



A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held in the **COMMITTEE SUITE, BURGESS HALL, ONE LEISURE, WESTWOOD ROAD, ST IVES, PE27 6WU** on **WEDNESDAY, 27 APRIL 2022** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

AGENDA

APOLOGIES

1. MINUTES (Pages 5 - 12)

To approve as a correct record the Minutes of the meeting of the Committee held on 26th January 2022.

Contact Officer: H Peacey - (01223) 752548

2. MEMBERS' INTERESTS

To receive from Members declarations as to disclosable pecuniary and other interests in relation to any Agenda Item.

Contact Officer: Democratic Services - (01223) 752548

3. CODE OF CONDUCT COMPLAINTS - UPDATE (Pages 13 - 16)

To provide a summary and update of completed or ongoing complaints received regarding alleged breaches of the Code of Conduct under the Localism Act 2011 since the start of the year.

Contact Officer: L Jablonska - (01480) 388004

4. ANNUAL REPORT ON HDC COMPLIANCE WITH FREEDOM OF INFORMATION (FOI) & ENVIRONMENTAL INFORMATION REGULATIONS (EIR) ACTS

To consider a report on requests for information received by the Council under the Freedom of Information and Environmental Information Regulations Acts and to highlight any issues encountered and actions to be taken to improve performance – **“TO FOLLOW”**.

Contact Officer: K Squires - Kirsty.Squires@3csharedservices.org

5. INTERNAL AUDIT PLAN 2022/23 & INTERNAL AUDIT CHARTER

To receive a report from the Internal Audit Manager outlining the Internal Audit Plan & Internal Audit Charter – “**TO FOLLOW**”.

Contact Officer: D Moss - (01480) 388475

6. IMPLEMENTATION OF INTERNAL AUDIT ACTIONS (Pages 17 - 38)

To receive a report from the Internal Audit Manager providing an update on the implementation of audit actions.

Contact Officer: D Moss - (01480) 388475

7. APPROVAL FOR PUBLICATION OF THE 2020/21 ANNUAL GOVERNANCE STATEMENT (Pages 39 - 58)

To receive a report completing the processes for finalising and publishing the Council’s Annual Governance Statement for 2020/21.

Contact Officer: D Moss - (01480) 388475

8. APPROVAL FOR PUBLICATION OF THE 2020/21 ANNUAL FINANCIAL REPORT (Pages 59 - 252)

To consider the Auditor’s Report, Annual Governance Statement, the Letter of Representation and the Annual Financial Report.

Contact Officer: E Symons - (01480) 388388

9. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 253 - 254)

To receive the Corporate Governance Committee Progress Report.

Contact Officer: H Peacey - (01223) 752548

19 day of April 2022



Head of Paid Service

Disclosable Pecuniary Interests and other Registerable and Non-Registerable Interests.

Further information on [Disclosable Pecuniary Interests and other Registerable and Non-Registerable Interests is available in the Council’s Constitution](#)

Filming, Photography and Recording at Council Meetings

The District Council permits filming, recording and the taking of photographs at its meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening at meetings.

Arrangements for these activities should operate in accordance with [guidelines](#) agreed by the Council.

Please contact Habbiba Peacey, Democratic Services Officer, Tel: (01223) 752548 / email: Habbiba.Peacey@huntingdonshire.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee.

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.

Agenda and enclosures can be viewed on the [District Council's website](#).

Emergency Procedure

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit.

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HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the CIVIC SUITE, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Wednesday, 26 January 2022

PRESENT: Councillor G J Bull – Chairman.

Councillors E R Butler, J C Cooper-Marsh, Dr P L R Gaskin, K P Gulson, P Kadewere, L W McGuire, R J West and Mrs S R Wilson.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors D A Giles, H V Masson and J P Morris.

29 MINUTES

The Minutes of the meeting of the Committee held on 14th September 2021 were approved as a correct record and signed by the Chairman.

30 MEMBERS' INTERESTS

No declarations were received.

31 MODEL COUNCILLOR CODE OF CONDUCT 2020

With the aid of a report prepared by the Monitoring Officer (a copy of which is appended in the Minute Book) the Committee considered the adoption of the Local Government Association new Model Code of Conduct and associated Guidance.

By way of background, the Monitoring Officer reported that the new Model Code had been subject to a long period of consultation with the changes not as extensive as originally campaigned for. The Model Code now included reference to social media with a further change being included around the registration and disclosure of "Other Registerable Interests" and "Non-Registerable Interests" which replaced "non-disclosable pecuniary interests or non-pecuniary interests" in the current Code. In his concluding remarks, the Monitoring Officer advised that neighbouring authorities were also in the process of adopting the new Model Code to take effect from May 2022.

In response to a question raised by Councillor Mrs S Wilson, the Monitoring Officer confirmed that all Town and Parish Councils in the District were aware of the new Code and that the Cambridgeshire and Peterborough Association of Local Councils had held two training sessions on the Model Code in May 2021. If approved by the District Council, correspondence would be sent to all the Town and Parish Councils inviting them to consider adoption of the new Model Code.

A brief discussion then ensued on the extent of the interests to be declared by the Chairman and Vice-Chairman of the Council given the roles they played at

Civic Events. Whilst it was acknowledged that there were some grey areas in this respect, the Monitoring Officer reminded the Committee of the importance of value and perception and advised that if there were any doubts, postholders should declare interests as required.

Having been advised that mandatory training on the new Model Code would be provided to all District Councillors following the elections in May 2022, it was

RESOLVED

that the Council be recommended to adopt the Local Government Association (LGA) new Model Code and Guidance.

32 EXTERNAL AUDIT 2020/2021

(Mr A Paylor, Audit Manager for Ernst & Young LLP was in attendance for this item).

Mr A Paylor, Audit Manager for Ernst & Young LLP advised the Committee that the audit was progressing well and that the External Audit Plan 2020/21 was on track for submission to the Committee's 30th March 2022 meeting. No significant issues had been identified at this present time, with the exception of the pensions valuation which was currently undergoing investigation. Sample testing work was scheduled for completion at the end of February 2022.

In response to questions from the Chairman, Mr Paylor confirmed that he was not envisaging any delays with the Audit Plan beyond 30th March and advised that additional resources would be brought in if required. In noting the Committee's disappointment that this had now occurred for the second year running, Mr Paylor advised that it could possibly take a further two years to catch up with the delays experienced. Mr E Symons, the Council's Chief Finance Officer confirmed that despite the additional pressures, the Finance Team were on schedule to deliver the audit and budget setting process within the timeframes given.

Other matters that were discussed included the impact upon the Finance Team if there were any delays beyond 30th March 2022, the problems experienced nationally with regards to the completion of Local Government audits and the extension which had been granted by the Government to complete and finalise the accounts.

33 INVITATION TO BECOME AN OPTED IN AUTHORITY: THE LOCAL AUDIT AND ACCOUNTABILITY ACT 2014 AND THE LOCAL AUDIT (APPOINTING PERSON) REGULATIONS 2015 (THE REGULATIONS)

With the aid of a report prepared by the Assistant Director (Corporate Services) (a copy of which is appended in the Minute Book) the Committee gave consideration to an agreement to opt into the national scheme for appointing an External Auditor from 2023/24 to 2027/28. In expressing their support, the Committee

RESOLVED

to recommend to Council that Huntingdonshire District Council opts into the national scheme by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

34 PROPOSAL TO UPLIFT THE CODE OF PROCUREMENT THRESHOLDS

A report by the Assistant Director (Corporate Services) was submitted (a copy of which is appended in the Minute Book) outlining a proposal to uplift the Code of Procurement to include higher purchasing thresholds and simplifying the procurement process.

By way of background, the Assistant Director (Corporate Services) reported upon the rationale behind the proposals which included streamlining them to align with South Cambridgeshire and Cambridge City Councils, creating efficiencies within the current process and removing references to the European Union.

Matters that were discussed included the reasons behind using the World Trade Organisation threshold (at the upper level), the ability for local authorities to set their own thresholds, the training in place for staff on the procurement process, the differences between the quote and tender process and the background to the now filled Strategic Procurement Lead post. Whereupon, it was

RESOLVED

that the Committee recommend to Council the endorsement of the changes to the Code of Procurement to raise the thresholds for the lower levels and simplify the level structure – within the existing regulations, as amended by EU exit legislation.

35 DISPOSALS AND ACQUISITIONS POLICY: LAND AND PROPERTY - UPDATE ON THRESHOLDS

With the aid of a report prepared by the Chief Finance Officer (a copy of which is appended in the Minute Book) the Committee received an update on the Disposals & Acquisitions Policy.

In light of the use of the Policy over the previous 30 months and in noting that no changes were being proposed to the current thresholds and that the Executive Councillor for Strategic Finance was in support of the proposals, it was

RESOLVED

(a) that the report now submitted be received and noted; and

(b) that the Disposals & Acquisitions Policy thresholds be reviewed in 24 months' time.

36 APPROVAL FOR PUBLICATION OF THE 2020/21 ANNUAL FINANCIAL REPORT

The Chairman reported that this item would now be considered at the meeting of the Committee on 30th March 2022.

37 PROGRESS ON ANNUAL GOVERNANCE STATEMENT 2020/21 - SIGNIFICANT ISSUES

A report by the Internal Audit Manager was submitted (a copy of which is appended in the Minute Book) outlining progress made against the significant governance issues reported in the 2019/20 and 2020/21 Annual Governance Statement.

In introducing the report, the Internal Audit Manager drew the Committee's attention to Appendix 1 where the updates were detailed for each of the significant issues listed in the Annual Governance Statement. An update was delivered on the 4 red actions under ICT Cyber Security where it was noted that only 2 red actions now remained outstanding. The Internal Audit Manager reported that a further red action had closed since the publication of the report. A Member commented upon the remaining red actions that he did not wish to see the Council in a vulnerable position. The Internal Audit Manager advised that whilst the actions were red in the Annual Governance Statement, this action plan was in place to address these issues which would take some time to complete. Progress would continue to be reported.

A brief discussion then ensued on lone working and an explanation was delivered on the procurement arrangements in place for personal protection devices which were available to employees as required. Individual services/teams were responsible for capturing such risks within their risk assessment procedures.

In discussing the area of assurance relating to General Data Protection Regulation (GDPR), the Internal Audit Manager undertook to provide an update to Members following a meeting scheduled next week on the matter. Whereupon, the Committee

RESOLVED

to note the progress which has been made against the significant governance issues identified from the Annual Governance Statement 2019/20 and 2020/21 as outlined in Appendix 1 of the report now submitted.

38 IMPLEMENTATION OF INTERNAL AUDIT ACTIONS

With the aid of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) the Committee were updated on the implementation of internal audit actions.

The latest data now revealed 44% of actions being introduced (including those with late implementation) and 37 overdue audit actions remained outstanding. The Internal Audit Manager explained that a majority of overdue actions were more recently overdue i.e. less older actions.

Matters that were discussed included the role of Senior Management and Committee Members in encouraging services to complete their audit actions and the Risk and Controls Board report which was presented to Corporate Senior Leadership Team on a monthly basis and also presented at the monthly

Operations Senior Leadership Team meeting. The Internal Audit Manager also commented on whether the variable target for implementation should be handed over to services to use as a “soft date” to manage their actions, whilst the fixed date for completion of an audit action would remain as the target agreed from the outset with the service. The Internal Audit Team would consider viability of this and whether it will make easier management of the actions and better information reporting to the Committee.

In response to comments which had been made and following much discussion on the matter, the Committee concurred that they needed to raise awareness over the lack of progress made against audit actions with Executive Members. The Chairman advised that he would work with the Internal Audit Manager and Assistant Director (Corporate Services) to send something out to portfolio holders on the Committee’s behalf indicating which Executive Councillor was responsible for each audit action. Having expressed their support for this proposal, it was

RESOLVED

that the content of the report now submitted be received and noted.

39 PROGRESS ON THE INTERNAL AUDIT PLAN

The Committee considered a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) on progress against the Internal Audit Plan for 2021/22 and any issues arising therefrom. The report also detailed the current status of planned assurance activities from the approved Plan.

Having been apprised with the resource position within the Internal Audit Team, attention was then drawn to the RAG status of completion of the various areas included within the Audit Plan. In response to a question raised by the Chairman, the Internal Audit Manager confirmed that IT audits would be undertaken by BDO on behalf of the Council. Those areas marked with a red RAG status had been deprioritised but would remain in the Plan and actioned if resources allowed. The Chairman expressed his concerns over the level of resources available within the Internal Audit Team and advised that he would consider this further.

Having encouraged Members of the Committee to make contact with the Internal Audit Manager with any proposals for the 2022/23 Audit Plan, the Committee

RESOLVED

- (a) to receive and note progress made against the Internal Audit Plan as outlined in the report now submitted;
- (b) to consider and approve the amendments made to the Internal Audit Plan since its approval in March 2021; and
- (c) to make contact with the Internal Audit Manager outside of the meeting with any proposals for the 2022/23 Internal Audit Plan.

40 CODE OF CONDUCT COMPLAINTS - UPDATE

By means of a report by the Elections & Democratic Services Manager & Deputy Monitoring Officer (a copy of which is appended in the Minute Book) the Committee were provided with a summary and update of completed or ongoing complaints received regarding alleged breaches of the Code of Conduct under the Localism Act 2011 since the start of the year.

In noting the cases outlined in paragraph 3.1 of the report and in briefly discussing case number 20/51 where the complainant had expressed their wish to remain anonymous, it was

RESOLVED

that the progress of outstanding complaints and the conclusion of cases resolved since the meeting in September 2021 be noted.

41 UPDATE ON CODE OF CONDUCT AND REGISTER OF DISCLOSABLE PECUNIARY INTERESTS

With the aid of a report prepared by the Elections and Democratic Services Manager (a copy of which is appended in the Minute Book) the Committee were updated on the adoption of Codes of Conduct by Town and Parish Councils and the receipt and publication of register of interests forms on behalf of District, Town and Parish Councillors.

The Elections and Democratic Services Manager advised that as it was within the 6 months period prior to the May 2022 elections, unsurprisingly there were a number of vacancies within Town and Parish Councils. The Committee were reminded that Town and Parishes may co-opt individuals on to their Councils if they so wished.

Matters that were discussed included the status of the Alconburys Community Governance Review, the action taken by the Council to support Woodwalton Parish Council two years ago following the resignation of the whole Parish Council, the responsibility of the Town and Parish Councils in picking up costs associated with local elections and the option available to communities to request a Community Governance Review. Whereupon, it was

RESOLVED

that the content of the report now submitted be noted.

42 LEAD AND DEPUTY INDEPENDENT PERSONS

With the aid of a report prepared by the Elections and Democratic Services Manager & Deputy Monitoring Officer (a copy of which is appended in the Minute Book) the Committee were provided with an opportunity to recommend to Council the appointment of Independent Persons as required by the Localism Act 2011.

In noting that the Lead and Deputy Independent Persons had been consulted on their willingness to continue with their roles in assisting the Committee and Code of Conduct investigations, it was

RESOLVED

that the Council be recommended to affirm the re-appointment of Mrs Gillian Holmes and Mr Peter Baker to the posts of Lead and Deputy Independent Persons respectively for a further two-year period to 30th April 2024 without the need for further ratification in each year by the Council at its Annual Meeting.

43 CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

The Committee received and noted a report (a copy of which is appended in the Minute Book) on progress of actions in response to any decisions taken at previous meetings.

The Democratic Services Officer announced that an update on Data Protection Compliance was expected at the Committee's 30th March 2022 meeting.

In respect of the Code of Procurement Waiver Procedure, the Assistant Director (Corporate Services) reported that there had been a further four uses of the procedure since the September 2021 meeting and tabled background information to Members at the meeting.

Chairman

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Code of Conduct Complaints – Update

Meeting/Date: Corporate Governance Committee – 27th April 2022

Executive Portfolio: Councillor R Fuller, Executive Leader

Report by: Elections and Democratic Services Manager & Deputy Monitoring Officer

Ward(s) affected: All

Executive Summary:

This report provides Members with an update on complaints cases regarding alleged breaches of the Code of Conduct. The Committee is responsible for maintaining high standards of conduct by Members of the District and Town and Parish Councils, for monitoring operation of the Code of Conduct and for considering the outcome of investigations in the event of breaches of the Code.

Recommendation:

The Committee is requested to note the progress of any outstanding complaints and the conclusion of cases resolved since the meeting in January 2022.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide a summary and update of completed or ongoing complaints received regarding alleged breaches of the Code of Conduct under the Localism Act 2011 since the start of the year.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 In accordance with the functions of the Committee, this report seeks to provide a summary of the current position in relation to the Code of Conduct complaints since the last meeting.
- 2.2 At the meeting of the Committee on 13th September 2017, Members requested that this report be submitted on a quarterly basis and to include categories of the Code of Conduct cases to enable feedback to be given to Town and Parish Councils should similar themes emerge on the nature of the complaints to enable further training to be arranged.

3. ANALYSIS

- 3.1 Details of allegations/complaints in relation to the Code of Conduct have been outlined in the table below. Specific detailed information regarding the complaint has not been provided as this may be prejudicial to the conduct of the ongoing complaints process and to protect the identity of councillors who may not have breached the Code of Conduct.

Case Number	District/Town/ Parish Council	Allegation/complaint	Outcome
20/53	Huntingdonshire District Council	Complaint against a District Councillor	In consultation with the Independent Person, response provided to complainant as not within the remit of the Code of Conduct as matter referred to a family dispute.
N/A	Old Weston Parish Council	Complaint against parish councillors that failed to declare a Disclosable Pecuniary Interest	Matter to be referred to the Police for investigation

4. LEGAL IMPLICATIONS

- 4.1 There are no significant implications to report.

5. REASONS FOR THE RECOMMENDED DECISIONS

- 5.1 This is an opportunity for Members of the Committee to be appraised of details of completed complaints and any outstanding complaints alleged against the Code of Conduct. This is in accordance with the functions of the Committee and its duty to discharge functions in relation to the promotion and maintenance of high standards of conduct within the Council and amongst Town and Parish Councils within the District.

6. BACKGROUND PAPERS

Constitution – Members' Code of Conduct

CONTACT OFFICER

Name/Job Title: Lisa Jablonska, Elections and Democratic Services Manager &
Deputy Monitoring Officer
Tel No: (01480) 388004
Email: lisa.jablonska@huntingdonshire.gov.uk

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 27 April 2022

Executive Portfolio: Executive Councillor for Corporate Services
Councillor David Keane

Report by: Deborah Moss, Internal Audit Manager

Ward(s) affected: All Wards

Executive Summary:

Key performance indicator: 100% of audit actions to be implemented by the agreed date. Not achieved.

Performance in the last 12 months* to 12th April 2022:

21 actions implemented - 26% on time, increasing to 40% when including late implementation

32 actions not implemented – 60%

(actions due before the last 12 months period are not included)*

38 overdue audit actions remained outstanding at 12 April 22.

Recommendation:

It is recommended that the Committee consider the report and comment as they consider necessary.

1. PURPOSE OF THE REPORT

- 1.1 To update members on the implementation of audit actions.

2. WHY IS THIS REPORT NECESSARY?

- 2.1 At past meetings of the Corporate Governance Committee (CGC), the committee has expressed concerns at the underachievement of the management-set target of implementing 100% of agreed internal audit actions on time. This report provides an update for members based on audit actions that are outstanding as at 12th April 2022.

3. BACKGROUND

- 3.1 Following each audit review, audit conclusions, associated actions and implementation dates are agreed between the audit client and the audit team. Services can disagree with any action and the audit report is a record of what has been agreed by way of actions and their target dates.
- 3.2 The target for the implementation of 'agreed internal audit actions to be introduced on time' is set at 100% in line with best practice that suggests that all recommendations are implemented by the agreed deadline. The deadline date is set/agreed with the client service and can be extended upon request where reasonable justification is provided (the measurement is taken against the new target date). Therefore, it is reasonable that all actions should be completed by their target date.
- 3.3 For the 12 months ending 12th April 2022, 53 audit actions were due to be implemented. The following shows the performance against due dates:
- 26% (14 actions) were "implemented on time"; this increases to
 - 40% (21 actions) when late implementation is also included
 - 32 actions (60%) have not been implemented.

4. NON-IMPLEMENTATION OF AUDIT ACTIONS

- 4.1 Sometimes non-implementation of an action is due to operational circumstances and to reflect this, a process was in place for re-assessing an action's implementation date and extending it where reasonable. Even after the introduction of this process the 100% indicator was still not being achieved.

The Audit Manager has decided that extensions to deadlines should no longer be given. Instead Action Owners can insert their own progress update, which will give a better indication of work being taken to implement the action and to notify any reasons for delay. Management and Members can then see if there are any barriers to implementation and whether any assistance or resource is required to ensure the action is completed (or whether to accept the risk for longer).

4.2 However, circumstances sometimes prevail such that extended deadlines are missed and the current practice is that non-implementation at this stage is reported to management and CGC.

4.3 As at the 12th April 2022, 38 audit actions remain overdue / not implemented. This includes all overdue actions (not just those due in the last 12 months) to give a more accurate reflection.

A summary is provided at Appendix 1 below.

A detailed analysis of these actions is shown in Appendix 2 (separate document).

Of the 38 actions:

- 4 actions 2 years+
- 2 actions are 1 year+
- 15 actions are between 6 months and 1 year overdue
- 17 actions are less than 6 months overdue

** Time is measured from the 'original target implementation date' to the 12th April 2022.*

4.4 **A new addition to the detail is now presented - the 'last update' from the action owner. This gives Members further information as to the progress being made and potentially a new expected completion date. This should provide more meaningful information on which to consider reasonable progress, delays or hold-ups.**

4.5 All overdue actions continue to be reported to the SLT through our monthly Risk & Controls Board report. All SLT members are provided with a list of outstanding actions with a request that they ensure their Service Managers implement them. Officers with actions assigned to them have direct access to the system to enable them to manage those actions and receive reminders from the system.

5. KEY IMPACTS

5.1 It is important that the Council maintains a sound internal control environment. Actions that the Internal Audit Service propose to address risk and control weaknesses are discussed with Heads of Service and, if appropriate, Directors and agreement is reached as to any corrective action that needs to be taken. Internal audit actions are not imposed on management or Services.

5.2 An action that is not implemented means that the weakness or risk originally identified in the audit report, and which the action was designed to address, will remain as a risk to the organisation.

6. LINK TO THE CORPORATE PLAN

6.1 The Internal Audit Service provides independent, objective assurance to the Council by evaluating the effectiveness of risk management, control, and governance processes. It identifies areas for improvement across

these three areas such that Managers can deliver the Corporate Plan objectives as efficiently, effectively and economically as possible.

7. RESOURCE IMPLICATIONS

7.1 There are no direct resource implications arising from this report.

8. REASONS FOR THE RECOMMENDED DECISIONS

8.1 The report has been requested by the Committee and as such, they need to decide what further action they wish to take.

9. LIST OF APPENDICES INCLUDED

Appendix 1 – Summary of Overdue Audit Actions as at 12th April 2022
Appendix 2 – Full Detail of Overdue Audit Actions as at 12th April 2022

BACKGROUND PAPERS

Audit actions contained within the 4Action system.

CONTACT OFFICER

Deborah Moss – Internal Audit Manager
Tel No: 01480 388475
Email: deborah.moss@huntingdonshire.gov.uk

Appendix 1: Summary of Overdue Audit Actions @ 12th April 2022

Audit Name	Variable Target	Fixed Target	Status	Priority Level	months late
3C ICT					
Inventory of IT Assets 2021.22 / 2	21/12/2020	21/12/2020	Not Started	Amber	16
Hardware & Software Asset Management Control 19/20 / 3	31/12/2020	01/09/2020	In Progress	Amber	19
Cyber Security Risk Management 2020.21 / 3	30/09/2021	30/09/2021	Not Started	Amber	6
Cyber Security Risk Management 2020.21 / 4	30/09/2021	30/09/2021	In Progress	Red	6
Digital Services - Development and Management 2020.21 / 7	20/12/2021	31/12/2021	In Progress	Amber	3
Digital Services - Development and Management 2020.21 / 8	20/12/2021	31/12/2021	In Progress	Amber	3
Digital Services - Development and Management 2020.21 / 9	20/12/2021	31/12/2021	In Progress	Amber	3
Cloud Computing 2020.21 / 1	31/12/2021	31/12/2021	Not Started	Amber	3
Cloud Computing 2020.21 / 2	31/12/2021	31/12/2021	Not Started	Amber	3
Cloud Computing 2020.21 / 3	31/12/2021	31/12/2021	In Progress	Red	3
Cloud Computing 2020.21 / 4	31/12/2021	31/12/2021	In Progress	Red	3
Cyber Security Risk Management 2020.21 / 1	31/12/2021	31/12/2021	Not Started	Amber	3
Chief Operating Officer					
PCI DSS 18.19 / 3	01/04/2020	01/04/2020	Not Started	Amber	24
PCI DSS 18.19 / 4	01/04/2020	01/04/2020	In Progress	Amber	24
PCI DSS 18.19 / 5	01/04/2020	01/04/2020	In Progress	Amber	24
Corporate Resources					
Purchase Order Compliance 2019.20 / 8	30/04/2021	30/04/2021	In Progress	Amber	11
Land Charges 18.19 / 3	30/06/2021	30/06/2021	In Progress	Amber	9
Purchase Order Compliance 2019.20 / 1	30/06/2021	30/06/2021	Not Started	Amber	9
Purchase Order Compliance 2019.20 / 2	30/06/2021	30/06/2021	In Progress	Amber	9
Creditors 2020.21 / 3	31/07/2021	31/07/2021	In Progress	Amber	8

Purchase Order Compliance 2019.20 / 3	31/07/2021	31/07/2021	Not Started	Amber	8
Creditors 2020.21 / 4	30/09/2021	30/09/2021	In Progress	Amber	6
Main Accounting System 2020.21 / 3	30/09/2021	30/09/2021	In Progress	Amber	6
Purchase Order Compliance 2019.20 / 5	30/09/2021	30/09/2021	In Progress	Amber	6
Purchase Order Compliance 2019.20 / 6	30/09/2021	30/09/2021	Not Started	Amber	6
Purchase Order Compliance 2019.20 / 7	30/09/2021	30/09/2021	Not Started	Amber	6
Purchase Order Compliance 2019.20 / 4	31/10/2021	31/10/2021	Not Started	Amber	5
Treasury Management 2020.21 / 2	31/10/2021	31/10/2021	In Progress	Amber	5
Budget Monitoring and Forecasting 2020.21 / 1	31/12/2021	31/12/2021	In Progress	Amber	3
Budgets and MTFs 2020.21 / 1	31/12/2021	31/12/2021	In Progress	Amber	3
Treasury Management 2020.21 / 1	31/12/2021	10/06/2021	In Progress	Amber	10
Debtors 2020.21 / 1	30/03/2022	31/03/2022	Not Started	Amber	0
Budgets and MTFs 2020.21 / 2	31/03/2022	31/03/2022	In Progress	Amber	0
Creditors 2020.21 / 2	31/03/2022	31/03/2022	Not Started	Amber	0
Main Accounting System 2020.21 / 1	31/03/2022	30/09/2021	Not Started	Amber	6
Main Accounting System 2020.21 / 4	31/03/2022	31/03/2022	In Progress	Amber	0
Corporate Team					
Data Protection and Information Management 15.16	31/07/2018	30/09/2016	In Progress	Amber	67
Operations					
MiPermit 2021.22 / 3	31/03/2022	31/03/2022	Not Started	Amber	0
TOTAL 38					

* Status of "Not started" means that no update has been entered on the system by the Service/owner of the action.

Appendix 2: Full Detail of Outstanding Audit Actions @ 12/04/22

Separate document

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Appendix 2: Full Detail of Outstanding Audit Actions April 2022

Audit Name	Priority Level	Action Detail	Fixed Target	Last Update	Update Provided by Owner
Hardware & Software Asset Management Control 19/20 / 3	Amber	A thorough review of the ICT asset database should be undertaken on a regular basis to ensure that all assets include a location and the information recorded on them is complete, accurate and up to date.	01/09/20	01/12/21	Audit on process started last week. (Colin Chalmers and Desktop team)
Cyber Security Risk Management 2020.21 / 1	Amber	Management should provide operational updates including risk status related to its compliance with National Centre for Cyber Security (NCSC) 10 Steps for Cyber Security Principles (such as Network Security, Secure Configuration, Incident Management and Malware Prevention) to the information Governance Group on a quarterly basis to ensure all key stakeholders are engaged and aware of current status.	31/12/21		
Cyber Security Risk Management 2020.21 / 3	Amber	<p>Management should complete the update of the Council's Cyber Security Incident Response Plan. The plan's contents should reflect the guidance provided by the NCSC (National Cyber Security Centre) and include the following:</p> <ul style="list-style-type: none"> - Procedures for assessing the nature and scope of an incident - Identifying an incident - Eradication procedures - Containment procedures - Recovery - Lessons learnt <p>All stakeholders must be aware of their roles and responsibilities and the document should be included in a regular review cycle, at least once per year.</p>	30/09/21		

Cyber Security Risk Management
2020.21 / 4

Red

Management should undertake a review to assess the content, delivery method and quality of the council's user education programmes for cyber/IT security.

Efforts should be made to harmonise the education packages, extracting the most relevant elements from each to create an optimum package.

Due to increased security concerns as a result of COVID-19, the awareness training should be focused on phishing emails and social engineering.

This education should be deployed to users at least on an annual basis, with consideration given to bi-annual refresher sessions.

30/09/21

02/03/22

New starters must complete this education on a mandatory basis to ensure that security awareness is embedded from day one of their employment within the Councils.

Training completion should be monitored and there should be a record of all the training that has been provided and completed to all members of staff.

Updates and advice still being circulated via intranet anyway. Especially when threats / risks advisories are received.

Digital Services - Development and
Management 2020.21 / 2

Amber

The Matrix should be used as a primary source of reference throughout ICT and potentially the wider business, detailing key information about systems integration, application management and maintenance, documenting all integration journeys into and out of the system and key dependencies, as well as support arrangements, the hosting platform, and system life-cycle management information.

Additional information should also be added to the Applications Matrix in due course, such as designated system Data Stewards and System Administration/Super User information.

31/05/22

09/03/22

1. CAB Process amended to include ASR check. (completed)

2. Data Steward - People picker Column to be added in the ASR. (pending)

Application support Working with Information Governance team and Boards to identify Data Stewards.

3. System Admin/Super User column in the ASR added (Completed) - this is recorded in the ASR record for the corporate application, as per screenshot attached.

Digital Services - Development and Management 2020.21 / 3

Amber

Business processes should also be adapted to ensure that the Applications Matrix is consulted prior to making changes or decisions about hosting methods. The matrix may evolve into an essential reference point, but its usage needs to be embedded into existing practices to ensure the matrix remains of value.

31/05/22

09/03/22

Evidence that CAB is using the ASR - Completed

Evidence that the Procurement Process uses the ASR - In Progress

Introduce a Category column into the ASR - for example Case Management against corporate systems that provide a particular services and then this will allow people to search against categories when looking for a corporate application in the ASR. This work has been added to the ASR Development Plan and is expected to be completed by the end of May (copy attached). In progress

Introduce Meta data/locally used names into ASR - e.g. Anite/Information@Work/NEC Document Management. This work has been added to the ASR Development Plan and is expected to be completed by the end of May 2022 (In Progress)

Publish ASR (or cut down ASR) to council intranets - this will allow officers to review and interrogate the ASR. This work has been added to the ASR Development Plan and is expected to be completed by the end of May 2022 (In Progress)

Digital Services - Development and Management 2020.21 / 4

Amber

Management should provide guidance to all Service Areas who own and manage their own applications, informing them that any changes made to systems which integrate with other systems and services must be communicated to ICT, with an explanation of potential impacts, such as integration breakages.

31/05/22

09/03/22

Publish ASR (or cut down ASR) to council intranets - ICT Have moved HOTS containing sensitive info out of ASR and into separately access controlled list with links in ASR. This will allow officers to review and interrogate the ASR. This work has been added to the ASR Development Plan and is expected to be completed by the end of May 2022

Data Steward - Column to be added in the ASR. . This work has been added to the ASR Development Plan and is expected to be completed by the end of 2022

Digital Services - Development and Management 2020.21 / 5	Amber	ICT should provide guidance to operational teams on how Service Areas may utilise test environments, and provide information about the existing processes for undertaking changes, particularly with reference to the weekly Change Advisory Board meetings. This flow of information should be supported by designated points of contact within both the teams and ICT to maintain open lines of communication.	31/05/22	01/12/21	AD, VM environments, physical switches, door access system
Digital Services - Development and Management 2020.21 / 6	Amber	Systems that have integration should be flagged within the Application Matrix so that the Councils know that a process must be followed and communicated to ICT if a change is required. Operational teams should obtain access to the Matrix (or a cut-down version of it that cannot be edited) which should be consulted prior to any changes being made. If a required change is identified for one of the systems that is flagged, it should be communicated to ICT, who should provide guidance and support to ensure the change does not impact systems.	31/05/22	09/03/22	<p>Evidence of ASR being consulted with regard to 3C ICT Changes - completed</p> <p>Publish ASR (or cut down ASR) to council intranets - this will allow officers to review and interrogate the ASR. This work has been added to the ASR Development Plan and is expected to be completed by the end of May 2022 - Any publication of the ASR would need to be backed up with a communication plan as to what it is we are sharing, why and what officers can do with it. (In progress)</p> <p>Data Steward - Column to be added in the ASR. Andrew Working with Information Governance team and Boards to identify Data Stewards. In Progress and on track for May 2022</p>

Digital Services - Development and Management 2020.21 / 7	Amber	<p>Focusing on Active Directory accounts and access to high risk applications such as payroll, financial and procurement, a review of all users with access should be performed to confirm there is a continued business need.</p> <p>The Leavers' Process should be updated to include checking that all application-level access is revoked when someone leaves the Council.</p>	31/12/21	03/03/22	<p>3C ICT have been working with the SCDC Led HR Project team who are working to introduce phase 2 of the HR project. This will include the ability to synchronize data on joiners/movers and leavers with 3C ICT on an automated basis and thus deliver the second part of this action.</p> <p>3C ICT had a supplier workshop booked in for mid March to explore options but this has been postponed by the project manager to late April. The project manager is also leaving. ICT have reached out to SCDC Project sponsor to find out plans for second project phase and for replacement of project manager. ICT have resource available to work on the automation, had made good progress on specifications and are doing what we can to prepare, but we need supplier and project involvement to deliver required changes to HR system so are currently blocked.</p>
Digital Services - Development and Management 2020.21 / 8	Amber	<p>Additionally, as a secondary control to identify when errors are made during execution of the Council's Leavers' process, a review should be performed every 90 days/each quarter to identify any Leavers' AD accounts that still remain in an active state. Steps should then be taken to disable/remove that access as soon as possible.</p>	31/12/21	03/03/22	<p>We are blocked on full implementation of this action by the status of the Project led by SCDC and required changes to the HR application needed to automate Joiners/Leavers/Movers</p>
Digital Services - Development and Management 2020.21 / 9	Amber	<p>Management should ensure that the configurations for the integration failure email alerting system is documented, particularly how errors are identified and managed, with the potential of improving the process, or perhaps investing in additional alerts in the future.</p>	31/12/21	02/03/22	
Cloud Computing 2020.21 / 1	Amber	<p>The process should be documented and shared with all relevant staff.</p> <p>Management should review and revise the ICT Strategy document to include a detailed overview of intentions to perform feasibility assessments on corporate applications/services to ensure if they can be potentially hosted in the cloud.</p>	31/12/21		

Cloud Computing 2020.21 / 2

Amber

Management should update the design of the ICT Applications Matrix to include a detailed profile of each corporate application in use throughout the three councils.

The matrix should contain information about the application, such as:

- How it is supported and by whom
- Where it is hosted
- What contractual obligations are in place
- Whether a system upgrade is pending and it has vendor agreement to be hosted in the cloud.

31/12/21

As well as supporting a defined framework criteria for assessing applications' optimum hosting platforms, this document will also inform business continuity planning and future decisions for enhancement or replacement of applications.

Cloud Computing 2020.21 / 3

Red

Management should determine the agreed criteria to be used when assessing an application's potential for migration to the cloud.

Using the Applications Matrix as guidance, a defined framework should be constructed to ensure that all potential scenarios are factored into the assessment criteria to determine the driving focus.

For example, an application may be identified as nearing the end of its support agreement, so the potential to amend its current hosting methods may be preferable for reasons such as cost, system availability or system stability.

Alternatively, the hardware used to host the application may be due for replacement, so a decision must be taken on whether migration to the cloud is a preferable option.

31/12/21

01/12/21

The design of the framework should be consistent, yet flexible enough to adapt to multiple potential scenarios, at its core, focusing on the elements regarded as high priority, such as: cost saving, potential risk, system availability and contractual obligations.

The key element of the decision-making process is to assess the appropriateness of migrating/not migrating an application to the cloud versus remaining "as is", with clearly documented pros and cons of each scenario.

Workshop to finalise the framework to take place in Dec. Delayed due to other priorities (systems stability and availability) and EACS report.

Cloud Computing 2020.21 / 4

Red

Using the Migration Assessment Framework as a guide, a Corporate Applications Roadmap should be drafted, to ensure which applications the Councils would migrate to the cloud as well as which must be migrated to the cloud (for example, to avoid an impending required investment such as procurement of a new hardware.)

Management should assess possible dependencies of each system moving forwards, considering that multiple services may exist on the same platform on multiple servers – including business critical with non-business critical - so what happens to one application may impact others hosted on the same server.

The Corporate Applications Roadmap should have a forward projected “review by” date applied for all systems that cannot be migrated to the cloud at this time and an overview of dependencies prohibiting migration, with a schedule to revisit and reassess their status built into ICT’s ongoing calendar of activities.

In addition, there should be reviews performed for all applications that have already been migrated to the cloud to evaluate latency and user connectivity, system availability, and if the hosting method remains appropriate.

31/12/21

02/03/22

Still WIP due to other priorities. Log4J, Tascomi, sprint8. Needs to be picked up again - This will be generated from including replacement or end of contracts dates in the service matrix.

Inventory of IT Assets 2021.22 / 1

Amber

Run regular reports from ‘lansweeper’ to establish what assets are connected to employee’s laptop and update the inventory with this information. This will be dependent on speaking with the system administrator of ‘lansweeper’ to establish if docking stations could also be detected on the software.

Dependent on the success of Lansweeper, further inventory review may need to take place via Microsoft forms, in which employees’ detail what equipment employees have in their custodianship.

[Discussions held regarding wording so not to highlight that ICT are unaware of location and custodianship of hardware]

29/07/22

Inventory of IT Assets 2021.22 / 2	Amber	<p>Previous Hardware & Software Asset Management Control 19/20 audit resulted in the creation of Action 1516: "A thorough review of the ICT asset database should be undertaken on a regular basis to ensure that all assets include a location and the information recorded on them is complete, accurate and up to date". This action remains in process.</p> <p>The current audit highlights that this action cannot be closed as a review of the inventory has not been conducted and no process in place to make the review regular. This should be completed once the Inventory is up to date following the reviews.</p>	21/12/20
Inventory of IT Assets 2021.22 / 3	Amber	<p>Conduct a 'Laptop Amnesty' to collect unused laptops from staff. This is to then be followed by a 'walk around' Pathfinder House, checking cupboards and drawers to gather unused laptops. Update the inventory where necessary.</p> <p>[Discussions held regarding wording so not to highlight that ICT are unaware of location and custodianship of hardware]</p>	30/06/22

Inventory of IT Assets 2021.22 / 4	Amber	Update the Asset Tagging Process to include:	31/05/22
		An independent officer to run a monthly report to ensure the number of assets ordered via Tech1 reconciles with the number of assets uploaded into the inventory for the same month. Any discrepancies need to be reported. [An independent officer should be someone separate from the officers who received the order at Pathfinder House and uploaded the assets into the inventory].	
		A process to create an entry in the inventory to record asset tag 'errors' and gaps and provide an explanation as to why an asset number is not assigned to an asset.	
		This should be followed with retraining staff of the new asset tagging process.	
Inventory of IT Assets 2021.22 / 5	Amber	Review the inventory to locate gaps in the asset number sequence and create entries to explain the reasons for these gaps.	29/07/22
Inventory of IT Assets 2021.22 / 6	Amber	Reminder to all staff of the ICT Asset Management policy so they are aware of how to request and update location of assets through hornbill and also how to appropriately return assets.	31/05/22
		[This was previous Action 1515 from Hardware & Software Asset Management Control Audit 19/20. Closed 21/12/2020 but now has lapsed]	
Inventory of IT Assets 2021.22 / 7	Amber	Review of the custodianship of surplus laptops so they can be readministered within the Council. Ensure that any decisions regarding the custodianship is reflected in the leavers process.	31/05/22

Inventory of IT Assets 2021.22 / 8	Amber	Create policy regarding the donation of ICT assets to communities. This needs to outline what assets can be donated, the criteria for who may receive donated assets and who can authorise the donation. A process also needs to be produced alongside this to confirm how applications for assets can be made and how approval is given.	31/08/22		
PCI DSS 18.19 / 3	Amber	A training needs assessment should be performed for all members of staff that have responsibility for PCI DSS compliance activities so as to determine their training needs.	01/04/20	09/03/22	
PCI DSS 18.19 / 4	Amber	Compliance should be monitored and action taken when members of staff are found to have not completed the PCI DSS training or have not read the policy and procedures.	01/04/20	09/03/22	
PCI DSS 18.19 / 5	Amber	Actions need to be drawn together in a policy which sets out how the council will manage PCA DSS compliance activities and the policy should be reviewed on a regular basis. this should include but not be limited to: - Assignment of roles and responsibilities for ensuring that the Council is PCS DSS compliant - Procures for staff that are responsible for taking card payments - The Council's security strategy in relation to the storage, processing and transmission of credit card data - A set of instructions for detecting, responding to the storage, processing and transmission of credit card data.	01/04/20	09/03/22	
Purchase Order Compliance 2019.20 / 1	Amber	Investigation into what can be done within the system to place a lockdown on budget codes so only budget manager and their delegated officers can use their cost centre and approve expenditure on their code. This investigation will also find out what HDC can amend alone and what can be done with Tech1 assistance (and the cost of this). Investigation should also look at whether the system can be set so that the PO originator defaults to sending the PO to the budget holder i.e. link a user to a default approver.	30/06/21	07/03/22	Have discussed with System Accountants at City & SCDC. This would be a major piece of work to re-configure the process and not likely to be done in the near future. Costings not obtained from T1 yet.
Purchase Order Compliance 2019.20 / 2	Amber	Further investigation will be taken to find out whether the system can be improved by showing the approver the remaining budget at the time of approving a requisition. This will enforce informed commitment making and remove existing blind approvals.	30/06/21	07/03/22	Investigate if the functionality has been brought in on a recent upgrade or on the roadmap. Then timescales can be set.

Purchase Order Compliance 2019.20 / 3	Amber	Authorisation limits will be reviewed – unlimited authorisation limits will be amended; and users will be given appropriate limits based on needs for their role (not their grade) and the existing hierarchy within their team and who should be authorising POs.	31/07/21	07/03/22	Where teams change during the year or restructures occur, the levels are evolving to be role appropriate. It would be more appropriate to keep the unlimited level for large projects such as Future High Street Funds, rather than moving levels up and down each time a high level of expenditure occurs.
Purchase Order Compliance 2019.20 / 4	Amber	Self -authorised requisitions will be monitored. The process by which this will be done is yet to be decided: it is likely to be a 6 monthly report of activity and volume, and check and re-education.	31/10/21	07/03/22	A report will be written to send out to managers. How effective this will be depends on managers having the time and appetite to read it, let alone act on it. Aim to produce report by end of April 2022.
Purchase Order Compliance 2019.20 / 5	Amber	Written procedures on the PO process will be written and issued to users. Users will be educated and refreshed on certain areas not being performed correctly and causing delays or inefficiencies in the process e.g. current issue of failure to receipt, inappropriate use of retrospective ordering.	30/09/21	31/01/22	Presentation made at services forum and includes some do's and don't's These procedures have been produced and shared via a number of channels. Guidance is on Slide 5 of this deck... https://councilanywhereorg-my.sharepoint.com/:p:/g/personal/justin_andrews_huntingdonshire_gov_uk/EeSkq4icJ0VKvYNkhogV6vsBizP-Kviu8WFIXDh82NNSzQ?e=w4JWER
Purchase Order Compliance 2019.20 / 6	Amber	The above user guidance will include specific guidance on the use of retrospective ordering (when it is appropriate/efficient to use). Consideration will also be given to introducing a Performance Indicator for retrospective ordering to measure its ineffective usage and inform where further education is needed.	30/09/21	31/01/22	Action reassigned to Sandra Dean - action transferred with implementation date already passed and no extension provided.
Purchase Order Compliance 2019.20 / 7	Amber	Guidance will also include the use of 'bulk orders' which can be used for contracts requiring repeated invoices over the year introducing draw-down from the total commitment. This will be set-up and users provided with education and a demo on its use and application within Services.	30/09/21	31/01/22	Action reassigned to Sandra Dean - action transferred with implementation date already passed and no extension
Purchase Order Compliance 2019.20 / 8	Amber	Investigation will be made into finding out how many supplier accounts we have for employees and put these accounts into suspension so they cannot be used.	30/04/21	07/03/22	Systems Accountant to set employees status to inactive so that AP team do not make payments to Staff via TechOne. Aim to do by the end of March 2022.

Land Charges 18.19 / 3	Amber	Written procedures should be in place to support how the costs and calculation process is carried out.	30/06/21	02/03/22	Given the immanency of the deadline and the lack of resources (staff) the deadline of 31/03/2022 will be missed and given the uncertainty around management structure and recruitment I would suggest a new target of 31/03/2023.
Budget Monitoring and Forecasting 2020.21 / 1	Amber	Management should perform a training needs analysis to identify and assess the level and type of training required by members of staff with regards to budget monitoring and forecasting and the use of the forecasting module, which should include, but not be limited to, salaries and project budgets.			This is currently low on the list of priorities, with the 2020/21 audit currently underway, and 2021/22 year fast approaching. Upcoming staffing changes in line management and lack of clarity around roles and responsibilities mean that this has fallen behind schedule.
		A mandatory training programme should be put in place that is based upon the requirements of the training needs analysis.	31/12/21	03/03/22	
		Training completion should be recorded and monitored and training should be maintained for audit purposes.			
Budgets and MTFS 2020.21 / 1	Amber	Management should perform a training needs analyses to identify and assess the level and type of training required by members of staff and Members with regards to the MTFS and the use of the budget module, which should also identify any training needs for Members.			This is currently low on the list of priorities, with the 2020/21 audit currently underway, and 2021/22 year fast approaching. Upcoming staffing changes in line management and lack of clarity around roles and responsibilities mean that this has fallen behind schedule.
		A mandatory training programme should be put in place that is based upon the requirements of the training needs analysis.	31/12/21	03/03/22	
		Training completion should be recorded and monitored and training records should be maintained for audit purposes.			
Budgets and MTFS 2020.21 / 2	Amber	Management should document the Council's MTFS methodology, which should include, but not limited to:			With the lack of s151 officer, department re-organisation, 2020/21 audit and now 2021/22 year end upon this will not be completed by the target date. I cannot give a revised date at this time.
		- The documentation required and used during the process - Interviews with key personnel undertaken - Risk assessments - Information gathered and used, including the basis for assumptions	31/03/22	30/03/22	
Treasury Management 2020.21 / 1	Amber	Management should put arrangements in place for ensuring that investment opportunities outside the Council's Treasury Management are identified and proactively monitored.			New investment opportunities will be presented to TCMG, discussed and a decision on whether to proceed with investments will be taken.
		Furthermore, the Council should put in place detailed and defined guidance with regards to any such investment opportunities with clear linkages to the Council's Treasury Management Strategy and framework.	10/06/21	07/04/22	

Treasury Management 2020.21 / 2	Amber	Management should finalise the Terms of Reference for the Council's Treasury and Capital Management Group, which should ensure that the Group provides sufficient oversight and monitoring of the Council's treasury management activities.	31/10/21	07/04/22	New terms of reference have been drafted these will be discussed at the next meeting in May
		Furthermore, the Terms of Reference should define the frequency with which the Group should meet and there should be a requirement for action plans to be put in place and followed up to resolution.			
Main Accounting System 2020.21 / 1	Amber	The Disaster Recovery Plan will be reviewed and updated to reflect the move to Tech1 and any revised arrangements to ensure continuity of service across the wider Finance area.	30/09/21	07/03/22	Reliant on other members of Finance to update their areas as the Plan doesn't just cover TechOne. Target end of June as this may clash with closing down the accounts.
Main Accounting System 2020.21 / 3	Amber	The Payroll reconciliation will be remapped / worked up for the new HR / Payroll system. Instructions will be documented and the routine task handed over to the Payroll team for actioning.	30/09/21	07/04/22	Data not being posted to the ledger has been identified and posted manually. These entries will be posted where possible through the payroll to finance system interface or where not manually. An annual reconciliation has just been completed for 2021/22 with no major issues, and ongoing monthly reconciliation will be completed by the payroll team with assistance from the finance team
Main Accounting System 2020.21 / 4	Amber	Debtors reconciliation issues will be investigated and resolved. The process for the reconciliation going forward will be documented and responsibility handed over to the Exchequer Officer.	31/03/22	07/04/22	An annual AR reconciliation is being progressed by the Senior Finance Business Partner this is a straight-forward task which can be completed by the AR/AP Manager on a monthly basis.
Debtors 2020.21 / 1	Amber	Systems, processes and resource needs will be reviewed across the whole Debtors function. An action plan will be established, in conjunction with the team, to support delivery of improvements and address the control failings identified during the quarterly reviews (see Appendix, attached to the action).	31/03/22	02/03/22	The target of 31/03/2022 for implementing the audit recommendations will not be achieved. No start has been made on the actions required and given the lack of resources and management steer, despite being a risk i cannot suggest a realistic target to achieve.
Creditors 2020.21 / 2	Amber	Written procedure notes will be reviewed and updated to ensure that they are reflective of current practices and cover all elements of the creditors system	31/03/22		
Creditors 2020.21 / 3	Amber	The Supplier Amendment Form (SAF) will be updated to include the requirement for Tech1 to be checked for existing suppliers prior to the new supplier being requested. In addition, AP staff will be reminded of the need to check the system before a new supplier is created.	31/07/21	31/01/22	Form not yet amended to reflect details agreed, but work is in hand to move to an e-form for new suppliers and supplier changes. It is intended that this will include reference to the checks required, and if possible with incorporate a built-in check to the system for duplicates (requires investigation).

Creditors 2020.21 / 4	Amber	Options for monitoring and addressing duplicate payments will be investigated and staff (AP team and wider services) will be reminded of the checks required when processing invoices for payment.	30/09/21	13/01/22	reassigned to Sandra Dean , TL of Credit Control Team, as Oliver Colbert no longer in that role/team.
Small Works Contract 21.22 / 1	Amber	A dedicated small works contract or framework agreement will be tendered and formalised for use across the authority.	30/04/22		
Small Works Contract 21.22 / 2	Amber	Staff responsible for procurement will be made aware of the contract, its use mandated, and details of pricing / rates and staff responsibility will be communicated.	31/05/22		
Small Works Contract 21.22 / 3	Amber	Formal contract management monitoring arrangements will be established, including review of spend, spot checking procurements and routine liaison meetings with service users and the supplier.	30/11/22		
Small Works Contract 21.22 / 4	Amber	Spend outside of the contract will continue to be monitored.	30/11/22		
Data Protection and Information Management 15.16	Amber	The Senior Information Risk Officer (SIRO) shall decide how long information and emails etc shall be kept within Anite, and the process for purging or archiving.	30/09/16	17/05/21	The action around I@W was passed to the SIRO following the departure of the previous SIRO. Progress since then has been delayed, but by no means halted by Covid response. Currently the Information and Governance Board at HDC have commissioned a full stock take of information governance arrangements across the authority which has been presented to Corporate Governance and are working through an action plan. In addition policies are being reviewed and adopted as an authority. This work will provide the specific answer to the retention rules for I@W.
MiPermit 2021.22 / 3	Amber	In conjunction with the Information Governance Manager / Data Protection Officer, consider what information may need to be added to the MiPermit Portal to highlight the Privacy Notice to customers before they submit their information.	31/03/22		

**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Approval for Publication of the 2020/21 Annual Governance Statement

Meeting/Date: Corporate Governance Committee –
27th April 2022

Executive Portfolio: Executive Councillor for Strategic Resource -
Councillor J A Gray

Report by: Deborah Moss, Internal Audit Manager

Ward(s) affected: All Wards

Executive Summary:

The Council is required by statute to produce an Annual Governance Statement (AGS, **Appendix A**).

Amendment has been made to the previously approved AGS to include an:

- internal audit report & governance issue in respect of Contractor Management.
- alternative heading of 'Other Governance Issues We Have Identified'.

Amendments are highlighted in blue for easy reference. All other wording remains the same as the previously approved version.

Recommendation:

Approve the amended Annual Governance Statement (Appendix A) and authorise the Executive Leader and Managing Director to sign the Statement on behalf of the Council.

1. PURPOSE OF THE REPORT

- 1.1 To complete the processes for finalising and publishing the Council's Annual Governance Statement (AGS) for 2020/21.

2. BACKGROUND

- 2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve the AGS prior to publication by the statutory deadline 1st August.

3. APPROVE THE ANNUAL GOVERNANCE STATEMENT

- 3.1 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 Annual Financial Report (AFR) and is shown at **Appendix A**.

The draft AGS was previously circulated to CGC members and was approved in July 2021.

An amendment is now required for the inclusion of the internal audit report for Contract Management (July 2021) and an additional governance issue arising from it. The internal audit report detailed 5 findings and actions (including 3 red rated ones) and highlights a governance issue. External auditors have stated that the AGS should be updated to reflect this.

- 3.2 External Audit also advised that these issues be headed as 'other governance issues identified' and not significant governance issues, which relate to VRM issues.
- 3.3 The amended version has been approved by our external auditors.

4. REASONS FOR THE RECOMMENDED DECISIONS

- 4.1 The process that has been followed in preparing the AGS has been thorough and in line with statutory regulations.
- 4.2 The issues that have been identified for inclusion within the AGS are referenced within the statement and are a reflection of the current situation.

5. LIST OF APPENDICES INCLUDED

Annex A – Annual Governance Statement 2020/21 (updated March 22)

CONTACT OFFICER

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Huntingdonshire District Council
Annual Governance Statement 2020/21

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 Annual Governance Statement sets out how the Council has complied with the Code and also meets with the regulation 4(2) of the Accounts and Audit Regulations 2015.

The Council meets the requirements of Regulation 6(1) b of the Accounts and Audit (England) Regulations 2015 in relation to the preparation and publication of an annual governance statement. It is subject to review by the Audit Committee when they consider both the draft and final Statements of Account and is approved by the Audit 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 is 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 2021/22 to address these issues will be reported regularly to the Audit Committee with an assessment made in reducing the risk as part of their governance role within the Council.

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 governance framework has been in place at the Council for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

The Governance Framework

The Council's strategic vision and corporate priorities are set out in the Corporate Plan 2018 - 2022. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

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 July 2016. 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/SOLACE¹.

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.

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 in order 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.

How do we know our arrangements are working?

This statement builds upon those of previous years. 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 (as at May 2018) is also available on the website and describes in more detail the governance processes in place.

The review of effectiveness was informed by the work of the Senior Management Team, who are responsibility for the development and maintenance of the governance environment, the Internal Audit & Risk Manager's annual report and comments made by the external auditors.

Governance Framework

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

¹ The Chartered Institute of Public Finance & Accountancy (CIPFA) & Society of Local Authority Chief Executives & Senior Managers (SOLACE).

- Corporate/Senior Management Team
- Independent external sources
- Regular monitoring of outcome measures
- Monitoring of economic indicators & associated financial receipts
- Effective joint working arrangements

Governance impacts

Whilst traditionally this Statement has contained issues for which the Council is wholly responsible. It became clear that there were also a number of overarching external issues that were regularly informing and influencing the budget, performance and service delivery discussions the control and direct influence over which at both Member and Officer level lay outside of the Council. Consequently, an inward only looking Statement did not feel adequate to address all the risks that are faced by the Council which may have the potential impact to the authority and the achievement of its objectives.

Six themes were identified as part of this review to reflect a more strategic outlook. These Six themes have been chosen as representing our best view of the risks that challenge our financial stability and ability to deliver on our objectives. As the needs of our communities and decisions of our partners directly impact on our resource and demand profiles. However, they have been joined by a sixth issue, that of the environment and our collective responsibility to ensure that our actions and behaviours do not cause irreversible harm.

Progress made across the themes in 2020/21 is outlined in the Statement in **Appendix 1**. The impacts of Covid-19 experienced in 2020/21 onwards have accentuated the significance of the themes in this AGS, presenting the consequences of some of the previous identified system risks, and additional activity has been undertaken to further meet these challenges and mitigate the long term impacts on our communities, Huntingdonshire as a place and its economy.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Opinion, and also by comments Huntingdonshire District Council's Statement of Accounts 2020/21 made by the external auditors and other review agencies and inspectorates. During 2020/21, the works undertaken by the Internal Audit team was reduced but sufficient to be able to form the view for the Annual Internal Audit Opinion that the Council's governance, internal control environment and systems of internal control provides **adequate** assurance over key business processes and financial systems. However, a limitation of scope was placed on the aspect of risk management, which is excluded from the opinion as there is insufficient assurance available to offer reasonable assurance for this area.

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.

An External Audit of the account's year ended 31 March 2020 undertaken by Ernst and Young was reported to the Audit Committee which concluded the accounts and working papers for the 2019/20 closure process were of high quality. The Council assures it financial controls through an internal audit team and a programme of internal audit activity. Extended periods of absence within the team has limited the delivery of the audit programme, the table below provides a summary of audit activity undertaken last year. An additional resource was agreed to give confidence to the audit plan for 2020/21. However, the overall resources/number of days was much decreased for the year. The effect of the pandemic last year meant that internal audit resource was redeployed to more urgent financial business and, as such, internal audit activity was suspended temporarily for the first half of the year.

Arrangements and Governance during Covid

For the first part of the year, The Council's Business Continuity Plan was invoked in March 20, enhanced management arrangements were put in place with a structure based on Gold (strategic), Silver (tactical) and Bronze (operational) groups including key system partners, to facilitate rapid responses to the evolving position, support appropriate decision making (including the use of emergency powers as allowed for in the Councils Constitution), clear communication and inter-agency cooperation. Although this structure remains in place, from December 2020, the frequency of meeting reduced and some of the individual groups were amalgamated as the intensity of the response lessened and practices had become well established.

The Council was able to take advantage of its recent 'Council Anywhere' IT programme which facilitated Services and officers to immediately commence working from home. Most services were able to continue their provision with some practical adjustments. A few services were paused and their officers redeployed to alternative Covid work streams such as emergency food parcels, business support grants, working with local parish councils and community groups. Leisure facilities were closed and staff were assessed for redeployment or furloughed. Staff welfare was paramount and staff with medical or other factors were highlighted where 'vulnerable' and furloughed where they could not work from home or be redeployed. Risk assessments were prepared for all necessary working areas/processes to ensure not only the safety of staff but also the customers with whom they may come into contact.

Committee meetings were postponed initially in lockdown, until legislation was amended allowing councils to hold meetings in a virtual environment. Teams and Zoom were used to facilitate these meetings, enabling the decision-making process to be recorded and documented as before.

COVID led to pressures in relation to the collection of both Council Tax and Business Rates as residents livelihoods were affected and businesses struggled under lockdown arrangements. The Council relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Taxpayers and businesses to defer payments for the first three months of 2020/21 with revised payment plans over July to March 2021. It is clear that Collection Fund (Council Tax and Business Rates) debt has increased and the limited opportunities to pursue recovery at the Magistrates Court proved problematic. The Council received £0.827m from the Government in the form of a Hardship Fund to provide £150 Council Tax relief for Council Taxpayers of working age in receipt of Council Tax Reduction.

A lessons-learnt log has been maintained and assessed for future needs and will be fed into the risk register. The Business Continuity Plan is planned to be refreshed in light of emerging issues. An exercise has been carried out to re-prioritise all business systems and processes on a time-critical basis to support the BCP.

Initial engagement with the leader/deputy leader was on a daily basis with the Corporate Leadership Team and on a weekly basis with the wider cabinet members in escalating issues/decision

Internal Assurance Activity

Audit reports issued are listed in the table below - grouped by assurance opinion and showing action type and number of actions.

Audit area	Audit Actions	
	Red	Amber
Substantial		
Budget Monitoring & Forecasting 20.21	0	1
Adequate		
ICT Maintenance Schedule Planning 20.21	0	3
Treasury Management 20.21	0	2
Budgets and MTFS 20.21	0	2
Digital Services Management 20.21	0	9
CA - Council Tax & Non-Domestic Rates (quarterly review)		1
CA - Housing Benefits – Creditors (quarterly review)		-
CA - Housing Benefits – Debtors (quarterly review)		-
CA - Main accounting system (quarterly review)		5
CA - Accounts payable (Creditors) (quarterly review)		4
Limited		
'My Dashboard' / Sickness Monitoring 19.20 **	0	2
ICT - Cyber Security 20.21	4	3
ICT - Cloud Services 20.21 *	2	2
Estates Contractors Review 20.21	3	2
CA - Accounts receivable (Debtors)		1

Audit area		Audit Actions	
		Red	Amber
No opinion given			
	Disabled Facilities Grants District Certification 19.20	-	-
* Draft report status (as at 30/06/2021).			
** Relates to Plan 19.20 but report issued in 20.21			
CA = a continuous audit, quarterly reviewed.			

* As the Internal Audit Service was redeployed for most of the year, these reviews were only carried out for quarters 3 & 4. However, Q3's reviews included a 'catch-up' whereby quarters 1 & 2 were encompassed within the review. A quarter 4 /end of year review has been undertaken in all areas and an audit opinion and agreed audit actions to redress any recurring/outstanding issues were provided.

Significant Governance Issues 2020/21

There are no reported significant governance issues.

Other Governance Issues We Have Identified 2020/21

The Annual Governance Statement identifies governance issues and risks for the Council to address.

Area of Assurance	Issue/Gap	Action Plan Proposal
Contractor Management	An internal audit identified weaknesses in the following areas: <ul style="list-style-type: none"> IR35 compliance Contract management (incl. inconsistent and non-compliant with procurement rules) Contractor management Contractor selection Governance Time management 	<ul style="list-style-type: none"> Recruitment & Procurement officers will oversee each consultant appointment Procurement to provide oversight and guidance on all contract matters; Sponsors to be accountable for their contracts All Contractor Sponsors, Procurement, HR to ensure compliance with PCR2015, IR35 and good commercial practice. PMs / Procurement to ensure proper evaluation of need in line with PCR2015 PMO, Procurement, Works SLT will ensure that clear and evidenced decision making is done and recorded through the governance framework.
ICT - Cyber security (4 red actions)	<p>Staff not provided with adequate cyber-security risk training and awareness.</p> <p>Endpoints with outdated Anti-Virus definitions.</p> <p>Unsupported operating systems in use on the Council's network.</p> <p>Excessive number of Domain Administrator privileged accounts.</p>	<ul style="list-style-type: none"> Review to assess content, delivery method and quality of user education programmes for Council's cyber/IT security Harmonise education packages Awareness training focussed on phishing and social engineering Education to users on annual basis and bi-annual refresher sessions Mandatory for new starters Training completion monitored and record maintained. <p>Procedure in place to apply anti-malware signature updates to devices that do not connect to the Councils' IT network on a routine basis. Includes a process to restrict any non-complying devices connecting to the Councils' IT network.</p> <ul style="list-style-type: none"> migration plans of unsupported Windows systems is recorded and tracked to completion. included within the Council's ICT Risk Register and take steps to decommission these devices as soon as possible. Track ongoing reduction of domain administrator accounts Privileged network accounts reviewed on regular basis to ensure no of accounts controlled.

Finance	Critical over-dependency on one key officer Only one professionally qualified officer No deputy S.151	New Finance Business Partner recruited will be professionally qualified (CIPFA). Finance Business Partner job role will include Deputy S.151 designation.
Role of Chief Finance Officer	CFO position – not sitting at CLT / not part of key decision making	S.151 Officer is now part of the Works Program Board, Corporate Senior Leadership Team monthly meeting and Operations Board (the governance structure).
ICT - Cloud Services (2 red audit actions)	No documented information held about each applications' dependencies which could be used to assess the applications' feasibility for projected migration plans.	<ul style="list-style-type: none"> Determining agree criteria for assessing migration to cloud Defined framework to ensure all potential scenarios factored into the criteria Corporate Applications Roadmap drafted to ensure which applications the councils would migrate to the cloud as well as which must be migrated to the cloud. Management will assess possible dependencies of each system.
	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.	
Towns Programme	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.	Action plan being formulated.
Accounts Receivable /Debtors Service	This area continues to receive a limited assurance opinion.	Systems, processes and resources needs will be reviewed across the whole Debtors function. An action plan will be established, in conjunction with the team, to support delivery of improvements and address the control filings identified during the quarterly reviews.
Project Management	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.	Work Programmes Board to provide updates on actions decided to be taken. All actions to be recorded by Board and monitored for compliance progression.
	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 is not 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 of x months without a DPO.	<ul style="list-style-type: none"> Recruiting to Recruiting to longer term permanent role and short-term temporary cover Offer of assistance for critical incidents from Peterborough and Cambridgeshire DPO ICO helpline if needed Third party legal providers can provide short term cover on an hourly basis if needed.
Payment Cards Industry compliance	Risk of non-compliance with some of the PCI requirements.	<ul style="list-style-type: none"> Self-assessment to be undertaken to understand any areas of non-compliance and action plan prepared to progress Training of relevant handling staff

Area of Assurance	Issue/Gap	Action Plan Proposal	Progress @ May 2021
Risk Management	RM is not fully embedded and functional within the Council in an effective way. The risk register requires revision and update otherwise it is at risk of being unreliable/unusable.	<ul style="list-style-type: none"> • Service Plans will be redesigned to incorporate risk management. • The risk register will be reinvigorated and redesigned before roll out to Services • Internal audit reviews of top risks highlighted by management • Longer term – potential audit review of RM 	<p>The risk register has been restructured to reflect the changes in organisational structure at the Council, and to rationalise the current risks listed.</p> <p>All entries have been ‘reviewed’ and re-dispositioned so to then validate with assigned owners.</p> <p>The next stage will be to engage with Services to allow them to identify and assess their risks and repopulate/rebuild the risk register.</p>
Lone working (red action in an audit report):	The Council lacks a corporate lone working procedure that is robust and effective. H&S legislation requires us to protect our employees at work. A lack of protocol over lone workers could risk employees’ safety and a breach of legislation.	<ul style="list-style-type: none"> • Ownership to be appointed. • To investigate lone worker systems that can operate within its 24 hour CCTV function. • A suitable system/procedure to be implemented to protect all officers who lone work off site. • Internal Audit to carry out a follow up review to ensure operation and compliance once installed. 	<p>Through the new Services collaboration forum, advice recommends that Services with LW issues should conduct a risk assessment and a holistic view of the need understood.</p> <p>Services have been asked to identify and categorise their lone worker posts in order to assess the extent of the provision needed.</p>
Head of Internal Audit	The resignation of the Internal Audit Manager affects the resourcing of the statutory Internal Audit service. This impacts on the provision of an annual Audit Opinion.	<ul style="list-style-type: none"> • An Acting Internal Audit Manager has been appointed. This employee is an existing internal auditor at the Council and is MIIA qualified. • Restructuring of the function to take place to ensure adequate resourcing levels. 	<p>Internal Audit Manager now in post (April 2021).</p> <p>Recruitment efforts are ongoing to backfill the now-vacant Internal Auditor post.</p>
GDPR	Progressive action towards GDPR compliance and monitoring has not been sufficiently robust since the Regulations’ effective date. This puts the council at a greater risk of a potential non-compliance with GDPR legislation, a data breach, penalty fine and reputational damage.	<ul style="list-style-type: none"> • Information Governance team has carried out a gap analysis review across the Council. • Work to be done to ensure data protection training and awareness. • A planned Internal audit [follow up] review to assess compliance. 	<p>Work is progressing on areas identified.</p> <p>Updates are provided to the Information Governance Committee each quarter.</p> <p>Key areas that have progressed in the last quarter include the circulation of the Information Asset Templates in order to develop a central register.</p>
Network Access Management Control (red action in an audit report):	The audit found that user accounts may not be regularly reviewed and monitored (by HR or systems owners) leading to leaver, inactive or dormant accounts.	<ul style="list-style-type: none"> • Agreed that HR management would assign ownership to line managers to review the network accounts that do not match to payroll listing. • Agreed that line managers/Heads of Service would perform a regular review of all staff in their service as going forwards. • Progress to be monitored by Internal Audit. 	<p>HR have investigated the users and informed ICT. IA have asked ICT to confirm that corrective action has been taken and user accounts closed where applicable.</p> <p>ICT also need to set up a regular review process whereby HoS confirm their users are still current and legitimate to prevent this from happening again. This is also supported by a leaver’s notification process to ICT.</p>

Procurement function	Resignation of the Procurement Officer in March 2020 leaves the council with no Procurement support function. Absence of a procurement function for advice has meant Services had to procure without assistance and put compliance more at risk.	<ul style="list-style-type: none"> The AD for Corporate Services has forged a good relationship with the Procurement Officer of a neighbouring authority which was used for support and advice where needed in the interim and going forward. The recruitment of a Procurement Officer was agreed. Subsequent appointment of an experienced procurement officer took place in September 2020. 	The appointed Procurement Officer left the post due to personal reasons before the end of the probation period. The post was advertised and an offer has been made to a candidate from local public sector organisation, to take up the vacant position. Role now filled (5 Jul 21) Issue completed.
Delivery of capital schemes	An audit review found that there several issues relating to governance, capability, capacity and delivery, and commissioning.	<ul style="list-style-type: none"> Appointment of a Programme Delivery Manager took place in 2020 to establish a PMO delivery process Many programmes and projects are already underway Internal Audit to carry out a follow up review. 	PMD continues to evolve into a flexible and responsive function to add appropriate level of oversight and governance to programmes and projects based on risk, value and complexity. <ul style="list-style-type: none"> Formal governance structure has been established, comprising the Work Programme Board, the PM Steering Group and the Gateway model (applied to each programme / project) Capital schemes will follow the same process from project inception and business case to lessons learned. Finance is represented on both the Work Programme Board and Steering Group to ensure robust challenge and oversight throughout the project.
			Internal Audit to undertake a further review when processes have had time to embed, and when capital schemes are following these new procedures.
Audit reports outstanding	There has been difficulty in obtaining replies by Services to draft audit reports. These reports highlight weaknesses and risks found in a system and if they remain not responded to and no actions are implemented to address the risks, then the risks potentially remain and assurance cannot be given.	<ul style="list-style-type: none"> Audit Manager has advised senior management of such outstanding reports. A new Risk & Controls Board has been developed which now formally reports these issues to Corporate SLT for action. 	A list of outstanding reports has been formally reported by the R&C Board to Corporate SLT for action. Progress has been made to finalise and close outstanding reports; a recent surge effort by IA has via escalation to Corporate Leadership level has improved response.
Information Governance Training	The ability to monitor which staff have completed which training courses needs improvement. Decisions on mandatory training and frequency of courses needs to be decided. There is a risk that employees may not have sufficient training or awareness.	<ul style="list-style-type: none"> New Information Governance Manager in post IT and IG policies are being reviewed IG training modules are being reviewed Ownership of training attendance to be assigned A system for monitoring all training 	The IG Training Needs has been developed and communicated to the IG Group. The LMS System is now live; The IG team are currently working with the Transformation team and HR on reporting. An update on the outcome of this was reported to the Information Governance Committee in May. Now part of mandatory training for new starters. Info Security training sessions offered to all Members.

<p>Covid-19 risks, levels of debt, loss of income etc</p>	<p>Since mid-March 2020, the Council has diverted its resources to focus on providing active support across Huntingdonshire as part of its response to Covid-19.</p> <p>There is a risk that costs incurred outweigh the levels of funds received from Central Government. Emergency procedures put in place need to be reviewed to ensure that effective governance is in place to protect Council / users etc</p>	<ul style="list-style-type: none"> • Assess 2020/21 budget and income streams for non-deliverable items and link to overall 2020/21 Financial monitoring and the 2021/22 MTFS requirements. • Robust risk management processes followed to ensure effective monitoring of key risks whether relating to response to Covid-19 or return to business as usual. • Gold, Silver and Bronze command were stood up to manage critical responses/issues in response to the pandemic. 	<p>Continuing as per last update: At present, Gold command is still active to help respond and provide resources for continued support within the community in relation to the Covid 19 pandemic.</p> <p>A separate cost centre was set up to capture costs associated with responding to Covid 19 pandemic.</p> <p>During 20/21, central government has provided significant support in terms of the one-off costs associated with responding to the pandemic, this support will continue in 21/22.</p> <p>Recognition has also been provided by central government in support loss of income for services affected by the closure of leisure and retail activities. The Income Compensation Scheme has provided Local Authorities affected by this to claim back 75p in the £1, after deducting 5% of the total expected budgeted income for that activity.</p> <p>NNDR and CTAX will continue to be a concern going into 21/22 with ongoing pressure around collections. Central Government have provided mechanisms to spread 20/21 deficits over 3 years and will also allow Local Authorities to claim compensation for irrecoverable losses.</p> <p>Balanced budget has been approved (Feb 21).</p>
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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 annual governance statement to accompany the 2020/21 Annual Financial Report.

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 Annual Governance Statement 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	Councillor Ryan Fuller Executive Leader	Signature	Joanne Lancaster Managing Director
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16th July 2021
Signed on behalf of Huntingdonshire District Council
Xx April 2022
Amended and reapproved

Appendix 1

Annual Governance Statement 2020/21

Themes

Housing Affordability

Leading to homelessness and constraining growth.

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

2019/20 actions

2020/21 actions

- | | | |
|----|--|----|
| -- | Adopt a housing strategy which establishes the formal basis for housing delivery across the district. | ✓ |
| ✓ | Complete a formal review of homelessness within the District to inform the development of an updated Homelessness Strategy. | -- |
| ✓ | Continue to work with other agencies to enable earlier risk-based interventions for those individuals whose circumstances mean that they are vulnerable to homelessness. | ✓ |
| ✓ | Developing new delivery options to secure affordable homes within the District, using Council assets to provide alternatives to the market delivery homes where necessary. | ✓ |
| ✓ | To bring forward formal Scrutiny recommendations for the acceleration of supply of new affordable and accessible housing stock across the district. | -- |
| | Working with third parties to explore partnership models to bring forward new solutions to the delivery of all types of housing to meet local needs. | ✓ |

2020/21 achievements

The focus of our work is on earlier intervention where possible to help achieve successful homelessness preventions. This has been aided by multi agency pathways and protocols across a range of other partners to help identify earlier intervention opportunities. This has been a key part of our Covid-19 response to ensure that those most at risk to the threat of rough sleeping have been assisted during the pandemic.

Maximised spend on Discretionary Hardship Fund to help people with their housing costs - £287k awarded. Continued to award Hardship Fund payments to working aged people claiming Council Tax Support - £632k awarded

Although use of hotels and B&Bs increased for single rough sleepers as part of the 'Everyone In' pandemic response, this accommodation is not used for families with children. A further 22 short term lets provided by Chorus will come online in April 2021 as the conversion of an outdated Sheltered scheme to this use is completed.

New Housing Strategy adopted October 2020. Also the sale of 13 parcels of land held by the Council for the delivery of affordable homes was approved by Cabinet in October 2020.

Morbidity/Growing number of years of ill health

Impacting on people's ability to be self-reliant and generating additional cost through support needs.

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.

The costs of dealing with ill health and the increased risk of other complications caused by ill health, constitutes a major financial challenge to all public sector agencies. Decisions made to support these needs, often impact HDC as we see these decisions create direct and indirect financial challenges for the Council, including disabled facilities grants but also situations where those who are not able to remain economically active rely on more assistance. The increasing number of years of ill health experienced by the population, combined with Huntingdonshire's aging population make these factors areas of continued focus for HDC.

Underlying health factors such as frailty, excess weight, or other underlying health condition have been indicated as increasing the chances of poor Covid-19 outcomes.

2019/20 actions

2020/21 actions

- | | | |
|----|--|----|
| ✓ | Use our leisure services to encourage healthier lifestyles through engaging people of all ages in activities to improve health. | ✓ |
| ✓ | Pilot new ways of working within localities with local communities and other agencies to deliver tailored solutions to issues within defined communities. | ✓ |
| ✓ | To bring forward formal Scrutiny recommendations on how the Council can support improved community health outcomes through its task and finish work. Maybe update with a focus on Health and Wellbeing strategy | -- |
| ✓ | Pilot new ways of working within localities with local communities to deliver improved infrastructure that promotes cycling and walking | ✓ |
| ✓ | Adoption of a 'Healthy Open Spaces Strategy' to optimise the provision and use of the Council's green open spaces, parks and play areas to encourage healthier lifestyles through engaging people of all ages in activities to improve health. | ✓ |
| -- | Investing in our parks and green spaces to provide for open areas for leisure and activity, including in our 3 largest market towns | ✓ |

2020/21 achievements

Closures of the leisure industry dictated that the service was only able to deliver face to face activity for 5 months of the year with severe restrictions around what could and could not be delivered during those months. Online services were developed but had limited uptake as customers responded to surveys stating that they valued the human interaction and therefore found alternatives during periods of closure.

Whilst recovery commenced on two occasions, subsequent decisions to shut down facilities and activities meant that by the end of the financial year only outdoor activities had resumed (for 3 days). Online services via the Training Shed App and Classes were delivered as an alternative for those that were seeking support.

The new park, named Berman Park, opened for public use on the Easter weekend.

Work with protecting and increasing the biodiversity of our open spaces was put on hold due to covid-19. Anticipated delivery is now Q2 2021/22.

Wider economic environment

Impact of Commercial Investment Strategy/Business rates receipts and level of need from residents.

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. This supports the delivery of one of our key Corporate Plan strategic priorities – delivering sustainable growth across the District. The Council is making tactical investments in the property market and is determined to support the conditions for economic success to support a vibrant economy and positive community outcomes. Ultimately 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.

During Covid-19 we have, like others, administered the Government's business grants programme, using information we hold to quickly distribute funds in the most effective way, to ensure we support a quick local economic recovery.

2019/20 actions		2020/21 actions
✓	Use the Council's Commercial Investment Strategy to support the local economy.	✓
✓	Maintain and enhance the Council's existing commercial estate to provide value accommodation for local businesses.	✓
--	Use of data to target our engagement and support of local business particularly in key clusters.	✓
✓	Refocus our economic development activity to support new and emerging sectors in our economy, to create the environment within which new business can thrive.	✓
✓	Following the adoption of the Prospectuses for Growth for the four main market towns to focus on transformational interventions that make the most of opportunities unique to each town, creating new jobs, stimulating economic growth, improving productivity and raising aspirations in and around each town.	✓
✓	To work creatively with key industrial sectors to create pathways for growth and linkages to skills and training provision.	✓

2020/21 achievements

The Future High Streets Fund (FHSF) has been confirmed for St Neots and the individual projects are being developed, along with a communications and engagement strategy. Master planning feasibility briefs are being developed for St Ives, Huntingdon and Ramsey. In addition, the accelerated towns programme (Cambridge & Peterborough Combined Authority) is underway with a series of projects to be implemented by March 2022

This has secured £3.7m MHCLG funding for FHSF; £3.2m CPCA funding toward the FHSF. In addition, bids to the CPCA Market Towns Fund bid have been submitted, including the accelerated fund (across Huntingdon, St. Ives and Ramsey) and the longer-term fund to initiate masterplan/feasibility studies for Huntingdon, St Ives and Ramsey. In addition, A141 study continues, and St Ives study to commence.

Continued work with partners to develop the Ox-Cam growth corridor. The Ox-Cam Non-Statutory Spatial Framework is to be launched, together with a CEO to engage MHCLG on 'place shaping' opportunities within this space.

Officers continue to work with the CPCA (Market Towns, A141, St Ives study) to ensure infrastructure is enabled. In addition, working collaboratively with Highways England/Cambridgeshire County Council/South Cambridgeshire District Council on the A428 and will also work with partners on East West Rail as it moves toward Development Consent Order.

Skills level and educational attainment

As a means by which residents are able to attract profitable work and in attracting employers to the area.

It is important that all young people can fulfil their potential and become active citizens with meaningful and valuable work. Furthermore, the workforce within the area needs to be supported to continue to gain meaningful employment and meet the demands for new skills in the labour market. This is particularly true to ensure we are able to support our residents to respond to the impacts of Covid, and to ensure the growth we see in Huntingdonshire being in high value adding sectors. In turn this will also contribute to the area's reputation for attracting inward investment and so grow and thrive. Finally, skilled and flexible workforces who possess digital skills will allow the Council to transform its current delivery models and offer new methods of service delivery. Post Covid activity will also be undertaken to ensure our working age population are able to respond to changes in local employment, and benefit from co-ordination of activity around gaining the skills needed within the local economy.

2019/20 actions

- Endorse a digital strategy for the area, to ensure that the needs of Huntingdonshire are properly understood and laid down to support the skills and economic growth agenda.
- Work with local businesses to understand and support their growth and recovery plans, and skills needs.
- ✓ Support apprenticeships, directly as an employer, but also through our supply chain and through promotion with local businesses.
- ✓ Continue to engage with schools through local careers fairs and EDGE, but also through fostering direct links between employers and educational institutions.
- ✓ Work to create pathways from local communities and schools to colleges and institutions such as iMet which support the development of skills required by the future economy.
- ✓ Develop and enhance our commitment to social value, and seek to encourage other local employers to do the same.

2020/21 actions

- ✓
- ✓
-
- ✓
- ✓
- ✓

2020/21 achievements

A plan has been developed around the implementation of six community-based job clubs across Huntingdonshire. Social Echo located in Yaxley launch on 1st June 2021 with face to face and online courses, skills and employment support available. Brampton have received their training and will also launch on 1st June 2021. Discussions underway with St Neots partners in relation to a shared offer with Diamond Hampers. 'Payment by Results' type funding offered to the Job Clubs by Cambridgeshire Skills.

Developing Oxmoor initiative has been slowed by the pandemic but initiatives have continued, and a number of new projects have got underway. This includes the opening of a community fridge based within a primary school that since 25th March 2021 has issued 1418.43kgs of food that would have otherwise gone to landfill. The offer will expand to cover hygiene products from 25th May 2021. Funding has also been secured from the Office of the Police and Crime Commissioner to jointly fund a post within St Peters school that will work directly with male pupils at risk of becoming a victim or a perpetrator of crime, disorder or anti-social behaviour (ASB). The project will focus on keeping aspirations high.

Partner agency operational pressures

Financial challenges of partners impacting on demand for our services or reducing existing support.

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.

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.

2019/209 actions

- ✓ Share budget planning activity with other public agencies to guard against unintended consequences of financial decisions.
- ✓ Continue to engage with near neighbours, particularly the County Council and health services to understand how best we can complement each other's activity
- ✓ Work closely with partners to understand the triggers and impacts of decisions on partners, and seek to proactively prevent costly crises, and deliver better outcomes.
- ✓ Use evidence to undertake targeted outbound contact with those residents that need it, and develop new ways of working which ensure that public services become more agile in responding to changing circumstances.
- ✓ Recognising that residents needs to not map neatly to organisational boundaries, establish multi-disciplinary teams (or digital services) with partners, where the evidence shows that these will better help us achieve our objectives.

2020/21 actions

- ✓
- ✓
- ✓
- ✓
- ✓

2020/21 achievements

We have continued to work with CPCA in delivering projects into the district to enhance open space and environmental activities, as well as supporting activities because of responding to the impact of the covid-19 pandemic. The council has successfully accessed funding in the region of £1.8m

Work underway with Hunts Forum to review the definition of Recognised Organisations potentially into a tier system. This will be mean that more community and voluntary organisations will be eligible for receiving the recognition and in turn increase the opportunities for volunteering
During this financial year the Council has continued to work with partners across the public sector to respond to and deliver much needed support to the residents and businesses of Huntingdonshire and the wider area within Cambridgeshire and Peterborough affected by the impact of covid-19.

Environmental pressures and sustainability challenges

Challenges to the long-term sustainability and attraction of our area.

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. 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.

2019/20 actions		2020/21 actions
✓	To maximise the recycling rate within our district, seeking to reduce contamination, and deliver the highest possible rate of recycling and reuse of our recycled materials.	✓
✓	Develop proposals around improving the movement around the district, by way of modal shift and improved public transport. To promote sustainable transport options, including the provision of charging points for electric cars, and through encouraging walking and cycling as safe and practical alternate travel options.	✓
✓	To ensure the Digital agenda remains at the core of new infrastructure projects, allowing for flexible working where possible, minimising the need for am/pm peak travel.	✓
✓	Maximising the use of renewable energy technology in all suitable locations across the Councils assets and achievable land opportunities and pursue technologies that allow us to minimise use of utilities.	✓
✓	Ensuring new residential developments are environmentally sustainable and make best consideration of key environmental factors during both the design and build stage and ongoing liveability.	✓
✓	Maximising the impact of our green space, by investing in and expanding green spaces across the district and seeking to achieve net-gain biodiversity where possible.	✓
--	Implementing a strategy to limit single use plastics across our estate. Removing such items from our cafes.	✓
✓	Working with parish and town councils to ensure that Neighbourhood Plans reflect the growing environmental and sustainability agenda.	✓
--	Working to understand our communities' ambitions on the sustainability agenda and supporting this through the way we undertake our business.	✓
--	Work with the CPCA to frame and deliver the ambition of the Climate Change Commission and the Electric Vehicle strategy.	✓

2020/21 achievements

A new Waste Minimisation Strategy and a Waste Minimisation Action Plan were approved at Cabinet in December 2020. Projects are in place to support the objects set out in the strategy:

- Reduce the amount of waste that is collected from households through our kerbside collections.
- Achieve a greater than 60% diversion of waste from landfill in line with the council's manifesto pledge.
- Improve the quality of the recycling material we collect by maintaining contamination levels below 7%.

Electrical Vehicle Charging points have been installed across car parks in St Neots, St Ives and Huntingdon. The charging points are already being used and have provided the following energy to vehicles so far: April: 836kWh, May: 324kW. With EV cars travelling between 2.8 & 3.5 miles per kWh, this means that our total of 1,160 kWh supplied has enabled over 3,248 miles of cleaner travel in the 5-6 weeks they have been in operation.

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HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Approval for Publication of the 2020/21 Annual Governance Statement and the Annual Financial Report
Meeting/Date:	Corporate Governance Committee – 27 April 2022
Executive Portfolio:	Strategic Finance: Councillor J A Gray
Report by:	Chief Finance Officer
Wards affected:	All Wards

Executive Summary:

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

In order to approve the accounts, the Committee must:

- Consider the Auditors Report (Audit Results Report) (paragraph 3) which comments on the auditor's findings on the Annual Finance Report and their view on Value for Money. Both the Annual Finance Report and the Value for Money position of the Council are expected to receive an unqualified audit opinion. At the time of writing the Auditors Results Report at Annex A is still provisional as the audit is still ongoing.
- Approve the Annual Governance Statement (paragraph 4) which includes the following themes:
 - Housing affordability
 - Morbidity/growing number of years of ill health
 - Wider economic environment
 - Skill levels and educational attainment
 - Partner agency operational pressures
- Approve the Letter of Representation (paragraph 5)
- Approve the Annual Financial Report (paragraph 6)

Recommendations:

1. Receives the Auditors Results Report (**Annex A**)
2. Approve the Annual Governance Statement (**Annex B**) and authorises the Executive Leader and Managing Director to sign the Statement on behalf of the Council.
3. Approves the Letter of Representation (**Annex C**) and authorises the Chief Finance Officer (as Section 151 officer) to sign it on behalf of the Council.
4. Give delegated powers to the Chairman of the Committee and Chief Finance Officer (as Section 151 officer) to authorise and sign the Annual Financial Report (**Annex D**) on behalf of the Council subject to the auditors confirming an unqualified opinion on the AFR 2020/21.

1. PURPOSE OF THE REPORT

- 1.1 To complete the processes for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Finance Report (AFR) for 2020/21.

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 AUDITORS REPORT (AUDIT RESULTS REPORT)

- 3.1 At the time of writing the report the audit is not yet complete with the auditors having some final queries to resolve to enable them to approve the accounts. An up to date position will be reported at the Committee by the auditors on outstanding queries and audit review procedures.
- 3.2 The Audit Results Report will be presented to the meeting by the auditors and a draft is attached at **Annex A**. The auditors will verbally update the Committee at the meeting of any further changes since the issuing of the report.
- 3.3 There were no issues raised as 'Control Observations' by the auditors within the Audit Results Report in respect of the AFR for 2020/21.
- 3.4 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 **Annex B**.
- 4.2 The governance statement includes 6 significant themes:
- Housing affordability
 - Morbidity/growing number of years of ill health
 - Wider economic environment
 - Skill levels and educational attainment
 - Partner agency operational pressures
 - Environmental pressures

- 4.4 These issues notwithstanding, 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 as **Annex C**. It is 'best practice' for the Committee to approve the content of this letter and then authorise the Chief Finance Officer 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 Chief Finance Officer to sign it on behalf of the Council.

6 APPROVE THE ANNUAL FINANCIAL REPORT

- 6.1 The Council is required to produce and approve by the 1 August the Draft AFR, which incorporates the Statement of Accounts. Then 'those charged with governance' are required to approve and the Council is required to publish the AFR; a copy is attached at **Annex D**. The copy currently attached at **Annex D** is the draft AFR which could still be subject to amendment as a consequence of audit.
- 6.2 The Committee is asked to approve the AFR, which includes the Statement of Accounts. Once the external auditor has confirmed that the AFR is unqualified, then the report will be signed on behalf of the Council.
- 6.3 The issues that have been raised by the auditor in respect of the AFR are detailed within Section 3 of this report and Section 7 of the Auditors' Results Report.

7 KEY IMPACTS

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

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.
- 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.

LIST OF APPENDICES INCLUDED

Annex A – Auditors Report – Audit Results Report
Annex B – 2020/21 Annual Governance Statement
Annex C – Draft Letter of Representation
Annex D – 2020/21 Annual Financial Report (Draft)

BACKGROUND PAPERS

CONTACT OFFICER

Eric Symons
Chief Financial Officer

**Huntingdonshire
District Council
Audit Results Report**
Year ended 31 March 2021

14 April 2022

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EY

Building a better
working world



Dear Corporate Governance Committee Members
Huntingdonshire District Council

14 April 2022

Dear Corporate Governance Committee Members

2020/21 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. This report summarises our preliminary audit conclusion in relation to the audit of Huntingdonshire District Council for 2020/21. We will update the Committee at its meeting scheduled for 27 April 2022 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2020/21 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's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

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

We welcome the opportunity to discuss the contents of this report with you at the Corporate Governance Committee meeting on 27 April 2022.

Yours faithfully

MARK HODGSON

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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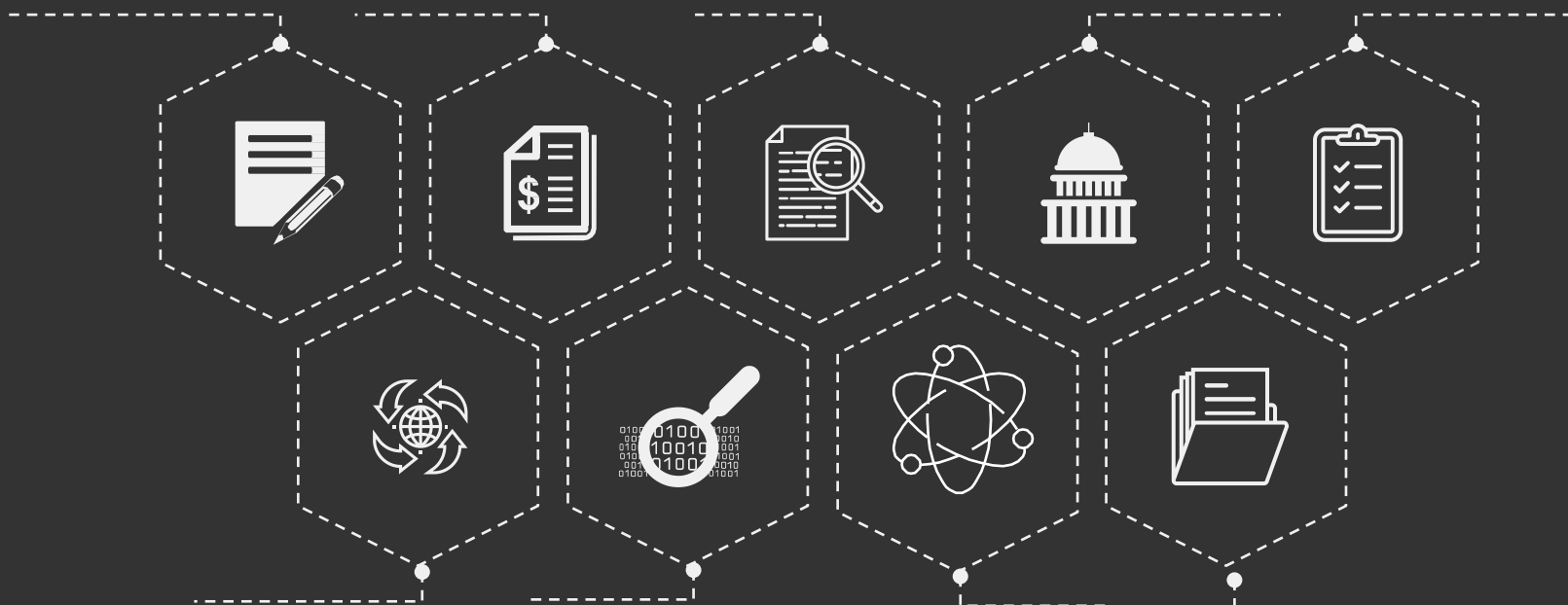
01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences

05 Value for Money



06 Other reporting issues

07 Assessment of Control Environment

08 Independence

09 Appendices

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/audit-quality/statement-of-responsibilities/>). 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 April 2018)" 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

Scope update

In our Provisional Audit Plan dated the 24 May 2021, 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:** In our Provisional Audit Plan, we communicated that our audit procedures would be performed using a materiality of £2.112 million. We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure, we have updated our overall materiality assessment to £1.840 million. This results in updated performance materiality, at 50% of overall materiality, of £0.920 million, and an updated threshold for reporting misstatements of £0.092 million.

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Amendment) Regulations 2021 No 263, have been published and came into force on 31 March 2021. This announced a change to publication date for final, approved financial statements from 31 July to 30 September 2021 for all relevant authorities.

Additional audit procedures as a result of Covid-19

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk:

- ▶ Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- ▶ Agreed IPE to scanned documents or other system screenshots.



Executive Summary

Status of the audit

Our audit work in respect of the Council and Group audit opinion is ongoing. The following items relating to the full completion of our audit procedures were outstanding at the date of this report:

- ▶ Significant Contract Testing.

Closing Procedures:

- ▶ Subsequent events review;
- ▶ Agreement of the final set of financial statements;
- ▶ Receipt of signed management representation letter;
- ▶ Final Manager and Engagement Partner reviews; and
- ▶ Whole of government Accounts submission.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix D.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Financial Statements which could influence our final audit opinion, a current draft of which is included in Section 3.



Executive Summary

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- 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.

Status of the audit - Value for Money

In Section 05 of this report, we confirm that we have completed our Value for Money (VFM) risk assessment and have not identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code. We have revisited our assessment throughout the completion of the audit of the financial statements and remain satisfied that we have not identified a risk of significant weakness.

As a result, we have completed our planned VFM procedures and have no matters to report by exception in the Auditor's Report (see Section 03).

We plan to issue the VFM commentary by the end of June 2022 as part of issuing the Auditor's Annual Report.



Executive Summary

Audit differences

Uncorrected differences

- ▶ **Other Expenditure** - We identified a projected error of £0.288 million relating to expenditure on various licenses that extended into the subsequent fiscal period not being accrued for as prepayments resulting in an overstatement of expenses and an understatement of Short-Term Debtors.
- ▶ **Investment Property** - We identified a judgemental error of £0.244 million in our recalculation of Investment Property valuation which was mechanical in nature through the method of calculation.

Corrected differences

- ▶ **Pension Liability** - The Pension Fund auditor identified that Investment Valuations within Cambridgeshire Pension Fund were understated. On receipt of an updated IAS 19 report from the Actuary, we determined that the Authority's Pension Fund Liability was overstated by £2.229 million. This is a result of a timing difference reported through the audit of Cambridgeshire Pension Fund.
- ▶ **Property, Plant & Equipment** - We identified two vehicles disposed of during 2020/21 that were not correctly derecognized in the Fixed Asset Register. The correcting entries resulted in the write off of £0.144 million in cost and £0.144 million in accumulated depreciation resulting in a net impact of a £0.020 million loss on disposal.
- ▶ **Grant Income** - We identified a reclassification difference for Covid-19 related grants between 'Taxation' and 'Non-Specific Grant Income to Credited to Cost of Services'. The correcting entry moved £8.941 million between these two headings.
- ▶ **National Non-Domestic Rates (NNDR) Debtors and Creditors** - Management identified that in the draft financial statements the NNDR Debtors and Creditors were netted off in the accounts, resulting in an understatement of both Short-Term Debtors and Creditors by £10.637 million.
- ▶ **Note 31 - Grant Income** - We found that the Council has double counted a grant of £0.130 million in respect of 'Godmanchester Mill Project', meaning the Grant Income was overstated by this amount within the Comprehensive Income & Expenditure Statement. The 'Balance Sheet - Accounts Receivable' was also overstated by this amount as was the 'Capital Grants Unapplied Account and the Movement in Reserves Statement. Management have amended for these adjustments.

Disclosure differences

We also identified a limited number of minor audit disclosure differences in the financial statements, which have been adjustment by Management including:

- ▶ **Note 34 - Leases - Council as a Lessor** - We found that the end date of one lease was incorrectly captured within the note disclosure resulting in an overstatement of lease amounts receivable. This resulted in £0.716 million being removed from the 'Not later than 1 Year' category of the note and £1.311 million being removed from the 'Later than 1 year and not later than 5 years' category of the note.
- ▶ **Note 36 - Exit Packages** - We found that 9 individuals were included within the Exit Packages note but who were not made redundant but were instead redeployed to other areas of the Council. The financial impact of removing these 9 individuals from the note was £0.022 million.



Executive Summary

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. As a result of this work we requested the following amendments to be made:

1. Inclusion of details on contractor management Internal Audit findings with the Annual Governance Statement; and
2. Inclusion of a Conclusion Statement to clearly articulate whether there were or were not any significant governance issues to report.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as at the date of this report the NAO have not issued their guidance to auditors. However, as we do expect, based on prior year guidance that the Council would fall below the testing threshold set by the NAO for detailed procedures on the consolidation return (Threshold - £500 million). We do not expect therefore to have any issues to report.

We have no other matters to report.

Control observations

During the audit, we did note the findings of Internal Audit in respect of Contractor Management. Internal Audit reported that Contract duration and definition was not clear and resulted in non-compliance with the Council's own codes and policies, in addition to PCR2015 and IR35.

We do not deem this to be a significant Value for Money risk, based on financial significant but we will report the findings within our Value for Money Commentary.

Independence

Please refer to Section 7 for our update on Independence.



Executive Summary

Areas of audit focus

In our Provisional Audit Plan 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 summarised within the "Areas of Audit Focus" section of this report.

Management Override: Misstatements due to fraud or error

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

Management Override: Inappropriate capitalisation of revenue expenditure

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

Significant Risk: Accounting for Covid-19 related grant funding

- We have completed our work in this area and identified a reclassification adjustment which management has corrected.

Significant Risk: Valuation of Property, Plant, and Equipment and Investment Properties

- At the date of issuing this report, we have concluded our work on Property, Plant & Equipment, with the exception of an emerging national issue (Page 18). We have one remaining audit question outstanding in respect of Investment Property procedures. We will update the Committee on our findings once this outstanding question is resolved.

Inherent Risk: National Non-Domestic Rates Appeals Provision

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

Inherent Risk: Pensions valuations and disclosures

- We have completed our work in this area and identified an overstatement of the liability in the amount of £2.229 million which management has corrected.

Inherent Risk: Recoverability of Debtors

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

Inherent Risk: Accounting for Collection Fund Disclosures

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



Executive Summary

Areas of audit focus

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

- ▶ There are no residual 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 or Management.



02

Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

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

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

One area susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's capital programme. The specific procedures undertaken to address this are set out on the next page. This page details standard procedures we undertake to respond to the risk of fraud and error on every engagement.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Identified 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 the oversight given by those charged with governance of management's processes over fraud;
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ Reviewed the accounting estimates for evidence of management bias; and
- ▶ Evaluated the business rationale for significant unusual transactions

ISA 240 mandates we perform procedures on accounting estimates, significant unusual transactions and journal entries to ensure they are appropriate and in line with expectations of the business.

What are our conclusions?

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

We have not identified any instances of inappropriate judgements being applied, or of any management bias in accounting estimates.

We have not identified any inappropriate journal entries or other adjustments to the financial statements.



Areas of Audit Focus

Significant risk

Incorrect capitalisation of revenue expenditure

What is the risk?

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.

As the Council is more focused on its financial position over medium term, we have considered the risk of manipulation to be more prevalent in the inappropriate capitalisation of revenue expenditure on Property, Plant and Equipment and manipulation of revenue expenditure funded through capital under statute (REFCUS).

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Sample tested additions to Property, Plant and Equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.
- ▶ Sample tested Revenue Expenditure Funded from Capital Under Statute (REFCUS), to verify that they meet the statutory definition for REFCUS and therefore confirm that revenue costs have not been inappropriately funded from capital.
- ▶ Considered the effectiveness of management's controls designed to address the risk.
- ▶ Used our data analytics tool to identify and test journal entries that move expenditure from revenue codes into capital codes.

What are our conclusions?

Our sample testing of additions to Property, Plant and Equipment found that they had been correctly classified as capital and included at the correct value.

Our sample testing did not identify any revenue items that were incorrectly classified.

Our data analytics procedures did not identify any journal entries that incorrectly moved expenditure into capital codes.



Areas of Audit Focus

Significant risk

Accounting for Covid-19 related grant funding

What is the risk?

The Council has received a significant level of additional government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or Accounting Standard (IFRS 15) in respect of accounting for government grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment within the 2020/21 statements.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Sample tested Government Grant income to ensure that they have been correctly classified as specific or non-specific in nature;
- ▶ Sample tested Government Grant income to ensure that they have been correctly classified in the financial statements based on any restrictions imposed by the funding body;
- ▶ Reviewed the instructions and conditions of each grant that we were testing to corroborate the Council's assessment of whether they were acting as an Agent or Principal in disbursing the grants; and
- ▶ Compared the Council's assessment of whether they were acting as 'agent' or 'principal' for each Covid-19 grant to other Councils' assessment to determine whether Huntingdon were an outlier in their treatment of any particular grant.

What are our conclusions?

We identified a reclassification entry in the amount of £8.941 million for Covid grants between 'Taxation' and 'Non-Specific Grant Income to Credited to Cost of Services' lines of the Comprehensive Income & Expenditure Statement which management has corrected. No other issues were identified.



Areas of Audit Focus

Significant Risk

Valuation of Property, Plant and Equipment & Investment Property

What is the risk?

In the prior year we reported issues with the adequacy of the Council's arrangements for obtaining valuations of its land and buildings and investment properties. These assets represent a significant balance in the Council's financial statements (£72.21 million at 31 March 2020) and are subject to valuation changes, impairment reviews and depreciation charges.

For 2020/21 the Council is looking at changing the external expert valuer it engages to value its assets. This increases the risk of material misstatement in relation to land and buildings and investment property valuations.

The valuer will apply a number of complex assumptions to these assets as well as making an assessment to identify whether there is any indication of impairment.

As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ For certain land and buildings and investment properties that are subject to volatility in relevant market information, we will engage our own experts, EY Real Estates, to challenge management's judgements and assumptions;
- ▶ Review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

(Continued over the page).



Areas of Audit Focus

Significant Risk

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

What are our conclusions?

We have concluded our work on Property, Plant & Equipment, with the exception of an emerging national issue (Page 18). We have completed our work in this area and have no matters to report.

We have one remaining audit question outstanding in respect of Investment Property procedures. We will update the Committee on our findings once this outstanding question is resolved.

There is however, an emerging issue impacting the whole Local Government sector in respect of Infrastructure Assets as set out on the next page.

Audit risks

Infrastructure Assets - What is the issue

An issue has been raised via the NAO's Local Government Technical Group that some Local Authorities are not writing out the gross cost and accumulated depreciation on Infrastructure Assets when a major part/component has been replaced or decommissioned. As a result Infrastructure Assets are materially overstated in the Balance Sheet at the 31 March 2021.

Asset registers do not tend to record infrastructure capital expenditure with sufficient detail and geographical specifics to enable the identification of prior cost of replaced parts/components and related accumulated depreciation. So, it can be challenging to identify the cost and accumulated depreciation balances that need to be derecognised.

If parts/components have not been derecognised when replaced or decommissioned:

- a. For assets that have been fully depreciated, the gross cost of the asset and accumulated depreciation will be overstated in the Property, Plant and Equipment note to the Balance Sheet. This will be a matching error, so no impact on the Net Book Value reported on the balance sheet.
- b. For assets replaced or decommissioned ahead of their useful economic life (UEL), i.e. the asset is not fully depreciated and has a positive Net Book Value (NBV) at year end, the error will also impact the Balance Sheet, where asset values will be overstated.

The Gross Book Value (GBV) of Infrastructure Assets reported within the draft financial statements at the 31 March 2021 is £10.1 million with a Net Book Value of £4.5 million - both above our reported materiality level.

This matter is currently under consideration by CIPFA who have set up a Task & Finish Group to escalate a resolution following a consultation with the sector. However, the timeline to resolution is unknown currently.

Potential Ways Forward:

1. The Council is able to evidence full compliance with the CIPFA Code of Practice requirements for all additions to Infrastructure Assets and the appropriate de-recognition of the original asset or component of that asset alongside the derecognition of the associated accumulated depreciation. We have asked Management for this assessment which will require full supporting evidence.
At the current time, this assessment and evidence base would need to go back to the inception of International Financial Reporting Standards which was in the 2010/11 financial year. This will allow us to determine that there cannot be a material error, both quantitatively and qualitatively, in the GBV and NBV of the reported Infrastructure Asset balance at the 31 March 2021.
2. The Council can wait for the outcome of the CIPFA Task & Finish Group work and any resultant updates to the CIPFA Code of Practice reporting requirements. The Council would then have to evidence compliance with any revised reporting requirements brought in by any such amendments.

We will not be able to issue our audit opinion until either of the above options is concluded.



Areas of Audit Focus

Inherent risk

Pension valuations and disclosures - Inherent Risk

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body

The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet.

Accounting for this scheme involves significant estimation and judgement. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Liaised with the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Huntingdonshire District Council;
- ▶ Assessed the work of the Pension Fund actuary (Hymans Robertson) 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 by considering any relevant reviews by the EY actuarial team; and
- ▶ Reviewed and tested the accounting entries and disclosures made within Huntingdonshire District's financial statements in relation to IAS19, considering Fund assets and the Council's liability.

What are our conclusions?

We were informed by the Pension Fund auditor that Investment Valuations within the Pension Fund were understated. On receipt of an updated IAS 19 report from the Actuary, we determined that the Authority's Pension Fund Liability was overstated by £2.229 million. Management have adjusted for this audit difference. See Section 4 for further information.

We have agreed the Authority's IAS 19 disclosures to the revised actuaries' report to ensure these are fairly stated in the accounts. The disclosures in the accounts have been amended to reflect the most recent valuation of the Pension Fund's assets as per the updated IAS 19 report from the actuaries.

(Continued over the page).



Areas of Audit Focus

Inherent Risk (Continued)

Pensions valuations and disclosures - Inherent risk

What are our conclusions?

We were notified of an issue that has arisen across all Local Government audits within the sector that needs to be resolved prior to us being able to fully conclude our work in this area.

This is in relation to the impact of the new auditing standard on accounting estimates on planned procedures. We planned to take an audit approach to this estimate based on procedures to evaluate Management's process. The new auditing standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model.

Neither we, nor PWC as Consulting Actuaries commissioned by the NAO for all local government sector audits, are able to access the detailed models of the actuaries in order to evidence these requirements.

Therefore, we have been required to modify our planned approach and undertake alternate procedures to create an Auditor's estimate, in order to gain sufficient appropriate assurance.

We have completed the additional procedure described above. We have performed an independent point estimate procedure to ensure the validity of the Actuary's model based on data received from the Council. We compared our auditor's estimate to the figures produced by the Actuary as at 31 March 2021. The difference between the two was less than 0.5% of the Pension liability amount disclosed by the Actuary and we have therefore concluded that the Council's Pension Liability falls within an acceptable range, thereby giving us assurance over the Actuary's estimation approach.



Areas of Audit Focus

Inherent Risk

National Non-Domestic Rates Appeals Provision- Inherent Risk

What is the risk?

The business rates appeals provision includes, not only claims up to 31 March 2020, but claims that relate to earlier periods and is subject to estimation.

As appeals are made to the Valuation Office, the Council may not be aware of the level of claims lodged. The Council may also find it difficult to obtain sufficient information to establish a reliable estimate.

Due to the level of estimation, size of the balance and the complexity of this provision we have included it as an area of risk for this year.

What did we do and what judgements did we focus on?

Since issuing the Outline Audit Plan the government announced that it would not allow businesses to claim NNDR appeals in respect of material changes in circumstances as a result of Covid-19. As a result, we have down graded the audit risk from significant to inherent. This reduces the level of testing we will apply to the Appeals provision.

In order to address this risk we undertook the following audit procedures:

- ▶ Reviewed the Council's methodology underpinning the provision for business rate appeals to ensure it has been calculated on a reasonable basis in line with IAS 37;
- ▶ Ensured the provision is supported by appropriate evidence and that the level of estimation uncertainty is adequately disclosed; and
- ▶ Reviewed the completeness of the provision.

What are our conclusions?

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



Areas of Audit Focus

Inherent risk

Recoverability of Debtors - Inherent Risk

What is the risk?

There is increased risk that money due to the Council becomes less recoverable due to the Covid-19 pandemic as an increased number of businesses and residents struggle to meet financial obligations. As a result, the Council needs to ensure that it has appropriately considered the impairment of year-end receivables.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Reviewed the calculation of the bad debt provision for reasonableness and accuracy; and
- ▶ Considered the recoverability of debts in testing a sample of trade receivables.

What are our conclusions?

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



Areas of Audit Focus

Inherent risk

Accounting for Collection Fund disclosures - Inherent Risk

What is the risk?

In the 2019/20 accounts, the Council identified the need for two prior period adjustments relating to the Collection Fund. They related to historic errors identified by the Section 151 officer.

The Council needs to ensure that it has now fully resolved historic errors in the Collection Fund.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Performed an analytical review of collection fund income, building in any changes in relief as appropriate;
- ▶ Documented our understanding of the process for the raising of specific additional reliefs; and
- ▶ Reviewed the Collection Fund disclosures with respect to ongoing guidance in accounting requirements and for compliance with Code requirements.

What are our conclusions?

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



Areas of Audit Focus



Going concern

Management have disclosed that the financial statements are prepared on a going concern basis. We have obtained and audited management's Going Concern assessment, and Note 1 - Going Concern has been added to the accounts to provide the details of that assessment and management's conclusion. This has been informed by management's actual reserves position as at the 31 March 2021, and their forecast reserves position during the going concern period. It has also considered the Council's and Group Cash Flow forecast.

We focused on management's assessment of the going concern assumptions in preparing the Council's financial statements. We also reviewed management's cash flow forecasts to determine whether expected income appeared reasonable and whether it was sufficient to enable the Council continue its operations.

Our procedures around Going Concern included:

- Reviewing for any bias in the Council's Going Concern assessment, and whether it was consistent with the accounts.
- Reviewing the financial modelling and forecasts prepared by the Council.
- Considering key assumptions applied in the Council's forecasts, and whether these were reasonable and in line with our expectations.
- Ensuring that an appropriate Going Concern disclosure has been made within the financial statements.

We did not identify any events or conditions in the course of our audit that may cast significant doubt on the entity's ability to continue as going concern. The Council's disclosure is appropriate to the circumstances.



03 Audit Report



Our proposed opinion on the financial statements

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

Opinion

We have audited the financial statements of Huntingdonshire District Council for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- ▶ Movement in Reserves Statement,
- ▶ Comprehensive Income and Expenditure Statement,
- ▶ Balance Sheet,
- ▶ Cash Flow Statement
- ▶ the related notes 1 to 39; and
- ▶ Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of Huntingdonshire District Council as at 31 March 2021 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



Our proposed opinion on the financial statements

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the 'Annual Financial Report for the year ended 31st March 2021', other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information contained within the 'Annual Financial Report for the year ended 31st March 2021'.

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- ▶ we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

**Our proposed opinion on the financial statements****Responsibility of the Chief Finance Officer**

As explained more fully in the 'Statement of Responsibilities' set out on page 28, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:

- ▶ Local Government Act 1972,
- ▶ Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- ▶ Local Government Act 2003,
- ▶ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- ▶ The Local Government Finance Act 2012,
- ▶ The Local Audit and Accountability Act 2014, and
- ▶ The Accounts and Audit Regulations 2015.



Audit Report - continued

Our proposed opinion on the financial statements

In addition, the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.

We understood how Huntingdonshire District Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance.

We corroborated this through our reading of the Council's committee minutes, Council policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise.

Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately. We assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General (C&AG) in April 2021, as to whether Huntingdonshire District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Huntingdonshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.



Audit Report - continued

Our proposed opinion on the financial statements

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

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



04 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.

We highlight misstatements greater than £92,020 which have been corrected by management that were identified during the course of our audit.

Summary of unadjusted differences

There is one uncorrected material misstatements identified as part of our audit at the time of this report.

CIES - Other Expenditure - We identified a projected error of £0.288 million relating to expenditure on various licenses that extended into the subsequent fiscal period not being accrued for as prepayments resulting in a overstatement of expenses and an understatement of Short-Term Debtors.

Balance Sheet - Investment Property - We identified a judgemental error of £0.244 million understatement relating to the mechanical calculation of the valuation.

We request that these uncorrected misstatements be corrected, or a rationale as to why it is not corrected, be considered and approved by the Corporate Governance Committee and provided within the Letter of Representation.

Summary of adjusted differences

Corrected Differences

- ▶ **Pension Liability** - The Pension Fund auditor identified that Investment Valuations within Cambridgeshire Pension Fund were understated. On receipt of an updated IAS 19 report from the Actuary, we determined that the Authority's Pension Fund Liability was overstated by £2.229 million. This is a result of a timing difference reported through the audit of Cambridgeshire Pension Fund.
- ▶ **Property, Plant & Equipment** - We identified two vehicles disposed of during 2020/21 that were not correctly derecognized in the Fixed Asset Register. The correcting entries resulted in the write off of £0.144 million in cost and £0.144 million in accumulated depreciation resulting in a net impact of a £0.020 million loss on disposal.
- ▶ **Grant Income** - We identified a reclassification difference for Covid-19 related grants between 'Taxation' and 'Non-Specific Grant Income to Credited to Cost of Services'. The correcting entry moved £8.941 million between these two headings.
- ▶ **National Non-Domestic Rates (NNDR) Debtors and Creditors** - Management identified that in the draft financial statements the NNDR Debtors and Creditors were netted off in the accounts, resulting in an understatement of both Short-Term Debtors and Creditors by £10.637 million.



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.

We highlight misstatements greater than £92,020 which have been corrected by management that were identified during the course of our audit.

Summary of adjusted differences

Corrected Differences (Continued)

Note 31 - Grant Income - Note 31 - Grant Income - We found that the Council has double counted a grant of £0.130 million in respect of 'Godmanchester Mill Project', meaning the Grant Income was overstated by this amount within the Comprehensive Income & Expenditure Statement. The 'Balance Sheet - Accounts Receivable' was also overstated by this amount as was the 'Capital Grants Unapplied Account and the Movement in Reserves Statement. Management have amended for these adjustments.

Disclosure Issues

A limited number of other disclosure and presentational items have been highlights to management and have been amended within the revised financial statements.

These include:

- ▶ **Note 34 - Leases - Council as a Lessor** - We found that the end date of one lease was incorrectly captured within the note disclosure resulting in an overstatement of lease amounts receivable. This resulted in £0.716 million being removed from the 'Not later than 1 Year' category of the note and £1.311 million being removed from the 'Later than 1 year and not later than 5 years' category of the note.
- ▶ **Note 36 - Exit Packages** - We found that 9 individuals were included within the Exit Packages note but who were not made redundant but were instead redeployed to other areas of the Council. The financial impact of removing these 9 individuals from the note was £0.022 million.

We do not deem any other items to merit inclusion in this report and the revised financial statements reflect these amendments.



05

Value for Money

Value for money

Huntingdonshire District Council's responsibilities for value for money

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.

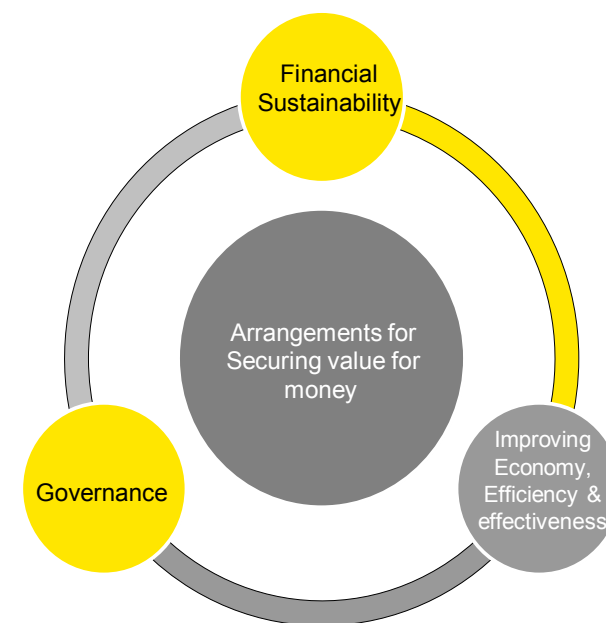
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- 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.





Value for money risks

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



Value for money risks

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the 2020 Code has the same requirement as the 2015 Code, in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Value for money (VFM) risk assessment

We have concluded our detailed VFM planning and risk assessment.

We have based our assessment on a combination of our cumulative audit knowledge and experience, our review of Committee reports and policies the Council has in place, meetings with key officers, and the evaluation of associated documentation through our regular engagement with Council management and the finance team.

As a result of this work, we have not identified any risks of significant weaknesses in the Council's arrangements. As a result we have no risk based procedures to carry out. We will revisit the risk assessment prior to issuing the audit opinion on the 2020/21 accounts but at this stage anticipate having no matters to report on VFM - as set out in Section 03 of this report.

We plan to issue the VFM commentary, as required under the new Code, in June 2022, within our Auditor's Annual Report.



06 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 Narrative Report with the audited financial statements. Financial information in the Narrative Report and published with the financial statements was consistent 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.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements. As a result of this work we requested the following amendments to be made:

1. Inclusion of details on contractor management Internal Audit findings with the Annual Governance Statement; and
2. Inclusion of a Conclusion Statement to clearly articulate whether there were or were not any significant governance issues to report.

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 at the date of this report the NAO have not issued their guidance to auditors. However, as we do expect, based on prior year guidance that the Council would fall below the testing threshold set by the NAO for detailed procedures on the consolidation return (Threshold - £500 million). We do not expect therefore to have any issues to report.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.

Other reporting issues

Other matters

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

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



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

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

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We considered whether circumstances arising from Covid-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely.

During the audit, we did note the findings of Internal Audit in respect of Contractor Management. Internal Audit reported that Contract duration and definition was not clear and resulted in non-compliance with the Council's own codes and policies, in addition to PCR2015 and IR35.

We do not deem this to be a significant Value for Money risk, based on financial significant but we will report the findings within our Value for Money Commentary.

We identified no other issues which we wish to bring to your attention.



8

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 the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are in the next page. Further detail of all fees has been provided to the Corporate Governance Committee.

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.

In addition to our audit of the accounts, we will also be performing the Reporting Accounting role for the certification of Huntingdonshire District Council's 2020/21 Housing Benefits claim. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO in May 2020. We confirm that we have not undertaken any additional non-audit work.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

[EY UK Transparency Report 2020 | EY UK](#)

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£'s	£'s	£'s
Total Fee - Code work	40,992	40,992	40,992
Additional Fee determined by PSAA Ltd	-	-	38,808
Revised Proposed Scale Fee	40,992	40,992	79,800
2020/21 Additional work:			
Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 1)	Note 1		
2020/21 Additional Procedures required in response to the additional risks identified in this Audit Plan in respect of:	Note 2	-	-
• Accounting for Covid-19 related Government Grant income, NDR Appeals provision, Collection Fund Accounting, Recoverability of Receivables, Going Concern, Group Accounts.			
Total fees	TBC	40,992	79,800

All fees exclude VAT

Note 1 - This proposed increase, is on the same basis as in 2019/20, and has been discussed with management. For 2020/21 the scale fee will again be re-assessed to take into account the same recurring risk factors that impacted 2019/20 and is subject to formal determination by PSAA Ltd and we would expect it to be at a similar level to that determined for 2019/20. There will be additional amounts of at least £8,500 specifically in relation to the new VFM reporting requirements and impact of ISA540 on Estimates in 2020/21.

Note 2 - In addition, as set out in this report, we have had to perform additional audit procedures to respond to the financial reporting an associated audit risks pertaining to Covid-19. As we are concluding our work in relation to these areas, we cannot quantify the fee impact at this time. We will provide an update on the additional fee implications at the conclusion of the audit and report this within the Auditor's Annual Report, or separately to this Committee depending on the timing of the determination by PSAA Ltd.



11

Appendices

Appendix C

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:

Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Corporate Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	 Our Reporting to you 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.	Provisional Audit Plan - 24 May 2021
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. 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.	Provisional Audit Plan - 24 May 2021
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Result Report - 14 April 2022

Appendix C

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Audit Result Report - 14 April 2022
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Result Report - 14 April 2022
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Result Report - 14 April 2022

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Corporate Governance Committee responsibility. 	Audit Result Report - 14 April 2022
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Result Report - 14 April 2022
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Provisional Audit Plan - 24 May 2021</p> <p>Audit Result Report - 14 April 2022</p>

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
	<p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the company and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Result Report - 14 April 2022
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit Result Report - 14 April 2022




Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Result Report - 14 April 2022
Group Audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit Result Report - 14 April 2022
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Result Report - 14 April 2022
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Result Report - 14 April 2022
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Result Report - 14 April 2022

Appendix B

Outstanding matters

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

Item 	Actions to resolve 	Responsibility 
Significant Contracts	Finalization of testing	EY and management
Whole of government accounts procedures	NAO instructions to be received and reviewed	NAO, EY and management
Receipt of management representation letter	Management to prepare and provide us with their representation letter for the 2020/21 audit	Management
Subsequent events procedures	Extension of some audit procedures like review of minutes and testing for unrecorded liabilities and provisions up to the date of our auditor's report	EY and management
Checks to the final amended set of accounts	EY to receive final set of accounts with all audit adjustments, and review it for consistency with our schedule of misstatements	EY and management

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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 no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures on going concern remain to be finalised and audited. A draft of the current audit opinion is included in Section 3.



Appendix C – Request for a Management Representation Letter


Request for a Management Representation Letter

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INVESTOR IN PEOPLE

Eric Symons
Finance Manager & Section 151 Officer
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
PE29 3TN

12 April 2022

Ref:
Your ref:
Direct line: 01223 394547
Email: MHodgson@uk.ey.com

Dear Eric,

**Huntingdonshire District Council – 2020/21 financial year
Request for a letter of representation**

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply:

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Audit Committee, as those charged with governance of the Council.


I would expect the letter of representation to include the following matters.

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Huntingdonshire District Council ("the Council") for the year ended 31 March 2021.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us 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 2021 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 2020/21.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC330001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office.



2

You understand that the purpose of our audit of your financial statements is to express an opinion thereon and that our audit is conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent we 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, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Council the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. That you acknowledge as members of management of the Council, your responsibility for the fair presentation of the Council's financial statements. You believe the Council 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 2020/21 and are free of material misstatements, including omissions. You have approved the Council financial statements.
3. That the significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the Council financial statements.
4. As members of management of the Council, you 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 2020/21, that are free from material misstatement, whether due to fraud or error. You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. That you believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, accumulated by us 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.

That you have not corrected these differences identified and brought to your attention by us because (please specify the reasons for not correcting the misstatements).

6. That you have disclosed to us any significant changes in our processes, controls, policies and procedures that you have made to address the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on your system of internal controls. That you do not believe that there are any significant changes.



Appendix C – Request for a Management Representation Letter

Request for a Management Representation Letter

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3

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

1. That you acknowledge that you are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. That you have disclosed to us the results of our assessment of the risk that the Council financial statements may be materially misstated as a result of fraud.
4. You have no knowledge of any identified or suspected non-compliance with laws and regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers") including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, 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. You have provided us 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 as agreed in terms of the audit engagement.
 - Additional information that we have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions, events and conditions have been recorded in the accounting records and are reflected in the Group and Council financial statements, including those related to the COVID-19 pandemic and to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
3. That you have made available to us 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: 27 April 2022.



4

4. That you 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 you 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. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, 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. That from the date of your last management representation letter to us, through the date of this letter, you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

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

E. Subsequent Events

1. That other than the disclosure described in Note 6 (Events after the balance sheet date) to the Group and Council's financial statements, there have been no events, including events related to the COVID-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2020-21.
2. You confirm that the content contained within the other information is consistent with the financial statements.



Appendix C – Request for a Management Representation Letter

Request for a Management Representation Letter



G. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.

2. In respect of accounting estimates recognised or disclosed in the financial statements:

- That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
- That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Expenditure Funding Analysis

1. You confirm that the financial statements reflect the operating segments reported internally to the Council.

I. Going Concern

1. That the Council has prepared the financial statements on a going concern basis and that Note 1 - Going Concern to the financial statements discloses all of the matters of which you are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, your future financial plans and the veracity of the associated future funding allocations from the Department for Levelling Up, Housing and Communities, the sufficiency of cash flows to support those financial plans.

J. Ownership of Assets

1. That except for assets recognised as right-of-use assets in accordance with IFRS 16 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.

K. Reserves

1. You have properly recorded or disclosed in the Council's financial statements the useable and unusable reserves.



L. Valuation of Property, Plant and Equipment Assets

1. That you agree with the findings of the experts engaged to evaluate the valuation of the Council's Property, Plant and Equipment and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included within the Council's financial statements and the underlying accounting records. That you did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.
2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
3. You confirm that the significant assumptions used in making the valuation of Property, Plant and Equipment appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
4. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on Property, Plant and Equipment valuations and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 pandemic.
6. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. You confirm that for assets carried at historic cost, that no impairment is required.

M. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the pension scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. You agree with the findings of the specialists that you engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. You 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 you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the



Appendix C – Request for a Management Representation Letter

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context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

4. You confirm that the significant assumptions used in making the valuation of the pension scheme liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Pension Scheme Liability and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

N. Other Estimates – NDR Appeals provision

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the assumptions underlying the NDR Appeals provision are consistent with your knowledge of the business.
2. You agree with the findings of the specialists that you engaged to evaluate the NDR Appeals provision and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. You 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 you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
4. You confirm that the significant assumptions used in making the valuation of the NDR Appeals provision appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the NDR Appeals Provision and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.



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O. Other Estimates – Expected Credit Losses

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the assumptions underlying the Expected Credit Losses are consistent with your knowledge of the business.
2. You agree with the findings of the specialists that you engaged to evaluate the Expected Credit Losses and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. You 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 you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
4. You confirm that the significant assumptions used in making the valuation of the Expected Credit Losses appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Expected Credit losses and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

P. Specific Representations

We do not require any specific representations in addition to those above.

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the s151 officer and Chair of Corporate Governance Committee) on the proposed audit opinion date (date to be advised) on formal headed paper.

Yours sincerely

Mark Hodgson
Associate Partner
Ernst & Young LLP
United Kingdom

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Huntingdonshire District Council
Annual Governance Statement 2020/21

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 Annual Governance Statement sets out how the Council has complied with the Code and also meets with the regulation 4(2) of the Accounts and Audit Regulations 2015.

The Council meets the requirements of Regulation 6(1) b of the Accounts and Audit (England) Regulations 2015 in relation to the preparation and publication of an annual governance statement. It is subject to review by the Audit Committee when they consider both the draft and final Statements of Account and is approved by the Audit 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 is 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 2021/22 to address these issues will be reported regularly to the Audit Committee with an assessment made in reducing the risk as part of their governance role within the Council.

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 governance framework has been in place at the Council for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

The Governance Framework

The Council's strategic vision and corporate priorities are set out in the Corporate Plan 2018 - 2022. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

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 July 2016. 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/SOLACE¹.

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.

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 in order 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.

How do we know our arrangements are working?

This statement builds upon those of previous years. 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 (as at May 2018) is also available on the website and describes in more detail the governance processes in place.

The review of effectiveness was informed by the work of the Senior Management Team, who are responsibility for the development and maintenance of the governance environment, the Internal Audit & Risk Manager's annual report and comments made by the external auditors.

Governance Framework

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

¹ The Chartered Institute of Public Finance & Accountancy (CIPFA) & Society of Local Authority Chief Executives & Senior Managers (SOLACE).

- Corporate/Senior Management Team
- Independent external sources
- Regular monitoring of outcome measures
- Monitoring of economic indicators & associated financial receipts
- Effective joint working arrangements

Governance impacts

Whilst traditionally this Statement has contained issues for which the Council is wholly responsible. It became clear that there were also a number of overarching external issues that were regularly informing and influencing the budget, performance and service delivery discussions the control and direct influence over which at both Member and Officer level lay outside of the Council. Consequently, an inward only looking Statement did not feel adequate to address all the risks that are faced by the Council which may have the potential impact to the authority and the achievement of its objectives.

Six themes were identified as part of this review to reflect a more strategic outlook. These Six themes have been chosen as representing our best view of the risks that challenge our financial stability and ability to deliver on our objectives. As the needs of our communities and decisions of our partners directly impact on our resource and demand profiles. However, they have been joined by a sixth issue, that of the environment and our collective responsibility to ensure that our actions and behaviours do not cause irreversible harm.

Progress made across the themes in 2020/21 is outlined in the Statement in **Appendix 1**. The impacts of Covid-19 experienced in 2020/21 onwards have accentuated the significance of the themes in this AGS, presenting the consequences of some of the previous identified system risks, and additional activity has been undertaken to further meet these challenges and mitigate the long term impacts on our communities, Huntingdonshire as a place and its economy.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Opinion, and also by comments Huntingdonshire District Council's Statement of Accounts 2020/21 made by the external auditors and other review agencies and inspectorates. During 2020/21, the works undertaken by the Internal Audit team was reduced but sufficient to be able to form the view for the Annual Internal Audit Opinion that the Council's governance, internal control environment and systems of internal control provides **adequate** assurance over key business processes and financial systems. However, a limitation of scope was placed on the aspect of risk management, which is excluded from the opinion as there is insufficient assurance available to offer reasonable assurance for this area.

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.

An External Audit of the account's year ended 31 March 2020 undertaken by Ernst and Young was reported to the Audit Committee which concluded the accounts and working papers for the 2019/20 closure process were of high quality. The Council assures it financial controls through an internal audit team and a programme of internal audit activity. Extended periods of absence within the team has limited the delivery of the audit programme, the table below provides a summary of audit activity undertaken last year. An additional resource was agreed to give confidence to the audit plan for 2020/21. However, the overall resources/number of days was much decreased for the year. The effect of the pandemic last year meant that internal audit resource was redeployed to more urgent financial business and, as such, internal audit activity was suspended temporarily for the first half of the year.

Arrangements and Governance during Covid

For the first part of the year, The Council's Business Continuity Plan was invoked in March 20, enhanced management arrangements were put in place with a structure based on Gold (strategic), Silver (tactical) and Bronze (operational) groups including key system partners, to facilitate rapid responses to the evolving position, support appropriate decision making (including the use of emergency powers as allowed for in the Councils Constitution), clear communication and inter-agency cooperation. Although this structure remains in place, from December 2020, the frequency of meeting reduced and some of the individual groups were amalgamated as the intensity of the response lessened and practices had become well established.

The Council was able to take advantage of its recent 'Council Anywhere' IT programme which facilitated Services and officers to immediately commence working from home. Most services were able to continue their provision with some practical adjustments. A few services were paused and their officers redeployed to alternative Covid work streams such as emergency food parcels, business support grants, working with local parish councils and community groups. Leisure facilities were closed and staff were assessed for redeployment or furloughed. Staff welfare was paramount and staff with medical or other factors were highlighted where 'vulnerable' and furloughed where they could not work from home or be redeployed. Risk assessments were prepared for all necessary working areas/processes to ensure not only the safety of staff but also the customers with whom they may come into contact.

Committee meetings were postponed initially in lockdown, until legislation was amended allowing councils to hold meetings in a virtual environment. Teams and Zoom were used to facilitate these meetings, enabling the decision-making process to be recorded and documented as before.

COVID led to pressures in relation to the collection of both Council Tax and Business Rates as residents livelihoods were affected and businesses struggled under lockdown arrangements. The Council relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Taxpayers and businesses to defer payments for the first three months of 2020/21 with revised payment plans over July to March 2021. It is clear that Collection Fund (Council Tax and Business Rates) debt has increased and the limited opportunities to pursue recovery at the Magistrates Court proved problematic. The Council received £0.827m from the Government in the form of a Hardship Fund to provide £150 Council Tax relief for Council Taxpayers of working age in receipt of Council Tax Reduction.

A lessons-learnt log has been maintained and assessed for future needs and will be fed into the risk register. The Business Continuity Plan is planned to be refreshed in light of emerging issues. An exercise has been carried out to re-prioritise all business systems and processes on a time-critical basis to support the BCP.

Initial engagement with the leader/deputy leader was on a daily basis with the Corporate Leadership Team and on a weekly basis with the wider cabinet members in escalating issues/decision

Internal Assurance Activity

Audit reports issued are listed in the table below - grouped by assurance opinion and showing action type and number of actions.

Audit area	Audit Actions	
	Red	Amber
Substantial		
Budget Monitoring & Forecasting 20.21	0	1
Adequate		
ICT Maintenance Schedule Planning 20.21	0	3
Treasury Management 20.21	0	2
Budgets and MTFS 20.21	0	2
Digital Services Management 20.21	0	9
CA - Council Tax & Non-Domestic Rates (quarterly review)		1
CA - Housing Benefits – Creditors (quarterly review)		-
CA - Housing Benefits – Debtors (quarterly review)		-
CA - Main accounting system (quarterly review)		5
CA - Accounts payable (Creditors) (quarterly review)		4
Limited		
'My Dashboard' / Sickness Monitoring 19.20 **	0	2
ICT - Cyber Security 20.21	4	3
ICT - Cloud Services 20.21 *	2	2
Estates Contractors Review 20.21	3	2
CA - Accounts receivable (Debtors)		1

Audit area		Audit Actions	
		Red	Amber
No opinion given			
	Disabled Facilities Grants District Certification 19.20	-	-
* Draft report status (as at 30/06/2021).			
** Relates to Plan 19.20 but report issued in 20.21			
CA = a continuous audit, quarterly reviewed.			

* As the Internal Audit Service was redeployed for most of the year, these reviews were only carried out for quarters 3 & 4. However, Q3's reviews included a 'catch-up' whereby quarters 1 & 2 were encompassed within the review. A quarter 4 /end of year review has been undertaken in all areas and an audit opinion and agreed audit actions to redress any recurring/outstanding issues were provided.

Significant Governance Issues 2020/21

There are no reported significant governance issues.

Other Governance Issues We Have Identified 2020/21

The Annual Governance Statement identifies governance issues and risks for the Council to address.

Area of Assurance	Issue/Gap	Action Plan Proposal
Contractor Management	An internal audit identified weaknesses in the following areas: <ul style="list-style-type: none"> IR35 compliance Contract management (incl. inconsistent and non-compliant with procurement rules) Contractor management Contractor selection Governance Time management 	<ul style="list-style-type: none"> Recruitment & Procurement officers will oversee each consultant appointment Procurement to provide oversight and guidance on all contract matters; Sponsors to be accountable for their contracts All Contractor Sponsors, Procurement, HR to ensure compliance with PCR2015, IR35 and good commercial practice. PMs / Procurement to ensure proper evaluation of need in line with PCR2015 PMO, Procurement, Works SLT will ensure that clear and evidenced decision making is done and recorded through the governance framework.
ICT - Cyber security (4 red actions)	<p>Staff not provided with adequate cyber-security risk training and awareness.</p> <p>Endpoints with outdated Anti-Virus definitions.</p> <p>Unsupported operating systems in use on the Council's network.</p> <p>Excessive number of Domain Administrator privileged accounts.</p>	<ul style="list-style-type: none"> Review to assess content, delivery method and quality of user education programmes for Council's cyber/IT security Harmonise education packages Awareness training focussed on phishing and social engineering Education to users on annual basis and bi-annual refresher sessions Mandatory for new starters Training completion monitored and record maintained. <p>Procedure in place to apply anti-malware signature updates to devices that do not connect to the Councils' IT network on a routine basis. Includes a process to restrict any non-complying devices connecting to the Councils' IT network.</p> <ul style="list-style-type: none"> migration plans of unsupported Windows systems is recorded and tracked to completion. included within the Council's ICT Risk Register and take steps to decommission these devices as soon as possible. Track ongoing reduction of domain administrator accounts Privileged network accounts reviewed on regular basis to ensure no of accounts controlled.

Finance	Critical over-dependency on one key officer Only one professionally qualified officer No deputy S.151	New Finance Business Partner recruited will be professionally qualified (CIPFA). Finance Business Partner job role will include Deputy S.151 designation.
Role of Chief Finance Officer	CFO position – not sitting at CLT / not part of key decision making	S.151 Officer is now part of the Works Program Board, Corporate Senior Leadership Team monthly meeting and Operations Board (the governance structure).
ICT - Cloud Services (2 red audit actions)	No documented information held about each applications' dependencies which could be used to assess the applications' feasibility for projected migration plans.	<ul style="list-style-type: none"> • Determining agree criteria for assessing migration to cloud • Defined framework to ensure all potential scenarios factored into the criteria • Corporate Applications Roadmap drafted to ensure which applications the councils would migrate to the cloud as well as which must be migrated to the cloud. • Management will assess possible dependencies of each system.
	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.	
Towns Programme	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.	Action plan being formulated.
Accounts Receivable /Debtors Service	This area continues to receive a limited assurance opinion.	Systems, processes and resources needs will be reviewed across the whole Debtors function. An action plan will be established, in conjunction with the team, to support delivery of improvements and address the control filings identified during the quarterly reviews.
Project Management	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.	Work Programmes Board to provide updates on actions decided to be taken. All actions to be recorded by Board and monitored for compliance progression.
	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 is not 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 of x months without a DPO.	<ul style="list-style-type: none"> • Recruiting to Recruiting to longer term permanent role and short-term temporary cover • Offer of assistance for critical incidents from Peterborough and Cambridgeshire DPO • ICO helpline if needed • Third party legal providers can provide short term cover on an hourly basis if needed.
Payment Cards Industry compliance	Risk of non-compliance with some of the PCI requirements.	<ul style="list-style-type: none"> • Self-assessment to be undertaken to understand any areas of non-compliance and action plan prepared to progress • Training of relevant handling staff

Other Governance Issues We Have Identified 2019/20 - updated

Area of Assurance	Issue/Gap	Action Plan Proposal	Progress @ May 2021
Risk Management	RM is not fully embedded and functional within the Council in an effective way. The risk register requires revision and update otherwise it is at risk of being unreliable/unusable.	<ul style="list-style-type: none"> • Service Plans will be redesigned to incorporate risk management. • The risk register will be reinvigorated and redesigned before roll out to Services • Internal audit reviews of top risks highlighted by management • Longer term – potential audit review of RM 	<p>The risk register has been restructured to reflect the changes in organisational structure at the Council, and to rationalise the current risks listed.</p> <p>All entries have been 'reviewed' and re-dispositioned so to then validate with assigned owners.</p> <p>The next stage will be to engage with Services to allow them to identify and assess their risks and repopulate/rebuild the risk register.</p>
Lone working (red action in an audit report):	The Council lacks a corporate lone working procedure that is robust and effective. H&S legislation requires us to protect our employees at work. A lack of protocol over lone workers could risk employees' safety and a breach of legislation.	<ul style="list-style-type: none"> • Ownership to be appointed. • To investigate lone worker systems that can operate within its 24 hour CCTV function. • A suitable system/procedure to be implemented to protect all officers who lone work off site. • Internal Audit to carry out a follow up review to ensure operation and compliance once installed. 	<p>Through the new Services collaboration forum, advice recommends that Services with LW issues should conduct a risk assessment and a holistic view of the need understood.</p> <p>Services have been asked to identify and categorise their lone worker posts in order to assess the extent of the provision needed.</p>
Head of Internal Audit	The resignation of the Internal Audit Manager affects the resourcing of the statutory Internal Audit service. This impacts on the provision of an annual Audit Opinion.	<ul style="list-style-type: none"> • An Acting Internal Audit Manager has been appointed. This employee is an existing internal auditor at the Council and is MIIA qualified. • Restructuring of the function to take place to ensure adequate resourcing levels. 	<p>Internal Audit Manager now in post (April 2021).</p> <p>Recruitment efforts are ongoing to backfill the now-vacant Internal Auditor post.</p>
GDPR	Progressive action towards GDPR compliance and monitoring has not been sufficiently robust since the Regulations' effective date. This puts the council at a greater risk of a potential non-compliance with GDPR legislation, a data breach, penalty fine and reputational damage.	<ul style="list-style-type: none"> • Information Governance team has carried out a gap analysis review across the Council. • Work to be done to ensure data protection training and awareness. • A planned Internal audit [follow up] review to assess compliance. 	<p>Work is progressing on areas identified.</p> <p>Updates are provided to the Information Governance Committee each quarter.</p> <p>Key areas that have progressed in the last quarter include the circulation of the Information Asset Templates in order to develop a central register.</p>
Network Access Management Control (red action in an audit report):	The audit found that user accounts may not be regularly reviewed and monitored (by HR or systems owners) leading to leaver, inactive or dormant accounts.	<ul style="list-style-type: none"> • Agreed that HR management would assign ownership to line managers to review the network accounts that do not match to payroll listing. • Agreed that line managers/Heads of Service would perform a regular review of all staff in their service as going forwards. • Progress to be monitored by Internal Audit. 	<p>HR have investigated the users and informed ICT. IA have asked ICT to confirm that corrective action has been taken and user accounts closed where applicable.</p> <p>ICT also need to set up a regular review process whereby HoS confirm their users are still current and legitimate to prevent this from happening again. This is also supported by a leaver's notification process to ICT.</p>

Procurement function	Resignation of the Procurement Officer in March 2020 leaves the council with no Procurement support function. Absence of a procurement function for advice has meant Services had to procure without assistance and put compliance more at risk.	<ul style="list-style-type: none"> • The AD for Corporate Services has forged a good relationship with the Procurement Officer of a neighbouring authority which was used for support and advice where needed in the interim and going forward. • The recruitment of a Procurement Officer was agreed. • Subsequent appointment of an experienced procurement officer took place in September 2020. 	The appointed Procurement Officer left the post due to personal reasons before the end of the probation period. The post was advertised and an offer has been made to a candidate from local public sector organisation, to take up the vacant position. Role now filled (5 Jul 21) Issue completed.
Delivery of capital schemes	An audit review found that there several issues relating to governance, capability, capacity and delivery, and commissioning.	<ul style="list-style-type: none"> • Appointment of a Programme Delivery Manager took place in 2020 to establish a PMO delivery process • Many programmes and projects are already underway • Internal Audit to carry out a follow up review. 	PMD continues to evolve into a flexible and responsive function to add appropriate level of oversight and governance to programmes and projects based on risk, value and complexity. <ul style="list-style-type: none"> • Formal governance structure has been established, comprising the Work Programme Board, the PM Steering Group and the Gateway model (applied to each programme / project) • Capital schemes will follow the same process from project inception and business case to lessons learned. • Finance is represented on both the Work Programme Board and Steering Group to ensure robust challenge and oversight throughout the project.
			Internal Audit to undertake a further review when processes have had time to embed, and when capital schemes are following these new procedures.
Audit reports outstanding	There has been difficulty in obtaining replies by Services to draft audit reports. These reports highlight weaknesses and risks found in a system and if they remain not responded to and no actions are implemented to address the risks, then the risks potentially remain and assurance cannot be given.	<ul style="list-style-type: none"> • Audit Manager has advised senior management of such outstanding reports. • A new Risk & Controls Board has been developed which now formally reports these issues to Corporate SLT for action. 	A list of outstanding reports has been formally reported by the R&C Board to Corporate SLT for action. Progress has been made to finalise and close outstanding reports; a recent surge effort by IA has via escalation to Corporate Leadership level has improved response.
Information Governance Training	The ability to monitor which staff have completed which training courses needs improvement. Decisions on mandatory training and frequency of courses needs to be decided. There is a risk that employees may not have sufficient training or awareness.	<ul style="list-style-type: none"> • New Information Governance Manager in post • IT and IG policies are being reviewed • IG training modules are being reviewed • Ownership of training attendance to be assigned • A system for monitoring all training 	The IG Training Needs has been developed and communicated to the IG Group. The LMS System is now live; The IG team are currently working with the Transformation team and HR on reporting. An update on the outcome of this was reported to the Information Governance Committee in May. Now part of mandatory training for new starters. Info Security training sessions offered to all Members.

<p>Covid-19 risks, levels of debt, loss of income etc</p>	<p>Since mid-March 2020, the Council has diverted its resources to focus on providing active support across Huntingdonshire as part of its response to Covid-19.</p> <p>There is a risk that costs incurred outweigh the levels of funds received from Central Government. Emergency procedures put in place need to be reviewed to ensure that effective governance is in place to protect Council / users etc</p>	<ul style="list-style-type: none"> • Assess 2020/21 budget and income streams for non-deliverable items and link to overall 2020/21 Financial monitoring and the 2021/22 MTFS requirements. • Robust risk management processes followed to ensure effective monitoring of key risks whether relating to response to Covid-19 or return to business as usual. • Gold, Silver and Bronze command were stood up to manage critical responses/issues in response to the pandemic. 	<p>Continuing as per last update: At present, Gold command is still active to help respond and provide resources for continued support within the community in relation to the Covid 19 pandemic.</p> <p>A separate cost centre was set up to capture costs associated with responding to Covid 19 pandemic.</p> <p>During 20/21, central government has provided significant support in terms of the one-off costs associated with responding to the pandemic, this support will continue in 21/22.</p> <p>Recognition has also been provided by central government in support loss of income for services affected by the closure of leisure and retail activities. The Income Compensation Scheme has provided Local Authorities affected by this to claim back 75p in the £1, after deducting 5% of the total expected budgeted income for that activity.</p> <p>NNDR and CTAX will continue to be a concern going into 21/22 with ongoing pressure around collections. Central Government have provided mechanisms to spread 20/21 deficits over 3 years and will also allow Local Authorities to claim compensation for irrecoverable losses.</p> <p>Balanced budget has been approved (Feb 21).</p>
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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 annual governance statement to accompany the 2020/21 Annual Financial Report.

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 Annual Governance Statement 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	Councillor Ryan Fuller Executive Leader	Signature	Joanne Lancaster Managing Director
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16th July 2021

Signed on behalf of Huntingdonshire District Council

Xx April 2022

Amended and reapproved

Appendix 1

Annual Governance Statement 2020/21

Themes

Housing Affordability

Leading to homelessness and constraining growth.

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

2019/20 actions

2020/21 actions

- | | | |
|----|--|----|
| -- | Adopt a housing strategy which establishes the formal basis for housing delivery across the district. | ✓ |
| ✓ | Complete a formal review of homelessness within the District to inform the development of an updated Homelessness Strategy. | -- |
| ✓ | Continue to work with other agencies to enable earlier risk-based interventions for those individuals whose circumstances mean that they are vulnerable to homelessness. | ✓ |
| ✓ | Developing new delivery options to secure affordable homes within the District, using Council assets to provide alternatives to the market delivery homes where necessary. | ✓ |
| ✓ | To bring forward formal Scrutiny recommendations for the acceleration of supply of new affordable and accessible housing stock across the district. | -- |
| | Working with third parties to explore partnership models to bring forward new solutions to the delivery of all types of housing to meet local needs. | ✓ |

2020/21 achievements

The focus of our work is on earlier intervention where possible to help achieve successful homelessness preventions. This has been aided by multi agency pathways and protocols across a range of other partners to help identify earlier intervention opportunities. This has been a key part of our Covid-19 response to ensure that those most at risk to the threat of rough sleeping have been assisted during the pandemic.

Maximised spend on Discretionary Hardship Fund to help people with their housing costs - £287k awarded. Continued to award Hardship Fund payments to working aged people claiming Council Tax Support - £632k awarded

Although use of hotels and B&Bs increased for single rough sleepers as part of the 'Everyone In' pandemic response, this accommodation is not used for families with children. A further 22 short term lets provided by Chorus will come online in April 2021 as the conversion of an outdated Sheltered scheme to this use is completed.

New Housing Strategy adopted October 2020. Also the sale of 13 parcels of land held by the Council for the delivery of affordable homes was approved by Cabinet in October 2020.

Morbidity/Growing number of years of ill health

Impacting on people's ability to be self-reliant and generating additional cost through support needs.

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.

The costs of dealing with ill health and the increased risk of other complications caused by ill health, constitutes a major financial challenge to all public sector agencies. Decisions made to support these needs, often impact HDC as we see these decisions create direct and indirect financial challenges for the Council, including disabled facilities grants but also situations where those who are not able to remain economically active rely on more assistance. The increasing number of years of ill health experienced by the population, combined with Huntingdonshire's aging population make these factors areas of continued focus for HDC.

Underlying health factors such as frailty, excess weight, or other underlying health condition have been indicated as increasing the chances of poor Covid-19 outcomes.

2019/20 actions

2020/21 actions

- | | | |
|----|--|----|
| ✓ | Use our leisure services to encourage healthier lifestyles through engaging people of all ages in activities to improve health. | ✓ |
| ✓ | Pilot new ways of working within localities with local communities and other agencies to deliver tailored solutions to issues within defined communities. | ✓ |
| ✓ | To bring forward formal Scrutiny recommendations on how the Council can support improved community health outcomes through its task and finish work. Maybe update with a focus on Health and Wellbeing strategy | -- |
| ✓ | Pilot new ways of working within localities with local communities to deliver improved infrastructure that promotes cycling and walking | ✓ |
| ✓ | Adoption of a 'Healthy Open Spaces Strategy' to optimise the provision and use of the Council's green open spaces, parks and play areas to encourage healthier lifestyles through engaging people of all ages in activities to improve health. | ✓ |
| -- | Investing in our parks and green spaces to provide for open areas for leisure and activity, including in our 3 largest market towns | ✓ |

2020/21 achievements

Closures of the leisure industry dictated that the service was only able to deliver face to face activity for 5 months of the year with severe restrictions around what could and could not be delivered during those months. Online services were developed but had limited uptake as customers responded to surveys stating that they valued the human interaction and therefore found alternatives during periods of closure.

Whilst recovery commenced on two occasions, subsequent decisions to shut down facilities and activities meant that by the end of the financial year only outdoor activities had resumed (for 3 days). Online services via the Training Shed App and Classes were delivered as an alternative for those that were seeking support.

The new park, named Berman Park, opened for public use on the Easter weekend.

Work with protecting and increasing the biodiversity of our open spaces was put on hold due to covid-19. Anticipated delivery is now Q2 2021/22.

Wider economic environment

Impact of Commercial Investment Strategy/Business rates receipts and level of need from residents.

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. This supports the delivery of one of our key Corporate Plan strategic priorities – delivering sustainable growth across the District. The Council is making tactical investments in the property market and is determined to support the conditions for economic success to support a vibrant economy and positive community outcomes. Ultimately 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.

During Covid-19 we have, like others, administered the Government's business grants programme, using information we hold to quickly distribute funds in the most effective way, to ensure we support a quick local economic recovery.

2019/20 actions		2020/21 actions
✓	Use the Council's Commercial Investment Strategy to support the local economy.	✓
✓	Maintain and enhance the Council's existing commercial estate to provide value accommodation for local businesses.	✓
--	Use of data to target our engagement and support of local business particularly in key clusters.	✓
✓	Refocus our economic development activity to support new and emerging sectors in our economy, to create the environment within which new business can thrive.	✓
✓	Following the adoption of the Prospectuses for Growth for the four main market towns to focus on transformational interventions that make the most of opportunities unique to each town, creating new jobs, stimulating economic growth, improving productivity and raising aspirations in and around each town.	✓
✓	To work creatively with key industrial sectors to create pathways for growth and linkages to skills and training provision.	✓

2020/21 achievements

The Future High Streets Fund (FHSF) has been confirmed for St Neots and the individual projects are being developed, along with a communications and engagement strategy. Master planning feasibility briefs are being developed for St Ives, Huntingdon and Ramsey. In addition, the accelerated towns programme (Cambridge & Peterborough Combined Authority) is underway with a series of projects to be implemented by March 2022

This has secured £3.7m MHCLG funding for FHSF; £3.2m CPCA funding toward the FHSF. In addition, bids to the CPCA Market Towns Fund bid have been submitted, including the accelerated fund (across Huntingdon, St. Ives and Ramsey) and the longer-term fund to initiate masterplan/feasibility studies for Huntingdon, St Ives and Ramsey. In addition, A141 study continues, and St Ives study to commence.

Continued work with partners to develop the Ox-Cam growth corridor. The Ox-Cam Non-Statutory Spatial Framework is to be launched, together with a CEO to engage MHCLG on 'place shaping' opportunities within this space.

Officers continue to work with the CPCA (Market Towns, A141, St Ives study) to ensure infrastructure is enabled. In addition, working collaboratively with Highways England/Cambridgeshire County Council/South Cambridgeshire District Council on the A428 and will also work with partners on East West Rail as it moves toward Development Consent Order.

Skills level and educational attainment

As a means by which residents are able to attract profitable work and in attracting employers to the area.

It is important that all young people can fulfil their potential and become active citizens with meaningful and valuable work. Furthermore, the workforce within the area needs to be supported to continue to gain meaningful employment and meet the demands for new skills in the labour market. This is particularly true to ensure we are able to support our residents to respond to the impacts of Covid, and to ensure the growth we see in Huntingdonshire being in high value adding sectors. In turn this will also contribute to the area's reputation for attracting inward investment and so grow and thrive. Finally, skilled and flexible workforces who possess digital skills will allow the Council to transform its current delivery models and offer new methods of service delivery. Post Covid activity will also be undertaken to ensure our working age population are able to respond to changes in local employment, and benefit from co-ordination of activity around gaining the skills needed within the local economy.

2019/20 actions

- Endorse a digital strategy for the area, to ensure that the needs of Huntingdonshire are properly understood and laid down to support the skills and economic growth agenda.
- Work with local businesses to understand and support their growth and recovery plans, and skills needs.
- ✓ Support apprenticeships, directly as an employer, but also through our supply chain and through promotion with local businesses.
- ✓ Continue to engage with schools through local careers fairs and EDGE, but also through fostering direct links between employers and educational institutions.
- ✓ Work to create pathways from local communities and schools to colleges and institutions such as iMet which support the development of skills required by the future economy.
- ✓ Develop and enhance our commitment to social value, and seek to encourage other local employers to do the same.

2020/21 actions

- ✓
- ✓
-
- ✓
- ✓
- ✓

2020/21 achievements

A plan has been developed around the implementation of six community-based job clubs across Huntingdonshire. Social Echo located in Yaxley launch on 1st June 2021 with face to face and online courses, skills and employment support available. Brampton have received their training and will also launch on 1st June 2021. Discussions underway with St Neots partners in relation to a shared offer with Diamond Hampers. 'Payment by Results' type funding offered to the Job Clubs by Cambridgeshire Skills.

Developing Oxmoor initiative has been slowed by the pandemic but initiatives have continued, and a number of new projects have got underway. This includes the opening of a community fridge based within a primary school that since 25th March 2021 has issued 1418.43kgs of food that would have otherwise gone to landfill. The offer will expand to cover hygiene products from 25th May 2021. Funding has also been secured from the Office of the Police and Crime Commissioner to jointly fund a post within St Peters school that will work directly with male pupils at risk of becoming a victim or a perpetrator of crime, disorder or anti-social behaviour (ASB). The project will focus on keeping aspirations high.

Partner agency operational pressures

Financial challenges of partners impacting on demand for our services or reducing existing support.

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.

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.

2019/209 actions

- ✓ Share budget planning activity with other public agencies to guard against unintended consequences of financial decisions.
- ✓ Continue to engage with near neighbours, particularly the County Council and health services to understand how best we can complement each other's activity
- ✓ Work closely with partners to understand the triggers and impacts of decisions on partners, and seek to proactively prevent costly crises, and deliver better outcomes.
- ✓ Use evidence to undertake targeted outbound contact with those residents that need it, and develop new ways of working which ensure that public services become more agile in responding to changing circumstances.
- ✓ Recognising that residents needs to not map neatly to organisational boundaries, establish multi-disciplinary teams (or digital services) with partners, where the evidence shows that these will better help us achieve our objectives.

2020/21 actions

- ✓
- ✓
- ✓
- ✓
- ✓

2020/21 achievements

We have continued to work with CPCA in delivering projects into the district to enhance open space and environmental activities, as well as supporting activities because of responding to the impact of the covid-19 pandemic. The council has successfully accessed funding in the region of £1.8m

Work underway with Hunts Forum to review the definition of Recognised Organisations potentially into a tier system. This will be mean that more community and voluntary organisations will be eligible for receiving the recognition and in turn increase the opportunities for volunteering
During this financial year the Council has continued to work with partners across the public sector to respond to and deliver much needed support to the residents and businesses of Huntingdonshire and the wider area within Cambridgeshire and Peterborough affected by the impact of covid-19.

Environmental pressures and sustainability challenges

Challenges to the long-term sustainability and attraction of our area.

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. 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.

2019/20 actions		2020/21actions
✓	To maximise the recycling rate within our district, seeking to reduce contamination, and deliver the highest possible rate of recycling and reuse of our recycled materials.	✓
✓	Develop proposals around improving the movement around the district, by way of modal shift and improved public transport. To promote sustainable transport options, including the provision of charging points for electric cars, and through encouraging walking and cycling as safe and practical alternate travel options.	✓
✓	To ensure the Digital agenda remains at the core of new infrastructure projects, allowing for flexible working where possible, minimising the need for am/pm peak travel.	✓
✓	Maximising the use of renewable energy technology in all suitable locations across the Councils assets and achievable land opportunities and pursue technologies that allow us to minimise use of utilities.	✓
✓	Ensuring new residential developments are environmentally sustainable and make best consideration of key environmental factors during both the design and build stage and ongoing liveability.	✓
✓	Maximising the impact of our green space, by investing in and expanding green spaces across the district and seeking to achieve net-gain biodiversity where possible.	✓
--	Implementing a strategy to limit single use plastics across our estate. Removing such items from our cafes.	✓
✓	Working with parish and town councils to ensure that Neighbourhood Plans reflect the growing environmental and sustainability agenda.	✓
--	Working to understand our communities' ambitions on the sustainability agenda and supporting this through the way we undertake our business.	✓
--	Work with the CPCA to frame and deliver the ambition of the Climate Change Commission and the Electric Vehicle strategy.	✓

2020/21 achievements

A new Waste Minimisation Strategy and a Waste Minimisation Action Plan were approved at Cabinet in December 2020. Projects are in place to support the objects set out in the strategy:

- Reduce the amount of waste that is collected from households through our kerbside collections.
- Achieve a greater than 60% diversion of waste from landfill in line with the council's manifesto pledge.
- Improve the quality of the recycling material we collect by maintaining contamination levels below 7%.

Electrical Vehicle Charging points have been installed across car parks in St Neots, St Ives and Huntingdon. The charging points are already being used and have provided the following energy to vehicles so far: April: 836kWh, May: 324kW. With EV cars travelling between 2.8 & 3.5 miles per kWh, this means that our total of 1,160 kWh supplied has enabled over 3,248 miles of cleaner travel in the 5-6 weeks they have been in operation.

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27 April 2022

Mark Hodgson / Andrew Paylor
Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Dear Mark & Andrew,

**Huntingdonshire District Council 2020/21 Financial Year
Letter of Representation**

This letter of representation is provided in connection with your audit of the financial statements of Huntingdonshire District Council ("the Council") for the year ended 31 March 2021.

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 2021 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 2020/21.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Council, the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
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 2020/21 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 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 2020/21, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in your processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.

5. We believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, 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 and brought to our attention by you because they relate solely to accounting estimates and the impact of these on the financial statements is not material.

6. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls. We do not believe that there are any significant changes.

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 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 internal controls to prevent and detect fraud.
3. We have disclosed to you the results of your assessment of the risk that the Council 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 and regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers") including non-compliance matters:
 - involving financial statements.
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements.
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, 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 you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - 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, events and conditions have been recorded in the accounting records and are reflected in the Group and Council financial statements, including those related to the COVID-19 pandemic and to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

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: 27 April 2022.
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 you 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 significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the Council's financial statements in the event of non-compliance, including all covenants, conditions, or other requirements of all outstanding debt.
7. From the date of our last management representation letter to us, through the date of this letter, we have disclosed to you 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 financial statements, in each case or in the aggregate.

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 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. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2020-21.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Accounting Estimates

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates are appropriate and the application of these processes is consistent.
 - Disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - Assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Expenditure Funding Analysis

1. We confirm that the financial statements reflect the operating segments reported internally to the Council.

I. Going Concern

1. The Council has prepared the financial statements on a going concern basis and that Note 1 - Going Concern 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 future financial plans and the veracity of the associated future funding allocations from the Department for Levelling Up, Housing and Communities, the sufficiency of cash flows to support those financial plans.

J. Ownership of Assets

1. Except for assets recognised as right-of-use assets in accordance with IFRS 16 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.

K. Reserves

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

L. Valuation of Property, Plant and Equipment Assets

1. We agree with the findings of the experts engaged to evaluate the valuation of the Council's Property, Plant and Equipment and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included within the Council's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the experts 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 experts.
2. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

3. We confirm that the significant assumptions used in making the valuation of Property, Plant and Equipment appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on Property, Plant and Equipment valuations and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
5. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 pandemic.
6. We confirm that we have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. We confirm that for assets carried at historic cost, that no impairment is required.

M. Retirement benefits

1. The basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the pension 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.
2. We agree with the findings of the specialists that we engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's 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.
3. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
4. We confirm that the significant assumptions used in making the valuation of the pension scheme liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. We confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Pension Scheme Liability and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

N. Other Estimates – NDR Appeals provision

1. The basis of the process established by us and having made appropriate enquiries, we are satisfied that the assumptions underlying the NDR Appeals provision are consistent with our knowledge of the business.
2. We agree with the findings of the specialists that we engaged to evaluate the NDR Appeals provision and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's 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.

3. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
4. We confirm that the significant assumptions used in making the valuation of the NDR Appeals provision appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. We confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the NDR Appeals Provision and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

O. Other Estimates – Expected Credit Losses

1. The basis of the process established by us and having made appropriate enquiries, we are satisfied that the assumptions underlying the Expected Credit Losses are consistent with our knowledge of the business.
2. We agree with the findings of the specialists that we engaged to evaluate the Expected Credit Losses and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's 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.
3. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
4. We confirm that the significant assumptions used in making the valuation of the Expected Credit Losses appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. We confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Expected Credit losses and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

P. Specific Representations

1. We acknowledge that you do not require any specific representations in addition to those above.

Yours sincerely,

Eric Symons

Section 151 Officer / Chief Financial Officer
Huntingdonshire District Council



Huntingdonshire District Council
Draft Annual Financial Report
For the year ended 31 March 2021

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Narrative Report

By the Chief Finance Officer

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2020/21 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2021.

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

- Commentary and review of 2020/21.
- The Financial Statements.
- Technical information.

Commentary and Review of 2020/21

The District

Huntingdonshire District Council's area covers approximately 91,300 hectares of the north western part of the County of Cambridgeshire. With a population of 178,985 it is the largest district in the county by both land area and population. The population is forecast to grow to around 210,000 by 2036.

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

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

Economic activity (production, distribution and consumption of goods and services) in the area is high with an estimated 80.7% of residents aged 16-64 classed as economically active and a 77.2% employment rate among residents aged 16-64.

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

The effects of the COVID-19 pandemic have been felt to varying degrees by every household, every business, every school, every public sector and charitable organisation. Many people have suffered the devastating effects of illness, others have lost income or their livelihoods. Charities have lost the opportunity to raise funds and are therefore unable to continue their work to support the most needy in our society.

During 2020/21, Huntingdonshire District Council has risen to the challenge and taken forward its leadership role and supported Huntingdonshire and its residents by ensure that it continued to deliver a high level of service. The Council had distributed £45m in grant funding to businesses throughout the Borough by 31 March 2021, administered over £22m in COVID related Business Rates relief and £0.65m of hardship relief to Council Tax Reduction recipients.

The Council has worked successfully with the voluntary sector and provided help and support to those residents who had to shield. It introduced a wide range of initiatives to keep citizens safe as well as coordinating delivery of food and access to prescription drugs for the vulnerable.

Governance

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

Organisational Model

The head of paid service of the Council is the Managing Director who has 2 Corporate Directors (Delivery and Services), 3 Assistant Directors (Chief Operating Officer, Transformation and Resources) and 3 Heads of Services (3C’s ICT, Leisure and Health, Operations).

Huntingdonshire District Council and the Impact of COVID-19

The financial year 2020/21 has been unlike any other year. The Council had to adapt to evolving events as the country moved in and out of lockdown and various tiered restrictions. It required flexibility and adaptability to respond to an ever changing national and local scene.

For the first part of the year, following on from procedures initiated in March 2020, enhanced management arrangements were put in place with a structure based on Gold (strategic), Silver (tactical) and Bronze (operational) groups including key system partners, to facilitate rapid responses to the evolving position, support appropriate decision making (including the use of emergency powers as allowed for in the Councils Constitution), clear communication and inter-agency cooperation. Although this structure remains in place, from December 2020, the frequency of meetings reduced and some of the individual groups were amalgamated as the intensity of the response lessened and practices had become well established.

Utilising additional un-ringfenced funding made available to the Council by Government, the provision of essentials to vulnerable residents with food parcels and assistance in getting access to the provision of medical care.

COVID has had a widespread impact on the workforce of the Council and the way in which the Council delivered services. The Council utilised technology to allow office-based staff to work seamlessly from home to minimise disruption to services. For those officers who could not work from home, such as those engaged in refuse collection, working practices were adapted to ensure their safety, health and wellbeing. Some Council facilities closed and then reopened and closed again as various restrictions were eased and then re-introduced. Where appropriate, staff were redeployed to services such as the Community Support Hubs.

It is clear that there will not be a return to a traditional office-based service provision. The new opportunities provided by technology show how home working can be successful and a blended approach to home/office working is likely to be introduced post pandemic.

Increased customer engagement using technology has also proved successful, and whilst there will continue to be some face to face or telephone contact, much more can be done online and this will be the way forward for Council service delivery, having regard to equality and fair access to services for all.

COVID led to pressures in relation to the collection of both Council Tax and Business Rates as residents’ livelihoods were affected and businesses struggled under lockdown arrangements. The Council relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Taxpayers and businesses to defer payments for the first three months of 2020/21 with revised payment plans over July to March 2021.

It is clear that Collection Fund (Council Tax and Business Rates) debt has increased and the limited opportunities to pursue recovery at the Magistrates Court proved problematic. The Council received £0.827m from the Government in the form of a Hardship Fund to provide £150 Council Tax relief for Council Taxpayers of working age in receipt of Council Tax Reduction.

Other income streams, such as leisure, car parking, and commercial rental were all disrupted. The support provided by the Governments Sales, Fees and Charges grant compensation scheme was essential, but did not cover any losses for commercial rental income. The on-going challenge will be for the Council to restore the lost or deferred income streams to avoid placing an additional burden on the people and businesses of Huntingdonshire whilst at the same time attempting to manage its finances effectively. The success in restoring income streams will not become evident for some time.

During 2020/21, the Council had to manage a significant amount of grant received from Central Government. This meant that the Council did not face any cash flow challenges but at times this stretched the treasury management function in managing all of the cash movements.

In order to support local businesses, the Council administered business rate reliefs and the range of business grants that the Government announced. This required a speedy mobilisation right at the start of the pandemic in order to apply reliefs and pay eligible businesses their grants as quickly as possible. More detail is provided on grants managed by the Council later in this Narrative Statement.

Risks

Following a review of the strategic risks faced by the Council, the 2020/21 Annual Governance Statement (AGS) has identified the following key risks:

- **Housing affordability**

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

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

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

- **Wider economic environment**

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

- **Skill levels and educational attainment**

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

- **Partner agency operational pressures**

In Huntingdonshire, whilst the partners work well together, there continues to be the challenge of controlling additional demand and the corresponding budget pressures that it brings. Evidence suggests that as parts of the public sector reduce their input into the communities, it creates/transfers demand into other agencies, bringing financial pressures from one sector impacting on the capacity and financial resources in another.

- **Environmental pressures and sustainability challenges**

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. 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.

Review of the Year

The Council set a gross budget for the year of £72.303m, following fees and charges income and reserve movements set a net budget £17.687m (2019/20 £16.644m), a net increase of £1.044m (6.27%). After allowing for the following non-ring-fenced government grants:

- Business Rates Retention scheme (NDR) of £6.674m (2019/20; £6.907m),
- New Homes Bonus of £2.212m (2019/20; £2.038m),
- Section 31 Grant of £1.579m (2019/20; £1.729m)
- Collection Fund deficit of £0.907m (2019/20; £0.989m surplus)

and a contribution to revenue reserves of £0.957m (2019/20; £3.285m). This left the Council to raise £9.168m (2019/20; £8.778m) from Council Tax which equated to a Council Tax of £145.86 (2019/20; £142.16) for a Band D equivalent property. This represented a 2.60% increase for a Band D council tax payer.

Performance

How the Council performed against its Objectives and Budget are detailed below. Further information can be found in the 17th June Cabinet report.

Summary of progress of key actions for 2020/21:

Status of Key Actions	Number	Percentage
Green (on track)	27	71%
Amber (within acceptable variance)	9	24%
Red (behind schedule)	2	5%
Awaiting progress update	0	0%
Not applicable	1	

Summary of progress of Corporate Indicators for 2020/21:

Corporate Indicator results	Number	Percentage
Green (achieved)	21	60%
Amber (within acceptable variance)	12	34%
Red (below acceptable variance)	2	6%
Awaiting progress update	0	0%
Not applicable (annual/data unavailable)	2	

Achievements within these key performance indicators are highlighted below:

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

- Provided financial assistance to people on low income during the year directly impacted by covid 19, through the Council Tax Hardship Fund.
- Strategic and practical work has helped to reduce homelessness with action taken to house rough sleepers as part of the ‘Everyone in’ pandemic response and efforts with a range of partners continuing to identify early intervention opportunities to prevent homelessness.
- Six community-based job clubs being launched across the district.
- Working in partnership with voluntary and community organisations to deliver a local, community led response to the impact of covid-19.

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

- Adoption of a new waste minimisation strategy and a waste minimisation action plan in December 2020.
- Installation of electric vehicle charging points across car parks in St Neots, St Ives and Huntingdon.
- Continued working with partners to delivery economic growth within the region in relation to transport development and prospects for growth within St Ives, Huntingdon and Ramsey
- Secured funding from MHCLG and Combined Authority to deliver the Future High Street Fund in St Neots of £3.7m and £3.2m respectively.
- Despite the effect of covid 19 on the construction industry during the initial lockdown, 274 affordable houses were still delivered during the year.

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

- Developing customer forums to better understand the needs of our customs and residents due to be delivered in 21/22.
- Continued development on understanding the key drivers within the organisation and developing unit cost data to help focus on the effectiveness of service deliver.
- Continued development into how we offer online and out of hours access to services via the customer portal and other solutions.

Revenue Spending and Sources of Income

The Table below sets out the Council's Budget for 2020/21 and how it performed and details the main sources of income the Council receives to pay for its services.

2019/20 Outturn		2020/21			
		Budget £000	Outturn £000	Variation £000	%
	Service				
4,484	Corporate Services	5,696	5,356	(340)	-6%
3,698	Chief Operating Officer	4,417	4,059	(358)	-8%
19	Programme Delivery	70	58	(12)	-
822	Planning Policy	842	709	(133)	-16%
139	Housing Strategy	177	214	37	21%
808	Corporate Leadership Team	603	699	96	16%
380	Transformation	408	130	(278)	-68%
4,365	Operations	3,550	4,242	692	19%
267	Leisure & Health	(215)	313	528	-246%
2,206	3CICT Shared Service	2,139	2,007	(132)	-6%
17,188	Net Revenue Expenditure	17,687	17,787	100	1%
3,537	Contribution to Reserves	957	236	(721)	-75%
(283)	Contribution from Earmarked Reserves	0	621	621	0%
20,442	Budget Requirement	18,644	18,644	0	0%
	Financing				
(6,821)	NDR and Council Tax Surplus/Deficit	(7,346)	(8,836)	(1,490)	20%
(4,734)	Government Grant (Non-Specific)	(2,130)	(2,546)	(416)	20%
(109)	Contribution to/(from) Reserves	0	1,906	1,906	-
8,778	Council Tax for Huntingdonshire DC	9,168	9,168	0	-

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

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

Service	Main reasons for variance
Corporate Services	Planned investment in commercial properties and the impact the Covid-19 pandemic had on recovering rent due and letting vacant units led to a shortfall of £0.25m on this service. The pandemic also impacted other debt recovery and so additional provision was made for this adding £0.1m to net costs. These additional costs, and costs incurred by other services below, have been offset by funding received for managing the impact of the pandemic not spent directly on HDC pandemic response (£1.1m). The financing of the council's previous capital investment added £0.1m to net expenditure and old historic debt was reviewed and written off adding £0.22m to net expenditure.
Chief Operating Officer	One-off grant income of (£0.5m) was received and has been put to an earmarked reserve to fund future community support projects. Changes to the management of housing support along with some additional external funding produced a saving of (£0.1m). These savings were off-set by additional costs relating to the management and payment of housing benefits, £0.1m, and the printing service scaling down of operational activity which meant no external income was generated, £0.1m.
Programme Delivery	Delay in appointing to post created an in year saving.
Planning Policy	Local Plan preparation work was delayed due to the pandemic and this saving (£0.1m) has been put into reserves to be used when the work is commissioned. Other external income for priority service was also received.
Housing Strategy	Overspend on project management is being funded from an earmarked reserve.
Corporate Leadership Team	Staff cover required to ensure the council was able to respond to the impact the pandemic on the area.
Transformation	Projects were delayed due to the pandemic and some of this saving has been carried forward or put into an earmarked reserve to be used when the expenditure is incurred in the future.
Operations	Car Parking, Country Parks and Market income was all hit by the Covid-19 pandemic. In all cases costs were off-set where possible but overall net expenditure rose by £0.6m across these services. Operational savings on Waste Management, £0.3m, were offset by increased costs on Street Cleaning, £0.1m, Green Spaces management, £0.1m, and CCTV £0.14m.
Leisure and Health	Closure of the One Leisure sites, in line with the government's lockdown requirements, meant very little income was generated over the course of the year. Staff were furloughed to mitigate this loss and the government provided funding for some loss of income, but other costs could not be off-set and so an overall overspend was incurred.
3CICT Shared Service	Shared ICT service charge to HDC was lower than expected because of the volume of work being carried out, and therefore recharged, to Cambridge City and South Cambridge District Council.

COVID-19 Grants

The Council received a range of grants from Central Government in 2020/21 to support the overall response to the COVID-19 pandemic. The financial impact of these grants is included within the outturn and Statement of Accounts. The grants and Business Rates reliefs were administered by the Council in line within the guidance received from Central Government.

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.

The first major grant round announced was the Small Business Grant Fund (SBGF) and Retail, Leisure and Hospitality Grant Fund (RLHGF). The grant details were issued in late March 2020 and the Council received £32.570m to pay these grants on 1 April 2020. As the grants sums payable were £0.010m or £0.025m for each eligible business with eligibility criteria specified by Government, the Council acted as an agent in administering these grants.

A further grant regime, the Discretionary Grant Fund was then introduced, within a maximum sum of £1.628m. The Council determined eligibility for these grants and therefore acted as a principal for this source of funding.

In total £29.480m had been paid in SBGF and RLHGF to 2,366 businesses and the maximum of £1.628m in discretionary grants to 219 businesses. The balance of £3.090m was returned to Central Government. The table below sets out the summary grant information.

	Total Grant Allocation	The Council Acting as Agent	The Council Acting at Principal	Expenditure as at 31 st March 2021	Grant remaining as at 31 st March 2021
Grant	£000	£000	£000	£000	£000
Small Business Grants Fund/Retail, Leisure and Hospitality Grant	29,480	29,480	-	29,480	-
Local Authority Discretionary Grant	1,628	-	1,628	1,628	-
	31,108	29,480	1,628	31,108	-

The Government then introduced a range of grants under the general heading of Local Restrictions Support Grant (LRSNG), covering the period from August 2020 to 31 March 2021. In total the Council received £16.338m in grant across eleven separate allocations. Each separate tranche of LRSNG had its own eligibility criteria. All except one tranche of grant funding (the Christmas Support Payments for Wet Led Pubs) remained open for final payments beyond 31 March 2021.

Nine tranches of LRSNG were received to support schemes without a discretionary element and for these the Council acted as the agent of Central Government. Funding for these grants totalled £16.338m and at the year-end £5.077m remained unspent. Given the status of these grants, the funds remaining at 31 March are included in the Councils Balance Sheet (Short Term Creditors).

Once all rounds of LRSNG are finally closed there will be a reconciliation and remaining funds will be repaid to Central Government.

The table below summarises the LRSNG allocation and expenditure in 2020/21.

Grants	Total Grant Allocation	The Council acting as Agent	The Council acting as Principal	Expenditure as at 31 st March 2021	Grant Remaining as at 31 st March 2021
	£000	£000	£000	£000	£000
LRSNG Closed Addendum	2,113	2,113	-	1,507	606
LRSNG Closed 2 December:19 December 2020	28	28	-	53	-25
LRSNG Open 2 December:19 December 2020	362	362	-	420	-58
Christmas Support Payments (Wet Led Pubs)	83	83	-	79	4
Closed Business Lockdown One-Off Payment	6,336	6,336	-	4,330	2,006
LRSNG Closed Addendum 5 January – 15 February 2021	3,169	3,169	-	2,166	1,003
LRSNG Closed 20 December – 4 January 2021	778	778	-	517	261
LRSNG Open 20 December – 4 January 2021	149	149	-	0	149
LRSNG Closed Addendum 16 February – 31 March 2021	3,320	3,320	-	2,189	1,131
	16,338	16,338	-	11,261	5,077

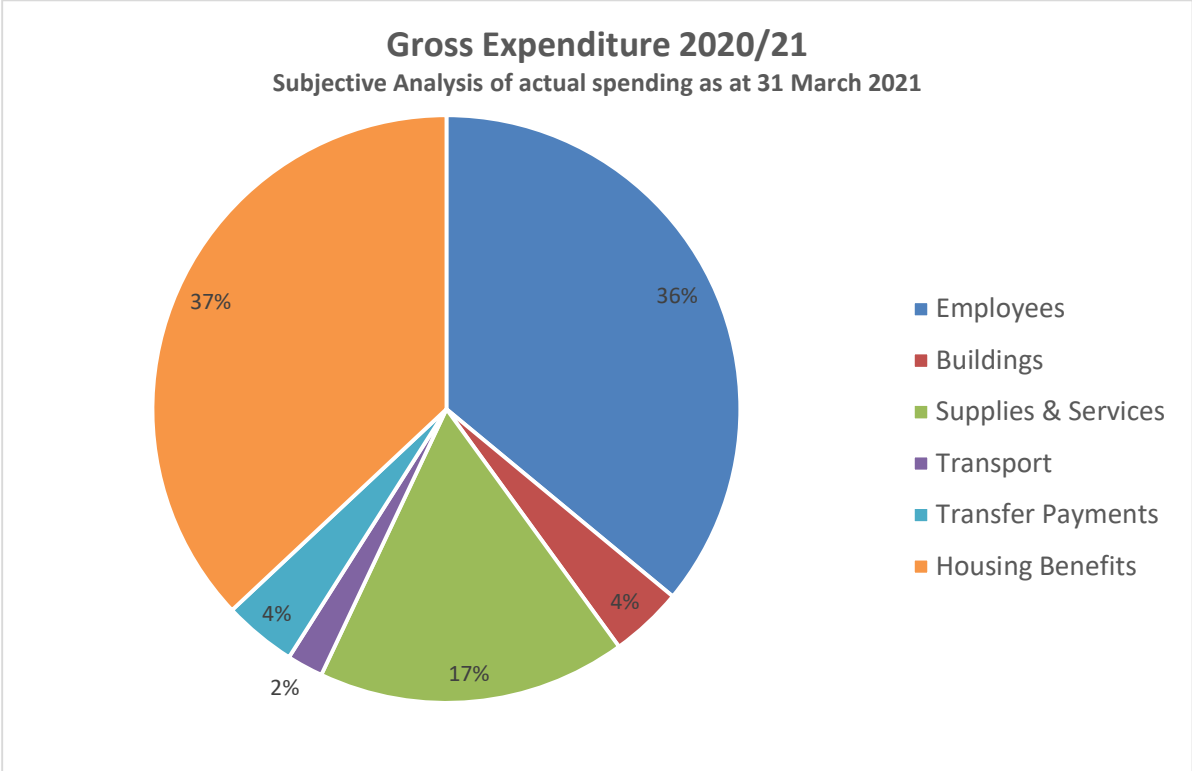
In addition to the LRSG, the Government introduced a further discretionary grant scheme the Additional Restrictions Grant. The Council introduced specific eligibility criteria for grant support based on knowledge of the Huntingdonshire economy and the local business community. During 2020/21, two rounds of grant were received totalling £5.140m for which the Council acted as a principal. By the year end £2.742m had been spent with £2.398m being carried forward within the Council’s Revenue Grant reserves.

	Total Grant Allocation	The Council Acting as Agent	The Council Acting at Principal	Expenditure as at 31 st March 2021	Grant remaining as at 31 st March 2021
Grant	£000	£000	£000	£000	£000
Additional Restrictions Grant	5,140	-	5,140	2,742	2,398
	5,140	-	5,140	2,742	2,398

From 1 April 2021, the Council began administering a new round of business support grants known as Restart Grants with an allocation of £7.578m and it will continue to administer this grant regime until the closing date for final payments on 31 July 2021.

Analysis of Revenue Income & Expenditure

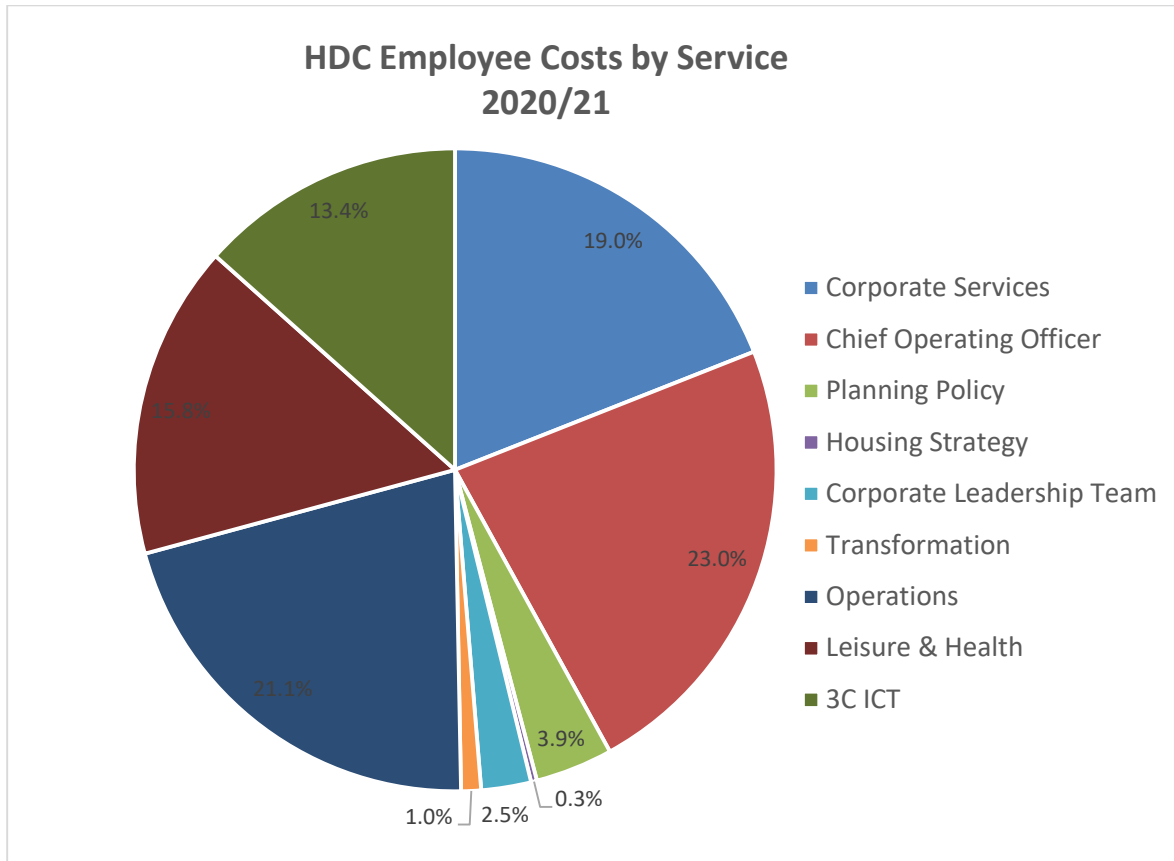
The Council spent £76.345m in 2020/21 and the chart below shows the type of expenditure this was spent on.



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

Employee Expenditure

As can be seen from the graph above, the Council's biggest expenditure apart from Housing Benefits, is its staff. In 2020/21 it spent £27.306m (£26.545m in 2019/20). The increase is due to the net impact of inflation and turnover adjustments. The chart below shows how this spend was split across the Council's services.



Reserves

The table below shows the movement in the useable reserves during the year to 31 March 2021.

Revenue Usable Reserves 2020/21	Bfwd	Contributions		Cfwd
	£000	To £000	From £000	£000
General Fund	2,534	11,034	(11,393)	2,175
Earmarked				
Commercial Investment Fund	3,382	2,213	0	5,595
Market Towns Investment Fund	646	27	0	673
Special Reserve	1,136	0	(290)	846
Section 106	2,132	300	(205)	2,227
Other	10,975	14,130	(1,922)	23,113
	18,271	16,670	(2,487)	32,454
Total Usable Reserves	20,805	27,704	(13,880)	34,629

The 2020/21 provisional outturn report showed a net service expenditure underspend of £0.064m against the original budget approved in February 2020.

Please refer to note 10 for a further break down of Earmarked Reserves

Capital Spending

Capital Programme

Introduction

The approved gross Capital Programme 2020/21 is £16.611m. Schemes totalling £3.909m from 2019/20 have been rephased to 2020/21, to give the total gross capital programme for 2020/21 of £20.520m.

The Capital Programme is forecast to have an underspend of £13.415m, this includes underspends, overspends and growth.

A more detailed analysis of the capital variance to budget can be found in the Q4 Financial Performance Report.

Capital Programme Outturn

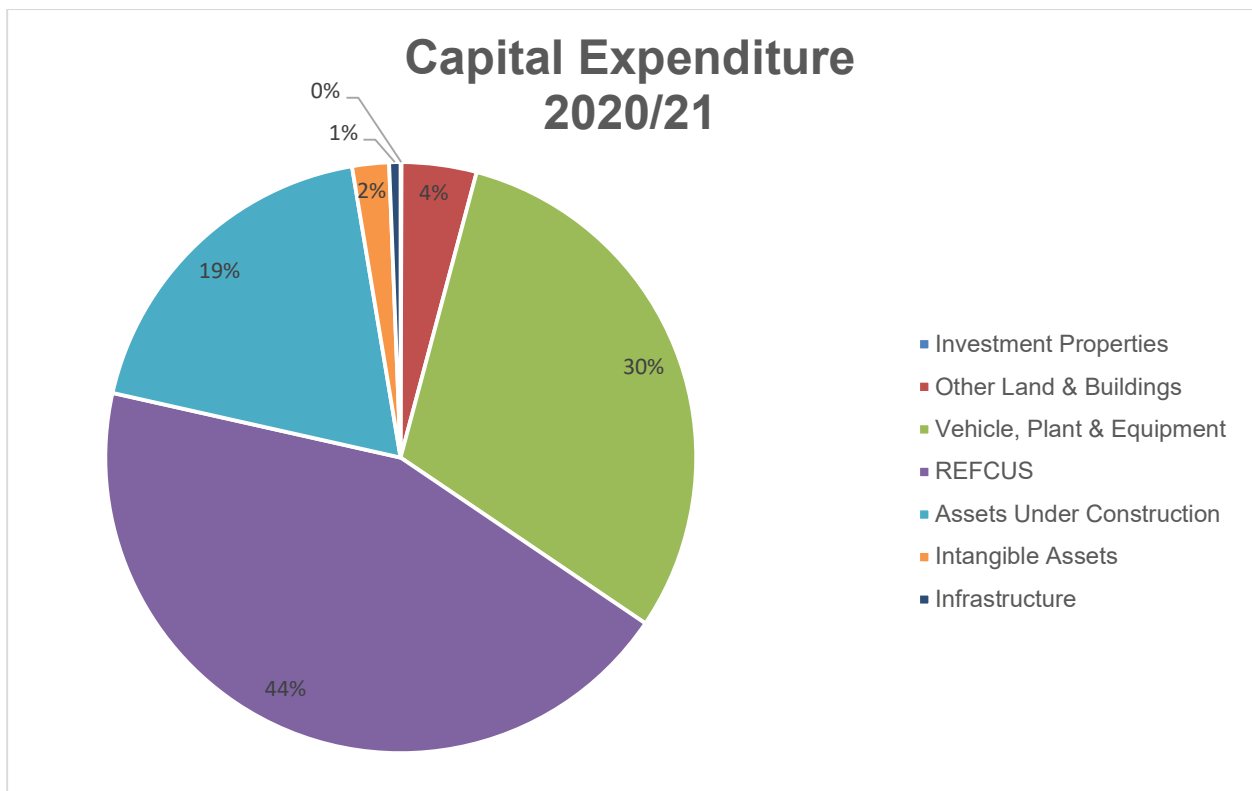
The table below shows the breakdown of the Capital expenditure by service area.

	Budget	Actual	(underspend) / overspend	
	£000	£000	£000	Main reasons for variance
AD Resources	12,371	1,440	(10,931)	Delays in projects in relation to Bridge Place Car Park; Oak Tree Remedial work Projects impacted by Covid 19 are Alms Close and Huntingdon Redevelopment which is being rephased within the current budget cycle for 21/22
AD Transformation	207	0	(207)	Impacted by resources being redeployed elsewhere within the business to support the response to Covid 19
Chief Operating Officer	2,306	1,542	(764)	Reduction in disabled adaptations
Head of ICT	62	51	(11)	
Head of Leisure & Health	1,149	290	(859)	Additional spend to be funded from CIL and grant income

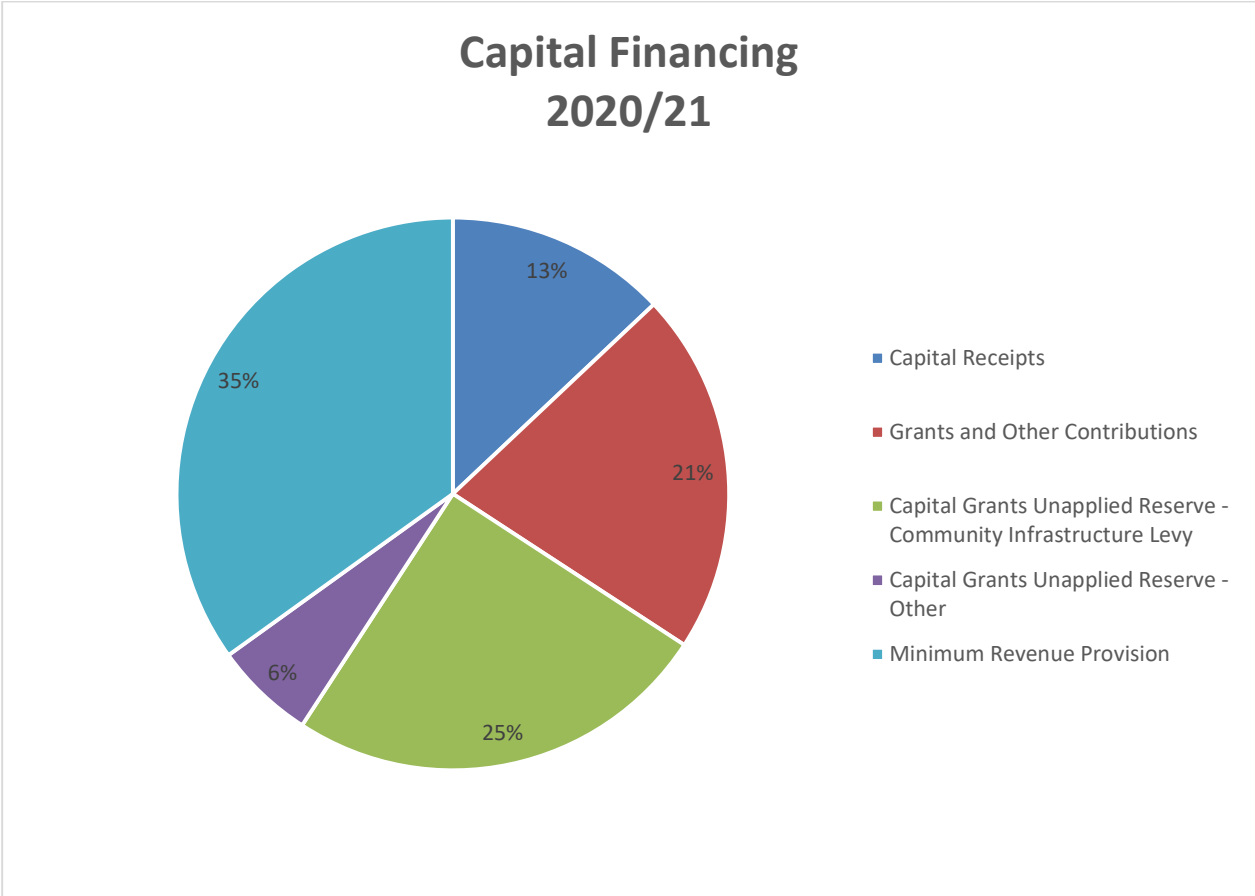
Head of Operations	3,819	1,911	(1,908)	Impacted by resources being redeployed elsewhere within the business to support the response to Covid 19
Housing Manager	0	0	0	Impacted by resources being redeployed elsewhere within the business to support the response to Covid 19
Planning Policy Manager	606	1,863	1,257	Additional spend is CIL funded projects not shown within the budget.
Covid 19 Accelerated projects	0	8	8	
Total	20,520	7,105	(13,415)	

Capital Expenditure by type

The pie chart below shows the Capital expenditure by type for 2020/21.



The pie chart below shows how the capital expenditure was financed for 2020/21.



Commercial Investment Strategy

The Commercial Investment Strategy was undertaken in response to seeking additional income streams to support the budget deficit identified in the Medium-Term Financial Strategy in 2015. This strategy set out the ambitions of the council in terms of investments, with a minimum yield of 6% or above.

Due to the pandemic, there has been on activity in acquiring any additional commercial investment properties during 2020/21.

Treasury Management

The main purpose of the Treasury Management Strategy is to:

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

The key market Treasury Management issues though 2020/21 influencing the Council's decision-making were:

- After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (Jan-Mar) 2021 are expected to show a decline given the national lockdown.
- A continuation of the Bank of England's policy of very low interest rates, with the result that market rates also remain very low. The Council's average investing rate was 0.09%.

The Council's response to the key issues in 2020/21 was:

- When the Council has surplus funds, these will primarily be invested on a short-term basis, in bank deposit accounts and money market funds.
- Where possible to take a higher return without sacrificing liquidity.
- When borrowing the Council has used the Public Works Loan Board (PWLB), which offers low fixed rate borrowing, based on gilt yields over a long period.
- Where economic conditions are forecast to deteriorate it is vital to monitor financial institutions credit rating, and credit default swap rates (the cost to insure lending). This information is provided by the Council's treasury adviser - Arlingclose.

Looking to the Future

Having considered the outturn for 2020/21, which shows a generally positive position with increased reserves and improved financial resilience, it is important to consider this in the context of 2021/22, for which all the financial planning work was undertaken during 2020/21 informed by the budget monitoring information and the changing Government funding position.

The 2021/22 budget process began with an assessment of the Council's future spending plans balanced against the expected funding from Government, Council Tax and Business Rates. This forward look encompassed a five-year financial planning timeframe from 2021/22 to 2025/26.

The Finance Service forecast the future financial position having regard to:

- Relevant national and regional influences on Huntingdonshire District Council.
- Local factors which influence policy within the Council including the Administration's priorities of regenerating the borough and creating jobs.
- The impact of Government policy, finance legislation and associated announcements.

This considered the impact of the recovery on income streams within Leisure, Parking and Commercial Property, together with the continued pressure on Council Tax and Business Rates over the period of the MTFs.

The following table shows the balancing of the 2021/22 budget, with a potential budget reduction target remaining for the period from 2022/23 to 2025/26.

	2021/22 Budget £000	Medium Term Financial Strategy			
		2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Net Expenditure	20,686	19,842	19,680	19,938	20,341
Contribution to/(from) reserves	776	(1,145)	(923)	(598)	(436)
Budget Requirement	21,462	18,697	18,757	19,340	19,905
Non-Domestic Rates & s31 Grant	(8,256)	(8,857)	(9,079)	(9,383)	(9,657)
Fair Funding Adjustment	82	163	245	326	408
New Homes Bonus	(2,014)	(427)	0	0	0
Covid 19 support	(1,548)	0	0	0	0
Collection Fund (surplus)/deficit	(296)	0	0	0	0
Council Tax Support Funding	(189)	0	0	0	0
Council Tax Requirement	9,241	9,576	9,923	10,283	10,656
Council Tax Base	63,355	63,989	64,628	65,275	65,927
Per band D	145.86	149.65	153.54	157.54	161.63
% increase	0%	2.60%	2.60%	2.60%	2.60%

During previous financial year a budget surplus reserve was set aside for use in future years and to support the phasing of future efficiency savings within the MTFs. This reserve is currently showing a balance of £3.250m.

Clearly this remains a challenging time for the Council and Local Government for a number of reasons and particularly with the uncertainty around the future funding for the sector and impact of long COVID on service provision.

Prior to COVID, the Government had indicated that it was prepared to reverse some of the impacts of the years of austerity and begin to provide further investment in public services including Local Government.

The Chancellor was expected to deliver a Budget that provided clarity over future investment. A multi-year Comprehensive Spending Review was expected, the Review of Relative Needs and Resources (Fair Funding Review) which sought to redistribute unringfenced grant on a new formula basis, was also to be introduced from 2021/22 together with significant reform of the Business Rates system. These were all delayed by the pandemic. It is evident that the significant investment that the Government has had to make in responding to the COVID crisis will have an impact on funding available for public services in future years.

The MTFs has been based on a range of assumptions, but given the uncertainty, about so many issues, the scope and size of the financial challenge is evolving. The Council is constantly revising estimates and working through plans to address the anticipated short, medium and long term funding shortfalls.

A key part of the Councils COVID recovery strategy will be a reassessment of the financial position. As has been advised, the accounts for 2020/21 were closed with increased reserves and balances and so the Council is in a stronger position to address the challenge. During 2021/22 work to update the financial forecasts will be progressed and informed by the budget monitoring position as well as local and national issues. This will not only deal with COVID recovery but address future financial sustainability. This work will be the focus of the Finance team during 2021/22.

The Financial Statements

The Council's financial statements for 2020/21 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2020/21 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

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

Movement in Reserves Statement (MiRS)

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

The Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet

The Balance Sheet shows the value at the 31 March of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve that may only be used to fund Capital expenditure or repay debt). The second category of reserves are unusable and includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet position at 2020/21 is £47.200m as shown overleaf (£53.150m 2019/20). The main reasons for this movement of £5.950m are:

- Increase in the Pension Deficit
- Increase in the value of Investment Properties
- Increase in surplus cash balances
- Reduction in debtors
- Increase in reserves due to the one-off movement in NNDR funding, which will be reversed out in 21/22.

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

31 March 2021	
£000	
Long Term Assets	154,601
Current Assets	63,157
Current Liabilities	(38,041)
Long Term Liabilities	(132,517)
Net Assets	47,200
Useable Reserves	72,342
Unusable Reserves	(25,142)
Total Reserves	47,200

The Cash Flow Statement

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

31 March 2021	
£000	
Net Cash Flows from	
- Operating activities	24,520
- Investing activities	6,413
- Financing activities	(15,825)
Net Increase or (decrease) in cash and cash equivalents	15,108
Cash & Cash Equivalents	
- At the beginning of the reporting period	12,975
- At the end of the reporting period	28,083

The Collection Fund Revenue Account

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

The Expenditure and Funding Analysis (EFA)

In addition to the primary statements, the Expenditure and Funding Analysis (EFA) which is not a primary financial statement but has been included as Note 7 to the Accounts, demonstrates how the annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

Technical Information

International Financial Reporting Standards

The Council has reported its financial position based on the requirements of International Financial Reporting Standards (IFRS) and this is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Statement of Accounting Policies

The accounting policies applicable to the 2020/21 statement of accounts are, in the main, the same as those that were applied to the 2019/20.

True and Fair View Override

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

Changes to the Statement of Accounts

A material change to the prior period has been included within the accounts shown in note 40.

Material and Unusual Charges or Credits in the Accounts

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

Material Events after the Reporting Date

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

Material Assets Acquired or Liabilities Incurred

There have been no material asset or material liabilities acquired during the year.

Changes in Statutory Functions

There were no changes in statutory functions in 2020/21.

Eric Symons FCCA
Chief Finance Officer
27 April 2022

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

Opinion

We have audited the financial statements of Huntingdonshire District Council for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement and the related notes 1 to 39,
- Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of Huntingdonshire District Council as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the 'Annual Financial Report for the year ended 31 March 2021', other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information contained within the 'Annual Financial Report for the year ended 31 March 2021'.

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- We are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on page 28, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:

- Local Government Act 1972,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014, and
- The Accounts and Audit Regulations 2015.

In addition, the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.

We understood how Huntingdonshire District Council is complying with those frameworks by understanding the incentive, opportunities and motives for noncompliance, including inquiring of management, the Head of Internal Audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance.

We corroborated this through our reading of the Council's committee minutes, Council policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise.

Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately. We assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General (C&AG) in April 2021, as to whether Huntingdonshire District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Huntingdonshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Huntingdonshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Hodgson
Associate Partner
Ernst & Young LLP
Cambridge

27 April 2022

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Finance Manager.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Finance Managers Responsibilities

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

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

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

The Finance Manager has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Eric Symons FCCA
Chief Finance Officer

27 April 2022

Chairman's Approval of the Statement of Accounts

This is the Annual Financial Report, incorporating the Statement of Accounts with all audit activities completed. The Corporate Governance Committee of Huntingdonshire District Council at its meeting on 27 April 2022 delegated authority to me as Chairman of the Panel to approve the Statement of Accounts.

Councillor Graham Bull
27 April 2022

Movement in Reserves Statement

Movement in reserves during 2020/21	General Fund Balance £000	Earmarked General Fund Reserves £000 Note 10	Capital Grants Unapplied £000 Note 31	TOTAL USEABLE RESERVES £000	Unusable Reserves £000 Note 23	TOTAL COUNCIL RESERVES £000
BALANCE AT 31 MARCH 2020 B'FWD	2,534	18,443	33,939	54,916	(1,766)	53,150
Opening Adjustment *	0	(172)	0	(172)	0	(172)
BALANCE AT 1ST APRIL 2020 B'FWD	2,534	18,271	33,939	54,744	(1,766)	52,978
Surplus/(Deficit) on provision of services	18,222	0	0	18,222	0	18,222
Other comprehensive income and expenditure	0	0	0	0	(24,130)	(24,130)
Total comprehensive income and expenditure	18,222	0	0	18,222	(24,130)	(5,778)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(4,398)	0	3,644	(754)	754	0
Net increase/(decrease) before transfers to earmarked reserves	13,824	0	3,644	17,468	(23,376)	(5,908)
Transfers (from)/to earmarked reserves (Note 10)	(14,183)	14,183	0	0	0	0
(Decrease)/increase in Year	(359)	14,183	3,644	17,468	(23,376)	(5,908)
BALANCE AT 31 MARCH 2021 C'FWD	2,175	32,454	37,583	72,212	(25,142)	47,070
Movement in reserves during 2019/20						
BALANCE AT 31 MARCH 2019 B'FWD	2,555	17,392	23,342	43,289	(15,139)	28,150
Surplus/(Deficit) on provision of services	(3,580)	0	0	(3,580)	0	(3,580)
Other comprehensive income and expenditure	0	0	0	0	28,580	28,580
Total comprehensive income and expenditure	(3,580)	0	0	(3,580)	28,580	25,000
Adjustments between accounting basis and funding basis under regulations (Note 9)	6,728	0	10,597	17,325	(17,325)	0
Net increase/(decrease) before transfers to earmarked reserves	3,148	0	10,597	13,745	11,255	25,000
Transfers (from)/to earmarked reserves (Note 10)	(3,169)	1,051	0	(2,118)	2,118	0
(Decrease)/increase in Year	(21)	1,051	10,597	11,627	13,373	25,000
BALANCE AT 31 MARCH 2020 C'FWD	2,534	18,443	33,939	54,916	(1,766)	53,150

* This adjustment relates to an extrapolated error in 2019/20 accounts which for the purposes of 2020/21 is a non-adjusting entry in reconciling the b/fwd balances to the finance system.

Comprehensive Income and Expenditure Statement (CIES)

2019/20			2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
7,335	(796)	6,539	AD Corporate Services	13,215	(7,554)	5,661
40,849	(35,805)	5,044	Chief Operating Officer	39,319	(34,966)	4,353
19	0	19	Programme Delivery	60	0	60
1,586	(570)	1,016	Planning Policy Manager	3,224	(514)	2,710
219	0	219	Housing Strategy Manager	176	0	176
874	0	874	Corporate Leadership Team	747	(25)	722
432	(12)	420	AD Transformation	331	(174)	157
12,287	(5,195)	7,092	Head of Operations	10,536	(4,384)	6,152
8,629	(6,687)	1,942	Head of Leisure & Health	7,080	(5,261)	1,819
9,610	(6,816)	2,794	3CICT Shared Service	7,942	(5,472)	2,470
81,840	(55,881)	25,959	Cost of Services	82,630	(58,350)	24,280
9,689	0	9,689	Other Operating Expenditure (note 11)	7,617	0	7,617
10,424	(5,843)	4,581	Financing and Investment Income and Expenditure (note 12)	(9,866)	(5,862)	(15,728)
3,654	(40,303)	(36,649)	Taxation and Non-specific Grant Income (note 13)	2,052	(36,433)	(34,391)
105,607	(102,027)	3,580	(Surplus) / Deficit on provision of services	82,433	(100,655)	(18,222)
		(333)	(Surplus) or deficit in the revaluation of non-current assets			(297)
		0	Surplus/deficit on financial assets measured at fair value through other Comprehensive Income			0
		(28,247)	Actuarial losses/(gains) on pension assets and liabilities			24,427
		(28,580)	Other comprehensive income and expenditure			24,130
		(25,000)	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE			5,908

Balance Sheet

31 March 2020 £000		Notes	31 March 2021 £000
73,212	Property, Plant and Equipment	14	70,822
65	Heritage Assets		65
54,945	Investment Property	15	70,720
976	Intangible Assets	16	913
3,824	Long Term Investments	17	3,797
11,027	Long Term Debtors	17	8,284
144,049	Long Term Assets		154,601
0	Short Term Investments	17	0
225	Inventories	18	289
27,013	Short Term Debtors	19	32,254
13,004	Cash and Cash Equivalents	20	30,004
480	Assets Held for Sale	21	480
40,722	Current Assets		63,027
(29)	Bank overdraft	20	(1,921)
(4,762)	Short Term Borrowing	17	(759)
(18,934)	Short Term Creditors	22	(29,795)
0	Grants receipt in advance - capital	22,31	(3,783)
(1,956)	Provisions	38	(1,783)
(25,681)	Current Liabilities		(38,041)
(39,417)	Long Term Borrowing	17	(38,884)
(718)	Other Long Term Liabilities	17	(589)
(65,805)	Net Pensions Liability	37	(93,044)
(105,940)	Long Term Liabilities		(132,517)
53,150	Net Assets		47,070
54,916	Useable Reserves	23	72,212
(1,766)	Unusable Reserves	24	(25,142)
53,150	Total Reserves		47,070

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Eric Symons FCCA
Chief Finance Officer – **s.151 Officer**
27 April 2022

Cash Flow Statement

2019/20		2020/21
£000		£000
(3,580)	Net Surplus / (Deficit) on the provision of services	18,222
20,016	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 25)	13,589
(12,656)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 25)	(7,161)
3,780	Net cash flows from Operating Activities	24,650
(5,313)	Investing Activities (Note 26)	6,283
12,061	Financing Activities (Note 27)	(15,825)
10,528	Net increase/(decrease) in cash and cash equivalents	15,108
2,447	Cash and cash equivalents at the beginning of the reporting period	12,975
12,975	Cash and cash equivalents at the end of the reporting period (Note 20)	28,083

Note 1. Accounting Policies

Accounting Policies in respect of Concepts and Principles

➤ General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The underlying concepts of the accounts include the:

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

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

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

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

➤ Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (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 2023, 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, as reported in these statements are as follows:

Date	General Fund £000	Earmarked Reserves £000
31 March 2021	2,175	32,454

Our expected General Fund and Earmarked Reserve position has a predicted balance of £2.175m and £30.786m at 31 March 2022 This remains above our minimum level of GF balances as set by our CFO of £2.175m.

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 (other than to support the capital programme which is consistent to our plans and normal practice]

In February 2022 the Council published an update to its Medium-Term Financial Strategy (MTFS) which has taken into account the potential impact on key areas of income and expenditure continuing in to 2022/23. The key assumptions within this forecast include increased income as the economic recovery from Covid continues, together with new revenue streams and associated costs. We have considered a downside scenario where potential savings are not met; however, the above projections would not be significantly affected with both minimum levels of reserves and liquidity remaining through the same period.

On this basis, the Council have 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.

➤ **Government Grants and Contributions (IAS 20)**

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

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

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

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

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

Community infrastructure levy

The authority has elected to charge a community infrastructure levy (CIL). The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital.

Business improvement districts

A business improvement district (BID) scheme applies across the whole of the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

➤ **Accruals of Income and Expenditure**

Income and expenditure are accounted for in the year to which they relate, not simply when cash payments are made or received, by the creation of debtors and creditors which are recorded in the Balance Sheet. However, if any amount (income or expenditure) comes to light after a reasonable cut off period and is below £5k it will not be accrued for within the financial year, as it will not have a material effect on the position of the income and expenditure reported within these statements. In particular:

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. For 2020/21, there are no new accounting policies in respect of statutory requirements or to ensure local circumstances are better reflected within the Annual Report.

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

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

➤ **Exceptional Items**

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

➤ **Interest Receipts**

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

➤ **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement; they are included in the Balance Sheet as the General Fund Balance, Capital Reserve, Earmarked Reserves or Capital Grants Unapplied.

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

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

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

➤ **Value Added Tax**

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

➤ **Events after the Balance Sheet Date**

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

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

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

➤ **Cash and Cash Equivalents**

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

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

Accounting Policies in respect of Non-Current Assets

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

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

• **Recognition**

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

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

- Measurement

Assets are initially measured at cost, comprising:

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement.

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

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

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

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

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

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

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

- Components

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

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

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

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

- Impairment

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

Where impairment losses are identified, they are accounted for:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

- Disposals and Non-Current Assets Held for Sale

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

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

- Depreciation

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

Depreciation is calculated as follows:

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

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

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

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

Year of depreciation charge

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

➤ **Heritage Assets**

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

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

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

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

- **Cultural**

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

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

- **Mayoral Regalia and Art Collection**

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

➤ **Intangible Assets**

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

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

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

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

➤ **Investment Properties**

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

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

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

➤ **Leases**

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

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

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

- **The Council as Lessee**

- Finance leases

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

Lease payments are apportioned between:

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

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

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

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

- Operating leases.

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

- The Council as Lessor

- Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal, matched by a lease (long-term) debtor in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
- finance income which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for this capital receipt for the disposal of the asset is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

- Operating Leases.

Where the Council grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

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

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

Current Value Measurement (IFRS 13)

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

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

Accounting Policies in respect of Current Assets

➤ **Inventories**

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

➤ **Contingent Assets**

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

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

➤ **Provisions and Contingent Liabilities**

- **Provisions**

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

- **Contingent Liabilities**

A contingent liability arises from an event which is too uncertain, or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Accounting Policies in respect of Employee Benefits

➤ **Benefits Payable during Employment**

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

➤ **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Termination benefits are charged to the appropriate service line in the Comprehensive Income and Expenditure Account when the Council can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the Council by 31 March. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

➤ **Post-Employment Benefits (Pensions)**

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

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

- The assets of the Cambridgeshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

- The change in the net pensions liability is analysed into seven components:
 - **current service cost** – the increase in liabilities as a result of years of service earned this year – debited in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
 - **net interest on the net defined liability**, i.e., net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
 - **the return on plan assets** – excluding amounts charged in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
 - **contributions paid to the Cambridgeshire Pension Fund** – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, rather than the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end. The balance (currently negative) that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

➤ **Discretionary Benefits**

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

Accounting Policies in respect of Financial Instruments

➤ Financial Assets

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

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

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

Financial Assets Measured at FVPL

Financial assets that are measured at FVPL are recognised on Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. The fair value gains and losses are recognised as they arrive in Surplus or Deficit on the provision of Services. The 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.

Financial Assets Measured at FVOCI

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

➤ **Financial Liabilities**

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

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

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

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

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

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

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7 have an impact on hedge accounting if interest rates change. The amendments will not have an impact on the council, as the council's debt is fixed rate and all of the council's investments are in sterling and low risk.
- Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relate to issues that arise if an existing interest rate is replaced by an alternative one. This is unlikely to have an impact as interest rate benchmark reform is rarely applied. In addition, financial instruments are valued in the accounts at amortised cost rather than fair value.

Note 3. Critical Judgements in Applying Accounting Policies

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

- In line with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, assets held for sale and assets under construction. For all these assets, the total value for 2020/21 for Land is £34.188m and Buildings (NBV) is £45.455m (2019/20; Land is £23.616m and Buildings (NBV) is £39.788m).
- The Council has taken professional advice from the Pension Fund's actuary, Hymans Robertson LLP, to determine the overall net liability of the fund which is £93.044m for 2020/21; this is an increase of £27.239m since 2020/21. However:
 - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 37.
 - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2021. An estimated provision of £4.426m 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 £1.770m of the total provision and this is included in the General Fund balance.

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

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

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	<p>All property is reviewed on a 3-year rolling basis. Where an asset has not been specifically revalued, a table-top analytical review has taken place to determine if any material changes in valuation have taken place (Revaluation Review).</p> <p>In addition, an impairment review is undertaken by the valuer to determine if any of the Council's assets have been impaired.</p>	<p>80% of the council's assets are valued at fair value as at 31st March 2021, so the impact of change in the market is significant. If there was a 1% fall in the market value, it is estimated that the value of the council's property assets would reduce by £0.566m.</p> <p>If there was a 5% fall in market value due to the impact of Covid 19 on the property market, it is estimated that the value of the council's property assets would reduce by £2.829m</p>
Plant and Equipment	Plant and Equipment are valued on an historic cost basis.	There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.
Investment Properties	Investment Properties are valued on an annual basis and are valued at fair value.	<p>It is estimated that a 1% fall in market value would reduce the value of the Council's investment properties by £0.707m.</p> <p>2019/20 valuation saw a fall of 10% in the estimated market value in the initial impact of the Covid 19 pandemic. If there was a further 10% fall in market value due to the impact of Covid 19 on the property market, it is estimated that the value of the council's investment portfolio would reduce by £7.072m</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to	The effects on the net pensions liability of changes in individual assumptions, as provided by the actuary, can be

	<p>the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>measured. For instance:</p> <ul style="list-style-type: none"> • A 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of 10% or £26.945m. • A 1 year increase in life expectancy would increase the Employer's Defined Benefit Obligation by around 3-5%. • A 0.5% increase in the salary increase rate would result in an increase in pension liability of 1% or £2.350m. • A 0.5% increase in the pension increase rate would result in an increase in pension liability of 10% or £23.855m.
Sundry Debt Arrears	<p>The Bad Debt Provision (BDP), also known as Debtor Impairment, calculation is based on the current aged debt profile, past payment behaviour and past write off activity.</p> <p>At 31 March 2021 the Council has a net debtor's balance of £32.384m.</p>	<p>Each debt type has an independent BDP rate determined by previous debt activity. If only Sundry Debtor debt is considered, increasing the BDP by 10% would have an additional £0.058m impact on revenue. However, to achieve such an increase in the BDP, the actual debt would have to increase by £0.426m</p>
Sundry Creditors (Housing Benefits)	<p>During the year the Council pays Housing Benefits to local residents who are entitled to receive it; these payments are reimbursed by Central Government subsidy. The Subsidy reimbursement relates to amounts paid on or before 31 March, however, accruals have been made to reflect the period that the payments actually cover.</p> <p>The Housing Benefit payments made by the Council are on one of the two following bases:</p> <ol style="list-style-type: none"> 4-week in arrears, or 2-weeks in arrears/2-weeks in advance. 	<p>The amount of Housing Benefit in payment at any given time is dependent on the number of claims made at that time, which is itself affected by both local and national economic conditions. Consequently, it is difficult to provide a meaningful sensitivity analysis.</p>
Provision for Rateable Value Appeals	<p>Appeals against rateable value are at the discretion of non-domestic ratepayers with the outcome ultimately determined by the Valuation Office and are not within the Council's control.</p>	<p>The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live</p>

		<p>and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).</p> <p>A 10% variation in the estimated provision would be £0.443m for the Collection Fund of which £0.177m which would be attributable to the General Fund.</p>
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Note 5. Material Items of Income and Expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e., extraordinary). During 2020/21 no such items of income or expenditure were incurred (2019/20; nil).

Note 6. Events after the Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts on 27 April 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7. Expenditure and Funding Analysis (EFA)

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

	2020/21					Net Expenditure in the Comprehensive Income and Expenditure Statement
	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis			Total Adjustments	
		Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)		
£000	£000	£000	£000	£000	£000	
Corporate Services	4,458	660	543	0	1,203	5,661
Chief Operating Officer	4,055	69	230	(1)	298	4,353
Programme Delivery	58	0	2	0	2	60
Planning Policy	709	1,967	34	0	2,001	2,710
Housing Strategy	214	0	3	(41)	(38)	176
Corporate Leadership	699	0	23	0	23	722
Transformation	130	16	11	0	27	157
Operations	4,094	1,871	187	0	2,058	6,152
Leisure & Health	313	1,388	118	0	1,506	1,819
ICT Shared Service	1,990	352	128	0	480	2,470
Cost of Services	16,720	6,323	1,279	(42)	7,560	24,280
Other income and expenditure	(30,544)	(16,578)	1,533	2,957	(11,958)	(42,502)
(Surplus) or Deficit	(13,824)	(10,255)	2,812	2,915	(4,398)	(18,222)
Opening General Fund Balance (Includes Earmarked Reserves)	20,977					
Correction to earmarked reserves opening balances	(172)					
Plus Surplus/(Deficit) on General Fund in Year	13,824					
Less Use of General Fund Balances to Fund Capital Expenditure	0					
Closing General Fund Balance 31 March	34,629					

	2019/20					
	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis				Net Expenditure in the Comprehensive Income and Expenditure Statement
		Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments	
£000	£000	£000	£000	£000	£000	
Corporate Services	5,250	129	1,160	0	1,289	6,539
Chief Operating Officer	3,701	861	482	0	1,343	5,044
Programme Delivery	19	0	0	0	0	19
Planning Policy	823	129	64	0	193	1,016
Housing Strategy	139	0	8	72	80	219
Corporate Leadership	809	0	65	0	65	874
Transformation	379	14	27	0	41	420
Operations	4,426	2,229	437	0	2,666	7,092
Leisure & Health	266	1,411	265	0	1,676	1,942
ICT Shared Service	2,192	329	273	0	602	2,794
Cost of Services	18,004	5,102	2,781	72	7,955	25,959
Other income and expenditure	(21,152)	6,067	2,190	(9,484)	(1,227)	(22,379)
(Surplus) or Deficit	(3,148)	11,169	4,971	(9,412)	6,728	3,580
Opening General Fund Balance (Includes Earmarked Reserves)	19,947					
Plus Surplus/(Deficit) on General Fund in Year	3,148					
Less Use of General Fund Balances to Fund Capital Expenditure	(2,118)					
Closing General Fund Balance 31 March	20,977					

Notes to the EFA

a Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation, 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.

b Net Change for the Pensions Adjustment

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

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

c Other Differences

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

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

d Segmental Income

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

2019/20	Services	2020/21
£'000		£'000
796	Corporate Services	7,554
34,363	Chief Operating Officer	34,966
0	Programme Delivery	0
570	Planning Policy	514
0	Housing Strategy	0
0	Corporate Leadership	25
12	Transformation	174
5,195	Operations	4,384
6,687	Leisure & Health	5,261
6,816	ICT Shared Service	5,472
54,439	Total income analysed on a segmental basis	58,350

Note 8. Expenditure and Income Analysed by Nature

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

2019/20	Expenditure/Income	2020/21
£000s		£000s
	Expenditure	
26,234	Employee benefits expenses	27,306
15,735	Other services expenses	14,058
5,282	Support service recharges	2,904
15,121	Depreciation, amortisation, REFCUS and investment property fair value adjustment	(6,070)
551	Interest payments	541
3,245	Transfer and Grant Payments	6,662
9,723	Precepts and levies	8,656
29,716	Benefit Payments	28,376
105,607	Total expenditure	82,433
	Income	
(29,300)	Fees, charges and other service income	(25,547)
(561)	Interest and investment income	(484)
(21,123)	Income from council tax and non-domestic rates	(13,465)
(36,809)	Government grants and contributions	(55,008)
(14,234)	Levies	(6,151)
(102,027)	Total income	(100,655)
3,580	Surplus or Deficit on the Provision of Services	(18,222)

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2020/21

	Useable Reserves			
	General Fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
<i>Expenditure statement:</i>				
Charges for depreciation and impairment of non-current assets	(4,032)	0	0	4,032
Amortisation of intangible fixed assets	(204)	0	0	204
Fair value of investment properties	13,814	0	0	(13,814)
Revenue expenditure funded from capital under statute	(1,616)	0	0	1,616
Revaluation gains/losses on non-current assets charged to the Comprehensive Income and Expenditure Statement	(478)	0	0	478
Net carrying amount of non-current assets sold	(20)	0	0	20
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	88	0	0	(88)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Minimum revenue provision for capital funding	2,602	0	0	(2,602)
Adjustments involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to fund capital expenditure	0	966	0	(966)
Proceeds of sale of non-current assets	101	(101)	0	0
Repayment of loan	0	(865)	0	865
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	14	0	0	(14)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38 of Pension Fund)	(7,439)	0	0	7,439
Employer's pensions contributions and direct payments to pensioners payable in the year	4,627	0	0	(4,627)
Adjustments involving the Deferred Capital Receipts				
Adjustment of costs to be offset against future capital receipts	(30)	0	0	30
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(8,536)	0	0	8,536
Adjustments involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	5,507	0	(3,644)	(1,863)
Total Adjustments	4,398	0	(3,644)	(754)

	Useable Reserves			
	General Fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
<i>Expenditure statement:</i>				
Charges for depreciation and impairment of non-current assets	(3,962)	0	0	3,962
Amortisation of intangible fixed assets	(232)	0	0	232
Fair value of investment properties	(5,962)	0	0	5,962
Revenue expenditure funded from capital under statute	(911)	0	0	911
Net carrying amount of non-current assets sold	(2,877)	0	0	2,877
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	211	0	0	(211)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Minimum revenue provision for capital funding	2,300	0	0	(2,300)
Adjustments involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to fund capital expenditure	0	567	0	(567)
Proceeds of sale of non-current assets	264	(264)	0	0
Repayment of loan	0	(303)	0	303
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(214)	0	0	214
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37 of Pension Fund)	(9,499)	0	0	9,499
Employer's pensions contributions and direct payments to pensioners payable in the year	4,528	0	0	(4,528)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(1,114)	0	0	1,114
Adjustments involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	10,740	0	(10,597)	(143)
Total Adjustments	(6,728)	0	(10,597)	17,325

Note 10. Movements in Earmarked Reserves

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

	Balance 31.3.19 £000	Transfers in £000	Transfers out £000	Balance 31.3.20 £000	Opening Adjustment	Transfers in £000	Transfers out £000	Balance 31.3.21 £000	Purpose of Reserve
S106 agreements	(1,648)	(814)	1,456	(1,006)	0	(221)	101	(1,126)	A
Commutted S106 payments	(982)	(244)	100	(1,126)	0	(79)	104	(1,101)	B
Repairs and renewals funds	(1,847)	(33)	0	(1,880)	0	(33)	0	(1,913)	C
Strategic Transformation Reserve	(838)	(284)	317	(805)	0	0	0	(805)	D
Collection Fund Reserve	(2,202)	0	1,020	(1,182)	0	**(10,300)	0	(11,482)	E
Commercial Investment Fund	(3,106)	(2,304)	2,028	(3,382)	0	(2,213)	0	(5,595)	F
Market Towns Investment Fund	(750)	0	104	(646)	0	(27)	0	(673)	G
Budget Surplus Reserve	(3,343)	(2,593)	989	(4,947)	*172	(240)	1,812	(3,203)	H
Special reserve	(584)	(723)	171	(1,136)	0	0	290	(846)	I
Other reserves	(2,092)	(367)	126	(2,333)	0	(3,557)	180	(5,710)	J
Total	(17,392)	(7,362)	6,311	(18,443)	172	(16,670)	2,487	(32,454)	

* This adjustment relates to an extrapolated error in 2019/20 accounts which for the purposes of 2020/21 is a non-adjusting entry in reconciling the b/fwd balances to the finance system.

**This relates to additional funding received in year for Business Rates in 2020/21 and will not be offset against the Collection Fund deficit until 2021/22, thereby inflating the General Funding balances at the end of the 2020/21 financial year.

Purpose of Reserve		
A	S106 agreements	Contains payments made by developers to meet their planning approval obligation to contribute to the funding of infrastructure and community requirements. As a relevant project is completed it is funded in all or part from this reserve.
B	Commutated S106 payments	Represents payments made by developers to meet their planning approval obligation to contribute to the funding of the maintenance of specified assets for a set period of years. As relevant maintenance costs are incurred funding is transferred from the reserve.
C	Repairs and renewals funds	Some services contribute an annual sum and the funds are used to pay for one-off repair or renewal items; thereby evening out the spending on large maintenance items.
D	Strategic Transformation Reserve	To fund workflow streams associated with initiatives to improve the efficiency of the Council.
E	Collection Fund	Excess NDR and Council Tax received from the Collection Fund due to be repaid in future years.
F	Commercial Investment Fund	Revenue allocation to meet future investment in commercial investment strategy
G	Market Towns Investment Fund	A fund to support the redevelopment of Huntingdonshire's market towns.
H	Budget Surplus Reserve	Contains surplus funds that exceed the £2.175m maximum threshold for the General Fund Balance
I	Special reserve	To support business activity that will achieve future savings.
J	Other reserves	This is a summary of other less significant reserves that support on-going service activity, including Local Plan activity, NDR Reliefs, District Council Elections, New Trading Company, Community Infrastructure Levy administration, IT projects, Housing Support, Community Support projects, Budget Underspends carried forward and Landlord activities.

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

2019/20 £000		2020/21 £000
6,651	Parish Council precepts	7,253
425	Drainage Board Levies	445
2,613	(Gains)/losses on the disposal of non-current assets	(81)
9,689	Total	7,617

Note 12. Financing and Investment Income and Expenditure

2019/20 £000		2020/21 £000
551	Interest payable and similar charges	541
2,174	Pensions interest cost and expected return on pensions assets	1,527
(561)	Interest receivable	(484)
2,292	Income and expenditure in relation to investment properties and changes in their fair value	(17,497)
142	CCLA Property Fund Fair Value adjustment	27
(17)	Other Investment, Trading Operations & Shared Services	158
4,581	Total	(15,728)

Note 13. Taxation and Non Specific Grant Income

2019/20		2020/21
£000		£000
(15,262)	Council Tax income	(16,602)
(5,862)	Non Domestic Rates	3,137
(4,734)	Non-ringfenced Government grants	(14,337)
(10,580)	Developer Contributions (CIL & S106)	(5,220)
(211)	Capital grants	(397)
0	Covid-19 Support Grants	(972)
(36,649)	Total	(34,391)

Note 14. Property, Plant and Equipment

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Movements in 2020/21						
Cost or Valuation						
Gross B'fwd	58,909	21,423	10,088	451	1,046	91,917
Additions	290	2,142	44	0	1,331	3,807
Revaluation gains/losses charged to the Revaluation Reserve	(142)	0	0	0	0	(142)
Revaluation gains/losses CIES	(478)	0	0	0	0	(478)
Disposal	0	(1,126)	0	0	0	(1,126)
Transfer within Property, Plant and Equipment	11	(2)	1	0	(1,966)	(1,956)
Gross C'fwd	58,590	22,437	10,133	451	411	92,022
Depreciation						
Gross B'fwd	(610)	(12,829)	(5,266)	0	0	(18,705)
Depreciation in Year	(1,823)	(1,830)	(379)	0	0	(4,032)
Depreciation to Revaluation Reserve	439	0	0	0	0	439
Disposal	0	1,106	0	0	0	1,106
Transfer within Property, Plant and Equipment	(7)	0	(1)	0	0	256
Gross C'fwd	(2,001)	(13,553)	(5,646)	0	0	(21,200)
Net Book Value						
At 31 March 2021	56,589	8,884	4,487	451	411	70,822
At 31 March 2020	58,299	8,594	4,822	451	1,046	73,212
Movements in 2019/20						
Cost or Valuation						
Gross B'fwd	61,827	20,784	10,063	451	230	93,355
Additions	945	1,967	25	0	816	3,753
Revaluation gains/losses charged to the Revaluation Reserve	(986)	0	0	0	0	(986)
Revaluation gains/losses charged to the CIES	0	0	0	0	0	0
Disposal	(2,877)	(1,328)	0	0	0	(4,205)
Gross C'fwd	58,909	21,423	10,088	451	1,046	91,917
Depreciation						
Gross B'fwd	0	(12,538)	(4,853)	0	0	(17,391)
Depreciation in Year	(1,929)	(1,619)	(413)	0	0	(3,961)
Depreciation to Revaluation Reserve	1,319	0	0	0	0	1,319
Disposal	0	1,328	0	0	0	1,328
Gross C'fwd	(610)	(12,829)	(5,266)	0	0	(18,705)
Net Book Value						
At 31 March 2020	58,299	8,594	4,822	451	1,046	73,212
At 31 March 2019	61,827	8,246	5,210	451	230	75,964

Capital Commitments

As at 31 March 2021 the Council was contractually committed to capital works valued at approximately £1.501m (31 March 2020; £1.416m). The schemes are listed in the table below.

Division	Scheme	Amount £000
Development	Disabled Facilities Grants	298
Leisure	Leisure Centre – Future Improvements	5
	St Neots – General Improvements	1
	St Ives – General Improvements	4
Resources	Oak Tree Remedial	66
	Energy Efficiency – Comm Properties	2
Operations	Bridge Place Car Park Construction	71
	Vehicles & Plant	848
	Godmanchester Mill Weir Improvements	3
	Parking Strategy	53
	CCTV – Camera Replacements	58
	St Ives Park	58
	Huntingdon On-Street WiFi	23
	Hinchingbrooke Country Park	10
	City Housing CCTV Project	1
Total		1,501

Revaluations

- Land and buildings
These assets are held at current value and were revalued as at 1 April 2016 onwards. The council operates a three year rolling programme of revaluations although where there has been significant capital expenditure on properties a revaluation will take place.
- Vehicles, Plant, Equipment and Infrastructure assets are valued at historic cost, as at the date of acquisition and subsequent capital enhancement expenditure less depreciation. Community Assets, and Assets Under Construction are valued at historic cost at the date of acquisition and subsequent capital enhancement. Consequently, there is no ongoing revaluation review for these assets.
- Assets Held for Sale are valued at lower of carrying value and fair value less cost of sale.

Revaluation Profile	Other Land and Buildings £000
Valued at Current Value as at 31 March 2021	56,589

Note 15. Investment Property

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

2019/20 £000		2020/21 £000
(4,673)	Rental income from investment property	(4,623)
1,003	Direct operating expenses arising from investment property	940
(3,670)		(3,683)
5,962	Revaluation Adjustment	(13,814)
2,292	Net (gain)/loss	(17,497)

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

2019/20 £000		2020/21 £000
46,252	Balance at start of the year	54,945
14,655	Additions in year	2
(5,962)	Net gain/(loss) for fair value	13,814
0	Transfers and reclassifications	1,959
54,945	Balance at end of the year	70,720

Restrictions

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

Gains or Losses from changes in Fair Value

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

Highest and Best Use

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

Valuation Techniques

There has been no change in valuation techniques used during the year for valuing investment properties. The fair value is measured on an annual basis as at 31st March.

Fair Value Hierarchy

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

Level 1 Inputs

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

Level 2 Inputs

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

Level 3 Inputs

Unobservable inputs for the asset or liability.

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

Asset Type	2019/20 Fair Value Inputs Level 2 Other significant observable inputs £000	2020/21 Fair Value Inputs Level 2 Other significant observable inputs £000
Retail	7,845	8,980
Office	10,520	20,675
Commercial	36,580	41,065
	54,945	70,720

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

Transfers between levels of the Fair value Hierarchy

There were no transfers between levels during the year.

Valuation Techniques to Determine Level 2 Fair Values

There remains a risk that, as the market emerges from the Covid-19 lockdown, there may be a repricing of property and other assets which currently cannot be foreseen. Action taken by the Government and the Bank of England may assist in maintaining market equilibrium, thus mitigating these risks.

Significant Observable Inputs Level 2

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

Note 16. Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £0.204m was charged to revenue in 2020/21; this was either charged to ICT or then absorbed as an overhead across all the service headings in the Net Expenditure of Services or directly to services.

Capital Commitments

As at 31 March 2021 the Council was committed contractually to capital works of £0m (31 March 2020; £0m).

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

2019/20 £000		2020/21 £000
	Balance at start of the year:	
3,133	Gross carrying amounts	2,940
(2,066)	Accumulated amortisation	(1,964)
1,067	Net carrying amount at the start of the year	976
141	Additions	141
(232)	Amortisation for the period	(204)
(334)	Disposals or retirements	(0)
334	Amortisation on Disposal	0
976	Net carrying amount at the end of the year	913
2,940	Gross carrying amounts	3,081
(1,964)	Accumulated amortisation	(2,168)
976	Net carrying amount at end of the year	913

Note 17. Financial Instruments

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

Long-term			Current	
2019/20	2020/21		2019/20	2020/21
£000	£000		£000	£000
		Investments		
3,824	3,797	Financial assets (Fair Value through Profit and Loss)	0	0
3,824	3,797	Total investments	0	0
		Debtors		
11,027	8,284	Loans and receivables	18,713	12,703
11,027	8,284	Total Debtors	18,713	12,703
14,851	12,081	TOTAL FINANCIAL ASSETS	18,713	12,703
		Borrowings		
(39,417)	(38,884)	Financial liabilities at amortised cost	(4,762)	(759)
(39,417)	(38,884)	Total borrowings	(4,762)	(759)
		Other Long-Term Liabilities		
(718)	(589)	Financial liabilities at fair value through Profit and Loss	0	0
(718)	(589)	Total Other Long-Term Liabilities	0	0
		Creditors		
0	0	Financial liabilities at amortised cost	(5,022)	(7,959)
0	0	Total creditors	(5,022)	(7,959)
(40,135)	(39,473)	TOTAL FINANCIAL LIABILITIES	(9,784)	(8,718)

Gains and losses on income and expense

Financial Liabilities (Liabilities measured at amortised cost)			Financial Assets (Loans and Receivables)	
2019/20	2020/21		2019/20	2020/21
£000	£000		£000	£000
551	541	Interest expenses	0	0
0	0	Interest income	(561)	(484)
551	541	Net gain/(loss) for the year	(561)	(484)

Fair value of assets and liabilities carried at amortised cost

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

The fair values of instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2021, using the following methods and assumptions:

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

Financial instruments classified at amortised cost are carried in the Balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2021, 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 31st March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

There have not been any transferred between hierarchy levels during the financial year 2020/2021.

2019/20			2020/21	
Carrying amount	Fair value		Carrying amount	Fair value
£000	£000		£000	£000
		Liabilities		
(49,919)	(55,946)	Financial liabilities	(48,191)	(55,037)
		Assets		
33,564	35,343	Loans and receivables	24,784	26,893

	Fair Value Level	Balance Sheet 31.3.2020	Fair Value 31.3.2020	Balance Sheet 31.3.2021	Fair Value 31.3.2021
		£000	£000	£000	£000
Financial Liabilities held at amortised cost:					
Long term loans from PWLB	2	(39,417)	(46,143)	(38,884)	(45,709)
TOTAL		(39,417)	(46,143)	(38,884)	(45,709)
Liabilities for which fair value is not disclosed		(10,502)		(9,307)	
TOTAL FINANCIAL LIABILITIES		(49,919)	(46,143)	(42,454)	(45,709)
<i>Recorded on the balance sheet as:</i>					
Short term creditors		(5,022)	(5,022)	(7,959)	(7,959)
Short term borrowing		(4,762)	(4,781)	(759)	(780)
TOTAL SHORT TERM FINANCIAL LIABILITIES		(9,784)	(9,803)	(8,718)	(8,739)
Long term borrowing		(39,417)		(38,884)	
Other long term liabilities		(718)		(589)	
TOTAL LONG TERM FINANCIAL LIABILITIES		(40,135)		(39,473)	
TOTAL FINANCIAL LIABILITIES		(49,919)	(55,946)	(48,191)	(55,037)

	Fair Value Level	Balance Sheet 31.3.2020	Fair Value 31.3.2020	Balance Sheet 31.3.2021	Fair Value 31.3.2021
		£000	£000	£000	£000
Financial assets held at fair value:					
Property Fund	1	3,824	3,824	3,797	3,797
Short term Investment	1	0	0	0	0
Financial assets held at amortised cost:					
Long term loans to local organisations	2	5,085	6,850	4,715	6,824
TOTAL		8,909	10,674	8,512	10,621
Assets for which fair value is not disclosed		24,655		16,272	
TOTAL FINANCIAL ASSETS		33,564		24,784	
<i>Recorded on the balance sheet as:</i>					
Short term debtors		18,713		12,703	
Short term investments		0		0	
TOTAL SHORT TERM FINANCIAL ASSETS		18,713		12,703	
Long term debtors		11,027		8,284	
Long term investments		3,824		3,797	
TOTAL LONG TERM FINANCIAL ASSETS		14,851		12,081	
TOTAL FINANCIAL ASSETS		33,564		24,784	

The Financial Liabilities are shown below:

Financial Instrument	2019/20 Carrying amount £000	2020/21 Carrying amount £000	Details (includes loan reference number)
Long Term			
PWLB (3.91%)	(5,000)	(5,000)	495152 3.91% 19/12/2008 to 19/12/2057
PWLB (3.90%)	(5,000)	(5,000)	495153 3.90% 19/12/2008 to 19/12/2058
PWLB (2.24%)	(407)	(247)	502463 2.24% 07/08/2013 to 07/08/2023
PWLB (3.28%)	(674)	(657)	504487 3.28% 25/11/2015 to 25/11/2046
PWLB (3.10%)	(896)	(873)	504598 3.10% 19/01/2016 to 19/01/2047
PWLB (2.91%)	(446)	(435)	504810 2.91% 21/03/2016 to 21/03/2047
PWLB (3.10%)	(363)	(354)	504922 3.10% 29/04/2016 to 29/04/2047
PWLB (2.92%)	(294)	(286)	504993 2.92% 02/06/2016 to 02/06/2047
PWLB (2.31%)	(572)	(566)	505255 2.31% 29/07/2016 to 29/07/2047
PWLB (2.18%)	(446)	(433)	505372 2.18% 23/09/2016 to 23/09/2047
PWLB (2.67%)	(798)	(778)	505649 2.67% 06/01/2017 to 06/01/2048
PWLB (2.78%)	(5,000)	(5,000)	506436 2.78% 02/10/2017 to 02/10/2037
PWLB (2.49%)	(7,292)	(7,292)	508696 2.49% 11/03/2019 to 11/03/2039
PWLB (1.48%)	(266)	0	508931 1.48% 25/03/2019 TO 25/03/2022
PWLB (2.18%)	(11,963)	(11,963)	
	(39,417)	(38,884)	
Short Term			
PWLB (2.24%)	(157)	(160)	502463
PWLB (3.28%)	(16)	(17)	504487
PWLB (3.10%)	(22)	(23)	504598
PWLB (2.91%)	(11)	(12)	504810
PWLB (3.10%)	(9)	(9)	504922
PWLB (2.92%)	(7)	(7)	504993
PWLB (2.31%)	(26)	(16)	502255
PWLB (2.18%)	(12)	(13)	505372
PWLB (2.67%)	(20)	(20)	505649
PWLB (1.48%)	(267)	(267)	
Accrued interest	(214)	(215)	
	(761)	(759)	
Creditors	(5,022)	(2,222)	
	(45,200)	(41,865)	

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

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

Note 18. Inventories

The main items in 'other inventories' are refuse sacks £0.005m, uniforms £0.063m and ICT hardware £0.101m (2019/20 refuse sacks £0.007m, uniforms £0.013m, ICT hardware £0.057m, chemicals £0.002m;).

	Leisure Centres		Diesel		Other		Total	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Balance as at 1st April	20	54	24	93	583	78	627	225
Purchases	0	0	568	475	56	0	624	475
Recognised as an expense in the year	0	0	(528)	(476)	0	0	(528)	(476)
Stock Adjustment	34	(12)	29	4	(561)	91	(498)	83
Written off balances	0	0	0	(18)	0	0	0	(18)
Balance at 31st March	54	42	93	78	78	169	225	289

Note 19. Debtors

2019/20 £000		2020/21 £000
2,230	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	14,693
10,757	Other Local Authorities	6,021
16,017	Other entities and individuals	13,176
5	NHS	662
(1,996)	Bad debt provision (Impairment of loans and receivables)	(2,298)
27,013		32,254

Note 20. Cash and Cash Equivalents

2019/20 £000		2020/21 £000
9	Cash held by the Council	9
12,995	Bank balances	29,995
13,004	Cash and Cash Equivalents	30,004
(29)	Less Bank overdraft	(1,921)
12,975	Net Total Cash and Cash Equivalents	28,083

Note 21. Assets held for sale

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

2019/20 £000		2020/21 £000
480	Balance at start of year	480
0	Total of Transfers from Non-Current Assets & Total of Net Assets Sold	0
480	Balance at End of Year	480

Note 22. Creditors

2019/20 £000		2020/21 £000
	Creditors and Receipts in Advance:	
7,676	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	20,062
5,204	Other Local Authorities	4,766
342	NHS	352
5,712	Other entities and individuals	4,615
18,934	Sub Total: Creditors and Receipts in Advance	29,795
	Capital Grants Received in Advance/Capital Receipts in Advance:	
0	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	3,783
0	Sub Total: Capital Grants Received in Advance/Capital Receipts in Advance	3,783
18,934	Total Creditors and Receipts in Advance	33,578

Note 23. Useable Reserves

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

Note 24. Unusable Reserves

2019/20		2020/21
£000		£000
(37,450)	Capital Adjustment Account	(50,099)
(28,456)	Revaluation Reserve	(28,222)
329	Financial Instruments Adjustment Account	315
156	Financial Instruments Revaluation Reserve	156
0	Deferred Capital Receipts	30
65,805	Pensions Reserve	93,044
1,382	Collection Fund Adjustment Account	9,918
1,766	Total Unusable Reserves	25,142

Capital Adjustment Account

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

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

2019/20		Capital Adjustment Account		2020/21	
£000	£000			£000	£000
	(44,001)	Balance at 1 April			(37,450)
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
3,962		Charges for depreciation of non-current assets		4,032	
0		Revaluation gains/losses charged to the CIES		478	
232		Amortisation of intangible assets		204	
911		Revenue expenditure funded from capital under statue		1,616	
1,155		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		20	
(635)		Adjusting amounts written out of the Revaluation Reserve		(531)	

Capital financing applied in the year:

(567)	Use of the Capital Receipts Reserve to finance new capital expenditure	(966)
(90)	Use of S106 earmarked reserves	0
(211)	Application of Grants to finance capital expenditure	(88)
(143)	Application of grants to capital financing from the capital grants unapplied account	(1,863)
(2,300)	Statutory provision for the financing of capital investment charged against the general fund (MRP)	(2,602)
303	Repayment of long term debtors	865
(2,028)	Capital expenditure charged to General Fund	0

Investment Property Fair Values

5,962	Movement in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(13,814)
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6,551 Total Movements

(12,669)

(37,450) Balance at 31 March

(50,099)

Revaluation Reserve

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

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

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

2019/20 £000	Revaluation Reserve	2020/21 £000
(30,480)	Balance at 1 April	(28,456)
(1,889)	Upward revaluation of assets	(1,492)
1,556	Downward revaluation or impairment of assets not charged to the surplus/deficit on the provision of services	1,195
(333)	(Surplus) or deficit in the revaluation of non-current assets	(297)
1,722	Other adjustments for assets disposed of or transferred – Written off to the Capital Adjustment Account	0
635	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	531
(28,456)	Balance at 31 March	(28,222)

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

Financial Instruments Adjustment Account

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

2019/20 £000	Financial Instruments Adjustment Account	2020/21 £000
115	Balance at 1 April	329
214	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(14)
329	Balance at 31 March	315

The fair value of car loans was immaterial and has not been included (see Financial Instruments Note).

Financial Instruments Revaluation Reserve

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

2019/20 £000	Financial Instruments Revaluation Reserve	2020/21 £000
156	Balance at 1 April	156
0	Upward revaluation of investments	0
156	Balance at 31 March	156

Pensions Reserve

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

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further information is found in Note 38 in respect of Defined Benefit Pension Scheme.

2019/20 £000	Pensions Reserve	2020/21 £000
89,081	Balance at 1 April	65,805
(28,247)	Actuarial (gains) or losses on pensions assets and liabilities	24,427
9,499	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	7,439
(4,528)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,627)
65,805	Balance at 31 March	93,044

Collection Fund Adjustment Account

The Collection Fund Adjustment Account identifies the element of the Collection Fund balance that is due to this Council. It is included in the Comprehensive Income and Expenditure Statement as it relates to 2020/21 and previous years although it is only actually transferred from the Collection Fund in line with regulations.

2019/20 £000	Collection Fund Adjustment Account	2020/21 £000
268	Balance at 1 April	1,382
1,114	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic income calculated for the year in accordance with statutory requirements	8,536
1,382	Balance at 31 March	9,918

Note 25. Operating Activities

The cash flows for operating activities include the following items:

2019/20 £000	Interest Items	2020/21 £000
1,332	Interest Received	873
(549)	Interest Paid	(494)

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

2019/20 £000	Non-Cash Items	2020/21 £000
3,962	Depreciation	4,032
0	Impairment and downward valuations	478
232	Amortisation	204
4,308	Increase/ (decrease) in creditors	17,371
(2,541)	Increase/ (decrease) in debtors	3,152
402	Increase/ (decrease) in inventories	(64)
4,971	Movement in pension liability	2,812
2,877	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	20
5,805	Other non-cash items charged to the net surplus or deficit on the provision of services	(14,416)
20,016		13,589

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

2019/20 £000	Investing and Financing Items	2020/21 £000
(263)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(71)
(12,393)	Any other items for which the cash effects are investing or financing cash flows	(7,090)
(12,656)		(7,161)

Note 26. Investing Activities

2019/20 £000	2020/21 £000
(18,440)	(3,754)
(34,000)	0
(1,256)	0
263	101
0	0
35,000	0
13,120	9,936
(5,313)	6,283

Note 27. Financing Activities

2019/20		2020/21
£000		£000
15,963	Cash receipts of short and long term borrowing	0
0	Other Receipts from Financing Activities	0
0	Cash Receipts of short/long term borrowing	0
(535)	Cash Payments to Short/Long term borrowing	(4,536)
(3,367)	Other payments for financing activities	(11,289)
12,061	Net cash flows from financing activities	(15,825)

Note 28. Members' Allowances

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

2019/20		2020/21
£000		£000
360	Allowances	378
6	Expenses	0
366		378

Note 29. Senior Officer remuneration and staff over £50k 2020/21

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

2019/20	£		£	2020/21
10	50,000	but less than	55,000	17
5	55,000	but less than	60,000	4
4	60,000	but less than	65,000	2
0	65,000	but less than	70,000	1
2	70,000	but less than	75,000	1
0	75,000	but less than	80,000	3
2	80,000	but less than	85,000	1
1	85,000	but less than	90,000	1
0	135,000	but less than	140,000	1
1	145,000	But less than	160,000	0
0	180,000	But less than	185,000	1
25				32

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

Remuneration of Senior Employees

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

2020/21	Salary including allowances	Election Fees	Total remuneration Including allowances and fees	Employer pension contributions	Remuneration including pension contributions
Post holder	£	£	£	£	£
Managing Director	136,657	0	136,657	23,642	160,299
Corporate Director (Places)	87,036	0	87,036	15,057	102,093
Corporate Director (Places) David Edwards	180,142	0	180,142	0	180,142
Corporate Director (People)	84,383	0	84,383	14,598	98,981
Chief Operating Officer	75,665	0	75,665	13,090	88,755
Assistant Director (Transformation)	75,773	0	75,773	13,090	88,863
Assistant Director (Corporate Resources)	75,665	0	75,665	13,090	88,755
Chief Finance Officer (S151 Officer)	60,106	0	60,106	10,398	70,504

2019/20	Salary including allowances	Election Fees	Total remuneration Including allowances and fees	Employer pension contributions	Remuneration including pension contributions
Post holder	£	£	£	£	£
Managing Director (1)	135,508	373	135,881	23,178	159,059
Corporate Director (Delivery)	85,751	0	85,751	14,762	100,513
Corporate Director (Services)	83,082	0	83,082	14,312	97,394
Chief Operating Officer (2)	33,302	0	33,302	5,761	39,063
Assistant Director	40,879	0	40,879	7,072	47,951
Assistant Director (Transformation) (3)	34,498	0	34,498	5,968	40,466
Assistant Director (Corporate Resources) (4)	17,720	0	17,720	2,065	19,785
Head of Resources (S151 Officer) (5)	37,332	0	37,332	6,337	43,669
Chief Finance Officer (S151 Officer) (6)	47,204	0	47,204	8,106	55,310

2019/20 Key:

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

Note 2: The start date of the Chief Operating Officer was 14/10/19

Note 3: The starting date of the Assistant Director - Transformation was 14/10/19

Note 4: The starting date of the Assistant Director - Corporate Resources was 03/02/20

Note 5: The end date of the Head of Resources was 13/10/19

Note 6: The starting date of the Finance Manager was 10/06/19, with the Chief Finance Officer/S151 Role starting from 13/10/19

Note 30. External Audit Related Costs

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

2019/20 £000		2020/21 £000
41	External audit	53
12	Grant claim certification	14
53		67

Note 31. Grant Income

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

2019/20 £000		2020/21 £000
Credited to taxation and non-specific Grant income		
2,038	New Homes Bonus	2,212
191	Other Non Ringfenced Grants	333
2,505	S31 Business Rates Relief	11,792
211	Capital Grants	397
0	Covid 19 Support	2,145
4,945	Total	16,879
Credited to Services		
28,624	Rent allowances	27,360
466	Benefits administration	471
1,442	Improvement Grants	1,495
0	Covid 19 Support	6,881
1,332	Other	1,922
31,864	Total	38,129

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:

2019/20 £000	Grants Receipts in Advance - Capital	2020/21 £000
Government grants		
Decarbonisation Scheme Grant:		
0	One Leisure Ramsey	2,269
0	Pathfinder House	1,514
0		3,783

2019/20 £000	Grants Receipts in Advance	2020/21 £000
Government grants		
52	Mortgage Rescue Scheme	52
61	Preventing Repossessions	61
113		113

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

2019/20 £000	Capital Grants Unapplied Account	2020/21 £000
1	Building Foundations for Growth	1
0	Godmanchester Mill Weir Grant	190
0	Insurance Contribution	119
33,938	Community Infrastructure Levy	37,273
33,939		37,583

Note 32. Related Parties

The Council must disclose in the accounts any material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently.

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

Grants received from Government departments are set out in Note 31 on "Grant Income".

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 28. Some Council members are also:

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

The Council has a significant operational relationship with Cambridgeshire County Council. The Council is the administering authority for the Council's Pension Fund, and many of the Councils services work with County Council services on a day-to-day basis e.g., the Council is the statutory waste collection authority whereas the County Council is the statutory waste disposal authority but each of the Councils has to pay the other in respect of certain types of waste. For 2020/21, the Council has paid:

- £4.575m to Cambridgeshire County Council (£4.237m for services and £0.338m for pension payments), and
- received £0.94m from the County Council.

(£4.005m paid to and £0.87m received from the County Council; 2019/20)

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

Payments to / (from)	CCC	SCDC	Cambridge & Peterborough Partnership
	£000	£000	£000
ICT Services	(3,433)	(1,853)	(91)
Legal Services	194		
Building Control	128		
CCTV	(253)		

The Home Improvement Agency is a shared service between the Council and Cambridge City Council and South Cambridge District Council; the agency is managed by Cambridge City Council. The Councils grant applicants contribution to the agency for 2020/21 was £0.182m (2019/20, £0.319m), which represents 15% (2019/20, 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 £0.002m in 20/21 (2019/20, £0.003m).

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

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

Full details of the amounts payable to each of the organisations are shown in the Collection Fund on Page 97.

In respect of 2020/21:

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

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

Councillor	Organisation	Relationship with Organisation	Payments from Organisations 2020/21 £	Payments made by the Council 2020/21 £	Interest
S Giles, McGuire, Bywater, Gardener, D Giles, Chapman	Cambridgeshire & Peterborough Fire Authority	Members	*	8,197	MOU Contributions £5425 and Throwline Stations at Barford Road £2772
Tuplin	Sawtry Village Academy	Governor	0	250	Community Chest Grant 2020/21
Davies, Dickinson, Fuller	St Ives Town Council	Members	*	2,499	Think Local Christmas
Diaz, Sanderson, Shrapnel	Huntingdon Town Council	Members	*	2,544	Christmas Trees/Wreaths
Conboy	Pinpoint	CEO	0	1,000	Grant
Criswell	Somersham Parish Council	Member	*	2,000	Clinically Extremely Vulneable Grant
Criswell	Hunts Forum of Voluntary Organisations	Member	*	63,300	HDC Voluntary Sector Agreement £62,300 and Consultancy £1,000
Davies	The Friends of the Norris Museum	Member	0	500	Community Chest Grant
Gulson	Yaxley Parish Council	Member	*	1,240	Local Authority Emergency Assistance Grant
Neish	Holywell-Cum-Needingworth Parish Council	Member	0	818	Community Chest Grant 2020/21
Officers Lancaster & Morley, Councillors Conboy and Keane	HDC Ventures Limited	Directors	0	0	
Officer Morley	HDCV Security Services Limited	Director	0	0	
* There are transactions however they are not Related Party transactions					

Note 33. Capital Expenditure and Capital Financing

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

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

2019/20 £000		2020/21 £000
57,703	Opening Capital Financing Requirement	71,824
	Capital Investment	
2,912	Property, Plant and Equipment	2,432
141	Intangible Assets	141
2,353	Revenue Expenditure Funded from Capital Under Statute	3,110
0	Repayable Advances	0
14,655	Investment Property	2
816	Assets Under Construction	1,331
25	Infrastructure Assets	44
20,902		7,060
(567)	Capital Receipts	(966)
(1,653)	Grants and Other Contributions	(1,583)
0	Use of Earmarked Reserves	0
(143)	Capital Grants Unapplied Reserve – Community Infrastructure Levy	(1,863)
0	Capital Grants Unapplied Reserve – Other	(439)
(2,028)	Use of Earmarked Reserves – Commercial Investment Strategy	0
(2,300)	Minimum Revenue Provision	(2,602)
(90)	S106 Reserve	0
(6,781)		(7,453)
71,824	Closing Capital Finance Requirement	71,431
14,121	Increase/(Decrease) in Underlying Need to Borrow	(393)

Note 34. Leases

Council as Lessee

Finance Leases

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

2019/20 £000	2020/21 £000
2,225 Investment Properties	313

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:

2019/20 £000		2020/21 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
545	Non-current	545
2,793	Finance costs payable in future years	2,754
3,338	Minimum lease payments	3,299

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

	Minimum lease payments		Finance lease payments	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Not later than 1 year	39	39	0	0
Later than 1 year and not later than 5 years	156	156	1	1
Later than 5 years	3,143	3,104	544	544
	3,338	3,299	545	545

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 2020/21 £0.081m contingent rents were payable by the Council (2019/20; £0.081m).

Operating Leases

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

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

2019/20 £000		2020/21 £000
16	Not later than 1 year	6
6	Later than 1 year and not later than 5 years	0
22		6

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

2019/20 £000		2020/21 £000
13	Minimum lease payments	13

Service Concessions

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

Council as Lessor

Finance leases

The Council has no finance leases as lessor.

Operating Leases

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

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

2019/20 £000		2020/21 £000
4,829	Not later than 1 year	3,734
10,209	Later than 1 year and not later than 5 years	8,495
26,382	Later than 5 years	23,926
41,420		36,155

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

Note 35. Impairment Losses

During 2020/21 the Council has recognised impairments to Property, Plant and Equipment of £ nil (2019/20; £ nil).

Note 36. Termination Benefits and Exit Packages

Compulsory Redundancy:

In respect of:

- 2020/21, the Council approved the compulsory redundancy of 22 employees
- 2019/20, the Council approved the compulsory redundancy of 5 employees

Other departures (Including Voluntary Redundancy):

In respect of:

- 2020/21, 0 voluntary redundancies were approved.
In addition, a further 2 employees left the council in 2020/21 with a Compromise agreement.
- 2019/20, 5 voluntary redundancies were approved.
In addition, a further 3 employees left the council in 2019/20 with a Compromise agreement.

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

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages agreed		Total cost of Packages	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £000	2020/21 £000
£0 to less than £20,000	3	18	5	2	8	20	75	148
£20,000 to less than £40,000	1	2	3	0	4	2	102	62
£40,000 to less than £60,000	1	1	0	0	1	1	50	41
Greater than £60,000	0	1	0	0	0	1	0	63
	5	22	8	2	13	24	227	314

Note 37. Defined Benefit Pension Scheme

Participation in Pension Schemes

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

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

Valuation of Pension Fund

The contribution rate is determined by the fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2019.

To avoid the impact of potential reductions in the workforce the actuary proposed that a fixed percentage of 17.3% be applied for 2020/21, 2021/22 and 2022/23.

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

The lump sums proposed were:

2020/21	£1.584m
2021/22	£1.584m
2022/23	£1.584m

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

Transactions Relating to Post-Employment Benefits

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

2019/20 £000		2020/21 £000
	Comprehensive Income & Expenditure Statement	
	Cost of Services:	
7,172	Current Service Cost	5,912
153	Past Service Cost	0
	Financing and Investment Income and Expenditure:	
5,843	Net interest expense	4,826
(3,669)	Expected Return on Scheme Assets	(3,299)
9,499	Total post-employment benefit charged to the deficit on the provision of services	7,439
	Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:	
	Re-measurement of the net defined benefit liability comprising:	
(12,416)	Return on plan assets (Excluding the amount included in the net interest expense)	32,572
5,257	Actuarial gains and losses arising on changes in demographic assumptions	(2,946)
19,255	Actuarial gains and losses arising on changes in financial assumptions	(56,393)
16,153	Other experience	2,340
28,249		(24,427)
37,748	Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(16,988)

Movement in Reserves Statement		
(9,499)	Reversal of net charges made to the surplus/deficit on the provision of services for post-employment benefits in accordance with the Code	(7,439)
Actual amount charged against the General Fund Balance for Pensions in the Year:		
4,348	Employer's contributions payable to the scheme	4,457
180	Retirement benefits payable to pensioners*	170
(4,971)	Total Movement in Reserves Statement	(2,812)

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2021 is a loss of £60.26m, and to the 31 March 2020 is a loss of £35.84m.

Assets and Liabilities in relation to Post-employment Benefits

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

31 March 2020		31 March 2021
£000		£000
241,834	Opening balance as at 1 April	209,410
7,172	Current Service Cost	5,912
5,843	Interest Cost	4,826
1,040	Contributions by scheme participants	1,093
	Remeasurement (gains) and losses:	
(5,257)	Actuarial losses/ (gains) from changes in demographic assumptions	2,946
(19,253)	Actuarial losses / (gains) from changes in financial assumptions	56,393
(16,153)	Other	(2,340)
153	Past service costs/ (gains)	0
(5,789)	Benefits paid	(5,709)
(180)	Estimated unfunded benefits paid *	(170)
209,410	Closing balance at 31 March	272,361
* The unfunded benefits are those relating to the early retirement of scheme members where the Council makes an additional contribution to the Pension Fund		

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

31 March 2020 £000		31 March 2021 £000
152,753	Opening fair value of scheme assets balance as at 1 April	143,605
3,669	Interest Income	3,299
	Remeasurement gain/(loss)	
(12,416)	The return on plan assets (Excluding amount included in net interest expense)	32,572
4,348	Contributions by the employer	4,457
1,040	Contributions by employees into the scheme	1,093
180	Contributions for unfunded (Discretionary benefits) benefits*	170
(5,789)	Benefits paid	(5,709)
(180)	Unfunded (Discretionary benefits) benefits paid*	(170)
143,605	Closing Balance at 31 March	179,317

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. It should be noted that this year asset returns and values have been impacted by the Covid-19 pandemic.

The actual return on scheme assets in the year was £35.87m (2019/20; £(8.75)m).

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000		2020/21 £000
(212,691)	(215,939)	(241,834)	(209,410)	Present value of the defined benefit obligation	(272,361)
140,530	143,608	152,753	143,605	Fair value of plan assets	179,317
(72,161)	(72,331)	(89,081)	(65,805)	Net liability arising from defined benefit obligation	(93,044)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment benefits. The total liability of £272.36m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £93.04m.

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

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

The Council expects to contribute £4.46m into Cambridgeshire County Council’s Local Government Pension Fund in the year to 31 March 2022. With regard to discretionary benefits, there were no such awards in 2020/21 (2019/20; Nil).

Impact of the 31 March 2019 Formal Actuarial Valuation

Formal actuarial valuations are carried out every three years where assets and liabilities are calculated on a detailed basis, and these were concluded as at 31 March 2019.

Basis for Estimating Liabilities and Assets

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc. At the moment there is no evidence to support any changes to mortality rates arising from the Covid-19 pandemic, so no allowance has been made for this. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2019. The results of this valuation were projected forward using approximate methods.

The main assumptions used by the actuary are as shown below:

2019/20	County Fund – Main Assumptions	2020/21
2.4%	Rate of increase in salaries	3.4%
1.9%	Rate of increase in pensions	2.9%
2.3%	Rate of discounting scheme liabilities	2.0%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.0 years	Men	22.2 years
24.0 years	Women	24.4 years
	Longevity at 65 for future pensioners	
22.7 years	Men	23.2 years
25.5 years	Women	26.2 years

Local Government Pension Scheme Assets Comprised:

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

31 March 2020 £000		31 March 2021 £000
2,167	Cash and cash equivalents	4,926
2,167		4,926
	Debt Securities	
7,434	UK Government	7,238
7,434	Sub-total debt securities	7,238
	Private equity:	
11,779	All not in active markets	16,692
11,779	Sub-total private equity	16,692
	Real Estate	
10,745	UK Property	10,935
2	Overseas Property	2
10,747	Sub-total Real Estate	10,937
	Other investment funds:	
9,739	Bonds	19,847
12,948	Infrastructure	15,046
87,044	Equity	106,753
109,731	Sub-total other investment funds	141,646
	Derivatives:	
1,747	Other	(2,122)
1,747	Sub-total Derivatives	(2,122)
143,605	Total Assets	179,317

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2020/21 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2021.

2015/16	2016/17	2017/18	2018/19	2019/20		2020/21
%	%	%	%	%		%
6.88	(3.83)	18.32	(0.36)	3.87	Differences between expected and actual return on assets	18.16
1.01	0.19	(0.01)	0.07	7.71	Experience gains/ losses on liabilities	(0.86)

Sensitivity analysis:

Increase in assumption 31 March 2020 £000	Impact on the defined benefit obligation in the Scheme	Increase in assumption 31 March 2021 £000
3-5%	Longevity (increase or decrease in 1 year)	3-5%
1,804	Rate of increase in salaries (increase or decrease by 0.5%)	2,350
18,025	Rate of increase in pensions (increase or decrease by 0.5%)	23,855
(19,987)	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(26,495)

Further information

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

Note 38. Provisions, Contingent Assets and Liabilities

	Short Term Provisions		Total
	NDR Appeals Provision	Insurance Claim	
	(2)	(3)	
	£000	£000	£000
Balance at 1 April 2019	1,335	13	1,348
Movement during 2019/20	608	0	608
Balance at 31 March 2020	1,943	13	1,956
Amounts used in 2020/21	(294)	0	(294)
Amounts charged to services 2020/21	121	0	121
Balance at 31 March 2021	1,770	13	1,783

Provisions

Short Term Provision

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

1. NDR Appeals Provision

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review which included taking external expert advice a provision for appeals outstanding was estimated to be £4.425m; of which £1.770m would have to be met by the Council, and £2.655m by other Collection Fund participants.

2. Insurance Claim

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

Contingent Liabilities

The councils Contingent Liabilities cover various on-going litigations, and these are detailed below. The total expected value of these liabilities is £3.506m (2019/20; £3.653m)

2019/20 Estimated value of contingent liability £000	Details of Contingent Liability	2020/21 Estimated value of contingent liability £000
	<u>Environmental Related:</u>	
3,000	<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 19 years (originally 30 years).</p>	2,850
3,000	Total for Environmental Related	2,850
	<u>Corporate Related:</u>	
	Municipal Mutual Insurance Liquidation	
653	<p>Some years ago, the Council was insured by Municipal Mutual Insurance (MMI); unfortunately, whilst the Council was insured by MMI they went into liquidation. Following the collapse of MMI, a Scheme of Arrangement was made that allowed MMI to 'run-off' the business and deal with outstanding claims. Due to increasing numbers of liability claims that MMI continued to receive, MMI pursued the matter of their continuing liability through the Courts. The Supreme Court gave judgement in March 2012. This clarified MMI's position in respect of future claims and led ultimately to increasing liabilities for MMI. The Scheme of Arrangement was enforced in January 2014. A £0.2m levy has been charged against the Council, which represents 25% of the total claims paid by MMI on behalf of the Council since 1993 (£0.851m) less a protected liability sum of £50k as agreed by the Financial Services Compensation Board.</p> <p>The Contingent Liability shown for 2020/21 is the balance of the total claims paid by MMI on behalf of the Council.</p>	656
653	Total for Corporate Related	656
3,653	Total Contingent Liabilities	3,506

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

Note 39. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise as a result of changes in measures such as interest rates.

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

Credit risk

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

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

The Council’s maximum exposure to credit risk in relation to its investments in banks and building societies of £64.85m (2019/20; £33.41m) 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 2021 that this was likely to occur and there are no investments that as at 31 March 2021 were with institutions that had failed.

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

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

	Amount at 31 March 2021 £000	Historical experience of default %	Historical experience of default adjusted for market conditions %	Impairment Allowance 31 March 2021 £000	Impairment allowance 31 March 2020 £000
Sundry debtors	5,024	3.53%	3.53%	1,682	1,638

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

31/03/20		31/03/21
£000		£000
(7)	Less than three months	2,798
113	Three to six months	117
4,582	Six months to one year	772
1,906	More than one year	1,337
6,594		5,024

Liquidity risk

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

The maturity analysis of financial liabilities of more than one year are shown below as at 31 March 2021.

Financial Year	£000s
2021/22	267
2023/24	407
2037/38	5,000
2038/39	7,292
2039/40	11,963
2046/47	2,016
2047/48	2,483
2057/58	5,000
2058/59	5,000
	39,428

31/03/20		31/03/21
£000		£000
4,762	Less than one year	759
39,417	More than one year	38,884
44,179		39,643

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

Market risk – interest rate risk

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

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

- Investment at variable rates – the interest income credited to the Surplus or deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

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

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

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

If in 2020/21 interest rates on all of its investments and borrowings had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on borrowings of less than 1 year	0
Increase in interest receivable on investments of less than 1 year	296CR
Impact on the surplus on the Provision of Services	296CR
Increase in the fair value of fixed rate investments	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings	6,963
(No impact on the Comprehensive Income and Expenditure Statement)	

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

Price risk

At 31 March 2021 the Council had £4 million invested in the Local Authorities Property Fund which is a professionally managed diversified property portfolio.

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

A loss of £27,282 in respect of the Local Authorities Property Fund has been recognised in Other Comprehensive Income and Expenditure in 2020/21. This reflects general movements in the value of the shares, and the spread between the 'offer' price at which the shares were purchased and the 'bid' price that any purchaser would pay for them.

A general shift of 5% in the general price of shares (positive or negative) would have resulted in a gain or loss of £188,414 being recognised in the Other Comprehensive Income and Expenditure for 2020-21.

Foreign Exchange Risk

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

Collection Fund

Non-Domestic Rates 2019/20 £000	Council Tax 2019/20 £000	TOTAL 2019/20 £000		Non-Domestic Rates 2020/21 £000	Council Tax 2020/21 £000	TOTAL 2020/21 £000
INCOME						
0	115,282	115,282	Council Tax Payers	0	120,815	120,815
62,856	0	62,856	Business Rates	40,996	0	40,996
(379)	0	(379)	Transitional Relief	(717)	0	(717)
62,477	115,282	177,759	Total Income	40,279	120,815	161,094
EXPENDITURE						
Contributions Prior Year (Deficit)/Surplus						
794	0	794	Ministry for Housing, Communities & Local Government	513	0	513
635	354	989	Huntingdonshire District Council	410	(907)	(497)
143	3,189	3,332	Cambridgeshire County Council	92	(4,764)	(4,672)
0	507	507	Cambridgeshire Police & Crime Commissioner	0	(809)	(809)
16	175	191	Cambridgeshire Fire Authority	10	(257)	(247)
1,588	4,225	5,813		1,025	(6,737)	(5,712)
Precepts Demands and Shares						
28,796	0	28,796	Ministry for Housing Communities & Local Government	30,962	0	30,962
23,037	8,779	31,816	Huntingdonshire District Council	24,769	9,168	33,937
0	6,651	6,651	Parish Councils	0	7,253	7,253
5,183	81,021	86,204	Cambridgeshire County Council	5,573	85,430	91,003
0	13,749	13,749	Cambridgeshire Police and Crime Commissioner	0	14,623	14,623
576	4,368	4,944	Cambridgeshire Fire Authority	619	4,531	5,150
57,592	114,568	172,160		61,923	121,005	182,928
Charges to the Collection Fund						
25	369	394	Change in Provision for Bad and Doubtful Debts	538	815	1,353
975	0	975	Changes in Provision for Appeals	(432)	0	(432)
217	0	217	Cost of Collection	218	0	218
909	0	909	Renewable Energy Retentions	1,145	0	1,145
638	0	638	Enterprise Zone Retentions	864	0	864
2,764	369	3,133		2,333	815	3,148
61,944	119,162	181,106	Total Expenditure	65,281	115,083	180,364
Movement in Fund Balance						
(533)	3,880	3,347	(Surplus)/Deficit for Year	25,002	(5,732)	19,270
1,282	507	1,789	(Surplus)/Deficit Brought Forward 1 April	749	4,387	5,136
749	4,387	5,136	(Surplus)/Deficit Carried Forward 31 March	25,751	(1,345)	24,406

Notes to the Collection Fund

1. Purpose of Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for the Council as a billing authority to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

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

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

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

2. Council Tax

Tax base at 31 March 2021				
Tax band	Properties	Exemptions & discounts	Band D multiplier	Band D equivalent
A*	21	(11)	5/9	6
A	10,098	(1,877)	6/9	5,481
B	18,393	(1,900)	7/9	12,828
C	16,738	(844)	8/9	14,127
D	11,300	(209)	9/9	11,091
E	8,749	(81)	11/9	10,595
F	3,718	(18)	13/9	5,345
G	1,722	(4)	15/9	2,863
H	141	0	18/9	282
Total	70,880	(4,944)		62,618

Council tax charge per band D property for 2020/21 £1,925.18
Council tax charge per band D property for 2019/20 £1,855.39

3. Non-Domestic Rates (NDR)

The uniform Business Rate set by the Government for 2020/21 was 51.2p (2019/20 50.4p).

Total rateable value at 31 March 2021 £151.93m.

Total rateable value at 31 March 2020 £151.62m.

4. Non-Domestic Rates Appeals

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

31 March 2020	NNDR Appeals	31 March 2021
£000		£000
3,882	Opening Provision	4,858
(904)	Write Offs in year	(121)
1,880	Contribution(from)/to Provision	(311)
4,858	Closing Provision	4,426

GLOSSARY OF TERMS AND ABBREVIATIONS

GLOSSARY OF TERMS

Accrual

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

Actuarial Assumptions

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

Amortisation

The gradual write off of initial costs of assets.

Asset

An item having value to the Council in monetary terms.

Balance

Unallocated reserves held to resource unpredictable expenditure demands.

Business Improvement District

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

Capital Charges

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

Capital Expenditure

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

Capital Financing Charges

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

Capital Adjustment Account

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

Capital Receipts

Income received from selling non-current assets.

Carrying amount

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

CIPFA

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

Collection Fund

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

Community Infrastructure Levy

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

Contingent Liabilities

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

Council Tax

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

Creditors

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

Current Assets

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

Debtors

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

Depreciation

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

Earmarked Reserves

Money set aside for a specific purpose.

Exceptional Item

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

Fair Value

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

Finance Lease

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

Impairment

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

Impairment of Debts

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

Intangible Assets

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

Liabilities

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

Liquid Resources

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

Local Enterprise Partnership

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

Minimum Revenue Provision

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

Non-Domestic Rates

Rates which are levied on business properties. From 1st April 2013, as a consequence of The Local Government Finance Act 2012, a local Non-Domestic Rating regime was introduced that included the business rates retention scheme. See also **Tariff** and **Safety Net**.

Operating Leases

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. An operating lease is where the ownership of the non-current asset remains with the lessor.

Precept

A payment to the Council's General fund, or another local council, from the Council's Collection Fund.

Prior Year Adjustments

These are material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors.

Property, Plant and Equipment

Non-current assets that give benefit to the District Council and the services it provides for more than one year.

Provisions

Monies set aside for liabilities or losses which are likely to be incurred but where the exact amounts or dates on which they will arrive are uncertain.

Reclassification

Where comparative (prior year) figures are reclassified into new categories of income or expenditure, and the change has not been the result of a material error or accounting policy, but the amount is “material” then this is a reclassification.

Responsible Financial Officer

The designated post within the Council, as determined by the Accounts and Audit Regulations 2015, which holds the statutory S.151 responsibility (Local Government Act 1972). This responsibility is in respect of ensuring the proper administration of the Council's financial affairs. This post was formerly known as Chief Financial Officer.

Restated

Where there has been a material error in the accounts or a new accounting policy has been applied, then the comparative (prior year) figures have to be “restated” as if the correction or policy had been in place as at the end of the previous financial year.

Revenue Expenditure Funded from Capital under Statute

Spending on items normally classed as revenue but which are defined by statute as capital e.g., improvement grants.

Revaluation Reserve

The account that reflects the amount by which the value of the Council's assets has been revised following revaluation or disposal.

Revenue Expenditure

Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

Revenue Support Grant

A grant from Central Government towards the cost of providing services.

Safety Net

The scheme for localising Non-Domestic Rates (NDR) includes a safety net provision. Where the actual NDR after Tariff is less than 92.5% of the funding baseline, Central Government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

Section 106

Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

Tariff

The scheme for localising Non-Domestic Rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays Central Government a Tariff equal to the difference between the two baselines.

True and Fair View Override

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, the Responsible Financial Officer is required to certify that the statement of accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the "true and fair view override". This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e., to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the "true and fair view" is appropriately acknowledged in the notes to the accounts.

ABBREVIATIONS

CFR	Capital Financing Requirement
CIES	Comprehensive Income and Expenditure Statement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
CPFA	Chartered Public Finance Accountant
DRC	Depreciated replacement cost
EFA	Expenditure and Funding Analysis
FTE	Full Time Equivalent
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LEP	Local Enterprise Partnership
LGPS	Local Government Pension Scheme
LLPG	Local Land and Property Gazetteer (UK)
MHCLG	Ministry for Housing, Communities and Local Government
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
NBV	Net Book Value
NDR	Non-Domestic Rates
NHB	New Homes Bonus
NNDR	National Non-Domestic Rates (Business Rates)
PWLB	Public Works Loans Board

RICS Royal Institution of Chartered Surveyors

RSG Revenue Support Grant

S106 Section 106

SOLACE Society of Local Authority Chief Executives

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
27/01/2021	<p>Data Protection Compliance: Update on Action Plan</p> <p>Agreed that quarterly reports on data protection compliance be submitted at future meetings.</p>	30/03/2022	Report to be submitted to a future meeting. Update will be provided alongside the Annual Report on HDC Compliance with Freedom of Information (FOI) & Environmental Information Regulations (EIR) Acts. This item appears elsewhere on the agenda.	Information Governance Manager	No
24/03/2021	No longer necessary for quarterly reports but a future report to be submitted once all actions have been concluded successfully.				
27/01/2021	<p>The Code of Procurement Waiver Procedure</p> <p>Digest of all uses of the waiver procedure to be presented to the Committee.</p>	At future meetings as required.	Since the last meeting on 26th January 2022, there has been one use of the waiver procedure.	Procurement Lead	No
27/04/2022	<p>Related Party Transactions</p> <p>Item to be raised by Chairman of the Committee.</p>	27/04/2022	Chairman to report.	N/A	No

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