring about the required improvements or help maintain service delivery.

## **Conclusion**

It is considered that having regard to the Council's arrangements and such factors as highlighted in this report that the Council remains a going concern.

This assessment will be undertaken annually in the course of preparing the Council's financial statements for each year.

## **15. Heart of Cumbria**

The Heart of Cumbria Limited continued its operations up to 19 January 2023 when there was a Business Transfer of Assets and Operations to Eden District Council following approval given by Council in February 2021. As at 31 March 2023 the Council had 62 affordable units at 96% occupancy, up from 52 the previous financial year, and had seen the value of those 62 units increase by £0.556m in year and by £1.435m in total. The Council is committed to purchasing a further 19 units. As the company was trading during the year and the transactions were financially material, group accounts have been prepared.

As at 31 March 2023, Heart of Cumbria was dormant with £1 share capital and £1 cash balance.

## **16. The Council's governance arrangements**

The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Head of Paid Service, the Monitoring Officer and the Section 151 Officer in addition to the current political arrangements.

An overview of this governance framework is provided within the Annual Governance Statement which is included elsewhere within these statements. This includes a detailed review of the effectiveness of the Council's governance arrangements.

## **17. War in Ukraine**

The war in Ukraine has contributed to a surge in energy prices, driving inflation across the world. Impacting on the cost not only of energy but also on the goods and services we purchase.

## **18. Risks and Pressures**

### **Strategic Risks**

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

- A major incident occurs involving significant harm or potential harm to individuals, businesses and communities
- A major incident or service failure which effects the services provided by the Council to our residents and businesses, including, but not limited to, IT failure; 3<sup>rd</sup> party service provider failure; damage to a Council asset
- Having a significant safeguarding issue in the District where the Council could have had a role in prevention
- Not having sufficient capacity to deliver the Single Site programme
- Failure of IT business critical systems or unauthorised access is gained to our IT infrastructure
- Having an unsustainable budget and running out of reserves
- Not having sufficient internal capacity to deliver core business and projects considering pressures from LGR
- Staff not having adequate training or awareness of their own (and Council's) responsibilities, constitution, Policies and Procedures causing risk to delivering a safe and legal service

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

- The contract provider for the leisure centre is unable to continue to provide the leisure facilities service.
- The Eden District Council and its contractors are unable to source materials due to market conditions that will materially affect provision of core services or strategic priorities
- That Eden District Council's statutory obligations under the Cumbria (Structural Changes) Order 2022 are either not met or not met in a timely manner

These risks are regularly reviewed and discussed by the Extended Leadership Team to reduce likelihood and/or reduce impact.

### **Economic Climate**

The Bank of England is increasing interest rates to as part of a wider fiscal policy to manage inflation however this has pushed up the cost of borrowing for families and businesses as well as government. Economic growth has slowed and a recession is still forecast for 2023

The cost of living crisis is continuing and this is affecting all of our residents in different ways and this is resulting in increased demand for support services including welfare support and advice and guidance, increased uptake of free school meals and increased request for hardship support. Partly this is provided through the Government Household Support grant and partly funded direct by the Council.

All Councils are also still recovering from the impact of the COVID 19 pandemic and the changes that has had on both demand for services and also workforce pressures and risks around recruitment and retention in many parts of the economy. This is particularly prevalent across social care services resulting in challenges in delivering the required care support capacity to meet the identified need. Work is ongoing with health partners to ensure that attracting staff is high profile and career opportunities are encouraged and working effectively together is maximised.

### **19. Events after the balance sheet date**

Events taking place after 31 March 2023 are not reflected in the financial statements or notes. Where events take place before this date, provided information about the conditions existing at 31 March 2023 are available, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



Pam Duke  
Director of Resources (Section 151 Officer)  
Dated: 3<sup>rd</sup> April 2024

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

The Council's Responsibilities:

The Council is required to:

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

The Director of Resources Responsibilities:

The Director of Resources is responsible for the preparation of the Authority's Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Director of Resources has:

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

The Director of Resources has also:

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

The Director of Resources Certification:

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council for 2022/23 and of its income and expenditure for the year ended 31 March 2023.

*P. Duke .*

Pam Duke  
Director of Resources (Section 151 Officer)  
Dated: 3<sup>rd</sup> April 2024

### MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (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.

	Note	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 01.04.22</b>		<b>11,694</b>	<b>557</b>	<b>1,138</b>	<b>13,389</b>	<b>40,560</b>	<b>53,949</b>
Surplus/deficit on provision of services (accounting basis)		-3,351	0	0	-3,351	0	-3,351
Other Comprehensive Expenditure and Income		0	0	0	0	14,908	14,908
<b>Total Comprehensive Expenditure and Income</b>		<b>-3,351</b>	<b>0</b>	<b>0</b>	<b>-3,351</b>	<b>14,908</b>	<b>11,557</b>
Adjustments between accounting basis and funding basis under regulations	8	-1,945	12	-323	-2,256	2,256	0
<b>Increase/decrease in year</b>		<b>-5,296</b>	<b>12</b>	<b>-323</b>	<b>-5,607</b>	<b>17,164</b>	<b>11,557</b>
<b>Balance at 31.03.23</b>		<b>6,398</b>	<b>569</b>	<b>815</b>	<b>7,782</b>	<b>57,724</b>	<b>65,506</b>

The comparative figures from 2021/22 are below :

	Note	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 01.04.21</b>		<b>17,111</b>	<b>455</b>	<b>1,904</b>	<b>19,470</b>	<b>27,050</b>	<b>46,520</b>
Surplus/deficit on provision of services (accounting basis)		-1,748	0	0	-1,748	0	-1,748
Other Comprehensive Expenditure and Income		0	0	0	0	9,177	9,177
<b>Total Comprehensive Expenditure and Income</b>		<b>-1,748</b>	<b>0</b>	<b>0</b>	<b>-1,748</b>	<b>9,177</b>	<b>7,429</b>
Adjustments between accounting basis and funding basis under regulations	8	-3,669	102	-766	-4,333	4,333	0
<b>Increase/decrease in year</b>		<b>-5,417</b>	<b>102</b>	<b>-766</b>	<b>-6,081</b>	<b>13,510</b>	<b>7,429</b>
<b>Balance at 31.03.22</b>		<b>11,694</b>	<b>557</b>	<b>1,138</b>	<b>13,389</b>	<b>40,560</b>	<b>53,949</b>



## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2021/22 Gross Expend £'000	2021/22 Gross Income £'000	2021/22 Net Expend £'000		2022/23 Gross Expend £'000	2022/23 Gross Income £'000	2022/23 Net Expend £'000	Notes
			<b>Expenditure on Services</b>				
1,054	-105	949	Economies and Enterprise Portfolio	2,080	-364	1,716	
1,040	-35	1,005	Communities Portfolio	1,335	-49	1,286	
1,281	-380	901	Green Growth Portfolio	2,176	-654	1,522	
4,502	-2,587	1,915	Housing and Health Portfolio	5,610	-3,649	1,961	
1,253	-838	415	Leader Portfolio	1,379	-315	1,064	
13,824	-7,677	6,147	Resources Portfolio	12,127	-7,626	4,501	
4,454	-1,531	2,923	Services Portfolio	4,516	-1,607	2,909	
<b>27,408</b>	<b>-13,153</b>	<b>14,255</b>	<b>Cost of Services</b>	<b>29,223</b>	<b>-14,264</b>	<b>14,959</b>	
1,442	0	1,442	Other Operating Expenditure	1,205	-422	783	10
409	-4,124	-3,715	Financing and Investment Income and Expenditure	1,242	-3,683	-2,441	11
9,099	-19,333	-10,234	Taxation and Non-Specific Grant Income	7,584	-17,534	-9,950	12
<b>38,358</b>	<b>-36,610</b>	<b>1,748</b>	<b>Surplus/Deficit on the Provision of Services (-/+)</b>	<b>39,254</b>	<b>-35,903</b>	<b>3,351</b>	<b>33</b>
0	-2,589	-2,589	Surplus on Revaluation of Non-Current Assets	0	-3,455	-3,455	
0	-315	-315	Surplus/Deficit on Revaluation of Financial Assets	602	-26	576	
0	-6,273	-6,273	Remeasurement of the Net Defined Benefit Liability	0	-12,029	-12,029	44
<b>0</b>	<b>-9,177</b>	<b>-9,177</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>602</b>	<b>-15,510</b>	<b>-14,908</b>	
<b>38,358</b>	<b>-45,787</b>	<b>-7,429</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>39,856</b>	<b>-51,413</b>	<b>-11,557</b>	

**BALANCE SHEET AS AT 31 MARCH 2023**

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*'.

<b>31 March 2022</b>		<b>31 March 2023</b>	<b>Notes</b>
<b>£'000</b>		<b>£'000</b>	
26,174	Property, Plant and Equipment	31,589	13
1,446	Heritage Assets	1,446	14
21,922	Investment Property	27,404	15
287	Intangible Assets	283	16
6,478	Long Term Investments	4,093	20
1,272	Long Term Debtors	1,402	18
<b>57,579</b>	<b>Total Long Term Assets</b>	<b>66,217</b>	
14	Inventories	9	
7,152	Short Term Debtors	3,270	19
0	Short Term Investments	0	20
17,361	Cash and Cash Equivalents	2,155	21
90	Assets Held for Sale	90	22
<b>24,617</b>	<b>Total Current Assets</b>	<b>5,524</b>	
-16,177	Short Term Creditors	-4,573	23
-196	Provisions	-299	24
<b>-16,373</b>	<b>Total Current Liabilities</b>	<b>-4,872</b>	
-1,350	Long term creditors	-1,363	23
-10,524	Pension Asset / (Liability)	0	44
<b>-11,874</b>	<b>Total Long Term Liabilities</b>	<b>-1,363</b>	
<b>53,949</b>	<b>Net Assets</b>	<b>65,506</b>	
-13,389	Usable Reserves	-7,782	26
-40,560	Unusable Reserves	-57,724	28
<b>-53,949</b>	<b>Total Reserves</b>	<b>-65,506</b>	

I certify that the Statement of Accounts, including the group accounts, presents a true and fair view of the financial position of the Council as at 31 March 2023 and its income and expenditure for the year then ended.

*P. Duke*

Pam Duke  
Director of Resources (Section 151 Officer)  
Dated: 3<sup>rd</sup> April 2024

## CASH FLOW STATEMENT

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

2021/22 £'000		2022/23 £'000	Notes
-1,748	<b>Net Surplus or Deficit (+/-) on Service Provision</b>	-3,351	29
6,630	Adjust net surplus or deficit on the provision of services for non-cash movements	-6,524	29
-2,371	Adjust for items included in the new surplus or deficit on the provision of services that are investing and finance activity	-3,545	29
<b>2,511</b>	<b>Net Cash Flow from Operating Activities</b>	<b>-13,420</b>	29
2,963	Net cash flows from investing activities	-1,677	31
130	Net cash flows from financing activities	-109	32
<b>5,604</b>	<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	<b>-15,206</b>	
11,757	Cash and cash equivalents at 1 April	17,361	21
17,361	Cash and cash equivalents at 31 March	2,155	21
<b>5,604</b>	<b>Net Increase/Decrease (+/-) in Cash and Cash Equivalents</b>	<b>-15,206</b>	21

**NOTES TO THE FINANCIAL STATEMENTS**

Note A	Accounting Policies
Note 1	Expenditure and Funding Analysis
Note 2	Subsidiary activity
Note 3	Accounting Standards That Have Been Issued But Have Not yet Been Adopted
Note 4	Critical Judgements in Applying Accounting Policies
Note 5	Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty
Note 6	Major Items of Income and Expense
Note 7	Events After the Balance Sheet Date
Note 8	Adjustment Between Accounting Basis and Funding Basis
Note 9	Transfer To/From Earmarked Reserves
Note 10	Other Operating Expenditure
Note 11	Financing and Investment Income and Expenditure
Note 12	Taxation and Non Specific Grant Income
Note 13	Property, Plant and Equipment
Note 14	Heritage Assets
Note 15	Investment Property
Note 16	Intangible Assets
Note 17	Financial Instruments
Note 18	Long Term Debtors
Note 19	Short Term Debtors
Note 20	Investments
Note 21	Cash and Cash Equivalents
Note 22	Assets Held for Sale
Note 23	Short Term and Long Term Creditors
Note 24	Provisions
Note 25	Trust Funds
Note 26	Usable Reserves
Note 27	Usable Capital Reserves
Note 28	Unusable Reserves
Note 29	Reconciliation of Income and Expenditure Deficit to Revenue Activities Net Cash Flow
Note 30	Cash Flow Statement – Operating Activities
Note 31	Cash Flow Statement – Investing Activities
Note 32	Cash Flow Statement - Financing Activities
Note 33	Expenditure and Income Analysed by Nature
Note 34	Contracts with service recipients
Note 35	Agency Income and Expenditure
Note 36	Members’ Allowances
Note 37	Officers’ Remuneration
Note 38	External Audit Fees
Note 39	Grant Income and Other Contributions
Note 40	Related Party Transactions
Note 41	Capital Expenditure and Capital Financing
Note 42	Revenue Provision for Payment of External Debt
Note 43	Leases
Note 44	Retirement Benefits
Note 45	Contingent Liabilities

## **Introduction**

The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and the accounting policies set out at Note A. The notes that follow set out supplementary information to assist readers of the accounts.

### **Note A - Accounting Policies**

#### **A1. General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. The Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and the Service Reporting Code of Practice 2022/23 (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.

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

#### **A2. Accruals of Income and Expenditure**

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

- Revenues from contracts with service recipients will be recognised as the authority satisfies the performance obligations within the contract;
- Revenues from non-exchange transactions (for example, Local Taxation, Government grants, see also A10) will be recognised in the relevant accounting period;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received, rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract; and
- 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.

#### **A3. Cash and Cash Equivalents**

Cash comprises cash in hand, deposits held with financial institutions repayable without penalty on notice of not more than twenty-four hours and bank overdrafts. Cash equivalents are short term, highly liquid investments and may include deposits with original maturities of three months or less if these are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Liquidity will be assessed on a case-by-case basis with reference to for example, whether the deposit is tradeable or how long after the balance sheet date the investment may mature.

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

#### **A4. Exceptional Items**

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

#### **A5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies, or to correct a material error. Changes in accounting estimates are accounted for prospectively, that is, in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position, or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### **A6. 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 losses can be written off; and
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (called Minimum Revenue Provision, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced in the General Fund, by the MRP charge.

#### **A7. Employee Benefits**

##### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (for example, leased cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

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

##### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the

Movement in Reserves Statement, appropriations are required to and from the 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 the year-end.

### **Post-Employment Benefits**

Employees of the Council may join the Local Government Pension Scheme administered by Cumbria County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees work for the Council. The Scheme is therefore accounted for as a defined benefit scheme.

### **The Local Government Pension Scheme**

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

- The liabilities of the Cumbria Local Government Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond; and
- The assets of the Cumbria Local Government Pension Scheme 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;
- ▷ Net interest on the net defined liability (asset), that is, the net interest cost for the Council. This is 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 the net interest on the net defined benefit liability (asset), charged to the Pensions Reserve via 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 actuary has updated their assumptions, charged to the Pensions reserve via Other Comprehensive Income and Expenditure; and

- ▷ Contributions paid to the Cumbria Local Government Pension Scheme – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. The Council’s Actuary provides expert advice on the assumptions applied.

The effects of the net pensions liability of changes in individual assumptions can be measured. These assumptions interact in complex ways. Changes affecting the net pension liability and pension reserve in the Balance Sheet and have no effect on the charge to the General Fund Balance in year.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund, or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations 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.

### **Discretionary Benefits**

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

### **A8. Events after the Balance Sheet Date**

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

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

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

### **A9. Financial Instruments**

#### **Financial Liabilities**

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

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

#### **Financial Assets**

Financial assets are classified into three types:

- Amortised Cost – assets that are held solely in relation to fixed or determinable payments of principal and interest



**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

- Fair value through other comprehensive income (FV OCI) – assets that have fixed or determinable payments but which may be held for active trading. This may also include investments in equity instruments where a designation to classify as FV OCI has been made
- Fair value through profit and loss – any other type of asset

Classification will take into account both the business model for managing the asset and the contractual cash flow characteristics of the asset.

### **Amortised Cost**

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

The prospective loss model will be applied to charge the surplus/deficit on provision of services with an amount to reflect the expected credit losses. The 12 month expected credit losses will be used where assets have had no significant increase in their risk profile since initial recognition, otherwise the lifetime credit loss will be used. The 'simplified approach' of defaulting to the lifetime credit loss model will be used for Trade receivables.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made and this exceeds any anticipated credit loss allowance already made, the asset is written down and a charge is made to the relevant service (for receivables specific to that service), or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Where, on maturity, there is no impairment event, the allowance for credit loss will be credited back to the surplus/deficit on provision of services. Investments are classified as either long-term assets, repayable after 12 months or longer, or as current assets if repayable within 12 months.

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

### **Fair Value through other comprehensive income**

Fair Value through other comprehensive income assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

Assets are maintained in the Balance Sheet at fair value; any movement in the fair value goes through other comprehensive income and expenditure and will neither be a charge or credit to the general fund until the asset is derecognised at which point the cumulative change in value will be recognised against the surplus/deficit on provision of services (with the exception of elected equity investments).

Where a FV OCI asset has contractual cash flows, an allowance for expected credit losses will be made using the same principals as for assets held at amortised cost. Where assets are identified as impaired the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Fair Value through Profit and Loss**

This category of assets shall be accounted for similarly to those held at Fair Value through other Comprehensive Income except that all value movements shall be recognised in the surplus/deficit on provision of services and so will be charged or credited against the general fund as they occur. The exception to this is where a statutory over-ride or capital controls would reverse such credits or charges out of the general fund.

#### **A10. Government Grants and Contributions**

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

#### **A11. Business Improvement District (BID)**

Business Improvement Districts (BID) apply across parts of Penrith. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as agent under the scheme. The Council collects this income on behalf of the BIDs and pays all income collected to the BIDs less reasonable administration costs.

#### **A12. Heritage Assets**

Tangible and Intangible Heritage Assets are described in this summary of significant accounting policies as Heritage Assets. The Council's Heritage Assets are held in the Council's Museum. The Museum has a collection of Heritage Assets which are held in support of the primary objective of the Council's Museum, increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets, as detailed below.

The accounting policies in relation to Heritage Assets that are deemed to include elements of intangible Heritage Assets are also presented below. The Council's collection of Heritage Assets is accounted for as follows:

## **Ceramics and porcelain work**

The collection includes ceramics and porcelain works. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on an annual basis. Additionally, the items are sampled periodically and reviewed against the relevant antique and ceramic trade press quarterly to ensure the adequacy of the valuation. The ceramics and porcelain works are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at current value where this can be obtained.

## **Pottery**

The Council's Museum holds a collection of pottery ephemera which is not recognised on the Balance Sheet as cost information is not readily available and the Council believes that the benefits of obtaining the valuation for these items would not justify the cost. Nearly all the items in the collection are believed to have a value of less than £50 and, as far as the Council is aware, no individual item is worth more than £500. The majority of the collection was acquired by donation during the preceding 50 years.

## **Art collection**

The art collection includes paintings (both oil and watercolour) and sketches and is reported in the Balance Sheet at insurance value. There is an annual programme of valuations and the items in the collection are valued by an external valuer. The assets within the art collection are deemed to have indeterminate lives and a high residual value, hence the Council does not consider it appropriate to charge depreciation. Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers.

## **Other**

In addition, there is a collection of recordings of both sound and amateur film of local life. Again, the Council consider that due to the lack of any comparable market values, it is not possible to provide either cost or valuation information for either the intangible or the tangible element of these assets. Consequently, the Council does not recognise the assets on the Balance Sheet.

## **Archaeology**

The Council does not consider that reliable cost or valuation information can be obtained for the items held in its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently, the Council does not recognise these assets on the Balance Sheet.

## **Heritage Assets General**

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment for Heritage Assets, for example, where an item has suffered physical deterioration or breakage, or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

## **A13. Long Term Contracts**

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.

## **A14. Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually 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 £10k) Capital Receipts Reserve.

#### **A15. Leases**

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### **A16. The Council as Lessor**

##### **Finance Leases**

When the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant, and equipment, or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Again, representing the Council's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (that is, 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 Council grants an operating lease over a property, or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example, 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.

### **A17. Property, Plant and Equipment**

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

#### **Recognition**

Expenditure on the acquisition, creation, or enhancement of property, plant and equipment has been capitalised. A de-minimis level of £10k has been set. Below this level, expenditure is treated as revenue.

The valuation cycle is now on a bi-annual basis with Leisure Assets in one year and all other assets the next. A desktop review of indices is completed to provide assurance that carrying values are not materially different from what they would have been, had a full revaluation been performed, on those assets not subject to full revaluation in year.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (repairs and maintenance) is charged as an expense when it is incurred.

#### **Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

<b>Assets</b>	<b>Property, Plant and Equipment</b>	<b>Basis of Valuation</b>
<b>Operational</b>	<b>Other Land and Buildings</b>	
	Specialised Properties	Depreciated Replacement Cost (Current Value)
	Non-Specialised Properties	Existing Use Value (Current Value)
	Vehicles, Plant and Equipment	Depreciated Historical Cost (proxy for Current Value)
	Infrastructure Assets	Depreciated Historical Cost
	Community Assets	Historical Cost
<b>Non-Operational</b>	Surplus Assets	Fair Value
	Assets Under Construction	Historical Cost

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value. Assets included in the Balance Sheet at fair value or current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value or current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); 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.

### **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.

### **Depreciation**

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

Depreciation is calculated on the following bases:

- 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 item; and
- Infrastructure – straight-line allocation over twenty-five years.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the cost of the item, the components are depreciated separately.

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

### **Componentisation**

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the cost of the item, the components are depreciated separately.

The Council has set a componentisation policy whereby any asset with a gross value of more than £250k, and is subject to depreciation, will be considered for componentisation where a component is deemed to be greater than 20% of the asset's value. For existing assets the components are recognised

on replacement or when a revaluation has taken place. Componentisation is required where the value of a component is material to the value of the whole asset and has a different useful life. This applies primarily to buildings and components to be considered will be:

- Heating and ventilation systems;
- Windows;
- Electrical works and installations;
- Water systems;
- Roofing; and
- Lifts.

### **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction, rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less 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 classed 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 (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 £10k are categorised as capital receipts. The receipt is credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow (the capital financing requirement)). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### **A18. Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

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

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example, from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

### **Contingent Liabilities**

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

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the 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.

### **A19. Reserves**

The Council 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 transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

### **A20. Revenue Expenditure Funded from Capital under Statute**

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

### **A21. VAT**

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

### **A22. Group Accounts**

Local authorities are required to consider all their interests and to prepare a full set of group financial statements where they have material interest in subsidiaries, associates, or joint ventures. The Council has set up a company called Heart of Cumbria Limited, which is wholly owned by the Council. Where the scale or nature of transactions is deemed material, group accounts will be prepared including notes where these are materially different from those of the single entity accounts, once inter-group transactions have been removed. For wholly owned subsidiaries, group accounting statements will be prepared by aggregating the Council and Company accounts on a line by line basis, using the Council's accounting policies.

### **A23. Agency Arrangements**

The Council is a billing authority and, as such, acts as agent in collecting and distributing Council Tax, BID levy's and National Non Domestic Rates (NNDR) on behalf of major preceptors and itself. The financial statements therefore only include the Council's share of Council Tax and NNDR. Only the income received in NNDR relating to the Council is recognised in the Income and Expenditure Account



and a debtor or creditor for cash collected from NNDR debtors but not paid to preceptors, or overpaid to preceptors is recognised in the Balance Sheet.

#### **A24. Collection Fund Income**

The Council is a Billing Authority and, as such, is required to bill residents and businesses in its area for Council Tax and National Non-Domestic (Business) Rates (NNDR). The Council acts as agent on behalf of the major precepting authorities: Cumbria County Council and the Police and Crime Commissioner for Cumbria for Council Tax, and the Government and Cumbria County Council for NNDR. The accounts only show the amounts owed by and to taxpayers in respect of this Council's Council Tax and NNDR. Major precepting authorities are shown as net debtors or creditors on the Balance Sheet.

The amounts included in the Comprehensive Income and Expenditure Statement include the accrued amount of Council Tax and NNDR collected as well as amounts from previous years' estimates. This adjustment is reversed in the Movement in Reserves Statement and Collection Fund Adjustment Account.

#### **A25. Accounting Estimates**

Financial statements' preparation requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Information regarding significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the notes for:

- Non-current assets;
- Provisions;
- Contingent assets and liabilities;
- Accruals of income and expenditure; and
- Pension scheme liabilities.

#### **A26. 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, 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 using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the 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 valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

**A27. Roundings**

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

**A28. Demise of the Organisation**

Given local government reorganisation, Eden District Council ceased to exist on 31 March 2023. The assets and liabilities of this Council transferred to the new Westmorland and Furness Council on 1 April 2023 and there has been continuation of service delivery between Eden District Council and the new Westmorland and Furness Council from that date.

## Other Notes to the Accounts

### 1. Expenditure and Funding Analysis

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

	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000
Economies and Enterprise Portfolio	1,507	209	1,716
Communities Portfolio	747	539	1,286
Green Growth Portfolio	1,292	230	1,522
Housing and Health Portfolio	1,395	566	1,961
Leader Portfolio	956	108	1,064
Resources Portfolio	4,091	410	4,501
Services Portfolio	2,736	173	2,909
<b>Net cost of services</b>	<b>12,724</b>	<b>2,235</b>	<b>14,959</b>
Other income and expenditure	-7,428	-4,180	-11,608
<b>Surplus / deficit (-/+)</b>	<b>5,296</b>	<b>-1,945</b>	<b>3,351</b>
General fund balance 31 March 2022	-11,694		
Surplus/deficit in year (-/+)	5,296		
<b>General Fund balance 31 March 2023</b>	<b>-6,398</b>		

### Adjustments to Funding and Accounting Basis

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

	Adjustments for capital purposes	Net change for the pensions Adjustment	Accumulated absences and Collection fund adjustment	Total Adjustments
	£000	£000	£000	£000
Economies and Enterprise Portfolio	216	0	-7	209
Communities Portfolio	341	199	-1	539
Green Growth Portfolio	215	31	-16	230
Housing and Health Portfolio	334	236	-4	566
Leader Portfolio	0	116	-8	108
Resources Portfolio	0	440	-30	410
Services Portfolio	37	160	-24	173
<b>Net cost of services</b>	<b>1,143</b>	<b>1,182</b>	<b>-90</b>	<b>2,235</b>
Other income and expenditure from the funding analysis	-2,423	323	-2,080	-4,180
<b>Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit</b>	<b>-1,280</b>	<b>1,505</b>	<b>-2,170</b>	<b>-1,945</b>

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

**Comparatives for 2021/22:**

**Expenditure and Funding Analysis**

	<b>Net Expenditure Chargeable to the General Fund</b>	<b>Adjustments between Funding and Accounting Basis</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Economies and Enterprise Portfolio	949	0	949
Communities Portfolio	578	427	1,005
Green Growth Portfolio	832	69	901
Housing and Health Portfolio	1,422	493	1,915
Leader Portfolio	352	63	415
Resources Portfolio	5,693	454	6,147
Services Portfolio	2,637	286	2,923
<b>Net cost of services</b>	<b>12,463</b>	<b>1,792</b>	<b>14,255</b>
Other income and expenditure	-7,046	-5,461	-12,507
<b>Surplus / deficit (-/+)</b>	<b>5,417</b>	<b>-3,669</b>	<b>1,748</b>
General fund balance 31 March 2021	-17,111		
Surplus/deficit in year (-/+)	5,417		
<b>General Fund balance 31 March 2022</b>	<b>-11,694</b>		

**Adjustments to Funding and Accounting Basis 2021/22**

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

	<b>Adjustments for capital purposes</b>	<b>Net change for the pensions Adjustment</b>	<b>Accumulated absences and Collection fund adjustment</b>	<b>Total Adjustments</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Economies and Enterprise Portfolio	0	0	0	0
Communities Portfolio	283	143	1	427
Green Growth Portfolio	13	50	6	69
Housing and Health Portfolio	319	188	-14	493
Leader Portfolio	0	58	5	63
Resources Portfolio	112	349	-7	454
Services Portfolio	126	158	2	286
<b>Net cost of services</b>	<b>853</b>	<b>946</b>	<b>-7</b>	<b>1,792</b>
Other income and expenditure from the funding analysis	-3,727	687	-2,421	-5,461
<b>Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit</b>	<b>-2,874</b>	<b>1,633</b>	<b>-2,428</b>	<b>-3,669</b>

**2. Subsidiary Activity**

Heart of Cumbria limited is a wholly owned subsidiary of the Council, set up with an initial £1 of shareholder equity. It had limited trading during 2017/18 but had material operations through 2018/19 to 2022/23, including a £1m equity investment by the Council to support acquisition of affordable houses for rent in Penrith. As at 31 March 2023, the company had acquired 62 units (10 in 2022/23, 15 in 2021/22, 17 in 2020/21, 13 in 2019/20, 7 in 2018/19) and committed to acquire a further 19 over the medium term. Group accounts have therefore been produced for 2022/23.

During 2022/23, the Council began a process to dissolve the Company and bring the services, assets and liabilities back in-house. The transfer of assets was completed in January 2023 but the dissolution of the Company will not be complete until during 2023/24.

The Council's equity investment in the company was presented at fair value within long-term investments on the Council's single entity balance sheet until the asset transfer date. Under International Financial Reporting Standard 9 (IFRS 9), the Council had the option to irrevocably elect this investment as 'Fair Value through Other Comprehensive Income'. This election was applied. This meant that year-to-year changes in the fair value (up or down) of the company did not impact on the Council's General Fund balance. This was judged to be reasonable given that this was a long-term investment and was not held for active trading to benefit from capital gains.

There have been no other subsidiaries established and no other joint ventures, jointly controlled entities or partnerships where the Council has significant influence in operation, that require recognition within the group accounts.

### **3. Accounting standards that have been issued but not yet adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 Code.

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

Accounting changes that are introduced by the 2023/24 code are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020

The above changes are not expected to have a material impact on the Council's single entity statements or group statements.

Previously, IFRS 16 Leases in the Public Sector was due to be implemented from April 2022. However, following a late emergency consultation to help alleviate delays to the publication of audited financial statements, CIPFA/LASAAC recommended the deferral of the implementation of IFRS 16 Leases in the Public Sector for a further two years until the 2024/25 financial year, with an effective date of 1st April 2024. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low-value and short-term leases). This was considered and supported by the Government's Financial Reporting Advisory Board (FRAB). Authorities do have the option to adopt IFRS16 early i.e. before 2024/25. The Council has chosen not to adopt IFRS16 prior to 2024/25.

### **4. Critical Judgements in Applying Accounting Policies**

In applying the Accounting Policies, the Council has had to make judgements about complex transactions, or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has judged that its investment in the CCLA Property Fund will be accounted for as at Fair Value through Profit and Loss (FV-P&L). A statutory over-ride for pooled funds will defer the impact of changes in the capital value on the general fund for 5 years. The equity investment in Heart of Cumbria limited has been irrevocably elected to be held at Fair Value through Other Income and Expenditure (FV-OCI). This prevents annual movements in the capital value from impacting on the General Fund.
- The Council has classified a number of assets as investment properties which results in measuring their value at fair value rather than current value (in existing use) for operational properties. Although holding commercial property can be judged as fulfilling economic development policy objectives and so operational in nature, the Council has judged that properties held for rentals on commercial terms are investment properties.

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority has prepared the accounting statements on a going concern basis which assumes continued operation for the foreseeable future through its replacement by the Westmorland and Furness Council from 1 April 2023.

The Council keeps these matters under regular review.

## 5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Balance Sheet at 31 March 2023, for which there is a risk of adjustment in the forthcoming financial year, are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment (£31.589m at 31.03.23)	Where appropriate, assets are depreciated over useful lives, dependent on assumptions about the level of repairs and maintenance incurred in relation to individual assets. The Council may not sustain current spending levels on repairs and maintenance, bringing the useful lives assigned into doubt.	If useful lives reduce, depreciation charges increase and the carrying amount of assets decrease. It is estimated that the annual charge for depreciating assets would increase by £47k for every year that useful lives are reduced by. A 10% change in those assets subject to revaluation (£26.172m) would change the value of those assets on the Balance Sheet by £2.617m and the depreciation charge to the CIES by approximately £110,000.
Investment property (£27.404m at 31.03.23)	At the valuation date, there were still residual uncertainties around the impact on valuations due to the Covid- 19 pandemic. However, these implications on the valuation of properties could not be fully determined at the valuation date so specific adjustments to values were not made.	A 10% change in the valuations reported in the balance sheet would change the value of Investment Properties by £2.740m.
Debtors & Creditors (£3.270m and £4.573m at 31.03.23)	Debtors and creditor accruals are prepared on known invoices received/due, or are based on estimates of grant claims, accounting adjustments calculated from systems, e.g. Collection Fund.	Any creditors or debtors that are paid in 2023/24 that differ from the accrual made will result in the difference being funded from the 2023/24 budget.
Pensions Asset/Liability	<p>Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the projected rate of salary increase, changes in retirement age, mortality rates and expected return on pension fund assets. The pension fund actuaries provide the Council with expert advice regarding the assumptions to be applied.</p> <p>At 31 March 2023 the Authority's share of assets held by the Cumbria LGPS is £61.389m. This includes £4.727m in respect of the Authority's share of the schemes direct property investments and investments in unquoted property funds. The fair value measurement of these investments at 31 March 2023 is subject to the same material valuation uncertainty,</p>	A sensitivity analysis is included within the Retirement Benefits note.

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Asset/Liability (continued)	outlined above in connection with the valuation of the Authority's investment and operational properties (PPE) at 31 March 2023.	
Fair Value Measurements	When the fair value of financial assets and liabilities cannot be measured based on quoted prices in active markets (that is, the level 1 inputs) their fair value is measured using suitable valuation techniques. These judgements would include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. If level 1 inputs are not available, the Council will engage expert assistance to identify the most appropriate valuation techniques to determine fair value. Information about any valuation techniques and inputs used in determining fair value of the Council's assets and liabilities is explained in the relevant notes.	Further disclosures around the fair values for relevant asset categories can be found in the relevant notes (Investment Properties, Surplus Assets, Financial Instruments). These values are reviewed annually and would only impact on the Council at the point any gains or losses were realised, for example on disposal. Where valuations are at level 3, these will be highly sensitive to changes in the unobservable inputs.

## 6. Major Items of Income and Expense

The following are the major items that form part of the Comprehensive Income and Expenditure Statement but which are not separately disclosed either in that statement or elsewhere in the notes:

	2021/22	2022/23
	£000	£000
Contract payment for Refuse Collection	858	935
Recycling credits income	-723	-760
Housing Benefit paid to claimants	6,399	6,316
Housing Benefit subsidy grant	-6,390	-6,249
Rental Income from the Penrith New Squares	-845	-864
Development Control income	-357	-484
Cumbria Business Rates Pool income	-411	-239
Cumbria Business Rates Pool Levy	708	699

## 7. Events after the Balance Sheet Date

Events taking place after the 31 March 2023 are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Eden District Council ceased to exist on 31 March 2023. The assets and liabilities of the Council transferred to the new Westmorland and Furness Council on 1 April 2023 and there was continuation of service delivery between Eden District Council and the new Westmorland and Furness Council from that date.

## 8. Adjustments between Accounting Basis and Funding Basis

This note details the statutory adjustments that are made to the revenue surplus/deficit calculated using proper accounting practice. The following sets out a description of the usable 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;

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

**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; and

**Capital Grants Unapplied** - The Capital Grants Unapplied Account (Reserve) holds the grant 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.

2022-2023	General Fund Balance  £'000	Capital Receipts Reserve  £'000	Capital Grants Unapplied  £'000	Movement in Unusable Reserves  £'000
<b>Adjustments to Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</b>				
Pension Costs Transferred from the Pensions Reserve	1,505	0	0	-1,505
Council Tax and Non-Domestic Rates Transferred from the Collection Fund	-2,080	0	0	2,080
Holiday Pay Transferred to the Accumulated Absences Reserve	-90	0	0	90
Reversal in relation to loss allowance and Financial Instruments held at Fair Value through Profit and Loss	868	0	0	-868
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure:				
Depreciation	584	0	0	-584
Capital Grants credited to CIES	-3,123	0	3,123	0
Movement in market value of Investment Properties	-1,361	0	0	1,361
Revenue expenditure funded from capital under statute	3,853	0	0	-3,853
Receipts from disposal of non-current assets	-422	0	0	422
Other entries	-195	0	0	195
<b>Total Adjustments to Revenue Resources</b>	<b>-461</b>	<b>0</b>	<b>3,123</b>	<b>-2,662</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	0	422	0	-422
Statutory Provision for the Repayment of Debt	-14	0	0	14
Capital Expenditure Financed from General Fund Balances	-1,470	0	0	1,470
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-1,484</b>	<b>422</b>	<b>0</b>	<b>1,062</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to Finance Capital Expenditure	0	-438	0	438
Application of Capital Grants to Finance New Capital Expenditure	0	0	-3,446	3,446
Cash Payments in Relation to Long Term Debtors	0	28	0	-28
<b>Total Adjustment to Capital Resources</b>	<b>0</b>	<b>-410</b>	<b>-3,446</b>	<b>3,856</b>
<b>Total Adjustments</b>	<b>-1,945</b>	<b>12</b>	<b>-323</b>	<b>2,256</b>



**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

2021/22 comparatives :	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
<b>Adjustments to Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</b>				
Pension Costs Transferred from the Pensions Reserve	1,633	0	0	-1,633
Council Tax and Non-Domestic Rates Transferred from the Collection Fund	-2,421	0	0	2,421
Holiday Pay Transferred to the Accumulated Absences Reserve	-7	0	0	7
Reversal in relation to loss allowance and Financial Instruments held at Fair Value through Profit and Loss	-749	0	0	749
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure:				
Depreciation	608	0	0	-608
Capital Grants credited to CIES	-2,306	0	2,306	0
Movement in market value of Investment Properties	-2,010	0	0	2,010
Revenue expenditure funded from capital under statute	2,366	0	0	-2,366
Receipts from disposal of non-current assets	-65	0	0	65
Other entries	-74	0	0	74
<b>Total Adjustments to Revenue Resources</b>	<b>-3,025</b>	<b>0</b>	<b>2,306</b>	<b>719</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	320	65	0	-385
Statutory Provision for the Repayment of Debt	-14	0	0	14
Capital Expenditure Financed from General Fund Balances	-950	0	0	950
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-644</b>	<b>65</b>	<b>0</b>	<b>579</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to Finance Capital Expenditure	0	-1	0	1
Application of Capital Grants to Finance New Capital Expenditure	0	0	-3,072	3,072
Cash Payments in Relation to Long Term Debtors	0	38	0	-38
<b>Total Adjustment to Capital Resources</b>	<b>0</b>	<b>37</b>	<b>-3,072</b>	<b>3,035</b>
<b>Total Adjustments</b>	<b>-3,669</b>	<b>102</b>	<b>-766</b>	<b>4,333</b>

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

**9. Transfers To/From Earmarked Reserves**

These earmarked reserves are sums set aside from the General Fund to finance future capital or revenue expenditure. The movements are detailed below:

	01-Apr-21	Transfer	Transfer	31-Mar-	Transfer	Transfer	31-Mar-
	£'000	Out	In	22	Out	In	23
		£'000	£'000	£'000	£'000	£'000	£'000
Capital Funding Reserve	1,348	-125	0	1,223	-809	32	446
Business Rates Pool Volatility	5,107	-5,107	2,678	2,678	-2,678	650	650
Homelessness	92	0	0	92	0	0	92
Repossession Prevention Fund	30	0	0	30	0	0	30
Building Regulations Surplus/Deficit	73	-25	0	48	0	21	69
Community Fund	146	0	35	181	0	14	195
Affordable Housing Fund	27	0	0	27	0	0	27
BRRS Reserve	93	-93	0	0	0	0	0
Community Housing Fund	664	-171	0	493	-26	0	467
Penrith Vision	45	-21	0	24	-21	0	3
Appleby HAZ	5	0	0	5	0	0	5
Custom, Brown field, Neighbourhood plans	84	0	0	84	0	0	84
Transformation Reserve	450	0	0	450	-450	0	0
Energy Efficiency Reserve	37	0	0	37	0	0	37
Heat Networks Reserve	86	0	0	86	0	0	86
Eden Business Park Ph2	48	0	0	48	0	0	48
Employment Sites	16	-15	0	1	0	0	1
Eden Local Plan	243	-37	0	206	-41	100	265
Business Growth Pilot	19	-15	0	4	-4	0	0
Devolution public conveniences	24	-18	0	6	0	0	6
Heart of Cumbria Ltd Loans Reserve	2,136	-730	0	1,406	-440	0	966
Revenue Slippage Reserve	517	-517	206	206	-206	0	0
Corporate Priorities Reserve	1,167	-5	0	1,162	-853	0	309
LGR Implementation Reserve	1,600	-1,526	0	74	-63	0	11
Arts and Culture Dev Fund Reserve	0	0	0	0	0	68	68
Bio-diversity Net Gain Reserve	0	0	0	0	0	26	26
Temp Staffing Arrangements Reserve	0	0	0	0	0	106	106
COMF Reserve	0	0	0	0	0	7	7
Other earmarked reserves less than £20k	29	0	4	33	0	1	34
	<b>14,086</b>	<b>-8,405</b>	<b>2,923</b>	<b>8,604</b>	<b>-5,591</b>	<b>1,025</b>	<b>4,038</b>

The main purpose of each reserve is as follows:

Reserve	Purpose of reserve
Capital Funding Reserve	Set aside to support the Capital Programme.
Business Rates Pool Volatility	Set aside as part of the business rates pool agreement to protect against potential losses in the pool.
Homelessness	Set aside to support initiatives around homelessness and housing.
Repossession Prevention Fund	Set aside to provide support for home owners facing potential repossession.
Building Regulations Surplus / Deficit	Statutory reserve from Building Control trading activities. To be used only in relation to Building Control.
Community Fund	Fund to support one-off projects from local organisations to deliver projects that benefit communities in Eden.
Affordable Housing Fund	Funds set aside to support affordable housing initiatives (including Heart of Cumbria equity purchase). In-year movement relates to a reclassification of income held in this Reserve to Long-Term Liabilities, being s106 income.
BRRS Reserve	Funds set aside to support economic development investment in the District.
Community Housing Fund	Government funding to support community led housing schemes.
Penrith Vision	Government funding to support local infrastructure strategy.
Appleby HAZ	English Heritage funding to support Heritage Action Zone activity.
Custom Build, Brown field sites and Neighbourhood plans	Government funding to support planning activity around brownfield and custom build sites and Neighbourhood Plans.
Transformation Reserve	Set aside to support one off costs of service transformation as part of the One Eden programme
Energy Efficiency Reserve	Set aside grant funding provided for pilot studies to support implementation of domestic energy efficiency regulations.
Heat Networks Reserve	Set aside grant funding provided for preparatory work into heat networks in the District

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

<b>Reserve</b>	<b>Purpose of reserve</b>
Eden Business Park Ph2	Created in 2019/20 - Set aside from underspends in the current year's budget to fund future costs relating to Eden Business Park.
Employment Sites	Created in 2019/20 - Set aside from underspends in the current year's budget to fund future employment site costs.
Eden Local Plan	Created in 2019/20 - Set aside to fund future Local Plan costs.
Business Growth Pilot	Created in 2019/20 - Set aside to fund future costs relating to the growth of business in the Borough.
Devolution public conveniences	Created in 2019/20 - Set aside to fund the future costs for the devolution of public conveniences
Heart of Cumbria Ltd Loans Reserve	Set aside to fund all future loans to the Heart of Cumbria Ltd for property acquisitions, as required
Revenue Slippage Reserve	Set aside from underspends in the current years budgets to fund any costs that had slipped to the following year.
Corporate Priorities Reserve	Created in 2020/21 – set aside to fund costs relating to Corporate Priorities.
LGR Implementation Reserve	Created in 2020/21 - set aside for the implementation of the Local Government Review
Arts and Culture Dev Fund Reserve	Created in 2022/23 – set aside to fund future arts and culture expenditure.
Bio-diversity Net Gain Reserve	Created in 2022/23 – set aside to fund future bio-diversity net gain expenditure.
Temporary Staffing Arrangements Reserve	Created in 2022/23 – set aside as short-term funding for agency arrangements continued into 2023/24.
COMF Reserve	Created in 2022/23 – set aside for future public health expenditure.

#### 10. Other Operating Expenditure

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
1,187	Parish Council Precepts	1,205
255	Gain (-)/Loss on Disposal of Non-Current Assets	-422
<b>1,442</b>	<b>Total</b>	<b>783</b>

#### 11. Financing and Investment Income and Expenditure

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
3	Interest Payable and Similar Charges	3
355	Net Interest on the Pension Net Defined Liability	322
-748	FV changes on Financial Instruments (P&L)	862
0	Heart of Cumbria Ltd Surplus after company dissolution	-602
-366	Interest Receivable and Similar Income	-702
-2,959	Income and expenditure in relation to investment property and changes in fair value (see Note 15)	-2,324
<b>-3,715</b>	<b>Total</b>	<b>-2,441</b>

#### 12. Taxation and Non-Specific Grant Incomes

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
-5,305	Council Tax Income	-5,383
-2,995	Non-Domestic Rates Income	-2,969
-1,675	Non-Ring-Fenced Government Grants (see Note 39)	-1,573
-115	Capital Grants and contributions	-25
-144	S106 Agreement contributions	0
<b>-10,234</b>	<b>Total</b>	<b>-9,950</b>

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

### 13. Property, Plant and Equipment

The table below sets out the transactions relating to Property, Plant and Equipment in 2022/23:

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Assets Under Construction £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Total £'000
<b>Cost/Valuation at 1.4.22</b>	<b>22,344</b>	<b>375</b>	<b>2,493</b>	<b>598</b>	<b>164</b>	<b>626</b>	<b>26,600</b>
Additions	58	506	1,755	0	0	0	2,319
De-minimis expenditure	0	-8	0	0	0	0	-8
Depreciation written out on revaluation	-505	0	0	0	0	0	-505
Revaluations – Revaluation Reserve	3,414	0	0	0	0	40	3,454
Revaluations - Recognised in the cost of services	195	0	0	0	0	0	195
Disposals	0	0	0	0	0	0	0
Reclassification Transfers and Adjustments	0	0	0	0	0	0	0
<b>Cost/ Valuation at 31.3.23</b>	<b>25,506</b>	<b>873</b>	<b>4,248</b>	<b>598</b>	<b>164</b>	<b>666</b>	<b>32,055</b>
<b>Accumulated Depreciation and Impairment 1.4.22</b>	<b>-56</b>	<b>-180</b>	<b>0</b>	<b>-124</b>	<b>-66</b>	<b>0</b>	<b>-426</b>
Depreciation charge	-449	-63	0	-27	-6	0	-545
Depreciation written out on revaluation	505	0	0	0	0	0	505
Write out on disposal	0	0	0	0	0	0	0
<b>As at 31.3.23</b>	<b>0</b>	<b>-243</b>	<b>0</b>	<b>-151</b>	<b>-72</b>	<b>0</b>	<b>-466</b>
<b>Net Book Value 31.3.23</b>	<b>25,506</b>	<b>630</b>	<b>4,248</b>	<b>447</b>	<b>92</b>	<b>666</b>	<b>31,589</b>
<b>Net Book Value 31.3.22</b>	<b>22,288</b>	<b>195</b>	<b>2,493</b>	<b>474</b>	<b>98</b>	<b>626</b>	<b>26,174</b>

Comparative movements in 2021/22 were:

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Assets Under Construction £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Total £'000
<b>Cost/Valuation at 1.4.21</b>	<b>21,441</b>	<b>329</b>	<b>1,024</b>	<b>598</b>	<b>180</b>	<b>536</b>	<b>24,108</b>
Additions	0	67	1,469	0	0	0	1,536
Depreciation written out on revaluation	-690	0	0	0	0	0	-690
Revaluations – Revaluation Reserve	1,774	0	0	0	0	3	1,777
Revaluations - Recognised in the cost of services	75	0	0	0	0	0	75
Disposals	-317	-37	0	0	0	0	-354
Reclassification Transfers and Adjustments	61	16	0	0	-16	87	148
<b>Cost/ Valuation at 31.3.22</b>	<b>22,344</b>	<b>375</b>	<b>2,493</b>	<b>598</b>	<b>164</b>	<b>626</b>	<b>26,600</b>
<b>Accumulated Depreciation and Impairment 1.4.21</b>	<b>-344</b>	<b>-147</b>	<b>0</b>	<b>-97</b>	<b>0</b>	<b>0</b>	<b>-588</b>
Depreciation charge	-408	-69	0	-27	-66	0	-570
Depreciation written out on revaluation	690	0	0	0	0	0	690
Write out on disposal	6	36	0	0	0	0	42
<b>As at 31.3.22</b>	<b>-56</b>	<b>-180</b>	<b>0</b>	<b>-124</b>	<b>-66</b>	<b>0</b>	<b>-426</b>
<b>Net Book Value 31.3.22</b>	<b>22,288</b>	<b>195</b>	<b>2,493</b>	<b>474</b>	<b>98</b>	<b>626</b>	<b>26,174</b>
<b>Net Book Value 31.3.21</b>	<b>21,097</b>	<b>182</b>	<b>1,024</b>	<b>501</b>	<b>180</b>	<b>536</b>	<b>23,520</b>

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

All assets were owned as at 31 March 2022 and 31 March 2023. In accordance with CIPFA guidance, assets are valued on the following bases:

	Basis of Valuation	Depreciation	Asset Lives in Years
Land	Existing Use	No depreciation	Infinite
Buildings	Existing Use and Depreciated Replacement Cost	Straight-Line	15-50
Vehicles, Plant & Equipment	Depreciated Historical Cost	Straight-Line	3-10
Community Assets	Depreciated Historical Cost	Straight-Line	25
Surplus Assets	Fair Value	Not applicable	N/A
Infrastructure Assets	Depreciated Historical Cost	Straight-Line	25
Assets Under Construction	Depreciated Historical Cost	Not applicable	N/A

A revaluation has been carried out by Walton Goodland in 2022/23, an independent firm of chartered surveyors. The Council operates a two year programme, with Leisure assets in year one and all other assets in year 2. However, due to Local Government Reorganisation, all assets were revalued in 2022/23.

The firm is independent, has recent knowledge of the local area and experience of this valuation work. The following table shows the Council's programme for valuation of non-current assets; vehicles, plant and equipment are valued at depreciated historical cost as a proxy for current value:

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Assets Under Construction £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Total £'000
Valued at historical cost	0	630	4,248	447	92	0	5,417
Valued at current value at:							
31-Mar-22	0	0	0	0	0	0	0
31-Mar-23	25,506	0	0	0	0	666	26,172
<b>Total</b>	<b>25,506</b>	<b>630</b>	<b>4,248</b>	<b>447</b>	<b>92</b>	<b>666</b>	<b>31,589</b>

The major operational assets of the Council are as follows:

<b>Number at 31 March 2022</b>		<b>Number at 31 March 2023</b>
2	Administrative Buildings	2
4	Sports Centres/Swimming Pools	4
0	Affordable housing units	62
15	Car Parks	15
7	Public Conveniences	7
19	Parks and Areas of Open Space	19
5	Cemeteries	5
<b>52</b>		<b>114</b>

### Capital Commitments

At 31 March 2023, the Council has entered several contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years; budgeted to cost £1.536m. Similar commitments at 31 March 2022 were £2.265m. The major commitments are:

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
2,136	Council Offices – Voreda House	1,455
129	Development Management IT System	81
<b>2,265</b>		<b>1,536</b>

### Fair Value Hierarchy – Surplus Assets

Surplus assets comprise land holdings from which the Council does not provide services. These are held in the balance sheet and subject to recurring Fair Value measurement. The Council has reviewed all of its surplus assets and judged that these are at level 3 within the hierarchy, where largely unobservable inputs have been used which rely heavily on the professional judgement of the Council's valuer. Changes in value generally go through the revaluation reserve and do not impact on the surplus/deficit on the provision of services. This is necessary due to lack of quoted prices in active markets or other observable inputs (for example, similar but not identical transactions) for the assets in question. A summary of the assets and the valuation techniques is presented below:

	Value as at 31/3/2023 £000	2021/22 Assessment	2022/23 Assessment	Valuation Technique	Inputs	Yields Applied	Highest and Best?
Numerous Development land parcels	607	Level 3	Level 3	Market	Rate/acre influenced by location, condition, size, planning restrictions	between £10.5k and £190k/acre	Yes
Car park land	59	Level 3	Level 3	Market	Income, yield influenced by local factors	Income discounted at 6.5%	Yes
<b>Total</b>	<b>666</b>						

### 14. Heritage Assets

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

	Human History £'000	Art Collection £'000	Other £'000	Total £'000
<b>Cost or Valuation 1 April 2021</b>	<b>108</b>	<b>635</b>	<b>47</b>	<b>790</b>
Revaluations	303	239	122	664
Disposals	0	0	-8	-8
Transfers	34	1	-35	0
<b>Cost or Valuation 31 March 2022</b>	<b>445</b>	<b>875</b>	<b>126</b>	<b>1,446</b>
Revaluations	0	0	0	0
Disposals	0	0	0	0
Transfers	0	0	0	0
<b>Cost or Valuation 31 March 2023</b>	<b>445</b>	<b>875</b>	<b>126</b>	<b>1,446</b>

All values are based on their insurance valuations.

In 2021/22, a comprehensive revaluation of the Council's Heritage Assets was carried out by an external valuer, Adam Schoon, an antiques & fine art expert who is part of the BBC's Antiques Roadshow team of valuers. He is a valuer specialising in insurance, probate and tax valuations since 1980. His early career was spent working for Bonhams before moving to be Head of Valuations for Tennants Auctioneers, Leyburn. Adam has an extensive valuations client list including Museums, University collections and acting as valuer for many County/City Council collections. He sits on the National Collections Committee for the RNLI.

The Council's assets are sited in 3 locations within Penrith - the Town Hall, the Mansion House and the Museum. There is also a notable Collection which is on long term loan to the Oriental Museum at Durham University. This collection contains some rare objects of Middle Eastern, Chinese and Indian origin which were reviewed piece by piece. This collection had not received a detailed review for some time and accounted for a large proportion of the uplift in the Human History valuation. The other section of the Human History collection is held in the Penrith Museum and encompasses a large range of man-made artefacts from a diverse range of historic eras extending to approximately 3500 items.

All 104 pieces of the Council's Art Collection were reviewed and valued on an individual basis. The most significant piece of work in the collection is a work by Jacob Thompson entitled "The Hope Beyond" valued at £185k. There are several other works by Jacob Thompson which together account for over half of the total value of the Art Collection.

In addition to the extensive review of the Human History and Art Collection, the valuation also appraised the Geology Collection, the Natural History, Photograph & Images and the Archives Collections. These

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

exhibits are generally of local origin and contain 1000s of individual pieces and form a unique set of local historic primary evidence. These collections support the Museums primary objective of increasing knowledge, understanding and appreciation of the Eden's history and area.

As part of the inspection, the Chains of Office were also revalued. The Chains are held in the "other" category. The Disposals line in the note for 2021/22 included an adjustment to reflect the devolvement of a Chain of Office to Penrith Parish Council in 2015/16 and a further correction to the Asset Register. The Asset Register now correctly reflects the value of the two Chains of Office held by the Council at 31st March 2023 valued together at £15k.

The Council has also identified various War Memorials in the District and the gates at the entrance to Castle Park, Penrith as Heritage Assets. These items were assessed by Walton Goodland Ltd as being de-minimis and, as such, no valuation has been assigned to these for accounting purposes.

## 15. Investment Property

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:

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
999	Rental Income from Investment Property	1,011
-51	Direct Operating Expenses Arising from Investment Property	-55
<b>948</b>	<b>Net Gain/Loss (+/-)</b>	<b>956</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct, or develop investment property, or repairs, maintenance, or enhancement. A valuation of the lease of the Penrith New Squares site, which is included in investment property, was undertaken by Walton Goodland, at 31 March 2023. The firm is independent, has recent knowledge of the local area and experience of this valuation work. The following table summarises the movement in the fair value of investment properties during the year:

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
19,911	Balance at the start of the year	21,922
0	Additions in Year – Heart of Cumbria Properties	4,114
	Total gains/losses for the period included in Surplus or Deficit on the Provision of Services resulting from changes in Fair value:	
2,011	Investment Properties	856
0	Heart of Cumbria Properties	512
<b>21,922</b>		<b>27,404</b>

The most significant Investment Property is Penrith New Squares, which was valued at £19.5m at 31 March 2023 (£18.8m at 31 March 2022). This is on a long-term lease, which protects the Council from fluctuation in occupancy levels. The remaining properties are mostly Industrial Units. All these properties are held for the purposes of realising rental income and are leased to third parties.

## Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2023 are:

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

Asset Type	NBV 31.3.23 £'000	Fair Value Hierarchy 31.3.22	Fair Value Hierarchy 31.3.23	Valuation Technique	Inputs	Yields
Penrith New Squares	19,500	3	3	Income	Income and yield selected based on location, demand, condition, use restrictions	3.5% to 5.25%
Housing – ex Heart of Cumbria Properties	4,627	-	3	Existing Use Value for Social Housing	Existing Use Value for Social Housing selected based on location, demand, condition, use restrictions	-
Station Road Industrial Estate, Alston	531	3	3	Income	Income and yield selected based on location, demand, condition, use restrictions	7% to 10%
Gilwilly Industrial Estate, Penrith	1,670	3	3	Income & Market	Income and yield selected based on location, demand, condition, use restrictions	4.5% to 7.5%
Office Units	434	3	3	Income	Income and yield selected based on location, demand, condition, use restrictions	7.6% to 10%
Retail Units	193	3	3	Income	Income and yield selected based on location, demand, condition, use restrictions	8.5% to 10%
Appleby Heritage Centre	138	3	3	Income	Income and yield selected based on location, demand, condition, use restrictions	12%
Land	311	3	3	Income & Market	Income and yield selected based on location, demand, condition, use restrictions	4.0% to 7.5%
<b>Total</b>	<b>27,404</b>					

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. The fair value of the Council's investment property is measured annually. All valuations are undertaken by Walton Goodland, in accordance with the methodologies and bases set out in the professional standards of the Royal Institute of Chartered Surveyors. Walton Goodland work closely with Council officers reporting to the Director of Resources regarding all valuation matters. All investment properties have been judged as at level 3 of the fair value hierarchy; there are no quoted market prices for identical assets and often little by way recent market activity for similar assets. This means that the judgement of the valuer is a significant factor in the valuations provided and changes to these judgements would have a significant impact on the valuations. Changes in fair value are charged/credited to financing and investment income and expenditure.

## 16. Intangible Assets

Intangible Fixed Assets mainly comprise licences to use software. These are amortised to the Cost of Services (Resources) over their expected useful economic lives on a straight-line basis, ranging from five to 12 years. A summary of spending and other movements during the year is shown below:

<b>2021/22</b> <b>£'000</b>		<b>2022/23</b> <b>£'000</b>
545	Cost/Value 1 April	545
0	Write out of fully utilised asset	0
0	Expenditure in Year	34
545	Total	<u>579</u>
-220	Accumulated Amortisation	-258
-38	Amortisation in Year	-38
-258	Total Amortisation	<u>-296</u>
<b>287</b>	Net Book Value	<b><u>283</u></b>



**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

**17. Financial Instruments**

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

	<b>Long Term</b>		<b>Current</b>	
	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Investments</b>				
Amortised cost	0	0	0	0
Fair Value (Other Comprehensive Income)	0	0	0	0
Designated Fair Value (Other Comprehensive Income)	1,577	0	0	0
Fair Value (Profit and Loss)	4,901	4,093	0	0
Available for Sale	0	0	0	0
<b>Total Investments</b>	<b>6,478</b>	<b>4,093</b>	<b>0</b>	<b>0</b>
<b>Cash and Cash Equivalents</b>				
Amortised cost	0	0	116	1,168
Available for Sale	0	0	0	0
Fair Value (Profit and Loss)	0	0	17,245	987
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>17,361</b>	<b>2,155</b>
<b>Debtors</b>				
Amortised cost	772	902	3,125	482
<b>Total Included in Debtors</b>	<b>772</b>	<b>902</b>	<b>3,125</b>	<b>482</b>
<b>Borrowings</b>				
Financial Liabilities at Amortised Cost	0	0	0	0
<b>Total Included in Borrowings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Creditors</b>				
Financial Liabilities at Amortised Cost	-1,350	-1,363	-1,778	-2,042
<b>Total Creditors</b>	<b>-1,350</b>	<b>-1,363</b>	<b>-1,778</b>	<b>-2,042</b>

All dividend income has come from the CCLA Property Fund. These are held at fair value so no loss allowance has been calculated or applied to these assets.

Money Market Funds and the CCLA Property Fund have been classified as at Fair Value through Profit and Loss on the basis that they don't meet the criteria for either amortised cost or Fair Value Other Comprehensive Income. A statutory provision has been made to remove any impact of capital changes on these assets from the General Fund.

A reconciliation of Financial Instruments to Balance Sheet Debtors and Creditors is shown below:

<b>31-Mar-22</b>			<b>31-Mar-23</b>	
<b>Debtors</b>	<b>Creditors</b>		<b>Debtors</b>	<b>Creditors</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
		<b>Value as per note above</b>		
3,125	0	Short Term Debtors	482	0
772	0	Long Term Debtors	902	0
0	-1,350	Long Term Creditors	0	-1,363
0	-1,778	Creditors	0	-2,042
4,527	-14,399	Non-Contractual Items	3,288	-2,531
<b>8,424</b>	<b>-17,527</b>		<b>4,672</b>	<b>-5,936</b>
		<b>Balance Sheet</b>		
7,152	-16,177	Short Term Debtor/Creditor	3,096	-4,573
0	-1,350	Long Term Creditors	0	-1,363
1,272	0	Long Term Debtor	1,402	0
<b>8,424</b>	<b>-17,527</b>	<b>Total as Per Balance Sheet</b>	<b>4,498</b>	<b>-5,936</b>

### Gains and Losses on Financial Instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in 2022/23 in relation to financial instruments are made up as follows:

31-Mar-22				31-Mar-23		
Amortised cost	Fair Value (designated OCI)	Fair Value (P&L)		Amortised cost	Fair Value (designated OCI)	Fair Value (P&L)
£'000	£'000	£'000		£'000	£'000	£'000
3	0	0	Interest Costs	3	0	0
0	0	0	Impairment Losses	0	0	862
0	0	0	Losses through Other	0	602	0
			Comprehensive Income			
<b>3</b>	<b>0</b>	<b>0</b>	<b>Interest Payable and Similar Charges</b>	<b>3</b>	<b>602</b>	<b>862</b>
-185	0	-181	Interest/dividend Income	-502	0	-200
0	0	-748	Gains through Profit and Loss	0	0	-602
0	-315	0	Gains through Other	0	-26	0
			Comprehensive Income			
<b>-185</b>	<b>-315</b>	<b>-929</b>	<b>Interest and Investment Income</b>	<b>-502</b>	<b>-26</b>	<b>-802</b>
<b>-182</b>	<b>-315</b>	<b>-929</b>	<b>Net Gain (-)/Loss for the Year</b>	<b>-499</b>	<b>576</b>	<b>60</b>

### Fair Values of Financial Assets

The Council's investment in a managed property fund is carried at fair value. The fair value is estimated by an assessment of the cost of exiting the fund this being the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. In addition, the Council uses a number of managed funds with varying unit values that are held at market value. Although there is an active market, it is judged that as the information is not freely accessible, these investments were assessed as level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, or indirectly, at 31 March 2023 and 2022. This is judged to be the same for the fixed term deposits placed through the money markets; a price can be derived through market activity for similar deposits although this market data is not openly quoted and was obtained through the Council's treasury advisor, Arlingclose Limited.

In addition, within the long-term debtor amounts are loans to un-rated organisations that were not agreed through the money markets. The material elements relate to loans to Enterprise Answers and Eden Housing Association (see Note 18, Enterprise Answers manages a £0.5m fund, 50% Council funded, for making loans to local businesses for growth and investment plans, where they have struggled to obtain credit from other lenders). These loans have been judged to fall within Level 3 of the fair value hierarchy, as there is no active market for these instruments. A scenario technique was used to assess the difference in fair values assuming a BBB rating (the minimum investment grade) up to AA; this had little impact overall; the lower rating value was used provide a fair value given the yield and duration of each instrument, based on market data provided by Arlingclose Limited. The equity investment with Heart of Cumbria was judged to be level 3 prior to the company assets being brought back in-house; the value was taken direct from the balance sheet of the company accounts, at the time of preparing these statements the information was not publicly available through Companies House; the value was also influenced by the properties held by the company with adjustments for the specific circumstances (affordable rental restriction); this relies to a significant extent on the expertise of a qualified valuer.

31-Mar-22			31-Mar-23	
Carrying Amount	Fair Value	Financial Assets	Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
8,577	8,433	Amortised cost - primarily bank deposits and operational debtors	1,428	1,491
18,570	18,570	Fair value	5,080	5,080
<b>27,147</b>	<b>27,003</b>	<b>Total</b>	<b>6,509</b>	<b>6,571</b>

### Fair Values of Financial Liabilities not Measured at Fair Value

Excepting those financial assets described in the table above, all other financial liabilities and financial assets held by the Council are classified as loans and receivables and long-term debtors and creditors and are carried in the Balance Sheet at cost. The fair values calculated are:

31-Mar-22		Financial Liabilities	31-Mar-23	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
-3,128	-3,128	Held at cost - primarily operational creditors	-3,405	-3,405
<b>-3,128</b>	<b>-3,128</b>	<b>Total</b>	<b>-3,405</b>	<b>-3,405</b>

### Nature and Extent of Risks Arising from Financial Instruments

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

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its payment commitments;
- **Market risk** - the possibility that a financial gain or loss might arise for the Council as a result of movements in interest rates;
- **Price risk** - the possibility that a financial gain or loss might arise as a result of movements in the price of equity investments; and
- **Foreign exchange risk** - the possibility that a financial gain or loss might arise as a result of fluctuations in foreign exchange rates.

The Council's annual Treasury Management Strategy focuses on these risks and seeks to minimise potential adverse effects on the resources available to fund services. The Council provides written principles for overall risk management, as well as written policies within its Treasury Management Strategy, covering interest rate risk, credit risk and the investment of surplus cash balances as follows:

#### a. Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Council's customers. Investments are not placed with banks and financial institutions unless they have an A rating or higher. The Council has a policy of not lending more than £4m of its cash balances to any one institution. Customers are assessed, taking into account their financial position, past experience and other factors. The following analysis summarises the Council's potential exposure to credit risk grouped by category and loss allowance recognised:

	Balance at 31/3/2023 £000	Type	Loss Allowance
AAA rated Money Market Funds	987	Variable	N/A held at FV
Loans to Housing Associations	522	Mixed	Matured/secured
CCLA property fund	4,093	Variable	N/A held at FV
Other loans	250	Variable	
Debtors	482	Fixed	Net of existing £28k impairment allowance
<b>Treated as non-contractual:</b>			
Finance lease receivables	500	Fixed	Lifetime, £nil charged in year
Deposit held for House purchases	157	Fixed	Lifetime, £nil charged in year
	<u>6,991</u>		

Loss allowances are a new requirement under IFRS 9 and the balances above reflect the carrying values after the loss allowances have been applied. Impairment allowances are calculated in line with accounting policy A9. For rated counterparties, the historic loss data for the relevant credit rating of

instrument has been used as the basis of the loss allowance, either on a short term or long term comparator (to represent the 12 month or lifetime risk of default), depending on changes to the risk profile of the instrument.

No rated instruments are judged to have had a significant change to their underlying credit risk of a default (non-payment of either interest or capital when contractually due, as a standard definition). Overall, this consistent with wider market activity where credit-rating activity has been relatively settled. This has been assessed through monitoring of credit ratings and the investment limits from the Council's treasury advisor, Arlingclose Limited. As the Council lends to a limited list of counterparties on a relatively short-term basis, the 12 month expected loss allowance was not material for any standard treasury investment. A £28k allowance for credit losses on trade debtors already existed as at 31 March 2023, and review in year concluded an increase of £7k was necessary.

**b. Liquidity Risk**

As the Council has ready access to borrowing from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Council borrowed during 2009/10 to fund a capital scheme, as agreed by Council. All operational liabilities are due to be repaid within one year.

**c. Market Risk**

The Council is only exposed to risk due to movements in interest rates on its investments. The table above indicates the pattern of fixed and variable rates, however, even where fixed term investments are normally used, as these generally of relatively short duration so provide little medium term protection against market fluctuation. In summary:

- An increase/decrease in interest rates may result in the fair value of borrowings and investments falling or rising; this will have little impact on the general fund due to opting of investments to FV-OCI and statutory over-rides on pooled funds
- The value of interest received from investments will rise and fall depending on increases and decreases in interest rates and will impact on the Income and Expenditure Account. The overall rate of return on the cash/loans/MMF element of the fund ranged from 0 - 4% per day. These accounted for £502k of income so a rise of 1% in rates would significantly increase the income to the Council. This is judged very likely given the bank rate was 0.75% at 01 April 2022 and increased to 4.25% at 31 March 2023 and commentary from the bank of England that further rate rises are to be expected. The CCLA property fund accounted for £200k of income representing approximately 4.1% return an increase of 1% would vary this by £46k.

The Council carries out its borrowing and investment function within parameters set out in its Treasury Management Strategy, which assesses interest rate exposure to feed into the budget process. Forecasts are updated regularly throughout the year, which allows any significant changes to interest rates to be reflected in current budget projections. The Treasury Management Strategy also advises on the limits for new variable and fixed-rate borrowing for the year, although in 2022/23 there were no proposals to take out any new borrowing.

**d. Price Risk**

The Council only holds long term investments for strategic purposes including the CCLA Property Fund and the Heart of Cumbria Limited. The Heart of Cumbria equity has been opted as FV-OCI to mitigate the risk of price fluctuation. The CCLA property fund and Money Market funds are held at FV-P&L and subject to the statutory over-ride which defers the impact of value fluctuations on the general fund.

**e. Foreign Exchange Risk**

The Council does not hold any financial assets or liabilities held in foreign currency and therefore is not exposed to any losses arising from movements in exchange rates.

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

**18. Long Term Debtors**

Transactions during 2022/23 for long-term debtors were:

	Loans to Eden Housing Association	Finance Leases	Loan - Business Support	Deposit on Affordable houses	Loan - Heart of Cumbria	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	548	500	250	0	1,397	2,695
Advances made in 2021/22	0	0	0	0	730	730
Transfer to Short Term Debtors	0	0	0	0	-2,127	-2,127
Amount repaid in 2021/22	-26	0	0	0	0	-26
<b>Balance at 31 March 2022</b>	<b>522</b>	<b>500</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>1,272</b>
Advances made in 2022/23	0	0	0	157	0	157
Transfer to Short Term Debtors	0	0	0	0	0	0
Amount repaid in 2022/23	-27	0	0	0	0	-27
<b>Balance at 31 March 2023</b>	<b>495</b>	<b>500</b>	<b>250</b>	<b>157</b>	<b>0</b>	<b>1,402</b>

**19. Short Term Debtors**

Most sums due to the Council are raised in the accounts at the time that they are due. Significant items due for the year, but not raised at 31 March 2023, are accrued on an estimated basis. Amounts due from Government departments are often not settled conclusively for some time and are, therefore, brought into the accounts on the basis of the latest available information. An analysis is shown below:

2021/22 £'000		2022/23 £'000
2,426	Local Taxation	1,350
208	Housing benefits/subsidy	648
2,127	Loans to Heart of Cumbria Ltd	0
909	Other	403
297	Payment in advance	257
1,185	Government	612
<b>7,152</b>		<b>3,270</b>

The classification has been used to provide information in a format judged to be more in line with local priorities. The large reduction in short term debtors relates to a reclassification of loans due to the repayment of loans from the Heart of Cumbria Ltd (£2.127m) following the dissolution of the company in the year. There has also been a large decrease within the local taxation amounts, this relates primarily to the amounts due from other preceptors due to the reduction in the large deficit achieved on the Collection Fund (decrease of £1.076m). Amounts due from Government have decreased due to reduced VAT refunds due (£0.280m) and a reduction in the amounts owing from other Local Authorities (£0.227m).

**20. Investments**

At 31 March 2023, the Council held long term and short term investments, further details are:

**Long Term Investment**

The Council invested in the CCLA Property Fund during 2013/14 (Reference F4/14, Council, 20 February 2014). This is viewed as a long-term investment for a then anticipated period of five years. Dividends are credited to the Comprehensive Income and Expenditure Statement. Growth and decline in the value of the fund is reversed to the Pooled Investments Adjustment Account. If the investment is redeemed, then there is a fee of 7% of the value at the time of sale applicable. In 2018/19, the Council invested £1m in its subsidiary company, the Heart of Cumbria Limited. This has been elected to be held at fair value through other comprehensive income (FV-OCI) with any change in value held within the Financial Instruments Revaluation Reserve. During 2022/23, this services, assets and liabilities of the Company were brought back in-house and the investment disposed of. The following table shows the movement in the investments:

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>	<b>CCLA Property Fund</b>	<b>£'000</b>
4,169	Fund Valuation at 1 April	4,901
732	Add/(deduct) fund growth/reduction to 31 March	-808
<b>4,901</b>	<b>Fund valuation at 31 March</b>	<b>4,093</b>
1,000	Heart of Cumbria Equity	0
577	Increase in value of equity investment	0
<b>6,478</b>	<b>Total Long Term Investments</b>	<b>4,093</b>
48	Dividend Receivable (CCLA) at 31 March	51

**Temporary Lending – Short Term Investments**

This item represents the short-term investment of surpluses and funds in cash deposits. All lending is in accordance with the Council's agreed Treasury Management Policy Statement, which complies with the CIPFA Code of Practice on Treasury Management. The Council invests in a large number of institutions to reduce the risk of significant loss. At 31<sup>st</sup> March 2023, the Council had no Short Term Investments (2021/22, £nil).

**21. Cash and Cash Equivalents**

The figure in the Balance Sheet is made up of the following elements:

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
1	Cash Held by the Council	0
115	Bank Current Accounts	1,168
17,245	Short Term Deposits with Third Parties	987
<b>17,361</b>	<b>Total Cash and Cash Equivalents</b>	<b>2,155</b>

The Council's cash balances excludes cash held in its capacity as trustee for eleven trust funds arising from bequests to the Council, earmarked for specific purposes (see Note 25).

**22. Assets Held for Sale**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
90	Balance at 1 April	90
0	Reclassified as surplus assets	0
	Assets newly classified/de-classified as held for sale:	
0	Assets Sold	0
<b>90</b>	<b>Balance at 31 March</b>	<b>90</b>

**23. Short Term and Long Term Creditors**

All payments made for goods and services received on or before 31 March 2023 are included in the expenditure for the year. Payments made during the two weeks following the end of the financial year are reviewed, as they may relate to goods and services received before 31 March 2023. Significant creditors unpaid at the expiration of the two weeks are included in the accounts on an estimated basis. An analysis is shown below:

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
-1,025	Local Taxation	0
-2,712	Other	-2,856
-3,863	Receipts in advance	-721
-8,577	Government	-996
<b>-16,177</b>		<b>-4,573</b>

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

The classification has been used to provide information in a format judged to be more in line with local priorities. The reasons for the increase in Short Term Creditors at the year-end include a large increase in amounts owing to Central Government for overpaid Covid grants needing to be returned (£7.542m); a decrease in the amount owing for NNDR Local Taxation due to the reduction in the deficit on the Collection Fund and overpaid s31 grants received (£1.025m); and an decrease in Receipts in Advance, due to the a decrease in Green Homes Grants received but not yet spent as at 31 March (£2.666m).

**Long Term creditors** relate to Section 106 Agreement monies held, 2022/23 £1.201m (2021/22, £1.190m), and retention monies held for long-term revenue contracts, 2022/23 £0.162m (2021/22, £0.160m). 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.

#### 24. Provisions

	Insurance Provision £'000	NNDR Appeals Provision £'000	Deferred Taxation £'000	Total £'000
<b>Balance at 1 April 2022</b>	<b>19</b>	<b>177</b>	<b>0</b>	<b>196</b>
Provisions made in 2022/23	0	178	102	280
Amounts used in 2022/23	0	-177	0	-177
<b>Balance at 31 March 2023</b>	<b>19</b>	<b>178</b>	<b>102</b>	<b>299</b>

The Council has one provision relating to Municipal Mutual Insurance Limited outstanding, a provision for outstanding NNDR appeals as at 31 March 2023 and a provision relating to deferred taxation:

- A provision of £19k for claims liability from Municipal Mutual Insurance Limited, this is consistent with the potential out-standing liability;
- A provision of £177k for its portion of outstanding NNDR valuation appeals; required under accounting rules in relation to the Business Rates Retention Scheme; and
- A provision of £102k relating to deferred taxation outstanding from the decision to bring back Heart of Cumbria properties in-house.

#### 25. Trust Funds

In 2022/23, the Council acted as trustee for ten trust funds (2021/22 eleven) arising from bequests to the Council for specific purposes, none of which represent assets of the Council. These are not included in the Balance Sheet. The total value of these funds at 31 March 2023 was £35k (2021/22: £36k). The Council is the sole trustee of these trust funds.

#### 26. Usable Reserves

Movements in the Council's Usable Reserves are detailed in the Movement in Reserves Statement. Usable Reserves comprise:

2021/22 £'000		2022/23 £'000
3,090	General Fund Balance	2,360
8,604	Earmarked Reserves	4,038
557	Capital Receipts Reserve	569
1,138	Capital Grants Unapplied	815
<b>13,389</b>	<b>Total Usable Reserves</b>	<b>7,782</b>

## 27. Usable Capital Reserves

Capital Receipts Reserve:

2021/22 £'000		2022/23 £'000
455	Balance at 1 April	557
65	Receipts from disposal of non-current assets	422
34	Receipts from repayment of capital loans	26
-1	Receipts used to fund capital spending	-438
4	Deferred capital receipts arising	2
<b>557</b>	<b>Balance at 31 March</b>	<b>569</b>

Capital Grants Unapplied:

2021/22 £'000		2022/23 £'000
1,904	Balance at 1 April	1,138
2,306	Capital Grant Receipts	3,123
-3,072	Grants used to fund capital spending	-3,446
<b>1,138</b>	<b>Balance at 31 March</b>	<b>815</b>

## 28. Unusable Reserves

2021/22 £'000		2022/23 £'000
-9,061	Revaluation Reserve	-12,381
-42,813	Capital Adjustment Account	-45,417
-7	Financial Instruments Adjustment Account	0
-577	Financial Instruments Revaluation Reserve	0
-1,105	Pooled Investment Fund Adjustment Account	-236
10,524	Pensions Reserve	0
-512	Deferred Capital Receipts	-510
2,776	Collection Fund Adjustment Account	695
215	Accumulated Absence Account	125
<b>-40,560</b>	<b>Total Unusable Reserves</b>	<b>-57,724</b>

### Revaluation Reserve

The Revaluation Reserve contains gains made by the Council 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 gains are lost;
- Used in the provision of services and the gains are consumed through depreciation, or;
- Disposed of and gains realised.

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

2021/22 £'000		2022/23 £'000
-6,729	<b>Balance at 1 April</b>	-9,061
-2,625	Upward revaluation of assets	-3,461
35	Downward revaluation of assets and impairment losses not charged to surplus/ deficit on provision of services	6
92	Difference between fair value and historical cost depreciation	135
158	Accumulated gains on assets sold or scrapped	0
8	Historic balance adjustment	0
<b>-9,061</b>	<b>Balance at 31 March</b>	<b>-12,381</b>



### 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 Capital Adjustment 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. The Capital Adjustment Account is credited with any capital financing.

The Capital Adjustment Account contains accumulated gains and losses on investment properties and revaluation gains accumulated on Property, Plant and Equipment from before the revaluation reserve. Note 8 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

2021/22 £'000		2022/23 £'000
-39,761	<b>Balance at 1 April</b>	-42,813
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	
572	Depreciation and impairment of non-current assets	545
38	Amortisation of intangible assets	38
2,366	Revenue expenditure funded from capital under statute	3,853
-92	Difference between fair value depreciation and historical cost depreciation	-135
	Amounts on Non-Current Assets Written Off on Disposal as Part of Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	
319		0
-158	Adjusting amount written off of revaluation reserve	0
-75	Reversal of Revaluation Losses on Non-Current Assets	-195
-8	Historic balance adjustment	0
	<b>Capital financing applied in the year</b>	
-1	Use of capital receipts reserve to finance capital expenditure	-438
-3,072	Capital grants credited to the Comprehensive Income and Expenditure Statement applied to capital financing	-3,446
-14	Statutory provision for the financing of capital investment charged to the General Fund	-14
-950	Capital expenditure charged against the General Fund Balance	-1,470
-2,011	Movement in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	-1,368
34	Loans repaid in year and loss allowances charged	26
<b>-42,813</b>	<b>Balance at 31 March</b>	<b>-45,417</b>

### Financial Instruments Adjustment Account

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

2021/22 £'000		2022/23 £'000
-7	<b>Balance at 1 April</b>	-7
0	Reversal of previous charges to the Comprehensive Income and Expenditure Account	7
0	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are difference from finance costs chargeable in the year in accordance with statutory requirements	7
<b>-7</b>	<b>Balance at 31 March</b>	<b>0</b>

### Financial Instruments Revaluation Reserve

This reserve contains the fair value movements for financial instruments held as Fair Value through Other Comprehensive Income and Expenditure (FV-OCI). This includes the Council's equity investment in the Heart of Cumbria Limited. This Reserve has now been closed since the service was brought back in-house in January 2023, and the investment shown as income in the Council's General Fund.

2021/22 £'000		2022/23 £'000
-262	<b>Balance at 1 April</b>	-577
-315	Upward/downward (-/+ ) revaluation of investments	-25
0	Transfer to General Fund	602
<b>-577</b>	<b>Balance at 31 March</b>	<b>0</b>

### Pooled Investment Adjustment Account

This reserve holds the fair value changes for pooled investment funds that are accounted for as Fair Value through Profit and Loss (FV-P&L), including the CCLA Property Fund. These would normally be revenues within the general fund, a time limited statutory over-ride is in place which means that changes in the fair value of these instruments does not impact on the general fund until the instrument is de-recognised.

2021/22 £'000		2022/23 £'000
-356	<b>Balance at 1 April</b>	-1,105
-749	Upward/downward (-/+ ) revaluation of investments	869
<b>-1,105</b>	<b>Balance at 31 March</b>	<b>-236</b>

### Pensions Reserve

The Pensions Reserve includes the timing differences arising from the different arrangements for accounting for post-employment benefits and the funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement, as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council 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.

2021/22 £'000		2022/23 £'000
15,164	<b>Balance at 1 April</b>	10,524
-6,273	Remeasurements of the net defined benefit liability	-19,637
2,536	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	2,238
-903	Employer's pension contributions and direct payments to pensioners payable in the year	-733
0	Impact of asset ceiling	7,608
<b>10,524</b>	<b>Balance at 31 March</b>	<b>0</b>

Note – the change in remeasurement of the Net Defined Benefit Liability is explained in Note 44.

### Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets, but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
<b>-516</b>	<b>Balance at 1 April</b>	<b>-512</b>
0	Deferred Capital Receipts in Year	0
4	Transfer to the Capital Receipts Reserve on receipt of cash	<u>2</u>
<b>-512</b>	<b>Balance at 31 March</b>	<b>-510</b>

### Collection Fund Adjustment Account

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

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
5,196	<b>Balance at 1 April</b>	2,776
-2,420	Amount by which Council Tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and NNDR income calculated for the year in accordance with statutory requirements	-2,081
<b>2,776</b>	<b>Balance at 31 March</b>	<b>695</b>

The deficit on the Business Rates Collection Fund is reducing, but is still larger than normal due to the granting of extended retail and nursery relief at the start of the Covid-19 pandemic. Central Government granted 100% rating relief to businesses in these categories and compensated the billing authority for the loss of business rates collected with a Section 31 grant. Therefore, the £0.660m Eden share of the deficit which is shown in the Collection Fund Adjustment Account is offset by the additional income in General Fund where Section 31 grants are accounted for. This additional income has been set aside in an earmarked reserve to offset the future recovery of the deficit.

### 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, for example, annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to, or from, the Accumulated Absences Account.

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
221	<b>Balance at 1 April</b>	215
-221	Settlement or cancellation of accrual made at the end of the preceding year	-215
215	Amounts accrued at the end of the current year	<u>125</u>
-6	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	-90
<b>215</b>	<b>Balance at 31 March</b>	<b>125</b>

**29. Reconciliation of Income and Expenditure Deficit to Revenue Activities Net Cash Flow**

The Cash Flow Statement for 2022/23 summarises the inflows and outflows of cash to and from the Council arising from transactions with third parties for both revenue and capital. This note provides an analysis of the Net Cash Flow from Operating Activities shown in the Statement.

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
-1,748	Surplus / (-) Deficit on the Provision of Services	-3,351
	<b>Adjustments to the net surplus or deficit on the provision of services for non-cash movements</b>	
535	Depreciation, Amortisation and Impairment Charges	388
1,633	Pension Costs	1,505
319	Carrying amount of non-current assets disposed of	0
-1,373	Decrease (-) / increase in inventories and debtors	2,830
8,275	Decrease/increase (-) in creditors and provisions	-10,748
-2,759	Other non-cash items charged to the net surplus or deficit on the provision of services	-499
<b>6,630</b>		<b>-6,524</b>
	<b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	
-2,306	Capital grants receivable	-3,123
-65	Proceeds from sale of property, plant and equipment, investment property and intangible assets	-422
-2,371		-3,545
<b>2,511</b>	<b>Net cash flow from operating activities</b>	<b>-13,420</b>

**30. Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
366	Interest and dividends received	698
(3)	Interest paid	(3)

**31. Cash Flow Statement – Investing Activities**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
-1,448	Purchase of property, plant and equipment investment property and intangible assets	-5,235
0	Purchase of short and long term investments	0
58	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	435
2,000	Proceeds from short and long term investments	0
2,353	Other receipts from investing activities	3,123
<b>2,963</b>		<b>-1,677</b>

**32. Cash Flow Statement – Financing Activities**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
130	Other payments for financing activities	-109
<b>130</b>	<b>Net cash flows from financing activities</b>	<b>-109</b>

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

The main change in relation to financing activities is linked to the collection fund agency adjustments which are presented in the 'other receipts' and 'other payments' lines. The deficit on the collection fund (see collection fund statement) decreased significantly over the period reducing the amounts due from preceptors for their shares of the deficit on the fund.

**33. Expenditure and Income Analysed by Nature**

2021/22 £'000		2022/23 £'000
	<b>Income</b>	
-2,690	Fees, Charges and Other Service Income	-3,009
-2,010	Change in Fair Value of Investment Asset	-1,970
0	Gain on disposal of fixed assets	-422
-2,113	Interest and Investment Income	-1,655
-5,320	Income from Council Tax	-5,398
-10,573	Income from Business Rates (NNDR)	-10,538
-13,904	Government Grants and Contributions	-12,911
<b>-36,610</b>	<b>Total Income</b>	<b>-35,903</b>
	<b>Expenditure</b>	
8,341	Employee Expenses	9,435
255	Loss on disposal of fixed assets	0
20,105	Other Service Expenses	20,384
534	Depreciation, Amortisation and Impairment	388
358	Interest Payable	274
8,765	Tariff, Precepts and Levies	8,773
<b>38,358</b>	<b>Total Operating Costs</b>	<b>39,254</b>
<b>1,748</b>	<b>Surplus/ Deficit on Service Provision</b>	<b>3,351</b>

The following transactions relate to external receipts:

2021/22 £'000		2022/23 £'000
<b>Customer Receipts</b>		<b>Customer Receipts</b>
-7	Economies and Enterprise Portfolio	0
-14	Communities Portfolio	-49
-373	Green Growth Portfolio	-495
-178	Housing and Health Portfolio	-191
-22	Leader Portfolio	-43
-2,603	Resources Portfolio	-1,251
-776	Services Portfolio	-822
<b>-3,973</b>		<b>-2,851</b>

**34. Contracts with service recipients**

A review of income streams was performed to assist with implementing IFRS 15, income from contracts with customers. Much of the Council's income is outside the scope of IFRS 15 being non-exchange transactions such as grants or local taxation. A summary of the other income from third parties is presented below:

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Licensing and environmental health	-238	-235
Cemeteries	-126	-122
Development Control	-373	-495
Building Regulations	-244	-299
Land Charges	-85	-74
Parking	-318	-331
Leisure and culture	-29	-54
Rentals	-1,074	-1,125
Treasury income	-1,112	213
Other	-374	-329
	<b>-3,973</b>	<b>-2,851</b>

As can be seen most of the income is linked to services which are delivered through time (e.g. rentals and car parking) so are recognised on a simple accruals basis or are outside the scope of IFRS 15 (treasury, movement in fair values). The remainder are largely related to services delivered at a point in time where there is little delay between payment and delivery of the service (e.g. land charges, cemeteries leisure and culture) or where impact of delay or timing on income recognition was judged to be not material (various licenses).

The main variation from 2021/22 to 2022/23 was the reduction in investment income relating to the Council's investment in the CCLA Property Fund. A reduction in the Fund valuation at March 2023 of £0.913m, compared adversely to an increase in the valuation at 31 March 2022 of £0.749m. A statutory over-ride for pooled funds has deferred the impact of changes in the capital value on the Council and will not impact General Fund Balances until the investment has matured.

The review of income recognition under IFRS 15 found that the main area of risk was around recognition of income in advance where performance obligations had not yet been met, and specifically in relation to Building Control and Planning application fees. For both these statutory services, applicants pay up front. Although these are statutory services, it was judged reasonable that the determination of planning application or conclusion of a site inspection could be treated as a performance obligation under an implied contract with a service user.

For planning most applications are determined within a 13-week window so there will be a significant element where payment is received but the determination is not made in year. Effectively, these have all been de-recognised from in year income.

For building control, there are stages of performance obligation as there will be multiple site inspection visits for any given project. Given the timescales for building projects, there are a significant number of projects where payment has been made but where a completion notice had not been issued as at 31 March 2023. An estimate of the outstanding performance obligation was derived based on the length of time an application had been open compared to the average time from commencement to completion from the population of completed jobs. This was then de-recognised from the income received in year.

The impact of introducing IFRS 15 compared to had it not been implemented has been to:

- reduce the income recognised in the Green Growth Portfolio for Development Control by £91k for planning income (2021/22 £168k)
- reduce the income in the Services Portfolio by £115k relating to Building Control inspection fees (2021/22 £170k).

The cash has been received for these so are presented as income in advance on the Council's balance sheet. The only other individually significant accrual relating to customer income relates to rentals for New Squares where part of the income is paid in advance. As at 31 March 2023 there were receipts in advance of £135k (31 March 2022: £135k).

The most significant impairment of income amounts relates to statutory items outside of the scope of IFRS 15. No allowance for credit losses on debts was deemed necessary in 2022/23 (2021/22 £nil).

### 35. Agency Income and Expenditure

The Council acts as an agent as Billing Authority, collecting and distributing Council Tax income on behalf of major preceptors and itself. Only the Council's share of the income and expenditure is shown in the Comprehensive Income and Expenditure Statement. The Council also acts as an agent in collecting National Non Domestic Rates (NNDR) on behalf of Eden District (40%) Central Government (50%) and the County (10%). Only the 40% share of NNDR due to the Council is shown in the Comprehensive Income and Expenditure Statement. The Council is required to keep a separate fund for the collection and distribution of amounts due in respect of Council Tax and NNDR. The Collection Fund is included as a supplementary statement.

### 36. Members' Allowances

The total cost of payments to Members during the year was £226k (2021/22: £215k). This was made up as follows.

2021/22 £'000		2022/23 £'000
204	Allowances	214
4	Car mileage	5
7	IT expense allowance	7
<b>215</b>		<b>226</b>

### 37. Officers' Remuneration

#### a. Senior Employees

The Accounts and Audit Regulations 2015 requires that local authorities disclose the individual remuneration details of senior employees by job title for a number of categories if their annual salary is above £50k. For the purpose of disclosure, senior employees are defined by the Council as Assistant Director level and above:

Post Title	Year	Salary* £	Expenses and Allowances £	Exit package £	Remuneration Excluding Pension Contributions £	ERS Pension Cont.** £	Remuneration Including Pension £
Chief Executive ***	2022-2023	0	0	0	0	0	0
Deputy Chief Executive ***	2022-2023	107,828	258	0	108,086	18,552	126,638
Assistant Director Legal & Democratic Services	2022-2023	71,676	283	0	71,959	13,568	85,527
Assistant Director Communities	2022-2023	14,616	0	0	14,616	2,850	17,466
Assistant Director Customers, Performance & Housing	2022-2023	56,636	147	0	56,783	11,044	67,827
Assistant Director Delivery	2022-2023	56,636	0	0	56,636	11,044	67,680
Assistant Director Finance	2022-2023	56,636	42	0	56,678	11,044	67,722

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

Comparatives for 2021/22:

Post Title	Year	Salary* £	Expenses and Allowances £	Exit package £	Remuneration Excluding Pension Contributions £	ERS Pension Cont.** £	Remuneration Including Pension £
Chief Executive ***	2021-2022	0	0	0	0	0	0
Director of People and Place/Deputy Chief Executive ***	2021-2022	85,716	96	0	85,812	16,715	102,527
Assistant Director Legal & Democratic Services	2021-2022	75,998	49	0	76,047	14,598	90,645
Assistant Director Communities	2021-2022	54,711	0	0	54,711	10,669	65,380
Assistant Director Customers, Performance & Housing	2021-2022	54,711	0	0	54,711	10,669	65,380
Assistant Director Delivery	2021-2022	43,617	0	0	43,617	8,505	52,122

\* Including honoraria where applicable. In 2021/22, this includes an honorarium of £11,250 paid to the Director of People and Place for acting-up to the role of Deputy Chief Executive. There was no equivalent payment in 2022/23 as the roles had been combined permanently. Also, a £10,000 honorarium was paid to the Assistant Director Legal and Democratic Services for acting as the Council's Monitoring Officer (2021/22 £10,000). In 2022/23, a total of £2,098 was paid to the Assistant Director Legal and Democratic Services for Election/Returning Officer duties (2021/22 £1,135).

\*\* All Local Government employees are entitled to join the Local Government Pension Scheme. The Council's pension contributions are calculated by applying the employer contribution, as determined by the Scheme actuary, to each individual's salary.

\*\*\* The post of Chief Executive has remained vacant since 1 September 2020. Since that date, the role has been fulfilled by a shared service with Carlisle City Council to August 2021, but since that date, the role was filled by a contractor on an interim basis.

**b. Officers earning more than £50,000**

The Council is required to show the numbers of employees whose remuneration exceeded £50k during the year, in addition to those shown in item a above. Remuneration includes all amounts paid to, or receivable by an employee, including sums due by way of expenses allowance and the estimated money value of any other benefits received otherwise than in cash. It excludes pension contributions by the employer.

Remuneration Banding (incl Termination Payments)	Number of Employees			
	2021/22	Left During Year	2022/23	Left During Year
Between £50,000 and £54,999	3	2	3	0
Between £55,000 and £59,999	0	0	0	0
Between £60,000 and £64,999	2	1	0	0
Total Number of Employees (excl Snr Employees)	5	3	3	0

**c. Chief Executive**

For the financial year 2022/23, the role was undertaken on an interim basis by a Contractor at a cost of £285,559 (2021/22 £148,681, part year from 1 September 2021).

**d. Exit Packages**

There was 1 termination payment agreed in 2022/23 with a total value of £13k (16 in 2021/22, value £523k), due to a staff restructuring exercise.



### 38. External Audit Fees

In 2022/23, the Council incurred the following fees from the appointed auditor, Grant Thornton UK LLP:

2021/22 £'000		2022/23 £'000
99	Fees payable in respect of audit services for current year	41
56	Additional fees payable in respect of prior year	0
9	Certification of Housing Benefit Subsidy claim	24
0	National Fraud Initiative costs	3
-6	Rebate from Public Sector Audit Appointments	0
<b>158</b>		<b>158</b>

The Housing Benefits grant certification work will be performed by Grant Thornton UK LLP for 2022/23. The audit fees include additional charges which increased in the year 2022/23 for remote working due to Covid-19, a revaluations exercise and staff resourcing delays.

### 39. Grant Income and Other Contributions

The Authority credited the following Grants and Contributions to the Comprehensive Income and Expenditure Statement as per the table below:

2021/22 £'000		2022/23 £'000
	<b>Credited to Taxation and Non-Specific Grant Income</b>	
	<b><i>Non-Ringfenced Government Grants</i></b>	
232	New Homes Bonus	386
711	Rural Services Delivery Grant	711
263	Services Grant and Lower Tier Services Grant	197
	Covid-19 Grants – corporate grant income	
169	• Sales, Fees and Charges Grant	0
256	New Burdens Grants	216
44	Other Grants	63
<b>1,675</b>	<b><i>Non-Ringfenced Government Grants (per Note 12)</i></b>	<b>1,573</b>
	<b><i>Other Grants and Contributions</i></b>	
	Covid-19 Grants – Principal basis	
834	• Additional Restrictions Grant	0
672	• Local Restrictions Support Grant (Open)	0
3,954	NNDR s31 Grants	2,797
259	Capital Grants and Contributions	25
<b>7,394</b>	<b><i>Total Credited to Taxation and Non-Specific Grant Income</i></b>	<b>4,395</b>
	<b>Credited to Services</b>	
	Covid-19 Grants – services related	
261	• Support Grant	0
91	• Test and Trace Payments	58
465	• Compliance and Enforcement	140
817		198
6,390	Housing Benefit Subsidy	6,249
127	NNDR Cost of Collection Allowance	128
1,520	Green Homes Grants	2,380
0	UKSPF Grants	264
164	Discretionary Housing Payments	124
542	Better Care Fund: Disabled Facilities Grants	542
86	Housing Benefit Administration Subsidy	97
89	Local Council Tax Scheme	76
212	Elections	124
114	Homelessness Grant	87
0	Domestic Abuse	88
0	Appleby Heritage Action Zone	105

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
0	Rapid Rehousing/Rough Sleeping Initiative	116
0	Pathfinder Project	109
0	A66 National Transport Project	118
0	Local Government Reorganisation	320
403	Other Grants and contributions < £50k	188
<b>10,464</b>	<b>Total Credited to Services</b>	<b>11,313</b>
<b>17,858</b>	<b>Total Grants</b>	<b>15,708</b>

All grants received during the year were recognised as income as the Council had reasonable assurance that it would meet the conditions attached so reclaim is unlikely. There were no donated assets during the reporting period.

### Covid-19 Grants

The council received a total of £0.393m from Government in 2022/23 (2021/22 £18.831m) to distribute to businesses and to individuals. The table below shows the value of the grants received and the payments made by the Council in 2022/23, with comparatives for 2021/22:

	<b>Net Position brought forward £'000</b>	<b>Grant Income £'000</b>	<b>Payments Out £'000</b>	<b>Net Position £'000</b>	<b>Principal / Agent</b>
Small Business Grant Fund, Retail, Hospitality & Leisure Grant Fund Discretionary Grant Fund	60	-	-	60	Agent
<b>SBGF, RHLGF, DGF</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>Principal</b>
Local Restrictions Support Closed	(1)	-	1	-	Agent
LRSO Closed Tier 4	63	-	(63)	-	Agent
LRSO Closed Addendum	532	-	(532)	-	Agent
Closed Business Lock Down Payment	376	-	(376)	-	Agent
<b>Local Restrictions Support Grant (Closed)</b>	<b>970</b>	<b>-</b>	<b>(970)</b>	<b>-</b>	
Local Restrictions Support Open	(46)	-	46	-	Principal
Restart Grant	2,421	-	(2,421)	-	Agent
Omicron HLG	1,564	-	(1,564)	-	Agent
Energy Refund Grant	3,053	-	(2,994)	59	Agent
Energy Refund Grant - Discretionary	102	-	(88)	14	Principal
Energy Bills Support Scheme	-	293	-	293	Agent
Alternative Fuel Payment	-	100	-	100	Agent
<b>Other</b>	<b>7,094</b>	<b>393</b>	<b>(7,021)</b>	<b>466</b>	
<b>TOTAL</b>	<b>8,134</b>	<b>393</b>	<b>(7,991)</b>	<b>536</b>	

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

Comparatives for 2021/22:

	Net Position brought forward £'000	Grant Income £'000	Payments Out £'000	Net Position £'000	Principal / Agent
Small Business Grant Fund, Retail, Hospitality & Leisure Grant Fund	-	-	60	60	Agent
Discretionary Grant Fund	10	-	-	10	Principal
<b>SBGF, RHLGF, DGF</b>	<b>10</b>	<b>-</b>	<b>60</b>	<b>70</b>	
Local Restrictions Support Closed	(1)	-	-	(1)	Agent
LRSG Closed Tier 4	81	-	(18)	63	Agent
LRSG Closed Addendum	1,020	-	(488)	532	Agent
Closed Business Lock Down Payment	741	-	(365)	376	Agent
<b>Local Restrictions Support Grant (Closed)</b>	<b>1,841</b>	<b>-</b>	<b>(871)</b>	<b>970</b>	
Local Restrictions Support Open	628		(674)	(46)	Principal
CSP - Christmas Support Wet Led Pubs	73	-	(73)	-	Agent
Restart Grant	-	11,400	(8,979)	2,421	Agent
Additional Restrictions Grant	38	796	(834)	-	Principal
Omicron HLG	-	3,480	(1,916)	1,564	Agent
Energy Refund Grant	-	3,053	-	3,053	Agent
Energy Refund Grant - Discretionary	-	102	-	102	Principal
<b>Other</b>	<b>739</b>	<b>18,831</b>	<b>(12,476)</b>	<b>7,094</b>	
<b>TOTAL</b>	<b>2,590</b>	<b>18,831</b>	<b>(13,287)</b>	<b>8,134</b>	

The £0.536m (2021/22 £8.134m) has been carried forward on the Balance Sheet as creditors or Income in Advance pending further payments being made in 2023/24.

In accordance with IFRS15 *Revenue from Contracts with Customers*, the Council has determined whether it is acting as a Principal or Agent when accounting for the grant income received and distributed. Where it acts as an Agent, the income and expenditure has not been reflected in the authority's financial statements and has been recorded as a net position. Where it has acted as a Principal, the income and expenditure are both shown gross in the CIES. The total value of Agent transactions in 2022/23 is £0.393m income received and £7.949m payments made (2021/22, £17.933m income and £11.779m payments). The total value of Principal transactions in 2022/23 is £nil income received and £0.042m payments made (2021/22, £0.898m income and £1.508m payments). The balance of grant income received has been carried forward as an Income in Advance on the balance sheet for either future distribution or potential repayment to central government.

#### **40. 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:

##### **Central Government**

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and Non Domestic Rates tariff, and prescribes the terms of many of the

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

transactions that the Council has with other parties (e.g. council tax bills, business rates, housing benefits). Grants received from Government Departments are set out in Note 39.

**Members**

Members of the Council have direct control over the Council's financial and operating policies. During 2022/23, no works and services were commissioned from organisations in which Members had an interest. All contracts are entered into in full compliance with the Council's Procurement Rules. All interests are recorded in the Register of Members' Interests which can be viewed on the Council's web site.

**Officers**

Senior Council Officers may exert influence over the Council's financial and operating policies. Declarations were received by all senior Officers and no relevant related-party transactions were declared for the year ended 31 March 2023.

**Partnership Working**

During 2022/23 the Council continued to work both formally and informally in partnership with neighbouring authorities. The main partnership operation related to the shared ICT Service, managed by South Lakeland District Council.

**Other Public Bodies**

Precepts were raised for Cumbria County Council, Cumbria Police and Crime Commissioner and local Town and Parish Councils within the Eden area. Details of these are contained within the Collection Fund statements.

**Heart of Cumbria**

Heart of Cumbria limited is a wholly owned subsidiary of the Council, set up to support acquisition of affordable houses for rent in Penrith. As at 31 March 2023, the company had acquired 62 units and committed to acquire a further 19 over the medium term.

#### 41. Capital Expenditure and Capital Financing

2021/22 £'000		2022/23 £'000
1,374	Opening Capital Financing Requirement	1,970
	<b>Capital Investment in Year:</b>	
0	Land and Buildings	58
0	Intangible Assets	34
0	Infrastructure Assets	0
67	Vehicles, Plant, Furniture & Equipment	506
1,470	Assets Under Construction	1,754
730	Long Term Debtors (capital loans)	440
2,366	Revenue Spending funded from Capital Under Statute	3,852
<b>6,007</b>		<b>8,614</b>
	<b>Financed by:</b>	
950	Revenue Contribution	1,470
1	Capital Receipts	438
3,072	Capital Grants	3,448
14	Minimum Revenue Provision	14
<b>1,970</b>	Closing Capital Financing Requirement	<b>3,244</b>
	<b>Explanation of Movements in Year</b>	
596	Increase/Decrease (+/-) in underlying need to borrow (unsupported by Government financial assistance)	1,274
<b>596</b>	Increase/Decrease (+/-) in Capital Financing Requirement	<b>1,274</b>

The Capital Financing Requirement is a key element of the capital controls and the Council's capacity to borrow. This should be derived direct from the balance sheet, being the net of all capital assets less the unusable capital reserves to give a net element of capital expenditure which has not been financed.

#### 42. Revenue Provision for Payment of External Debt

The Council is required under the Local Authorities (Capital Finance and Accounting) Regulations 2003 to set aside a minimum revenue provision (MRP) for the redemption of external debt based on what the Council judges to be prudent. The amount chargeable to the Comprehensive Income and Expenditure Statement in 2022/23 was £14k (2021/22: £14k).

#### 43. Leases

##### Authority as Lessor

##### Finance Leases

The Authority has leased out property at Devonshire Arcade, Penrith on a finance lease, with 118 years remaining at 31 March 2023. The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding.

The gross investment is made up of the following amounts:

31-Mar-22 £'000		31-Mar-23 £'000
	Finance lease debtor (net present value of minimum lease payments):	
0	Current	0
500	Non-Current (Long Term Debtor)	500
1,979	Unearned finance income	1,958
320	Unguaranteed residual value of property	320
<b>2,799</b>	Gross investment in the lease	<b>2,778</b>

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	<b>Gross Investment in the Lease</b>		<b>Minimum Lease Payments</b>	
	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	21	21	21	21
Later than one year and not later than 5 years	84	84	84	84
Later than five years	2,694	2,673	2,374	2,353
	<b>2,799</b>	<b>2,778</b>	<b>2,479</b>	<b>2,458</b>

Under IFRS 9, the Council has to charge an expected loss allowance against finance lease receivable assets and can opt for a simplified method based on expected lifetime credit losses. Any losses are limited, as default on the lease would mean that the Council retains the asset. However, the length of the lease has an additional value. No charge for expected loss allowance have been deemed necessary for the financial year.

The minimum future lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23, no contingent rents were receivable by the Authority (2021/22: £Nil).

### **Operating Leases**

The Council leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres;
- Investment purposes; that is, to raise rental income; and
- For economic development purposes to promote the economic vitality of the district.

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

<b>31-Mar-22</b>		<b>31-Mar-23</b>
<b>£'000</b>		<b>£'000</b>
1,035	Not later than one year	1,069
3,878	Later than one year and not later than five years	3,959
116,894	Later than five years	115,481
<b>121,807</b>		<b>120,509</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23, no contingent rents were receivable by the Council (2021/22: £Nil). The future minimum lease payments as at 31 March 2022 include £117.5m relating to the lease of the Penrith New Squares Scheme (31 March 2022, £118.1m).

## **44. Retirement Benefits**

### **a. The Council's Share of the Pension Fund**

The Council offers membership of the Local Government Pension Scheme to its officers as part of their employment terms and conditions. Although the retirement benefits from the scheme do not become payable until employees retire, the Council makes payments that match the future entitlement earned by employees. The Council participates in the Cumbria Local Government Pension Scheme administered by Cumbria County Council. This is a funded defined benefit scheme. The Council and its employees pay contributions into a fund, calculated at a level intended to balance previous liabilities with investment assets.

Under IAS19, the Council is required to recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash paid in

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

the year, so the real cost of retirement benefits is removed in the Statement of Movement of General Fund Balance.

The following transactions have been made to the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during 2022/23:

2021/22 £'000		2022/23 £'000
	<b>Comprehensive Income and Expenditure Statement</b>	
	Net Cost of Services:	
1,849	Current Service Cost	1,915
0	Past Service Cost	0
332	Effect of Curtailments	1
	Financing and Investment Income and Expenditure:	
355	Net Interest Cost (including cost of administration)	322
<b>2,536</b>	<b>Net Charge to the Provision of Services</b>	<b>2,238</b>
	Other Benefits Charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the Net Defined Benefit asset / Liability Comprising:	
2,005	Experience Gain/Loss on liabilities	5,274
-4,125	Remeasurement of Assets	4,348
-1,066	Loss /(-)Gain on Financial Assumptions	-29,259
-3,087	Loss /(-)Gain on Demographic Assumptions	0
0	Effect of asset ceiling	7,608
<b>-6,273</b>	<b>Total Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>-12,029</b>
	<b>Movement in Reserves Statement</b>	
-1,633	Reverse charges made for retirement benefits re IAS 19	-1,505
	<b>Amounts charged against General Fund for Pensions</b>	
<b>903</b>	<b>Employer's Contributions payable</b>	<b>733</b>

The reassessment of the pension liability for the effects of the McCloud judgement are shown in the above figures.

### Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2021/22 £'000		2022/23 £'000
-75,772	Present Value of Defined Benefit Obligation	-53,781
65,248	Fair Value of Plan Assets	61,389
<b>-10,524</b>	<b>Net Asset/Liability +/-</b>	<b>7,608</b>
<b>0</b>	Effect of asset ceiling	<b>-7,608</b>
<b>-10,524</b>		<b>0</b>

### Asset Ceiling

Measurement of a net defined benefit asset is limited to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As there is no unconditional right to a refund, available economic benefits have been assessed with reference to reductions in future contributions and future service costs, in accordance with IFRIC 14.

At 31st March 2023 the estimated present value of minimum funding contributions exceed the estimated present value of future service costs and therefore there is deemed to be no economic benefit and the asset ceiling is calculated as £nil.

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

The adjustment to the defined benefit plan asset as a result of applying the asset ceiling test is reported as part of the remeasurement of the net defined benefit pension liability/asset appearing in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

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

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
60,808	1st April	65,248
1,259	Interest Income	1,809
4,125	Remeasurements	-4,348
-36	Administration Expenses	-38
903	Employer Contributions	733
291	Employee Contributions	309
-2,102	Benefits Paid	-2,324
<b>65,248</b>	31 March	<b>61,389</b>

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

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
-75,972	1st April	-75,772
-1,849	Current Service Cost	-1,915
-1,578	Interest on Scheme Liabilities	-2,093
-291	Employee Contributions	-309
-332	Past service cost and Curtailments	-1
	<b>Remeasurements:</b>	
-2,005	Gain/Loss (-) on Experience	-5,274
1,066	Gain/Loss (-) on Financial Assumptions	29,259
3,087	Gain/Loss (-) on Demographic Assumptions	0
2,102	Benefits Paid	2,324
<b>-75,772</b>		<b>-53,781</b>

**Local Government Pension Scheme Assets Comprised:**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
	<b>Equities</b>	
3,328	UK equity pooled	2,947
16,573	Global equity pooled	16,575
3,001	Overseas equity pooled	2,947
	<b>Bonds</b>	
11,027	UK Government index pooled	8,594
	<b>Property</b>	
4,111	UK	3,008
1,827	Property funds	1,719
	<b>Alternatives</b>	
848	Healthcare Royalties	982
3,980	Private equity funds	4,973
6,655	Infrastructure funds	8,165
3,132	Private Debt Fund	4,236
8,939	Multi Asset Credit	5,586
	<b>Cash</b>	
1,762	Cash accounts	1,596
65	Net current assets	61
<b>65,248</b>		<b>61,389</b>



**b. Basis for Estimating Assets and Liabilities**

Liabilities have been assessed by the scheme actuary (Mercer Limited), an independent firm of actuaries on an actuarial basis. The actuary has made an estimate of the pensions that will be payable in future years, dependent on assumptions about mortality rates, salary levels and other factors. The liabilities were assessed in the last full valuation of the scheme as at 31 March 2022. The principal assumptions used by the actuary have been:

31-Mar-22	<b>Long Term Expected Rate of Return on Scheme Assets</b>	31-Mar-23
%		%
3.3	Rate of CPI inflation	2.7
4.8	Rate of increase in salaries	4.2
3.4	Rate of increase in pensions	2.8
2.8	Discount rate	4.8
	<b>Mortality Assumptions</b>	
	Longevity at 65 for current pensioners:	
21.8	Male	21.9
24.1	Female	24.2
	Longevity at 65 for future pensioners:	
23.2	Male	23.3
25.9	Female	26.0

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. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	<b>Increase/decrease (+/-) in net liability £'000</b>
Central Projection	-7,608
0.5% increase in discount rate	-3,997
0.25% increase in inflation	2,153
0.25% increase in salaries	255
+1 year increase in life expectancy	1,115
+/- 1% change in 2022/23 investment returns	-607 (+1%) / 607 (-1%)

**c. Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' 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% over the next 3 years. Funding levels are monitored on an annual basis. The latest triennial valuation was completed during 202022/23 and is based on a valuation as at 31 March 2022.

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 31 March 2014. The Act provides for scheme regulations to be made within a common framework, establishing new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council expects to pay £526k in employer contributions to the scheme in 2023/24 (£678k in 2022/23). The weighted average duration of the defined benefit obligation for scheme members is seventeen years.

The annual report of the Cumbria Local Government Pension Scheme is available from Westmorland and Furness Council, Cumbria House, Carlisle.

**d. Impact of McCloud Judgement**

The Pension Liability reported in these statements take account of the judgement made in the Court of Appeal in the Sargeant/McCloud cases that ruled that the transitional protections afforded to older members when the Public Service Pension schemes were amended, constituted unlawful age discrimination.

**45. Contingent Liabilities**

Following the transfer of the Council's housing stock in October 1997 to Eden Housing Association, a number of warranties and covenants were given to both the Housing Association and their funders. These cover a range of potential liabilities, which would require the Council to indemnify either the Housing Association, or the funders, in the event of a number of eventualities in title arising. The likelihood of any liabilities crystallising decreases as the time from transfer increases. Neither the Housing Association, nor their funders, have indicated in any way that they intend making a claim under any of these warranties and indemnities. This situation is unchanged from 1997.

The Council received a grant award from Sport England in connection with the Southend Road Sports Project, which has certain conditions included. The funding could be clawed back if the conditions of the award do not continue to be met, which is highly unlikely. The original award was £850k.

Under the provisions of the Localism Act community groups can apply to the relevant local authority for specific assets within that local authority's area to be designated as 'Assets of Community Value'. Such a designation puts in a place a moratorium on the sale of the asset. Where such designations are agreed regulations under the Act enable the owner to claim costs incurred because of the moratorium. Compensation on any asset up to £20k is payable by the local authority. The Government has indicated that if compensation on any asset exceeds £20k then the amount over £20k is paid by them. Following applications there are 10 parcels of land which have been accepted and remain current as Assets of Community Value as at 31 March 2023. The 10 parcels are:

1. Watermillock Village Hall
2. Centre 67, Appleby in Westmorland
3. Eden Vale Inn, Bolton
4. Horse and Farrier, Dacre
5. Dukes Head, Armathwaite
6. The Stagg Inn, Dufton
7. Edenside, Appleby in Westmorland
8. Clickham Inn, Blencowe
9. Library, Appleby in Westmorland
10. Herdwick Inn, Penruddock

As yet, there have been no requests for payment of compensation. It is not known if requests will be made, or the likely level of any compensation claims. If all the designations were to lead to a claim in excess of £20k, the total compensation payment would be £200k. This is considered to be very remote.

The Local Government Finance Act 2012 introduced a Business Rates Retention Scheme that enables local authorities to retain a proportion of the Business Rates generated in their area. The new arrangements came into effect on 1 April 2013. The Council, acting as agent on behalf of the major preceptors, Central Government and themselves, is required to make provision for refunding ratepayers who successfully appeal to the Valuation Office Agency against the rateable value of their properties on the rating list (see note 24). Following the introduction of the 'Check, Challenge, Appeal' system, the amount of data available to estimate the provision has greatly reduced so this includes an estimate of appeals expected to be made but not yet lodged, based on 2% overall of rating list.

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

**COLLECTION FUND FOR THE YEAR ENDING 31 MARCH 2023**

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.

2021/22 Business Rates £'000	2021/22 Council Tax £'000	2021/22 Total £'000		2022/23 Business Rates £'000	2022/23 Council Tax £'000	2022/23 Total £'000	Notes
			<b>Income</b>				
0	-41,933	-41,933	Income from Council Tax	0	-43,305	-43,305	1
-15,730	0	-15,730	Income Collectable from Business Ratepayers	-18,975	0	-18,975	3
<b>-15,730</b>	<b>-41,933</b>	<b>-57,663</b>	<b>Total Income</b>	<b>-18,975</b>	<b>-43,305</b>	<b>-62,280</b>	
			<b>Expenditure</b>				
			<b>Precepts and Demands</b>				
0	5,351	5,351	Eden District Council	0	5,387	5,387	2
0	31,072	31,072	Cumbria County Council	0	31,832	31,832	2
0	5,645	5,645	Cumbria Police and Crime Commissioner	0	5,878	5,878	2
			<b>Business Rates</b>				
11,160	0	11,160	Central Government	10,161	0	10,161	3
8,928	0	8,928	Eden District Council	8,129	0	8,129	3
2,232	0	2,232	Cumbria County Council	2,032	0	2,032	3
			<b>Charges to Collection Fund</b>				
13	63	76	Write-Offs of Uncollectable Amounts	114	82	196	
69	51	120	Increase/ (-)Decrease in Provision for credit loss	15	37	52	
-23	0	-23	Increase/ (-)Decrease in Provision for Appeals	4	0	4	3
22	0	22	Renewable Energy Retention	27	0	27	
127	0	127	Cost of Collection Allowance	128	0	128	3
59	0	59	Prior Year adjustment	0	0	0	
<b>22,587</b>	<b>42,182</b>	<b>64,769</b>	<b>Total Expenditure</b>	<b>20,610</b>	<b>43,216</b>	<b>63,826</b>	
<b>6,857</b>	<b>249</b>	<b>7,106</b>	<b>Surplus/Deficit (-/+) During the Year</b>	<b>1,635</b>	<b>-89</b>	<b>1,546</b>	
			<b>Share of Prior Year surplus/deficit (-/+)</b>				
-6,463	0	-6,463	Central Government	-3,341	0	-3,341	
0	-25	-25	Cumbria Police and Crime Commissioner	0	-54	-54	
-5,171	-24	-5,195	Eden District Council	-2,672	-51	-2,723	
-1,293	-138	-1,431	Cumbria County Council	-668	-292	-960	
<b>-6,070</b>	<b>62</b>	<b>-6,008</b>	<b>Surplus/deficit (-/+) inc prior year adjustment</b>	<b>-5,046</b>	<b>-486</b>	<b>-5,532</b>	
<b>12,766</b>	<b>700</b>	<b>13,466</b>	<b>Surplus/Deficit (-/+) Brought Forward</b>	<b>6,696</b>	<b>762</b>	<b>7,458</b>	
<b>6,696</b>	<b>762</b>	<b>7,458</b>	<b>Surplus/Deficit (-/+) Carried Forward</b>	<b>1,650</b>	<b>276</b>	<b>1,926</b>	5

## **NOTES TO THE COLLECTION FUND**

### **1. Council Tax Income**

Council Tax is collected by the Council acting as agent for Cumbria County Council, Cumbria Police and Crime Commissioner and Parish and Town Councils. The Council then pays these organisations their share of the bill by precepting arrangements. Surplus/deficit balances are carried forward in the Collection Fund at the year-end.

### **2. Council Tax Base**

To calculate the Council Tax payable per property requires the tax base (the number of properties against which the tax can be collected) to be calculated. Every property has been valued by the Valuation Office and placed into one of eight valuation bands (Bands A, B, C, D, E, F, G and H). Each band is then multiplied by a factor to bring it to a Band D equivalent. The total of the Band D equivalent after allowing for discounts is then multiplied by the estimated collection rate to give the Council Tax Base. The Base for Eden for the year was 20,832.44.

The expenditure requirement of the Collection Fund (net of parish precepts and Special Expenses) of £4,182,112 is divided by the Tax Base to give the Band D tax of £200.75. Each valuation band is then calculated as a proportion of Band D as follows:

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Proportion	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
Tax (£)	133.83	156.14	178.44	200.75	245.36	289.97	334.58	401.50
Band D equivalents	1,824.41	4,298.32	4,248.54	4,357.28	3,962.15	1,469.00	609.81	62.90

Parish precepts and Special Expenses are then charged to the particular parish or area to which they relate. The Council Tax bill covers the cost of Cumbria County Council, Cumbria Police and Crime Commissioner, Eden District Council and Parish/Town Council services.

### **3. Business Rate Income**

National Non-Domestic Rates (NNDR), also known as Business Rates, are collected by Charging Authorities. Non-Domestic Rates are then redistributed by the Government on the basis of criteria established nationally. The total non-domestic rateable value for Eden District was £59.3m at 31 March 2023, compared with £59.5m at 31 March 2022. The NNDR multiplier for the year was 51.2p in the pound, with a reduced rate of 49.9p for smaller businesses (51.2p and 49.9p in 2021/22). The multiplier is set nationally by the Government.

### **4. Impact of the Business Rates Retention Scheme**

Under the BRRS, NNDR is apportioned among the Council, Cumbria County Council and Government. Surplus/deficit balances are carried forward in the Collection Fund similar to that for Council Tax at 31 March 2023. From 1 April 2014, the Council was a member of the Cumbria Business Rates Pool. The main advantage of this is that the Council can retain more of the proceeds from growth in Business Rates than if it were not in the pool.

As at 31 March 2023, due to additional reliefs given to businesses during the Covid pandemic, the Business Rates element of the Collection Fund was in deficit in the amount of £1.650m, compared to a deficit of £6.696m at 31 March 2022. Under the scheme, 40% of this total will fall to be met by Eden Council (£0.660m) but this has been fully funded by the Government by s31 Grants received in 2022/23. A corresponding amount has been placed into an Earmarked Reserve, to be utilised in future years when the deficit will fall to be met by the General Fund.

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

**5. Allocation of Collection Fund Balances**

<b>2021/22</b>		<b>2022/23</b>		
<b>Total</b>		<b>Business Rates</b>	<b>Council Tax</b>	<b>Total</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
2,775	Eden District Council	660	35	695
3,348	Central Government	825	0	825
1,232	Cumbria County Council	165	203	368
103	Cumbria Police and Crime Commissioner	0	38	38
<b>7,458</b>		<b>1,650</b>	<b>276</b>	<b>1,926</b>

The table allocates the share of the Collection Fund surplus or deficit between the respective preceptors. For Eden Council, these amounts will fall to be met from the General Fund in future years, but the largest element, Business Rates of £0.660m, has been fully funded by Central Government through s31 Grants received in 2022/23. A corresponding amount has been placed into an Earmarked Reserve and will be released to cover the deficit in the relevant year when it falls to be met by the General Fund.

# Eden District Council Group Accounts

## Note on basis of preparation for Group Accounts

The statements below are the aggregated accounts for Eden District Council and the Heart of Cumbria Limited. As a wholly owned subsidiary of the Council, the aggregation has been completed on a line-by-line basis with intra-group transactions removed. Whilst the Company still existed at the Balance Sheet date, all the Company Assets and Liabilities have now been brought back in-house prior to that date and the Company is in the process of being dissolved.

The same accounting policies as set out in note A to the single entity statements have been applied.

The main statements have been prepared plus those notes where it was judged that material differences existed from the single entity statements.

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

**GROUP MOVEMENT IN RESERVES STATEMENT**

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council's group, 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.

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Authority Usable Reserves	Total Authority Unusable Reserves	Total Authority Reserves	Authority Share of Group Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31.03.22</b>	<b>11,694</b>	<b>557</b>	<b>1,138</b>	<b>13,389</b>	<b>39,983</b>	<b>53,373</b>	<b>577</b>	<b>53,950</b>
Surplus/deficit on provision of services (accounting basis)	-4,028	0	0	-4,028	0	-4,028	100	-3,928
Other Comprehensive Expenditure and Income	0	0	0	0	15,484	15,484	0	15,484
<b>Total Comprehensive Expenditure and Income</b>	<b>-4,028</b>	<b>0</b>	<b>0</b>	<b>-4,028</b>	<b>15,484</b>	<b>11,456</b>	<b>100</b>	<b>11,556</b>
Adjustments between accounting basis and funding basis under regulations	-1,945	12	-323	-2,256	2,256	0	0	0
Adjustments between group and authority accounts	677	0	0	677	0	677	-677	0
<b>Increase/decrease in year</b>	<b>-5,296</b>	<b>12</b>	<b>-323</b>	<b>-5,607</b>	<b>17,740</b>	<b>12,133</b>	<b>-577</b>	<b>11,556</b>
<b>Balance at 31.03.23</b>	<b>6,398</b>	<b>569</b>	<b>815</b>	<b>7,782</b>	<b>57,724</b>	<b>65,506</b>	<b>0</b>	<b>65,506</b>

Comparative figures from 2021/22 are below :

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Authority Usable Reserves	Total Authority Unusable Reserves	Total Authority Reserves	Authority Share of Group Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31.3.21</b>	<b>17,111</b>	<b>455</b>	<b>1,904</b>	<b>19,470</b>	<b>26,788</b>	<b>46,258</b>	<b>262</b>	<b>46,520</b>
Surplus/deficit on provision of services (accounting basis)	-1,831	0	0	-1,831	0	-1,831	397	-1,434
Other Comprehensive Expenditure and Income	0	0	0	0	8,862	8,862	0	8,862
<b>Total Comprehensive Expenditure and Income</b>	<b>-1,831</b>	<b>0</b>	<b>0</b>	<b>-1,831</b>	<b>8,862</b>	<b>7,031</b>	<b>397</b>	<b>7,428</b>
Adjustments between accounting basis and funding basis under regulations	-3,669	102	-766	-4,333	4,333	0	0	0
Adjustments between group and authority accounts	83	0	0	83	0	83	-83	0
<b>Increase/decrease in year</b>	<b>-5,417</b>	<b>102</b>	<b>-766</b>	<b>-6,081</b>	<b>13,195</b>	<b>7,114</b>	<b>314</b>	<b>7,428</b>
<b>Balance at 31.03.22</b>	<b>11,694</b>	<b>557</b>	<b>1,138</b>	<b>13,389</b>	<b>39,983</b>	<b>53,373</b>	<b>576</b>	<b>53,949</b>

## **GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

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

2021/22 Gross Expend £'000	2021/22 Gross Income £'000	2021/22 Net Expend £'000		2022/23 Gross Expend £'000	2022/23 Gross Income £'000	2022/23 Net Expend £'000
			<b>Expenditure on Services</b>			
1,054	-105	949	Economies and Enterprise Portfolio	2,080	-364	1,716
1,040	-35	1,005	Communities Portfolio	1,335	-49	1,286
1,281	-380	901	Green Growth Portfolio	2,176	-654	1,522
4,502	-2,587	1,915	Housing and Health Portfolio	5,610	-3,649	1,961
1,316	-1,056	260	Leader Portfolio	1,498	-559	939
13,824	-7,677	6,147	Resources Portfolio	12,127	-7,626	4,501
4,454	-1,531	2,923	Services Portfolio	4,516	-1,607	2,909
<b>27,471</b>	<b>-13,371</b>	<b>14,100</b>	<b>Cost of Services</b>	<b>29,342</b>	<b>-14,508</b>	<b>14,834</b>
1,442	0	1,442	Other Operating Expenditure	1,205	-422	783
414	-4,360	-3,946	Financing and Investment Income and Expenditure	1,248	-3,004	-1,756
9,171	-19,333	-10,162	Taxation and Non-Specific Grant Income	7,601	-17,534	-9,933
<b>38,498</b>	<b>-37,064</b>	<b>1,434</b>	<b>Surplus/Deficit on the Provision of Services (-/+)</b>	<b>39,396</b>	<b>-35,468</b>	<b>3,928</b>
0	-2,589	-2,589	Surplus/Deficit on Revaluation of Non-Current Assets	0	-3,456	-3,456
0	0	0	Surplus on Revaluation of Financial Assets	0	0	0
0	-6,273	-6,273	Remeasurement of the Net Defined Benefit Liability	0	-12,029	-12,029
<b>0</b>	<b>-8,862</b>	<b>-8,862</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>-15,484</b>	<b>-15,484</b>
<b>38,498</b>	<b>-45,926</b>	<b>-7,428</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>39,396</b>	<b>-50,952</b>	<b>-11,556</b>



**GROUP BALANCE SHEET AS AT 31 MARCH 2023**

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*'.

<b>31 March 2022</b>		<b>31 March 2023</b>	<b>Notes</b>
<b>£'000</b>		<b>£'000</b>	
29,743	Property, Plant and Equipment	31,589	G1
1,446	Heritage Assets	1,446	
21,922	Investment Property	27,404	
287	Intangible Assets	283	
4,901	Long Term Investments	4,093	G2
1,429	Long Term Debtors	1,402	G3
<b>59,728</b>	<b>Total Long Term Assets</b>	<b>66,217</b>	
14	Inventories	9	
5,101	Short Term Debtors	3,270	G4
0	Short Term Investments	0	
17,418	Cash and Cash Equivalents	2,155	G5
90	Assets Held for Sale	90	
<b>22,623</b>	<b>Total Current Assets</b>	<b>5,524</b>	
-16,230	Short Term Creditors	-4,573	G6
-298	Provisions	-299	
<b>-16,528</b>	<b>Total Current Liabilities</b>	<b>-4,872</b>	
-1,350	Long term creditors	-1,363	
-10,524	Pension Liability	0	
<b>-11,874</b>	<b>Total Long Term Liabilities</b>	<b>-1,363</b>	
<b>53,949</b>	<b>Net Assets</b>	<b>65,506</b>	
-13,965	Usable Reserves	-7,782	
-39,984	Unusable Reserves	-57,724	
<b>-53,949</b>	<b>Total Reserves</b>	<b>-65,506</b>	

## GROUP CASH FLOW STATEMENT

The Group 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.

2021/22 £'000		2022/23 £'000	Note
-1,434	<b>Net Surplus or deficit (+/-) on Service Provision</b>	-3,928	
7,506	Adjust net surplus or deficit on the provision of services for non-cash movements	-8,573	G8
-2,371	Adjust for items included in the new surplus or deficit on the provision of services that are investing and finance activity	-3,545	
<b>3,701</b>	<b>Net Cash Flow from Operating Activities</b>	<b>-16,046</b>	
1,827	Net cash flows from investing activities	892	G9
130	Net cash flows from financing activities	-109	
<b>5,658</b>	<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	<b>-15,263</b>	
11,760	Cash and cash equivalents at 1 April	17,418	
17,418	Cash and cash equivalents at 31 March	2,155	G5
<b>5,658</b>	<b>Net Increase/Decrease (+/-) in Cash and Cash Equivalents</b>	<b>-15,263</b>	

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

<b>Notes to the Group Financial Statements</b>	
Note G1	Property Plant and Equipment
Note G2	Long Term Investments
Note G3	Long Term Debtors
Note G4	Short Term Debtors
Note G5	Cash and Cash Equivalents
Note G6	Short Term Creditors
Note G7	Capital Expenditure and Financing
Note G8	Reconciliation of Income and Expenditure Deficit to Revenue Activities Net Cash Flow
Note G9	Cash Flow Statement – Investing Activities

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

**G1. Property, Plant and Equipment**

The table below sets out the transactions relating to Property, Plant and Equipment in 2022/23:

	Land and Buildings	Vehicles, Plant and Equipment	Assets under Construction	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost/Valuation at 1.4.22</b>	<b>25,913</b>	<b>375</b>	<b>2,493</b>	<b>598</b>	<b>164</b>	<b>626</b>	<b>30,169</b>
Additions	570	506	1,755	0	0	0	2,831
De-minimis expenditure	0	-8	0	0	0	0	-8
Depreciation written out on revaluation	-505	0	0	0	0	0	-505
Revaluations – Revaluation Reserve	3,414	0	0	0	0	40	3,454
Revaluations - Recognised in the cost of services	195	0	0	0	0	0	195
Disposals	0	0	0	0	0	0	0
Reclassification Transfers and Adjustments	-4,081	0	0	0	0	0	-4,081
<b>Cost/ Valuation at 31.3.23</b>	<b>25,506</b>	<b>873</b>	<b>4,248</b>	<b>598</b>	<b>164</b>	<b>666</b>	<b>32,055</b>
<b>Accumulated Depreciation and Impairment 1.4.22</b>	<b>-56</b>	<b>-180</b>	<b>0</b>	<b>-124</b>	<b>-66</b>	<b>0</b>	<b>-426</b>
Depreciation charge	-449	-63	0	-27	-6	0	-545
Depreciation written out on revaluation	505	0	0	0	0	0	505
Write out on disposal	0	0	0	0	0	0	0
<b>As at 31.3.23</b>	<b>0</b>	<b>-243</b>	<b>0</b>	<b>-151</b>	<b>-72</b>	<b>0</b>	<b>-466</b>
<b>Net Book Value 31.3.23</b>	<b>25,506</b>	<b>630</b>	<b>4,248</b>	<b>447</b>	<b>92</b>	<b>666</b>	<b>31,589</b>
<b>Net Book Value 31.3.22</b>	<b>25,857</b>	<b>195</b>	<b>2,493</b>	<b>474</b>	<b>98</b>	<b>626</b>	<b>29,743</b>

Comparative movements in 2021/22 were:

	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost/Valuation at 1.4.21</b>	<b>23,873</b>	<b>329</b>	<b>1,024</b>	<b>598</b>	<b>180</b>	<b>536</b>	<b>26,540</b>
Additions	825	67	1,469	0	0	0	2,361
Depreciation written out on revaluation	-690	0	0	0	0	0	-690
Revaluations – Revaluation Reserve	1,774	0	0	0	0	3	1,777
Revaluations - Recognised in the cost of services	387	0	0	0	0	0	387
Disposals	-317	-37	0	0	0	0	-354
Reclassification Transfers and Adjustments	61	16	0	0	-16	87	148
<b>Cost/ Valuation at 31.3.22</b>	<b>25,913</b>	<b>375</b>	<b>2,493</b>	<b>598</b>	<b>164</b>	<b>626</b>	<b>30,169</b>
<b>Accumulated Depreciation and Impairment 1.4.21</b>	<b>-344</b>	<b>-147</b>	<b>0</b>	<b>-97</b>	<b>0</b>	<b>0</b>	<b>-588</b>
Depreciation charge	-408	-69	0	-27	-66	0	-570
Depreciation written out on revaluation	690	0	0	0	0	0	690
Write out on disposal	6	36	0	0	0	0	42
<b>As at 31.3.22</b>	<b>-56</b>	<b>-180</b>	<b>0</b>	<b>-124</b>	<b>-66</b>	<b>0</b>	<b>-426</b>
<b>Net Book Value 31.3.22</b>	<b>25,857</b>	<b>195</b>	<b>2,493</b>	<b>474</b>	<b>98</b>	<b>626</b>	<b>29,743</b>
<b>Net Book Value 31.3.21</b>	<b>23,529</b>	<b>182</b>	<b>1,024</b>	<b>501</b>	<b>180</b>	<b>536</b>	<b>25,952</b>

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

A revaluation has been carried out by Walton Goodland in 2022/23, an independent firm of chartered surveyors. The Council operates a two year programme, with Leisure assets in year one and all other assets in year 2. However, due to Local Government Reorganisation, all assets were revalued in 2022/23.

The firm is independent, has recent knowledge of the local area and experience of this valuation work. The following table shows the Council's programme for valuation of non-current assets; vehicles, plant and equipment are valued at depreciated historical cost as a proxy for current value:

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Assets Under Construction £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Total £'000
Valued at historical cost	0	630	4,248	447	92	0	5,417
Valued at current value at:							
31-Mar-22	0	0	0	0	0	0	0
31-Mar-23	25,506	0	0	0	0	666	26,172
<b>Total</b>	<b>25,506</b>	<b>630</b>	<b>4,248</b>	<b>447</b>	<b>92</b>	<b>666</b>	<b>31,589</b>

The major operational assets of the Council are as follows:

<b>Number at 31 March 2022</b>		<b>Number at 31 March 2023</b>
2	Administrative Buildings	2
4	Sports Centres/Swimming Pools	4
52	Affordable housing units	62
15	Car Parks	15
7	Public Conveniences	7
19	Parks and Areas of Open Space	19
5	Cemeteries	5
104		114

## G2. Long term Investments

The Council invested in the CCLA Property Fund during 2013/14 (Reference F4/14, Council, 20 February 2014). This is viewed as a long-term investment for a then anticipated period of five years. Dividends are credited to the Comprehensive Income and Expenditure Statement. Growth and decline in the value of the fund is reversed to the Pooled Investments Adjustment Account. If the investment is redeemed, then there is a fee of 7% of the value at the time of sale applicable.

<b>31-Mar-22 £'000</b>	<b>CCLA Property Fund</b>	<b>31-Mar-23 £'000</b>
4,169	Fund Valuation at 1 April	4,901
732	Add/(deduct) fund growth/reduction to 31 March	-808
<b>4,901</b>	<b>Fund valuation at 31 March</b>	<b>4,093</b>
<b>4,901</b>	<b>Total Long Term Investments</b>	<b>4,093</b>
48	Dividend Receivable (CCLA) at 31 March	51

**Eden District Council**  
**DRAFT Statement of Accounts 2022/23**

### G3. Long Term Debtors

Transactions during 2022/23 for long-term debtors were:

	Loans to Eden Housing Association	Finance Leases	Loan - Business Support	Deposit on Affordable houses	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2022</b>	<b>522</b>	<b>500</b>	<b>250</b>	<b>157</b>	<b>1,429</b>
Advances made in 2022/23	0	0	0	0	0
Transfer to Short Term Debtors	0	0	0	0	0
Amount repaid in 2022/23	-27	0	0	0	-27
<b>Balance at 31 March 2023</b>	<b>495</b>	<b>500</b>	<b>250</b>	<b>157</b>	<b>1,402</b>

### G4. Short Term Debtors

Short Term debtors were as follows:

<b>31-Mar-22</b>		<b>31-Mar-23</b>
<b>£'000</b>		<b>£'000</b>
2,426	Local Taxation	1,350
208	Housing benefits/subsidy	648
80	Housing deposit	0
905	Other	755
297	Payment in advance	257
1,185	Government	260
<b>5,101</b>		<b>3,270</b>

### G5. Cash and cash equivalents

Cash and cash equivalents were made up as follows:

<b>31-Mar-22</b>		<b>31-Mar-23</b>
<b>£'000</b>		<b>£'000</b>
1	Cash Held by the Council	0
115	Bank Current Accounts	1,168
57	Heart of Cumbria Current Account	0
17,245	Short Term Deposits with Third Parties	987
<b>17,418</b>	<b>Total Cash and Cash Equivalents</b>	<b>2,155</b>

### G6. Short Term Creditors

Short-term creditors were made up as follows:

<b>31-Mar-22</b>		<b>31-Mar-23</b>
<b>£'000</b>		<b>£'000</b>
-1,025	Local Taxation	0
-2,750	Other	-2,856
-3,863	Receipts in advance	-721
-8,592	Government	-996
<b>-16,230</b>		<b>-4,573</b>

## G7. Capital Expenditure and Financing

2021/22 £'000		2022/23 £'000
1,324	Opening Capital Financing Requirement	1,920
	<b>Capital Investment in Year:</b>	
825	Land and Buildings	570
0	Intangible Assets	34
0	Infrastructure Assets	0
67	Vehicles, Plant, Furniture & Equipment	506
1,470	Assets Under Construction	1,754
2,366	Revenue Spending funded from Capital Under Statute	3,852
<b>6,052</b>		<b>8,636</b>
	<b>Financed by:</b>	
1,045	Revenue Contribution	1,542
1	Capital Receipts	438
3,072	Capital Grants	3,448
14	Minimum Revenue Provision	14
<b>1,920</b>	Closing Capital Financing Requirement	<b>3,194</b>
	<b>Explanation of Movements in Year</b>	
596	Increase/Decrease (+/-) in underlying need to borrow (unsupported by Government financial assistance)	1,274
<b>596</b>	Increase/Decrease (+/-) in Capital Financing Requirement	<b>1,274</b>

## G8. Reconciliation of Income and Expenditure Deficit to Revenue Activities Net Cash Flow

The Cash Flow Statement for 2022/23 summarises the inflows and outflows of cash to and from the Council arising from transactions with third parties for both revenue and capital. This note provides an analysis of the Net Cash Flow from Operating Activities shown in the Statement.

2021/22 £'000		2022/23 £'000
-1,434	Surplus/Deficit (+/-) on the Provision of Services	-3,928
	<b>Adjustments to the net surplus or deficit on the provision of services for non-cash movements</b>	
535	Depreciation, Amortisation and Impairment Charges	388
1,633	Pension Costs	1,505
319	Carrying amount of non-current assets disposed of	0
-591	Decrease (-) / increase in inventories and debtors	936
8,369	Decrease/increase (-) in creditors and provisions	-10,903
-2,759	Other non-cash items charged to the net surplus or deficit on the provision of services	-499
<b>7,506</b>		<b>-8,573</b>
	<b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	
-2,306	Capital grants receivable	-3,123
-65	Proceeds from sale of property, plant and equipment, investment property and intangible assets	-422
-2,371		-3,545
<b>3,701</b>	<b>Net cash flow from operating activities</b>	<b>-16,046</b>

**G9. Cash Flow Statement – Investing Activities**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
-2,584	Purchase of property, plant and equipment investment property and intangible assets	-2,666
0	Purchase of short and long term investments	0
58	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	435
2,000	Proceeds from short and long term investments	0
2,353	Other receipts from investing activities	3,123
<b>1,827</b>		<b>892</b>



## Annual Governance Statement 2022/23

### Executive Summary

Governance is about how local government bodies ensure that they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes, cultures and values by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The Annual Governance Statement (AGS) is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

This document describes our governance arrangements and assesses how closely we align with good practice. In overall terms this is a positive statement for the financial year 2022/23. This document relies on several assurance mechanisms including the internal audit annual review, internal audit reports throughout the year, the work of the Accounts and Governance Committee, the overview and scrutiny process and external audit. This is further strengthened by the Finance Scrutiny Committee, which has year round scrutiny responsibilities for managing and monitoring the budget and budget monitoring processes.

External audit is undertaken by Grant Thornton and this provides assurance on the controls the Council has in place. Where the auditor identifies weaknesses in the Council's arrangements, these are highlighted in the Auditor's Annual Report. Within the Report for 2020/21, the auditors reported that no significant weaknesses were identified in the Council's arrangements for Value For Money (VFM), and the Council also received an unqualified audit opinion on its financial statements for financial year 2021/22. The auditors VFM work for 2021/22 and 2022/23 has not yet been completed.

#### Impact of Covid-19 Global Pandemic

The Council has been significantly affected by the Covid-19 Global Pandemic from March 2020, and has had to adapt significantly, however the principles of the Council's governance framework are unchanged. The Council continued to adapt and work under new measures, including maintaining a flexible and risk based approach to hybrid working as restrictions around the pandemic eased.

The Council continued to be involved in the local response to the pandemic and this included monitoring compliance with restrictions, administering business support grants. Eden District Council are an active part of the Cumbria Resilience Forum, who share information and co-ordinate local action to emergencies, including responding to Covid-19 outbreaks.

#### Local Government Re-organisation

Under the Cumbria (Structural Changes) Order 2022 Eden District Council was abolished on 31 March 2023 (along with Cumbria County Council, Barrow Borough Council and South Lakeland District Council). Responsibility for all Local Government functions transferred to a new unitary Westmorland and Furness Council. Elections to the Shadow Authority took place on 5th May 2022. Between May 2022 and March 2023, all existing and future authorities existed in parallel until 31 March 2023 when Eden District Council (and the current County and other Districts) were abolished and the Shadow Authority became Westmorland and Furness Council.

Despite the abolition of Eden District Council on 31 March 2023, due to the continuation of its existing services, its statutory basis and its financial performance, the Council was a going concern for 2022/23 and continued to deliver services in accordance with that mandate. Officers worked to

ensure Eden District Council continued to provide efficient and effective services until 31<sup>st</sup> March 2023 and also worked with officers from all other Cumbrian councils to ensure a smooth transition of services on 1<sup>st</sup> April 2023 to the new authorities.

#### Heart of Cumbria Limited

The Council has a “Group” arrangement through the wholly owned housing company the Heart of Cumbria Limited. The Group arrangements are disclosed as part of the financial statements however the issue of governance is extremely important regarding such arrangements and particularly with this Company.

Following a decision of the Council, the assets and liabilities of Heart of Cumbria Limited were transferred to the Council on 19 January 2023 and the inter-company loan repaid as part consideration. As at 31 March 2023, Heart of Cumbria remained a wholly owned subsidiary but was a dormant company.

The number of Directors was increased to 3 to enable good governance on the business transfer of assets. The Board of Directors met regularly and included two shareholder representatives for the Council, put in place to oversee the board. The Council and Company separately engaged both legal and financial advisors to support the transfer of the assets and functions back to the Council.

### **Scope of Responsibility**

Eden District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, incorporating the system of internal control. This includes arrangements for the management of risk. The Council has established a Local Code of Governance which details these arrangements and is structured around the 7 Principles of Good Governance, as set out below. The AGS focuses on the effectiveness of these arrangements and so should be considered alongside the Local Code of Governance.

A copy of the Local Code of Governance is available on request.

The Accounts and Audit (England) Regulations 2015 require every Council to agree and publish an Annual Governance Statement. CIPFA (Chartered Institute of Public Finance and Accountancy) have produced guidance to Delivering Good Governance in Local Government Framework (2016). In producing this AGS, this guidance has been considered.

## The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It also comprises the activities through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services. The current Council Plan sets out four priorities which are:

- Sustainable
- Healthy, safe and secure
- Connected
- Creative

These priorities help to shape the policies and allocation of resources towards a strategic vision for the District. The system of internal control is a significant part of the overall framework to ensure those priorities are delivered and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, aims and objectives, and can therefore only provide reasonable and not absolute assurance, of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the Council's policies, priorities, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2023.

## The Principles of Good Governance

The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out seven core principles of good governance, these are:

- **Principle 1** – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- **Principle 2** – Ensuring openness and comprehensive stakeholder engagement.
- **Principle 3** – Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- **Principle 4** – Determining the interventions necessary to optimise the achievement of the intended outcomes.
- **Principle 5** – Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- **Principle 6** – Managing risks and performance through robust internal control and strong public financial management.
- **Principle 7** - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

## **The Governance Framework**

The following sections align to the 'Delivering Good Governance in Local Government Framework' (CIPFA/SOLACE) and provide evidence against each of sections contained within that document.

### **Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users**

The Council's long term strategic objectives are set out in the five year Council Plan which is supported by the annually reviewed business plan. Progress is monitored via the Council's Corporate Performance Framework which integrates financial and service planning. Our annual financial planning process is driven by the Council's medium term financial strategy and resources planning process to ensure our future priorities and ambitions are resourced.

The Council Plan identifies and communicates the vision of its purpose and intended outcomes for citizens and service users through a variety of media including its website, the local media and social media.

The Council's five year strategy sets out the organisation's vision and key strategic priorities. The business plan is refreshed on an annual basis and the updated version published. It sits alongside the budget as a key corporate document and is subject to the same public consultation process.

The Council's service and financial planning process incorporates substantial consultation with all sections of the community. A budget consultation process that is focused on qualitative research with stakeholders. In addition we target harder to reach groups (older people, younger people, people with disabilities and people from minority ethnic communities) to ensure that all sections of the community are able to participate in the budget consultation.

The corporate agenda is communicated to staff through regular briefings from the Chief Executive, a "cascade" system and the staff bulletin board and newsletter as well as through staff engagement in the service planning process. Additional communication activities are also undertaken in relation to key projects.

### **Reviewing the Authority's vision and its implications for the Authority's governance arrangements**

The Council reviews its vision and the implications for its governance arrangements by regularly updating its five year strategy, reviewing the annual business plan and major strategy documents.

The Council has a Medium Term Financial Strategy (MTFS) in place to ensure future ambitions are resourced. The MTFS is the Council's key financial planning document. It is driven by our five year strategy and annual business plan and the four strategic priorities which lie at the heart of it:

- Sustainable
- Healthy, safe and secure
- Connected
- Creative

This strategy sets clear targets to ensure balanced resources are set and focus on front line services in a time when government funding has been reduced.

The Council manages this through a comprehensive and regularly reviewed Constitution setting out how the Council operates. Officers and Members ensure that the protocols in the Constitution and other relevant statutes, regulations and guidance are both followed and lead to transparent, ethical and legal decision making. This ensures effective accountability and strong financial management.

**Measuring the quality of services for users, ensuring they are delivered in accordance with the Authority's objectives and ensuring that they represent the best use of resources**

Mechanisms are in place to measure the quality of services for users, ensuring they are delivered in accordance with Eden District Council's objectives and that they represent the best use of resources. The Council continues to improve performance management within the organisation. Service quality and best use of resources is ensured via:

- Quarterly Review of Performance - monitoring and recording performance indicator data and business plans) responsibility of managers to report on a monthly and quarterly basis.
- Quarterly Review of Financial Performance Reports

The Council recognises that to drive improvement it needs to closely monitor and review its performance. The Council routinely monitors its spend against budgets, and its performance against Performance Indicators and also against service plans and strategies.

Financial reporting is delivered quarterly through monitoring meetings and reports. This provides a mechanism for monitoring budgets and effectively challenging or addressing the variances identified with the relevant budget holder.

There is no doubt that the current Financial Management System hampers the efficiency and the effectiveness of the budget management process. It is not user friendly and thus not widely used outside of Finance. However, with it was not considered a viable or value for money project to introduce a new system at this time due to local government reorganisation.

Within Grant Thornton's Annual Audit Report, they reported that no significant weaknesses were identified in the Council's arrangements for Value for Money (VFM) in 2020/21. This means that the external auditors are satisfied that the Council has adequate arrangements in place for securing economy, efficiency and effectiveness in its use of resources. The auditors VFM work for 2021/22 and 2022/23 has not yet been completed.

**Defining and documenting the roles and responsibilities of the executive, non- executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

A clear statement of the respective roles and responsibilities of the executive, the members and the senior officers are held within:

- The Constitution (available on the Council's website)
- Officer job descriptions

The resources planning framework is determined by full Council. The Executive has delegated authority to take most decisions within that framework other than legally specified non-executive decisions such as those relating to regulatory and staffing matters. Executive decisions are subject to scrutiny. All meetings are open to the public unless confidential or exempt items, as defined by the Local Government Act 1972 as amended, are discussed.

The Overview and Scrutiny Committee has overall responsibility for the performance of all overview and scrutiny functions (under the Local Government Act 2000 and Local Government and Public Involvement in Health Act 2007) on behalf of the Council. In particular it is responsible for scrutinising decisions and decision making, developing and reviewing policy, exercising call-in procedures and investigating matters of local concern. The Committee can establish 'Task and Finish' groups to undertake particular reviews in accordance with the annual overview and scrutiny work programme.

The Finance Scrutiny Committee makes recommendations to the Executive on matters relating to the finances of the authority. Its role is to provide a strategic overview of all matters affecting the current and future finances of the authority and it also plays a key role in supporting the budget setting strategy and process.

The Standards Committee has responsibility for ensuring the highest standards of councillor behaviour. This meets when needed to consider reports on investigations into complaints of breach of the Councillors' code of conduct by councillors of this authority or any Town or Parish Council in the district. The Assistant Director (Governance), in their role as monitoring officer, has extensive delegated authority from the Committee to process and determine complaints.

The Accounts and Governance Committee has responsibility for risk management and financial probity, and signs off the Council's annual Statement of Accounts.

The Section 151 officer and the Monitoring officer meet informally as necessary to review the governance arrangements of the Council and provide input into this Annual Governance Statement. The senior officer management team is the Corporate Leadership Team which meets formally each week.

### **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

The key documents and techniques used to develop the code of conduct and high standards of behaviour that we achieve within Eden District Council comprise:

- The Constitution
- Codes of conduct and associated protocols
- HR policies and procedures
- Internal / External Communications Policy
- Whistle blowing policy
- Recruitment policy and Appraisal processes
- Registers of member interests
- Complaints policy and procedures
- Internal Audit work
- External Audit Reports
- All Staff briefings
- Staff Induction Programme
- Staff appraisal process
- Intranet and Website Messages

The Council has adopted codes of conduct for members and officers. The codes and protocols of the Council are included in the constitution. The code of conduct for councillors is a mandatory requirement and includes provision for the registration and notification of disclosable pecuniary interests backed up by criminal sanction.

### **Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

Under the Local Government Act 1972, as amended, the Council is able to delegate decisions to committees or officers but is required to have a scheme of delegation setting this out. The scheme of delegation is part of the Council's constitution.

An accurate up to date constitution reduces the risk of challenge to the Council's decisions.

One of the key aspects of the internal control environment is the management of risk. The Council has a risk management strategy which is updated annually.

Assistant Directors are responsible for maintaining the risk management system and ensuring risks are appropriately mitigated and managed. All Assistant Directors review and update their strategic and corporate risks quarterly. Assistant Directors and managers are responsible for managing their operational risk registers and escalating as and when necessary to the corporate register. For each risk noted on the register, responsible officers are required to identify controls that are in place to mitigate the risk.

The risk register is considered by the Corporate Leadership Team, and ensures that identification and consideration of risk corporately and across services is emphasised and highlighted. The risk register is considered as part of the Quarterly Performance Monitoring which is reported to Cabinet and Overview & Scrutiny Committee. This oversight of risk ensures there is senior officer level and political commitment to effective risk management.

The inclusion of risk registers within service plans and risk logs in key programmes and projects seeks to reinforce the importance of assessing and being aware of the risks associated with each service and major projects.

The Council has staff with specific responsibility for health and safety, and operate Integrated Management Standards, ISO 14001:2004 Environmental Standard and ISO 45001 Health and Safety Management Standard covering all aspects of the Councils work. Both these standards are audited twice a year by external auditors.

The Council participates in the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Council also participates in data matching exercises through the Housing Benefit Matching Service. This matches data held by the Council with that of other agencies such as DWP, to identify cases where fraud may have been committed.

**The Authority's financial management arrangements do conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).**

In June 2009, CIPFA launched its 'Statement on the Role of the Chief Financial Officer (CFO) in Public Service Organisations'. The Statement supports CIPFA's work to strengthen governance and financial management across the public services. CIPFA's Statement sets out five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them.

The statement advocates that the CFO in a public services organisation:

- Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the organisation's financial strategy
- Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

For each principle, the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the CFO role within the organisation. Many day to day responsibilities may in practice be delegated or even outsourced, but the CFO should maintain oversight and control.

CIPFA has issued its 'Statement on the Role of the Chief Financial Officer in Local Government (2010)'. The statement draws heavily on the 'Statement of the Role of the Chief Financial Officer in Public Service Organisations' and applies the principles and roles set out in that document to local government.

The Director of Resources is the Council's nominated Section 151 Officer.

### **Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities**

The Council's Accounts and Governance Committee undertake the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. In particular it has an on-going role in ensuring a responsive and effective internal audit function and the effective management of the Council's risks and provides 'robust challenge' to the internal control and other governance arrangements of the Council.

In order for a councillor to sit on the Committee they must first have received training on all aspects of the Committee's responsibilities.

### **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

Chief Officers and Assistant Directors take responsibility for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

Eden District Council observes all specific legislative requirements and adheres to the general principles of good administrative law – rationality, legality and natural justice.

The Assistant Director (Governance) is designated as the Council's Monitoring Officer and it is their responsibility to ensure that the Council's business is conducted in a legal and proper fashion and in accordance with council policies. All reports that go before Council and Cabinet are reviewed by the Monitoring Officer to ensure the legality of the Council's actions. Additional external legal advice is sought where appropriate.

The Chief Finance Officer is responsible for the administration of the Council's finances under section 151 of the Local Government Act 1972 and ensures financial management of the Council is conducted in accordance with the Accounting & Audit Rules (part 4 (g) of the Constitution). Financial management facilitates service delivery through the five-year Medium Term Financial Strategy and the annual budget process, underpinned by the Budget and Policy Framework (part 4 (d) of the constitution) and Treasury Management Strategy.

Eden District Council actively recognises the limits of lawful activity implicit in the ultra vires doctrine, and strives to employ its powers to the full benefit of its communities.



## **Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan**

In accordance with the “Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)”, the Council has an Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan to ensure that the Council's approach to any identified fraud, theft, or corruption, is clearly set out so that appropriate action is taken if necessary.

Training on Fraud & Corruption are provided to key staff during the year through e-training and written updates.

The strategy and response plan are updated on an annual basis and approved by the Accounts and Governance Committee. The Committee also receive an Annual Fraud report, which sets out the measures taken to prevent fraud as well as any frauds that have occurred and the actions taken.

## **Whistle blowing and receiving and investigating complaints from the Public**

The Council has well-developed processes for whistle blowing and for receiving and investigating complaints both internally and from the public. The Confidential Reporting Code is available on the internet and intranet and the corporate complaints procedure is available on the internet. All new Councillors and members of staff receive a copy of the Confidential Reporting Code and it is reviewed and re-published to all Councillors and staff on an annual basis.

There were no incidents of whistleblowing reported in 2022/23. Complaints can be made by telephone, in writing or by visiting the Council. The Council aims to resolve all complaints at the point of contact wherever possible. Where this is not achievable, the Council's corporate complaints procedure (available on the website) outlines a formal two stage process for rectifying issues. The definition of a complaint is:

- a service being delivered at a lower standard than is set out in council policy or SLAs
- the attitude of staff
- neglect or delay in responding to customers
- failure to follow agreed procedures/policies
- evidence of bias or unfair discrimination.

The council reports its performance on a quarterly basis and complaints including Ombudsman investigations are included within this report. An annual summary is provided to the Accounts and Governance Committee.

## **Managing Data and Control over Data**

Data is managed in accordance with the law. The key information management and security policies in place are: The Data Protection Policy, Data Quality Statement, Access to Information Policy, Information Security Policy and Personal Data Breach Policy.

Information Sharing protocols are in place when sharing data with third parties. Strategy ownership rests with Executive Committee who are responsible for agreeing, monitoring, promoting and reviewing its implementation.

Monitoring also includes reports to Executive, internal / external audits and Information Commissioner reviews, as appropriate.

### **Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

The Council is committed to both officer and member development and support. A member training programme is developed annually to provide the appropriate training and support for members to effectively carry out their roles.

Members and officers are invited to suggest topics for development sessions at any point during the year. The development programme for elected members offers a range of formal and informal learning events including conferences, briefings, seminars, workshops and forums.

The training sessions are categorised to help members choose the appropriate training to suit their individual requirements. There are six training categories:

- essential, which cover the broad skills for being a councillor, providing information on some of the basic principles of local government such as finance, and statutory issues around planning and licensing;
- internal knowledge, which provides information specific to Eden District Council;
- Committee skills, which are targeted at specific committees and roles;
- Portfolio Holder, which focus on the knowledge and skills required in these roles;
- engagement, which relate to members' responsibilities as community leaders;
- information, which refer to briefings on specific subjects as required.

In 2022/23, training was provided, either formally or informally, on all the above areas. Outside of training for particular committees, formal training was also provided on Social media, domestic abuse awareness and chairing skills.

### **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

There is a Consultation Policy and Programme with guidance for staff on how to undertake effective consultations. The Council undertook six public consultations in 2022/23:

- Public Spaces Protection Order extension
- Regulation 18: Eden Local Plan Partial Review
- Environmental Permit
- Gambling Act 2005 Review of Statement of Policy
- Economic Prospectus – Inspiring Eden
- Appleby Conservation Area Character Appraisal and Management Plan
- Budget Consultation 2022/23

In the main, accountability and consultation is achieved using the following methods:

- Website
- Committee Management Information System (Modern Gov) (where the public reports are available for inspection).
- Corporate Improvement Programmes
- Medium Term Financial Strategy
- Statement of Accounts
- Budget Book
- Customer Satisfaction Surveys
- Press releases

- Intranet
- All Staff Briefings
- Corporate Communications Strategy
- Performance Management Reports

**Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the Authority's overall governance arrangements**

The Council's aim is to fully exploit the opportunities for partnership working and strengthen the governance and performance management arrangements. The Council's key strategic partnerships are included as part of the performance management framework and performance is reported quarterly.

The Council maintains a database of key partnerships and a partnership protocol to provide guidance to officers and members when engaging with a new partnership.

The LEP is a key partnership for the Council, and there are clear terms of reference in place to cover membership, roles and responsibilities and the objectives of the partnership. The LEP Board provides the leadership and decision making body for the partnership that plans the work programme of the board and coordinates performance management and action planning. The Management Group is chaired by the LEP Board member with the role of performance champion.

To ensure the partnership listens to the wider views of the local community, it holds an annual conference which is open to all stakeholders and provides an annual report of its activity. Where appropriate the LEP sets up sub-committees to co-ordinate work programmes, examples include the Business and Economic Response and Recovery Group established to establish a strategic response to the impact of the Covid19 pandemic. Sub-partnerships have their own terms of reference, agreed by the LSP Board, and report back to the Board with performance and progress updates on a regular basis.

There are clear arrangements for Member roles on partnerships and outside bodies and this has been supported by relevant training and a process of annual review.

## **Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the Chief Officers within the Council who have responsibility for the development and maintenance of the governance environment, TIIA's annual report, the work of the Scrutiny and Accounts and Governance Committees and also by comments made by the external auditors and other review agencies and inspectorates.

Key roles in maintaining and reviewing the effectiveness is performed via the Constitutional Framework and key statutory roles and responsibilities:

### **The Council**

The Council has responsibility for the Budgetary and Policy Framework. A balanced budget was set for 2022/23, consistent with the prevailing Council Plan. Council also reviews and approves amendments to the Constitution.

## **The Executive**

The Local Government Act 2000 and regulations made thereunder set out the functions which the Executive may perform. The Executive is not permitted to carry out any regulatory or staffing function. The Leader of the Council selects the Executive giving 'Portfolios' to the individual Members of the Executive.

## **Accounts and Governance Committee**

The Committee acts as an audit committee, in line with Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013). The Committee approved the Internal Audit Plan for 2022/23, considered all audit reports and receives the annual report assessing the effectiveness of the system of internal audit. The Committee has monitored implementation of the recommendations of internal and external audit. The AGS is reviewed by the Accounts and Governance Committee alongside the supporting evidence which is set out in a public report. The Committee has also considered all Standards and constitutional review matters.

## **Overview and Scrutiny**

The Overview and Scrutiny Committee has overall responsibility for the performance of all overview and scrutiny functions (under the Local Government Act 2000 and Local Government and Public Involvement in Health Act 2007) on behalf of the Council.

In particular it is responsible for scrutinising decisions and decision making, developing and reviewing policy, exercising call-in procedures and investigating matters of local concern. This work is delivered by the Overview and Scrutiny Committee which can establish 'Task and Finish' groups to undertake particular reviews in accordance with the annual overview and scrutiny work programme.

The role of scrutiny in following up recommendations: At every meeting of each scrutiny committee, there is a standard agenda item: 'Overview and Scrutiny Annual Work Programme'. This includes a follow up schedule for all previous scrutiny reviews. The committees normally review progress on the implementation of their recommendations at six month intervals, unless the nature of the review suggests a shorter or longer timescale is appropriate. The Lead Member and relevant Director and/or Service Head are asked to provide a written progress report and to attend the meeting to brief the committee.

## **Finance Scrutiny Committee**

The Finance Scrutiny Committee has responsibility for overseeing the Council's budget and treasury management functions throughout the year. This includes responsibility for scrutinising the Council's Budget and Budget preparation process.

In particular the committee will provide strategic overview of all matters which could significantly impact upon the finances of the Council including considering the medium term planning horizon.

## **Standards Committee**

The Localism Act 2011 required the Council to adopt new arrangements for ensuring the maintenance of high standards of councillor conduct, including a code of conduct which is consistent with the Nolan principles of good conduct in public life with effect from 1 July 2012. A new code was duly adopted and the Standards Committee was re-constituted so that its membership met the requirements of the 2011 Act.

## **Statutory Roles – Head of Paid Service, Chief Financial Officer and Monitoring Officer**

The Council's statutory officers consist of the Head of Paid Service (Interim Chief Executive), the Chief Financial Officer (Interim Director of Resources) and Monitoring Officer (Assistant Director Legal and Governance) who fulfil the statutory duties associated with their roles, including ensuring that the Council's activities are in accordance with the law and legislative requirements, and that financial budgets are set appropriately and are monitored regularly.

The Interim Chief Executive and Interim Director of Resources were contracted to 31<sup>st</sup> March 2023, which is prior to vesting day for the new Westmorland and Furness Council.

The Council complies with the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2015). The CFO reviews the AGS and the Local Code as part of Corporate Leadership Team. In the 2022/23 financial year, the Interim Director of Corporate Services was designated as the person responsible for the administration of the Council's finances under section 151 of the Local Government Act 1972 and ensured the financial management of the Council was conducted in accordance with the Financial Regulations and Corporate Financial Procedures.

The Council also has a Monitoring Officer to ensure the Council acts within its legal powers and statutory framework.

### **Internal Audit**

An effective Internal Audit Service (IAS) is a fundamental element of the overall system of internal control. In 2019/20, CIPFA performed an external review of the in-house element of the IAS and judged that it was generally compliant with Public Sector Internal Audit Standards. This was reported in detail to the Accounts and Governance Committee in February 2019.

The work of internal audit is set out in an annual plan. The 2022/23 plan was agreed by the Accounts and Governance Committee in March 2022. The IAS submits an opinion statement to the Accounts and Governance Committee on the overall adequacy and effectiveness of the Council's internal control environment.

The Council's internal audit arrangements comply with the CIPFA Statement on 'The Role of the Head of Internal Audit (2010)'. TIAA Ltd (TIAA) are contracted to supply the whole of the IAS.

The annual report for 2022/23 on Internal Audit was presented to the Accounts & Governance Committee in March 2023. The opinion of the Head of Internal Audit was that 'TIAA is satisfied that, for the areas reviewed during the year, Eden District Council has reasonable and effective risk management, control and governance processes in place. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Eden District Council from its various sources of assurance'.

There were two areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' assurance. Recommendations were made to further strengthen the control environment in these areas, which were accepted by management.

### **External Audit**

The external audit of the Council is provided by Grant Thornton LLP for the main accounts (including group accounts) and value for money opinions. Assurance over the Housing Benefit Subsidy claim is provided by Mazars LLP. Whilst external auditors are not required to form an

opinion on the effectiveness of the Council's risk and control procedures, their work does give a degree of assurance.

Regular meetings take place with Officers to cover progress on the external audit plan and other key audit related issues. The external auditor also regularly attends Accounts and Governance Committee to update them on progress and to provide topical sector updates. The Council ensures it provides timely support, information and responses to External Auditors and fully considers their findings and recommendations.

## **Governance Actions: Review of 22/23**

### Annual Governance Statement Action Plan

The 2022/23 AGS Action Plan focussed on the key actions from the Local Code of Governance review and also actions raised in relation to governance from other audits.

Actions completed during the year included:

- Emergency Planning & Response Group Reinstated, meeting quarterly and updating policies and procedures
- Staff Corporate Training Plan and Performance Appraisal system launched May 2022
- Contracts database updated

### Local Code of Governance

A full review of the compliance of the council against its own Local Code of Governance was performed. Limited improvements were evidenced as work had concentrated on preparing the governance for the new Westmorland & Furness Council. Improvements made during the year not included in the AGS Action Plan included:

- Records Management and Retention Policy approved by Cabinet October 2022
- Council's partnership protocol approved by Extended Leadership Team and Partnership database updated July 2022

Outstanding items at 31 March 2023, were notified to the new Unitary to ensure that they are included in their governance arrangements and review.

## **Conclusion**

There are no significant governance issues. The governance arrangements in place are considered fit for purpose.

Councillor Jonathan Brook  
**Leader of the Council**

Sam Plum  
**Chief Executive**

**Independent auditor's report to the members of Eden District Council**

Intentionally Blank