



Dear Councillor

**CORPORATE GOVERNANCE COMMITTEE - WEDNESDAY, 29 JANUARY 2025**

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.**

**4. APPROVAL FOR PUBLICATION OF THE ANNUAL GOVERNANCE STATEMENT 2023/24 AND ANNUAL FINANCIAL REPORT 2023/24(Pages 3 - 176)**

To receive a report completing the processes for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Financial Report (AFR) for 2023/24.

Appendix 1 - Completion Report for Those Charged with Governance 2023/24 has been marked **"TO FOLLOW"**.

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**Public  
Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title</b>	Approval for the publication of the Annual Governance Statement 2023/24 and Annual Financial Report 2023/24.
<b>Meeting/Date:</b>	Corporate Governance Committee – 29 January 2025
<b>Executive Portfolio:</b>	Finance and Resources: Councillor B Mickelburgh
<b>Report by:</b>	Corporate Director of Finance and Resources
<b>Ward(s) affected:</b>	All

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### **Executive Summary:**

The Council is required by statute to produce both an Annual Governance Statement (AGS) and an Annual Financial Report (AFR). Both 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 Completion Report for Those Charged with Governance (including the Audit Report) which comments on the auditor's findings on the AFR and their view on Value for Money (VfM).
- Approve the Annual Governance Statement (paragraph 4), previously presented on 29 May 2024, which includes the following:
  - Scope of responsibilities
  - What is governance
  - The governance framework
  - Review of effectiveness
  - Governance issues and progress on issues
  - Opinion
- Approve the Letter of Representation 2023/24 (paragraph 5)
- Approve the Annual Financial Report 2023/24 (paragraph 6)

## **Recommendations:**

The Committee is recommended to:

1. Receive and discuss the Completion Report for Those Charged with Governance 2023/24 (**Appendix 1**)
2. Approve the Annual Governance Statement (**Appendix 2**) and authorise the Executive Leader and Chief Executive Officer to sign the Statement on behalf of the Council.
3. Approve the Letter of Representation (**Appendix 3**) and authorise the Corporate Director (Finance and Resources), as Section 151 Officer to sign it on behalf of the Council.
4. Give delegated powers to the Chairman of the Committee and the Corporate Director (Finance and Resources), as Section 151 Officer to authorise and sign the Annual Financial Report for 2023/24 (**Appendix 4**) on behalf of the Council.
5. Give delegated powers to the Corporate Director of Finance and Resources, in conjunction with the Chairman of this Committee, to ensure that any minor amendments to the statement of accounts are completed before final publication.

## **1. PURPOSE OF THE REPORT**

- 1.1 To complete the processes for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Financial Report (AFR) for 2023/24.

## **2. BACKGROUND**

- 2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve both the AGS and AFR prior to publication. To do this the Committee needs to follow the stages in the order shown in the report.

## **3. RECEIVING THE AUDITOR'S REPORT**

- 3.1 The Completion Report for Those Charged with Governance including the Audit Report and the VfM Report will be presented at the meeting by the auditors, and a draft is attached at **Appendix 1**. The auditors will verbally update the Committee at the meeting of any further changes since issuing of the report.
- 3.2 In addition to reviewing the AFR, the auditors are required to give a view on Value for Money within the Council. The auditors anticipate an unqualified opinion in respect of the Value for Money conclusion.

## **4. APPROVE THE ANNUAL GOVERNANCE STATEMENT**

- 4.1 The Committee, on behalf of the Council is required to review once a year the effectiveness of its system of internal control and following that review approve the AGS. The AGS will be published alongside the AFR and is shown at **Appendix 2**.
- 4.2 The governance statement includes the following:
- Scope of responsibilities
  - What is governance
  - The governance framework
  - Review of effectiveness
  - Governance issues and progress on issues
  - Opinion
- 4.3 The governance arrangements and the internal control environment are considered to be operating effectively.

## **5 APPROVE THE LETTER OF REPRESENTATION**

- 5.1 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 at **Appendix 3**. It is best practice for the Committee to approve the content of this letter and then authorise the Corporate Director of Finance and Resources to sign it on behalf of the Council.
- 5.2 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 Corporate Director (Finance and Resources) signs it on behalf of the Council.

## **6 APPROVE THE ANNUAL FINANCIAL REPORT**

- 6.1 The Council is required to produce and approve an audited AFR, which incorporates the Statement of Accounts by the backstop date of 28 February 2025. The draft AFR including the statement of accounts is attached at **Appendix 4**.
- 6.2 The Committee is asked to approve the AFR, which includes the Statement of Accounts.
- 6.3 The issues that have been raised by the auditor in respect of the AFR are detailed within Section 3 of this report and Section 3 of the Completion Report for Those Charged with Governance.
- 6.4 There may be some minor amendments required to the AFR and Statement of Accounts which will be finalised after this meeting in advance of them being published in line with the 13 December deadline.

## **7 KEY IMPACTS**

- 7.1 The final version of all the documents will be published by the backstop date of 28 February 2025 with any relevant amendments.

## **8 LINK TO THE CORPORATE PLAN**

- 8.1 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.

## **9 CONSULTATION**

- 9.1 In line with the Account and Audit regulations the AFR was available for inspection.

## **10 LEGAL IMPLICATIONS**

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

## **11 RESOURCE IMPLICATIONS**

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

## **12 REASONS FOR THE RECOMMENDED DECISIONS**

- 12.1 The process that has been followed in preparing the AGS and the AFR has been thorough and in line with statutory regulations.
- 12.2 The issues that have been identified for inclusion within the AGS are referenced within the statement and reflect the current situation at the time.
- 12.3 Both the AGS and the AFR have been subject to external audit and review by the Council's auditors, Ernst and Young LLP.

## **13 LIST OF APPENDICES INCLUDED**

- Appendix 1 – Completion Report for Those Charged with Governance Including Audit Report (Draft)  
Appendix 2 - Annual Governance Statement 2023/24  
Appendix 3 – Management Letter of Representation  
Appendix 4 - Annual Financial Report 2023/24

## **CONTACT OFFICER**

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# Huntingdonshire District Council

## Audit results report

Year ended 31 March 2024

21 January 2025

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Building a better  
working world



Corporate Governance Committee  
Huntingdonshire District Council  
Pathfinder House  
St Mary's Street  
Huntingdon  
PE29 3 TN

21 January 2025

Dear Corporate Governance Committee Members

2023/24 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Corporate Governance Committee.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Huntingdonshire District Council (the Council) accounting policies and judgements and material internal control findings.

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Corporate Governance Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Corporate Governance Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

As reported in our 2022/23 Audit Completion Report, we issued a disclaimed audit report on the Council's financial statements for 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to be able to conclude that the financial statements are free from material and pervasive misstatement. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatements. We will therefore be issuing a disclaimed 2023/24 audit opinion.

This report is intended solely for the information and use of the Corporate Governance Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully










Claire Mellons

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). The 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 and further guidance (updated July 2021)” issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Corporate Governance Committee and management of Huntingdonshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Corporate Governance Committee and management of Huntingdonshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Corporate Governance Committee and management of Huntingdonshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary

# Executive Summary – Context for the audit

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- Lack of capacity within the local authority financial accounting profession
- Increased complexity of reporting requirements within the sector
- Lack of capacity within audit firms with public sector experience
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG (formerly DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

# Executive Summary – Context for the audit

## Expected modification to the Audit Report

As reported in our 5 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Authority's 2022/23 financial statements under the Government's legislative arrangements to reset and recover local government audit (Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance). The reasons for the 2022/23 disclaimed audit report were set out in the aforementioned 2022/23 Audit Completion Report.

As set out within Appendix A of this report we expect to be able to complete our planned programme of work, obtaining the planned assurances over closing balances and in-year transactions.

However, as a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and therefore some closing balances (particularly Reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. We did not plan to rebuild this assurance in our 2023/24 audit.

Appendix A of this report sets out the level of assurance we have been able to gain from the procedures that we have completed.

Taken together, and alongside the requirement to conclude the 2023/24 audit by the legislative back stop date of the 28 February 2025, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

This is in line with the Government's legislative arrangements set out above and specifically the 'Recovery phase' of those arrangements and with guidance issued by the Financial Reporting Council (FRC) within their 'Accessible Guide' which sets out a minimum 3-year timeline to re-build audit assurances to gain full assurance over opening, closing balances and in year movements.

We will reflect on the impact of the areas where we did not gain our planned assurances in 2023/24, through our 2024/25 audit planning and set out our timeline for re-building audit assurance within our Audit Plan.

# Executive Summary

## Scope update

In our Audit Planning Report presented at the 9 July 2024 Corporate Governance 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, with the following exceptions:

- ▶ Changes in materiality: We updated our planning materiality assessment using the draft results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on the provision of services, we have updated our overall materiality assessment to £1.9 million (Audit Planning Report—£2 million). This results in updated performance materiality, at 75% of overall materiality, of £1.4 million, and an updated threshold for reporting misstatements of £0.1 million.

A summary of our approach to the audit of the balance sheet including any changes to that approach from the prior year audit is included in Appendix A.

## Status of the audit

Our audit work in respect of the Council opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.


- ▶ Accounting for Local Government Pension Scheme – receipt of assurances from the auditor of Cambridgeshire County Council Pension Fund
- ▶ Final Senior Manager and Engagement Partner reviews.
- ▶ Subsequent events review;
- ▶ Agreement of the final set of financial statements; and
- ▶ Receipt of signed management representation letter.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Annual Report and Accounts which could influence our final audit opinion.

## Value for Money

In our Audit Planning Report dated 24 June 2024, we reported that we had not completed our value for money (VFM) risk assessment, but that we would reflect on the impact of the gaps in Internal Audit provision on our reporting. Having considered the Council's own reporting at the November 2024 Corporate Governance Committee, we have updated and completed the planned procedures in this area and concluded that we did identify a significant weakness in arrangements. See Section 03 of the report for further details.





# Executive Summary (cont'd)

## Audit differences

- ▶ Misstatements decrease the valuation of investment property by £0.4 million. Management agreed to adjust this misstatement in the final Statement of Accounts.
- ▶ Management have agreed to correct misstatements with a resulting reduction in income of £1.15 million
- ▶ Disclosure misstatements/matters as detailed in section 06.

## Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We identified some typographical errors in the opinion, which we have raised with management for correction, and we also expect that the findings from the external review of the Council's Internal Audit provision, and our subsequent reporting on a significant weakness in governance arrangements for 2023/24 are reported in the document.

We are still awaiting guidance on the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts.

# Executive Summary (cont'd)

## Areas of audit focus

In our Audit Planning Report we identified a number of key areas of focus for our audit of the financial report of Huntingdonshire District Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

### Areas of audit focus:

#### ▶ Misstatements due to fraud or error

We have completed our work in this area, subject to final senior manager and partner review, and currently have no matters to report.

#### ▶ Inappropriate capitalisation of revenue expenditure

We have completed our work on this area and have no matters to report.

#### ▶ Valuation of land and buildings, and investment property

We have completed work in this area, subject to senior manager and partner review, and have one matter to report.

Included within Surplus assets was item of land, with a value of £2.9m, which was incorrectly classified as surplus assets instead of other land and buildings. Furthermore, when valued as other land and buildings instead of surplus assets, we identified a potential estimation difference of £149k. We are satisfied that this potential estimation difference is not material in the context of our audit.

We also noted an overstatement of £367k in the valuation of one item of investment property.


### Pension liability valuation

We have not yet completed our work in this area. We have not yet received the response from the auditors of Cambridgeshire Pension Fund to confirm assurance obtained over the information supplied to the actuary in relation to Huntingdonshire District Council

We request that you review these, and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Corporate Governance Committee.



# Executive Summary (cont'd)

## Control observations

During the audit, we did not identify significant deficiencies in internal control. We have followed a fully substantive approach for the audit.

## Independence

No independence issues were noted.

Please refer to Section 08 for our update on Independence.



## 02 Areas of Audit Focus

# Areas of Audit Focus

## Misstatements due to fraud or error

### ▲ Fraud Risk

#### What is the risk, and the key judgements and estimates?

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

As identified in ISA (UK) 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.

#### Our response to the key areas of challenge and professional judgement

We undertook the following audit procedures to address the risk:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Documented our understanding of the oversight given by those charged with governance of management's processes over fraud.
- ▶ Discussed with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- ▶ 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.
- ▶ Undertook procedures to identify significant unusual transactions.
- ▶ Considered whether management bias was present in the key accounting estimates and judgments in the financial statements.

#### What are our conclusions?

Subject to final senior manager and partner review, we note that:

- ▶ We did not identify any instances of inappropriate judgements being applied, or of any management bias in accounting estimates.
- ▶ We did not identify any transactions which appeared unusual or outside the normal course of business.
- ▶ We did not identify any instances of inappropriate posting of journals.

We currently have no matters to report to the Committee.

# Areas of Audit Focus

## Inappropriate capitalisation of revenue expenditure

△ Fraud Risk

### What is the risk, and the key judgements and estimates?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

### Our response to the key areas of challenge and professional judgement

We undertook the following audit procedures to address the risk:

- ▶ Tested Property, Plant and Equipment (PPE) and Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- ▶ Assessed whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ Considered whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- ▶ Tested REFCUS to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources.
- ▶ Identified and documented our understanding of the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

### What are our conclusions?

Subject to final senior manager and partner review we note that:

- ▶ The samples tested for PPE and IP additions in 2023/24 did not identify any instances of incorrect capitalisation. In our testing of additions to PPE and IP for 2022/23 we identified one item with a value of £375.64 which had been incorrectly capitalised, which gave a projected error of £286,000. We are satisfied that this projected error is not material to the accounts, and have included it within our summary of unadjusted differences
- ▶ For the samples tested for REFCUS, we did not identify any instances of incorrect capturing or classification of transactions.
- ▶ The journal testing performed did not identify any instances of inappropriate transferring of expenditure to capital codes.

# Areas of Audit Focus

## Valuation of land and buildings, and investment property

### ⚠ Significant Risk

#### What is the risk, and the key judgements and estimates?

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

Within PPE, our focus is on Land and Buildings and Surplus Assets.

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

#### Our response to the key areas of challenge and professional judgement

We undertook the following audit procedures to address the risk:

- ▶ Considered the work performed by the valuer, 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 valuer 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 3-year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation;
- ▶ Tested that accounting entries have been correctly processed in the financial statements; and
- ▶ Engaged the support of our EY Real Estate colleagues for any assets where information to support the valuation is not readily available.

#### What are our conclusions?

Included in investment property is an asset for which the valuation has been overstated by £0.4 million. Management has agreed to adjust the final version of the financial statements.

Included within Surplus assets was item of land, with a value of £2.9m, which was incorrectly classified as surplus assets instead of other land and buildings. Furthermore, when valued as other land and buildings instead of surplus assets, we identified a potential estimation difference of £149k. We are satisfied that this potential estimation difference is not material in the context of our audit.

Other than the matters noted above and, subject to finalisation of senior manager and partner review, we conclude that:

- ▶ We did not identify any issues from our review of the work performed by the valuer over the Council's assets, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- ▶ Our sample testing of key assumptions and methodologies did not identify any material issues concerning the reasonableness of the estimation techniques employed.
- ▶ We did not identify any specific changes to assets that had occurred that required communication to the valuer.
- ▶ We did not identify any issues in relation to the useful economic lives as a result of the most recent valuation.
- ▶ All assets had been appropriately revalued within the Council's 3 year rolling programme.

# Areas of Audit Focus

## Pension liability/asset valuation

### Inherent Risk

#### What is the risk, and the key judgements and estimates?

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

The Council's pension fund deficit is a material estimated balance, and the Code requires that this liability be disclosed on the Council's balance sheet.

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

#### Our response to the key areas of challenge and professional judgement

We undertook the following audit procedures to address the risk:

- Liaised with the auditors of Cambridgeshire Pension Fund to obtain assurances over the information supplied to the actuary in relation to the Council;
- 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;
- Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

#### What else did we do?

We considered outturn information available at the time we undertook our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets.

We used this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

#### What are our conclusions?

We have not yet completed our work in this area as we have not received the response from the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Huntingdonshire District Council.





## 03 Value for Money

# Value for Money

## The Authority's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

## Risk assessment and status of our work

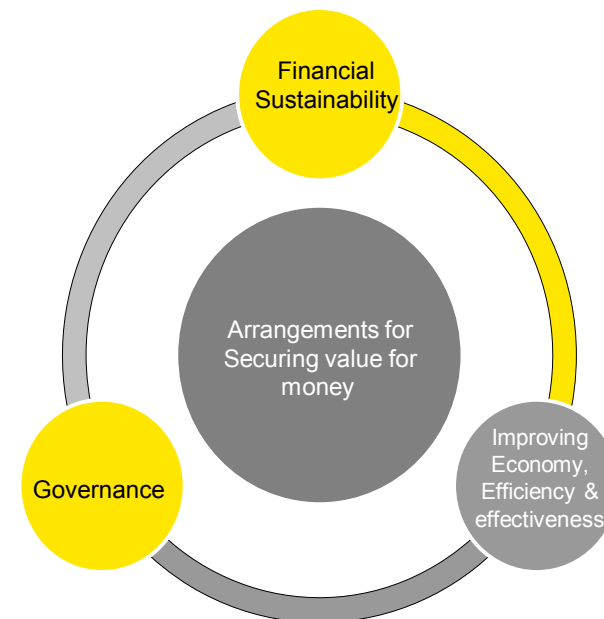
We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council arrangements against three reporting criteria:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We have completed our detailed VFM work and identified one significant weakness in arrangements as documented on the next page.



# Value for Money (cont'd)

## Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?	What arrangements did this impact?	What did we do?
<p>As set out in our Audit Planning Report presented to the Corporate Governance Committee in July 2024, we were aware of gaps in the Internal Audit Provision in the 2023/24 financial year.</p> <p>Management also commissioned an external review of the Internal Audit function in May 2024 in preparation for an External Quality Assessment of the services, which raised several high and medium priority areas of concern.</p> <p>We therefore considered there to be a risk that the internal audit function was not operating effectively in 2023/24.</p>	<p>Governance:</p> <p>How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> <li>• Reviewing the conclusions of the external review of the Internal Audit Service commissioned by management in preparation of the External Quality Assessment and considering the extent to which the areas of concern raised were relevant to the 2023/34 financial year.</li> </ul>

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## Findings

The external review of the Internal Audit Service raised highlighted concerns in the following areas:

- ▶ Independence and objectivity
  - ▶ Ethics and professionalism
  - ▶ Governance, Risk Management and Control Processes
  - ▶ Engagement Workpapers and Supervision
  - ▶ Engagement Communication

We considered each of the areas of concern and determined that, although the review was performed during 2024/25, the findings were relevant to 2023/24 and have assessed there to be a significant weakness in governance arrangements for 2023/24. We do, however, recognise that since receiving this report in 2024 management have been proactive in addressing the areas of concern highlighted and reporting progress to the Corporate Governance Committee.

We will refer to the identified significant weakness in arrangements in our Audit Report and we will issue our VFM narrative commentary in our 2023/24 Auditor's Annual Report which we expect to issue in March 2025.



# 04 Audit Report

# Audit Report

## Expected modifications to our Audit Report

As reported in our 2022/23 Audit Completion Report (dated 5 November 2024), we issued a disclaimed audit report on the Council's financial statements for 2022/23 under the arrangements to reset and recover Local Government audit.

Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date and anticipate completing our planned programme of work for 2023/24, because of the gaps in assurance from 2022/23 we have not obtained sufficient evidence to be able to conclude that the financial statements are free from material and pervasive misstatement.

Taken together with the requirement to conclude our work by the 2023/24 backstop date set by legislation, the lack of evidence over these movements and balances mean we are unable to conclude that the Authority's 2023/24 financial statements are free from material and pervasive misstatements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

As set out in Section 3 of this report, we also expect to report a significant weakness in governance arrangements following the areas of concern highlighted in an external review of the Internal Audit function commissioned by management.

The form and content of the Audit Report will be shared with the Section 151 officer to enable you to formally authorise the 2023/24 financial statements for issue.



# 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

We highlight the following misstatements greater than £0.1 million which management have agreed to correct, that were identified during the course of our audit:

- ▶ £1.15 million overstatement of income and debtors due to the incorrect coding of cash received from DWP. This impacts the cash flow statement in that the Net Surplus on the provision of services is overstated and the Adjustment to deficit on the provision of services for non-cash movements, which includes the debtor's movement, is understated by this £1.15 million.
- ▶ Included within Surplus assets was item of land, with a value of £2.9m, which was incorrectly classified as surplus assets instead of other land and buildings. Furthermore, when valued as other land and buildings instead of surplus assets, we identified a potential estimation difference of £149k. We are satisfied that this potential estimation difference is not material in the context of our audit, but have included it in the summary of unadjusted differences over the page for completeness.
- ▶ Overstatement of the valuation of investment property by £367K.

Disclosure matters which management has agreed to adjust:

- ▶ Note 37: Note 37.4 is stated twice. All subsequent notes need to be adjusted to 37.5 and so on.
- ▶ Note 7.1.4: Lines were not included for economic development (-13 for 22/23 & -9 for 23/24) and corporate leadership team (0 for 22/23 & -19 for 23/24). To be added to the Note so that the total agrees.

# Audit Differences (cont'd)

## Summary of unadjusted differences

In addition, we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We ask that the Corporate Governance Committee request of management that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Corporate Governance Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2024 (Currency '000)	Effect on the current period:		Net assets (Decrease)/ Increase			
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non- current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Differences						
▶ Estimation difference in valuation of asset following reclassification of asset from surplus assets to other land and buildings		149,900		(149,900)		
▶ Projected error identified in sample testing of additions to property, plant and equipment in 2022/23		286,000		(286,000)		
Cumulative effect of uncorrected misstatements, after turnaround effect		435,900		(435,900)		

There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the financial statements for the year ended 31 Month 2024.





06

# Assessment of Control Environment

# Assessment of Control Environment



## Financial controls

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. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you the significant deficiencies in internal control.

It is the responsibility of the Council 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 Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

Other than the significant weakness identified on relation to operation of the internal audit function during 2023/24, we have not identified any matters to draw to the attention of the Committee. Please refer to section 03 for further detail.



07

# Other Reporting Issues

# Other Reporting Issues

## Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Huntingdonshire District Council Statement of Accounts 2023/24 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Huntingdonshire District Council Statement of Accounts 2023/24 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We identified some typographical errors in the opinion, which we have raised with management for correction, and we also expect that the findings from the external review of the Council's Internal Audit provision, and our subsequent reporting on a significant weakness in governance arrangements for 2023/24 are reported in the document.

## Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as we have not received the necessary guidance. We therefore cannot issue our Audit Certificate until these procedures are complete.

## Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State,

We did not identify any issues which required us to issue a report in the public interest/issue statutory recommendations under Schedule 7.

# Other Reporting Issues (cont'd)

## 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;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern; and
- ▶ Consideration of laws and regulations.

We have no other matters to report.

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# Other Reporting Issues (cont'd)

## ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

Given that we have disclaimed the 2022/23 audit of the financial statements we have undertaken ISA (UK) 315 (Revised) procedures for the first time in 2023/24.

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
- Modernise ISA 315 to meet evolving business needs, including:
  - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
  - how auditors understand the entity's use of information technology relevant to financial reporting.
- Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

We set out the findings and conclusions from our work to implement ISA 315 in the table below.

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Audit Procedures	Audit findings and conclusions
<p>We performed the following procedures:</p> <p>We obtained an understanding of the IT processes related to the IT applications of the Council. The Council has 4 relevant IT applications (Capita, Tech One, NEC Solutions, iTrent) for the purposes of our ISA 315 risk assessment. We performed procedures to determine if there are typical controls missing or control deficiencies identified. After determining which process is applicable to each relevant IT application, we reviewed the applicable processes for each IT application.</p> <p>When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we performed additional procedures.</p> <p>We reviewed the following processes for the relevant IT applications:</p> <ul style="list-style-type: none"> <li>Manage vendor supplied changes</li> <li>Manage security settings</li> <li>Manage user access</li> </ul>	<p>No significant issues were identified in our review of the processes, including the design and implementation effectiveness of relevant controls around the financial statement close process. We have not tested the operational effectiveness of any controls through this review.</p>



08

# Independence

# Independence - 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 company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, 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 our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

## Relationships

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## Services provided by EY

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

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 - Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements, opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	Current Year	Scale fee	Prior Year
	£m	£m	£m
Total Fee – Code Work (Note 1)	TBC	151,835	TBC
Proposed scale fee variation (Note 3)	TBC	TBC	TBC
<b>Total audit</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>
Other non-audit services not covered above (Housing benefits) (Note 2)	TBC	TBC	TBC
Proposed scale fee variation 1 (Note 3)	TBC	TBC	TBC
<b>Total other non-audit services</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>
<b>Total fees</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>

All fees exclude VAT

(1) Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2022/23. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

(2) The 2021/22 work has commenced but is not yet complete. The 2022/23 and 2023/24 work has not yet commenced. Therefore, the audit fee for this work is TBC as above.

(3) The scale fee may be impacted by a range of other factors which will result in additional work. The areas where additional audit procedures have been performed are:

- Revisions to ISA (UK) 315
- New accounting standards, for example preparedness and additional disclosures in respect of IFRS 16.
- Amendment of approach compared to prior years, due to the disclaimer of the prior year. Where previously, a substantive analytics approach was followed, this a year a substantive test of detail approach was followed. Furthermore, additions and disposals to PPE for 2022/23 were to support our procedures in 2023/24.



# 09 Appendices

# Appendix A – Summary of assurances

## Summary of Assurances

As we have set out in Section 5 and the Executive Summary of this report, we anticipate issuing a disclaimer of opinion on the 2023/24 financial statements. Due to the disclaimer of opinion issued on the 2022/23 financial statements, we do not have assurance over the comparative figures disclosed in the financial statements, the opening balance position on 1 April 2023, the closing reserves balances on 31 March 2024 or the in-year movements recorded in the Comprehensive Income and Expenditure Statement. This is considered material and pervasive to the 2023/24 financial statements. The table below summarises the audit work we have completed on the 2023/24 financial statements to demonstrate to the committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating	Summary of work performed
Property, Plant and Equipment ('PPE')	Partial	We have completed testing of the 2022/23 and 2023/24 additions and disposals to the fixed asset register, audited the valuation of a sample of assets revalued in 2023/24 only and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Council's right to recognize those assets; however, until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed periods, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2024. Final manager and Partner reviews are underway.
Investment Property	Substantial	We have completed our planned audit procedures in this area and, subject to final Senior Manager and Partner review, have obtained assurance over the closing balance at 31 March 2024.
Intangible Assets	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Long Term Investments	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Long Term Debtors	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Short Term Investments	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Short Term Debtors	Substantial	We have performed our planned audit procedures in this area, subject to clearance of review comments by the audit team, and have obtained assurance over the closing balance at 31 March 2024. Final manager and Partner reviews are underway.
Cash and Cash equivalents	Substantial	We have performed our planned audit procedures in this area, subject to clearance of review comments by the audit team, and have obtained assurance over the closing balance at 31 March 2024. Final manager and Partner reviews are underway.

# Appendix A – Summary of assurances

## Summary of Assurances

Account area	Assurance rating	Summary of work performed
Creditors (short and long term)	Substantial	We have performed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024. Final manager and Partner reviews are underway.
Borrowings (short and long term)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Provisions (short and long term)	Substantial	We have performed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024. Final manager and Partner reviews are underway.
Grants received in advance	Substantial	We have performed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024. Final manager and Partner reviews are underway.
Local Government Pension Scheme Liability	Partial	We have not received the response from the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Huntingdonshire District Council.
Reserves	None	We have performed our work on the movements in reserves in 2023/24 with final manager and partner reviews pending. However, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the useable and unusable reserves of the Council reported in the financial statements. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 audit planning reports.
Comprehensive Income and Expenditure Statement (including the Housing Revenue Account)	None	We have performed our planned testing on the Comprehensive Income and Expenditure Statement in 2023/24 with final manager and partner reviews pending. As we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Cash Flow Statement	None	As a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements or prior year comparatives for the Cash Flow Statement.
Collection Fund	None	As a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements or prior year comparatives for the Collection Fund. Final manager and partner reviews of in-year movements are underway.
Other Disclosure Notes	None	As a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements or prior year comparatives for the Other Disclosure Notes. Final manager and partner reviews of in-year movements are underway.
Annual Governance Statement	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the Annual Governance Statement for the 2023/24 reporting period.

# Appendix B - Required communications with the Corporate Governance Committee

## Required communications with the Corporate Governance Committee

There are certain communications that we must provide to the Those Charged With Governance of UK entities. 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 24 June 2024 Corporate Governance Committee
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> <li>The planned scope and timing of the audit</li> <li>Any limitations on the planned work to be undertaken</li> <li>The planned use of internal audit</li> <li>The significant risks identified</li> </ul> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	Audit planning report 24 June 2024 Corporate Governance Committee
Significant findings from the audit	<ul style="list-style-type: none"> <li>Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>Significant difficulties, if any, encountered during the audit</li> <li>Significant matters, if any, arising from the audit that were discussed with management</li> <li>Written representations that we are seeking</li> <li>Expected modifications to the audit report</li> <li>Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee

# Appendix B - Required communications with the Corporate Governance Committee

## 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"> <li>• Whether the events or conditions constitute a material uncertainty related to going concern</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The appropriateness of related disclosures in the financial statements</li> </ul>	<p>Audit results report 29 January 2025 Corporate Governance Committee</p>
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Material misstatements corrected by management</li> </ul>	<p>Audit results report 29 January 2025 Corporate Governance Committee</p>

# Appendix B - Required communications with the Corporate Governance Committee

## Our Reporting to you

Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:               <ul style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ul> </li> <li>• The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>• Matters, if any, to communicate regarding management’s process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud</li> <li>• Any other matters related to fraud, relevant to Audit Committee responsibility.</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee
Related parties	Significant matters arising during the audit in connection with the entity’s related parties including, when applicable: <ul style="list-style-type: none"> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee

# Appendix B - Required communications with the Corporate Governance Committee

		Our Reporting to you
Required communications	What is reported?	When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, 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"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report 24 June 2024 Corporate Governance Committee</p> <p>Audit results report 29 January 2025 Corporate Governance Committee</p>



# Appendix B - Required communications with the Corporate Governance Committee



## Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> <li>• Management’s refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit.</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee

# Appendix B - Required communications with the Corporate Governance Committee

## Our Reporting to you

Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee
System of quality management	<ul style="list-style-type: none"> <li>How the system of quality management (SQM) supports the consistent performance of a quality audit</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee
Auditors report	<ul style="list-style-type: none"> <li>Key audit matters that we will include in our auditor's report</li> <li>Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report 29 January 2025 Corporate Governance Committee

# Appendix C – Outstanding matters

## 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
Pension Scheme Asset	We have not received the response from the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Huntingdonshire District Council	Pension Fund Auditor
Manager and Partner review of completed work	Manager and partner to complete review of outstanding items	EY
Management representation letter	Receipt of signed management representation letter	Management and audit committee
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point, due to the prior year disclaimer and the limited work that has commenced on rebuilding assurance, we are anticipating a disclaimer of opinion for 2023/24,

# Appendix F - Accounting and regulatory update

## Accounting and regulatory update

### Accounting update

Since the date of our last report to the Corporate Governance Committee, a number of new accounting standards and interpretations have been issued. The following table provides a high-level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on Huntingdonshire District Council
IFRS 16 Leases	<ul style="list-style-type: none"> <li>• CIPFA have confirmed there will be no further delay of the introduction of the leases standard IFRS 16.</li> <li>• Assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability.</li> <li>• Lease liabilities and right of use assets will be subject to more frequent remeasurement.</li> <li>• The standard must be adopted by 1 April 2024 at the latest</li> </ul>	<ul style="list-style-type: none"> <li>• We have assessed the Council's readiness to implement IFRS 16 as part of our 2023/24 programme of work. That assessment considered: <ul style="list-style-type: none"> <li>• The Council's processes to collect the required data.</li> <li>• Whether reasonable accounting policy choices had been made.</li> <li>• Whether relevant finance staff are familiar with the requirements of the CIPFA Code in this area and training has been provided.</li> <li>• The transitional and ongoing accounting arrangements that have been established.</li> <li>• Systems and processes to establish and distinguish between lease remeasurements and modifications.</li> </ul> </li> <li>• Based on this assessment we have concluded that the Council has reasonable arrangements in place to support the adoption of IFRS 16 in 2024/25</li> </ul>

# Appendix G – Management representation letter

## Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

## Management Rep Letter

To be prepared on the entity's letterhead]

[Date]

Ernst & Young

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 2024. 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 Council financial position of Huntingdonshire District Council as of 31 March 2024 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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), 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), 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.

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4. As members of management of the Council, we believe that the Council has 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), 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. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].

6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

### 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 a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.

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 improprieties;
- 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, its 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.

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### 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 committees, specifically Council, Cabinet, Corporate Governance Committee and Overview and Scrutiny Panel (performance and customers), (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: **[list date]**.

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 methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022))
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.

# Appendix G – Management representation letter

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7. From 28 November 2024 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount

### 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 to litigation and claims, both actual and contingent, and have disclosed to the financial statements all guarantees that we have given to third parties.

### E. Going Concern

Note [X] to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

### F. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

### G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report, Explanatory Foreword, Statement of Responsibilities for the Statement of Accounts and Glossary included within the Annual Financial Report for the year ended 31 March 2024.
2. We confirm that the content contained within the other information is consistent with the financial statements.

### H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered including the impact resulting from the commitments made by the Council, and reflected in the financial statements.



# Appendix G – Management representation letter

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2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

### Reserves

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

### Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of investment property, the valuation of property, plant and equipment, the valuation of the local government pension scheme liability, the calculation of the non-domestic rates appeals provision and the fair values of loans and borrowings 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.

### Valuation of Investment Property and Property, Plant and Equipment

1. We confirm that the significant judgments made in making the estimate of the valuation of investment property and property, plant and equipment have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the estimate of the valuation of investment property and property, plant and equipment.
3. We confirm that the significant assumptions used in making the estimate of the valuation of investment property and property, plant and equipment appropriately reflect our intent and ability to carry out the management of our assets on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the estimate of the valuation of investment property and property, plant and equipment.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

# Appendix G – Management representation letter

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## Management Rep Letter

### Valuation of Local Government Pension Scheme Liability

1. We confirm that the significant judgments made in making the estimate of the valuation of the local government pension scheme liability have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the estimate of the valuation of the local government pension scheme liability.
3. We confirm that the significant assumptions used in making the estimate of the valuation of the local government pension scheme liability reflect our intent and ability to meet the cost of retirement benefits on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the estimate of the valuation of the Local Government Pension Scheme Liability.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

### 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,

\_\_\_\_\_  
Corporate Director (Finance and Resources)

\_\_\_\_\_  
Chairman of the Corporate Governance Committee

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**Huntingdonshire District Council**  
**Annual Governance Statement 2023/24**

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**Scope of Responsibilities**

Huntingdonshire District Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include the arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance.

The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2021, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement (AGS). It is subject to review by the Corporate Governance Committee when they consider both the draft and final Statements of Account and is approved by the Corporate Governance Committee in advance of them agreeing the Statement of Accounts.

The Council's financial management arrangements are largely consistent with the governance requirements of the Statement on the Role of the Chief Financial Officer in Local Government (2010). The principles being that the Chief Financial Officer:

- Is actively involved and able to bring influence on the Authority's financial strategy.
- Leads the whole Council in the delivery of good financial management.
- Directs a fit for purpose finance function.
- Is professionally qualified and suitably experienced.

The issues identified as a governance issue and the progress made by management throughout the future financial year 2024/25 to address these issues will be reported regularly to the Corporate Governance Committee with an assessment made in reducing the risk as part of their governance role within the Council.

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**What is Governance?**

Governance generally refers to the arrangements put in place to ensure that the intended outcomes are defined and achieved.

The Council approved a new local Code of Corporate Governance in May 2023. It is consistent with the seven principles set out in 'proper practice' for the public sector, namely 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE<sup>1</sup>.

The Council aims to achieve good standards of governance by:

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

Appendix 1 demonstrates what the Council does to achieve these standards.

The overall aim of the local Code of Corporate Governance is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities.
- there is sound and inclusive decision making.
- there is clear accountability for the use of those resources to achieve desired outcomes for service users and communities.

Underpinning the Code is the Council's commitment to equality of opportunity in its approach to policymaking, service delivery and employment.

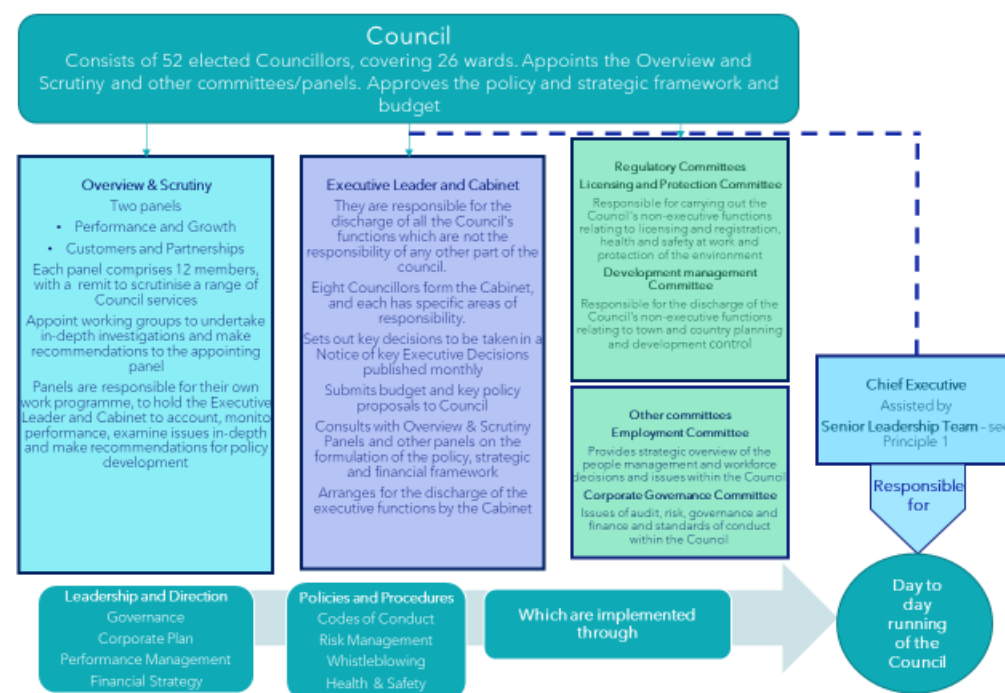
## The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

## The Council's Governance Framework

The Council's framework for Governance is set out in the Constitution, is detailed in the Local Code of Governance and can be summarised in the below graphic:



The organisation welcomed a new Chief Executive in September 2023 and a new Corporate Director, Place in March 2024.

The Council's strategic vision and corporate priorities are set out in the Corporate Plan 2023 - 2028. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

These are set out in the table below, the Governance Framework, which links areas of assurance to documented activities of process and control. Many of the key governance mechanisms remain in place and are referred to in previous statements which are available on the Council's website. The local Code of Corporate Governance, which was updated in May 2023, is also available on the website and describes in more detail the governance processes in place.

Assurance required upon	Sources of Assurance	Assurances received
<ul style="list-style-type: none"> <li>• Delivery of Corporate Plan priorities</li> <li>• Services are delivered economically, efficiently &amp; effectively</li> <li>• Management of risk</li> <li>• Financial planning and performance</li> <li>• Effectiveness of internal controls</li> <li>• Community engagement &amp; public accountability</li> <li>• Shared service governance</li> <li>• Project management &amp; project delivery</li> <li>• Procurement processes</li> <li>• Roles &amp; responsibilities of Members &amp; Officers</li> <li>• Standards of conduct &amp; behaviour</li> <li>• Training and development of Members &amp; Officers</li> <li>• Compliance with laws &amp; regulations, internal policies &amp; procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules)</li> <li>• Council, Cabinet, Committees and Panels</li> <li>• Corporate and service plans</li> <li>• Shared service joint committee</li> <li>• Policy framework</li> <li>• Risk management framework</li> <li>• Project management methodology</li> <li>• Financial Performance Monitoring Suite</li> <li>• Medium Term Financial Strategy</li> <li>• Customer Service Strategy</li> <li>• Consultation and Engagement Strategy</li> <li>• Complaints' system</li> <li>• Head of Paid Service, Monitoring Officer and S151 Officer</li> <li>• HR policies &amp; procedures</li> <li>• Whistleblowing &amp; other countering fraud arrangements</li> <li>• Staff and Member training</li> <li>• Codes of conduct</li> <li>• Corporate/Senior Management Team</li> <li>• Independent external sources</li> <li>• Regular monitoring of outcome measures</li> <li>• Monitoring of economic indicators &amp; associated financial receipts</li> <li>• Effective joint working arrangements</li> <li>• Risk &amp; Control Group and Board</li> </ul>	<ul style="list-style-type: none"> <li>• Regular performance and financial reporting</li> <li>• Annual financial report</li> <li>• External audit reports</li> <li>• Internal audit reports</li> <li>• Officer management groups</li> <li>• On-going review of governance</li> <li>• External reviews and inspectorate reports</li> <li>• Customer feedback</li> <li>• Peer reviews</li> <li>• Council's democratic arrangements incl. scrutiny reviews and the 'audit' committee</li> <li>• Corporate Governance Committee annual report</li> <li>• Staff surveys</li> <li>• Community consultations</li> <li>• Consultants' reports</li> <li>• Services' reports</li> <li>• Risk &amp; Control Group activity</li> </ul>

The review of effectiveness is informed by the work of the Senior Leadership Team, who are responsible for the development and maintenance of the governance environment, the Internal Audit Manager's annual report and comments made by the external auditors.

The Council's Local Code of Governance includes examples of how the organisation meets all of the principles of good governance. The Council continuously reviews how it achieves good governance; in 2023/24 this included the recruitment of two Independent Members and a review of its Terms of Reference, both of which were proposed and approved by Full Council in April 2024.

The Council approved its CIPFA Code of Financial Management in December 2022. This demonstrates how the Council complies with the code to provide evidence of good financial management and also identified areas for further development. The Council was compliant with the CIPFA code of Financial Management in 2023/24.

The governance framework has been in place at the Council for the year ended 31 March 2024 and up to the date of approval of the statement of accounts.

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## **Review of Effectiveness**

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Service Managers within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Opinion, and by comments in Huntingdonshire District Council's Statement of Accounts 2021/22 made by the external auditors and other review agencies and inspectorates. During 2023/24, the works undertaken by the Internal Audit team provided the foundation for the Annual Internal Audit Opinion that the Council's governance, internal control environment and systems of internal control provide reasonable assurance over key business processes and financial systems.

With regard to Risk Management, a revised Risk Management Strategy was approved by Council in December 2023 and is being deployed across the organisation. An LGA peer review of Internal Audit in March 2023, using the CIPFA - 'Internal audit: untapped potential' publication as a framework, has firmly embedded risk management as a foundation to Internal Audit's ongoing assurance work. Work has continued throughout 2023/24 on implementing the recommendations of this review, with a follow up review in February 2024 making a further five recommendations, all of which have been actioned.

A Corporate Peer Challenge review of the organisation, to give senior peers from other organisations the opportunity to assess, and feedback opinion on, how effectively the Council delivers its services was undertaken in May 2024.

In addition to the Peer Review, BDO undertook a readiness for External Quality Assessment (EQA) in May / June 2024 with a final report being issued in August 2024. This highlighted the need to take action to bring the service up to the required standard to go through the formal EQA process.

An action plan was set out which is being put into place alongside the recommendations of the LGA Peer Review. This includes addressing the weaknesses identified in the following areas:

- Independence & objectivity;
- Ethics & professionalism;
- Governance, risk management and control processes;
- Engagement workpapers and supervision; and
- Engagement communication

The Council's Constitution details Directors' responsibilities for the maintenance of controls within their departments. The system of internal control is subject to regular review by Internal Audit. The work of the service is informed by the Council's risk register, with the allocation of audit resources controlled through an annual risk-based operational plan, which is agreed by Corporate Governance Committee.

In addition to these arrangements the Council receives and responds to reports from other review and assurance mechanisms.

The external audit of the financial statements for 2022/23 was completed in November 2024. As a result of Central Government's reset of the Public Sector Audit environment a disclaimed opinion was given.

Due to the prior year disclaimer and the limited work that has commenced on rebuilding assurance, we are anticipating a disclaimer of opinion for 2023/24.

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## **Significant Governance Issues 2023/24**

The external auditors have completed their "Value for money" review of the organisation for 2023/24 and identified a significant risk that the internal audit function was not operating effectively in 2023/24. They considered each of the areas of concern raised by BDO and determined that, although the review was performed during 2024/25, the findings were relevant to 2023/24 and have assessed there to be a significant weakness in governance arrangements for 2023/24. They do, however, recognise that since receiving this report in 2024 management have been proactive in addressing the areas of concern highlighted and reporting progress to the Corporate Governance Committee.

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## **Other Governance Issues we have identified in 2023/24**

The AGS identifies governance issues and risks for the Council to address.



Progress on Governance Issues Identified in 2022/23

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
22.1	<b>Risk Management</b>	<p>The Risk Management (RM) process has been reinvigorated, with a revised RM Strategy being finalised and launched. Corporate risks within the Risk Register to be reviewed and updated. This will be followed by Service level risks within Risk Register being reviewed and updated.</p> <p>A new Risk &amp; Controls Group has been established and a Risk &amp; Controls Officer appointed to support Risk Management effort.</p>	<p>The new Risk Management Strategy was approved by Council in December 2023 and work has commenced to fully embed a risk management culture across the organisation. Additional resource has been approved to enable additional training of managers and oversee the update of the risk management software to facilitate effective risk management awareness.</p>	Yes
22.2	<b>Cyber Security, new threats</b>	<p>Completion of all agreed previous cyber audit actions. The ICT service is progressing these actions, monitored by Senior Management.</p>	<p>Cyber Security is a continuing risk which the ICT service seeks to mitigate through effective controls and staff training and awareness.</p>	Yes
22.3	<b>Debtors and Creditors</b>	<p>Systems, processes and resources will be reviewed across the debtors' and creditors' functions establishing action plans to support delivery of improvements and address the control failings identified during quarterly reviews. Audit will review the processes once implemented and will monitor compliance.</p>	<p>Processes have been updated and reviewed and compliance demonstrated, no failings were identified by external audit.</p> <p>Controls in this area are now business as usual and this is not a strategic area of concern.</p>	No
22.4	<b>Audit Actions</b>	<p>To improve the implementation of agreed audit actions. SLT will monitor outstanding actions, receive monthly reports from Internal Audit, and ensure actions are progressed. Direct progress updates from action owners are now provided to Committee. Actions are to be part of Service Plans and to be monitored through 1.2.1 discussions to prevent actions becoming overdue.</p>	<p>All overdue actions are reported regularly to Corporate Governance Committee. The number of actions outstanding has reduced as actions are closed or replaced with revised actions to achieve the control outcome.</p> <p>Progress in this area has been significant and is no longer a strategic area of concern.</p>	No
22.5	<b>Small works expenditure</b>	<p>Audit actions have been agreed to redress. These are agreed to be implemented by the end of 2022.</p>	<p>An analysis of expenditure in this area has identified its level as significantly lower than previously identified and an appropriate level of retender is currently being progressed.</p>	No

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
			The audit actions have been completed with the tendering of the Medium Term Civils contract.	
22.6	<b>Information Governance /GDPR</b>	<p>Recommendations across a number of areas to reduce the Council's information risk, increase accountability in GDPR terms, improve staff engagement with IG and awareness of IG and data protection matters and support improved ways of working which embed IG principles across the Authority.</p> <p>A self-assessment report commissioned on the Service highlighted the areas requiring attention. Recommendations made within the report have been agreed and form part of the Action Plan.</p> <p>Mandatory training at day 1 of new starter induction has been agreed; and refresher training for all staff has been launched.</p>	Actions implemented	No
22.7	<b>Contractor Management, additional risks</b>	<p>A number of new measures have been introduced to improve control in this area:</p> <ul style="list-style-type: none"> <li>• Recruitment &amp; Procurement officers will oversee each consultant appointment</li> <li>• Procurement will provide oversight and guidance on all contract matters; sponsors to be accountable for their contracts</li> <li>• All contractor sponsors, Procurement and HR to ensure compliance with PCR2015, IR35 and good commercial practice.</li> <li>• Project managers will work with Procurement to ensure proper evaluation of need in line with PCR2015</li> <li>• PMO, Procurement and Works SLT will ensure that clear and evidenced decision making is done and recorded through the governance framework.</li> <li>• HR has commenced a new monitoring system for contractor/consultant/other temporary staff.</li> </ul>	Actions implemented	No
22.8	<b>Market Towns Programme</b>	<p>An independent consultant reviewed the programme performance to date, resulting in a programme improvement plan with recommended actions. These are being implemented and will be monitored as a standing item in the programme board.</p>	Action plan implemented and completed. MTP Board meets on a regular basis and effective programme management is demonstrated.	No
22.9	<b>Project Management/Capital schemes</b>	<p>Formal governance structure has been established, comprising the work programme board, the project management steering group and the gateway model (applied to each programme/project).</p>	This work, and actions, is now covered by the Major Change Board, with smaller projects feeding through the "New Ideas" process.	No

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
		Capital schemes will follow the same processes from project inception and business case to lessons learned.		
22.10	<b>Network Access</b>	ICT is setting up a regular review process to confirm users are current and legitimate. This is also supported by a leaver's notification process to ICT.	This has been actioned.	No
22.11	<b>Policies</b>	A review and inventory of all policies and strategies has been undertaken. Further work is planned to ensure the policies are fit for purpose and accessible.	Work is ongoing in this area.	Yes
22.12	<b>Morbidity/Growing number of years of ill health/Continued impact of COVID</b>	Increasing pressures are being felt by many parts of the public service system, primarily through the growing demand on support costs, a rise in complex individual cases which cuts across many service providers, through such things as disabled facilities grants and personal care costs. This is not something that any single agency has total responsibility for, and it requires joint working to deliver effective solutions focussing on wellbeing and life choices as well as housing, open spaces, transport infrastructure and the design of place.	Measures to reduce pressure on services are linked to the Council's Corporate plan: Priority 1 - Improving quality of life for local people Priority 2 - Creating a better Huntingdonshire for future generations Priority 3 - Deliver good quality, high value for money services with good control and compliance with statutory obligations	Yes
22.13	<b>Wider economic environment</b>	The Council's financial robustness is closely linked with the success of the overall local economy, driven in large part to a prosperous commercial sector. External economic factors do directly impact on the Council's financial plans and forecasts for new homes bonus, council tax and business rates incomes, and the level of demand for our services. We take our role on supporting the conditions for stable growth very seriously.	Measures to sustain financial robustness are linked to the Council's Corporate plan: Priority 1 - Improving quality of life for local people Priority 2 - Creating a better Huntingdonshire for future generations Priority 3 - Deliver good quality, high value for money services with good control and compliance with statutory obligations	Yes
22.14	<b>Housing Affordability</b>	The challenge of residents to afford market housing, and market rents represents a significant challenge to our residents and communities. In the worst cases this can contribute to homelessness, and direct financial consequences on the Council, as we must fund any shortfall between market rent and Local Housing allowance rate. Greater demand for housing, linked at times to emergency housing for migrants could exacerbate this issue.	Whilst Priority 1 of the Corporate Plan seeks to improve the quality of life for local people, the affordability of housing and market rents is not something the Council is able to control.	Yes

22.15	<b>Environmental pressures and sustainability challenges</b>	There is growing recognition of the significant consequences of a failure to properly account for human actions, and wider climactic events which are becoming increasingly common. The national risk register includes flooding and severe weather events as risks that as a country we should prepare for, and increasingly we have seen the impacts of these locally. We also recognise the health impacts of pollution and poor human behaviour in terms of pollution and improper handling of waste as key challenges to the beauty and sustainability of our area.	The Council is drafting a Climate Strategy to identify where it can mitigate its contribution to Environmental pressures.	Yes
22.16	<b>Partner agency operational pressures</b>	<p>There is evidence to suggest that as parts of the public sector reduce their input into communities, that the demand transfers to other agencies. In Huntingdonshire, whilst partners work well together there continues to be the challenge of controlling additional demand and the corresponding budget pressures that it brings. Elsewhere financial pressures in one sector, have had significant financial and capacity impacts on the authority.</p> <p>The impact of Covid has further emphasised these challenges, as the demand and income pressures generated by Covid-19 have begun to impact. Collective work on recovery to properly understand the links between cause, and financial impact will be central and driven through shared recovery activity across all public sector partners.</p>	The Council continues to work with partners to understand their plans and to mitigate impacts to HDC wherever possible.	Yes
22.17	<b>Contractor management</b>	<p>An internal audit identified weaknesses in the following areas:</p> <ul style="list-style-type: none"> <li>• IR35 compliance</li> <li>• Contract management (incl. inconsistent and non-compliant with procurement rules)</li> <li>• Contractor management</li> <li>• Contractor selection</li> <li>• Governance</li> <li>• Time management</li> </ul>	<ul style="list-style-type: none"> <li>• HR &amp; Recruitment oversee all engagement of contractors, with Procurement support sought where applicable, ensuring legislative requirements are met and the appropriate documentation sought and testing of employment made.</li> <li>• A register of all contractors employed within the organisation is presented to SLT each month for review and comment upon ongoing use.</li> <li>• Use of contractors has decreased across the council.</li> </ul>	No

22.18	<b>ICT - Cyber security (4 red actions)</b>	<ol style="list-style-type: none"> <li>1. Staff not provided with adequate cyber-security risk training and awareness.</li> <li>2. Endpoints with outdated Anti-Virus definitions.</li> <li>3. Unsupported operating systems in use on the Council's network.</li> <li>4. Excessive number of Domain Administrator privileged accounts.</li> </ol>	Completion of all agreed cyber audit actions. The ICT service is progressing these actions, monitored by Senior Management.	No - now covered by Cyber Security concern, see Ref 2
22.19	<b>Finance</b>	<p>Critical over-dependency on one key officer  Only one professionally qualified officer  No deputy S.151</p>	Senior Finance Business Partner recruited to Chief Finance Officer role and appointed as Deputy S151 Director of Finance and Corporate Resources recruited (commenced June 2022) and appointed as S151.	No
22.20	<b>Role of Chief Finance Officer</b>	CFO position – not sitting at CLT/ not part of key decision making	Director of Finance and Corporate Resources (S151) recruited as member of SLT	No
22.21	<b>ICT - Cloud Services (2 red audit actions)</b>	<ol style="list-style-type: none"> <li>1. No documented information held about each application's dependencies which could be used to assess the application's feasibility for projected migration plans.</li> <li>2. Once applications have been hosted, there is no further risk assessment made to review effectiveness of the hosted landscape. Additionally, there is no plan to further assess applications where it is currently not appropriate to migrate them</li> </ol>	<ul style="list-style-type: none"> <li>• Criteria determined for assessing migration to cloud.</li> <li>• Framework defined to ensure all potential scenarios factored into the criteria.</li> <li>• Corporate Applications Roadmap drafted to ensure which applications the councils would migrate to the cloud as well as which ones must be migrated to the cloud.</li> <li>• Management assess the possible dependencies of each system.</li> </ul>	Yes
22.22	<b>Towns Programme</b>	Loss of resourcing – the two interim officers are planned to leave in the short term (July & September). First recruitment campaign was unsuccessful; this is being tried again but there is a risk of being unfulfilled and a further risk of no time for a handover period. Capacity & capability risks and issues need to be resolved to continue the programme.	Permanent resources have been recruited to deliver the programme.	No
22.23	<b>Accounts Receivable /Debtors Service</b>	This area continues to receive a limited assurance opinion.	An action plan was implemented, addressing all but two of the outstanding audit actions. Work continues to complete these actions, being regular reconciliation of the debtors ledger with TechOne and monthly management reporting.	No

			Processes and controls in this area continue to be reviewed.	
22.24	<b>Project Management</b>	Number of key projects that pre-date new project management processes that are highlighted as failing. The Work Programme spreadsheet shows that some projects are flagging red or amber/red. There are reported issues with governance; non-compliance and cultural issues.	New team and processes implemented, including monthly Major Change board updating on all live projects including the project status, progress against plan and compliance with governance. SLT attends these board meetings and are fully briefed on open projects.	No
22.25	<b>Data Protection Officer (DPO)</b>	The post is recently vacant due to postholder leaving. The DPO is a statutory role. It also covers the other 3Cs authorities under contractual obligation. The Deputy post is also vacant with an Acting postholder, who cannot fulfil the DPO role. A recent recruitment exercise was unsuccessful for the DPO role. Another is planned but, if successful, is unlikely to result in an immediate starter leaving the notice period without a DPO.	A new DPO has been successfully recruited to post with cover being provided on a part time basis by the previous incumbent.	No
22.26	<b>Payment Card Industry</b>	Risk of non-compliance with some of the PCI requirements.	Services of PCI DSS expert consultants employed to improve the organisation's compliance with PCI DSS. A new programme of work has commenced looking at compliance on a channel by channel basis, adapting ways of working and systems used, balancing the cost of compliance with the risk arising from non-compliance.	Yes
22.27	<b>Impact of COVID Pandemic</b>	The Council should continue to consider the impact of the COVID-19 pandemic on its governance arrangements	The Council has moved into a state of "business as usual" with regards to COVID-19 arrangements; where allowable meetings can be held virtually although members cannot vote virtually. Staff continue to work in a hybrid manner and the Council continues to operate as normal.	No

## New Governance Issues Identified in 2023/24

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
23.1	<b>Internal Audit, external assessment overdue</b>	BDO has been commissioned to undertake a readiness review to identify areas when improvements are needed.  An external review will be commissioned in 2024/25	BDO appointed.	Yes
23.2	<b>Procurement capacity to deliver change</b>	Additional resources being recruited to implement new Procurement regulations for 2024/25 and draft Social Value Procurement policy.  Further resource being recruited to embed effective Contract Management across the organisation.		Yes
23.3	<b>Officer and Member governance training needs.</b>	Areas of governance knowledge weakness being identified through skills self-assessments and training plans created to address these.	Skills assessments completed by SLT, CGC members and Executive Members involved in governance. Training sessions organised for coming months.	Yes

Whilst not a governance issue, it should be noted the Council implemented the Garden Waste Subscription service at the end of 2023/24 with a go live date of 1<sup>st</sup> April 2024. This major change was supported through the Programme Office and overseen by an implementation board. To date, the implementation has run well with few issues. A review of the transition of this activity from implementation to “business as usual” is proposed as part of the Internal Audit plan for 2024/25.

### Opinion

After conducting a review of the governance arrangements across the Council and overall compliance with the Council’s Code of Corporate Governance, we are satisfied that the arrangements are effective.

We are also satisfied that this statement allows the Council to meet the requirements of the Accounts & Audit (England) Regulations 2015, to prepare an AGS to accompany the 2023/24 Statement of Accounts.

### Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council’s governance framework, by the Audit Committee and Cabinet.

Our overall assessment is that the AGS is a balanced reflection of the governance environment and that an adequate framework exists within Huntingdonshire District Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operations as part of our next annual review.

Signature	Sarah Conboy Executive Leader	Signature	Michelle Sacks Chief Executive
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30 January 2025

Signed on behalf of  
Huntingdonshire District Council

**Appendix 1: Demonstrating the Principles**

<b>Principles</b>	<b>Council Arrangements</b>	<b>Supporting Examples</b>
<b>Principle A:</b> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Code of Conduct for Members based upon the LGA Model Councillor Code of Conduct 2020.	See Part 5, Codes and Protocol, of the Constitution
	The seven Principles of Public Life apply to all public sector employees and members.	See Part 5, Codes and Protocol, of the Constitution
	Acceptance of code by Councillors	Signed declaration of Acceptance of Office
	Declaration of Interests, rules for declaration. Confirmation of no declarable interests at the start of each Committee meeting	Register of Interests Committee meeting notes
	Gifts & Hospitality, rules for declaration	Register of Gifts & Hospitality
	Code of Conduct Complaints Process	Annual Complaints report
	Employee Code of Conduct	Annual confirmation of the code
	Defined delegation of responsibilities to Officers	See Part 3 of the Constitution
	Appointment of Monitoring Officer to validate the Council is operating in a lawful manner	See Article 12 of the Constitution
	Whistleblowing policy to allow the reporting and investigation of breaches of Conduct or Council Policy	Whistleblowing Policy
	CIPFA Code of Financial Management	Annual review of compliance with code. Finance Regulations
	Procurement Governance Framework	Code of Procurement Contract Regulations
	The Council has adopted a series of policies that apply equally to the roles of the member and employee which includes a dignity at work policy and corporate equality policy	Constitution Regular review of policies
	Promoting an ethical culture	Council's icare values
Creation of an Assurance Board to seek assurance the Council's governance arrangements are effective and give the comfort required.	Assurance board agendas and meeting notes.	



Principles	Council Arrangements	Supporting Examples
<b>Principle B:</b> Ensuring openness and comprehensive stakeholder engagement	Details of Council's priority outcomes are included in the Corporate Plan	Agreed through Council and published on website
	Details of the Council's activities and achievements are included in the Annual Report	See Council meeting agendas on HDC website
	Details of the governance activities, changes and challenges are included in the Annual Governance Statement	See HDC website – Council & Democracy/Council Open data and Information/Our Policies & Procedures
	All meeting agendas, content and key decision requirements are published in advance.	See HDC website - Council & Democracy/View Upcoming Committee Meetings
	The calendar of upcoming meetings is publicly available.	See HDC website - Council & Democracy/View Upcoming Committee Meetings
	All committee meetings are streamed and can be viewed by the public (except for limited exceptions)	Streaming links available on the website
	Formal External Engagement and Communications Strategy	Reporting of Engagement and Communication activities and outcomes
	Formal Internal Engagement and Communications Strategy	Evidence of internal activities
	The Council promotes the formation of an Employee Representative Group for engagement regarding employee matter	Monthly meeting agendas and notes
	Data required by the Local Government Transparency code is published on the Council's website, and the Council has adopted a Publication Scheme setting out which information is published without requiring a Freedom of Information request.	See HDC website - Council & Democracy/Council Open Data and Information/Freedom of Information

Principles	Council Arrangements	Supporting Examples
<p><b>Principle C:</b> Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<p>Details of Council's priority outcomes are included in the Corporate Plan</p>	<p>Agreed through Council and published on website</p>
	<p>A Medium Term Financial Strategy (MTFS) is prepared on an annual basis to demonstrate to the affordability of plans and expected outcomes</p>	<p>Agreed through Council and published on website</p>
	<p>Service plans are prepared on an annual basis, demonstrating links to the Council's Corporate plan and delivery of key services, and performance indicators to measure their effectiveness.</p>	<p>Annual service plans</p>
	<p>A Treasury strategy is produced on an annual basis, demonstrating compliance with the Prudential code and effective use of the Council's resources</p>	<p>Treasury Strategy presented to Council and available on the website</p>
	<p>A Commercial Investment Strategy (CIS) is in place to reduce the Council's reliance on central government funding</p>	<p>CIS approved by Council and available on the website</p>
	<p>Budget and operational performance monitoring reports are generated on a monthly basis to show achievement against published plans</p>	<p>Reports presented at monthly Corporate SLT meetings</p>
	<p>Risk registers are maintained at Service and Corporate levels to identify potential/known threats to the organisation or service, and mitigating actions put in place to reduce these.</p>	<p>Risk registers maintained within the 4Risk system, and Corporate Risk Register reported on the website.</p>
	<p>A Climate Strategy policy is being produced to define the Council's approach to minimising its environmental impact and operating in a more sustainable manner.</p>	
	<p>The Council has commenced a review of its Local Plan, considering the needs of the district over the longer term and the plans that need to be put in place to deliver the necessary infrastructure to support this.</p>	<p>Public consultation and preparation of plans</p>
	<p>The Council has an Economic Development team to attract new businesses and investment to the district. It also hosts the "Invest in Huntingdonshire", further promoting the benefits of the district.</p>	
	<p>Working alongside other local government organisations, major regeneration projects are being developed the district creating sustainable social, economic and environmental benefits.</p>	<p>External funding receipts</p>

Principles	Council Arrangements	Supporting Examples
<p><b>Principle D:</b> Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>The Corporate plan is prepared in conjunction with the MTFs to ensure delivery plans are affordable and achievable within the funding available.</p>	<p>Plans are published on the Council's website and as part of meeting agendas</p>
	<p>Budget and operational performance monitoring reports are generated on a monthly basis to show achievement against published plans and identify where corrective actions may be needed.</p>	<p>Reports presented at monthly Corporate SLT meetings</p>
	<p>Risk registers are maintained at Service and Corporate levels to identify potential/known threats to the organisation or service, and mitigating actions put in place to reduce these.</p>	<p>Risk registers maintained within the 4Risk system, and Corporate Risk Register reported on the website.</p>
	<p>Programme boards are put in place for major activities, to monitor progress and ensure delivery plans will achieve the intended outcome.</p>	<p>Agendas and meeting notes from board meetings</p>
	<p>Significant projects are monitored through the Major Change board, with actions raised to mitigate risks of non-performance.</p>	<p>Agendas and meeting notes from board meetings</p>
	<p>The Overview and Scrutiny panels review progress on Council deliverables and are able to challenge decisions if they are not content with what is being achieved.</p>	<p>Agendas and meeting notes from committee meetings</p>
	<p>Internal Audit review of services and reporting developed through a risk based strategy, with remedial action plans recommended.</p>	<p>Internal Audit plan</p>

Principles	Council Arrangements	Supporting Examples
<b>Principle E:</b> Developing the Council's capacity, including the capability of its leadership and the individuals within it	Review of the Council's assets and resources on a regular basis to ensure these remain fit for purpose and are being utilised effectively.	Asset inspections, proactive maintenance records
	Clear rules for delegation of authorities enabling decisions to be taken at the appropriate level and by individuals with the necessary knowledge.	The Constitution
	Definition of roles and responsibilities for Councillors and Offices	The Constitution
	Self assessment of skills for Committee members, with training plans for covering any deficits.	Skills self assessment records
	Use of operational and budget monitoring reports including, where effective, bench marking data so that performance trends can be noted and acted upon.	Reports generated and presented to Corporate SLT/committee.
	Developing shared services with neighbouring District Councils, allowing sharing of best practices and driving financial efficiencies.	Shared services for ICT, Legal and Building Control.
	Developing the capability of staff and improving their skills through training and online coaching tools.	Learning and Development team
	Encourage transformation work to improve service delivery or the effectiveness of the Council through the "New Ideas" process and the availability of funding.	New Ideas process and achievements
	Availability of Project Management skills and decision making to lead on work to improve the Council's capacity	Output of the Major Change Board

Principles	Council Arrangements	Supporting Examples
<b>Principle F:</b> Managing risks and performance through robust internal control and strong public financial management	Development of a Risk Management strategy, including indications of acceptable risk appetites.	Risk Management strategy
	The Council is a member of the Cambridge & Peterborough Resilience Forum, sharing knowledge and resources on Emergency Planning.	Regular reviews of Emergency Response plans and actions, testing of these and communication of updates.
	Business Continuity plans in case of disruption to services	Review and update of Business Continuity plans.
	Regular review and update of risk registers, including risk scoring and mitigating actions.	Risk registers maintained on 4Risk system
	Quarterly review and update of the Corporate risk register and mitigating actions	Risk register reviewed at Corporate SLT and reported on intranet
	Annual external audit of the Council's financials, including a review of value for money achieved.	Annual audit report to Council
	MTFS produced on an annual basis and presented to Council	See HDC website - Council & Democracy/Meetings/Council
	Quarterly Financial reporting against the approved budget presented to Council	See HDC website - Council & Democracy/Meetings/Council
	Reporting of Treasury Prudential measures to Council	See HDC website - Council & Democracy/Meetings/Council
	Use of operational and budget monitoring reports including, where effective, bench marking data so that performance trends can be noted and acted upon.	Reports generated and presented to Corporate SLT/committee.
	CIPFA Code of Financial Management implemented and maintained	Annual update of code
	Code of Procurement published	Constitution
	Internal Audit review of services and reporting developed through a risk based strategy with remedial action plans recommended	Internal Audit plan

Principles	Council Arrangements	Supporting Examples
<p><b>Principle G:</b> Implementing good practices in transparency, reporting and audit to delivery effective accountability</p>	<p>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p>	<p>Report templates and guidance</p>
	<p>Data required by the Local Government Transparency code is published on the Council's website, and the Council has adoption a Publication Scheme setting out which information is published without requiring a Freedom of Information request.</p>	<p>See HDC website - Council &amp; Democracy/Council Open Data and Information/Freedom of Information</p>
	<p>Internal Audit review of services and reporting developed through a risk based strategy with remedial action plans recommended</p>	<p>Internal Audit plan</p>
	<p>All meeting agendas, content and key decision requirements are published in advance.</p>	<p>See HDC website - Council &amp; Democracy/Meetings</p>
	<p>The calendar of upcoming meetings is publicly available.</p>	<p>See HDC website - Council &amp; Democracy/Meetings</p>
	<p>All committee meetings are streamed and can be viewed by the public (except for limited exceptions)</p>	<p>Streaming links available on the website</p>
	<p>Formal External Engagement and Communications Strategy</p>	<p>Reporting of Engagement and Communication activities and outcomes</p>
	<p>All meeting agendas, content and key decision requirements are published in advance.</p>	<p>See HDC website - Council &amp; Democracy/Meetings</p>
	<p>The calendar of upcoming meetings is publicly available.</p>	<p>See HDC website - Council &amp; Democracy/Meetings</p>

30 January 2025

Claire Mellons  
Ernst & Young LLP  
Citygate  
St James' Boulevard  
Newcastle Upon Tyne  
NE1 4JD

Dear Claire

**Huntingdonshire District Council 2023/24 Financial Year  
Letter of Representations**

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 2024.

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 the Council as of 31 March 2024 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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), 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the Council's financial statements. We believe the Council's 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the Council's financial statements.
3. The significant accounting policies adopted in the preparation of the Council's financial statements are appropriately described in the Council's financial statements.
4. As members of management of the Council, we believe that the Council has 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), that are free from material misstatement, whether due to fraud or error.

5. We believe that the effects of any unadjusted audit differences, summarized 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.

Uncorrected misstatements 31 March 2024 (Currency'000)	Effect on the current period:		Net assets (Decrease)/Increase			
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/(Credit)	Assets non-current Debit/(Credit)	Liabilities current Debit/(Credit)	Liabilities non-current Debit/(Credit)
<b>Differences</b>						
▶ Estimation difference in valuation of asset following reclassification of asset from surplus assets to other land and buildings		149,900		(149,900)		
▶ Projected error identified in sample testing of additions to property, plant and equipment in 2022/23		286,000		(286,000)		
Cumulative effect of uncorrected misstatements, after turnaround effect		435,900		(435,900)		

We have not corrected these differences identified and brought to your attention by the auditor because:

- £150k asset valuation: this is deemed immaterial to the total value of property, plant and equipment of £84.7m
- £286k projected error: this is an extrapolation of data and is only a judgement.

6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible for determining that the Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the Council's 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 improprieties.
  - 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 Council's financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its 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 Council's 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: 29 January 2025.
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 year end. These transactions have been appropriately accounted for and disclosed in the Council's financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
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 Council's financial statements in the event of non-compliance, including all covenants, conditions, or other requirements of all outstanding debt.
7. From 28 November 2024 through to the date of this letter we have disclosed to you, to the extent that we are aware:
  - any unauthorised access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorised access to our information technology systems is reasonably likely to have a material impact to the Council's financial statements, in each case or in the aggregate; and
  - any ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

### 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 Council's 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 to litigation and claims, both actual and contingent, and have disclosed in the Council's financial statements all guarantees that we have given to third parties.

#### **E. Ownership of Assets**

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, 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.

#### **F. Use of the Work of a Specialist**

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of investment property, the valuation of the property, plant and equipment, the valuation of the local government pension scheme liability, the calculation of the non-domestic rates appeals provision and the fair values of loans and borrowings, and have adequately considered the qualification 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.

#### **Valuation of Investment Property and Property, Plant and Equipment**

1. We confirm that the significant judgments made in making the estimate of the valuation of investment property and property, plant and equipment have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the estimate of the valuation of investment property and property, plant and equipment.
3. We confirm that the significant assumptions used in making the estimate of the valuation of investment property and property, plant and equipment appropriately reflect our intent and ability to carry out the management of our assets on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialised skills or expertise has been applied in making the estimate of the valuation of investment property and property, plant and equipment.
6. We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements.

#### **Valuation of the Local Government Pension Scheme Liability**

7. We confirm that the significant judgments made in making the estimate of the local government pension scheme liability have taken into account all relevant information of which we are aware.

8. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the estimate of the local government pension scheme liability.
9. We confirm that the significant assumptions used in making the estimate of the local government pension scheme liability appropriately reflect our intent and ability to carry out the management of our assets on behalf of the entity.
10. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
11. We confirm that appropriate specialised skills or expertise has been applied in making the local government pension scheme liability.
12. We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements.

#### **H. 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.

#### **I. Reserves**

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

#### **J. 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).
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.

#### **K. Going Concern**

1. Note 40 to the financial statements discloses all of the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action and the feasibility of those plans.

#### **L. Subsequent Events**

1. There have been no events subsequent to the period end which require adjustment of or disclosure in the financial statements or notes thereto.

#### **M. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information within the Narrative Report, Explanatory Foreword, Statement of Responsibilities for the Statement of Accounts and Glossary included within the Annual Financial Report for the year ended 31 March 2024.
2. We confirm that the content contained within the other information is consistent with the financial statements.

#### **N. Climate Related Matters**

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate related matters has been considered, including the impact resulting from the commitments made by the Council, and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in other information or other public communications made by us.

Yours sincerely

Suzanne Jones  
Corporate Director of Finance & Resources (S151 Officer)

Councillor Michael Burke  
Chair of Corporate Governance Committee



Huntingdonshire District Council

Annual Financial Report  
For the Year Ended 31 March 2024

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Welcome to Huntingdonshire District Council's Statement of Accounts for 2023/24.

This narrative report provides information about Huntingdonshire District Council (the Council), including the key issues affecting the Council and its accounts. The accounts summarise the Council's transactions and its financial position for the year ended 31 March 2024.

The report provides an explanation of the financial statements. As the financial statements demonstrate, the financial standing of the Council continues to be robust.

The report highlights the excellent management of the Council's resources and sets this in the context of the financial challenges being faced by the Council. The finance service operates in an environment of continuous change which involves organisational redesign, partnership working and advances in technology. This document provides:

- an introduction to the Council;
- key facts about Huntingdonshire and the Council;
- key information about the Council's management structure;
- 2023/24 revenue budget process and the medium-term financial strategy (MTFS);
- capital strategy and capital programme;
- treasury management ;
- revenue outturn 2023/24;
- capital outturn 2023/24;
- Covid-19, cost of living and Ukrainian conflict grants;
- corporate and budgetary risks;
- basis of preparation;
- going concern assessment;
- receipt of further information; and
- acknowledgements.

The statement of accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that members of the public, including electors and residents of Huntingdonshire, Council members, partners, stakeholders and other interested parties are able to have:

- a full and understandable explanation of the overarching financial position of the Council and the outturn for 2023/24;
- confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- assurance that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years.

### **An introduction to Huntingdonshire District Council**

Huntingdonshire is the largest district in Cambridgeshire, with a population of 180,833, and a land area of over 900 square kilometres (350 square miles). The district provides a high-quality environment, predominantly rural in nature, and this is reflected in the sparse population density which averages just 1.99 people per hectare (4.92 per acre). It is currently divided into 26 wards which are served by 52 elected councillors.

Huntingdonshire District Council is responsible for providing specific public services and facilities throughout the district, including;

- environmental health;
- licensing;
- planning and building control;
- housing;
- leisure and health;
- business services;
- revenues and benefits;
- parking;
- household recycling and waste;
- commercial recycling and waste; and
- community safety.

There are also a number of internal services provided by the Council to ensure the efficient delivery of these public services such as;

- finance;
- information technology;
- legal;
- human resources; and
- payroll.

Our corporate plan sets out what Huntingdonshire District Council is working to achieve.

**“We all want to live in a place with the highest possible quality of life. A place people are drawn to, where they feel included and aspire to something. A place people are proud to call home.”**

The Council aims to achieve this through the priorities set out in its corporate plan. These are:

- priority 1 – improving the quality of life for local people
- priority 2 – creating a better Huntingdonshire for future generations
- priority 3 – delivering good quality, high value-for-money services with good control and compliance with statutory obligations

How the Council will do this:

- priority 1 – improving the happiness and well-being of residents
  - keeping people out of crisis
  - helping people in crisis
- priority 2 – improving housing
  - forward thinking economic growth
  - lowering carbon emissions
- priority 3 – delivering good quality, high value-for-money services with good control and compliance with statutory obligations

### Key facts about Huntingdonshire and the Council

There are a number of key facts that should be taken into account when considering Huntingdonshire and the Council:

- Population  
In the 2021 census, the total population of Huntingdonshire was 180,833, an increase of 11,325 resident 6.7% since 2011 (source: 2021 census, ONS). The population is expected to grow to 205,000 by 2036 (source: Huntingdonshire objectively assessed housing needs report). The district has an ageing population; 36,500 residents are aged 65 and above, an increase of 33% since 2011.

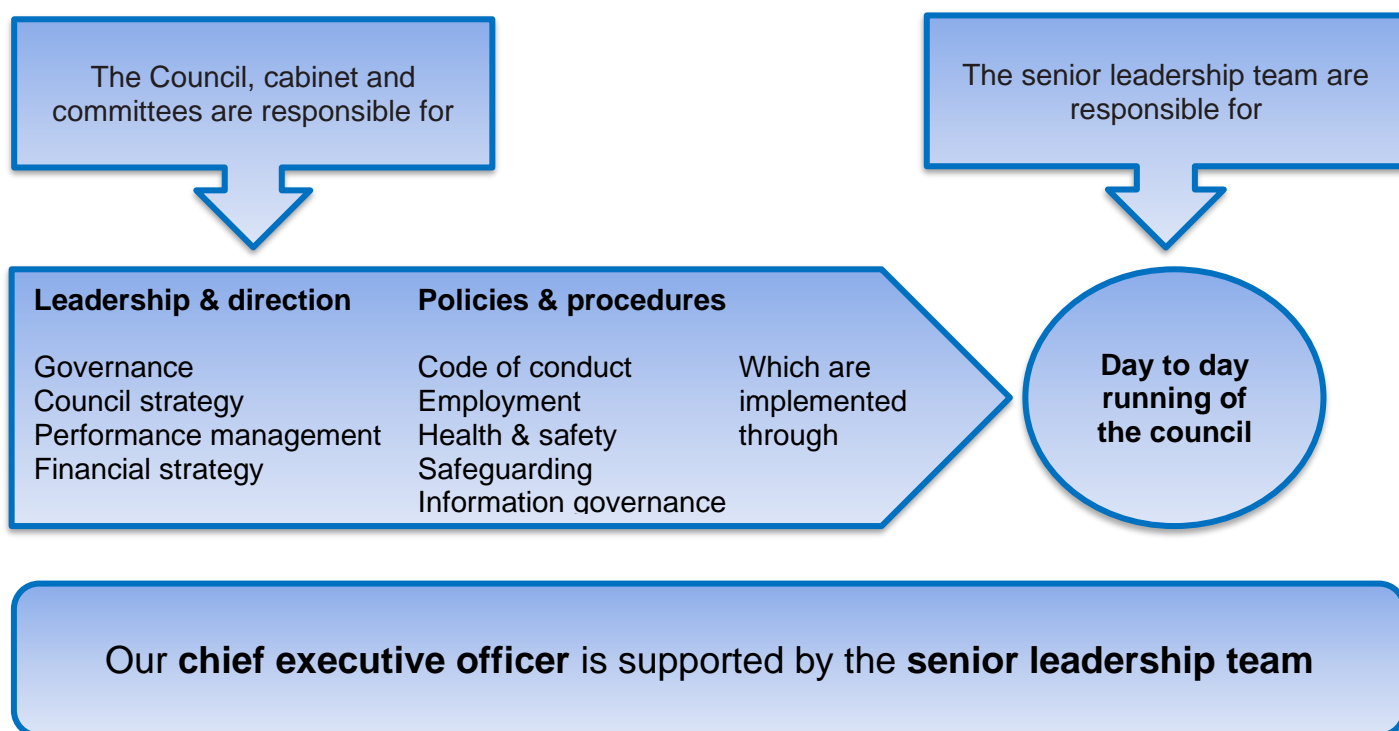


- Economy and employment**  
 Figures indicate that in April 2024 unemployment levels across Huntingdonshire were significantly lower than the level of Great Britain as a whole, with 2.3% of residents aged 16-64 recorded in the DWP claimant count of those claiming universal credit or job seekers allowance principally due to unemployment compared to an average of 3.8% for Great Britain (source: NOMIS: claimant count)
- Homes**  
 Huntingdonshire continues to be a growth area with 1,250 new homes delivered in 2022/23 and 1,050 forecast for completion during 2023/24 (source: annual monitoring report 2023). The availability of housing that is affordable is a major issue in the district, with a growing gap between average earnings and housing costs. The average price of a property in Huntingdonshire as at September 2023 was £348,381 which is slight decrease on last year's figure of £358,088 (2.8%) (source: Cambridgeshire Insight).

The social housing sector in Huntingdonshire is made up of (as of March 2024) 11,488 affordable homes (10,384 rented properties and 1,104 shared ownership)(source: Cambridgeshire Insight). Between April 2023 and March 2024 an additional 703 new affordable homes were built across the district.

### Key information about the Council's management structure

Decisions about policy are made by the councillors elected by the residents of Huntingdonshire. Councillors are advised by the senior management of the Council.



### The 2023/24 revenue budget process and medium-term financial strategy

The Council is required by law to set a balanced budget and it is based on known factors at the time. It does, however, need to be recognised that there are uncertainties, and provisions are made, as appropriate, in the budget for those factors that can be predicted with some certainty, and proposes a strategy for dealing with those factors which reasonably cannot. Following recommendation by Cabinet, the Council approved the budget for 2023/24 on 22 February 2023. The outturn for the 2023/24 financial year against the budget is outlined in these financial statements.

When preparing its medium-term financial strategy (MTFS), the Council makes provisional spending plans for future financial years ensuring these are balanced against the expected funding from government, council tax payers and business rates payers.

The MTFs is a four-year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures, mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years.

The latest MTFs was approved by Council on 21 February 2024 and is summarised below:

	Budget	Medium term financial strategy			
	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Net expenditure	26,004	26,334	24,106	24,429	24,985
Contribution to/(from) reserves	1,086	1,713	(1,915)	(1,364)	(1,003)
<b>Budget requirement</b>	<b>27,090</b>	<b>28,047</b>	<b>22,191</b>	<b>23,065</b>	<b>23,982</b>
Non-domestic rates & s.31 grants	(13,780)	(14,596)	(10,437)	(10,914)	(11,417)
Revenue support grant	(188)	(178)	(162)	(98)	(28)
New homes bonus	(1,699)	-	-	-	-
Other grants	(883)	(2,187)	(50)	(50)	(50)
Collection fund deficit	93	-	-	-	-
<b>Council tax requirement</b>	<b>10,632</b>	<b>11,087</b>	<b>11,541</b>	<b>12,003</b>	<b>12,487</b>
Council tax base	66,095.9	66,845.2	67,544.9	68,251.4	69,043.4
Per band D property	160.86	165.86	170.86	175.86	180.86
% increase		3.11%	3.01%	2.93%	2.84%

In setting the MTFs and developing budget proposals for the future, the Council faced a number of uncertainties particularly in relation to levels of government grant, the financial impact from retained business rates, the levels of new homes bonus and general economic conditions. The budget proposal and MTFs set for 2023/24 represented a best view of the known financial landscape then and for future years.

The key elements of the budget strategy were:

- ensuring that we are financially fit, including ensuring our commercial approaches of the past continue and we continue to grow and diversify our income streams;
- leading and the shaping of place, ensuring we continue to cherish our towns, villages and areas whilst managing planned growth and regenerating our towns;
- focusing on our customers and our ongoing innovation in customer delivery and digitisation; and
- ensuring our partners and communities help us deliver our goals and we ensure they are included in our decision making.

The main factors underlying the budget process were:

- Government grants  
Like all local authorities, Huntingdonshire District Council faces cuts from central government. For the Council, reductions to grant funding have been the most significant factor underlying historic planning assumptions. The Council's strategy for balancing its budget was predicated on this continuing. In this respect, the strategy around commercialism and efficiency is considered to remain the right strategy to deal with the financial challenges facing the Council.
- New homes bonus (NHB)  
A major concern was associated with NHB. The NHB is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. The Council received £1,273,000 of NHB in 2023/24 and has budgeted £1,099,000 for 2024/25. This funding will be phased out in 2025/26.

- Retained business rates  
 The revaluation of all properties for business rates took effect from 1 April 2023. Revaluation was completed to maintain the accuracy in the rating system by reflecting changes in the property market since the last revaluation in 2017. The business rates revaluation clouded the position on the amount of gain the Council might expect to achieve from business rates growth in the area. Following guidance in the December 2023 local government funding settlement, we have not forecast any re-baselining of business rates until 2025/26.
- Reserves and balances  
 Earmarked reserves represent the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves are an essential part of sound financial planning. The reserves are held for legitimate reasons and the balances are reasonable given a fair assessment of the budgetary pressures that they are held against.
- Investments and net borrowing  
 The Council has been using its cash balances over the past few years in lieu of long-term borrowing. This delivers an advantage over lending returns whilst base rates remain low. From 2021/22 income from investment interest has been included in the MTFs. The Council takes a proactive approach to managing cash balances, with the bulk of the income being derived from short term money market lending.
- Implications for council tax strategy 2024/25  
 For 2024/25, the budget proposal and council tax resolution included the assumed maximum £5 increase (for district councils, the maximum increase permissible was 2.99% or £5, whichever was the greater). A £5 increase at Band D represented a 3.21% increase, equivalent to just under 10 pence per week, and increased the band D council tax for Huntingdonshire District Council to £160.86.

### Capital strategy and capital programme 2023/24

The capital programme for 2023/24 onwards was presented to Council for consideration and approval on 22 February 2023. For 2023/24 the gross expenditure was approved at £13,494,000 and the funding sources were presented to Council. As a result of project delays arising predominantly from the Covid 19 pandemic, schemes totalling £18,343,000 were rephased from 2022/23 to 2023/24; this plus additional external funding of £1,314,000 provided a total gross capital programme of £33,151,000. Project delays continued in 2023/24, resulting in £18,883,000 being rephased to future years. Some projects, where additional borrowings would be required, have been descope and the approved expenditure for these removed from the future capital programme.

The Council maintains an integrated strategic capital programme which is divided into several sections namely:

- Housing strategy - this covers the Market Towns programme;
- Transformation - this covers three schemes relating to customer relationship management, audio-visual equipment and voice bots;
- Operations - this covers several schemes relating to the environment and street scene, including funding for vehicle replacement and Hinchingsbrooke Country Park works;
- Strategic insight – this covers works relating to Hinchingsbrooke Country Park and Council owned car parks;
- ICT - this covers several technology related schemes;
- Leisure and health - this covers improvement works at the leisure centres;
- Corporate - this covers several schemes including disabled facilities grants and capital estate enhancements.

The revenue financing implications arising from the capital programme were factored into the budget for 2024/25 and beyond.

## Treasury management

An annual treasury management strategy is agreed by Council, and this informs the governance framework.

The key messages are:

- **Investments**  
The primary governing principle will remain security over return and the criteria for selecting counterparties reflect this.
- **Borrowing**  
Overall, this will remain fairly constant over the period covered by this report and the Council will remain under-borrowed against its borrowing requirement due to the higher cost of carrying debt.
- **Governance**  
Strategies are reviewed by the corporate governance committee with continuous monitoring which includes mid-year and year end reporting.

## Revenue outturn for 2023/24

The Council's 2023/24 revenue outturn position is shown in the table below:

2022/23 Outturn £000	2023/24				
	Budget £000	Outturn £000	Variance £000      %		
<b>Service</b>					
5,227	Chief operating officer	5,313	4,833	(480)	-9%
141	Chief planning officer	989	610	(379)	-38%
869	Corporate leadership team	1,295	778	(517)	-40%
4,283	Corporate services	7,878	2,397	(5,481)	-70%
188	Economic development	207	209	2	1%
277	Housing strategy	200	280	80	40%
454	Leisure & health	304	608	304	100%
4,280	Operations	5,152	5,889	737	14%
41	Programme delivery	-	-	-	100%
(40)	Strategic insight & delivery	117	486	369	315%
2,374	3CICT shared service	2,658	2,633	(25)	-1%
<b>18,094</b>	<b>Net revenue expenditure</b>	<b>24,113</b>	<b>18,723</b>	<b>(5,390)</b>	
835	Contribution to reserves	186	1,533	1,347	723%
2,834	Contribution to earmarked reserves	-	4,043	4,043	100%
<b>21,763</b>	<b>Budget requirement</b>	<b>24,299</b>	<b>24,299</b>	<b>-</b>	
<b>Financing</b>					
(9,283)	NNDR & council tax (surplus)/deficit	(11,308)	(10,142)	1,166	-10%
(3,071)	Government grants (non-specific)	(2,737)	(2,648)	89	-3%
322	Contribution to/(from) reserves	-	(1,254)	(1,254)	100%
<b>9,731</b>	<b>Council tax for Huntingdonshire District Council</b>	<b>10,255</b>	<b>10,255</b>	<b>-</b>	

The view, as presented above, reflects the general fund revenue account. This presents the organisational structure and view used for the management reporting of the accounts during the financial year. The main detail of the Council's finances is reported throughout the year in the quarterly financial report.

The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 2024 amounted to £2,175,000 and £33,300,000 respectively.

## Capital outturn 2023/24

The approved gross capital programme for 2023/24 was £13,494,000. Schemes totalling £18,343,000 from 2022/23 were rephased to 2023/24 and additional external funding of £1,314,000 gave a total gross capital budget of £33,151,000.

The Council spent £13,407,000 on the delivery of its capital programme in 2023/24 and has rephased schemes to 2024/25 where appropriate.

Capital expenditure was financed by revenue contributions and capital receipts. The Council has taken a prudent approach to financing the capital programme by deploying revenue reserves and cash balances instead of using external borrowing where possible as this produces a lower net cost.

The table below provides more detail of the spend in 2023/24:

	Approved budget £000	Budget rephased from 2022/23 £000	External funding £000	Total gross capital budget £000	Outturn £000	Budget rephased to 2024/25 £000	(Under)/ over spend £000
Chief operating officer	1,650	-	-	1,650	2,185	-	535
Chief planning officer	3,570	-	-	3,570	2,174	-	(1,396)
Corporate services	1,398	1,033	-	2,431	1,860	1,035	464
Housing strategy	4,097	12,495	1,039	17,631	4,605	12,761	(265)
Leisure & health	600	133	275	1,008	952	124	68
Operations	1,638	584	-	2,222	1,089	1,039	(94)
Strategic insight & delivery	43	3,695	-	3,738	228	3,487	(23)
3CICT shared service	498	403	-	901	314	471	(116)
	<b>13,494</b>	<b>18,343</b>	<b>1,314</b>	<b>33,151</b>	<b>13,407</b>	<b>18,917</b>	<b>(827)</b>

The reasons for the large budget re-phase to 2024/25 include:

- £12,582,000 – phasing of the Markets Towns and Future High Streets programmes to future years as whole life costs were included in the original budget
- £2,581,000 – works at Hinchingsbrooke Country Park were delayed due to Covid and changes linked to planning
- 1,422,000 – delay in feasibility study relating to the Ramsey Food Hall
- £1,019,000 – extending the life of the existing fleet to maximise value for money
- £500,000 – the enhancements to commercial properties have been delayed due to a delay in the receipt of property condition surveys
- £414,000 – St Neots Riverside programme of works has now commenced, with the majority of spend expected during 2024/25

## Covid-19, cost of living crisis and Ukrainian conflict grants

During 2020/21 and 2021/22, the Council received some Covid-19 related ringfenced grants. It also received grants during 2022/23 to support the cost of living crisis and for those fleeing from the conflict in Ukraine.

Following the receipt of a grant, the Council had to determine whether in administering the grant it was acting as an agent or principal.

Where the Council was acting as agent the following conditions applied:

- it was acting as an intermediary between the recipient and the government department.
- it did not have control of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable.

As presented in the table below, in relation to Covid-19 related grants:

- £206,000 of the contain outbreak management fund still remains at the end of 2023/24 and will be used in 2024/25.

Brought forward					
Council acting as agent	Council acting as principal	Grants received 2023/24	Spend 2023/24	Grant repaid to/(from) government	Grant remaining at 31 March 2024
£000	£000	£000		£000	£000
Contain outbreak management fund	-	(229)	-	23	(206)
	-	(229)	-	23	(206)

Other new grants received by the Council as highlighted previously relating to the cost-of-living crisis and Ukrainian conflict are presented below and show two further instances of the Council acting as an agent of the government.

Having administered £130,000 mandatory council tax energy rebates to households during 2023/24 the Council has repaid the funds remaining to the government during the year. The balance on the Homes for Ukraine grants will be utilised in 2024/25.

Brought forward					
Council acting as agent	Council acting as principal	Grants received 2023/24	Spend 2023/24	Grant repaid to/(from) government	Grant remaining at 31 March 2024
£000	£000	£000	£000	£000	£000
Council tax energy rebate scheme	(879)	(1)	-	130	750
Homes for Ukraine - tariff	-	(402)	(2,346)	951	(1,797)
	(879)	(403)	(2,346)	1,081	(1,797)

### Corporate and budgetary risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The corporate risk register plays an integral role in supporting production of the corporate plan and is a key pillar of its organisational governance.

Key corporate risks are detailed in the annual governance statement. The Council currently has a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Specific risks relating to partnerships and projects have been incorporated into the annual governance statement where appropriate. The Council's annual governance statement provides more detailed insight into its vision strategy and corporate direction.

### **Basis of preparation**

This statement of accounts has been prepared on the basis of the income and expenditure during the 2023/24 financial year and the known assets and liabilities at 31 March 2024. Moreover, the accounts have been prepared on a going concern basis.

Disclosures are included within the statement of accounts based on an assessment of their materiality. A disclosure is considered material if, through an omission or a misstatement, the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

### **Receipt of further information**

If you would like to receive further information about these accounts, please do not hesitate to contact me at Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN.

### **Acknowledgements**

The production of the statement of accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues from the finance team and other services that have assisted in the preparation of the annual accounts. I would also like to thank them for all their support during the financial year.

Suzanne Jones  
Corporate Director of Finance & Resources

## 1. Statement of accounts explanations

The statement of accounts comprises:

- ❖ Statement of responsibilities
- ❖ Core financial statements
- ❖ Notes to the core financial statements
- ❖ Supplementary financial statements
- ❖ Notes to the supplementary financial statements

The objective of each of the accounting statements is:

### ❖ Statement of responsibilities

Identifies the officer who is responsible for the proper administration of the Council's financial affairs. The purpose is for the chief finance officer to sign a statement that the accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year then ended.

### ❖ Core financial statements

*Comprehensive income and expenditure statement* - shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the movement in reserves statement and the expenditure and funding analysis.

*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 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/decrease line shows the statutory general fund balance movements in the year following those adjustments.

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

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



*Expenditure and funding analysis* – shows 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 portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement

#### ❖ **Notes to the core financial statements**

Provides support to the core financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council's activities.

#### ❖ **Supplementary financial statements**

*Collection fund* – this account reflects the statutory requirement for billing authorities to maintain a separate collection fund, which shows the transactions of the Council in relation to non-domestic rates and council tax and illustrates the way in which these have been distributed.

#### ❖ **Notes to the supplementary financial statements**

Provides support to the supplementary financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council's activities.

## **2. Brief note of significant items in the core financial statements**

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 sets out comprehensive requirements for group accounts. These require councils to consider all their interests and to prepare a full set of group financial statements when they have material interests in subsidiaries, associates or joint ventures.

The Council has a wholly owned subsidiary, HDC Ventures Ltd. Group accounts have not been prepared on the basis of materiality.

## **3. Brief note explaining significance of any pension liability or asset**

Any surplus or deficit on the Council's pension fund is required to be shown within the balance sheet. The effect of the Council's share of the pension fund administered by Cambridgeshire County Council has been assessed by the scheme's actuary as at 31 March 2024. The current valuation shows a surplus on the fund of £24,914,000 (£4,803,000 surplus at 31 March 2023) based upon the nationally set criteria.

In line with the Code of Practice the Council requested an asset ceiling calculation from the actuary, which resulted in the creation of a pension liability of £4,291,000 to be held on the balance sheet under long term liabilities. The actual contributions payable by the Council are based upon the actuary's own assumptions in a valuation that is undertaken on a triennial basis. This valuation was last undertaken at 31 March 2022.

### The Council's responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Corporate Resources.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

### The Director of Finance and Corporate Resources

The Director of Finance and Corporate Resources is legally and professionally responsible for the preparation of the Council'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 2023/24* - the Code.

In preparing this statement of accounts, I have:

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

The Director of Finance and Corporate 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 Council at the reporting date and its income and expenditure for the year ended 31 March 2024.

Suzanne Jones  
Corporate Director of Finance & Resources  
30 January 2025

### Certificate of approval – Chair of Corporate Governance Committee

This is the statement of accounts with all audit activities completed. The Corporate Governance Committee of Huntingdonshire District Council at its meeting on 29 January 2025 delegated authority to me as Chair of the Panel to approve the statement of accounts.

Councillor Michael Burke  
30 January 2025

## Comprehensive income and expenditure statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils 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.

2022/23			2023/24			
Gross expenditure £000	Gross income £000	Net expenditure £000		Gross expenditure £000	Gross income £000	Net expenditure £000
35,388	(29,030)	6,358	Chief operating officer	36,615	(31,312)	5,303
7,246	(2,251)	4,995	Chief planning officer	4,670	(1,908)	2,762
944	-	944	Corporate leadership team	779	(19)	760
10,692	(1,939)	8,753	Corporate services	7,328	(3,345)	3,983
223	(13)	210	Economic development	212	(9)	203
1,175	(63)	1,112	Housing strategy	5,239	(396)	4,843
10,450	(5,472)	4,978	Leisure & health	7,314	(6,046)	1,268
8,847	(2,397)	6,450	Operations	9,695	(2,140)	7,555
45	-	45	Programme delivery	144	-	144
3,670	(3,149)	521	Strategic insight & delivery	4,285	(3,448)	837
8,481	(5,516)	2,965	3CICT shared service	8,533	(5,806)	2,727
<b>87,161</b>	<b>(49,830)</b>	<b>37,331</b>	<b>Cost of services</b>	<b>84,814</b>	<b>(54,429)</b>	<b>30,385</b>
		7,906	Other operating income & expenditure - note 11			8,990
		(4,498)	Financing and investment income & expenditure - note 12			(2,663)
		(41,965)	Taxation and non-specific grant income - note 13			(38,748)
		<b>(1,226)</b>	<b>Surplus on provision of services</b>			<b>(2,036)</b>
		(4,614)	Surplus on the revaluation of non-current assets			(6,433)
		736	Deficit on financial assets measured at fair value through other comprehensive income			145
		(80,923)	Remeasurement of net defined benefit			10,380
		<b>(84,801)</b>	<b>Other comprehensive income and expenditure</b>			<b>4,092</b>
		<b>(86,027)</b>	<b>Total comprehensive income and expenditure</b>			<b>2,056</b>

## Movement in reserves statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/decrease line shows the statutory general fund balance movements in the year following those adjustments.

	General fund balance £000	Earmarked general fund reserves £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total council reserves £000
<b>Balance 1 April 2023</b>	<b>(2,175)</b>	<b>(28,940)</b>	<b>(4,527)</b>	<b>(56,639)</b>	<b>(92,281)</b>	<b>(83,781)</b>	<b>(176,062)</b>
<b>Movement in reserves during 2023/24</b>							
Surplus on provision of services	(2,036)	-	-	-	(2,036)	-	(2,036)
Other comprehensive income and expenditure	-	-	-	-	-	4,092	4,092
<b>Total comprehensive income and expenditure</b>	<b>(2,036)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,036)</b>	<b>4,092</b>	<b>2,056</b>
Adjustments between accounting basis and financing basis under regulations (note 9)	(2,324)	-	(20)	(128)	(2,472)	2,472	-
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<b>(4,360)</b>	<b>-</b>	<b>(20)</b>	<b>(128)</b>	<b>(4,508)</b>	<b>6,564</b>	<b>2,056</b>
Transfers to/(from) earmarked reserves	4,360	(4,360)	-	-	-	-	-
<b>(Increase)/decrease in year</b>	<b>-</b>	<b>(4,360)</b>	<b>(20)</b>	<b>(128)</b>	<b>(4,508)</b>	<b>6,564</b>	<b>2,056</b>
<b>Balance at 31 March 2024</b>	<b>(2,175)</b>	<b>(33,300)</b>	<b>(4,547)</b>	<b>(56,767)</b>	<b>(96,789)</b>	<b>(77,217)</b>	<b>(174,006)</b>

	General fund balance £000	Earmarked general fund reserves £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total council reserves £000
<b>Balance 1 April 2022</b>	<b>(2,175)</b>	<b>(27,788)</b>	-	<b>(48,222)</b>	<b>(78,185)</b>	<b>(11,850)</b>	<b>(90,035)</b>
<b>Movement in reserves during 2022/23</b>							
Surplus on provision of services	(1,226)	-	-	-	(1,226)	-	(1,226)
Other comprehensive income and expenditure	-	-	-	-	-	(84,801)	(84,801)
<b>Total comprehensive income and expenditure</b>	<b>(1,226)</b>	-	-	-	<b>(1,226)</b>	<b>(84,801)</b>	<b>(86,027)</b>
Adjustments between accounting basis and financing basis under regulations (note 9)	74	-	(4,527)	(8,417)	(12,870)	12,870	-
<b>Net increase before transfers to earmarked reserves</b>	<b>(1,152)</b>	-	<b>(4,527)</b>	<b>(8,417)</b>	<b>(14,096)</b>	<b>(71,931)</b>	<b>(86,027)</b>
Transfers to/(from) earmarked reserves	1,152	(1,152)	-	-	-	-	-
<b>Increase in year</b>	-	<b>(1,152)</b>	<b>(4,527)</b>	<b>(8,417)</b>	<b>(14,096)</b>	<b>(71,931)</b>	<b>(86,027)</b>
<b>Balance at 31 March 2023</b>	<b>(2,175)</b>	<b>(28,940)</b>	<b>(4,527)</b>	<b>(56,639)</b>	<b>(92,281)</b>	<b>(83,781)</b>	<b>(176,062)</b>

## Balance sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (e.g., the revaluation reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulations'.

<b>31 March 2023</b>		note	<b>31 March 2024</b>
£000			£000
79,254	Property, plant and equipment	14	84,663
65	Heritage assets		65
70,932	Investment property	15	70,285
755	Intangible assets	16	641
3,727	Long term investments	17	3,582
5,139	Long term debtors	17	2,482
4,803	Net pensions asset	37	-
<b>164,675</b>	<b>Long term assets</b>		<b>161,718</b>
40,000	Short term investments	17	45,600
402	Inventories	18	213
29,893	Short term debtors	19	16,996
11,924	Cash and cash equivalents	20	17,304
<b>82,219</b>	<b>Current assets</b>		<b>80,113</b>
(2,884)	Bank overdraft	20	(2,988)
(349)	Short term borrowing	17	(268)
(28,581)	Short term creditors	22	(19,680)
(2,842)	Grants received in advance - capital	22, 31	(2,842)
(1,331)	Provisions	39	(2,924)
<b>(35,987)</b>	<b>Current liabilities</b>		<b>(28,702)</b>
(34,272)	Long term borrowing	17	(34,263)
(573)	Other long term liabilities	17	(569)
-	Net pensions liability	37	(4,291)
<b>(34,845)</b>	<b>Long term liabilities</b>		<b>(39,123)</b>
<b>176,062</b>	<b>Net assets</b>		<b>174,006</b>
(92,281)	Usable reserves	23	(96,789)
(83,781)	Unusable reserves	24	(77,217)
<b>(176,062)</b>	<b>Total reserves</b>		<b>(174,006)</b>

## Cash flow statement

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

<b>2022/23</b>		<b>2023/24</b>
£000		note      £000
1,226	Net surplus on the provision of services	2,036
(1,806)	Adjustment to deficit on the provision of services for non cash movements	25      10,367
(14,010)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	25      (8,887)
<u>(14,590)</u>	Net cash flows from operating activities	<u>3,516</u>
(2,858)	Net cash flows from investing activities	26      1,259
(223)	Net cash flows from financing activities	27      501
<u>(17,671)</u>	Net (decrease)/increase in cash and cash equivalents	<u>5,276</u>
26,711	Cash and cash equivalents at the beginning of the reporting period	9,040
<u><b>9,040</b></u>	Cash and cash equivalents at the end of the reporting period	20 <u><b>14,316</b></u>

## 1. Accounting Policies

### 1.1 General principles

The statement of accounts summarises the Council's transactions for the 2023/24 financial year and its position at 31 March 2024. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (England) Regulations 2015 (SI 2011 no.817), which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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 accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Unless otherwise stated the convention used in this document is to round amounts to the nearest thousand pounds. Throughout the statements all credit balances are shown with parentheses e.g. (£1,234).

### 1.2 Accruals of expenditure and income

All transactions of the Council are accounted for in the year in which they take place, not simply when the cash payments are made or received. In particular:

- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services;
- supplies and services 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 stocks on the balance sheet;
- interest receivable on investments is accounted for 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 income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- income and expenditure are credited and debited to the relevant service revenue account unless they properly represent capital receipts or capital expenditure.

### 1.3 Cash and cash equivalents

Cash comprises cash in hand and call account deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes 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.



## 1.4 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 fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either at least 4% of the underlying amount measured by the adjusted capital financing requirement or the asset life method where the MRP is determined by reference to the life of the asset and an equal amount charged each year. Depreciation, impairment losses and amortisations are therefore replaced by minimum revenue provision in the statement of movement on the general fund balance, by way of an adjusting transaction within the capital adjustment account for the difference between the two.

## 1.5 Council tax and non-domestic rates

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

The council tax and NDR income included in the comprehensive income and expenditure statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

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

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

## 1.6 Employee benefits

### 1.6.1 Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year end which employees can carry into the next financial year. The accrual is made at the wage and salary rates applicable in the following year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services but is then reversed out through the movement in reserves statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### 1.6.2 Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accruals basis to the relevant service costs line in the comprehensive income and expenditure statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

When 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.

### 1.6.3 Post-employment benefits

The majority of Council employees are members of the local government pension scheme, administered by Cambridgeshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The local government scheme is accounted for as a defined benefits scheme:

- the liabilities of Cambridgeshire County Council's superannuation fund 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 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 Cambridgeshire County Council's superannuation fund attributable to the Council are included in the balance sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into the following components:
  - service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year (allocated in the comprehensive income and expenditure statement to the services for which the 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 net cost of services in the comprehensive income and expenditure statement as part of non-distributed costs).
    - net interest on the defined benefit liability, i.e., net interest expense for the Council – the change during the year in the net defined benefit liability that arises from the passage of time (charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

- re-measurement comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit asset (charged to the pensions reserve as other comprehensive income and expenditure).
  - actuarial gains and losses – changes in the net pensions asset that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions (charged to the pensions reserve as other comprehensive income and expenditure).
  - any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit asset.
- contributions paid to Cambridgeshire County Council's pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. This is not accounted for as an expense.

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

#### 1.6.4 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.

#### 1.7 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that have occurred between the balance sheet date 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 balance sheet date – the statement of accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the balance sheet date – the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

#### 1.8 Financial instruments

##### 1.8.1 Financial liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are measured at fair value. 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.

This means that for the borrowings the Council has, the amount presented in the balance sheet is the outstanding principal repayable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount payable for the year.

## 1.8.2 Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised costs, 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)

### 1.8.2.1 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the balance sheet is the outstanding principal receivable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount receivable for the year.

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 comprehensive income and expenditure statement (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
- short term cash investments
- trade receivables

### 1.8.2.2 Financial assets measured fair value through profit or loss (FVPL)

Financial assets that are measured at FVPL are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. The fair value gains and losses are recognised as they arrive in (surplus)/deficit on the provision of services.

### 1.8.2.3 Financial assets measured fair value through other comprehensive income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the 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 shown the following assets within this category:

- CCLA property fund

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.

#### 1.8.2.4 Expected credit loss model

The Council recognises expected credit losses on all of its financial assets held at amortised cost.

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

### 1.9 Government grants and other contributions

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

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

Amounts recognised as due to the Council are not credited to the comprehensive income and expenditure statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or taxation and non-specific grant income 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. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

#### 1.10 Inventories and long-term contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of the comprehensive income and expenditure statement being charged in the year during which the cost of goods or services were received or provided.

#### 1.11 Investment property

Investment properties are those (land or a building, or part of a building, or both) that are held solely to earn rentals or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement. The same treatment is applied to gains and losses on disposal.

Rentals and costs relating to investment properties are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement and result in a gain or loss for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account and any sale proceeds credited to the capital receipts reserve.

## 1.12 Leases

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards incidental to the 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.

### 1.12.1 The Council as lessee

- Operating leases

Rentals paid under operating leases are charged to the comprehensive income and expenditure statement as expenses of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

### 1.12.2 The Council as lessor

- Finance leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
- finance income (credited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

The gain credited to the comprehensive income and expenditure statement on disposal is not permitted by statute to increase the general fund balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future years, this is posted out of the general fund balance to the deferred capital receipts reserve in the movement in reserves statement.

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

- **Operating leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the other operating expenditure line in the comprehensive income and expenditure statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as expenses over the lease term on the same basis as rental income.

### **1.13 Overheads and support services**

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

### **1.14 Prior period adjustments, changes in accounting policies and estimates and errors**

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

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

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

### **1.15 Property, plant and equipment**

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

#### **1.15.1 Recognition**

Expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure in excess of £10,000 on fixed assets is capitalised. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

### 1.15.2 Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- assets surplus to requirements - fair value, determined as the amount that would be paid for the asset in its existing use - existing use value (EUV)
- specialised land & buildings –depreciated replacement cost (DRC) which is used as an estimate of current value
- other land and buildings - EUV
- vehicles, plant and equipment – DRC
- infrastructure assets – DRC
- community assets – historic cost
- assets under construction – historic cost
- heritage assets – historic cost

Assets included in the balance sheet at current value are revalued on a rolling basis within a three-year timeframe. Increases in valuations are matched by credits in 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.

### 1.15.3 Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this 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 the balance (up to the amount of the accumulated gains)
- where there is no balance on the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the comprehensive income and expenditure account.

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.

### 1.15.4 Disposals and non-current assets held for resale

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 resale. 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 costs line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on non-current assets held for resale.

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



When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the comprehensive income and expenditure statement as part of the gain or loss on disposal. Receipts from disposals are credited to the comprehensive income and expenditure statement 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 in the revaluation reserve are transferred to the capital adjustment account. Amounts 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 movement in reserves statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the movement in reserves statement.

### **1.15.5 Depreciation**

Depreciation is provided in respect of all the relevant property, plant and equipment, other than investment properties, where a finite useful life has been determined. This is with the intention of writing off their balance sheet values in equal annual instalments over their remaining expected useful lives. This is commonly referred to as the 'straight line' method. An exception is made for assets without a determinable finite life (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction).

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charge 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.

### **1.15.6 Componentisation**

The objective of component accounting is to follow proper accounting practice by ensuring that property, plant and equipment is accurately and fairly included in the Council's balance sheet, and that the comprehensive income and expenditure statement properly reflects the consumption of economic benefits of those assets over their useful lives through depreciation charges.

In order to do this, the Council must first determine which of its assets have a material value. For Huntingdonshire District Council materiality in this instance has been set as any asset with a carrying value equal to or greater than 10% of the total carrying value for any asset group.

Where an asset is deemed material then the Council must ensure that the overall value of an asset is fairly apportioned over significant components that need to be accounted for separately and that their useful lives and the method of depreciation are determined on a reasonable and consistent basis. For Huntingdonshire District Council significance has been set at equal to or greater than 10% of the asset's cost but with a de-minimis threshold of £100,000.

## **1.16 Provisions, contingent liabilities and contingent assets**

### **1.16.1 Provisions**

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

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

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

### **1.16.2 Contingent liabilities**

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

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

### **1.16.3 Contingent assets**

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

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

## **1.17 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. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account. The value is then appropriated from the reserve and credited to the general fund balance so that there is no charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council.

## **1.18 Revenue expenditure funded from capital under statute**

Expenditure incurred during the year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the movement in reserves statement from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

## **1.19 VAT**

VAT is only included within the revenue and capital income and expenditure accounts to the extent that it is irrecoverable.

## **2. Accounting standards not yet adopted**

The Code of Practice on Local Council Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2023/24 code.

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

The accounting changes to be introduced in the 2024/25 code are:

- IFRS16 leases
- definition of accounting estimates (amendments to IAS 8) issued in February 2021
- disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021

These changes are not expected to have a material impact on the Council's statements.

### 3. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events.

The critical judgements made in the statement of accounts are:

- In line with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, surplus assets and assets under construction. For all these assets, the total value for 2023/24 for land is £53,497,000 and buildings is £42,803,000 (2022/23 land is £47,653,000 and buildings is £44,689,000).
- The actuarial valuation of the Council's pension scheme shown on the balance sheet has moved from a surplus position during the year and created a pension liability of £4,291,000 held under long term liabilities. This is a result of the changes in the financial assumptions used by the actuary, Hymans Robertson LLP. These assumptions are determined by the actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the actuary and the assumptions used to calculate this actuarial valuation.
- 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 2024. An estimated provision of £3,982,000 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 £1,593,000 of the total provision and this is included in the general fund balance.
- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.

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

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering 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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Business rates - Since the introduction of the business rates retention scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2023/24 and earlier years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2024. The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31 March 2024.

- Council tax (surplus)/deficit - Assumptions are made on the likely (surplus)/deficit for the year in the January prior to the year end. The information forms part of the budget setting process for Huntingdonshire District Council, Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner, Cambridgeshire Fire Authority and Cambridgeshire & Peterborough Combined Authority. If the actual (surplus)/deficit differs significantly from the estimated assumption position from January, there will be an impact in the following year's budget process. A higher deficit could mean more savings being required or an increased council tax.
- Debt impairment - At 31 March 2024, the Council had a balance for sundry debtors of £8,273,000. A review of significant balances suggested that impairment for doubtful debts of 28% (£2,310,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate, which was not the case during 2023/24, the Council would require additional funds to set aside as an allowance.
- Earmarked reserves - The Council has a large number of earmarked reserves, which are reviewed annually to assess the expected year-end balance. The expected reserve balances form part of the budget setting process. Although, the reserve levels are not prescribed, major variations could have an impact on service budgets as expected funds may not be available, which could lead to savings being required in year.
- Pensions liability - Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. During 2023/24 the Council's actuaries advised that the net pension asset had increased by £20,111,000 to a surplus position of £24,914,000. In line with the code of practice the Council requested an asset ceiling calculation from the actuary. This resulted in the creation of a pension liability of £4,291,000 to be held on the balance sheet under long term liabilities. The effects on the net pensions liability of changes in individual assumptions can be measured. The assumptions interact in complex ways.
- Property, plant and equipment - Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. In the current economic climate there will be increased pressure on all budgets, leading to difficult choices which might result in the Council being less able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £29,300 for every year that useful lives had to be reduced.
- Investment properties are those assets that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the balance sheet date.
- Provisions for liabilities including restructuring, redundancy and onerous contracts - no provision is made for redundancies as departments must meet the cost from within their own budgets. If there was the need to make redundancies and they could not be met from the service budget, then it would impact on the general fund surplus. Any impact would have to be met from the following year. It could be significant if there were a large number.

This list does not include assets and liabilities that have been carried at fair value based on a recently observed market price.

**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 2023/24 no such items of income or expenditure were incurred (2022/23 £nil).

**6. Events after the balance sheet date**

The unaudited Statement of Accounts were issued on 29 May 2024. Where events taking place before this date provided information about the conditions existing at 31 March 2024, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information. The financial statement and notes would not be adjusted for events which took place after 31 March 2024 if they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date.

## 7 Expenditure and funding analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

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	2023/24					Net expenditure chargeable to the general fund £000
	Net expenditure in the comprehensive income and expenditure statement £000	Adjustments between the funding and accounting basis				
		Adjustments for capital purposes £000	Net change for the pensions adjustment £000	Other Differences £000	Total Adjustments £000	
Chief operating officer	5,303	(544)	141	-	(403)	4,900
Chief planning officer	2,762	(2,210)	58	-	(2,152)	610
Corporate leadership team	760	-	17	-	17	777
Corporate services	3,983	207	410	-	617	4,600
Economic development	203	-	6	4	10	213
Housing strategy	4,843	(4,578)	10	-	(4,568)	275
Leisure & health	1,268	(747)	86	-	(661)	607
Operations	7,555	(1,620)	129	-	(1,491)	6,064
Programme delivery	144	-	-	-	-	144
Strategic insight & delivery	837	(456)	59	-	(397)	440
3CICT shared service	2,727	(222)	112	-	(110)	2,617
<b>Net cost of services</b>	<b>30,385</b>	<b>(10,170)</b>	<b>1,028</b>	<b>4</b>	<b>(9,138)</b>	<b>21,247</b>
Other income and expenditure	(32,421)	1,302	258	5,254	6,814	(25,607)
<b>(Surplus)/deficit for the year</b>	<b>(2,036)</b>	<b>(8,868)</b>	<b>1,286</b>	<b>5,258</b>	<b>(2,324)</b>	<b>(4,360)</b>
Opening general fund balance at 1 April 2023						(31,115)
<b>Closing general fund balance at 31 March 2024</b>						<b>(35,475)</b>

	2022/23					Net expenditure chargeable to the general fund £000
	Net expenditure in the comprehensive income and expenditure statement £000	Adjustments between the funding and accounting basis				
		Adjustments for capital purposes £000	Net change for the pensions adjustment £000	Other Differences £000	Total Adjustments £000	
Chief operating officer	6,358	(644)	(514)	-	(1,158)	5,200
Chief planning officer	4,995	(4,646)	(208)	-	(4,854)	141
Corporate leadership team	944	-	(75)	-	(75)	869
Corporate services	8,753	(529)	(1,813)	-	(2,342)	6,411
Economic development	210	-	(20)	3	(17)	193
Housing strategy	1,112	(815)	(22)	-	(837)	275
Leisure & health	4,978	(1,502)	(348)	-	(1,850)	3,128
Operations	6,450	(1,517)	(477)	-	(1,994)	4,456
Programme delivery	45	-	(4)	-	(4)	41
Strategic insight & delivery	521	(437)	(162)	-	(599)	(78)
ICT shared service	2,965	(184)	(425)	-	(609)	2,356
<b>Net cost of services</b>	<b>37,331</b>	<b>(10,274)</b>	<b>(4,068)</b>	<b>3</b>	<b>(14,339)</b>	<b>22,992</b>
Other income and expenditure	(38,557)	1,399	(1,962)	14,976	14,413	(24,144)
<b>(Surplus)/deficit for the year</b>	<b>(1,226)</b>	<b>(8,875)</b>	<b>(6,030)</b>	<b>14,979</b>	<b>74</b>	<b>(1,152)</b>
Opening general fund balance at 1 April 2022						(29,963)
<b>Closing general fund balance at 31 March 2023</b>						<b>(31,115)</b>

### 7.1.1 Adjustments for capital purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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

### 7.1.2 Net change for the pensions adjustment

Net change for the removal of pension contributions and the addition of IAS19 employee benefits pension related expenditure and income:

- for **services** this represents the removal of the employer pension contributions made by the Council 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.

### 7.1.3 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 difference 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 non-domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future (surpluses) or deficits on the collection fund.



## 7.1.4 Segmental income

The table above shows net expenditure, the income analysed on a segmental basis is shown below:

2022/23		2023/24
£000		£000
(29,030)	Chief operating officer	(31,312)
(2,251)	Chief planning officer	(1,908)
(1,939)	Corporate services	(3,345)
(13)	Economic development	(9)
(63)	Housing strategy	(396)
(5,472)	Leisure & health	(6,046)
(2,397)	Operations	(2,140)
(3,149)	Strategic insight & delivery	(3,448)
(5,516)	3CICT shared service	(5,806)
<b>(49,830)</b>		<b>(54,429)</b>

## 8. Expenditure and income analysed by nature

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

2022/23		2023/24
£000		£000
	<b>Expenditure</b>	
28,738	Employees	29,623
14,303	Other service expenses	17,351
6,024	Support service recharges	(1,265)
13,561	Depreciation, amortisation, REFCUS & investment	15,193
213	property fair value adjustment	394
2,835	Interest payments	3,054
2,835	Transfer & grant payments	9,169
10,990	Precepts & levies	26,053
24,917	Benefit payments	<b>99,572</b>
<b>101,581</b>	<b>Total expenditure</b>	<b>99,572</b>
	<b>Income</b>	
(28,419)	Fees, charges & other service income	(29,149)
(1,499)	Interest and investment income	(3,448)
(26,347)	Income from council tax & non-domestic rates	(28,867)
(452)	Post stock transfer capital receipts	(15)
(34,550)	Government grants & contributions	(38,110)
(39)	Proceeds from disposal of non-current assets	(19)
(11,501)	Levies	(2,000)
<b>(102,807)</b>	<b>Total income</b>	<b>(101,608)</b>
<b>(1,226)</b>	<b>Surplus on the provision of services</b>	<b>(2,036)</b>

## 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 recognised by the Council in the year in accordance with proper accounting practice to the resources that are made 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 against which the adjustments are made.

- **General fund balance**  
The general fund is the statutory fund into which all the receipts of the 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 therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment.
- **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 historic 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 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.

	2023/24		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
<b>Adjustments to the revenue resources</b>			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	1,286	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	(47)	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	(1,730)	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	(4,533)	-	(7,035)
<b>Total adjustments to the revenue resources</b>	<b>(5,024)</b>	<b>-</b>	<b>(7,035)</b>
<b>Adjustments between revenue and capital resources</b>			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	35	(35)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,660	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>2,695</b>	<b>(35)</b>	<b>-</b>
<b>Adjustments to capital resources</b>			
Use of the capital receipts reserve to finance capital expenditure	-	136	-
Repayment of loans	5	(121)	-
Application of capital grants to finance capital expenditure	-	-	6,907
<b>Total adjustments to capital resources</b>	<b>5</b>	<b>15</b>	<b>6,907</b>
<b>Total adjustments</b>	<b>(2,324)</b>	<b>(20)</b>	<b>(128)</b>

	2022/23		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
<b>Adjustments to the revenue resources</b>			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	(6,030)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	500	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	2,691	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	(51)	-	(11,788)
<b>Total adjustments to the revenue resources</b>	<b>(2,890)</b>	<b>-</b>	<b>(11,788)</b>
<b>Adjustments between revenue and capital resources</b>			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	512	(512)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,556	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>3,068</b>	<b>(512)</b>	<b>-</b>
<b>Adjustments to capital resources</b>			
Use of the capital receipts reserve to finance capital expenditure	-	662	-
Repayment of loans	(104)	(4,677)	-
Application of capital grants to finance capital expenditure	-	-	3,371
<b>Total adjustments to capital resources</b>	<b>(104)</b>	<b>(4,015)</b>	<b>3,371</b>
<b>Total adjustments</b>	<b>74</b>	<b>(4,527)</b>	<b>(8,417)</b>

## 10. Movements in earmarked reserves

This note sets out the amounts set aside from general fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet general fund expenditure in 2022/23 and 2023/24.

	<b>Balance 1 April 2022</b>	<b>Transfers in 2022/23</b>	<b>Transfers out 2022/23</b>	<b>Balance 31 March 2023</b>	<b>Transfers in 2023/24</b>	<b>Transfers out 2023/24</b>	<b>Balance 31 March 2024</b>
	£000	£000	£000	£000	£000	£000	£000
S.106 agreements	(1,158)	(236)	687	(707)	(416)	174	(949)
Commuted S.106 payments	(983)	(20)	88	(915)	(206)	85	(1,036)
Repairs & renewals fund	(1,809)	(99)	-	(1,908)	(2,130)	-	(4,038)
Strategic transformation reserve	(759)	-	40	(719)	-	198	(521)
Collection fund reserve	(5,859)	-	2,669	(3,190)	174	668	(2,348)
Commercial investment fund	(5,595)	(344)	-	(5,939)	(1,673)	1,808	(5,804)
Market towns investment fund	(518)	(20)	88	(450)	-	71	(379)
Budget surplus reserve	(4,421)	(475)	-	(4,896)	(1,976)	-	(6,872)
Special reserve	(656)	-	-	(656)	-	-	(656)
Other reserves	(6,030)	(4,141)	611	(9,560)	(4,145)	3,008	(10,697)
	<b>(27,788)</b>	<b>(5,335)</b>	<b>4,183</b>	<b>(28,940)</b>	<b>(10,372)</b>	<b>6,012</b>	<b>(33,300)</b>

The following paragraphs provide an explanation of these reserves.

- 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.
- 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.
- 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 smoothing the spending on large maintenance items.
- Strategic transformation reserve - to fund workflow streams associated with initiatives to improve the efficiency of the Council.
- Collection fund - excess non-domestic rates and council tax received from the collection fund due to be repaid in future years.
- Commercial investment fund - revenue allocation to meet future investment in commercial investment strategy.
- Market towns investment fund - a fund to support the redevelopment of Huntingdonshire's market towns.
- Budget surplus reserve - contains surplus funds that exceed the £2,175,000 maximum threshold for the general fund balance.
- Special reserve - to support business activity that will achieve future savings.
- Other reserves - this is a summary of other less significant reserves that support on-going service activity, including local plan activity, district council elections, new trading company, community infrastructure levy administration, IT projects, housing support, community support projects and landlord activities.

#### 11. Other operating income and expenditure

2022/23		2023/24
£000		£000
7,894	Parish precepts	8,470
(452)	Post stock transfer capital receipts	(15)
503	Drainage board levies	554
(39)	Gain on the disposal of non-current assets	(19)
<b>7,906</b>		<b>8,990</b>

#### 12. Financing and investment income and expenditure

2022/23		2023/24
£000		£000
213	Interest payable and similar charges	394
1,946	Pensions interest cost and expected return on pensions assets	(252)
(1,499)	Interest receivable	(3,448)
(5,095)	Income and expenditure in relation to investment properties and changes in their fair value	730
(63)	Other investment, trading operations and shared services	(87)
<b>(4,498)</b>		<b>(2,663)</b>

**13. Taxation and non-specific grant income**

<b>2022/23</b>		<b>2023/24</b>
£000		£000
(17,555)	Council tax income	(18,522)
(9,354)	Non-domestic rates	(10,345)
(2,957)	Non-ringfenced government grants	(2,806)
(8,745)	Developer contributions (CIL & s.106)	(1,914)
<u>(3,354)</u>	Capital grants	<u>(5,161)</u>
<b><u>(41,965)</u></b>		<b><u>(38,748)</u></b>

**14. Property, plant and equipment****14.1 Measurement bases used**

The gross carrying amount of assets has been determined on the following bases:

- land and buildings - existing use value
- vehicles, plant and equipment - depreciated historic cost
- infrastructure assets - depreciated historic cost
- community assets - historic cost
- assets under construction - historic cost

**14.2 Depreciation methods used**

Depreciation is calculated on a straight-line basis over the useful life of an asset.

**14.3 Useful lives or depreciation rates used**

The useful life of an asset is the period over which it is expected to deliver productive benefit to the Council.

The following useful lives have been used in the calculation of depreciation:

- other land and buildings – 10 to 50 years
- vehicles, plant, furniture & equipment – 2 to 25 years
- infrastructure assets – 10 to 40 years

**14.4 Effects of changes in estimates**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls

**14.5 Revaluations**

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least once every three years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The market review takes a broader view of the way in which material or economic factors may have affected the overall levels of value which are stated in the accounts, to reflect a true position and give an impairment allowance (where required) against the 2023/24 accounts.

The valuations at 31 March 2024 have been carried out by Wilks, Head & Eve LLP, who also prepared a valuation report.

The significant assumptions applied in estimating the fair values are:

- operational assets – the total value has been apportioned between land and building parts, with the building representing the depreciable amount;
- 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 surplus to requirements – these have been assessed to fair value on the basis of market value.

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
<b>Carried at historical cost</b>	-	7,861	4,025	451	-	1,136	13,473
<b>Valued at current cost as at:</b>							
31 March 2024	16,285	-	-	-	2,374	-	18,659
31 March 2023	33,986	-	-	-	-	-	33,986
31 March 2022	18,545	-	-	-	-	-	18,545
<b>Total cost or valuation</b>	<b>68,816</b>	<b>7,861</b>	<b>4,025</b>	<b>451</b>	<b>2,374</b>	<b>1,136</b>	<b>84,663</b>



## 14.6 Capital commitments

At 31 March 2024 the Council was contractually committed to capital works valued at approximately £6,353,000 (31 March 2023 £1,980,000). The schemes are listed in the table below:

Service	Scheme	31 March 2024
		£000
Chief operating officer	Disabled facilities grants	885
Chief planning officer	A14 upgrade	13
	Transport project	2,460
Corporate services	Energy efficiency works	46
	Fareham offices works	34
Housing strategy	Housing	17
	Market towns/future high streets	794
	The Old Falcon project	255
	UK shared prosperity fund	91
Leisure & health	Burgess Hall air conditioning	34
	Leisure centre future improvements	97
	Ramsey car park	49
Operations	Vehicles & plant	1,149
	Wheeled bins	51
Strategic insight & delivery	Changing places	261
	Hinchingbrooke country park	64
	Secure cycle storage	4
	St Neots riverside park path & cycleway	8
3CICT shared services	Data centre racks	26
	Hardware replacement	13
	UPS replacement	2
		<b>6,353</b>

## 14.7 Movement on property, plant and equipment

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
<b>Cost or valuation</b>							
<b>At 1 April 2023</b>	<b>62,966</b>	<b>23,212</b>	<b>10,008</b>	<b>451</b>	<b>1,917</b>	<b>1,840</b>	<b>100,394</b>
Additions	952	1,469	-	-	-	595	3,016
Revaluation increases recognised in the revaluation reserve	5,781	-	-	-	961	-	6,742
Revaluation decreases/reversals recognised in the revaluation reserve	(907)	-	-	-	(23)	-	(930)
Revaluation increases recognised in the surplus on the provision of services	788	-	-	-	-	-	788
Revaluation decreases recognised in the surplus on the provision of services	(134)	-	-	-	(1)	-	(135)
Derecognition - disposals	-	(857)	(641)	-	-	-	(1,498)
Reclassification of assets as REFCUS	-	-	-	-	-	(444)	(444)
Reclassification of assets as investment property	-	-	-	-	-	(855)	(855)
Other movements in cost or valuation	480	-	-	-	(480)	-	-
<b>At 31 March 2024</b>	<b>69,926</b>	<b>23,824</b>	<b>9,367</b>	<b>451</b>	<b>2,374</b>	<b>1,136</b>	<b>107,078</b>
<b>Accumulated depreciation</b>							
<b>At 1 April 2023</b>	<b>(641)</b>	<b>(14,873)</b>	<b>(5,626)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,140)</b>
Depreciation charge for the year	(1,090)	(1,947)	(357)	-	-	-	(3,394)
Depreciation written back on revaluation	621	-	-	-	-	-	621
Derecognition - disposals	-	857	641	-	-	-	1,498
<b>At 31 March 2024</b>	<b>(1,110)</b>	<b>(15,963)</b>	<b>(5,342)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,415)</b>
<b>Net book value</b>							
<b>At 31 March 2024</b>	<b>68,816</b>	<b>7,861</b>	<b>4,025</b>	<b>451</b>	<b>2,374</b>	<b>1,136</b>	<b>84,663</b>
<b>At 1 April 2023</b>	<b>62,325</b>	<b>8,339</b>	<b>4,382</b>	<b>451</b>	<b>1,917</b>	<b>1,840</b>	<b>79,254</b>

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
<b>Cost or valuation</b>							
<b>At 1 April 2022</b>	<b>64,227</b>	<b>22,729</b>	<b>9,869</b>	<b>451</b>	<b>1,917</b>	<b>1,453</b>	<b>100,646</b>
Additions	594	1,545	139	-	-	387	2,665
Revaluation increases recognised in the revaluation reserve	6,491	-	-	-	-	-	6,491
Revaluation decreases/reversals recognised in the revaluation reserve	(5,670)	-	-	-	-	-	(5,670)
Revaluation increases recognised in the surplus on the provision of services	35	-	-	-	-	-	35
Revaluation decreases recognised in the surplus on the provision of services	(2,703)	-	-	-	-	-	(2,703)
Derecognition - disposals	-	(1,060)	-	-	-	-	(1,060)
Other movements in cost or valuation	(8)	(2)	-	-	-	-	(10)
<b>At 31 March 2023</b>	<b>62,966</b>	<b>23,212</b>	<b>10,008</b>	<b>451</b>	<b>1,917</b>	<b>1,840</b>	<b>100,394</b>
<b>Accumulated depreciation</b>							
<b>At 1 April 2022</b>	<b>(2,627)</b>	<b>(14,020)</b>	<b>(5,251)</b>	-	-	-	<b>(21,898)</b>
Depreciation charge for the year	(1,815)	(1,913)	(375)	-	-	-	(4,103)
Depreciation written back on revaluation	3,793	-	-	-	-	-	3,793
Derecognition - disposals	-	1,058	-	-	-	-	1,058
Other movements	8	2	-	-	-	-	10
<b>At 31 March 2023</b>	<b>(641)</b>	<b>(14,873)</b>	<b>(5,626)</b>	-	-	-	<b>(21,140)</b>
<b>Net book value</b>							
<b>At 31 March 2023</b>	<b>62,325</b>	<b>8,339</b>	<b>4,382</b>	<b>451</b>	<b>1,917</b>	<b>1,840</b>	<b>79,254</b>
<b>At 1 April 2022</b>	<b>61,600</b>	<b>8,709</b>	<b>4,618</b>	<b>451</b>	<b>1,917</b>	<b>1,453</b>	<b>78,748</b>

## 15. Investment properties

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the comprehensive income and expenditure statement:

2022/23		2023/24
£000		£000
(5,354)	Rental income from investment property	(3,922)
1,095	Direct operating expenses arising from investment property	1,317
<b>(4,259)</b>		<b>(2,605)</b>
(836)	Net (gains)/losses from fair value adjustments	3,335
<b>(5,095)</b>		<b>730</b>

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

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

2022/23		2023/24
£000		£000
<b>70,067</b>	<b>Balance at 1 April</b>	<b>70,932</b>
29	Additions	1,833
836	Net gains/(losses) from fair value adjustments	(3,335)
-	Transfers from property, plant and equipment	855
<b>70,932</b>	<b>Balance at 31 March</b>	<b>70,285</b>

### 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 31 March. In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

### 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:

Fair value inputs level 2 other significant observable inputs at 31 March 2023	Asset type	Fair value inputs level 2 other significant observable inputs at 31 March 2024
£000		£000
9,815	Retail	9,789
17,696	Office	17,731
43,421	Commercial	42,765
<b>70,932</b>		<b>70,285</b>

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.

#### 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.

#### 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 life assigned to software is generally 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £195,000 was charged to revenue in 2023/24; this was either charged to ICT and then absorbed as an overhead across all the service headings in the net expenditure of services or charged directly to services.

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

2022/23			2023/24	
£000			£000	
		<b>Balance at start of year</b>		
3,252		Gross carrying amounts	3,212	
(2,372)		Accumulated amortisation	(2,457)	
<b>880</b>		<b>Net carrying amount at start of year</b>	<b>755</b>	
60		Additions	81	
(100)		Disposals or retirements	(433)	
(185)		Amortisation for the period	(195)	
100		Reversal of amortisation on disposals or retirements	433	
<b>755</b>		<b>Net carrying amount at end of year</b>	<b>641</b>	
		Comprising:		
3,212		Gross carrying amounts	2,860	
(2,457)		Accumulated amortisation	(2,219)	
<b>755</b>			<b>641</b>	

## 17. Financial instruments

### 17.1 Categories of financial instruments

The following categories of financial instruments are carried in the balance sheet:

31 March 2023			31 March 2024	
Long term	Current		Long term	Current
£000	£000		£000	£000
		<b>Investments</b>		
		Financial assets held at fair value through other comprehensive income	3,582	-
3,727	-	Financial assets held at amortised costs	-	45,600
<b>3,727</b>	<b>40,000</b>	<b>Total investments</b>	<b>3,582</b>	<b>45,600</b>
		<b>Debtors</b>		
5,139	21,762	Loans and receivables	2,482	7,970
<b>5,139</b>	<b>21,762</b>	<b>Total debtors</b>	<b>2,482</b>	<b>7,970</b>
<b>8,866</b>	<b>61,762</b>	<b>Total financial assets</b>	<b>6,064</b>	<b>53,570</b>



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 31 March 2024, 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 investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2024.
- 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 transfers between hierarchy levels during the financial year.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

31 March 2023			31 March 2024	
Carrying amount	Fair value		Carrying amount	Fair value
£000	£000		£000	£000
		<b>Assets</b>		
70,628	70,628	Loans and receivables	59,634	59,634
		<b>Liabilities</b>		
(45,129)	(38,183)	Financial liabilities	(45,241)	(36,840)



31 March 2023			31 March 2024	
Carrying amount £000	Fair value £000	Fair value level	Carrying amount £000	Fair value £000
<b>Financial liabilities held at amortised cost</b>				
(34,272)	(27,326)	2	(34,263)	(25,862)
(34,272)	(27,326)		(34,263)	(25,862)
(10,857)	(10,857)		(10,978)	(10,978)
<b>(45,129)</b>	<b>(38,183)</b>		<b>(45,241)</b>	<b>(36,840)</b>
<i>Recorded on the balance sheet as:</i>				
(9,935)	(9,935)		(10,141)	(10,141)
(349)	(349)		(268)	(268)
<b>(10,284)</b>	<b>(10,284)</b>		<b>(10,409)</b>	<b>(10,409)</b>
(34,272)	(27,326)		(34,263)	(25,862)
(573)	(573)		(569)	(569)
<b>(34,845)</b>	<b>(27,899)</b>		<b>(34,832)</b>	<b>(26,431)</b>
<b>(45,129)</b>	<b>(38,183)</b>		<b>(45,241)</b>	<b>(36,840)</b>
<b>Financial assets held at fair value through other comprehensive income</b>				
3,727	3,727	1	3,582	3,582
<b>Financial assets held at amortised cost</b>				
40,000	40,000	1	45,600	45,600
<b>43,727</b>	<b>43,727</b>		<b>49,182</b>	<b>49,182</b>
26,901	26,901		10,452	10,452
<b>70,628</b>	<b>70,628</b>		<b>59,634</b>	<b>59,634</b>
<i>Recorded on the balance sheet as:</i>				
21,762	21,762		7,970	7,970
40,000	40,000		45,600	45,600
<b>61,762</b>	<b>61,762</b>		<b>53,570</b>	<b>53,570</b>
5,139	5,139		2,482	2,482
3,727	3,727		3,582	3,582
<b>8,866</b>	<b>8,866</b>		<b>6,064</b>	<b>6,064</b>
<b>70,628</b>	<b>70,628</b>		<b>59,634</b>	<b>59,634</b>

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 Council's portfolio of loans includes loans where the interest rate payable is lower than the current rates available for similar loans as at the balance sheet date.

The financial liabilities are shown below:

<b>31 March 2023</b>			<b>31 March 2024</b>	
£000			£000	
(5,000)	PWLB - 2.78%	506436 02/10/2017 to 02/10/2037	(5,000)	
(7,293)	PWLB - 2.49%	508696 11/03/2019 to 11/03/2039	(7,293)	
(11,963)	PWLB - 2.18%	509389 26/06/2019 to 26/06/2039	(11,963)	
(17)	Salix		(8)	
<b>(34,272)</b>			<b>(34,263)</b>	
<b>Short term</b>				
(83)	PWLB - 2.24%	502463 07/08/2013 to 07/08/2023	-	
(9)	Salix		(8)	
(257)	Accrued interest		(260)	
<b>(349)</b>			<b>(268)</b>	
<b>(10,508)</b>	<b>Creditors</b>		<b>(10,710)</b>	
<b>(45,129)</b>			<b>(45,241)</b>	

## 18. Inventories

2022/23					2023/24			
Leisure					Leisure			
centres	Diesel	Other	Total		centres	Diesel	Other	Total
£000	£000	£000	£000		£000	£000	£000	£000
<b>33</b>	<b>190</b>	<b>79</b>	<b>302</b>	<b>Balance at 1 April</b>	<b>37</b>	<b>183</b>	<b>182</b>	<b>402</b>
-	663	-	663	Purchases	-	665	-	665
-	(710)	-	(710)	Recognised as an expense in year	-	(628)	-	(628)
4	40	103	147	Stock adjustment	(1)	(195)	(30)	(226)
<b>37</b>	<b>183</b>	<b>182</b>	<b>402</b>	<b>Balance at 31 March</b>	<b>36</b>	<b>25</b>	<b>152</b>	<b>213</b>

Other inventories comprise refuse sacks, staff uniforms and IT hardware.

## 19. Short term debtors

31 March 2023		31 March 2024
£000		£000
3,603	Central government bodies	4,031
9,770	Other local authorities	6,053
313	NHS bodies	4
18,217	Other entities and individuals	9,220
31,903		19,308
(2,010)	Provision for impairment of bad debts	(2,312)
<b>29,893</b>		<b>16,996</b>

## 20. Cash and cash equivalents

31 March 2023		31 March 2024
£000		£000
9	Cash held	9
394	Bank balances	542
11,521	Short term deposits	16,753
11,924		17,304
(2,884)	Bank overdraft	(2,988)
<b>9,040</b>		<b>14,316</b>

## 21. Assets held for sale

Assets held for sale are expected to be sold within twelve months of the balance sheet date. The asset is carried at carrying value or expected sale proceeds, whichever is lower.

There are no assets held for sale at 31 March 2024.

## 22. Short term creditors

31 March 2023		31 March 2024
£000		£000
	<b>Creditors and receipts in advance</b>	
(17,023)	Central government bodies	(5,866)
(1,413)	Other local authorities	(3,526)
(607)	NHS bodies	(273)
(9,538)	Other entities and individuals	(10,015)
(28,581)		(19,680)
	<b>Capital grants and other receipts in advance</b>	
(2,842)	Central government bodies	(2,842)
<b>(31,423)</b>		<b>(22,522)</b>

### 23. Usable reserves

Movements in usable reserves are summarised below:

	1 April	Movements		31 March	Movements		31 March
	2022	Debits	Credits	2023	Debits	Credits	2024
	£000	£000	£000	£000	£000	£000	£000
General fund	<b>(2,175)</b>	129,115	(129,115)	<b>(2,175)</b>	124,321	(124,321)	<b>(2,175)</b>
Capital receipts reserve	-	662	(5,189)	<b>(4,527)</b>	136	(156)	<b>(4,547)</b>
Capital grants unapplied	<b>(48,222)</b>	3,371	(11,788)	<b>(56,639)</b>	6,907	(7,035)	<b>(56,767)</b>
Earmarked reserves	<b>(27,788)</b>	4,183	(5,335)	<b>(28,940)</b>	6,012	(10,372)	<b>(33,300)</b>
	<b>(78,185)</b>	<b>137,331</b>	<b>(151,427)</b>	<b>(92,281)</b>	<b>137,376</b>	<b>(141,884)</b>	<b>(96,789)</b>

### 24. Unusable reserves

Movements in unusable reserves are summarised below:

	1 April	Movements		31 March	Movements		31 March
	2022	Debits	Credits	2023	Debits	Credits	2024
	£000	£000	£000	£000	£000	£000	£000
Capital adjustment account	<b>(54,796)</b>	19,180	(9,537)	<b>(45,153)</b>	15,962	(14,134)	<b>(43,325)</b>
Revaluation reserve	<b>(31,015)</b>	388	(4,614)	<b>(35,241)</b>	900	(7,180)	<b>(41,521)</b>
Financial instruments adjustment account	<b>(333)</b>	236	-	<b>(97)</b>	192	-	<b>95</b>
Financial instruments revaluation reserve	<b>156</b>	-	-	<b>156</b>	-	-	<b>156</b>
Deferred capital receipts	<b>30</b>	-	-	<b>30</b>	-	-	<b>30</b>
Pensions reserve	<b>70,090</b>	10,924	(85,817)	<b>(4,803)</b>	14,068	(4,974)	<b>4,291</b>
Collection fund adjustment account	<b>4,018</b>	-	(2,691)	<b>1,327</b>	1,730	-	<b>3,057</b>
	<b>(11,850)</b>	<b>30,728</b>	<b>(102,659)</b>	<b>(83,781)</b>	<b>32,852</b>	<b>(26,288)</b>	<b>(77,217)</b>

#### 24.1 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 before 1 April 2007, the date that the revaluation reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2022/23			2023/24	
£000	£000		£000	£000
	(54,796)	<b>Balance at 1 April</b>		(45,153)
		<b>Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement</b>		
4,103		Charges for depreciation of non-current assets	3,394	
185		Amortisation of intangible assets	195	
2,668		Revaluation decreases/(increases) recognised in the surplus on the provision of services	(653)	
(836)		Movement in the market value of investment properties recognised in the surplus on the provision of services	3,335	
7,441		Revenue expenditure funded from capital under statute	8,922	
2		Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the comprehensive income and expenditure statements	-	
(388)		Adjusting amounts written out of the revaluation reserve	(153)	
		<b>Capital financing applied in the year</b>		
(662)		Use of the capital receipts reserve to finance new capital expenditure	(136)	
(1,710)		Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	(1,817)	
(3,371)		Application of grants to capital financing from the capital grants unapplied account and earmarked reserves	(6,907)	
(2,556)		Statutory provision for the financing of capital investment charged against the general fund	(2,660)	
4,781		Repayment of long term debtors	116	
(14)		Capital expenditure charged to general fund	(1,808)	
	9,643	Net movements		1,828
	<u>(45,153)</u>	<b>Balance at 31 March</b>		<u>(43,325)</u>

## 24.2 Revaluation reserve

The revaluation reserve contains the gains arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

The reserve contains only revaluation gains accumulated since 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.

2022/23			2023/24	
£000	£000		£000	£000
	(31,015)	<b>Balance at 1 April</b>		(35,241)
(7,618)		Upward revaluation of assets	(7,180)	
3,004		Downward revaluation or impairment of assets not charged to the surplus on the provision of services	747	
	(4,614)	Surplus on revaluation of non-current assets not posted to the surplus on the provision of services		(6,433)
	388	Difference between fair value depreciation and historical cost depreciation - amounts written off to the capital adjustment account		153
	<u>(35,241)</u>	<b>Balance at 31 March</b>		<u>(41,521)</u>

### 24.3 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. The fair value of car loans was immaterial and has not been included.

2022/23			2023/24	
£000			£000	
	(333)	<b>Balance at 1 April</b>		(97)
		Amount by which finance costs charged to the comprehensive income and expenditure statement are different from the finance costs chargeable in the year in accordance with statutory requirements		
236			192	
	<u>(97)</u>	<b>Balance at 31 March</b>		<u>95</u>

### 24.4 Financial instruments revaluation reserve

These financial instruments are carried at their fair value. Movements in fair value are posted to the financial instruments revaluation reserve and taken to the deficit on the revaluation of financial assets (FVOCI elected) line in the comprehensive income and expenditure statement.

2022/23			2023/24	
£000			£000	
	156	<b>Balance at start and end of year</b>		156

### 24.5 Deferred capital receipts reserve

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

2022/23			2023/24	
£000			£000	
	30	<b>Balance at start and end of year</b>		30

## 24.6 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 pays any pensions for which it is directly responsible. In 2023/24, the actuarial valuation has seen a significant increase in the asset surplus. Under the International Accounting Standard (IAS19) the Council must disclose the lower of the actuarial valuation or asset ceiling calculation. The asset ceiling calculation resulted in a lower valuation and has therefore been included within the accounts for 2023/24.

<b>2022/23</b>		<b>2023/24</b>
£000		£000
<b>70,090</b>	<b>Balance at 1 April</b>	<b>(4,803)</b>
(80,923)	Actuarial (gains)/losses on pensions assets and liabilities	10,380
10,924	Reversal of items related to retirement benefits debited or credited to the comprehensive income and expenditure statement	3,688
<u>(4,894)</u>	Employer's contributions and direct payments to pensioners payable in year	<u>(4,974)</u>
<b><u>(4,803)</u></b>	<b>Balance at 31 March</b>	<b><u>4,291</u></b>

## 24.7 Collection fund adjustment account

The collection fund adjustment account manages the differences arising from the recognition of council tax income in the comprehensive income and expenditure statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

<b>2022/23</b>		<b>2023/24</b>
£000		£000
<b>4,018</b>	<b>Balance at 1 April</b>	<b>1,327</b>
(2,691)	Amount by which council tax income and non-domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non-domestic rates calculated for the year in accordance with statutory requirements	1,730
<b><u>1,327</u></b>	<b>Balance at 31 March</b>	<b><u>3,057</u></b>

**25. Cash flow statement****25.1 Adjustments to net deficit on the provision of services for non-cash movements**

<b>2022/23</b>		<b>2023/24</b>
£000		£000
4,103	Depreciation	3,394
2,668	Impairment and revaluations	(653)
185	Amortisation	195
(8,821)	Decrease in creditors	(9,655)
(5,234)	(Increase)/decrease in debtors	13,259
(100)	(Increase)/decrease in inventories	189
6,030	Pension liability	(1,286)
2	Carrying amount of non-current assets sold	-
(639)	Other non-cash items charged to the net surplus or deficit on the provision of services	4,924
<b>(1,806)</b>		<b>10,367</b>

**25.2 Adjustments for items included in the net deficit on the provision of services that are investing and financing activities**

<b>2022/23</b>		<b>2023/24</b>
£000		£000
(512)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(35)
(13,498)	Any other items for which the cash effects are investing or financing cash flows	(8,852)
<b>(14,010)</b>		<b>(8,887)</b>

**25.3 Operating activities**

Operating activities within the cash flow statement include the following cash flows:

<b>2022/23</b>		<b>2023/24</b>
£000		£000
1,401	Interest received	3,410
(194)	Interest paid	(392)

**26. Cash flow statement - investing activities**

<b>2022/23</b>		<b>2023/24</b>
£000		£000
(3,424)	Purchase of property, plant and equipment, investment property and intangible assets	(4,671)
(19,000)	Purchase of short term and long term investments	(5,600)
(2,835)	Other payments for investing activities	(197)
512	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	35
21,889	Other receipts from investing activities	11,692
<b>(2,858)</b>		<b>1,259</b>



## 27. Cash flow statement - financing activities

2022/23		2023/24
£000		£000
12	Other receipts/(payments) from/(for) financing activities	(4)
(4,555)	Repayments of short- and long-term borrowing	(92)
4,320	Council tax and non-domestic rates adjustments	597
<b>(223)</b>		<b>501</b>

## 28. Reconciliation of liabilities arising from financing activities

	01 April 2023	Financing cash flows	Changes which are not financing cash flows		31 March 2024
			Acquisition	Other non- financing cash flows	
	£000	£000	£000	£000	£000
Long term borrowings	(34,272)	-	-	9	(34,263)
Short term borrowings	(349)	92	-	(11)	(268)
Lease liabilities	(544)	-	-	-	(544)
Total liabilities from financing activities	<b>(35,165)</b>	<b>92</b>	<b>-</b>	<b>(2)</b>	<b>(35,075)</b>

	01 April 2022	Financing cash flows	Changes which are not financing cash flows		31 March 2023
			Acquisition	Other non- financing cash flows	
	£000	£000	£000	£000	£000
Long term borrowings	(38,626)	4,354	-	-	(34,272)
Short term borrowings	(508)	159	-	-	(349)
Lease liabilities	(544)	-	-	-	(544)
Total liabilities from financing activities	<b>(39,678)</b>	<b>4,513</b>	<b>-</b>	<b>-</b>	<b>(35,165)</b>

## 29. Members' allowances

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

2022/23		2023/24
£000		£000
393	Allowances	413
3	Expenses	3
<b>396</b>		<b>416</b>

**30. Officers' remuneration****30.1 Senior officers' remuneration**

There is a requirement to disclose the individual remuneration of senior officers (those whose remuneration is more than £50,000 and are a designated head of a paid service and/or have responsibility for the management of the Council). The following table sets out the remuneration for senior officers whose salary is above £50,000 or, where employed during the financial year, for those earning more than £150,000 (excluding pension contributions) then they must be named.

	<b>2023/24</b>				
	<b>Salary (including allowances)</b>	<b>Election fees</b>	<b>Total remuneration excluding pension contributions</b>	<b>Employer pension contributions</b>	<b>Total remuneration including pension contributions</b>
	£000	£000	£000	£000	£000
Corporate director - people (1)	116	-	116	20	136
Director of finance & corporate resources - s151 officer	88	-	88	15	103
Chief operating officer	83	-	83	14	97
Assistant director - strategic insight & delivery	83	-	83	14	97
Corporate director - people (2)	79	-	79	13	92
Chief executive officer (3)	76	1	77	13	90
Corporate director - place (4)	4	-	4	1	5

(1) Interim managing director until 30/09/2023

(2) Interim position - ended 31 March 2024

(3) Started 11/09/2023

(4) Started 18/03/2024

	<b>2022/23</b>				
	<b>Salary (including allowances)</b>	<b>Election fees</b>	<b>Total remuneration excluding pension contributions</b>	<b>Employer pension contributions</b>	<b>Total remuneration including pension contributions</b>
	£000	£000	£000	£000	£000
Managing director (1)	135	10	145	23	168
Corporate director - people	95	1	96	16	112
Corporate director - place (2)	88	-	88	15	103
Chief operating officer	80	1	81	14	95
Assistant director - strategic insight & delivery	80	-	80	14	94
Director of finance & corporate resources - s151 officer (3)	66	-	66	11	77
Chief finance officer - s151 officer (4)	8	-	8	1	9
Corporate director - people (5)	8	-	8	1	9
Assistant director - corporate resources (6)	4	-	4	1	5

(1) Ended 28/02/2023

(2) Ended 26/02/2023

(3) Started 20/06/2022

(4) Ended 29/04/2022

(5) Interim position - started 10/02/2023

(6) Ended 15/04/2022

### 30.2 Officers' remuneration

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

<b>2022/23</b>		<b>2023/24</b>
Number of employees		Number of employees
16	£50,000 - £54,999	19
14	£55,000 - £59,999	15
6	£60,000 - £64,999	10
4	£65,000 - £69,999	1
1	£70,000 - £74,999	3
1	£75,000 - £79,999	1
-	£80,000 - £84,999	1
<b>42</b>		<b>50</b>

**31. External audit costs**

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

<b>2022/23</b>		<b>2023/24</b>
£000		£000
53	Fees payable to the appointed auditor with regard to external audit services	152
10	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	13
<u>63</u>		<u>165</u>

**32. Grant income**

The Council credited the following revenue grants and contributions to the comprehensive income and expenditure statement:

<b>2022/23</b>		<b>2023/24</b>
£000		£000
	<b>Credited to taxation and non specific grant income</b>	
(2,116)	New homes bonus	(1,273)
(956)	Other non-ringfenced grants	(1,552)
<u>(3,354)</u>	Capital grants	<u>(5,161)</u>
<b>(6,426)</b>		<b>(7,986)</b>

<b>2022/23</b>		<b>2023/24</b>
£000		£000
	<b>Credited to services</b>	
(23,473)	Rent allowances	(24,384)
(425)	Benefits administration	(463)
(1,445)	Improvement grants	(1,702)
<u>(2,781)</u>	Other grants	<u>(3,575)</u>
<b>(28,124)</b>		<b>(30,124)</b>

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:

<b>31 March 2023</b>		<b>31 March 2024</b>
£000		£000
	<b>Capital</b>	
<u>(2,842)</u>	Cambridgeshire Horizons - Other	<u>(2,842)</u>
<b>(2,842)</b>		<b>(2,842)</b>
	<b>Other</b>	
(52)	Mortgage rescue scheme	(52)
<u>(61)</u>	Preventing repossessions	<u>(61)</u>
<b>(113)</b>		<b>(113)</b>

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:

31 March 2023		31 March 2024
£000		£000
(1)	Building foundations from growth	(1)
-	Changing Places	(85)
(54,989)	Community infrastructure levy	(54,614)
(1,375)	Future high streets	(1,142)
-	Housing fund	(651)
(155)	Huntingdon on-street wi-fi	(155)
(119)	Insurance contribution	(119)
<b>(56,639)</b>		<b>(56,767)</b>

### 33. Related party transactions

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.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 29. Some members are also:

- elected members of other councils, including the county council, parish and town councils.
- nominated representatives of Huntingdonshire District Council on various organisations, including the Cambridgeshire and Peterborough Combined Authority.

The Council has a significant operational relationship with Cambridgeshire County Council. The county 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.

During 2023/24, the Council:

- paid £9,073,000 to the county council (£6,323,000 for pensions and £2,750,000 for other services); and
- received £830,000 from the county council.

The Council also has shared services arrangements with Cambridge City Council (CCC) and South Cambridgeshire District Council (SCDC) for ICT, building control, legal and CCTV services:

<b>Payments (from)/to</b>	<b>CCC</b> £000	<b>SCDC</b> £000
ICT services	(3,601)	(2,177)
Legal services	(239)	-
Building control	130	-
CCTV	(467)	-

The home improvement agency is a shared service between the Council, Cambridge City Council and South Cambridge District Council; the agency is managed by Cambridge City Council. The Council's grant applicants' contribution to the agency for 2023/24 was £294,000 (2022/23 £285,000), which represents 15% of the disabled facilities grant that the agency manages on behalf of the Council. The Council also incurred relocation costs where the agency received a contribution of £3,000 in 2022/23 (2022/23 £2,000).

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
- Cambridgeshire and Peterborough Combined Authority

Full details of the amounts payable to each of the organisations are shown in the collection fund on page 79.

In respect of 2023/24 52 members out of the 52 members who served the Council and 17 officers out of the 17 officers in post 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 below:

Organisation	Person	Relationship	Payments made by the organisation to the Council 2023/24 £	Payments made by the Council to the organisation 2023/24 £	Interest
BID Huntingdon	Cllr Wakeford	Director	*	37,004 11,197	Visitor centre grant Shop front grant
Cambridgeshire County Council	Cllr Blackwell Cllr Bywater Cllr Corney Cllr Costello Cllr Criswell Cllr Dew Cllr Ferguson Cllr Gardener Cllr Gleadow Cllr Hunt Cllr McAdam Cllr Sanderson Cllr Slade Cllr I Taylor Cllr S Taylor Cllr Tevlin Cllr Wells	Partner relationship Member Member Member Member Member Member Member Committee appointee Committee appointee Committee appointee Member Partner relationship Partner relationship Member Committee appointee Committee appointee	100,000	120,000 48,000 10,000 78,863	Grant for council tax pilot scheme Grant contribution Broadway scheme UKSPF business & IP centres Funding towards NEET transport project Other grant contributions
Cambridgeshire & Peterborough Combined Authority	Cllr Conboy Cllr Corney Cllr Davenport-Ray Cllr Hassall Cllr Neish Cllr Pitt Cllr Sanderson Cllr Wakeford	Committee appointee Committee appointee Committee appointee Committee appointee Committee appointee Committee appointee Committee appointee Committee appointee	*	*	
Food for Naught	Cllr Howell	Director	-	1,000	Community chest grant
Godmanchester Town Council	Cllr Conboy Cllr D Mickelburgh	Member Member	-	9,054	Vibrant Communities grant
Huntingdon Commemoration Hall	Cllr McAdam	Trustee	*	1,000 6,084	Community chest grant Shop front grant

Organisation	Person	Relationship	Payments made by the organisation to the Council 2023/24 £	Payments made by the Council to the organisation 2023/24 £	Interest
Huntingdon Town Council	Cllr Blackwell	Member	*	16,652	Vibrant Communities grant
	Cllr M Kadewere	Member			Biodiversity for All grant
	Cllr P Kadewere	Member		7,999	
	Cllr McAdam	Member		6,592	Mill Common grant
	Cllr Sanderson	Member		900	Contribution to Fayre on the Square
				500	Community chest grant
Loves Farm Community Association/ Centre	Cllr Davenport Ray	Trustee	*	1,000	Community chest grant
	Cllr Pickering	Member			
	Cllr Pitt	Member			
Ramsey Town Council	Cllr Brereton	Member	*	10,000	Vibrant Communities grant
	Cllr Clarke	Member			
	Cllr Corney	Member		8,640	Grant provision Old Station Road
	Cllr Costello	Member			
Social Echo North Huntingdon CIC	Cllr Howell	Director	*	3,537	Contribution to health inequalities project
				800	Community chest grant
Somersham Parish Council	Cllr Criswell	Member	*	6,610	Contribution to health inequalities project
				5,000	Vibrant Communities grant
St Ives Town Council	Cllr Burke	Member	*	20,000	Vibrant Communities grant
	Cllr Gleadow	Member			
	Cllr Kerr	Member		7,500	Contribution to health inequalities project
	Cllr Mokbul	Member			
	Cllr Wells	Member			
St Neots Town Council	Cllr Banks	Member	*	50,000	Public art initiative
	Cllr Pitt	Member		20,000	Vibrant Communities grant
	Cllr Slade	Member			
	Cllr Terry	Member			
Yaxley Parish Council	Cllr Gulson	Member	*	10,000	Vibrant Communities grant
				500	Community chest grant

\* There are payments to and from Huntingdonshire District Council however these are normal business transactions and are therefore not related party transactions and do not need to be declared.



### 34. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, 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.

2022/23		2023/24
£000		£000
<b>70,379</b>	<b>Opening capital financing requirement</b>	<b>72,261</b>
	<b>Capital investment</b>	
2,139	Property, plant and equipment	2,421
60	Intangible assets	81
	Revenue expenditure funded from capital under	
7,441	statute	8,478
29	Investment properties	1,833
387	Assets under construction	595
139	Infrastructure assets	-
	<b>Sources of finance</b>	
(662)	Capital receipts	(136)
(1,710)	Grants and other contributions	(1,817)
	Capital grants unapplied reserve - community	
(1,170)	infrastructure levy	(2,365)
(2,201)	Capital grants unapplied reserve - other	(4,542)
(14)	Use of earmarked reserves	(1,808)
(2,556)	Minimum revenue provision	(2,660)
<b>72,261</b>	<b>Closing capital financing requirement</b>	<b>72,341</b>
	Increase in underlying need to borrow (unsupported	
<b>1,882</b>	by government financial assistance)	<b>80</b>

### 35. Leases

#### 35.1 Council as lessee

##### 35.1.1 Finance leases

The Council has acquired some industrial units under finance leases. The assets acquired under these leases are carried as investment properties in the balance sheet at the following net amounts:

31 March 2023		31 March 2024
£000		£000
621	Investment properties	369

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 remains outstanding.

The minimum lease payments are made up of the following amounts:

2022/23			2023/24	
£000			£000	
545		Non-current	545	
2,676		Finance costs payable in future years	2,637	
<u>3,221</u>			<u>3,182</u>	

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

2022/23				2023/24		
Finance lease payments £000	Minimum lease payments £000			Finance lease payments £000	Minimum lease payments £000	
-	39	Not later than 1 year		-	39	
1	156	Later than 1 year and not later than 5 years		1	156	
544	3,026	Later than 5 years		544	2,987	
<u>545</u>	<u>3,221</u>			<u>545</u>	<u>3,182</u>	

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 2023/24 £81,000 contingent rents were payable by the Council (2022/23 £81,000).

### 35.1.2 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:

2022/23			2023/24	
£000			£000	
-		Not later than 1 year	70	
-		Later than 1 year and not later than 5 years	59	
<u>-</u>			<u>129</u>	

The expenditure charged to the appropriate service in the comprehensive income and expenditure statement during the year in relation to these leases was:

2022/23			2023/24	
£000			£000	
28		Lease payments	56	
<u>28</u>			<u>56</u>	

### 35.1.3 Service concessions

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

**35.2 Council as lessor****35.2.1 Finance leases**

The Council has no finance leases as lessor.

**35.2.2 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:

<b>2022/23</b>			<b>2023/24</b>	
£000			£000	
(3,589)	Not later than 1 year		(3,788)	
(8,561)	Later than 1 year and not later than 5 years		(11,520)	
(22,139)	Later than 5 years		(27,122)	
<b>(34,289)</b>			<b>(42,430)</b>	

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.

**36. Termination benefits and exit packages**

The Council approved 0 compulsory redundancies (2022/23: 1) and 0 voluntary redundancies (2022/23: 0). In addition, a further 4 employees left the council in 2023/24 with a compromise agreement (2022/23: 4).

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 redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
							£000	£000
£0 - £20,000	1	-	4	4	5	4	22	21
	<b>1</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>22</b>	<b>21</b>

**37. Defined benefit pension schemes****37.1 Participation in pensions schemes**

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

The Council participates in two post-employment schemes:

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

### 37.2 Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year:

2022/23		2023/24
£000		£000
	<b>Comprehensive income and expenditure statement</b>	
	<b>Cost of services</b>	
8,895	Current service cost	3,940
83	Past service cost	-
	<b>Financing and investment income and expenditure</b>	
7,169	Net interest expense	8,674
(5,223)	Expected return on scheme assets	(8,926)
<b>10,924</b>	<b>Total post employment benefit charged to the surplus on the provision of service</b>	<b>3,688</b>
	<b>Other post employment benefit charged to the comprehensive income and expenditure statement</b>	
	Re-measurement of the net defined benefit liability comprising:	
(10,026)	Return on plan assets (excluding the amount included in the net interest expense)	12,046
1,442	Actuarial gains and losses arising on changes in demographic assumptions	980
104,084	Actuarial gains and losses arising on changes in financial assumptions	11,546
(14,577)	Other experience gains	(5,747)
-	Asset ceiling adjustment	(29,205)
<b>80,923</b>	<b>Total post employment benefit charged to other comprehensive income and expenditure</b>	<b>(10,380)</b>
<b>91,847</b>	<b>Total post employment benefit charged to the comprehensive income and expenditure</b>	<b>(6,692)</b>

2022/23		2023/24
£000		£000
	<b>Movement in reserves statement</b>	
	Reversal of net charges made to the surplus on the provision of services for post employment benefits in accordance with the code	
(10,924)		(3,688)
	Actual amount charged against the general fund for pensions in the year:	
4,724	Employer contributions to the scheme	4,796
170	Retirement benefits payable to pensioners	178
<b>(6,030)</b>	<b>Total movement in pensions reserve</b>	<b>1,286</b>

The amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2023/24 is a loss of £10,380,000 (a gain of £80,923,000 during 2022/23).

### 37.3 Assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

	31 March 2023	31 March 2024
	£000	£000
Fair value of plan assets	188,640	208,166
Present value of funded liabilities	(181,859)	(181,357)
Present value of unfunded liabilities	(1,978)	(1,895)
	4,803	24,914
Asset ceiling adjustment	-	(29,205)
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>4,803</b>	<b>(4,291)</b>

Following the pensions valuation by the Councils actuary, Hymans Robertson LLP, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2024 resulting in a pension plan asset. IAS19 requires that, where a pension plan asset exists, it is measured at the lower of:

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

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

The Council has therefore limited the pension asset recognised in its balance sheet to the asset ceiling. The adjustment has been recognised within other comprehensive income and expenditure of the comprehensive income and expenditure statement.

## 37.4 Assets and liabilities in relation to post-employment benefits

Reconciliation of the present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities		Unfunded liabilities: discretionary benefits	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
<b>Opening balance at 1 April</b>	(261,461)	(181,859)	(2,371)	(1,978)
Current service cost	(8,895)	(3,940)	-	-
Interest cost	(7,169)	(8,674)	-	-
Change in financial assumptions	103,861	11,641	223	(95)
Change in demographic assumptions	1,442	980	-	-
Experience gain on defined benefit obligation	(14,577)	(5,747)	-	-
Estimated benefits paid net of transfers in	6,204	7,462	-	-
Past service costs including curtailments	(83)	-	-	-
Contributions by scheme participants	(1,181)	(1,220)	-	-
Unfunded pension payments	-	-	170	178
<b>Closing balance at 31 March</b>	<b>(181,859)</b>	<b>(181,357)</b>	<b>(1,978)</b>	<b>(1,895)</b>

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2022/23	2023/24
	£000	£000
<b>Opening balance at 1 April</b>	193,742	188,640
Interest on assets	5,223	8,926
Return on assets less interest	(10,026)	12,046
Contributions by employer including unfunded	4,724	4,796
Contributions by scheme participants	1,181	1,220
Estimated benefits paid plus unfunded net of transfers in	(6,204)	(7,462)
<b>Closing balance at 31 March</b>	<b>188,640</b>	<b>208,166</b>

Pension scheme assets comprised:

	31 March 2023				31 March 2024			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset
	£000	£000	£000		£000	£000	£000	
UK debt securities	-	6,385	6,385	3%	-	17,697	17,697	9%
Equity securities	-	-	-	0%	14,108	-	14,108	7%
Private equity	-	23,409	23,409	12%	-	25,370	25,370	12%
UK property	-	12,322	12,322	7%	-	16,816	16,816	8%
Cash	4,557	-	4,557	2%	4,519	-	4,519	2%
Derivatives	-	792	792	0%	-	1	1	0%
<b>Other investment funds:</b>								
Equities	-	104,226	104,226	55%	-	84,855	84,855	41%
Infrastructure	-	16,584	16,584	9%	-	14,924	14,924	7%
Other bonds	-	20,365	20,365	11%	-	29,876	29,876	14%
	<b>4,557</b>	<b>184,083</b>	<b>188,640</b>		<b>18,627</b>	<b>189,539</b>	<b>208,166</b>	

### 37.5 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The local government pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2022.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

The significant assumptions used by the actuary have been:

<b>2022/23</b>
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<b>2023/24</b>
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#### Mortality assumptions

##### Longevity at 65 for current pensioners:

22.0	Men	21.8
24.6	Women	24.4

##### Longevity at 65 for future pensioners:

22.3	Men	22.1
26.0	Women	25.8

3.45%	Rate of increase in salaries	3.25%
2.95%	Rate of increase in pensions	2.75%
4.75%	Rate for discounting scheme liabilities	4.85%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in assumption
	£000
Longevity (increase by 1 year)	3-5%
Rate of increase in salaries (increase by 0.1%)	166
Rate of increase in pensions (increase by 0.1%)	3,607
Rate for discounting scheme liabilities (decrease by 0.1%)	(3,704)

### 37.6 Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The contribution rate set by the current triennial valuation took effect from the financial year starting 1 April 2022.

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

Employer contributions for 2024/25 are estimated at £4,709,000.

### 37.7 Scheme history

	31 March 2020	31 March 2021	31 March 2022	31 March 2023	31 March 2024
	£000	£000	£000	£000	£000
<b>Present value of liabilities:</b>					
Local government pension scheme	(206,927)	(269,842)	(261,461)	(181,859)	(181,357)
Discretionary benefits	(2,483)	(2,519)	(2,371)	(1,978)	(1,895)
<b>Fair value of assets in the local government pension scheme</b>	143,605	179,317	193,742	188,640	208,166
<b>Asset ceiling adjustment</b>	-	-	-	-	(29,205)
<b>(Deficit)/surplus in the scheme:</b>					
Local government pension scheme	(63,322)	(90,525)	(67,719)	6,781	(2,396)
Discretionary benefits	(2,483)	(2,519)	(2,371)	(1,978)	(1,895)
<b>Total</b>	(65,805)	(93,044)	(70,090)	4,803	(4,291)



**37.8 History of experience gains and losses**

	2019/20	2020/21	2021/22	2022/23	2023/24
	%	%	%	%	%
Differences between the expected and actual return on assets	3.87	18.16	5.60	(5.31)	5.79
Experience gains and losses on liabilities	7.71	(0.86)	1.39	7.93	3.14

**38. 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 for the Council as a result of changes in such measures as interest rates and stock market movements.

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 a central treasury team, under policies approved by the Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

**38.1 Credit risk**

Credit risk arises from investments with banks and 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 £88,286,000 (2022/23 £75,951,000) 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 2024 that this was likely to occur and there are no investments that as at 31 March 2024 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 debtor element of the total debtors, including debts of individuals, entities and housing benefit claimants.

Amount at 31 March 2024	Average historical experience of default	Historial experience adjusted for market conditions at 31 March 2024	Estimated maximum exposure to default and uncollectability at 31 March 2024	Estimated maximum exposure to default and uncollectability at 31 March 2023
£000			£000	£000

Sundry debtors	4,645	1.64%	1.64%	1,363	1,324
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No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and customers.

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

31 March 2023		31 March 2024	
£000		£000	
6,367	Less than three months	3,152	
144	Three to six months	601	
516	Six months to one year	727	
1,252	More than one year	3,793	
<u>8,280</u>		<u>8,273</u>	

## 38.2 Liquidity risk

The Council manages its liquidity position through the risk management procedures above as well as through cash flow management procedures required by the code of practice. In the event of an unexpected cash requirement the Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need. The Council is also required to provide a balanced budget through the Local Government Act 1992, which ensures sufficient monies are raised to cover the annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

## 38.3 Market risk

### 38.3.1 Interest rate risk

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

- investments at variable rates – the interest income credited to the (surplus)/deficit on the provision of services will rise
- investments at fixed rates – the fair value of the investments asset will fall
- borrowings at variable rates – the interest expense charged to the (surplus)/deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the borrowings liability will fall

Changes in interest payable and receivable on variable rate investments will be posted to the surplus on the provision of services or other comprehensive income and expenditure lines and affect the general fund balance, subject to influences from government grants. Movements in the fair value of fixed rate investments will be reflected in the other comprehensive income and expenditure line.

The Council has strategies for managing interest rate risk. The annual treasury management strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, fixed rate investments may be taken for longer periods to secure better long-term returns.

The treasury management team has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

### 38.3.2 Price risk

At 31 March 2024 the Council had £4,000,000 invested in the local authorities' property fund which is a professionally managed diversified property portfolio.

This investment is classified as a financial asset elected for fair value through other comprehensive income (FVOCI), meaning that all movements in price will impact on gains and losses recognised in other comprehensive income and expenditure.

A loss of £145,000 in respect of the local authorities property fund has been recognised in other comprehensive income and expenditure in 2023/24 (2022/23 a loss of £736,000). 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.

The Council does not invest in equity shares and is not exposed to losses arising from movements in the prices of the shares.

### 38.3.3 Foreign exchange risk

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

## 39. Provisions, contingent assets and contingent liabilities

### 39.1 Provisions

A provision is made where an obligating event is expected to occur within the next 12 months.

	Short term provisions		
	NDR appeals provision	Insurance claim	Total
	£000	£000	£000
<b>Balance at 1 April 2022</b>	<b>(1,118)</b>	<b>(13)</b>	<b>(1,131)</b>
Amounts used in 2022/23	(1,318)	-	(1,318)
Amounts charged to services in 2022/23	1,118	-	1,118
<b>Balance at 31 March 2023</b>	<b>(1,318)</b>	<b>(13)</b>	<b>(1,331)</b>
Amounts used in 2023/24	(2,911)	-	(2,911)
Amounts charged to services in 2023/24	1,318	-	1,318
<b>Balance at 31 March 2024</b>	<b>(2,911)</b>	<b>(13)</b>	<b>(2,924)</b>

- Non-domestic ratings (NDR) appeals – the council has made a provision of £7,277,000 for non-domestic ratings appeals which based upon its best estimates of the actual liability of known appeals as at the year-end. £2,911,000 would have to be borne by the Council, with the balance being met from the other preceptors. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.
- Insurance - this provision relates to a 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.

### 39.2 Contingent assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. At 31 March 2024, the Council had no material contingent assets.

### 39.3 Contingent liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2024.

2022/23		2023/24
Estimated value of contingent liability		Estimated value of contingent liability
£000		£000
2,550	<p><b>Environment related</b></p> <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 16 years (originally 30 years).</p>	2,400

2022/23		2023/24
Estimated value of contingent liability		Estimated value of contingent liability
£000		£000

2022/23		2023/24
654	<p><b>Corporate related</b></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 the 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 £0.201m levy has been charged against the Council, which represents 25% of the total claims paid by MMI on behalf of the Council since 1993 (£0.855m) less a protected liability sum of £50k as agreed by the Financial Services Compensation Board.</p> <p>The contingent liability shown for 2023/24 is the balance of the total claims paid by MMI on behalf of the Council.</p>	654

#### 40. Going concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts have been prepared on the going concern basis. In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2026, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances are reported in the movement in reserves statement. Our expected general fund and earmarked reserve position is predicted to remain above the minimum level set by the Council's Corporate Director of Finance and Resources (s151 officer) throughout the going concern period.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing. The key assumptions within this forecast include, for example, that central Government funding remains in line with current projections. Should central government funding fall, the projected minimum levels of reserves and liquidity are not expected to be significantly affected.

On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

## Collection fund

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

2022/23			2023/24			
Council tax	NNDR	Total		Council tax	NNDR	Total
£000	£000	£000	note	£000	£000	£000
(134,721)	-	(134,721)		(144,497)	-	(144,497)
-	(60,009)	(60,009)		-	(63,978)	(63,978)
-	405	405		-	(6,411)	(6,411)
<b>(134,721)</b>	<b>(59,604)</b>	<b>(194,325)</b>		<b>(144,497)</b>	<b>(70,389)</b>	<b>(214,886)</b>
			<b>Income</b>			
			<b>Precepts and demands</b>			
94,791	-	94,791	C2	101,513	-	101,513
16,614	-	16,614	C2	17,930	-	17,930
4,836	-	4,836	C2	5,258	-	5,258
-	-	-	C2	790	-	790
17,625	-	17,625	C2	18,725	-	18,725
			<b>Payments of NNDR 1 proportionate shares</b>			
-	29,951	29,951	C3	-	33,880	33,880
-	5,391	5,391	C3	-	6,098	6,098
-	599	599	C3	-	678	678
-	23,960	23,960	C3	-	27,104	27,104
			<b>Distribution of previous year estimated (deficit)/surplus</b>			
-	(4,575)	(4,575)	C1	-	(2,088)	(2,088)
(549)	(823)	(1,372)	C1	213	(375)	(162)
(97)	-	(97)	C1	38	-	38
(29)	(91)	(120)	C1	11	(41)	(30)
-	-	-	C1	-	-	-
(104)	(3,660)	(3,764)	C1	36	(1,671)	(1,635)
			<b>Charges to the collection fund</b>			
-	1,169	1,169		-	996	996
-	1,860	1,860		-	2,235	2,235
-	222	222		-	227	227
496	70	566		1,447	422	1,869
-	500	500	C4	-	3,982	3,982
<b>133,583</b>	<b>54,573</b>	<b>188,156</b>		<b>145,961</b>	<b>71,447</b>	<b>217,408</b>
<b>(1,138)</b>	<b>(5,031)</b>	<b>(6,169)</b>		<b>1,464</b>	<b>1,058</b>	<b>2,522</b>
682	10,240	10,922		(456)	5,209	4,753
<b>(456)</b>	<b>5,209</b>	<b>4,753</b>		<b>1,008</b>	<b>6,267</b>	<b>7,275</b>

## Notes to the collection fund

### C1. General

The collection fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate collection fund. The statements show the transactions of the billing authority in relation to the collection from taxpayers of council tax and non-domestic rates (NDR) and its distribution to local government bodies and the government.

The Council has a statutory requirement to operate a collection fund as a separate account to the general fund. The purpose of the collection fund therefore is to isolate the income and expenditure relating to council tax and NNDR. The administrative costs associated with the collection process are charged to the general fund.

Collection fund surpluses declared by the billing authority in relation to council tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Huntingdonshire, the council tax precepting bodies are Cambridgeshire County Council, Cambridgeshire Police and Crime Commissioner, Cambridgeshire Fire Authority and Cambridgeshire & Peterborough Combined Authority.

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses in their area. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

Surpluses declared by the billing authority in relation to the collection fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by local authorities in England stipulates that a collection fund income and expenditure account is included in the Council's financial statements. The collection fund balance sheet meanwhile is incorporated into the Council's consolidated 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/(creditor) 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.

### C2. Calculation of council tax

Council tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A\* - H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the Council for the forthcoming year and dividing this by the council tax base (i.e., the equivalent number of band D dwellings).

Band	2023/24		
	Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents
A*	39.2	5/9	21.8
A	14,510.7	6/9	9,673.8
B	23,003.3	7/9	17,891.5
C	18,390.9	8/9	16,347.5
D	11,133.6	9/9	11,133.6
E	7,288.0	11/9	8,907.6
F	2,664.9	13/9	3,849.3
G	1,060.4	15/9	1,767.3
H	68.1	18/9	136.2
			69,728.6
Allowance for non-collection			(397.1)
Council tax support scheme			(3,536.5)
<b>Council tax base</b>			<b>65,795.0</b>

### C3. Non-domestic rates

The Council collects non-domestic rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by central government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NDR pool) administered by central government, which, in turn, paid to local authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NDR changed following the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses in their area but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NDR to the central pool, local authorities retain a proportion of the total collectible rates due. Huntingdonshire District Council's share is 40% with the remainder paid to our precepting bodies, central government 50%, Cambridgeshire County Council 9% and Cambridgeshire Fire Authority 1%.

The business rates shares payable for 2023/24 were estimated before the start of the financial year as £33,880,126 to central government, £6,098,423 to Cambridgeshire County Council, £677,603 to Cambridgeshire Fire Authority and £27,104,101 to Huntingdonshire District Council. These sums have been paid in 2023/24 and charged to the collection fund in the year.

When the scheme was introduced, central government set a baseline level for each authority identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to central government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Huntingdonshire District Council paid a tariff of £21,360,072 from the general fund in 2023/24.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2024. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2023/24 has been calculated as £3,982,000 (2022/23: £500,000).



The total non-domestic rateable value at 31 March 2024 was £179,433,210 (31 March 2023: £152,823,493). The national non-domestic rate multiplier for the year was 49.9p for small businesses (2022/23: 49.9p) and 51.2p for all other businesses (2022/23: 51.2p).

**C4. 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.

	<b>NNDR appeals provision</b>
	£000
<b>Balance at 1 April 2022</b>	<b>(2,794)</b>
Amounts used in 2022/23	(3,294)
Amounts charged to services in 2022/23	2,794
<b>Balance at 31 March 2023</b>	<b>(3,294)</b>
Amounts used in 2023/24	(7,277)
Amounts charged to services in 2023/24	3,294
<b>Balance at 31 March 2024</b>	<b>(7,277)</b>

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## 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 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 the body 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 for which the Council may be, but is not definitely, liable.

**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 to which the Council owes money 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 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 its 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 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.

**Abbreviations**

<b>CFR</b>	capital financing requirement
<b>CIES</b>	comprehensive income and expenditure statement
<b>CIL</b>	community infrastructure levy
<b>CIPFA</b>	chartered institute of public finance and accountancy
<b>CPFA</b>	chartered public finance accountant
<b>DRC</b>	depreciated replacement cost
<b>EFA</b>	expenditure and funding analysis
<b>FTE</b>	full time equivalent
<b>IAS</b>	international accounting standards
<b>IFRIC</b>	international financial reporting interpretations committee
<b>IFRS</b>	international financial reporting standards
<b>LEP</b>	local enterprise partnership
<b>LGPS</b>	local government pension scheme
<b>LLPG</b>	local land and property gazetteer (UK)
<b>MHCLG</b>	ministry for housing, communities and local government
<b>MRP</b>	minimum revenue provision
<b>MTFS</b>	medium term financial strategy

<b>NBV</b>	net book value
<b>NDR</b>	non-domestic rates
<b>NHB</b>	new homes bonus
<b>NNDR</b>	national non-domestic rates (business rates)
<b>PWLB</b>	public works loans board
<b>RICS</b>	royal institution of chartered surveyors
<b>RSG</b>	revenue support grant
<b>S106</b>	section 106
<b>SOLACE</b>	society of local authority chief executives

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