



Dear Councillor

**CORPORATE GOVERNANCE COMMITTEE - WEDNESDAY, 13 NOVEMBER
2019**

I am now able to enclose for consideration at the above meeting the following reports that were unavailable when the agenda was printed.

**Agenda Item
No.**

- 2. APPROVAL FOR PUBLICATION OF THE 2018/19 ANNUAL FINANCIAL REPORT**(Pages 3 - 168)
To consider the Auditor's Report, the Letter of Representation and the Annual Financial Report. **[REPORT AND APPENDICES TO FOLLOW].**

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HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Approval for Publication of the 2018/19 Annual Governance Statement and the Annual Financial Report
Meeting/Date:	Corporate Governance Committee – 13 November 2019
Executive Portfolio:	Strategic Resources: Councillor J A Gray (Deputy Executive Leader)
Report by:	Head of Resources
Wards affected:	All Wards

Executive Summary:

The Council is required by statute to produce both an Annual Governance Statement (AGS) and an Annual Financial Report (AFR). Both of these documents are produced in line with statutory regulations and are required to be approved by 'those charged with governance'.

In order to approve the accounts the Committee must:

- Consider the Auditors Report (Audit Results Report) which comments on the auditor's findings on the Annual Finance Report and their view on Value for Money. Both the Annual Finance Report and the Value for Money position of the Council are expected to receive an unqualified audit opinion. At the time of writing the Auditors Results Report at Annex A is still some minor queries outstanding.
- Approve the Letter of Representation
- Approve the Annual Financial Report

Recommendations:

1. Receives the Auditors Results Report (**Annex A**)
2. Approves the Letter of Representation (**Annex B**) and authorises the Head of Resources (as Section 151 officer) to sign it on behalf of the Council.
3. Give delegated powers to the Chairman of the Committee and Finance Manager (as Section 151 officer) to authorise and sign the Annual Financial Report (**Annex C**) on behalf of the Council subject to the auditors confirming an unqualified opinion on the AFR 2018/19.

1. PURPOSE OF THE REPORT

- 1.1 To complete the processes for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Finance Report (AFR) for 2018/19.

2. BACKGROUND

- 2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve the AFR prior to

publication. To do this the Committee needs to follow the stages in the order shown in the report.

3 RECEIVING THE AUDITORS REPORT (AUDIT RESULTS REPORT)

3.1 At the time of writing the report the audit is complete with the auditors having some final queries to resolve to enable them to approve the accounts. An up to date position will be reported at the Committee.

3.2 The Audit Results Report will be presented to the meeting by the auditors and a draft is attached at **Annex A**. The auditors will verbally update the Committee at the meeting of any further changes since the issuing of the report.

3.3 The Audit Report outlines, within audit differences, uncertainty around an adjustment to prior year surplus/deficits requested by MHCLG. This relates to 13/14 and 14/15 accounting periods and given that the impact on the accounts would not be material, it was agreed that officers would investigate this further as part of the 2019/20 close down.

3.3 There were 3 issues raised as 'Control Observations' by the auditors within the Audit Results Report in respect of the AFR for 2018/19 which related to:

- Accounting records
- Timeliness of deliverables
- Bank Reconciliation

3.4 Although the issues raised are similar to prior year, significant progress has been made to make sure that information is understandable and comprehensive. During 2018/19 the finance team migrated to a new finance system and have ensured that the integrity of the data has been maintained.

4 APPROVE THE LETTER OF REPRESENTATION

4.1 Each year a letter has to be given to the auditor by the Council which explains what the Council has done to ensure its financial records are accurate; a draft of the letter is attached as **Annex B**. It is 'best practice' for the Committee to approve the content of this letter and then authorise the Head of Resources to sign it on behalf of the Council.

4.2 The Committee is asked to agree the draft letter and once the external auditor has confirmed that both the AGS and AFR are unqualified, that the Head of Resources to sign it on behalf of the Council.

5 APPROVE THE ANNUAL FINANCIAL REPORT

5.1 The Council is required to produce and approve by the 31 May the Draft AFR, which incorporates the Statement of Accounts. Then 'those charged with governance' are required to approve and the Council is required to publish the AFR; a copy is attached at **Annex C**.

5.2 The Committee is asked to approve the AFR, which includes the Statement of Accounts. Once the external auditor has confirmed that the AFR is unqualified, then the report will be signed on behalf of the Council.

6 KEY IMPACTS

- 6.1 Paragraph 3 above outlines the control observations and the associated management comments.

7 LINK TO THE CORPORATE PLAN

- 7.1 Ensuring we are a customer focused and service led Council – to become more business-like and efficient in the way we deliver services. The production of the AFR is also a statutory requirement.

8. CONSULTATION

- 8.1 In line with the Account and Audit regulations the AFR was available for inspection from 3 June to 14 July 2019.

9 LEGAL IMPLICATIONS

- 9.1 There are no direct legal implications arising from this report.

10 RESOURCE IMPLICATIONS

- 10.1 There is a specific budget for the Audit Fees.

11 REASONS FOR THE RECOMMENDED DECISIONS

- 11.1 The process that has been followed in preparing the AFR has been thorough and in line with statutory regulations.
- 11.2 The issues that have been identified for inclusion within the AGS are referenced within the statement and are a reflection of the current situation.
- 11.3 Both the AGS and the AFR have been subject to external audit and review by the Council's auditors, Ernst and Young LLP.

LIST OF APPENDICES INCLUDED

Annex A – Auditors Report – Audit Results Report
Annex B – Draft Letter of Representation
Annex C – 2018/19 Annual Financial Report (Draft)

BACKGROUND PAPERS

CONTACT OFFICER

Claire Edwards, Finance Manager
Tel No: 01480 388822

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**Huntingdonshire District Council
Audit results report
Draft for management**

Year ended 31 March 2019

6 November 2019

6 November 2019



Dear Corporate Governance Committee Members

We are pleased to attach our draft audit results report for management consideration in advance of the forthcoming meeting of the Corporate Governance Committee (the Committee). This report summarises our preliminary audit conclusion in relation to the audit of Huntingdon District Council for 2018/19.

As at the date of this report we have substantially completed our audit of Huntingdonshire District Council for the year ended 31 March 2019.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3 soon after the November Committee meeting. We will have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Corporate Governance Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Corporate Governance Committee meeting on 13 November 2019.

Yours faithfully

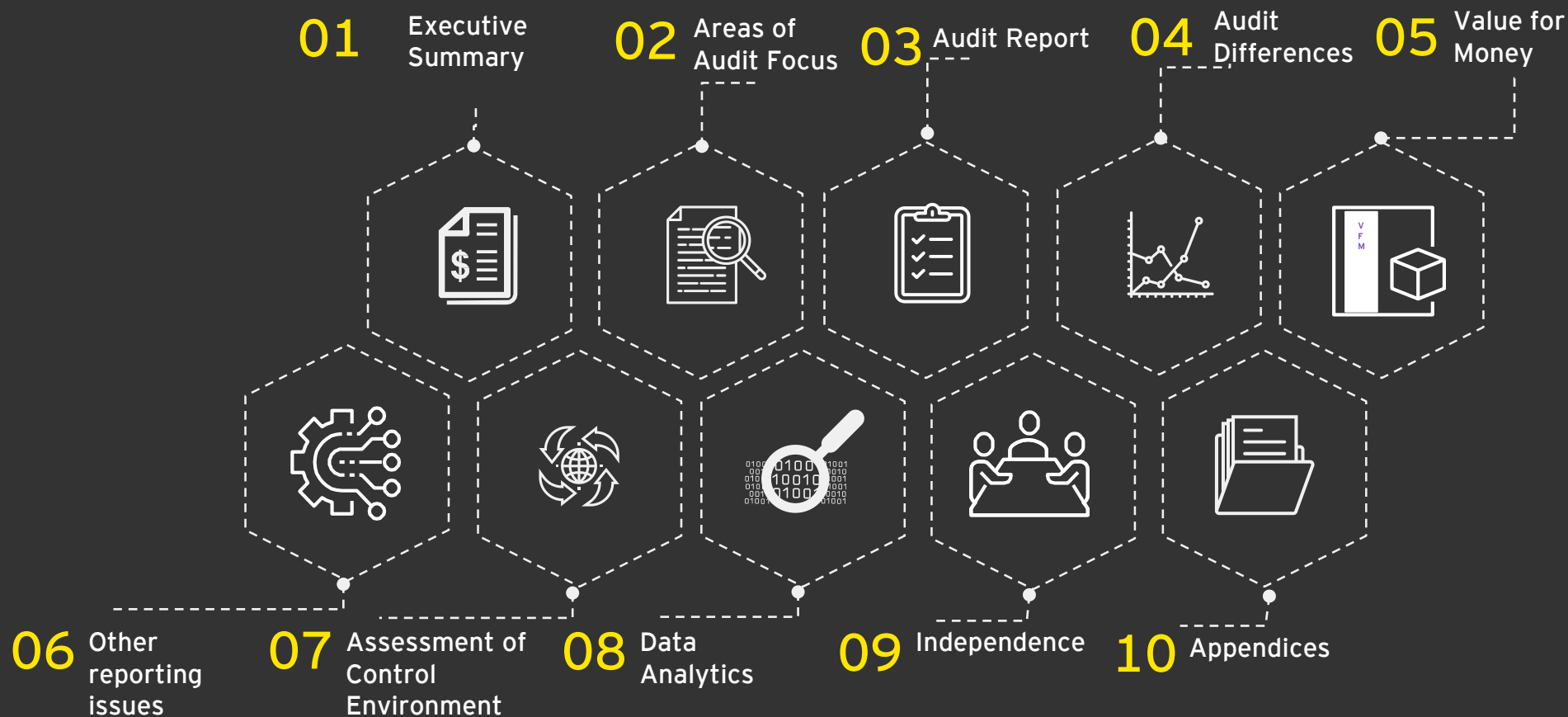


Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary

Executive Summary

Scope update

In our Outline Audit Plan presented at the January 2019 Corporate Governance Committee (the Committee) meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

Status of the audit

In June we reported to the Committee that due to our resourcing issues we needed to reschedule the audit of the Authority's accounts until after the end of July. We subsequently agreed with the Chief Financial Officer a September start date and a relatively small audit team over a longer period so as not to overwhelm the finance team who would be undertaking budgeting tasks at the same time. We planned this approach so that we could report a completed position to the 13 November Committee meeting. As at 6 November our audit is substantially complete and we are currently completing a small number of the procedures we outlined in our Outline Audit Plan. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise. We are currently completing procedures in respect of:

- | | |
|---|---|
| <ul style="list-style-type: none">Property, plant & equipment - we are awaiting the Council's valuer to provide additional information in respect of 2 assets | <ul style="list-style-type: none">Income & expenditure testing - we are reviewing a small number of items |
|---|---|

In addition, we expect to receive a revised set of accounts shortly which we will need to review to ensure all expected adjustments have been made appropriately.

We will then need to:

- ▶ Complete our final review processes
- ▶ Complete a subsequent events review
- ▶ Request, receive and review the signed management representation letter.

On completion of the above procedures and on receipt of the approved financial statements we expect to issue the audit certificate at the same time as the auditor's report.

Executive Summary

Findings against identified risks and areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings.

Significant risk	Findings & conclusions
Misstatements due to fraud or error - management override of controls	We have completed our testing and found no indication of management overriding controls.
Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure and REFCUS	We have completed our testing and found no indications that revenue expenditure and REFCUS have been inappropriately charged to capital.
New financial management system	We deployed our specialist IT auditors to review the migration of data and test key processes in respect of the move to Tech 1 during the year. Whilst we have made some recommendations for future data migration exercises we are satisfied that the move to Tech 1 has not impacted on the material accuracy of the accounts.

Area of audit focus	Findings & conclusions
Valuation of other land & buildings & investment properties	We have almost completed our testing. Our EY Real Estates (EYRE) have reviewed two investment properties, and are satisfied that the Authority's valuations are reasonable.
Pension liabilities	Following the year end the Authority have taken into account a revised IAS19 report to update its disclosures in respect of the pension liability. The net liability has been increased by £3.6m
Implementation of new accounting standards	We have considered management's impact assessment. We identified a £3.9m reclassification adjustment in relation to IFRS9 which management have agreed to correct.
Restructuring of the finance team	We have not identified any significant issues arising from change in the finance team.

This report sets out our observations and conclusions on the above matters, and any others identified, in the "Areas of Audit Focus" section of this report. We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues; and
- ▶ You agree with the resolution of the issues; and there are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to your attention.



Executive Summary

Audit differences

Unadjusted

At the date of this report there are no unadjusted audit differences.

Uncertainty

There is one significant uncertainty which we wish to communicate to the Committee. After the year end the Authority was notified by MHCLG of a possible discrepancy in its Non-Domestic Business Rates retention scheme return (NNDR3) relating to prior years and carried forward amounts in respect of the Collection Fund Surplus/Deficit. MHCLG's review identified a discrepancy of £1.055m. Officers have investigated the potential discrepancy but have insufficient certainty to determine whether or not an adjustment to the statement of accounts is required. We have considered the initial work carried out by officers and agree that there is insufficient certainty to support an adjustment to the 2018/19 accounts. We recommend that officers complete their investigations and liaise with MHCLG to agree on the value of the discrepancy and the adjustment required for its NNDR3 returns and the 2019/20 statement of accounts.

Adjustments

During the audit we have identified audit differences in the draft financial statements which management has chosen to adjust. The most significant adjustments are:

- Financial instruments of £3.966m reclassified from Fair Value through Other Comprehensive Income and Expenditure (FVOCI) to Fair Value through Profit and Loss (FVPL) in accordance with the requirements of IFRS9 applicable from 1 April 2018
- The Authority commissioned the pension fund actuary to prepare a revised IAS 19 report to reflect the actual value of pension assets at the 31 March 2019 (the actuary based the initial IAS19 report on asset values at 31 December 2018 and a forecast for their value at the year end) and the impact of national pension issues arising after the 31 March 2019. These national issues relate to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. Since the 31 March year-end there has been additional evidence, including a legal ruling by the Supreme Court which rejected the Government's appeal, and suggested that the associated liabilities to the ruling should in fact be able to be fully calculated and so included within the financial statements of admitted bodies. In addition, there has been some movement on the Guaranteed Minimum Pension ruling. As a result of these issues the Authority has used the revised IAS19 report to recognise an increase of the net pension liability by £3.635m made up of an increase to the present value of obligation of £0.87m and a decrease in fair value of plan assets of £2.765m.
- £0.4m reclassification between cash and debtors arising from reconciling issues following the move to TechOne. There is no net impact on assets.
- £0.595m reduction in the value of a car park which was incorrectly valued on a freehold basis rather than leasehold basis.

We include further details in Section 5 Audit Differences.

Executive Summary

Value for money

For 2018/19 we did not identify any significant risks in respect of your arrangements for the effective use of your resources. During the course of the audit we have not identified any issues which caused us to change our initial risk assessment.

We have therefore concluded that we have no matters to include in the auditor's report about your arrangements to secure economy efficiency and effectiveness in your use of resources and anticipate issuing an unmodified opinion.

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls. However, from undertaking the audit we have made some observations in respect of the preparation of the accounts and supporting working papers. We include details in Section 7.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no other matters to report as a result of this work. We have also reviewed the Authority's Narrative Report for consistency with the financial statements and our knowledge. We have no other matters to report as a result of this work.

We are not reporting any matters to the National Audit Office (NAO) regarding the Whole of Government Accounts submission as the Authority falls below the £500 million threshold for review as per the NAO's group instructions.

We have had no correspondence from members of the public and had no reason to consider exercising our wider powers under the Local Audit & Accountability Act 2014.

Independence

Please refer to Section 9 for our update on Independence.



02 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have not identified a heightened risk of management override overall, but we have identified a specific area where management override might occur: incorrect capitalisation of revenue spending. Our specific response to this risk is set out in the next slide.

What judgements are we focused on?

We have considered the risk of management override and the areas of the financial statements that may be most susceptible to this risk. For the Authority, we have identified the potential for the incorrect classification of revenue spend as capital including Revenue Expenditure Funded from Capital Under Statute as a particular areas where there is a risk of fraud or error.

What did we do?

- ▶ Identified fraud risks during the planning stages.
- ▶ Asked management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determined an appropriate strategy to address those identified risks of fraud.
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements
- ▶ Reviewing critical judgements made by management in applying accounting policies.
- ▶ Assessing management's assumptions made about the future regarding major sources of uncertainty.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.



Areas of Audit Focus

Significant risk

Incorrect capitalisation of revenue expenditure

What is the risk?

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.

In considering how the risk of management override may present itself, we conclude that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the medium to longer term projected financial position.

A key way of improving the revenue position is through the inappropriate capitalisation of revenue expenditure. The Authority has a significant fixed asset base and therefore has the potential to materially impact the revenue position through inappropriate capitalisation.

What judgements are we focused on?

- How management decides on appropriate capitalisation of revenue expenditure.
- How the capital programme complies with proper capital strategy principles.

What did we do?

Sample testing additions to property, plant and equipment and Revenue Expenditure Funded from Capital Under Statute to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.

What are our conclusions?

We have not identified any additions that were incorrectly capitalised.



Areas of Audit Focus

Significant risk

Financial management system

What is the risk?

The Authority migrated to a new financial management system during the year. The migration to a new finance system is a significant event that involves extensive planning and arrangements to ensure that the governance of the process maintained, the new system delivers as expected and there is no loss of financial data. As such, we consider this to represent a significant risk to the audit where this occurs during the financial year.

What judgements are we focused on?

As part of the data migration, the General Ledger transactions and balances (including the sub ledger details) from Oracle were migrated to the Tech 1 FMS.

We therefore engaged support from EY Information Technology Risk & Assurance (ITRA) to perform a data migration review and obtain reasonable assurance around data integrity in T1 FMS following the cutover on 1 July 2018. ITRA reviewed key financial data such as general ledger, open accounts receivable (AR) and vendor and customer master data.

What did we do?

In order to address this risk we will carry out a range of procedures including: Involving our risk assurances experts in assessing how the migration has been governed and performed;

- Testing the migration of the data to ensure it remains complete and accurate;
- Reviewing the mapping of data between the old and new systems; and
- Gaining an understanding of the new IT environment and the impact this has on the processes associated with significant classes of transactions.

What are our conclusions?

Based on the procedures performed, we conclude there are sufficient controls in place to enable us gaining reasonable assurance that system migration activities did not result in a material misstatement of the financial statements.

Our work noted that:

- There was no formal data migration strategy and plan that covered the key activities required before and after the data migration; and
- the Accounts Receivable (AR) balances between E-Financials and T1 data were reconciled by checking the total balance of the reports. However, a line by line reconciliation of individual balance per customer was not carried out post migration to validate that the data loaded to T1 is the same as E-Financials.

Management performed a retrospective line by line reconciliation review to demonstrate that the data was migrated completely and accurately.



Areas of Audit Focus

Other areas of audit focus

In our Outline Audit Plan we identified other areas of the audit, not classified as significant risks, but still important when considering the risks of material misstatement to the financial statements and disclosures.

What is area of focus?

Valuation of Investment properties

The fair value of Investment Properties (IP) represent significant balances in the Authority accounts and are subject to valuation changes. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

In 2018/19, the Authority purchased two significant retail investment properties, one of which provides a future income stream to the Authority, . In addition, we reported in our 2017/18 Audit Results Report on an investment property asset which requires extensive repair and renovation, requiring more complex estimation techniques.

What did we do?

- ▶ Considered the work performed by the Authority's valuer, including the adequacy of the scope of the work performed, their professional capabilities, the results of their work covering the judgements and assumptions made in assessing the impact the capital works have on the property's value;
- ▶ Tested the base data used in performing the valuation;
- ▶ Considered the due diligence work undertaken by the Authority and advice received;
- ▶ Considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Tested accounting entries have been correctly processed in the financial statements; and
- ▶ Engaged our EY Real Estates specialist to consider the valuation of the properties to ensure that the asset valuations are materially correct.

Conclusions

Our EYRE team reviewed in detail the work of management's valuer, including testing the assumptions used to comparable market information and their own expert knowledge. We have concluded that the valuation of the Authority's investment properties are materially correct.

Areas of Audit Focus

Other areas of audit focus (continued)

What is the risk/area of focus?

Valuation of Land and Buildings

The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What did we do?

We:

- ▶ considered the work by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE;
- ▶ reviewed assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- ▶ considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ tested that accounting entries have been correctly processed in the financial statements.

Conclusions

We are awaiting further information on two assets before we can conclude fully on our work on the valuation of land and buildings. We will provide a verbal update to the Committee.

Our work to date has identified that a car park has been valued incorrectly on a freehold rather than leasehold basis, reducing its value by £0.595m.



Areas of Audit Focus

Other areas of audit focus (continued)

What is the risk/area of focus?

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Cambridgeshire County Council.

The Authority's pension fund deficit is a material estimated balance and the Code requires that this net liability is disclosed on the Authority's balance sheet. At 31 March 2019 this came to £85.4 million .

The information disclosed is based on the IAS19 report issued to the Authority by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The Authority re-ran the actuary's report to take account of the McCloud case.

What did we do?

We:

- ▶ liaised with the auditors of Cambridgeshire Pension Fund to obtain assurances over the information supplied to the actuary - although these are outstanding which has impacted on our ability to review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.
- ▶ assessed the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team.

The Authority has amended its financial statements to take account the actual value of pension assets at the year end and the implications of the McCloud case, brought to address the impact of historical age discrimination in the treatment of pensioners. This decision came through in late June, after the statements were originally drafted. The effect is to increase the net liability by £3.635m.

Other areas of audit focus

What is the risk/area of focus?

What did we do?

IFRS 9 financial instruments

This new accounting standard changed:

- ▶ How financial assets are classified and measured;
- ▶ How the impairment of financial assets are calculated; and
- ▶ The disclosure requirements for financial assets.

There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 9.

- ▶ Assessed the Authority's implementation arrangements, including reviewing an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- ▶ Considered the classification and valuation of financial instrument assets;
- ▶ Reviewed the new expected credit loss model impairment calculations for assets; and
- ▶ Checked additional disclosure requirements.

Conclusion on IFRS 9 - We identified that the Authority had incorrectly classified a financial instrument as eligible to be accounted for as FVOCI. The Authority has agreed to reclassify the £3.966m pooled investment fund as FVPL and apply the statutory override.

IFRS 15 Revenue from contracts with customers

The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

The 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.

The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.

- ▶ Assessed the Authority's implementation arrangements, including an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19.
- ▶ Considered the application to the Authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and
- ▶ Check additional disclosure requirements.

Conclusion on IFRS 15 - We agreed with the Authority's assessment that IFRS15 had no significant impact on the way it accounts for revenue from customers.



Areas of Audit Focus

Other areas of audit focus

What is the area of audit focus

What did we do?

Restructuring of the Finance Team

At the time of developing our Outline Audit Plan we were made aware by management of proposed changes within the Finance Team. Management were taking action to fill the vacancies. We recognised in the Outline Audit Plan the risks associated with in the short term a loss of knowledge and experience which may impact on the production of the financial statements.

Reviewed management's proposals to restructure the team and considered the impact for the production of the financial statements especially given the pressure on the Finance Team to produce accounts to the deadline of 31 May 2019.

In the event the re-structuring did not take place until after the publication of the accounts with a new Finance manager appointed after 1 June 2019.



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUNTINGDONSHIRE DISTRICT COUNCIL

Opinion

We have audited the financial statements of Huntingdonshire District Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- Collection Fund, and
- The related notes 1 to 40 of the Authority's Financial Statements and notes 1 to 4 of the Collection Fund.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- on Local Authority Accounting in the United Kingdom 2018/19, give a true and fair view of the financial position of Huntingdonshire District Council as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of Huntingdonshire District Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.



Audit Report

Our opinion on the financial statements

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Huntingdonshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Head of Resources

As explained more fully in the Statement of Responsibilities set out on page 22 the **Head of Resources** is responsible for the preparation of the 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 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the **Head of Resources** is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Audit Report

Our opinion on the financial statements

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Huntingdonshire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Huntingdonshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Huntingdonshire District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Huntingdonshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Huntingdonshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Huntingdonshire District Council and Huntingdonshire District Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
Xxxx 2019

The maintenance and integrity of the Huntingdonshire District Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



05 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

To date there are the following adjusted misstatements in the draft statements; however as we have yet to complete the work set out in Appendix B, there may be more unadjusted and adjusted differences.

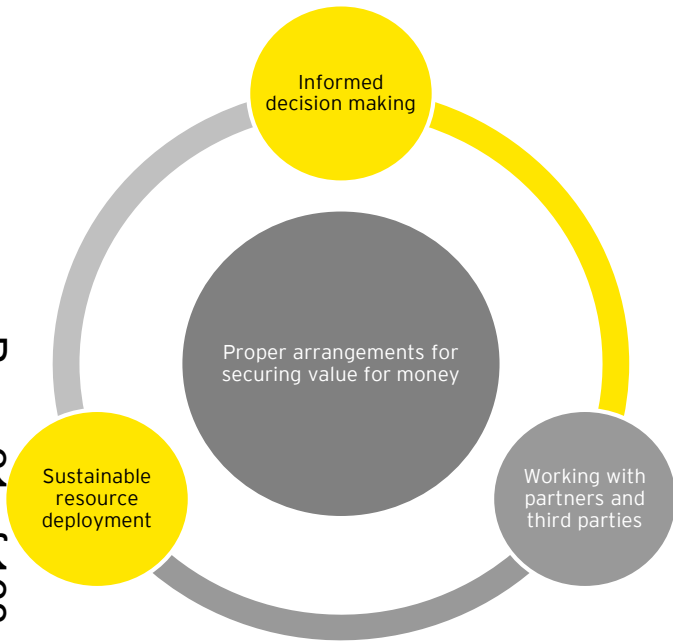
- **Pension liability** : An amendment as a result of two aspects of the pensions liability. Firstly, the Council’s revised IAS19 report showed that the value of pension assets as at 31 March 2019 had changed since the initial IAS19 report. In addition, a judgement has been made on the McCloud case to address the impact of historical age discrimination in the treatment of pensioners. This national decision, impacting on many public sector bodies, came through in late June 2019, i.e. after the statements were originally drafted. The effect of both these matters is to increase the Authority’s pension liability by £3.635 million.
- **Property, plant and equipment**: Our testing has identified a car park which the Council has incorrectly valued on a freehold basis rather than leasehold. The impact is a reduction in the valuation of £0.595 million.
- **Current assets**: Our testing identified an issues arising from the move to TechOne, which required officers to reclassify £0.4 million of cash to debtors.
- **Financial instruments**: In light of the move to IFRS 9 we challenged management on its accounting treatment of a pooled investment. The Council has agreed to reclassify £3.966 million of financial instruments from Fair Value through Other Comprehensive Income and Expenditure (FVOCI) to Fair Value through Profit and Loss (FVPL).

We have reported to management a small number of other audit differences, including disclosure items, which are below our reporting threshold.



05

Value for Money Risks



Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Overall conclusion

We did not identify any significant risks around these criteria at the planning stage. However we reviewed the Authority's financial resilience by completing a quantitative and qualitative assessment of the Authority's budget, medium term financial strategy and capital, treasury management strategies produced in the period to 31 March 2019.

There are no issues to report.



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement (AGS)

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements. We must also review the AGS for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. We found that financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements. We have reviewed the AGS and can confirm it is consistent with other information from our audit of the financial statements.

We requested amendments to ensure that AGS complies with the Code of Practice by including that period the AGS covers, reference to the responsibility for ensuring there is a sound system of governance, inclusion of limited opinion Internal Audit reports covering the IT Disaster Recovery, Information Security Health Check and Land Charges, specifying which are the significant governance issues that the Authority faces with an action plan to address and a conclusion.

For 2019/20 the Authority is to update the Annual Government statement so that it addresses the seven principles of within *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace, 2016) and enhance the Head of internal Audit opinion by including reference to internal control, governance and risk management as required by the Internal Audit Standards.

As regards the Narrative Report, we made suggestions to the Authority for improvements to the context to the Report and including its key performance indicators by which it measures itself and giving an indication of the extent it is meeting its key performance targets.

We have no other matters to report as a result of this work.

Whole of Government Accounts (WGA)

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your WGA return. The extent of our review, and the nature of our report, is specified by the NAO. As the Authority falls below the £500 million threshold for review as per the NAO's group instructions, we are not reporting any matters.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We have identified any relevant issues.

Other reporting issues

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

We have no other matters to report.



07

Assessment of Control Environment



Assessment of Control Environment

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control. We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware. However, wish to report the following areas where improvements could be made to the operation or design of controls.

Quality Control Review of the Financial Statements

Preparation of the financial statements and related working papers

We have incurred delays in the completion of our audit work. We appreciate that rescheduling the audit meant that we were making requests at a busier time of the year for Authority staff. We appreciate that the time Authority staff have made available for audit enquiries which have been dealt with in a helpful and collaborative manner. However, we would note that we encountered the following difficulties during the audit which has affected the efficiency of the audit. We are committed to working in collaboration with the Authority to improve audit arrangements for 2019/20.

1. Accounting records : We found some areas where the accounting records which the Authority maintains were not initially sufficient for us to be able to complete our audit in the most efficient manner. This was particularly an issue when auditing creditors and debtors and cash and bank for the Authority. In particular:

- The working papers for debtors and creditors were not suitable for audit as they included a movement of all transactions during the year rather than just the balances that remained outstanding at the balance sheet date. It took various iterations being reviewed by management and us, in addition to several meetings to eventually generate useable working papers.
- The Authority incurred difficulties in mapping the general ledger data to the financial statements and to the categories used in our data analytics tools, being assets, liabilities, income, expenditure and equity. We held a number of meetings with the finance team and reviewed several of iterations of the reconciliation before receiving a final version that could be used for audit.
- The bank reconciliation is complex and difficult to follow and took more than expected to understand the presentation and audit.
- We note that the issues with debtors, creditors, bank reconciliation and data mapping are consistent with those encountered in the prior year.

2. Timeliness of deliverables : There were occasions where the length of time between requesting a deliverable or working paper, and actually receiving it was longer than agreed. This meant that our staff had often finished their time on site for the audit by the time the information was available. We will work collaboratively with the Authority in 2019/20 to improve audit arrangements. We suggest that the Authority assigns responsibilities for working papers and puts in place quality review of the supporting documents and audit trails to ensure that they support the financial statements.



08 Data Analytics



Use of Data Analytics in the Audit

Data analytics

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ▶ Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the Authority's audit included testing journal entries, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2018/19. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.

EY Helix - GLASS: Journal Entry Data Insights - 19 Huntingdonshire DC - 31/03/2019





Journal Entry Testing

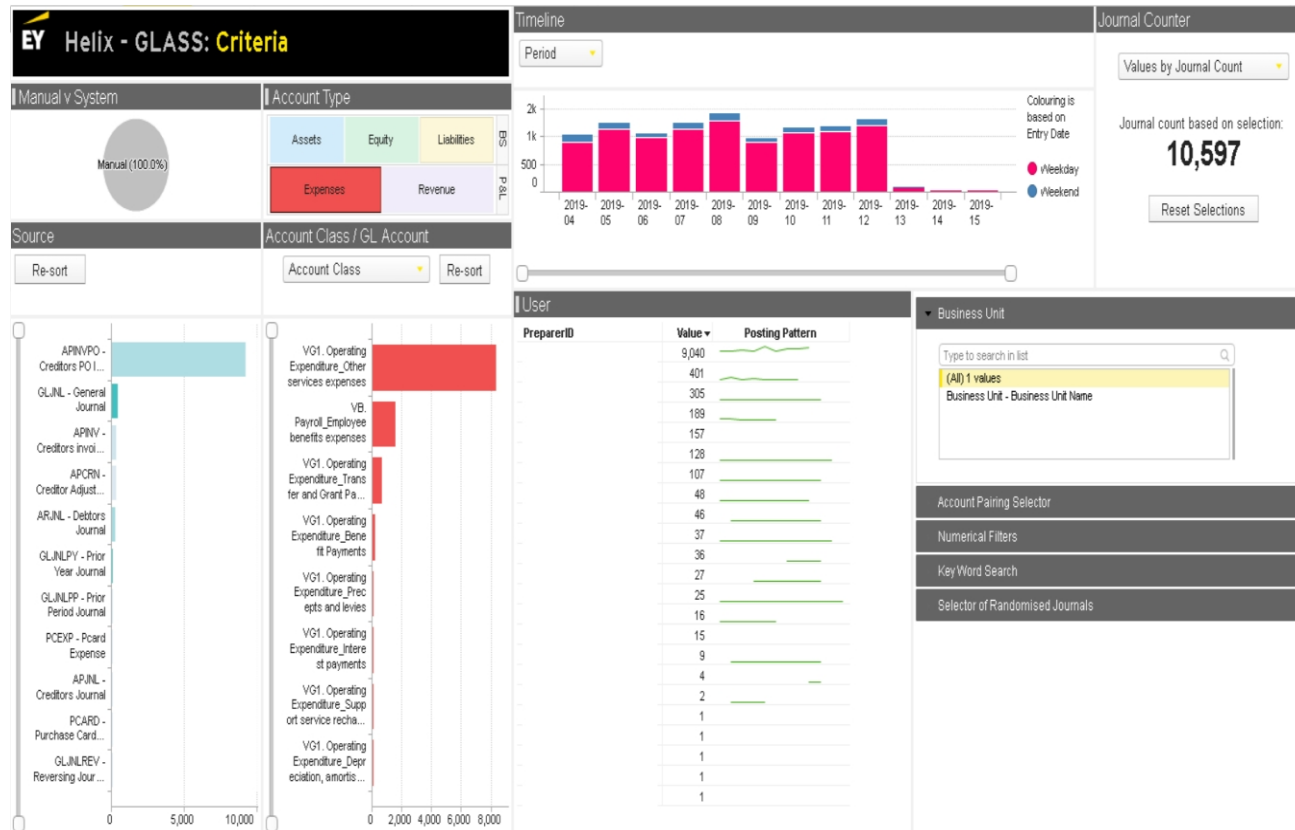
What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

Journal entry data criteria – 31 March 2019



What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



09

Independence

Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning report tabled at the 23 January 2019 Corporate Governance meeting. We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that the Corporate Governance Committee considers the facts known to you and comes to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of Corporate Governance on 13 November 2019

Page 42 of 168 Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats. There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table overleaf includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services listed below has been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019. We confirm that we have not undertaken non-audit work outside the PSAA Code requirements. In our Outline Audit Plan we reported ranges for the expected additional fees associated to the additional risks we had identified. We have updated these ranges where appropriate.

	Final fee 2018/19	Planned fee 2018/19	Final Fee 2017/18
	£'s	£'s	£'s
Core audit work	40,992	40,992	53,236
Impact of 50% performance materiality	12,500	10,000-12,500	12,455
Involvement of EYRE - investment property	2,500	n/a	4,415
Additional audit overruns and delays	TBC*	n/a	2,922
Early close of accounts	-	n/a	3,202
New general ledger	17,450	12,500-20,000	n/a
Total audit fees	TBC	40,992	76,230
Non-Audit Work - Housing Benefit certification**	12,400**	n/a	To be confirmed
Total non-Audit Work	12,400	n/a	To be confirmed

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- Once we have concluded the audit we will determine the additional fees associated with delays in delivering the audit.

We will discuss these fees with management in the first instance, before agreeing them with you and requesting approval from Public Sector Audit Appointments (PSAA).

** The fee for housing benefit work is the base fee and does not include any extended testing. The work is yet to commence.







10 Appendices

Appendix A

Required communications with the Corporate Governance Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Planning Report - 20 December 2018
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Planning Report - 20 December 2018
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - 13 November 2019

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Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about Huntingdonshire District Council's ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - 13 November 2019
Subsequent events	<ul style="list-style-type: none"> ▶ Asking the Audit Committee where appropriate about whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report - 13 November 2019
Fraud	<ul style="list-style-type: none"> ▶ Asking the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit Results Report - 13 November 2019

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	Audit Results Report - 13 November 2019
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Planning Report - 20 December 2018</p> <p>Audit Results Report - 13 November 2019</p>

Appendix A

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		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	All confirmations requested have been received
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - 13 November 2019

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit results report
Written representations we request from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we request from management and/or those charged with governance 	Audit Results Report - 13 November 2019
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - 13 November 2019
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - 13 November 2019
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit planning report is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Planning Report - 20 December 2018 Audit Results Report - 13 November 2019
Certification work	<ul style="list-style-type: none"> ▶ Summary of certification work 	Certification Report

Appendix B

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Outstanding audit queries	At the date of the release of this report, a small number of areas of testing are ongoing as detailed in the Executive Summary. We are working with management to progress in advance of the 13 November 2019 Corporate Governance meeting. We will provide an update during the meeting on their status, as well as any additional findings arising if relevant.	EY and management



Appendix C

Management representation letter

Management Rep Letter

To be placed on headed letter paper

[Date]

Ernst & Young

One Cambridge Business Park

Cambridge

CB4 0WZ

Huntingdonshire District Council- Audit for the year ended 31 March 2019

This letter of representations is provided in connection with your audit of the financial statements of Huntingdonshire District Council (“the Council”) for the year ended 31st March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Huntingdonshire District Council as of 31st March 2019 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.

Management representation letter

Management Rep Letter

5. We believe that the effects of any **unadjusted audit differences**, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, their ability to continue to operate, or to avoid material penalties;

- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: **XXXX 2019**.

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Management representation letter

Management Rep Letter

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. We have disclosed to you, and the Council have complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. Other than described in the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon.

2. We confirm that the content contained within the other information is consistent with the financial statements.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon.

2. We confirm that the content contained within the other information is consistent with the financial statements

G. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheets, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheets.

Management representation letter

Management Rep Letter

2, All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the Authority financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

H. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

I. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of Property, Plant and Equipment, the IAS19 actuarial valuations of pension fund liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Estimates

Pension Liability, PPE and Investment Properties Valuations Estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

2. We confirm that the significant assumptions used in making the estimates for PPE, Investment Properties and Pensions Liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19

Management representation letter

Management Rep Letter

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Head of Resources

Chair of the Corporate Governance Committee

Schedule of Uncorrected Misstatements

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ED None

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ey.com

13 November 2019

Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Letter of Representation – Huntingdonshire District Council - Audit of Financial Statements 2018/19

This letter of representations is provided in connection with your audit of the financial statements of Huntingdonshire District Council (“the Council”) for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Huntingdonshire District Council as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We acknowledge, as members of management, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 for the Council that are free from material misstatement, whether due to fraud or error.

5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with the laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on the amounts and disclosures in the Council's financial statements, but compliance with which may be fundamental to the operations of the Council's activities, their ability to continue to operate, or to avoid material penalties;
 - Involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegation of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council, and relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 7 November 2019
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers

of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. Other than the financial statements, there have been no events subsequent to year end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon.
2. We confirm that the financial statements reflect the operating segments reported internally to the Council.

G. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet(s).

H. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.
2. We are unaware of any known or probable instances of non-compliance with the requirements of the regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

I. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effect of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the Valuation of Property, Plant and Equipment and the IAS19 actuary valuations of the pension fund liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Estimates

Pension Liability, PPE and Investment Properties Valuations Estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the significant assumptions used in making the valuation of assets appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and council financial statements due to subsequent events.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

(Finance Manager (Section 151 Officer))

(Chair of the Corporate Governance Committee)



Huntingdonshire District Council
Annual Financial Report
For the year ended 31st March 2019

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Narrative Report

By the Head of Resources

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2018/19 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2019.

The purpose of this report is to provide a guide to the most significant matters reported in the Council's accounts and is in three sections.

- Commentary and review of 2018/19.
- The Financial Statements.
- Technical information.

Commentary and Review of 2018/19

The District

Huntingdonshire District Council's area covers approximately 91,300 hectares of the north western part of the County of Cambridgeshire. With a population of 176,980 it is the largest district in the county by both land area and population. The population is forecast to grow to around 210,000 by 2036.

Huntingdonshire is well connected to other parts of the country via main roads and rail links. The A1 runs north to south and the A14 traverses the district east to west. Both Huntingdon and St. Neots are connected to London Kings Cross by a frequent 50 minute railway service.

The district has 4 market towns: Huntingdon, St. Ives, St. Neots and Ramsey. It is predominantly rural with village settlements providing the main focus for community facilities outside of the market towns.

Economic activity (production, distribution and consumption of goods and services) in the area is high with an estimated 85% of residents aged 16-64 classed as economically active and an 82.4% employment rate among residents aged 16-64.

The Council provides a range of services to residents, businesses and visitors. These include refuse and recycling, business growth support, car parks, elections, environmental health, housing advice, housing and council tax support, leisure centres, markets, parks and open spaces, planning and conservation.

Governance

As of May 2018 the Council moved to a 4-year all-out election cycle. The Council has 52 councillors representing 26 wards across the district. An "Executive Leader and Cabinet" decision making model is operated. Under this model, the executive leader appoints their own deputy executive leader and cabinet which comprised 4 other councillors and 2 cabinet assistants.

Organisational Model

The head of paid service of the Council is the Managing Director who has 2 Corporate Directors (Delivery and Services), 1 Assistant Director (Transformation) and 6 Heads of Services (Community, 3C's ICT, Development, Leisure and Health, Operations and Resources)

Risks

Following a review of the strategic risks faced by the Council, the 2018/19 Annual Governance Statement (AGS) has identified the following key risks:

- **Housing affordability**

This issue is one which impacts on the Council's ability to deliver the Corporate Plan primarily through the escalating financial consequences of homelessness and the ability to recruit suitably experienced and qualified staff. Furthermore it also has a bearing on the mobility of the local labour market and inward investment and business growth opportunities.

- **Morbidity/Growing number of years of ill health**

Increasing pressures are being felt by many parts of the public sector, primarily through the growing demand on support costs, through such things as disabled facilities grants and personal care costs. This is not something that any single agency has ownership of, but requires joint working to deliver effective solutions. For this reason it is considered appropriate that it be included in the AGS.

- **Wider economic environment**

The Council is very much reliant on the private sector to deliver one of its key Corporate Plan strategic priorities – delivering sustainable growth across the District. Whilst the Council is able to assist the private sector in a number of ways, external factors such as a market volatility will have a greater impact, which in turn will have direct impacts on the Council's financial plans and forecasts for new homes bonus, council tax and business rates incomes.

- **Skill levels and educational attainment**

Linked to the issues noted above, it is important that the workforce within the area not only becomes more self-reliant but also contributes to the areas ability to grow and thrive. A skilled and flexible workforce which possesses digital skills will allow the Council to transform its current delivery models and offer new methods of service delivery.

Review of the Year

2018/19 has been another challenging year for the Council with the reduction of grant funding from Central Government as austerity measures continue.

The Council set a gross budget for the year of £73.690m, following fees and charges income and reserve movements set a net budget £20.308m (2017/18; £20.177m), a net increase of £0.131m (0.65%). After allowing for the following non-ring fenced government grants:

- Revenue Support Grant of £0.604m (2017/18; £1.182m),
- Business Rates Retention scheme (NDR) of £5.841m (2017/18; £4.622m),
- New Homes Bonus of £2.718m (2017/18; £3.656m),
- Section 31 Grant of £1.729m (2017/18; £1.018m)
- Collection Fund surplus of £0.966m (2017/18; £1.534m surplus)

and a contribution to revenue reserves of £3.026m (2017/18 £3.032m). This left the Council to raise £8.450m (2017/18; £8.166m) from Council Tax which equated to a Council Tax of £138.56 (2018/19; £135.84) for a Band D equivalent property. This represented a 2.00% increase for a Band D council tax payer.

Performance

How the Council performed against its Objectives and Budget are detailed below. Further information can be found in the 20 June Cabinet report ([click here](#)).

Theme: People – we want to make Huntingdonshire a better place to live, to improve health and well-being and support people to be the best they can be

- Significant achievements this year include improved attendance at group exercise classes aimed at older adults, higher numbers of volunteering opportunities provided and progress with the Local Plan (which was subsequently adopted by the Council on 15 May 2019).
- The number of young people taking part in Active Lifestyles activities such as Mini Movers, Mini Dribblers, Parish Council Holiday activities and street sports increased by nearly 50% to 3,264 participants.
- Through focussing on early interventions, the Housing Needs Team successfully prevented 405 people from becoming homeless in 2018/19.
- The average length of time taken to complete Disabled Facilities Grants works was cut to 20.6 weeks from 40.6 weeks in 2017/18.
- The Grants Panel awarded over £37k of Community Chest funding to 22 local community groups and the One Leisure Active Lifestyles Team worked with nearly 50 partners to develop sport and physical activity facilities.
- We have facilitated a record number of litter picks, supporting the 'Great British Spring Clean', and have secured £31k worth of funding from the government to 'Clean Up High Streets & Town Centres'. The less glamorous side of dealing with litter and waste in Huntingdonshire was highlighted on Channel 5's 'Life of Grime' television show.

Theme: Place – we want to make Huntingdonshire a better place to work and invest and we want to deliver new and appropriate housing

- Hinchingsbrooke Country Park achieved Green Flag status, with Priory Park retaining its Green Flag and progress on achieving this at Riverside St Neots ongoing.
- Performance improved in street cleansing and grounds maintenance services and there was also an improvement in our recycling/composting/re-use rate, with the proportion of household waste sent to landfill falling to less than 42% from 45% in 2017/18.
- The Planning team achieved all targets on processing planning applications in time.
- The numbers of new homes and affordable homes both exceeded expectations.

Theme: Provide Value for Money Services – we want to become more efficient and effective in the way we deliver services and become a more customer focussed organisation

- The new Customer Portal launched on our website in Q3 and we went live with access to Council Tax and Housing Benefit services in Q4. Over 1,200 accounts were created by the end of April and nearly half of our customers are accessing services 'out of hours'.
- Our 'icare' values (Inspiring, Collaborative, Accountable, Respectful, Enterprising) are now firmly in place, with all staff trained on the values we are striving to demonstrate. The People Group (staff from all services) continue to help develop our approach to applying the values across the Council.
- Our employee survey results showed an improvement in 85% of comparable results.
- There were improvements in the average time taken to process both new claims and changes of circumstances for Housing Benefit and Council Tax Support.
- The total amount of energy used in Council buildings fell by 11% compared to usage in 2017/18 – a reduction of over 1.2 million kilowatt hours.
- The only action that was significantly behind schedule was the action to maximise the income generating potential of all traded activities at One Leisure facilities. This was Red due to a shortfall in income against budget, due in part to delays in delivering the swimming pool project at St Neots and underperformance of the Burgess Hall and One Leisure Huntingdon. However, One Leisure Ramsey, Sawtry and St Ives (Indoor and Outdoor) performed well and in line with expectations and a plan is in place to recover performance during the 2019/20 financial year.
- Three indicators missed targets by more than acceptable variance and details of these 'Red' indicators are shown below. Performance clinics focus on delivering continuous improvements in all services.
 - Only 85% of Stage 1 complaints were resolved within time against a target of 95%. 46 of 60 late responses this year related to complaints about services provided by Operations.
 - Our timely response rate to Stage 2 complaints was also below target at 81%, with three of these complaints not responded to within time. Two late responses to Stage 2 complaints related to services provided by Community and one late response to a Stage 2 complaint was about a service provided by Development.
 - The percentage of calls to the Call Centre which were answered was below the 90% target. However, the latest annual result of 82% is an improvement on the 79% achieved in 2017/18. Customer Services have experienced high staff turnover this year and use of agency and temporary staff has required considerable training to be provided. The launch of the new digital customer portal with integrated forms is expected to help reduce call volumes and allow more streamlined customer contact via e-forms.

Revenue Spending and Sources of Income

The Table below sets out the Council's Budget for 2018/19 and how it performed and details the main sources of income the Council receives to pay for its services.

2017/18 Outturn £000	Service	2018/19		Variation £000	%
		Budget £000	Outturn £000		
1,837	Community	1,758	1,598	(160)	(9)
2,504	Customer Services	2,533	2,419	(114)	(5)
1,735	3C's ICT Shared Service	2,128	1,983	(145)	(7)
1,080	Development	1,071	333	(738)	(69)
127	Leisure and Health	(190)	279	469	(247)
4,832	Operations	3,925	4,522	597	15
4,291	Resources	4,415	4,361	(54)	(1)
2,052	Directors and Corporate	1,642	1,819	177	11
18,458	Net Revenue Expenditure	17,282	17,314	32	0
3,067	Contribution to Reserves	3,026	3,274	248	8
(1,348)	Contribution from Earmarked Reserves	0	(280)	(280)	
20,177	Budget Requirement	20,308	20,308	0	0
	Financing				
(5,048)	NDR and Council Tax Surplus/Deficit	(7,570)	(7,639)	(69)	1
(5,977)	Government Grant (Non-Specific)	(3,322)	(4,717)	(1,395)	42
(1,248)	Contribution to/(from) Collection Fund Reserve	(966)	498	1,464	(152)
262	Contribution to/(from) Other Reserves	0	0	0	0
8,166	Council Tax For Huntingdonshire DC	8,450	8,450	0	0

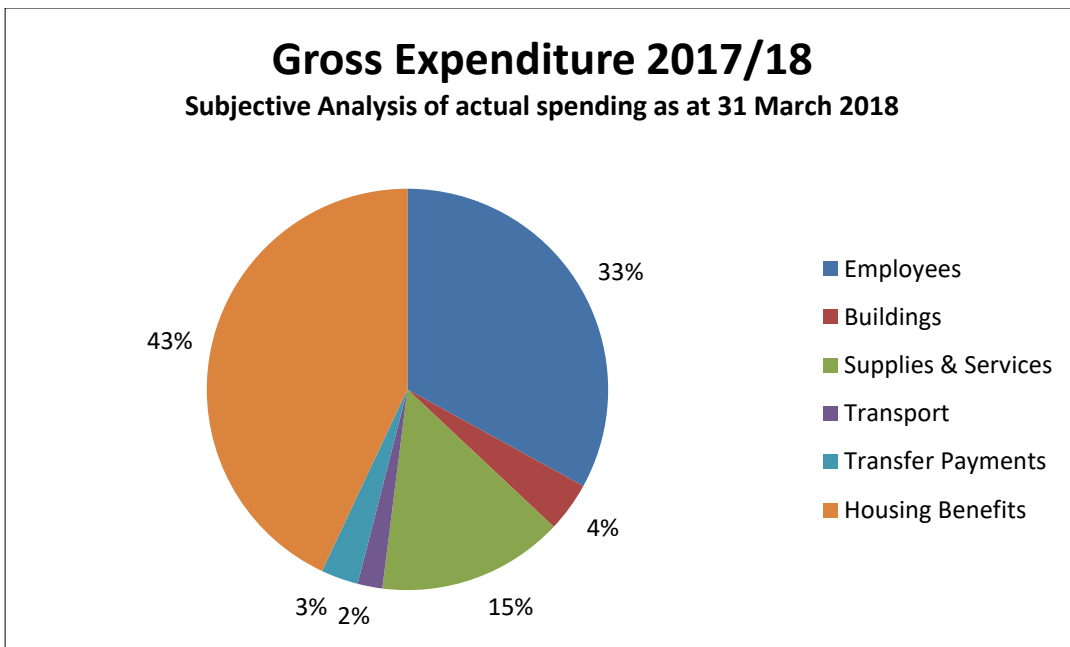
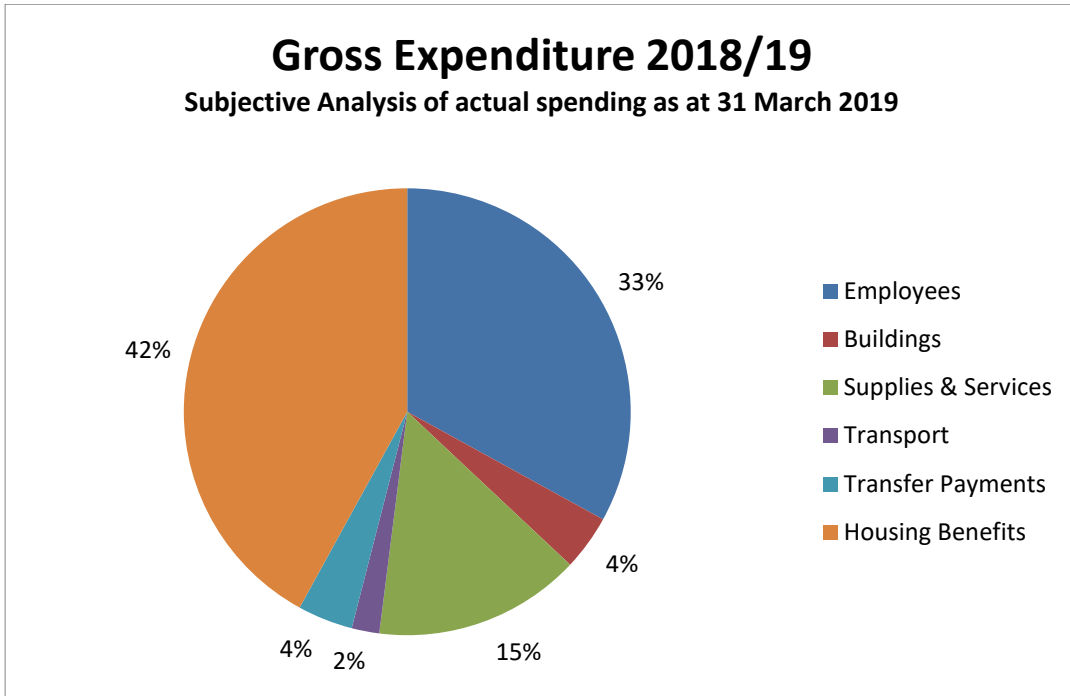
The outturn position above includes trading operations, commercial properties and some internal recharges that are not included in the cost of services section of the Comprehensive Income and Expenditure Statement or the Expenditure and Funding Analysis (Note 7).

A summary of the variations of the outturn to the Budget are shown in the table below:

Service	Main reasons for variance
Community	Staff savings following a service restructure. Additional income on licensing off-set by lower income from external users of the document centre printing services.
Customer Services	Higher net cost of benefit payments for homeless accommodation partially off-set by lower contributions to bad debt provisions required this year.
ICT Services	One-off savings on licences due to delay in implementing the Council Anywhere project.
Development	Staff savings following a service restructure and because of delays in recruiting to vacant posts. Higher income from application fees and Community Infrastructure administration fees.
Leisure and Health	One -off payment relating to the provision of a football pitch in St Neots (this is funded from reserves). Income from the use of the Burgess Hall has fallen below expectations and other income is below budget at the three larger sites (Huntingdon, St Neots and St Ives).
Operations	Recycling contamination has adversely impacted on service costs and income. Higher fuel prices have impacted waste management, street cleaning and grounds maintenance service costs. Higher use of agency staff (mainly required to cover staff sickness). Income was adversely affected because no tenant was found for the vacant office space at Pathfinder House. Car Park income exceeded the budget target.
Resources	Higher insurance premium costs and higher contributions to the bad debt provision were off-set by higher income from the Council's commercial investment programme and staff savings from vacant posts (mainly as a result of apprentices gaining permanent employment).
Directors and Corporate	Staff savings have arisen prior to the implementation of a restructure and members' allowances have reduced under the new allowances scheme. Additional income has been generated on land charges and elections. Additional expenditure has arisen on District Elections and the Councils transformation programme; these are being funded from reserves.

Analysis of Revenue Income & Expenditure

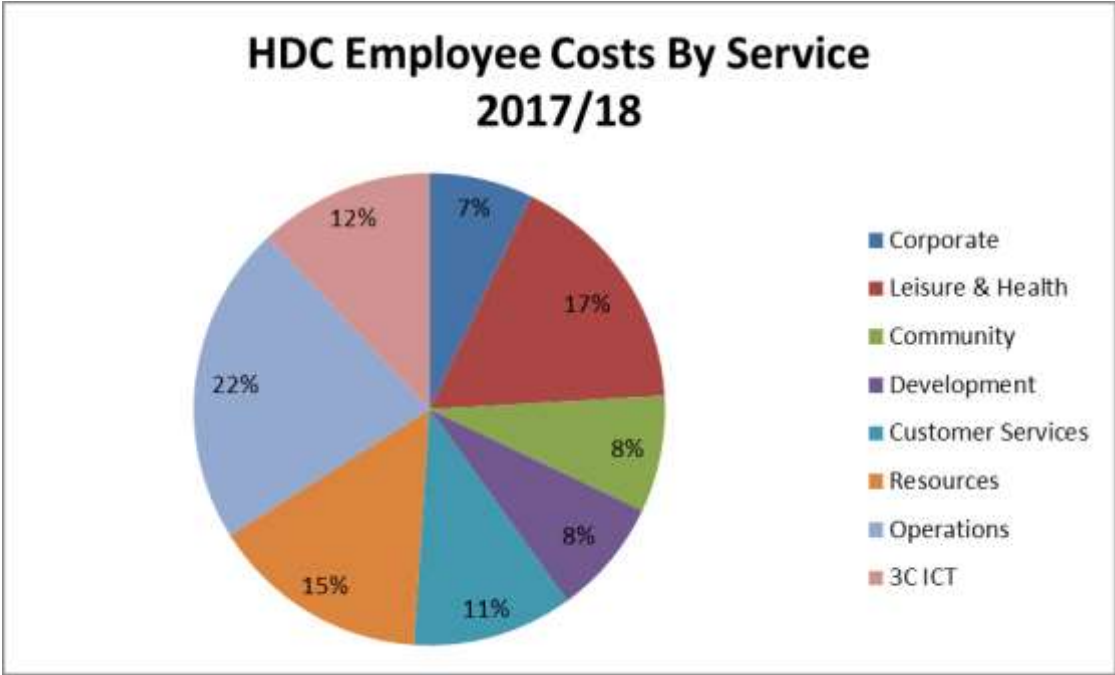
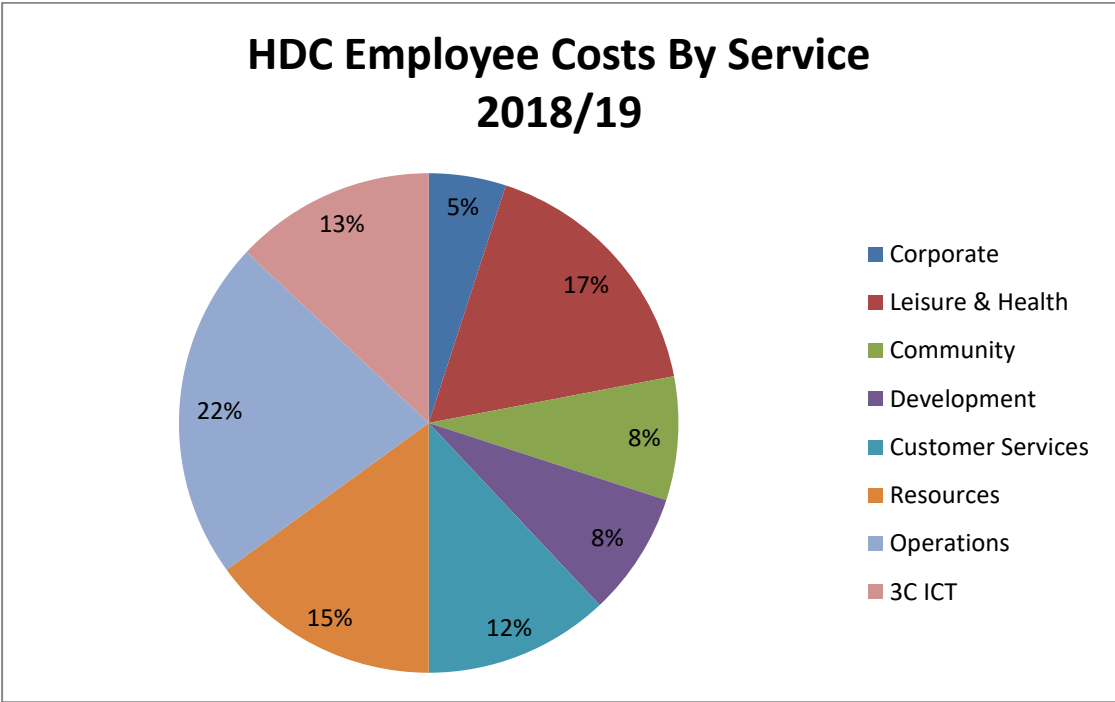
The Council spent £78.903m in 2018/19 and the chart below shows the type of expenditure this was spent on.



Note: These figures are different from those in the Comprehensive Income and Expenditure Statement (CIES) as that is based on accounting regulations and contains a number of costs that are not included in the above figures as they are not part of the Council's Management Accounts, for example depreciation charges.

Employee Expenditure

As can be seen from the graph above, the Council's biggest expenditure apart from Housing Benefits, is staff. In 2018/19 it spent £25.717m (£26.230m in 2017/18). The decrease is due to the net impact of inflation and turnover adjustments. The chart below shows how this spend was split across the Council's services.



Reserves

The table below shows the movement in the useable reserves during the year to 31 March 2019.

Revenue Usable Reserves 2018/19	B'fwd	Contributions		C'fwd
	£000	To £000	From £000	£000
General Fund	2,658	2,459	(2,562)	2,555
Earmarked				
Commercial Investment Fund	3,598	1,135	(1,627)	3,106
Market Towns Investment Fund	500	250	0	750
Special Reserve	998	90	(504)	584
S.106	2,618	719	(708)	2,629
Other	8,299	3,435	(1,580)	10,154
	16,013	5,629	(4,419)	17,223
Total Usable Reserves	18,671	8,088	(6,981)	19,778

The 2018/19 provisional outturn report showed a net service expenditure underspend of £0.248m against the original budget approved in February 2018.

Capital Spending**Capital Programme****Introduction**

The Council's final net capital budget for 2018/19 was £7.387m including loans to other organisations of £1.780m. The table below shows the total budget (Gross and Net), and the split between the Capital Programme, Assets, and Capital Programme, Loans.

Capital Programme – Total	Gross £000	Grants £000	Net £000
Original Approved Capital Programme 2018/19	5,582	(1,775)	3,807
Approved Slippage from 2017/18	5,111	(1,531)	3,580
Updated Capital Programme for 2018/19	10,693	(3,306)	7,387
Expenditure	8,486	(3,959)	4,527
Variation Against Updated Capital Programme	(2,207)	(653)	(2,860)

Capital Programme – Assets	Gross £000	Grants £000	Net £000
Original Approved Capital Programme 2018/19	5,582	(1,775)	3,807
Approved Slippage from 2017/18	3,331	(551)	2,780
Updated Capital Programme for 2018/19	8,913	(2,326)	6,587
Expenditure	6,706	(2,979)	3,727
Variation Against Updated Capital Programme	(2,207)	(653)	(2,860)

Capital Programme – Loans	Gross £000	Grants £000	Net £000
Original Approved Capital Programme 2018/19	0	0	0
Approved Slippage from 2017/18	1,780	(980)	800
Updated Capital Programme for 2018/19	1,780	(980)	800
Expenditure	1,780	(980)	800
Variation Against Updated Capital Programme	0	0	0

Explanation of the Capital Programme Outturn

The original net capital programme was £3.807m. Schemes that were delayed were re-phased from 2017/18 totalling £3.580m. This resulted in an updated programme for the year of 7.387m.

Gross expenditure in 2018/19 totalled £8.486m. This included £3.486m on assets, £2.500m on housing grants, and £0.740m on intangible assets (software)). In addition, the Loans Programme advanced £1.778m to Urban and Civic and Huntingdon Town Council.

Grants and contributions received were £3.959m, including £1.424m to fund Disabled Facilities Grant (DFG) expenditure and £1.000m to fund the loan to Urban and Civic who are constructing a building in the Alconbury Weald Enterprise Zone area known as the "Incubator" which is dedicated to small business start-up. The net capital programme was £4.527m.

The most significant schemes in 2018/19 were £2.449m spent on DFGs, £0.940m on vehicle replacements and £1.010m spent on One Leisure improvement and development schemes.

Sale of Assets

Sales of assets in the year included clawback of housing right to buy receipts (£0.935m). Loan repayments (of loans previously financed from capital) totalled £0.308m. The total receipts (£1.243m) have been used to reduce the requirement to borrow to finance the capital programme, and reduced the amount that will be provided for the Minimum Revenue Provision (MRP) in future years.

Commercial Investment Strategy

Introduction

The Council also spent £3.389m on the purchase of Little End Road, Eaton Socon, and £8.029m on the purchase of the Rowley Centre, St Neots.

Commercial Investment Strategy	£000
Approved Business Plan 2018/19	12,500
Updated Capital Programme for 2018/19	12,500
Capital Outturn	11,418
Variation Against Updated Budget	(1,082)

Explanation of Outturn

In 2018/19 the Council originally planned to invest up to £12.5m in Commercial Investment related acquisitions; this was the remainder of the budget set in the original business plan of £30m. This has now been almost spent with the Council making two high quality purchases in 2018/19, both of which were in-district purchases.

The table below shows the breakdown of the Capital expenditure by project. The capital contributions and the funding pie charts show the capital expenditure by Service area.

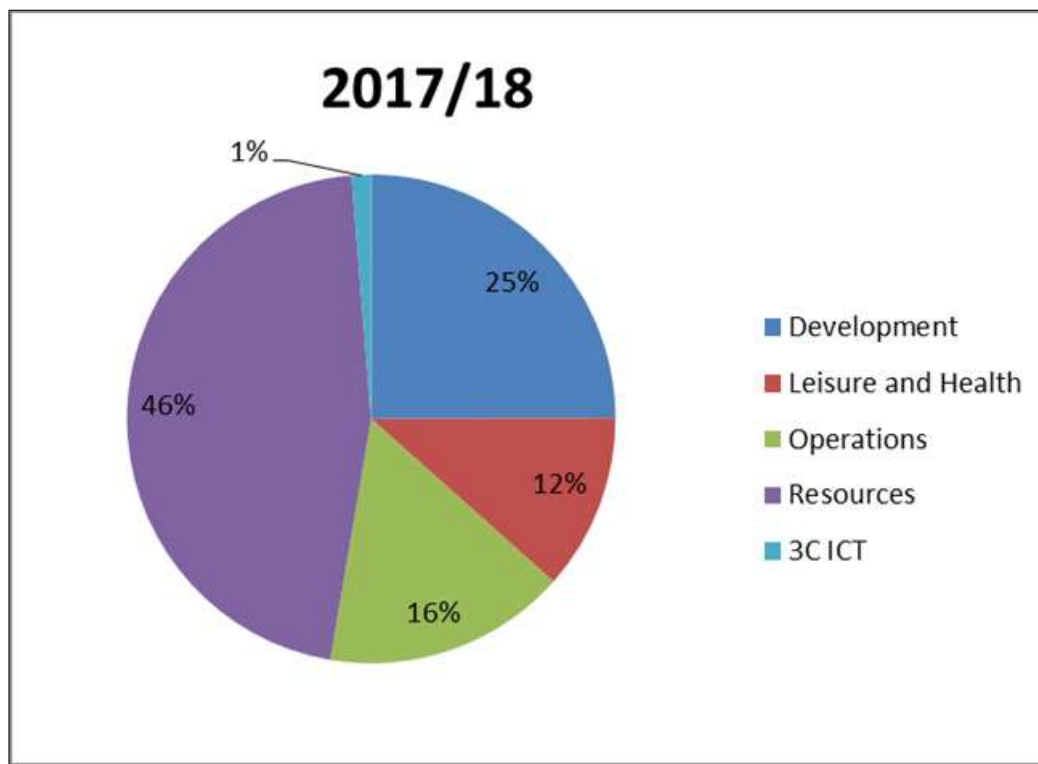
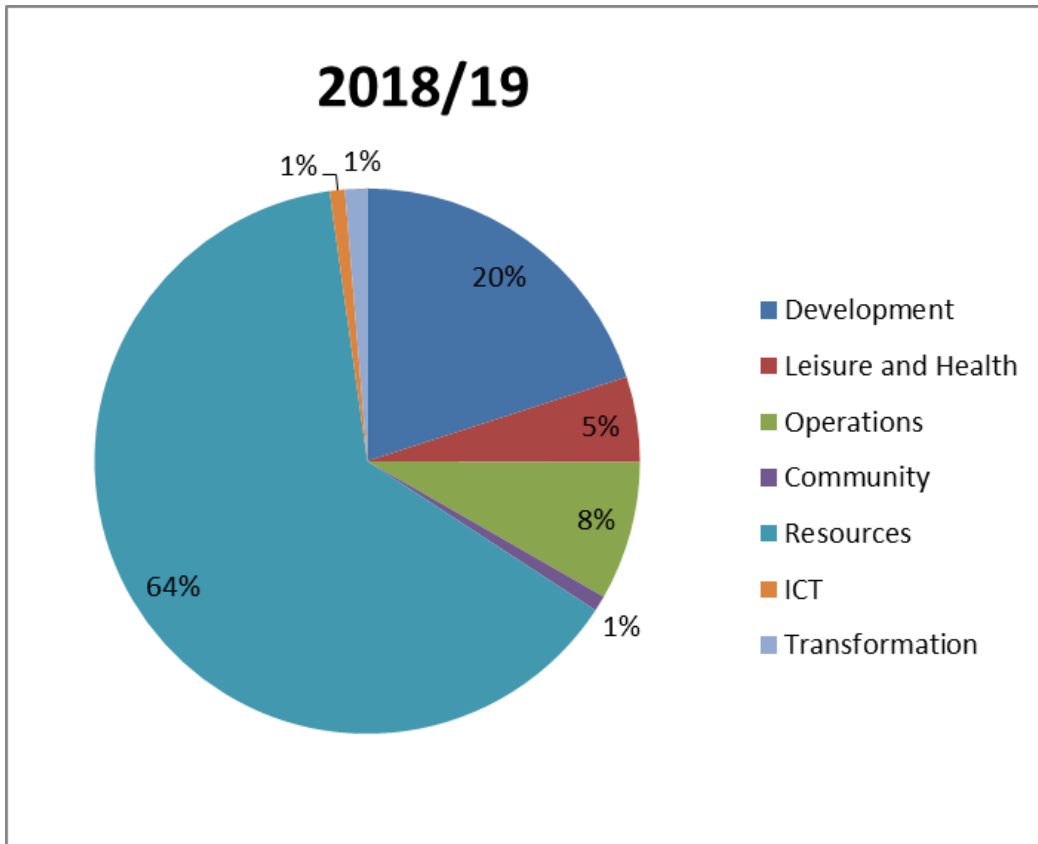
2017/18 £m	Capital Expenditure Assets	2018/19 £m
0.3	Environmental Projects	0.3
2.5	Housing Grants	2.5
1.4	Vehicle Replacement Programme	0.9
0.4	Information & Communication Technology	0.7
1.7	Leisure & Recreation	1.0
0.0	Huntingdon West development	0.6
0.2	Wheeled Bins	0.2
0.1	Community Infrastructure Levy	0.0
0.4	Industrial Unit Improvements	0.4
0.2	Pathfinder House Improvements	0.1
0.0	CCTV	0.1
0.0	Others	0.1
7.2	Gross Expenditure	6.9
(1.7)	Less External Contributions and Capital Grants	(2.2)
5.5	Net Expenditure	4.7
	Funded from	
(0.6)	Capital Receipts	(1.2)
(0.1)	Capital Grants Unapplied Reserve	(0.6)
(1.8)	Minimum Revenue Provision	(2.1)
(0.4)	Direct Revenue Funding	(0.4)
(2.6)	Borrowing and Internal Resources	(0.4)
(5.5)		(4.7)

2017/18 £m	Capital Expenditure Loans	2018/19 £m
1.0	Urban and Civic Loan	1.0
0.0	Huntingdon Town Council	0.8
1.0	Gross Expenditure	1.8
	Funded from	
(1.0)	Capital Grants Unapplied Account	(1.0)
0.0	Borrowing	(0.8)
(1.0)		(1.8)

2017/18 £m	Capital Expenditure Commercial Investment Strategy	2018/19 £m
5.7	Parkway, Fareham	0.0
0.0	Little End Road, Eaton Socon, Hitchin	3.4
0.0	Rowley Centre, St Neots	8.0
5.7	Gross Expenditure	11.4
	Funded from	
(0.7)	Direct revenue Funding	(1.6)
(5.0)	Borrowing and Internal Resources	(9.8)
(5.7)		(11.4)

Capital Expenditure by Service

The pie chart below show the Capital expenditure by Service area for 2018/19.



The capital expenditure for Customer Services is negligible so not shown in these graphs.

Treasury Management

The main purpose of the Treasury Management Strategy is to:

- Ensure the Council has sufficient cash to meet its day to day obligations.
- Borrow when necessary to fund capital expenditure, including borrowing in anticipation of need when rates are considered to be low.
- Invest surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

The key market Treasury Management issues though 2018/19 influencing the Council's decision-making were:

- A moderate recent improvement in the equity market, falling Gilt rates meaning lower borrowing costs, and falling credit default swap rates (less perceived risk in the financial market).
- A continuation of the Bank of England's policy of very low interest rates, with the result that market rates also remain very low. The Council's average investing rate was 0.75%.

The Council's response to the key issues in 2018/19 was:

- Where the Council has surplus funds to primarily make short term investments (the majority on call on a daily basis) in liquidity accounts and money market funds.
- Where possible to take a higher return without sacrificing liquidity.
- When borrowing the Council has used the Public Works Loan Board (PWLB), which offers low fixed rate borrowing over a long period. The interest rate on loans borrowed ranges from 1.48% to 3.91%.

Looking to the Future

The public sector as a whole continues to face a severe curtailment of financial resources and as a consequence of the Government's ring-fencing of some government departments/services (i.e. NHS, Overseas Aid etc.) this has meant that local government has been significantly impacted. This is further exacerbated by the uncertainty surrounding future Spending Reviews and the Fair Funding Review promised by Central Government. Consequently, the Council continues to adopt the "Plan on a Page" strategy which seeks to move to a position of financial independence from Central Government. The key tools of this strategy include:

- The continued Implementation of the Commercial Investment Strategy
- The comprehensive review of all budgets at least annually, using tools such as Zero Based Budgeting and Line by Line Analysis where appropriate.

The Council set a balanced Budget for 2018/19, which included a contribution to reserves of £3.026m, as a result of having carried out both a ZBB exercise and a line by line review across all services and finding £1.800m savings in 2018/19.

The above strategy will also be facilitated by a Transformation programme that will look to enterprising and collaborative solutions as its mainstay.

The Financial Statements

The Council's financial statements for 2018/19 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2018/19 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

The primary financial statements are supported by explanatory notes, including details of the accounting policies adopted by the Council.

Movement in Reserves Statement (MiRS)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Net Increase / Decrease line shows the statutory General Fund Balance movements in the year following those adjustments

The Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet

The Balance Sheet shows the value at the 31 March 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 useable 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 the Capital Receipts reserve that may only be used to fund Capital expenditure or repay debt). The second category of reserves are unusable and includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet position at 2018/19 is £33.221m as shown overleaf (£30.493m 2017/18). The main reasons for this movement of £2.728m are:

- Long Term Assets – Property, Plant and Equipment from additions and revaluations.
- Current Assets – Short Term Debtors increase
- Long Term Liabilities – on Long Term Borrowing and a small increase in the Net Pensions Liability.

At this time, the accounting arrangements for the pensions of employees require the accounts to show the pension deficit liability but this is neutralised by a contra entry to an unusable pensions reserve. The statutory duty to fund any deficit remains the obligation of the Cambridgeshire County Council Superannuation Fund. As a result there is no impact on the financial position of the Council.

	31 March 2019
	£000
Long Term Assets	138,613
Current Assets	29,865
Current Liabilities	(20,825)
Long Term Liabilities	(114,432)
Net Assets	33,221
Useable Reserves	43,120
Unusable Reserves	(9,899)
Total Reserves	33,221

The Cash Flow Statement

The Cash Flow Statement shows the changes in "cash" (cash and cash equivalents) of the Council during the reporting period. The statement shows how the Council generates and uses "cash" 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.

	31 March 2019
	£000
Net Cash Flows from	
- Operating activities	3,372
- Investing activities	(9,290)
- Financing activities	6,596
Net Increase or (decrease) in cash and cash equivalents	678
Cash & Cash Equivalents	
- At the beginning of the reporting period	2,176
- At the end of the reporting period	2,854

The Collection Fund Revenue Account

The Collection Fund is a separate account into which are paid amounts raised from local taxation. As well as including amounts collected in respect of Council Tax, it now includes amounts collected from local businesses, which following the introduction of the Local Business Rates scheme, now means that Non-Domestic Rates are distributed subject to predetermined government set formulae. The Fund also accounts for payments due to preceptors.

The Expenditure and Funding Analysis (EFA)

In addition to the primary statements, the Expenditure and Funding Analysis (EFA) which is not a primary financial statement but has been included as Note 7 to the Accounts, demonstrates how the annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) by local authorities in comparison with those

resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

Technical Information

International Financial Reporting Standards

The Council has reported its financial position based on the requirements of International Financial Reporting Standards (IFRS) and this is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Statement of Accounting Policies

The accounting policies applicable to the 2018/19 statement of accounts are, in the main, the same as those that were applied to the 2017/18 with the exception of the policies related to Financial Instruments that have been changed to comply with IFRS9.

True and Fair View Override

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, it is noted that the Responsible Financial Officer has not had to use the "true and fair view override".

Changes to the Statement of Accounts

There are no material changes to the Statement of Accounts.

Material and Unusual Charges or Credits in the Accounts

There are no material and unusual charges or credits in the accounts.

Material Events after the Reporting Date

There have not been any material events after the reporting date.

Material Assets Acquired or Liabilities Incurred

There have been 2 material assets acquired during the year totalling £11.4m. There have been no material liabilities incurred.

Changes in Statutory Functions

There were no changes in statutory functions in 2018/19.

Claire Edwards FCCA

Finance Manager - **s.151 Officer**

13 November 2019

Independent Auditor's Report to the Members of Huntingdonshire District Council

Opinion on the Authority's financial statements

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head 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 Head of Resources Responsibilities

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

In preparing this Statement of Accounts the Head of Resources has:

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

The Head of Resources has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019. These financial statements replace the unaudited financial statements signed by the Head of Resources on 31 May 2019.

Claire Edwards FCCA
Finance Manager – s.151 Officer

13 November 2019

Chairman's Approval of the Statement of Accounts

This is the Annual Financial Report, incorporating the Statement of Accounts with all audit activities completed. The Corporate Governance Committee of Huntingdonshire District Council at its meeting on 13 November 2019 delegated authority to me as Chairman of the Panel to approve the Statement of Accounts.

Councillor Mac McGuire
13 November 2019

Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied	TOTAL USEABLE RESERVES	Unusable Reserves	TOTAL COUNCIL RESERVES
	£000	£000 Note 10	£000 Note 31	£000	£000 Note 23	£000
Movement in reserves during 2018/19						
BALANCE AT 31 MARCH 2018 B'FWD	2,658	16,013	17,288	35,959	(5,466)	30,493
Surplus/(Deficit) on provision of services	3,863	0	0	3,863	0	3,863
Other comprehensive income and expenditure	0	0	0	0	(5,365)	(5,365)
Total comprehensive income and expenditure	3,863	0	0	3,863	(5,365)	(1,502)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(704)	0	6,054	5,350	(5,350)	0
Net increase/(decrease) before transfers to earmarked reserves	3,159	0	6,054	9,213	(10,715)	(1,502)
Transfers (from)/to earmarked reserves (Note 10)	(3,262)	1,210	0	(2,052)	2,052	0
(Decrease)/increase in Year	(103)	1,210	6,054	7,161	(8,663)	(1,502)
BALANCE AT 31 MARCH 2019 C'FWD	2,555	17,223	23,342	43,120	(14,129)	28,991
Movement in reserves during 2017/18						
BALANCE AT 31 MARCH 2017 B'FWD	2,598	15,310	10,380	28,288	(6,867)	21,421
Surplus/(Deficit) on provision of services	1,307	0	0	1,307	0	1,307
Other comprehensive income and expenditure	0	0	0	0	7,765	7,765
Total comprehensive income and expenditure	1,307	0	0	1,307	7,765	9,072
Adjustments between accounting basis and funding basis under regulations (Note 9)	610	0	6,908	7,518	(7,518)	0
Net increase/(decrease) before transfers to earmarked reserves	1,917	0	6,908	8,825	247	9,072
Transfers (from)/to earmarked reserves (Note 10)	(1,857)	703	0	(1,154)	1,154	0
(Decrease)/increase in Year	60	703	6,908	7,671	1,401	9,072
BALANCE AT 31 MARCH 2018 C'FWD	2,658	16,013	17,288	35,959	(5,466)	30,493

Comprehensive Income and Expenditure Statement (CIES)

2017/18				2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
4,113	(1,021)	3,092	Community	2,839	(1,042)	1,797
38,528	(35,900)	2,628	Customer Services	38,228	(35,567)	2,661
7,470	(5,368)	2,102	ICT Shared Service	8,722	(6,078)	2,644
5,904	(3,605)	2,299	Development	5,910	(3,746)	2,164
8,428	(6,751)	1,677	Leisure & Health	8,855	(6,799)	2,056
11,382	(4,042)	7,340	Operations	11,442	(4,386)	7,056
5,193	(249)	4,944	Resources	6,098	(37)	6,061
2,764	(711)	2,053	Directors & Corporate	2,255	(332)	1,923
83,782	(57,647)	26,135	Cost of Services	84,351	(57,987)	26,364
5,793	0	5,793	Other Operating Expenditure (Note 11)	5,495	0	5,495
4,496	(4,210)	286	Financing and Investment Income and Expenditure (Note 12)	4,399	(4,772)	(373)
1,578	(35,099)	(33,521)	Taxation and Non-specific Grant Income (Note 13)	1,490	(36,839)	(35,349)
95,649	(96,956)	(1,307)	(Surplus) / Deficit on provision of services	95,735	(99,598)	(3,863)
		(4,066)	(Surplus) or deficit in the revaluation of non-current assets			(6,888)
		(174)	Surplus/deficit on financial assets measured at fair value through other Comprehensive Income			0
		(3,525)	Actuarial losses/(gains) on pension assets and liabilities			12,253
		(7,765)	Other comprehensive income and expenditure			5,365
		(9,072)	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE			1,502

Balance Sheet

31 March 2018 £000		Notes	31 March 2019 £000
70,474	Property, Plant and Equipment	14	75,964
65	Heritage Assets		65
35,169	Investment Property	15	46,252
911	Intangible Assets	16	1,067
3,886	Long Term Investments	17	3,966
9,150	Long Term Debtors	17	10,704
119,655	Long Term Assets		138,018
0	Short Term Investments	17	1,000
110	Inventories	18	627
20,771	Short Term Debtors	19	21,129
3,661	Cash and Cash Equivalents	20	6,629
0	Assets Held for Sale	21	480
24,542	Current Assets		29,865
(1,485)	Bank overdraft	20	(4,182)
(474)	Short Term Borrowing	17	(483)
(16,653)	Short Term Creditors	22	(14,594)
(1,590)	Provisions	39	(1,566)
(20,202)	Current Liabilities		(20,825)
(20,439)	Long Term Borrowing	17	(28,268)
(732)	Other Long Term Liabilities	17	(718)
(72,331)	Net Pensions Liability	38	(89,081)
(93,502)	Long Term Liabilities		(118,067)
30,493	Net Assets		28,991
35,959	Useable Reserves	23	43,120
(5,466)	Unusable Reserves	24	(14,129)
30,493	Total Reserves		28,991

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019. These financial statements replace the unaudited financial statements signed by the Head of Resources on 31 May 2019.

Claire Edwards FCCA
Finance Manger – **s.151 Officer**
13 November 2019

Cash Flow Statement

2017/18 £000		2018/19 £000
1,307	Net Surplus / (Deficit) on the provision of services	3,863
6,236	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 24)	9,849
(10,096)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 24)	(10,747)
(2,553)	Net cash flows from Operating Activities	2,965
(1,395)	Investing Activities (Note 25)	(9,290)
4,488	Financing Activities (Note 26)	6,596
540	Net increase/(decrease) in cash and cash equivalents	271
1,636	Cash and cash equivalents at the beginning of the reporting period	2,176
2,176	Cash and cash equivalents at the end of the reporting period (Note 20)	2,447

Note 1. Accounting Policies

Accounting Policies in respect of Concepts and Principles

➤ General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The underlying concepts of the accounts include the:

- Council being a 'going concern' – all operations continuing
- Accrual of income and expenditure – placing items in the year they relate to rather than the year they take place
- Primacy of legislative requirements – legislation overrides standard accounting practice

The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the Council.

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 policies are reviewed on an annual basis to ensure that they are appropriate, compliant with accepted accounting practice and relevant to the Council's ongoing business activity.

➤ Government Grants and Contributions (IAS 20)

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 credited to the Comprehensive Income and Expenditure Statement if the conditions attached to the grant or contribution have been met. However, if the conditions require that the grant or contribution is returned where these conditions are not met, it cannot be credited to the Comprehensive Income and Expenditure Statement.

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

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

Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied.

The Council receives monies from developers, S106 monies, which are credited to the Comprehensive Income and Expenditure Statement and transferred to an earmarked fund. The condition for these contributions is that they are returnable 10 years after receipt if they are not used. It is considered that 10 years is too far into the future to be treated as receipts in advance.

➤ **Accruals of Income and Expenditure**

Income and expenditure are accounted for in the year to which they relate, not simply when cash payments are made or received, by the creation of debtors and creditors which are recorded in the Balance Sheet. In particular:

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

➤ **Changes in Accounting Policies, Prior Period Adjustments, Estimates and Errors**

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, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. For 2018/19, there are no new accounting policies in respect of statutory requirements or to ensure local circumstances are better reflected within the Annual Report.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

➤ **Exceptional Items**

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

➤ **Interest Receipts**

Interest receipts credited to the General Fund include all amounts received in respect of balances held and invested externally, except for interest earned on the S106 reserve (one of the earmarked reserves) which is credited to that reserve. Interest receipts are included in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

➤ **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 in the Movement in Reserves Statement; they are included in the Balance Sheet as the General Fund Balance, Capital Reserve, Earmarked Reserves or Capital Grants Unapplied.

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

However, there are other reserves that cannot be used to finance expenditure:

- Capital Adjustment Account – these are capital resources set aside to meet past expenditure.
- Revaluation Reserve – the gains of valuation of assets not yet realised by sales.
- Financial Instruments Adjustment Account – balancing account to allow for differences in statutory requirements and accounting requirements for borrowing and investments.
- Collection Fund Adjustment Account – holds the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund.
- Pensions Reserve – balancing account to allow the pensions liability to be included in the Balance Sheet.

➤ **Value Added Tax**

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

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

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

➤ **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the investment date and that are readily convertible to cash with insignificant risk of change in value.

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

Accounting Policies in respect of Non-Current Assets

➤ **Property, Plant and Equipment (IAS 16)**

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

- **Recognition**

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

There is a de-minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

- **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.

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.

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

- Existing Use Value Land and Buildings
- Fair Value Investment Properties
- Depreciated Historic Cost: Vehicles, Plant and Equipment, Infrastructure, Intangibles
- Historic Cost: Community Assets, Assets Under Construction
Assets Held for Sale

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying value is not materially different from their fair value at the year end, but as a minimum every three years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a Service revenue account. Thus there is no impact on council tax.

Where decreases in value are identified, the revaluation loss is accounted for:

- 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 insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

- Components

The Council will separately account for components where the cost of the component is significant in relation to the overall total cost of the asset, and the useful economic life of the component is significantly different from the useful economic life of the asset. Individual components with similar useful lives and depreciation methods will be grouped.

For this purpose a significant component cost would be 10% of the overall total cost of the asset but with a de-minimis component threshold of £100,000.

The component accounting is applied only to those assets revalued after 1 April 2012 but given the three year programme all assets have been revalued and the policy now applies to all assets.

The impact is that some components have a useful life of between 15 and 35 years, which in some instances is different to the useful life of the main asset and therefore the depreciation charge varies from that based on the same useful life for the whole asset.

- 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 there 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:

- 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 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.

- 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 previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce

the Council’s 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 property, plant and equipment 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.

- Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocating the value of the asset over their useful lives. An exception is made for assets where the finite useful life cannot be determined, (i.e. land and Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated as follows:

Asset Type	Depreciation basis	Useful Economic Life
Operational Buildings	Straight-line allocation over the estimated life of the building or component where identified separately	10 years to 45 years
Vehicles, Plant, Furniture & Equipment	Straight line allocation over the estimated life of the asset	1 year to 44 years
Infrastructure		3 years to 44 years

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

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

The residual value of the assets is reviewed at least every five years and the depreciation adjusted to match any change in the life of the asset.

Year of depreciation charge

The depreciation charge will generally commence in the year after the addition of the asset, unless the in-year depreciation charge would have a material impact.

➤ **Depreciation and other 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 property, plant and equipment during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation (annual charge) of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue, known as the Minimum Revenue Provision (MRP), to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by MRP in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement to reflect the difference between the two.

In respect of General MRP Policy capital assets, MRP will be chargeable in the year following the agreement of any final account. For each financial year, for other capital investments MRP will be charged in the following the completion of the scheme.

The basis for calculating MRP is restricted by legislation and the policy has to be approved by the Council. The Council has adopted the following which clarifies the policy to be applied in differing circumstances:

i. MRP Policy in respect of Loans to Organisations or Loans with Security (as defined within the Treasury Management Strategy)

Where the Council has provided:

- loans to local organisations or businesses, and/or
- loans with security

and these loans are repaid on, at least an annual basis, that the principal repayments received can replace the need to make a minimum revenue provision.

ii. MRP Policy in respect of Debt not relating to Loans to Organisations

MRP for this category will be on an annuity basis. This results in the MRP increasing over the life of the asset to match the fall in the interest cost as the debt is “notionally” repaid. The net result is a consistent charge to the Council’s accounts over the assumed life of the asset.

iii. MRP Policy in respect of the Commercial Investment Strategy

For each capital investment undertaken under the requirements of the Council’s Commercial Investment Strategy, MRP will be made that is equal to the principal repayment for any loan finance supporting the investment. However, from 2017/18 the Council has approved a further MRP Policy for CIS purchases (commercial and housing acquisitions) where the expenditure will be financed by Maturity Loans.

Under this policy MRP would be allocated only if the value of the asset is less than the value of the loan outstanding.

The CIS asset Parkway, Fareham and the Rowley Arts Centre, St Neots have been purchased under this MRP policy, the value of both these properties exceeds the value of the respective loans as at 31st March 2019, as shown in the table below.

CIS Property:	Values £m
Parkway, Fareham	
Value of Property as at 31 st March 2019	5.250
PWLB Loan Outstanding	5.000
Property value exceeds loan	0.250
Rowley Arts Centre, St Neots	
Value of Property as at 31 st March 2019	7.200
PWLB Loan Outstanding	7.291
Loan value exceeds property	0.091

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal; receipts from disposals are credited to the same line. Any accumulated revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

➤ Heritage Assets

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

Heritage Assets are those that are held and maintained by the Council principally for their contribution to knowledge and culture. Such assets can have historical, artistic, scientific, geophysical or environmental qualities.

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

The Authority's Heritage Assets are accounted for as follows:

- Cultural

The Council has identified the Norman Cross and Eagle as a Heritage Asset and this is disclosed in the Balance Sheet, based on insurance valuation, at £65k. It should be noted that there is no phased basis of valuation. This asset is:

- deemed to have an indeterminate life and consequently the Council does not consider it appropriate to charge depreciation.
- static and located at Norman Cross, Cambridgeshire, near to the intersection with the A1.

- Mayoral Regalia and Art Collection

The Council has two mayoral chains of office and two paintings; however the total estimated value of these assets, based on insurance valuations, is £33k. As individually these assets are not material, they have not been included in the Balance Sheet.

➤ **Intangible Assets**

Expenditure, on an accruals basis, for assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life and debited to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are debited to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is debited or credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

➤ **Investment Properties**

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

Investment properties are measured initially at cost and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated and are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are debited/credited 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.

Rental income received in relation to investment properties is credited to the Financing and Investment Income and Expenditure line and results 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 and are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

➤ **Leases**

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

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

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

- The Council as Lessee

- Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant and equipment, applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period.)

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

In practice the Council has two categories of finance leases in primary rental for industrial units and secondary leases for certain items of equipment.

- Operating leases.

Rentals paid under operating leases are debited to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

- The Council as Lessor

- Finance Leases

Where the Council grants a finance lease over a property, 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 is written off to the

Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal, matched by a lease (long-term) debtor 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, and
- finance income which is 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 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 this 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 values of disposals are not a charge against Council Tax, as the cost of fixed 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 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.

➤ **Revenue Expenditure funded from Capital under Statute**

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised under statutory provisions but does not result in the creation of property, plant and equipment. Items incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where it has been determined to meet the cost of the item from existing capital resources or by borrowing, amounts charged are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Current Value Measurement (IFRS 13)

Previously, all assets and liabilities were valued under the principle of “fair value” which was defined as “the amount for which an asset could be exchanged or liability settled between knowledgeable, willing parties in an arm’s length transaction”.

Although “fair value” remains as the approach to valuation for a number of assets and liabilities, in respect of Operational Assets IFRS 13 introduces “current value”. This means such assets have to be measured in a way that recognises their “service potential”.

Accounting Policies in respect of Current Assets

➤ Inventories

The Council has a number of inventories but none either individually or in aggregate are material to the accounts. However, the valuation approach in respect of the main inventory types (Fuel and Stock for Sale) is First In First Out.

➤ Contingent Assets

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

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

➤ Provisions and Contingent Liabilities

• Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires a financial settlement and a reliable estimate of the obligation can be made. Provisions are debited to the Comprehensive Income and Expenditure Statement and are measured at the best estimate of the expenditure that is likely to be required. When payments are made they are charged to the provision.

• Contingent Liabilities

A contingent liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. 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.

Accounting Policies in respect of Employee Benefits

➤ Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees provide services to the Council.

➤ 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.

Termination benefits are charged to the appropriate service line in the Comprehensive Income and Expenditure Account when the Council can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the Council by 31 March.

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 (Pensions)**

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Cambridgeshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).
- The assets of the Cambridgeshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in the net pensions liability is analysed into seven components:
 - **current service cost** – the increase in liabilities as a result of years of service earned this year – debited in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
 - **net interest on the net defined liability**, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment 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 at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
 - **the return on plan assets** – excluding amounts charged in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.

- **contributions paid to the Cambridgeshire Pension Fund** – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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, rather than the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, 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 any such amounts payable but unpaid at the year-end. The balance (currently negative) that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

➤ **Discretionary Benefits**

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

Accounting Policies in respect of Financial Instruments

➤ **Financial Assets**

A financial asset is right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised Cost
- Fair Value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost

Financial assets measured 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 (CIES) for interest receivables are based on the carrying amount of the asset multiply by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivables (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the authority has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

The Council's business model to collect cash flow comprises:

- Loans to other local authorities
- Loans to small companies such as Luminus, Huntingdon Gym Club etc.
- Trade receivables

Financial Assets Measured at FVPL

Financial assets that are measured at FVPL are recognised on 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. The fair value gains and losses are recognised as they arrive in Surplus or Deficit on the provision of Services.

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

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

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

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

Financial Assets Measured at FVOCI

Financial assets that are measured at FVOCI are recognised on Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument; and the Council's business model is both to collect cash flow and sell the instrument. The Council has elected into this category and financial asset comprises:

- CCLA Property Fund

➤ 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 initially measured at fair value and 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. The Council has the following liabilities:

- Creditors
Creditors are carried at their original invoice amount.
- Bank overdrafts
Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand.

Due to their nature and short-term maturity, the fair values for creditors and bank overdrafts are estimated using their carrying values.

- Short-term borrowing
Loans of less than 1 year and carried at amortised cost.
- Long-term loan
Loans with the Public Works Loans Board are carried at their amortised cost but with the fair value disclosed a note

Note 2. Accounting Standards that have been issued but have not yet been adopted

At the balance sheet date the following new standards, and amendments to existing standards, have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom, and as a result have not been adopted by the Council.

- **IFRS 16 Leases;** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2020.
- **IAS 40 Investment Property: Transfers of Investment Property;** provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.
- **IFRIC 22 Foreign Currency Transactions and Advance Consideration;** clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.
- **IFRIC 23 Uncertainty over Income Tax Treatments;** provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the accounts.
- **Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation;** amends IFRS 9 to make clear that amortised cost should be used where prepayments are substantially lower than unpaid principal and interest. The Council has no loans to which this will apply.

It is anticipated that the above amendments will not have a material impact on the information provided in the statement of accounts.

Note 3. Critical Judgements in Applying Accounting Policies

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

- In light of the current financial environment or continuing austerity across the public sector, the Council continues to monitor its budget based on achieving its target net service budget position at the end of the year. The Budget for 2018/19 was approved by Council in February 2018. The Medium Term Financial Strategy (MTFS), which was also approved in February 2018, removes the reliance on NHB by 2020/21. The Council has the Plan on a Page Strategy which sets out its financial strategy

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.

- In line with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, assets held for sale and assets under construction. For all these assets, the total value for 2018/19 for Land is £21,918m and Buildings (NBV) is £32,999m (2017/18; Land is £17.743m and Buildings (NBV) is £25.474m).
- The Council has taken professional advice from the Pension Fund's actuary, Hymans Robertson LLP, to determine the overall net liability of the fund which is £85.446m for 2018/19; this has increased by £13.115m since 2017/18. However:
 - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 38.
 - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2019. An estimated provision of £3.882m has been included in the Collection Fund in respect of successful appeals costs. The Council's share of any such Collection Fund costs is 40% or £1.553m of the total provision and this is included in the General Fund balance.

Note 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	<p>All property is reviewed on a 3 year rolling basis. Where an asset has not been specifically revalued, a table top analytical review has taken place to determine if any material changes in valuation have taken place (Revaluation Review).</p> <p>In addition an annual impairment review is undertaken by the valuer to determine if any of the Council's assets have been impaired.</p>	82% of the council's assets are valued at fair value, so the impact of change in the market is significant. If there was a 1% fall in the market value, it is estimated that the value of the council's property assets would reduce by £0.624m.
Plant and Equipment	Plant and Equipment are valued on an historic cost basis.	There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.
Investment Properties	Investment Properties are valued on an annual basis and are valued at fair value.	It is estimated that a 1% fall in market value would reduce the value of the Council's investment properties by £0.463m.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance:</p> <ul style="list-style-type: none"> • A 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of 10% or £24.884m. • A 1 year increase in life expectancy would increase the Employer's Defined Benefit Obligation by around 3-5%. • A 0.5% increase in the salary increase rate would result in an increase in pension liability of 1% or £3.263m.

		<ul style="list-style-type: none"> • A 0.5% increase in the pension increase rate would result in an increase in pension liability of 9% or £21.228m.
Sundry Debt Arrears	<p>The Bad Debt Provision (BDP), also known as Debtor Impairment, calculation is based on the current aged debt profile, past payment behaviour and past write off activity.</p> <p>At 31 March 2019 the Council has a net debtor's balance of £20.722m.</p>	<p>Each debt type has an independent BDP rate determined by previous debt activity. If only Sundry Debtor debt is considered, increasing the BDP by 10% would have an additional £47,922 impact on revenue. However, to achieve such an increase in the BDP, the actual debt would have to increase by £94,595.</p>
Sundry Creditors (Housing Benefits)	<p>During the year the Council pays Housing Benefits to local residents who are entitled to receive it; these payments are reimbursed by Central Government subsidy. The Subsidy reimbursement relates to amounts paid on or before 28 March, however, accruals have been made to reflect the period that the payments actually cover.</p> <p>The Housing Benefit payments made by the Council are on one of the two following bases:</p> <ol style="list-style-type: none"> 4-week in arrears, or 2-weeks in arrears/2-weeks in advance. 	<p>The amount of Housing Benefit in payment at any given time is dependent on the number of claims made at that time, which is itself affected by both local and national economic conditions. Consequently it is difficult to provide a meaningful sensitivity analysis.</p>
Provision for Rateable Value Appeals	<p>Appeals against rateable value are at the discretion of non-domestic ratepayers with the outcome ultimately determined by the Valuation Office and are not within the Council's control.</p>	<p>The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).</p>

		A 10% variation in the estimated provision would be £0.388m for the Collection Fund of which £0.155m which would be attributable to the General Fund.
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Note 5. Material Items of Income and Expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e. extraordinary). During 2018/19 no such items of income or expenditure were incurred (2017/18; nil).

Note 6. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Resources on 31 May 2019.

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Head of Resources on 31 May 2019.

With regard to 2018/19:

- Adjusting Events**
 The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2019 as there have not been any.
- Non-Adjusting Events**
 Following the EU Referendum held in June 2016 to end the UK's membership of the European Union (EU), and the continuing uncertainty over the eventual departure date, there may be an impact on the Council's investment property valuations if confidence in the wider UK property market falls; and the valuation of the Council's £85.446m defined benefit pension obligations may also be affected. However it is still too early to estimate the quantum of any impact on the financial statements, and there is likely to be significant ongoing uncertainty for the next couple of years while the UK renegotiates its relationships with the EU and other nations. For the purposes of these financial statements, the Referendum is considered a non-adjusting event.

Note 7. Expenditure and Funding Analysis (EFA)

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, council tax, business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2018/19					Net Expenditure in the Comprehensive Income and Expenditure Statement
	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis			Total Adjustments	
		Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)		
£000	£000	£000	£000	£000	£000	
Community	1,595	52	150	0	202	1,797
Customer Services	2,415	20	226	0	246	2,661
ICT Shared Service	2,094	321	229	0	550	2,644
Development	333	1,676	158	(3)	1,831	2,164
Leisure & Health	279	1,528	249	0	1,777	2,056
Operations	4,541	2,175	355	(15)	2,515	7,056
Resources	4,830	198	1033	0	1,231	6,061
Directors & Corporate	1,819	4	100	0	104	1,923
Cost of Services	17,906	5,974	2,502	(18)	8,458	26,364
Other income and expenditure	(21,065)	(2,887)	1,995	(8,270)	(9,162)	(30,227)
(Surplus) or Deficit	(3,159)	3,087	4,497	(8,288)	(704)	(3,863)
Opening General Fund Balance (Includes Earmarked Reserves)	18,671					
Plus Surplus/(Deficit) on General Fund in Year	3,159					
Less Use of General Fund Balances to Fund Capital Expenditure	(2,052)					
Closing General Fund Balance 31 March	19,778	(see Page 12 of Commentary and Review of 2018/19)				

	2017/18					Net Expenditure in the Comprehensive Income and Expenditure Statement
	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis			Total Adjustments	
		Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)		
£000	£000	£000	£000	£000	£000	
Community	1,926	90	1,076	0	1,166	3,092
Customer Services	2,459	51	118	0	169	2,628
ICT Shared Service	1,724	378	0	0	378	2,102
Development	1,058	1,210	34	(3)	1,241	2,299
Leisure & Health	124	1,278	275	0	1,553	1,677
Operations	4,883	2,256	201	0	2,457	7,340
Resources	4,723	164	67	(10)	221	4,944
Directors & Corporate	2,034	6	13	0	19	2,053
Cost of Services	18,931	5,433	1,784	(13)	7,204	26,135
Other income and expenditure	(20,848)	(1,295)	1,911	(7,210)	(6,594)	(27,442)
(Surplus) or Deficit	(1,917)	4,138	3,695	(7,223)	610	(1,307)
Opening General Fund Balance (Includes Earmarked Reserves)	17,908					
Plus Surplus/(Deficit) on General Fund in Year	1,917					
Less Use of General Fund Balances to Fund Capital Expenditure	(1,154)					
Closing General Fund Balance 31 March	18,671					

Notes to the EFA**a Adjustments for Capital Purposes**

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

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

b Net Change for the Pensions Adjustment

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

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

c Other Differences

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

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

d Segmental Income

The table above shows Net Expenditure, the income analysed on a segmental basis is shown overleaf:-

2017/18	Services	2018/19
£'000		£'000
1,021	Community	1,042
35,900	Customer Services	35,567
5,368	ICT Shared Service	6,078
2,214	Development	2,322
6,751	Leisure & Health	6,799
4,042	Operations	4,386
249	Resources	37
711	Director & Corporate	332
56,256	Total income analysed on a segmental basis	56,563

Note 8. Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows;

2017/18	Expenditure/Income	2018/19
£000s		£000s
	Expenditure	
26,466	Employee benefits expenses	26,586
13,640	Other services expenses	14,207
3,651	Support service recharges	3,627
7,545	Depreciation, amortisation, REFCUS and investment property fair value adjustment	7,220
623	Interest payments	550
2,464	Transfer and Grant Payments	2,751
7,625	Precepts and levies	7,682
33,635	Benefit Payments	33,112
95,649	Total expenditure	95,735
	Income	
(25,743)	Fees, charges and other service income	(27,606)
(471)	Interest and investment income	(581)
(19,917)	Income from council tax and non-domestic rates	(21,028)
(40,870)	Government grants and contributions	(41,089)
(9,955)	Levies	(9,294)
(96,956)	Total income	(99,598)
(1,307)	Surplus or Deficit on the Provision of Services	(3,863)

Note 9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2018/19

	Useable Reserves			
	General Fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
<i>Expenditure statement:</i>				
Charges for depreciation and impairment of non-current assets	(3,790)	0	0	3,790
Amortisation of intangible fixed assets	(239)	0	0	239
Fair value of investment properties	(502)	0	0	502
Revenue expenditure funded from capital under statute	(1,628)	0	0	1,628
Net carrying amount of non-current assets sold	(142)	0	0	142
Revaluation Gains/Losses on non-current assets charge to the Comprehensive Income and Expenditure Statement	(320)	0	0	320
Losses on impairment of capital loans	(251)	0	0	251
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	788	0	0	(788)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Minimum revenue provision for capital funding	2,048	0	0	(2,048)
Adjustments involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to fund capital expenditure	0	1,244	0	(1,244)
Proceeds of sale of non-current assets	949	(949)	0	0
Repayment of loan	0	(295)	0	295
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	98	0	0	(98)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37 of Pension Fund)	(8,911)	0	0	8,911
Employer's pensions contributions and direct payments to pensioners payable in the year	4,414	0	0	(4,414)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	604	0	0	(604)
Adjustments involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	7,586	0	(6,054)	(1,532)
Total Adjustments	704	0	(6,054)	5,350

2017/18

	Useable Reserves			
	General Fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
<i>Expenditure statement:</i>				
Charges for depreciation and impairment of non-current assets	(3,880)	0	0	3,880
Amortisation of intangible fixed assets	(275)	0	0	275
Fair value of investment properties	(1,057)	0	0	1,057
Revenue expenditure funded from capital under statute	(1,191)	0	0	1,191
Net carrying amount of non-current assets sold	(137)	0	0	137
Revaluation Gains/Losses on non-current assets charge to the Comprehensive Income and Expenditure Statement	(90)	0	0	90
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	315	0	0	(315)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Minimum revenue provision for capital funding	1,761	0	0	(1,761)
Adjustments involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to fund capital expenditure	0	689	0	(689)
Proceeds of sale of non-current assets	416	(416)	0	0
Repayment of loan	0	(273)	0	273
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	13	0	0	(13)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37 of Pension Fund)	(8,221)	0	0	8,221
Employer's pensions contributions and direct payments to pensioners payable in the year	4,526	0	0	(4,526)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(764)	0	0	764
Adjustments involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	7,974	0	(6,908)	(1,066)
Total Adjustments	(610)	0	(6,908)	7,518

Note 10. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts transferred back from earmarked reserves to meet General Fund expenditure (either revenue expenditure or direct revenue financing of capital).

	Balance 31.3.17 £000	Transfers in £000	Transfers out £000	Balance 31.3.18 £000	Transfers in £000	Transfers out £000	Balance 31.3.19 £000	Purpose of Reserve
S106 agreements	(1,077)	(393)	85	(1,385)	(696)	433	(1,648)	A
Commutted S106 payments	(1,323)	(4)	94	(1,233)	(24)	275	(982)	B
Repairs and renewals funds	(1,909)	(34)	0	(1,943)	(264)	360	(1,847)	C
Strategic Transformation Reserve	(1,037)	(277)	606	(708)	(567)	437	(838)	D
Collection Fund Reserve	(1,961)	(600)	1,248	(1,313)	(599)	0	(1,912)	E
Commercial Investment Fund	(3,997)	(348)	747	(3,598)	(1,135)	1,627	(3,106)	F
Market Towns Investment Fund	0	(500)	0	(500)	(250)	0	(750)	G
Budget Surplus Reserve	(75)	(2,426)	289	(2,212)	(1,419)	167	(3,464)	H
Special reserve	(1,300)	0	302	(998)	(90)	504	(584)	I
Other reserves	(2,631)	(396)	904	(2,123)	(586)	617	(2,092)	J
Total	(15,310)	(4,978)	4,275	(16,013)	(5,630)	4,420	(17,223)	

Purpose of Reserve	
A S106 agreements	Contains payments made by developers to meet their planning approval obligation to contribute to the funding of infrastructure and community requirements. As a relevant project is completed it is funded in all or part from this reserve.
B Commuted S106 payments	Represents payments made by developers to meet their planning approval obligation to contribute to the funding of the maintenance of specified assets for a set period of years. As relevant maintenance costs are incurred funding is transferred from the reserve.
C Repairs and renewals funds	Some services contribute an annual sum and the funds are used to pay for one-off repair or renewal items; thereby evening out the spending on large maintenance items.
D Strategic Transformation Reserve	To fund workflow streams associated with initiatives to improve the efficiency of the Council.
E Collection Fund	Excess NDR and Council Tax received from the Collection Fund due to be repaid in future years.
F Commercial Investment Fund	Revenue allocation to meet future investment in commercial investment strategy
G Market Towns Investment Fund	A fund to support the redevelopment of Huntingdonshire's market towns.
H Budget Surplus Reserve	Contains "Surplus" funds that exceed 15% maximum threshold for the General Fund Balance
I Special reserve	To support business activity that will achieve future savings.
J Other reserves	This is a summary of other less significant reserves that support ongoing service activity, including Local Plan activity, NDR Reliefs, District Council Elections, New Trading Company, Community Infrastructure Levy administration, IT projects, Housing Support and Landlord activities.

Note 11. Other Operating Expenditure included in the Comprehensive Income and Expenditure Statement

2017/18 £000		2018/19 £000
5,731	Parish Council precepts	5,947
402	Drainage Board Levies	403
(340)	(Gains)/losses on the disposal of non-current assets	(855)
5,793	Total	5,495

Note 12. Financing and Investment Income and Expenditure

2017/18 £000		2018/19 £000
623	Interest payable and similar charges	550
1,898	Pensions interest cost and expected return on pensions assets	1,985
(471)	Interest receivable	(581)
(1,721)	Income and expenditure in relation to investment properties and changes in their fair value	(2,547)
0	CCLA Property Fund Fair Value adjustment	(80)
(43)	Other Investment and Trading Operations	300
286	Total	(373)

Note 13. Taxation and Non Specific Grant Income

2017/18 £000		2018/19 £000
(13,771)	Council Tax income	(13,948)
(6,147)	Non Domestic Rates	(7,080)
(5,003)	Non-ringfenced Government grants	(5,725)
(8,285)	Developer Contributions (CIL & S106)	(7,808)
(315)	Capital grants	(788)
(33,521)	Total	(35,349)

Note 14. Property, Plant and Equipment

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Movements in 2018/19						
Cost or Valuation						
Gross B'fwd	56,850	20,214	10,063	451	202	87,780
Additions	1,141	1,978	0	0	212	3,331
Revaluation to Revaluation Reserve	5,994	0	0	0	0	5,994
Revaluation to CIES	(131)	0	0	0	0	(131)
Non-enhancing capital expenditure	(1,731)	0	0	0	0	(1,731)
Disposal	0	(1,408)	0	0	0	(1,408)
Transfer to Assets Held for Sale	(480)	0	0	0	0	(480)
Transfer within Property, Plant and Equipment	184	0	0	0	(184)	0
Gross C'fwd	61,827	20,784	10,063	451	230	93,355
Depreciation						
Gross B'fwd	(681)	(12,194)	(4,431)	0	0	(17,306)
Depreciation in Year	(1,756)	(1,612)	(422)	0	0	(3,790)
Depreciation written out to Revaluation Reserve	2,430	0	0	0	0	2,430
Revaluation to CIES	7	0	0	0	0	7
Disposal	0	1,268	0	0	0	1,268
Gross C'fwd	0	(12,538)	(4,853)	0	0	(17,391)
Net Book Value						
At 31 March 2019	61,827	8,246	5,210	451	230	75,964
At 31 March 2018	56,169	8,020	5,632	451	202	70,474
Movements in 2017/18						
Cost or Valuation						
Gross B'fwd	52,961	19,003	10,063	451	1	82,479
Additions	1,699	2,412	0	0	202	4,313
Revaluation to Revaluation Reserve	2,190	0	0	0	0	2,190
Disposal	0	(1,201)	0	0	0	(1,201)
Transfer within Property, Plant and Equipment	0	0	0	0	(1)	(1)
Gross C'fwd	56,850	20,214	10,063	451	202	87,780
Depreciation						
Gross B'fwd	(821)	(11,558)	(4,007)	0	0	(16,386)
Depreciation in Year	(1,646)	(1,809)	(424)	0	0	(3,879)
Depreciation written out to Revaluation Reserve	1,786	0	0	0	0	1,786
Disposal	0	1,173	0	0	0	1,173
Gross C'fwd	(681)	(12,194)	(4,431)	0	0	(17,306)
Net Book Value						
At 31 March 2018	56,169	8,020	5,632	451	202	70,474
At 31 March 2017	52,140	7,445	6,056	451	1	66,093

Capital Commitments

As at 31 March 2019 the Council was contractually committed to capital works valued at approximately £1.877m (31 March 2018; £4.299m). The schemes are listed in the table below.

Division	Scheme	Amount £000
Development	Disabled Facilities Grants	977
	Community Infrastructure Levy	21
Resources	Investment in Trading Company	100
	Industrial Properties	18
Community	CCTV Equipment	510
	Document Centre Equipment	68
Operations	Refit Project	183
Total		1,877

Revaluations

- Land and buildings
These assets are held at current value and were revalued as at 1 April 2016 onwards. The council operates a three year rolling programme of revaluations although where there has been significant capital expenditure on properties a revaluation will take place.

The valuations were carried out externally and independently by Mr MJ Beardall BLE (Hons) MRICS (Member, Royal Institution of Chartered Surveyors) of Barker Storey Matthews. Mr Beardall has relevant experience in valuing these types of property and is a member of the Valuer Registration Scheme, and meets the requirements of the Red Book with regard to qualifications of the valuer, knowledge and skills, and independence and objectivity.

The specific assumptions applied in estimating current values in respect of Land and Buildings by the Council's valuer were as follows:

- The updated valuations have been prepared in accordance with the publication Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards. With specific reference made to UK Appendix 5 – Valuation of Local Authority Assets.
- The assets have been valued in accordance with the Code of Practice on Local Authority Accounting, published by CIPFA.
- The current value has been calculated by reference to comparable market evidence, including market evidence from the local geographical area. Adjustments have been made to factor in any unusual or onerous obligations, such as repairing obligations.
- Where market evidence is unavailable due to the nature of the property; a depreciated replacement cost (DRC) method has been used. The DRC approach requires an estimate of the value of the land in its existing use together with the

current gross replacement costs of the building and its external works. Adjustments have been made to reflect the age, condition, economic, functional and environmental obsolescence and other locational factors. The build cost for DRC purposes has been calculated using the Building Cost Information Service quarterly review of building prices and is representative for an instant build approach.

- No adjustments have taken place for changes in value which may have taken place since the valuation date or for prospects of future growth.
- Useful economic life is based on how long the asset will deliver economic benefits for any purpose. This is based on the type of construction, the current age, and the condition of the asset.
- It has been assumed that there are no unusual or especially onerous restrictions, encumbrances or outgoings and that a good title can be shown. Also that the valuation would not be affected, by any matter that would be revealed by a local search.
- Assets falling outside of specific revaluation in the current financial year, have been considered and it is the valuer's belief that no other assets require an impairment review.
- Components have been considered in relation to LAAP 86 Componentisation of Property, Plant and Equipment, and the Council's componentisation policy.
- The properties have been assumed to be in reasonable tenantable condition, with no particular works being required that would prejudice a sale or the current value of the property, the properties have been assumed to be in a good state of repair.
- Building surveys have not been carried out, nor have inaccessible parts of buildings been inspected.
- No investigation has been made to determine whether or not any deleterious or hazardous material has been used in the construction of the properties or has since been incorporated. It has therefore been assumed in valuing the properties that such investigations would not disclose the presence of any such materials.
- We have assumed no contamination to be affecting the properties or neighbouring properties, which would affect our opinion on value.
- The properties are assumed to be in areas not prone to flooding.

Vehicles, Plant, Equipment and Infrastructure assets are valued at historic cost, as at the date of acquisition and subsequent capital enhancement expenditure less depreciation. Community Assets, and Assets Under Construction are valued at historic cost at the date of acquisition and subsequent capital enhancement. Consequently there is no ongoing revaluation review for these assets. Assets Held for Sale are valued at lower of carrying value and fair value less cost of sale.

Revaluation Profile	Other Land and Buildings £000
Valued at Current Value as at 31 March 2019	62,901

Note 15. Investment Property

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement as financing and investment income and expenditure.

2017/18 £000		2018/19 £000
(3,123)	Rental income from investment property	(3,582)
345	Direct operating expenses arising from investment property	533
(2,778)		(3,049)
1,057	Revaluation Adjustment	502
(1,721)	Net (gain)/loss	(2,547)

The movement in investment properties balances during the year are shown below.

2017/18 £000		2018/19 £000
30,147	Balance at start of the year	35,169
6,079	Additions in year	11,585
(1,057)	Net gain/(loss) for fair value	(502)
35,169	Balance at end of the year	46,252

Restrictions

There are no restrictions on the Council's ability to realise the value inherent in the investment properties or the Council's right to receive the income and proceeds of disposal.

Gains or Losses from changes in Fair Value

Gains or losses from Changes in the fair value of investment property are recognised in the Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure line.

Highest and Best Use

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in valuation techniques used during the year for valuing investment properties. The fair value is measured on an annual basis as at 31st March. All valuations are carried out by a qualified valuer from Barker Storey Matthews, in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Fair Value Hierarchy

In order to increase the consistency and comparability in fair value measurements, the method by which fair values are assessed are separated into three levels. The three levels are based on the inputs to the valuation techniques that are used to measure fair value.

Level 1 Inputs

Quoted prices in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 Inputs

Inputs (other than quoted prices within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs

Unobservable inputs for the asset or liability.

Details of how the Fair Value Hierarchy inputs apply to the Council's Investment Properties are demonstrated in the table below:

Asset Type	2017/18 Fair Value Inputs Level 2 Other significant observable inputs £000	2018/19 Fair Value Inputs Level 2 Other significant observable inputs £000
Retail	10,575	9,400
Office	12,625	11,525
Commercial	11,969	25,327
Total	35,169	46,252

The Council has no Level 1 and 3 Fair Value Inputs.

Transfers between levels of the Fair value Hierarchy

There were no transfers between levels during the year.

Valuation Techniques to Determine Level 2 Fair Values**Significant Observable Inputs Level 2**

The fair value for investment properties is based on the market approach, using current market conditions and sale prices for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant.

Note 16. Intangible Assets

The Council accounts for its software as intangible assets, where the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to software are generally 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £0.239m was charged to revenue in 2018/19; this was either charged to ICT or then absorbed as an overhead across all the service headings in the Net Expenditure of Services or directly to services.

Capital Commitments

As at 31 March 2019 the Council was committed contractually to capital works of £0.137m, (31 March 2018; £Nil).

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

2017/18 £000		2018/19 £000
	Balance at start of the year:	
2,966	Gross carrying amounts	2,892
(1,924)	Accumulated amortisation	(1,981)
1,042	Net carrying amount at the start of the year	911
253	Additions	399
(275)	Amortisation for the period	(239)
(327)	Disposals or retirements	(159)
218	Amortisation on Disposal	155
911	Net carrying amount at the end of the year	1,067
2,892	Gross carrying amounts	3,133
(1,981)	Accumulated amortisation	(2,066)
911	Net carrying amount at end of the year	1,067

Note 17. Financial Instruments

The financial assets and liabilities included in the Balance Sheet comprise the following categories of financial instruments.

Long-term			Current	
2017/18	2018/19		2017/18	2018/19
£000	£000		£000	£000
		Investments and Cash & Cash Equivalents		
0	0	Short term investment	0	1,000
0	3,966	Financial Fair Value through Profit and Loss		
3,886	0	Financial Fair Value through other Comprehensive Income	0	0
3,886	3,966	Total investments and Cash & Cash Equivalents	0	1,000
		Debtors		
9,150	10,704	Loans and receivables	16,197	14,757
9,150	10,704	Total Debtors	16,197	14,757
13,036	14,670	TOTAL FINANCIAL ASSETS	16,197	15,757
		Borrowings		
(20,439)	(28,268)	Financial liabilities at amortised cost	(474)	(483)
(20,439)	(28,268)	Total borrowings	(474)	(483)
		Other Long-Term Liabilities		
(732)	(718)	Financial liabilities at fair value through Profit and Loss	0	0
(732)	(718)	Total Other Long-Term Liabilities	0	0
		Creditors		
0	0	Financial liabilities at amortised cost	(6,501)	(7,514)
0	0	Total creditors	(6,501)	(7,514)
(21,171)	(28,986)	TOTAL FINANCIAL LIABILITIES	(6,975)	(7,997)

Gains and losses on income and expense

Financial Liabilities (Liabilities measured at amortised cost)		Financial Assets (Loans and Receivables)	
2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
623	550	Interest expenses	0
0	0	Interest income	(471)
623	550	Net gain/(loss) for the year	(471)

Fair value of assets and liabilities carried at amortised cost

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. The fair value is taken from the market price.

The fair values of instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- Loan Contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.
- CCLA Property Fund is in a form of shares which are actively traded and have a market price. The mid-price quoted as at the end of trading on 31st March was used in valuating this fund.

Financial instruments classified at amortised cost are carried in the Balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investment have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

IFRS 13 introduces a three level of hierarchy for the inputs into fair value calculations:

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

There have not been any transferred between hierarchy levels during the financial year 2018/2019.

2017/18		2018/19	
Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Liabilities			
(28,146)	(32,618)	(36,983)	(41,647)
Assets			
30,028	30,373	30,426	30,893

	Fair Value Level	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000
Financial Liabilities held at amortised cost:					
Long term loans from PWLB	2	(20,439)	(25,635)	(28,268)	(33,634)
TOTAL		(20,439)	(25,635)	(28,268)	(33,634)
Liabilities for which fair value is not disclosed		(7,707)		(8,715)	
TOTAL FINANCIAL LIABILITIES		(28,146)	(25,635)	(36,983)	(33,634)
<i>Recorded on the balance sheet as:</i>					
Short term creditors		(6,501)	(6,501)	(7,514)	(7,514)
Short term borrowing		(474)	(483)	(483)	(499)
TOTAL SHORT TERM FINANCIAL LIABILITIES		(6,975)	(6,984)	(7,997)	(8,013)
Long term borrowing		(20,439)		(28,268)	
Other long term liabilities		(732)		(718)	
TOTAL LONG TERM FINANCIAL LIABILITIES		(21,171)		(28,986)	
TOTAL FINANCIAL LIABILITIES		(28,146)	(32,619)	(36,983)	(41,647)

	Fair Value Level	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000
Financial assets held at fair value:					
Property Fund	1	3,886	3,886	3,966	3,966
Short term Investment	1	0	0	1,000	1,000
Financial assets held at amortised cost:					
Long term loans to local organisations	2	5,012	5,357	5,717	6,161
TOTAL		8,898	9,243	10,683	11,127
Assets for which fair value is not disclosed		20,336		19,743	
TOTAL FINANCIAL ASSETS		29,234		30,426	
<i>Recorded on the balance sheet as:</i>					
Short term debtors		16,197		14,757	
Short term investments		0		1,000	
TOTAL SHORT TERM FINANCIAL ASSETS		16,197		15,757	
Long term debtors		9,150		10,703	
Long term investments		3,886		3,966	
TOTAL LONG TERM FINANCIAL ASSETS		13,036		14,669	
TOTAL FINANCIAL ASSETS		29,233		30,426	

The Financial Liabilities are shown below:

Financial Instrument	2017/18 Carrying amount £000	2018/19 Carrying amount £000	Details (includes loan reference number)
Long Term			
PWLB (3.91%)	(5,000)	(5,000)	495152 3.91% 19/12/2008 to 19/12/2057
PWLB (3.90%)	(5,000)	(5,000)	495153 3.90% 19/12/2008 to 19/12/2058
PWLB (2.24%)	(715)	(563)	502463 2.24% 07/08/2013 to 07/08/2023
PWLB (3.28%)	(706)	(690)	504487 3.28% 25/11/2015 to 25/11/2046
PWLB (3.10%)	(939)	(918)	504598 3.10% 19/01/2016 to 19/01/2047
PWLB (2.91%)	(469)	(458)	504810 2.91% 21/03/2016 to 21/03/2047
PWLB (3.10%)	(380)	(371)	504922 3.10% 29/04/2016 to 29/04/2047
PWLB (2.92%)	(308)	(301)	504993 2.92% 02/06/2016 to 02/06/2047
PWLB (2.31%)	(613)	(598)	505255 2.31% 29/07/2016 to 29/07/2047
PWLB (2.18%)	(471)	(459)	505372 2.18% 23/09/2016 to 23/09/2047
PWLB (2.67%)	(838)	(818)	505649 2.67% 06/01/2017 to 06/01/2048
PWLB (2.78%)	(5,000)	(5,000)	506436 2.78% 02/10/2017 to 02/10/2037
PWLB (2.49%)	0	(7,292)	508696 2.49% 11/03/2019 to 11/03/2039
PWLB (1.48%)	0	(800)	508931 1.48% 25/03/2019 TO 25/03/2022
	(20,439)	(28,268)	
Short Term			
PWLB (2.24%)	(152)	(153)	502463
PWLB (3.28%)	(16)	(16)	504487
PWLB (3.10%)	(21)	(22)	504598
PWLB (2.91%)	(11)	(11)	504810
PWLB (3.10%)	(9)	(8)	504922
PWLB (2.92%)	(7)	(7)	504993
PWLB (2.31%)	(16)	(15)	502255
PWLB (2.18%)	(12)	(12)	505372
PWLB (2.67%)	(19)	(19)	505649
Accrued interest	(211)	(220)	
	(474)	(483)	
Creditors	(6,501)	(7,514)	
	(27,414)	(36,265)	

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where interest rates payable are lower than the current rates available for similar loans as at the Balance Sheet date.

Note 18. Inventories

The main items in 'other inventories' are refuse sacks £0.014m, uniforms £0.012m, ICT hardware £0.555m (2017/18); refuse sacks £0.027m, car park tickets £0.003m and uniforms £0.009m).

	Leisure Centres		Diesel		Other		Total	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April	47	36	20	34	39	40	106	110
Purchases	0	0	586	542	0	872	586	1,414
Recognised as an expense in the year	0	0	(547)	(564)	0	(317)	(547)	(881)
Stock Adjustment	(11)	(16)	(25)	13	1	(13)	(35)	(16)
Balance at 31st March	36	20	34	25	40	582	110	627

Note 19. Debtors

2017/18 £000		2018/19 £000
2,649	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	3,499
3,714	Other Local Authorities	3,738
15,980	Other entities and individuals	16,115
68	NHS	7
(1,840)	Bad debt provision (Impairment of loans and receivables)	(2,230)
20,771		21,129

Note 20. Cash and Cash Equivalents

2017/18 £000		2018/19 £000
9	Cash held by the Council	9
3,652	Bank balances	6,619
3,661	Cash and Cash Equivalents	6,628
(1,485)	Less Bank overdraft	(4,182)
2,176	Net Total Cash and Cash Equivalents	2,446

Note 21. Assets held for sale

Assets held for sale are expected to be sold within twelve months (at the Balance Sheet date). The asset is carried at carrying value or expected sale proceeds, whichever is lower.

2017/18 £000		2018/19 £000
0	Balance at start of year	0
	Transfers from Non-Current Assets	
0	Bridge Place Car Park	480
0	Total Transfers	480
0	Balance at End of Year	480

Note 22. Creditors

2017/18 £000	2017/18 Represented £000		2018/19 £000
6,324	6,324	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	4,178
1,877	4,068	Other Local Authorities	5,012
327	327	NHS	339
168	168	Public Corporation	58
7,957	5,766	Other entities and individuals	5,007
16,653	16,653		14,594

Note 23. Useable Reserves

Movements in the Council's useable reserves are detailed in the Movement in Reserves Statement and a further breakdown is shown in Note 10, Movements in Earmarked Reserves.

Note 24. Unusable Reserves

2017/18 £000		2018/19 £000
(42,892)	Capital Adjustment Account	(44,001)
(24,204)	Revaluation Reserve	(30,480)
213	Financial Instruments Adjustment Account	115
156	Financial Instruments Revaluation Reserve	156
72,331	Pensions Reserve	89,081
(138)	Collection Fund Adjustment Account	(742)
5,466	Total Unusable Reserves	14,129

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment and Investment Properties before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains and losses. Note 7 provides the details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2017/18		Capital Adjustment Account		2018/19	
£000	£000			£000	£000
	(44,302)	Balance at 1 April			(42,892)
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
3,880		Charges for depreciation of non-current assets		3,790	
90		Impairment losses on property, plant & equipment		320	
275		Amortisation of intangible assets		239	
1,191		Revenue expenditure funded from capital under statue		1,628	
0		Losses on impairment of capital loans		251	
137		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		142	
(508)		Adjusting amounts written out of the Revaluation Reserve		(612)	
		Capital financing applied in the year:			
(689)		Use of the Capital Receipts Reserve to finance new capital expenditure		(1,244)	
0		Use of S106 earmarked reserves		(14)	
(315)		Application of Grants to finance capital expenditure		(788)	
(1,066)		Application of grants to capital financing from the capital grants unapplied account		(1,532)	
(1,761)		Statutory provision for the financing of		(2,048)	

273 (1,154)	capital investment charged against the general fund (MRP) Repayment of long term debtors Capital expenditure charged to General Fund	295 (2,038)
Investment Property Fair Values		
1,057	Movement in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	502
1,410	Total Movements	(1,109)
(42,892)	Balance at 31 March	(44,001)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. It is identified at individual asset level. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost. If no surplus remains on a particular asset's account any further impairment must be charged to the surplus/deficit on the provision of services within the Comprehensive Income and Expenditure Statement;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

2017/18 £000	Revaluation Reserve	2018/19 £000
(20,646)	Balance at 1 April	(24,204)
(5,116)	Upward revaluation of assets	(8,370)
1,050	Downward revaluation or impairment of assets not charged to the surplus/deficit on the provision of services	1,482
(4,066)	(Surplus) or deficit in the revaluation of non-current assets	(6,888)
508	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	612
(24,204)	Balance at 31 March	(30,480)

Other adjustments for assets disposed of or transferred - written off to Capital Adjustments Account

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the differences between accounting for the fair value of loans given to individuals and organisations, and the actual income credited to the General Fund.

2017/18 £000	Financial Instruments Adjustment Account	2018/19 £000
226	Balance at 1 April	213
(13)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(98)
213	Balance at 31 March	115

Financial Instruments Revaluation Reserve

These financial instruments are carried at their fair value. Movements in fair value are posted to a revaluation reserve (the Financial Instruments Revaluation Reserve) and taken to the Surplus or Deficit on the Revaluation of Financial Assets (FVOCI elected) line in the Comprehensive Income and Expenditure Statement.

2017/18 £000	Financial Instruments Revaluation Reserve	2018/19 £000
330	Balance at 1 April	156
(174)	Upward revaluation of investments	0
156	Balance at 31 March	156

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay 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. Further information is found in Note 37 in respect of Defined Benefit Pension Scheme.

2017/18 £000	Pensions Reserve	2018/19 £000
72,161	Balance at 1 April	72,331
(3,525)	Actuarial (gains) or losses on pensions assets and liabilities	12,253
8,221	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	8,911
(4,526)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,414)
72,331	Balance at 31 March	89,081

Collection Fund Adjustment Account

The Collection Fund Adjustment Account identifies the element of the Collection Fund balance that is due to this Council. It is included in the Comprehensive Income and Expenditure Statement as it relates to 2018/19 and previous years although it is only actually transferred from the Collection Fund in line with regulations.

2017/18 £000	Collection Fund Adjustment Account	2018/19 £000
(902)	Balance at 1 April	(138)
764	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic income calculated for the year in accordance with statutory requirements	(604)
(138)	Balance at 31 March	(742)

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment 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 i.e. annual leave entitlement and accrued flexitime carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Accumulating Compensated Absences Adjustment Account.

Changes to the Councils annual leave and flexible working scheme, removing the automatic carry forward of untaken annual leave and restricting flexitime credits to 14.8 hours, has reduced the likely calculated cost of this type of adjustment to a minimal level. Therefore nothing has been included in the 2018/19 accounts for Accumulating Compensated Absences.

Note 25. Operating Activities

The cash flows for operating activities include the following items:

2017/18 £000	Interest Items	2018/19 £000
623	Interest Received	784
(498)	Interest Paid	(600)

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

2017/18 £000	Non-Cash Items	2018/19 £000
3,880	Depreciation	3,790
90	Impairment and downward valuations	320
275	Amortisation	239
55	Increase/ (decrease) in impairment for bad debts	0
1,460	Increase/ (decrease) in creditors	63
(4,312)	Increase/ (decrease) in debtors	932
(4)	Increase/ (decrease) in inventories	(517)
3,695	Movement in pension liability	4,497
137	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	142
960	Other non-cash items charged to the net surplus or deficit on the provision of services	383
6,236		9,849

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

2017/18 £000	Investing and Financing Items	2018/19 £000
(403)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(949)
(9,693)	Any other items for which the cash effects are investing or financing cash flows	(9,798)
(10,096)		(10,747)

Note 26. Investing Activities

2017/18 £000		2018/19 £000
(9,316)	Purchase of property, plant and equipment, investment property and intangible assets	(16,585)
(2,573)	Other payments for investing activities	(10,843)
403	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	949
36,400	Purchases of short and long term investments	(40,075)
(36,400)	Proceeds from short-term and long-term investments	39,075
10,091	Other receipts from investing activities	18,189
(1,395)	Net cash flows from investing activities	(9,290)

Note 27. Financing Activities

2017/18 £000		2018/19 £000
(272)	Other Receipts from Financing Activities	0
14,000	Cash Receipts of short/long term borrowing	8,091
(9,240)	Cash Payments to Short/Long term borrowing	(257)
0	Other payments for financing activities	(1,238)
4,488	Net cash flows from financing activities	6,596

Note 28. Trading Operations and Shared Services

From a local authority context, a trading operation is one where a Council is trading and taking operational risks and could, if the economic environment so dictated, expose the Council to a financial loss on the service provided. This is the full costs including central support charges.

2017/18 £000	Trading Operations included in the Net Cost of Service	2018/19 £000
	Car Parks	
	The Council collects car parking income from both its own off-street car parks and from the on-street car parking operations that it operates, as an agent, for the Highways Authority. The income is generated from a mix of parking fees and excess parking charges. The Council operates 22 chargeable off-street car parks across the district and 3 on-street car parking areas in Huntingdon, St.Ives, and St Neots.	
(2,495)	Gross Income	(2,586)
1,266	Gross Expenditure	1,379
(1,229)	(Surplus)/Deficit	(1,207)
	Leisure Services	
	The Council operates 5 leisure centres across the district, under the name One Leisure; namely Huntingdon, St. Ives, St Neots, Sawtry and Ramsey. The facilities provided vary across the district but include amongst others; Swimming Pools, Sports Halls, Astro-Turf, Athletics Track, Gymnasium, Spa facilities and Ten-Pin Bowling.	
(6,604)	Gross Income	(5,879)
7,946	Gross Expenditure	7,967
1,342	(Surplus)/Deficit	2,088
113	Net (Surplus)/Deficit on Trading Operations included in Net Cost of Service	881

2017/18 £000	Trading Operations included in the Financing and Investment Income and Expenditure	2018/19 £000
	Markets The Council operates 3 stall markets in the towns of Huntingdon, Ramsey and St. Ives. In addition to the general market days Huntingdon has a separate farmers market and St Ives a bank holiday market.	
(147)	Gross Income	(157)
132	Gross Expenditure	147
(15)	(Surplus)/Deficit	(10)
	Printing The Council operates a Document Processing Centre that produces a range of documents for both internal and external customers. All external work is undertaken on a marginal cost basis (i.e. excluding recharges) and on this basis external work has made a contribution to the net cost of the service. However, statutory reporting requires full cost.	
(57)	Gross Income	(33)
47	Gross Expenditure	37
(10)	(Surplus)/Deficit	4
	Grounds Maintenance The Council's in-house Grounds Maintenance Team provides a wide range of services, primarily in respect of green spaces. However, the service also provides some services for external organisations, namely Luminus Housing Association and Cambridgeshire County Council.	
(225)	Gross Income	(213)
235	Gross Expenditure	223
10	(Surplus)/Deficit	10
	Commercial Waste The Council operates a waste collection service that is available to all businesses across the district. As this is a non-statutory service it is a chargeable activity.	
(187)	Gross Income	(206)
159	Gross Expenditure	251
(28)	(Surplus)/Deficit	45
(43)	Trading Operations included in Financing and Investment Income and Expenditure	49
70	Net (Surplus)/Deficit on Trading Operations	930
The above figures include non-cash adjustments; including IAS19 pensions and depreciation.		

Note 29. Members' Allowances

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

2017/18		2018/19	
£000		£000	
377	Allowances	329	
12	Expenses	13	
389		342	

Note 30. Senior Officer remuneration and staff over £50k

The number of employees whose remuneration in the year was £50,000 or more is shown in the table below. It includes pay, redundancy payments and other employee benefits but not employer's pension contributions.

2017/18	£		£	2018/19
13	50,000	but less than	55,000	14
0	55,000	but less than	60,000	4
4	60,000	but less than	65,000	3
2	65,000	but less than	70,000	2
1	70,000	but less than	75,000	1
1	75,000	but less than	80,000	1
1	80,000	but less than	85,000	0
0	85,000	but less than	90,000	1
1	130,000	but less than	135,000	0
0	140,000	but less than	145,000	1
23				27

Included in the banding table above are those senior officers who are separately disclosed in the following remuneration of senior employees table.

Remuneration of Senior Employees

The remuneration of Senior Employees is shown in the table below.

2018/19	Salary including allowances	Election Fees	Total remuneration Including allowances and fees	Employer pension contributions	Remuneration including pension contributions
Post holder	£	£	£	£	£
Managing Director (1)	134,225	10,641	144,866	22,949	167,815
Corporate Director (Delivery)	85,594	624	86,218	14,616	100,834
Corporate Director (Services)	79,333	570	79,903	13,725	93,628
Assistant Director (Transformation) (2)	73,447	270	73,717	12,706	86,423
Head of Resources (S151 Officer)	68,255	776	69,031	11,738	80,769

2017/18	Salary including allowances	Election Fees	Total remuneration Including allowances and fees	Employer pension contributions	Remuneration including pension contributions
Post holder	£	£	£	£	£
Managing Director (1)	132,300	435	132,735	22,741	155,476
Corporate Director (Delivery)	84,322	0	84,322	14,471	98,793
Corporate Director (Services)	57,011	0	57,011	9,863	66,874
Head of Resources (S151 Officer)	67,597	0	67,597	11,630	79,227

Key:

Note 1: The election fees do not include fees for County, Parliamentary and Mayoral elections paid for by third parties.

Note 2: The starting date of the Assistant Director - Transformation was 09/10/17.

Note 31. External Audit Costs

The sums disclosed below are those payable to EY for the annual audit of the statement of accounts, statutory inspections and certification of grant claims.

2017/18		2018/19
£000		£000
70	External audit	72
18	Grant claim certification	17
88		89

Note 32. Grant Income

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

2017/18 £000		2018/19 £000
Credited to taxation and non-specific Grant income		
1,182	Revenue support grant	604
3,656	New Homes Bonus	2,669
165	Other Non Ringfenced Grants	2,452
315	Capital Grants	788
5,318	Total	6,513
Credited to Services		
32,670	Rent allowances	31,752
558	Benefits administration	522
1,391	Improvement Grants	1,424
933	Other	878
35,552	Total	34,576

The Council has received some grants that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned. The balances at the year-end are as follows:

2017/18 £000	Grants Receipts in Advance	2018/19 £000
Government grants		
52	Mortgage Rescue Scheme	52
61	Preventing Repossessions	61
113		113

The Council has received some grants that have no conditions attached; they have been recognised as income but are held in the Capital Receipts Unapplied Account pending their use to fund the relevant Capital Scheme. The balances at the year-end are as follows:

2017/18 £000	Capital Grants Unapplied Account	2018/19 £000
980	Building Foundations for Growth	1
16,308	Community Infrastructure Levy	23,341
17,288		23,342

Note 33. Related Parties

The Council must disclose in the accounts any material transactions with related parties. Related parties are 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.

Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides a significant amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties e.g. Council tax bills.

Grants received from Government departments are set out in Note 32 on "Grant Income".

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 29. Some Council members are also:

- 1.elected members of other Councils, including the County Council, Parish and Town Councils.
- 2.nominated representatives of Huntingdonshire County Council on various organisations, including the Cambridgeshire and Peterborough Combined Authority.

The Council has a significant operational relationship with Cambridgeshire County Council. The Council is the administering authority for the Council's Pension Fund, and many of the Council's services work with County Council services on a day-to-day basis e.g. the Council is the statutory waste collection authority whereas the County Council is the statutory waste disposal authority but each of the Councils has to pay the other in respect of certain types of waste. For 2018/19, the Council has paid:

- £7.022m to Cambridgeshire County Council (£3.359m for services and £3.663m for pension payments), and
- received £1.064m from the County Council.

(6.045m paid to and £1.124m received from the County Council; 2017/18)

The Council also has shared services arrangements with Cambridge City Council (CCC), South Cambridgeshire District Council (SCDC) and Cambridge and Peterborough Partnership for ICT, Building Control, Legal and CCTV services:

Payments to / (from)	CCC	SCDC	Cambridge & Peterborough Partnership
	£000	£000	£000
ICT Services	(3,835)	(2,057)	(114)
Legal Services	219		
Building Control	139		
CCTV	(322)		

The Home Improvement Agency is a shared service between the Council and Cambridge City Council and South Cambs District Council; the agency is managed by Cambridge City Council. The Councils grant applicants contribution to the agency for 2018/19 was £0.336m (2017/18, £0.326m), which represents 15% (2017/18, 15%) of the Disabled Facilities Grant that the agency manages on behalf of the Council. For 2018/19, the partners to the agency

agreed that the agency could retain any surplus generated to invest in the future of the agency, for the Council this equated to £0.065m.

Huntingdonshire District Council are responsible for billing and collecting Council Tax and National Non-domestic Rates on behalf of the following preceptors:

Cambridgeshire County Council
Cambridgeshire and Peterborough Police and Crime Commissioner
Cambridgeshire and Peterborough Fire Authority

Full details of the amounts payable to each of the organisations are shown in the Collection Fund on Page 99.

In respect of 2018/19:

- 50 members out of 52 members who served the Council returned a Related Party Transaction disclosure form.
- 14 officers out of 15 officers returned a Related Party Transaction disclosure form.

Following a comprehensive review of relevant statutory and voluntary disclosures and other 'ad-hoc' information sources, the following councillors and officers (as either an individual or family interest) have disclosed a related party; this is shown overleaf:

Councillor	Organisation	Relationship with Organisation	Payments from Organisations 2018/19 £	Payments made by the Council 2018/19 £	Interest
Keane	HDC Ventures	Director	0	0	
Keane	HDC Ventures Limited	Director	0	0	
Chapman	Friend of Paxton Pits	Friend	15,357	0	Contribution for Interpretation £5972, Pathing £787, Safe £356, Office furniture, stools chairs & trolley £1553, Leaflet re print £124, Shed/electrical improvements £1750, Keys £254, Misc £27, First aid training £500, Materials for viewing platform £4034
Chapman	Friend of Sudbury Meadow	Friend	0	1,433	Grant section 1
Criswell	Hunts Forum of Voluntary Sector Organisations	Member	0	31,150	HDC Voluntary Sector Agreement 1.10.18 to 31.3.19
Tavener	Oxmoor Community Action Group (OCAG Moor in Bloom)		0	620	Community chest award 1819
Davies	St Johns Ambulance	Member	0	1,000	Chairman's Charity Donation
Officer					
Lancaster	HDC Ventures	Director	0	0	
Morley	HDC Ventures	Director	0	0	
Stopford	HDCV SSL Ltd (HDC Ventures Security services Limited)	Director	0	0	

With regard to these organisations, the Council has either procured goods or services or provided funding that has supported them in providing their core services. The items disclosed are in the normal course of business and are at arm's length.

Note 34. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, (including the value of assets acquired under finance leases), together with the resources

that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR); a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

A net increase in the CFR reflects the Council's need to borrow to finance capital expenditure. The borrowing will be repaid from an annual revenue charge (Minimum Revenue Provision) which reflects the use of the assets over their useful lives.

2017/18 £000		2018/19 £000
38,791	Opening Capital Financing Requirement	46,647
	Capital Investment	
4,111	Property, Plant and Equipment	3,119
253	Intangible Assets	399
2,582	Revenue Expenditure Funded from Capital Under Statute	3,052
1,005	Repayable Advances	1,778
6,079	Investment Property	11,585
202	Assets Under Construction	212
14,232		20,145
(689)	Capital Receipts	(1,244)
(1,706)	Grants and Other Contributions	(2,213)
(407)	Use of Earmarked Reserves	(412)
(61)	Capital Grants Unapplied Reserve – Community Infrastructure Levy	(553)
(1,005)	Capital Grants Unapplied Reserve – Other	(978)
(747)	Use of Earmarked Reserves – Commercial Investment Strategy	(1,627)
(1,761)	Minimum Revenue Provision	(2,048)
0	S106 Reserve	(14)
(6,376)		(9,089)
46,647	Closing Capital Finance Requirement	57,703
7,856	Increase/(Decrease) in Underlying Need to Borrow	11,056

Note 35. Leases

Council as Lessee

Finance Leases

The Council has acquired some industrial units under finance leases. The assets acquired under these leases are carried as investment property in the Balance Sheet at the following amounts:

2017/18 £000	2018/19 £000
2,059	2,160

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and

finance costs that will be payable by the Council in future years while the liability remain outstanding. The minimum lease payments are made up of the following amounts:

2017/18 £000		2018/19 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
544	Non-current	544
2,872	Finance costs payable in future years	2,833
3,416	Minimum lease payments	3,377

The minimum lease payments will be payable over the following periods:

	Minimum lease payments		Finance lease payments	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Not later than 1 year	39	39	0	0
Later than 1 year and not later than 5 years	156	156	0	0
Later than 5 years	3,221	3,182	544	544
	3,416	3,377	544	544

The minimum 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 2018/19 £0.081m contingent rents were payable by the Council (2017/18; £0.081m).

Operating Leases

The Council has a number of operating leases for land which vary from 3 years to 125 years. The operating lease payments made in the year, are in the following tables.

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

2017/18 £000		2018/19 £000
22	Not later than 1 year	18
40	Later than 1 year and not later than 5 years	21
62		39

The expenditure charged to the appropriate service in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2017/18 £000		2018/19 £000
31	Minimum lease payments	28

Service Concessions

The Council does not have any contracts that include service concessions.

Council as Lessor**Finance leases**

The Council has no finance leases as lessor.

Operating Leases

The Council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses

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

2017/18 £000		2018/19 £000
2,861	Not later than 1 year	3,666
7,782	Later than 1 year and not later than 5 years	8,752
16,582	Later than 5 years	23,969
27,225		36,387

The lease payments receivable do not include rents that are contingent on events taking place after the Balance Sheet date, such as adjustments following rent reviews.

Note 36. Impairment Losses

During 2018/19 the Council has recognised impairments to Property, Plant and Equipment of £1.803m (2017/18; £0.090m).

Note 37. Termination Benefits and Exit Packages**Compulsory Redundancy:**

In respect of:

- 2018/19, the Council did not approve any compulsory redundancies this year
- 2017/18, the Council approved the compulsory redundancy of 4 employees

Other departures (Including Voluntary Redundancy):

In respect of:

- 2018/19, 1 voluntary redundancy was approved.
In addition a further 3 employees left the council in 2018/19 with a Compromise agreement.
- 2017/18, 0 voluntary redundancies were approved.
In addition a further 1 employee left the council in 2017/18 with a Compromise agreement.

All costs in respect of Termination benefits and exit packages have been debited to the year in which the decision was made. The following table shows the banding of employee terminations and the total cost to the Council per band.

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages agreed		Total cost of packages	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
							£000	£000
£0 to less than £20,000	1	0	1	4	2	4	23	18
£20,000 to less than £40,000	1	0	0	0	1	0	21	0
£40,000 to less than £60,000	0	0	0	0	0	0	0	0
£60,000 to less than £80,000	2	0	0	0	2	0	140	0
	4	0	1	4	5	4	184	18

Note 38. Defined Benefit Pension Scheme

Participation in Pension Schemes

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

Employees of Huntingdonshire District Council may participate in the Cambridgeshire Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit final salary scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2016.

To avoid the impact of potential reductions in the workforce the actuary proposed that a fixed percentage of 17.3% be applied for 2017/18, 2018/19 and 2019/20.

This should be used to provide for future service liabilities, together with a lump sum contribution to reduce the existing deficit related to past service.

The lump sums proposed were:

2017/18	£1.584m
2018/19	£1.584m
2019/20	£1.584m

As a consequence of the triennial valuation, the asset value in the intervening period is an estimate calculated by the actuary using a model. Any differences between the estimate and actual figures are adjusted at the next full valuation.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The Council and employees pay contributions into a fund, at a level calculated to balance the pension liabilities with investment assets. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive

Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2017/18 £000		2018/19 £000
	Comprehensive Income & Expenditure Statement	
	Cost of Services:	
6,256	Current Service Cost	6,068
67	Past Service Cost	858
	Financing and Investment Income and Expenditure:	
5,549	Net interest expense	5,856
(3,651)	Expected Return on Scheme Assets	(3,871)
8,221	Total post-employment benefit charged to the deficit on the provision of services	8,911
	Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:	
	Re-measurement of the net defined benefit liability comprising:	
(557)	Return on plan assets (Excluding the amount included in the net interest expense)	5,561
4,107	Actuarial gains and losses arising on changes in financial assumptions	(17,971)
(25)	Other experience	158
3,525		(12,253)
11,746	Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(3,342)
	Movement in Reserves Statement	
(8,221)	Reversal of net charges made to the surplus/deficit on the provision of services for post-employment benefits in accordance with the Code	(8,911)
	Actual amount charged against the General Fund Balance for Pensions in the Year:	
4,331	Employer's contributions payable to the scheme	4,235
195	Retirement benefits payable to pensioners*	179
(3,695)	Total Movement in Reserves Statement	(4,497)

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2019 is a loss of £64.08m, and to the 31 March 2018 is a loss of £51.83m.

Assets and Liabilities in relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities in respect of Huntingdonshire District Council:

31 March 2018 £000		31 March 2019 £000
212,691	Opening balance as at 1 April	215,939
6,256	Current Service Cost	6,068
5,549	Interest Cost	5,856
1,020	Contributions by scheme participants	1,014
	Remeasurement (gains) and losses:	
(4,107)	Actuarial losses / (gains) from changes in financial assumptions	17,971
25	Other	(158)
67	Past service costs/ (gains)	858
(5,367)	Benefits paid	(5,536)
(195)	Estimated unfunded benefits paid *	(179)
215,939	Closing balance at 31 March	241,834
* The unfunded benefits are those relating to the early retirement of scheme members where the Council makes an additional contribution to the Pension Fund		

Reconciliation of fair value of the scheme assets in respect of Huntingdonshire District Council:

31 March 2018 £000		31 March 2019 £000
140,530	Opening fair value of scheme assets balance as at 1 April	143,608
3,651	Interest Income	3,871
	Remeasurement gain/(loss)	
(557)	The return on plan assets (Excluding amount included in net interest expense)	5,561
4,331	Contributions by the employer	4,235
1,020	Contributions by employees into the scheme	1,014
195	Contributions for unfunded (Discretionary benefits)benefits*	179
(5,367)	Benefits paid	(5,536)
(195)	Unfunded (Discretionary benefits) benefits paid*	(179)
143,608	Closing Balance at 31 March	152,753

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £9.43m (2017/18; £3.77m).

Pensions Assets and Liabilities Recognised in the Balance Sheet

2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000		2018/19 £000
(192,333)	(179,200)	(212,691)	(215,939)	Fair value of assets	(241,834)
112,249	111,237	140,530	143,608	Deficit in the scheme	152,753
(80,084)	(67,963)	(72,161)	(72,331)		(89,081)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment benefits. The total liability of £(241.83m) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £(89.08m).

However, the statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme and actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Council expects to contribute £4.24m into Cambridgeshire County Council's Local Government Pension Fund in the year to 31 March 2020. With regard to discretionary benefits, there were no such awards in 2018/19 (2017/18; Nil).

Impact of the 31 March 2016 Formal Actuarial Valuation

Formal actuarial valuations are carried out every three years where assets and liabilities are calculated on a detailed basis and these were concluded as at 31 March 2016.

Basis for Estimating Liabilities and Assets

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2016. The results of this valuation were projected forward using approximate methods.

The main assumptions used by the actuary are as shown below

2017/18	County Fund – Main Assumptions	2018/19
2.7%	Rate of increase in salaries	2.8%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate of discounting scheme liabilities	2.4%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.4 years	Men	22.4 years
24.4 years	Women	24.4 years
	Longevity at 65 for future pensioners	
24.0 years	Men	24.0 years
26.3 years	Women	26.3 years

Local Government Pension Scheme Assets Comprised:

Pension fund assets consist of the following categories, by value of the total assets held:

31 March 2018 £000		31 March 2019 £000
4,624	Cash and cash equivalents	1,892
4,624		1,892
	Equity instruments by industry type:	
3,987	Consumer	4,615
2,578	Manufacturing	2,749
3,091	Energy and utilities	3,208
6,189	Financial institutions	5,742
1,524	Health and care	924
678	Information technology	813
18,047	Sub-total equity	18,051
	Debt Securities	
3,620	UK Government	3,789
3,620	Sub total debt securities	3,789
	Private equity:	
13,320	All not in active markets	11,566
13,320	Sub-total private equity	11,566
	Other investment funds:	
14,433	Bonds	14,195
0	Infrastructure	6,358
79,531	Equity	85,571
10,033	Other	11,331
103,997	Sub-total other investment funds	117,455
143,608	Total Assets	152,753

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2018/19 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2019.

2014/15	2015/16	2016/17	2017/18		2018/19
%	%	%	%		%
2.62	6.88	(3.83)	18.32	Differences between expected and actual return on assets	(0.36)
0.95	1.01	0.19	(0.01)	Experience gains/ losses on liabilities	0.07

Sensitivity analysis:

Increase in assumption 31 March 2018 £000	Impact on the defined benefit obligation in the scheme	Increase in assumption 31 March 2019 £000
3-5%	Longevity (increase or decrease in 1 year)	3-5%
2,943	Rate of increase in salaries (increase or decrease by 0.5%)	3,263
18,206	Rate of increase in pensions (increase or decrease by 0.5%)	21,228
(21,409)	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(24,884)

Further information

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

Note 39. Provisions, Contingent Assets and Liabilities

	Short Term Provisions			Total £000		
	Enterprise Zone Retained NDR (1) £000	NDR Appeals Provision (2) £000	Insurance Claim (3) £000			
	Balance at 1 April 2017	79	1,283		0	1,362
	Movement during 2017/18	(79)	307		0	228
Balance at 31 March 2018	0	1,590	0	1,590		
Amounts used in 2018/19	0	(232)	0	(232)		
Amounts charged to services 2018/19	0	195	13	208		
Balance at 31 March 2019	0	1,553	13	1,566		

Provision**Short Term Provision**

Where an obligating event is expected to occur within the next 12 months.

1. Enterprise Zone Retained NDR

The Council retains the Non Domestic Rates (NDR) income arising from increases in the rateable value of premises within the Alconbury Weald Enterprise Zone. However, there is a requirement to apply this retention to the Enterprise Zone as no formal request to draw down this retention had been made by the Local Enterprise Partnership as at 31 March 2015, a provision for this liability has been recognised. Settled during FY 2017-18.

2. NDR Appeals Provision

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review which included taking external expert advice a provision for appeals outstanding was estimated to be £3.882m; of which £1.553m would have to be met by the Council, and £2.329m by other Collection Fund participants.

3. Insurance Claim

Workplace related illness acquired by an employee who was working for a predecessor authority pre 1974. It has not been possible to identify the insurer who provided employees liability cover and consequently the Council will be responsible for the cost of the claim.

Contingent Liabilities

The councils Contingent Liabilities cover various on-going litigations and these are detailed below. The total expected value of these liabilities is £5.724m (2017/18; £6.329m)

2017/18 Estimated value of contingent liability £000	Details of Contingent Liability	2018/19 Estimated value of contingent liability £000
	<u>Environmental Related:</u>	
3,300	<p>The Environmental Protection Act 1990 Part IIA makes the Council liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. If the planning application made to the County Council is approved, this will reduce the probability of abandonment and the likelihood of the Council becoming liable will reduce considerably.</p> <p>However, at this time there is a possibility that the Council could be liable if the site is abandoned. Current estimates are that the cost of leachate treatment would cost £150,000 per annum for 21 years (originally 30 years).</p>	3,150
3,300	Total for Environmental Related	3,150

2017/18 Estimated value of contingent liability £000	Details of Contingent Liability	2018/19 Estimated value of contingent liability £000
1,994	<p>NHS Hospital Trust</p> <p>At this time a claim has been made against the Council by NHS Hospital Trusts in respect of mandatory NDR relief. However, via the Local Government Association, the Council along with many other Local Authorities is challenging this claim.</p>	1,953
1,994	Total for Customer Services Related	1,953
576	<p><u>Corporate Related:</u></p> <p>Municipal Mutual Insurance Liquidation</p> <p>Some years ago, the Council was insured by Municipal Mutual Insurance (MMI); unfortunately whilst the Council was insured by MMI they went into liquidation. Following the collapse of MMI, a Scheme of Arrangement was made that allowed MMI to 'run-off' the business and deal with outstanding claims. Due to increasing numbers of liability claims that MMI continued to receive, MMI pursued the matter of their continuing liability through the Courts. The Supreme Court gave judgement in March 2012. This clarified MMI's position in respect of future claims and led ultimately to increasing liabilities for MMI. The Scheme of Arrangement was enforced in January 2014. A £0.2m levy has been charged against the Council, which represents 25% of the total claims paid by MMI on behalf of the Council since 1993 (£0.851m) less a protected liability sum of £50k as agreed by the Financial Services Compensation Board. The Contingent Liability shown for 2018/19 is the balance of the total claims paid by MMI on behalf of the Council.</p>	601
20	<p>Assets of Community Value</p> <p>As at 31 March 2018, the Council has listed 35 sites owned by private individuals or companies as Assets of Community Value, as required by the Localism Act 2011. The Assets of Community Value scheme includes provisions for owners to claim compensation for loss and expense incurred through the asset being listed or previously listed. All claims must be considered and decisions may be subject to a review and an independent appeal. The Council is liable for all compensation payments awarded up to a maximum of £20,000 in each financial year, unless the limit is removed by the Government.</p>	20

439	Apprenticeship Grant for Employers	0
	Under the governments S.31 devolvement powers the above grant (£1,487k) was awarded to Cambridgeshire and Peterborough and paid directly to Peterborough Regional College; however, the Council is the accountable body. The amounts shown are the uncommitted funds as at the 31 March for which the Council could be liable for if the grant conditions are not met.	
1,035	Total for Corporate Related	621
6,329	Total Contingent Liabilities	5,724

The above litigations are prudent estimates of the potential cost to the council. It is not possible, due to considerations of legal privilege to either provide further information or to give an assessment of the likelihood of success of any of the litigations.

Note 40. 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 commitments to make payments.
- Market risk – the possibility that financial loss might arise as a result of changes in measures such as interest rates.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the treasury management team with due regard to the Annual Treasury Management Strategy approved by the Council.

Credit risk

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

In relation to investments the Council has adopted CIPFA's Code of Practice on Treasury Management in the Public Services, has an agreed Treasury Management Strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £38.82m (2017/18; £29.790m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2019 that this was likely to occur and there are no investments that as at 31 March 2019 were with institutions that had failed.

In relation to the sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts whilst maintaining a robust approach to the collection of debts. The older the debt, the greater is the provision for bad debts. The bad debt provision has taken into account the current economic climate and the increased likelihood of debtors not being able to settle their debts.

The following analysis summarises the Council's potential maximum exposure to credit risk on receivables, based on historical experience of default and uncollectability. It relates to the sundry debtors element of the total debtors, including debts of individuals, entities and housing benefit claimants.

	Amount at 31 March 2019	Historical experience of default	Historical experience of default adjusted for market conditions	Impairment allowance 31 March 2019	Impairment allowance 31 March 2018
	£000	%	%	£000	£000
Sundry debtors	2,981	3.71	3.71	1,854	1,497

The Council does not generally allow credit for customers. The past due, but not impaired amount can be analysed by age as follows:

31/03/18 £000		31/03/19 £000
690	Less than three months	405
242	Three to six months	84
351	Six months to one year	91
2,088	More than one year	2,401
3,371		2,981

Liquidity risk

The Council maintains a cash flow projection that assists in ensuring that cash is available as needed. If unexpected movement happens the Council has ready access to borrowings from the money markets, and if necessary from the Public Works Loans Board (PWLB), although the Council does not generally use the PWLB for short-term cash-flow deficits. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities of more than one year are shown below as at 31 March 2019.

Financial Year	£000s
2021/22	800
2023/24	716
2037/38	5,000
2038/39	7,292
2046/47	2,114
2047/48	2,610
2057/58	5,000
2058/59	5,000
	28,532

31/03/18 £000		31/03/19 £000
474	Less than one year	483
20,439	More than one year	28,268
20,913		28,751

All trade and other payables are due to be paid in less than one year.

Market risk – interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of liabilities borrowings will fall.
- Investment at variable rates – the interest income credited to the Surplus or deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

However the impact on the Surplus or Deficit on the Provision of Services is reduced because the Council does not generally borrow or invest at variable rates. Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The Council manages interest rate risk by not having any borrowings in variable rate loans. At times of falling interest rates and where economic circumstances make it favourable, consideration would be given to repaying fixed rate loans early to limit exposure to losses.

The treasury management team assesses the interest rate exposure that feeds into the setting of the annual budget and it is used to update the budget at least quarterly during the year.

If in 2018/19 interest rates on all of its investments and borrowings had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on borrowings of less than 1 year	0
Increase in interest receivable on investments of less than 1 year	123CR
Impact on the surplus on the Provision of Services	123CR
Increase in the fair value of fixed rate investments	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings	5,220
(No impact on the Comprehensive Income and Expenditure Statement	

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

At 31 March 2019 the Council had £4 million invested in the Local Authorities Property Fund which is a professionally managed diversified property portfolio.

This investment is classified as financial asset elected for FVOCI, meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure.

A gain of £79,722 in respect of the Local Authorities Property Fund has been recognised in Other Comprehensive Income and Expenditure in 2018/19. This reflects general movements in the value of the shares, and the spread between the 'offer' price at which the shares were purchased and the 'bid' price that any purchaser would pay for them.

A general shift of 5% in the general price of shares (positive or negative) would have resulted in a gain or loss of £117,672 being recognised in the Other Comprehensive Income and Expenditure for 2018-19.

Foreign Exchange Risk

The Council does not hold foreign currencies and consequently has no exposure to loss arising from movements in exchange rates.

Collection Fund

Non-Domestic Rates	Council Tax	TOTAL		Non-Domestic Rates	Council Tax	TOTAL
2017/18	2017/18	2017/18		2018/19	2018/19	2018/19
£000	£000	£000		£000	£000	£000
			INCOME			
0	100,097	100,097	Council Tax Payers	0	105,619	105,619
57,289	0	57,289	Business Rates	65,084	0	65,084
(1,779)	0	(1,779)	Transitional Relief	(996)	0	(996)
55,510	100,097	155,607	Total Income	64,088	105,619	169,707
			EXPENDITURE			
			Contributions Prior Year (Deficit)/Surplus			
1,892	0	1,892	Ministry for Housing, Communities & Local Government	1,956	0	1,956
1,514	53	1,567	Huntingdonshire District Council	1,565	(33)	1,532
341	276	617	Cambridgeshire County Council	352	(288)	64
0	44	44	Cambridgeshire Police & Crime Commissioner	0	(45)	(45)
38	16	54	Cambridgeshire Fire Authority	39	(16)	23
3,785	389	4,174		3,912	(382)	3,530
			Precepts Demands and Shares			
25,914	0	25,914	Ministry for Housing Communities & Local Government	28,516	0	28,516
21,092	8,165	29,257	Huntingdonshire District Council	23,104	8,450	31,554
0	5,731	5,731	Parish Councils	0	5,947	5,947
4,701	71,558	76,259	Cambridgeshire County Council	5,198	76,220	81,418
0	11,225	11,225	Cambridgeshire Police and Crime Commissioner	0	12,119	12,119
522	4,014	4,536	Cambridgeshire Fire Authority	578	4,193	4,771
52,229	100,693	152,922		57,396	106,929	164,325
			Charges to the Collection Fund			
(116)	(133)	(249)	Write Off Uncollectable Debts	(268)	(311)	(579)
147	324	471	Change in Provision for Bad and Doubtful Debts	202	599	801
769	0	769	Changes in Provision for Appeals	(93)	0	(93)
217	0	217	Cost of Collection	216	0	216
881	0	881	Renewable Energy Retentions	880	0	880
0	0	0	Enterprise Zone Retentions	1,132	0	1,132
1,898	191	2,089		2,069	288	2,357
57,912	101,273	159,185	Total Expenditure	63,377	106,835	170,212
			Movement in Fund Balance			
2,402	1,176	3,578	(Surplus)/Deficit For Year	(711)	1,216	505
(2,991)	(166)	(3,157)	(Surplus)/Deficit Brought Forward 1 April	(589)	1,010	421
(589)	1,010	421	(Surplus)/Deficit Carried Forward 31 March	(1,300)	2,226	926

Notes to the Collection Fund

1. Purpose of Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for the Council as a billing authority 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.

Until it is distributed, the tax collected is held in a statutory Collection Fund which is separate from the General Fund of the Council. The accounts are however, consolidated into the Council's accounts. They have been prepared on an accruals basis.

Parish and Town Council precepts are transferred to the General Fund before being paid to the Parish or Town Council. Interest is not payable / chargeable to the Collection Fund on cash flow variations between it and the General Fund.

There is no requirement for a separate Collection Fund Balance Sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between Huntingdonshire District Council and the major preceptors in proportion to their demand on the fund for the year. The major preceptors' share of the assets and liabilities of the Collection Fund are shown as a debtor in Huntingdonshire District Council's accounts. Huntingdonshire District Council's share of the assets and liabilities are held in the Collection Fund Adjustment Account reserve.

2. Council Tax

Tax base at 31 March 2019				
Tax band	Properties	Exemptions & discounts	Band D multiplier	Band D equivalent
A	11,947	(2,111)	6/9	6,557
B	20,432	(2,463)	7/9	13,976
C	18,071	(1,736)	8/9	14,520
D	11,949	(921)	9/9	11,029
E	9,141	(637)	11/9	10,394
F	3,812	(263)	13/9	5,126
G	1,800	(125)	15/9	2,791
H	163	(28)	18/9	271
Total	77,315	(8,284)		64,664

Council tax charge per band D property for 2018/19 £1,753.39

Council tax charge per band D property for 2017/18 £1,675.13

3. Non Domestic Rates (NDR)

The uniform Business Rate set by the Government for 2018/19 was 49.3p (2017/18 47.9p).

Total rateable value at 31 March 2019 £151.05m.

Total rateable value at 31 March 2018 £146.19m.

4. Non Domestic Rates Appeals

The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).

A 10% variation in the estimated provision would be £0.388m for the Collection Fund of which £0.155m would be attributable to the General Fund.

GLOSSARY OF TERMS AND ABBREVIATIONS

GLOSSARY OF TERMS

Accrual

The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

Actuarial Assumptions

These are predictions made for factors that will affect the financial condition of the pension scheme.

Amortisation

The gradual write off of initial costs of assets.

Asset

An item having value to the Council in monetary terms.

Balance

Unallocated reserves held to resource unpredictable expenditure demands.

Business Improvement District

A levy on local business to provide funding to develop the immediate area covered by the levy. The levy is agreed by majority vote.

Capital Charges

Charges made to service department revenue accounts, comprising depreciation (where appropriate) based on the value of the asset employed.

Capital Expenditure

Expenditure on the acquisition of non-current assets which will be used in providing services beyond the current accounting period, or expenditure on non-current assets.

Capital Financing Charges

The annual cost of depreciation, leasing charges and other costs of funding capital expenditure.

Capital Adjustment Account

The account which reflects the extent to which the District Council's resources have been applied to finance capital expenditure and to meet future debt redemption or other credit liabilities.

Capital Receipts

Income received from selling non-current assets.

Carrying amount

The value of an asset or liability in the Balance Sheet.

CIPFA

This is the Chartered Institute of Public Finance and Accountancy which is an institute that represents accounting in the Public Sector.

Collection Fund

A separate fund that records the income and expenditure relating to Council Tax and Non-domestic Rates.

Community Infrastructure Levy

An amount payable by developers (commercial and domestic) in respect of new buildings created within the District. The Levy must be used to provide infrastructure; decisions on which are taken by District and Parish Councils.

Contingent Liabilities

These are amounts that the Council may be, but is not definitely, liable for.

Council Tax

A tax paid by residents of the District that is based on the value of the property lived in and is paid to the Council and spent on local services.

Creditors

These are people or organisations which the Council owes money to for goods or services which have not been paid for by the end of the financial year.

Current Assets

These are assets that are held for a short period of time, for example cash in the bank, inventories and debtors.

Debtors

Sums of money owed to the District Council but not received by the end of the financial year.

Depreciation

The amount an asset has dropped in value is the amount it has been judged to have depreciated. Accountants use depreciation to demonstrate how much of the property, plant and equipment value has been used and therefore lowered during a financial year, for example because of wear and tear.

Earmarked Reserves

Money set aside for a specific purpose.

Exceptional Item

A material item in the Comprehensive Income and Expenditure Statement that falls within the ordinary activities of the Council but which needs to be disclosed separately by virtue of their size to give a fair presentation of the accounts.

Fair Value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Finance Lease

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. A finance lease transfers substantially all of the risks and rewards of ownership of an item of property, plant and equipment to a lessee.

Impairment

A reduction in the value of property, plant and equipment to below its carrying amount on the Balance Sheet.

Impairment of Debts

This recognises that the real value of debt is less than the book value.

Intangible Assets

A non-physical item which provides future economic benefits. This Council's intangible assets comprise computer software licences.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid Resources

Current asset investments held as readily disposable stores of value, either readily convertible into cash, or traded in an active market.

Local Enterprise Partnership

A Government initiative to boost economic growth within defined and agreed geographical areas. Funding to enable this growth is derived from the Non Domestic Rates collected for that area and channelled into the “partnership” to fund schemes.

Minimum Revenue Provision

The minimum amount that must be charged to the revenue account each year to provide for the repayment of monies borrowed by the Council.

Non Domestic Rates

Rates which are levied on business properties. From 1st April 2013, as a consequence of The Local Government Finance Act 2012, a local Non Domestic Rating regime was introduced that included the business rates retention scheme. See also **Tariff** and **Safety Net**.

Operating Leases

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. An operating lease is where the ownership of the non-current asset remains with the lessor.

Precept

A payment to the Council's General fund, or another local council, from the Council's Collection Fund.

Prior Year Adjustments

These are material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors.

Property, Plant and Equipment

Non-current assets that give benefit to the District Council and the services it provides for more than one year.

Provisions

Monies set aside for liabilities or losses which are likely to be incurred but where the exact amounts or dates on which they will arrive are uncertain.

Reclassification

Where comparative (prior year) figures are reclassified into new categories of income or expenditure, and the change has not been the result of a material error or accounting policy but the amount is “material” then this is a reclassification.

Responsible Financial Officer

The designated post within the Council, as determined by the Accounts and Audit Regulations 2015, which holds the statutory S.151 responsibility (Local Government Act 1972). This responsibility is in respect of ensuring the proper administration of the Council's financial affairs. This post was formerly known as Chief Financial Officer.

Restated

Where there has been a material error in the accounts or a new accounting policy has been applied, then the comparative (prior year) figures have to be “restated” as if the correction or policy had been in place as at the end of the previous financial year.

Revenue Expenditure Funded from Capital under Statute

Spending on items normally classed as revenue but which are defined by statute as capital e.g. improvement grants.

Revaluation Reserve

The account that reflects the amount by which the value of the Council’s assets has been revised following revaluation or disposal.

Revenue Expenditure

Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

Revenue Support Grant

A grant from Central Government towards the cost of providing services.

Safety Net

The scheme for localising Non Domestic Rates (NDR) includes a safety net provision. Where the actual NDR after Tariff is less than 92.5% of the funding baseline, Central Government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

Section 106

Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

Tariff

The scheme for localising Non Domestic Rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays Central Government a Tariff equal to the difference between the two baselines.

True and Fair View Override

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, the Responsible Financial Officer is required to certify that the statement of accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the “true and fair view override”. This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e. to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

Zero Based Budgeting

A budgeting methodology where the starting point is zero and the budget is based on service need and anticipated demand for that year.

ABBREVIATIONS

CFR	Capital Financing Requirement
CIES	Comprehensive Income and Expenditure Statement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
CPFA	Chartered Public Finance Accountant
DRC	Depreciated replacement cost
EFA	Expenditure and Funding Analysis
FTE	Full Time Equivalent
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LEP	Local Enterprise Partnership
LGPS	Local Government Pension Scheme
LLPG	Local Land and Property Gazetteer (UK)
MHCLG	Ministry for Housing, Communities and Local Government
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
NBV	Net Book Value
NDR	Non Domestic Rates
NHB	New Homes Bonus
NNDR	National Non Domestic Rates (Business Rates)
PWLB	Public Works Loans Board

RICS Royal Institution of Chartered Surveyors

RSG Revenue Support Grant

S106 Section 106

SOLACE Society of Local Authority Chief Executives

ZBB Zero Based Budgeting

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