

A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held in the **CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN** on **WEDNESDAY, 13 JULY 2022** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

AGENDA

APOLOGIES

1. MINUTES (Pages 5 - 14)

To approve as a correct record the Minutes of the meetings of the Committee held on 27th April 2022 and 18th May 2022.

Contact Officer: H Peacey - (01223) 752548

2. MEMBERS' INTERESTS

To receive from Members declarations as to disclosable pecuniary, other registerable and non-registerable interests in relation to any Agenda item. See Notes below.

Contact Officer: Democratic Services - (01480) 388169

3. CODE OF CONDUCT COMPLAINTS - UPDATE (Pages 15 - 18)

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. UPDATE ON CODE OF CONDUCT AND REGISTER OF DISCLOSABLE PECUNIARY INTERESTS (Pages 19 - 26)

To consider a report by the Elections and Democratic Services Manager on the Code of Conduct and Register of Disclosable Pecuniary Interests.

Contact Officer: A Roberts - (01480) 388015

5. REVIEW OF FRAUD INVESTIGATION ACTIVITY 2021/22 (Pages 27 - 32)

To consider a report by the Corporate Fraud Manager containing a summary of the activity of the Council's Corporate Fraud Team in 2021/22.

Contact Officer: L Martin - (01480) 388861

6. DRAFT STATEMENT OF ACCOUNTS 2021/22 (Pages 33 - 128)

To receive a report from the Chief Finance Officer on the Draft Statement of Accounts 2021/22.

Contact Officer: S Russell-Surtees - (01480) 388524

7. IMPLEMENTATION OF INTERNAL AUDIT ACTIONS (Pages 129 - 146)

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

Contact Officer: D Moss - (01480) 388475

8. INTERNAL AUDIT SERVICE: ANNUAL REPORT 2021/22 (Pages 147 - 164)

To receive a report from the Internal Audit Manager outlining the Internal Audit Service Annual Report 2021/22.

Contact Officer: D Moss - (01480) 388475

9. WHISTLEBLOWING (POLICY, GUIDANCE AND CONCERNS RECEIVED) (Pages 165 - 174)

To consider a report by the Internal Audit Manager on the outcome of a review of the Whistleblowing Policy and Guidance and on the allegations received under the Policy in the year ending March 2022.

Contact Officer: D Moss - (01480) 388475

10. ANNUAL REPORT OF THE COMMITTEE (Pages 175 - 188)

To consider the Annual Report to the Council in respect of the year ending March 2022 on the work that has been undertaken by the Corporate Governance Committee.

Contact Officer: D Moss - (01480) 388475

11. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 189 - 190)

To receive the Corporate Governance Committee Progress Report.

Contact Officer: H Peacey - (01480) 388007

12. EXCLUSION OF PRESS AND PUBLIC

To resolve:

that the press and public be excluded from the meeting because the business to be transacted contains information relating to any action or to be taken in connection with the prevention, investigation or prosecution of crime.

13. ANNUAL REVIEW OF BENEFITS RISK BASED VERIFICATION POLICY (Pages 191 - 206)

To consider a report by the Revenues and Benefits Manager on the Benefits Risk Based Verification Policy.

Contact Officer: A Burns - (01480) 388122

5 day of July 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: (01480) 388007 / 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.

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the COMMITTEE SUITE, BURGESS HALL, ONE LEISURE, WESTWOOD ROAD, ST IVES, PE27 6WU on Wednesday, 27 April 2022

PRESENT: Councillor G J Bull – Chairman.

Councillors E R Butler, Dr P L R Gaskin, K P Gulson, P Kadewere, 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, L W McGuire and J P Morris.

IN ATTENDANCE: Councillor D Keane.

44 MINUTES

The Minutes of the meeting of the Committee held on 26th January 2022 were approved as a correct record and signed by the Chairman.

45 MEMBERS' INTERESTS

No declarations were received.

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

Mr A Paylor and Mr M Hodgson of Ernst & Young, were in attendance for this item.

At 7:19pm, during discussion on this item, Councillor P Kadewere took his seat at the meeting.

With the aid of a report by the Chief Finance Officer (a copy of which is appended in the Minute Book) the Committee were informed of the progress for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Finance Report (AFR) for 2020/21.

Having welcomed Mr A Paylor and Mr M Hodgson of Ernst & Young to the meeting, the Chairman placed on record his disappointment over the delays experienced with the external audit despite the assurances which had been delivered to the Committee at its January 2022 meeting that this work would be completed by 30th March 2022.

Following a brief introduction by the Chief Finance Officer on the process required to complete and finalise the accounts and having been informed that a satisfactory conclusion with the external auditors had now been reached, Mr M

Hodgson was then invited to present the final Audit Results Report which summarised the audit conclusions.

Mr M Hodgson began by acknowledging the delays which had been experienced explaining that this was attributable to factors beyond his control which contributed to the challenge he faced in diverting sufficient resources to complete the Council's audit. Despite the delay however, he was pleased to report that a good audit had been completed. Whilst the report indicated that work to complete Significant Contract Testing was still outstanding, the Committee were informed that this was now complete with no issues arising. He then went on to explain in detail the audit differences which had been identified relating to uncorrected, corrected and disclosure differences. Members attention was then drawn to the Letter of Representation, an issue relating to Infrastructure Assets which had now been resolved, changes made to the Annual Governance Statement resulting in the removal of significant governance issues and an accounting issue relating to the return of third party related forms from Members. In his concluding remarks, Mr M Hodgson reported that the audit findings had not identified any risks of significant weaknesses in the Council's arrangements for value for money which was pleasing to note. Finally, Mr M Hodgson extended his thanks and appreciation to the Finance Team for assisting with the audit.

Having been informed that the audit for next year had been scheduled on the same basis as the current year, the Committee expressed some disquiet over the potential impact this would have and made comment that resultant delays with completing the audit might be experienced again owing to the shortcomings of other authorities. In discussing the timing of the audit, the Senior Finance Business Partner & Deputy Section 151 Officer reported that the February timescale worked well for the Finance Team.

Other matters that were discussed included the length of time taken to complete the audit which originally was planned for completion within 6 weeks but took 14 weeks and the rationale used by the external auditors in scheduling local authority audits.

Having extended their thanks and appreciation to Officers and the Finance Team for their hard work in preparing the final accounts and in receiving assurances that an unqualified audit opinion would be formally delivered by the auditors the next morning, it was

RESOLVED

- (a) that the Auditor's Results Report as attached as Annex A of the report now submitted be received and noted;
- (b) that the Annual Governance Statement as attached as Annex B of the report now submitted be approved and the Executive Leader and Managing Director be authorised to sign the Statement on behalf of the Council;
- (c) that the Letter of Representation as attached as Annex C of the report now submitted be approved and the Chief Finance Officer (as Section 151 Officer) be authorised to sign it on behalf of the Council; and

(d) that, subject to the auditors confirming an unqualified opinion on the Annual Financial Report 2020/21, delegated powers be given to the Chairman of the Committee and Chief Finance Officer (as Section 151 Officer) to authorise and sign the Annual Financial Report, as attached as Annex D of the report now submitted, on behalf of the Council.

47 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 previous meeting.

In noting the cases outlined in paragraph 3.1 of the report and having received clarification that the complaint relating to Old Weston Parish Council related to one Parish Councillor, it was

RESOLVED

that the progress of outstanding complaints and the conclusion of cases resolved since the meeting in January 2022 be noted.

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

With the aid of a report prepared by the Information Governance Manager & Data Protection Officer (a copy of which is appended in the Minute Book) the Committee received the annual report on the Council's compliance with the Freedom of Information (FOI) Act 2000 and Environmental Information Regulations 2004 and the UK General Data Protection Regulation Act 2018. Information was also received on the Council's performance with regards to protecting personal data over the period January to December 2021.

Following an introduction by the Deputy Data Protection Officer, the Committee's attention was drawn to the work undertaken by the Information Governance Team in respect of data protection compliance. The Committee noted the progress of the improvement areas identified in paragraph 5.2 of the report which would be included in the Information Governance Team's forward plan for 2022/23 and noted the reasons why limited progress had been made with the previous plan as outlined in paragraph 5.3 of the report.

The Deputy Data Protection Officer then went on to report there had been a drop in the number of FOI requests received by the Council when compared to the previous year at 460 and 534 respectively, which represented a 14% decrease. The Council worked to a target of 90% response compliance within 20 days, with performance levels being reported as 81% in 2021 which reflected an improvement to the previous year's performance of 77%. Having had their attention drawn to the number of cases per service, it was noted that a majority of requests received related to services falling under the Chief Operating Officer's remit and Community Services. Attention was then drawn to the number of requests by outcome where it was reported that 63% of cases had been

concluded with all the relevant information required. Of the 460 cases, four internal reviews/complaints had been received and six had been referred to the Information Commissioner's Office for further investigation. Over the reporting period there had been 25 Subject Access Requests and 1 Subject Access Related complaint. Finally, the Committee received details of personal data breaches where it was noted that 17 incidents had occurred within the reporting period.

Other matters that were discussed included the requirement for all staff and elected Members to complete Information Governance training, the reasons why there had been a lack of consistency in the role of the Data Protection Officer/Information Governance Manager in the last 5 years and the importance of ensuring sufficient information was available to members of the public as a means of preventing a high number of requests being received by the team. In terms of the former, it was reported that Member training would be picked up as part of the Council's Member Induction and Training Programme. Members of the Committee placed on record their preference for this training to be completed as a face to face event. Having regard to the latter, the Managing Director reported that plans were underway to review the ease of navigation around the Council's website and that some work should be undertaken to review the data relating to outcomes by case which were impacting upon the Information Governance Team's time. Whereupon, it was

RESOLVED

that the contents of the report now submitted be noted.

49 INTERNAL AUDIT PLAN 2022/23 & INTERNAL AUDIT CHARTER

With the aid of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) the Committee gave consideration to the Internal Audit Plan for 2022/23 and proposed changes to the Internal Audit Charter 2022.

In introducing the report, the Internal Audit Manager drew attention to Appendix 2 of the report which outlined the proposed audit areas for 2022/23. A risk based approach would continue to be adopted for this year's plan to enable flexibility as any new or high priority risk areas emerged during the course of the year. Audit areas had been identified by type; namely financial, operational, contract, governance or project work. The plan also included a number of other areas for consideration which would act as a reserve if priorities changed and/or capacity was available within the team. Attention was also drawn to the various other internal audit activities required to be undertaken by the team which would not be used to support the annual audit opinion.

Matters that were discussed included the meaning of the word "future focused", the Council's risk management function which complemented the work of the Internal Audit Team and the importance of the Plan in assuring the Committee of the robust measures in place for the Council's internal control, governance and risk management practices. In response to questions concerning the level of resources available within the Internal Audit Team, the Managing Director responded by informing the Committee of the ongoing challenge to balance the delivery of front line public services whilst also providing sufficient back office support across all service areas.

In noting that only minor changes had been made to the Internal Audit Charter, the Committee

RESOLVED

- (a) to approve the Internal Audit Plan for 2022/23 as submitted as Appendix 1 of the report;
- (b) to agree that changes can be made to the Internal Audit Plan following consultations between the Internal Audit Manager and Section 151 Officer and the Chairman of the Corporate Governance Committee; and
- (c) to approve the Internal Audit Charter 2022 as submitted as Appendix 2 of the report.

50 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 40% of actions being introduced (including those with late implementation) and 38 overdue audit actions remained outstanding. It was further reported that 32 actions had not been implemented. Having had their attention drawn to Appendix 2 of the report which provided a full overview of overdue audit actions, the Internal Audit Manager advised that audit owners were now being asked to provide commentary themselves. Reasons for the reported delays in implementation continued to relate to time pressures, resources and priorities.

Having been advised that the Council's Senior Leadership Team considered this report on a monthly basis, the Managing Director advised that Service Managers were encouraged to proactively engage with the Internal Audit Team and delivered assurances that "red" actions were kept under review.

Matters that were discussed included IT related audit actions which had been delayed owing to complications around the impact of jointly procuring systems with partner authorities and the need to reposition the perception of the Internal Audit Team within the organisation more positively across the Council.

RESOLVED

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

51 APPROVAL FOR PUBLICATION OF THE 2020/21 ANNUAL GOVERNANCE STATEMENT

A report by the Internal Audit Manager was submitted (a copy of which is appended in the Minute Book) outlining an amendment which had been made to the previously adopted Annual Governance Statement 2020/21.

In noting that minor amendments had been made to include an internal audit report and governance issue in respect of Contractor Management and an alternative heading of “Other Governance Issues We Have Identified”, it was

RESOLVED

that the amendments to the Annual Governance Statement as outlined in Appendix A of the report now submitted be approved and that the Executive Leader and Managing Director be authorised to sign the Annual Governance Statement on behalf of the Council.

52 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.

In doing so, the Democratic Services Officer announced that the Procurement Lead would now be providing data in relation to the use of the Code of Procurement Waiver Procedure for inclusion in the Committee’s progress report ahead of each meeting.

In respect of Related Party Transactions, the Chairman reported upon the difficulties the Finance Team were experiencing in receiving a return from Members and the impact this was having upon the formal process of closing the accounts. The Senior Finance Business Partner reported that this problem was not uncommon amongst other authorities and that her previous authority listed individual Members that failed to complete their returns. The Managing Director reported that there was an opportunity to catch re-elected Councillors at the Member Sign In event in May 2022.

53 VOTE OF THANKS

At the conclusion of the meeting, Councillor R J West paid tribute to those Members of the Committee that would not be standing for re-election in May 2022; namely Councillors J C Cooper-Marsh, Dr P L R Gaskin, D A Giles, H V Masson, J P Morris and Mrs S R Wilson. Personal thanks were also extended to the Chairman who also would not be standing again this year. The Committee concurred with the sentiments which had been made in respect of the leadership, time, effort and commitment given by the Chairman in his various roles over the years as a District Councillor.

In turn, the Chairman conveyed his thanks to all Members for their work on the Committee, making particular reference to Councillor Dr P L R Gaskin as Vice-Chairman. He then went on to extend his thanks to all Officers who helped and supported him at the Council.

Chairman

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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, 18 May 2022

PRESENT: Councillors A M Blackwell, E R Butler, J Clarke, J A Gray, J E Harvey, P J Hodgson-Jones, S A Howell, P Kadewere, T D Sanderson, I P Taylor, N Wells and R J West.

1 ELECTION OF CHAIR

RESOLVED

that Councillor N Wells be elected Chair of the Committee for the ensuing Municipal Year.

2 MEMBERS' INTERESTS

No declarations were received.

3 APPOINTMENT OF VICE-CHAIR

RESOLVED

that Councillor J E Harvey be appointed Vice-Chair of the Committee for the ensuing Municipal Year.

Chair

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Code of Conduct Complaints – Update

Meeting/Date: Corporate Governance Committee – 13th July 2022

Executive Portfolio: Councillor M Hassall, Executive Councillor for Corporate and Shared Services

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 April 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 The Committee has the responsibility for promoting and maintaining high standards of conduct within the Council, including monitoring operation of the Code of Conduct which also includes Town and Parish Councils.
- 2.3 At the meeting of the Committee on 13th September 2017, Members requested that this report be submitted on a quarterly basis to notify and update on complaints that have been made, how they are being handled and whether they have been resolved.

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
N/A	Parish Council	Complaint made by a member of the public against parish councillors that allegedly failed to declare a Disclosable Pecuniary Interest	Matter referred back to the Clerk to investigate and determine whether there is a potential criminal offence that may require Police referral

- 3.2 The process for dealing with conduct complaints is set out in the Monitoring Officer Protocol but once referred to the Monitoring Officer investigation stage, they are required to consult with the Independent Person following an initial assessment and before any decisions are taken as to what, if any, further action is considered appropriate.

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
The Localism Act 2011

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: Update on Code of Conduct and Register of Disclosable Pecuniary Interests

Meeting/Date: Corporate Governance Committee – 13th July 2022

Report by: Elections and Democratic Services Manager

Wards affected: All Wards

Executive Summary:

The Monitoring Officer has a duty to establish and maintain a register of Disclosable Pecuniary Interests (DPIs). This report provides the Committee with details of the current level of returns by Town and Parish Councillors and by District Councillors. It also contains a breakdown of the adoption by Town and Parish Councils of Codes of Conduct.

Recommendation(s):

The Committee is

RECOMMENDED

to consider and comment on the report.

1. PURPOSE OF THE REPORT

- 1.1 Chapter 7 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of disclosable pecuniary or other interests of Members of the District Council. In addition, the District Council is responsible for maintaining the Register for Town and Parish Councils. The register is open for inspection at the District Council's offices and published on the District Council's website. Where a Town or Parish Council has a website, the District Council is required to provide that Council with the information necessary to enable it to publish their current register on its own website. Information in respect of the DPIs of each Town and Parish Council is presented in Appendix 1.
- 1.2 Each Town and Parish Council also has a duty to adopt a Code of Conduct. All Town and Parish Councils were requested to advise the Monitoring Officer when their Council had adopted a new Code and to confirm whether it was identical to that adopted and promoted by the District Council or alternatively the version produced by the National Association of Local Councils (NALC) or any other.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Committee is responsible for maintaining high standards of conduct by Members of the District and Town and Parish Councils, for monitoring the operation of the Code of Conduct and for considering the outcome of investigations in the event of breaches of the Code. The District Council has a duty to maintain and publish the Registers of Pecuniary Interests of the District and Town and Parish Councils. Those Members who fail to comply with the 2011 Act are guilty of an offence and liable to a maximum fine of £5,000 and disqualification for up to five years.
- 2.2 This report describes the current position in relation to both matters.

3. ANALYSIS

- 3.1 All DPI forms that have been received have been published. Any changes made have also been published.
- 3.2 Of 71 Town and Parish Councils, 14 have had their full Register published on the District Council's website, 49 Parishes have published their Register with vacancies and 26 Parish Councils currently have a form outstanding.
- 3.3 In terms of individual DPIs, 497 out of a total of 652 have been received from Parish Councillors; with 112 vacant and 43 outstanding. The up-to-date position on each Council is noted in Appendix 1. It is unlikely that there will ever be a complete return at any one time because of the ever-changing Parish Council membership.
- 3.4 All District Councillors' DPI forms are uploaded onto the Council's website.

4. KEY IMPACTS

- 4.1 The Corporate Team regularly requests updates from those Parish Councils where DPIs are outstanding. Similarly, incomplete or inaccurate forms are returned to Parish Councils with a request to revise and return. All Parish Councils are asked twice a year to verify details held by the District Council regarding DPIs and the Code of Conduct adopted by each Parish Council.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 Parish Clerks are regularly reminded by email to submit DPI forms as soon as possible following any changes.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

- 6.1 The Council's strategic priorities include collaboration with partners to enhance community resilience. By ensuring that DPIs are published, the Council is supporting local accountability and transparency in decision making which contributes to the objective to develop stronger and more resilient communities to enable people to help themselves.

7. CONSULTATION

- 7.1 Not applicable.

8. LEGAL IMPLICATIONS

- 8.1 There is no legal obligation upon a Town or Parish Council to notify the Monitoring Officer that it has adopted a Code of Conduct. Records indicate, however, that all Town and Parish Councils have adopted a Code. 21 of those Parish Councils have adopted one based on that adopted by the District Council. 40 Town and Parish Councils have adopted the Local Government Association Model Code, 7 Councils have opted for the Code promoted by NALC, and three have adopted their own version of the Code. The up to date position on each Council is noted in Appendix 2.

9. REASONS FOR THE RECOMMENDED DECISIONS

- 9.1 The Committee take a role in maintaining high standards of conduct by elected Members and monitoring the Code of Conduct.

10. LIST OF APPENDICES INCLUDED

Appendix 1 - Town and Parish Councils Disclosable Pecuniary Interests (DPI) forms.

Appendix 2 - Town and Parish Council New Standards Regime and Code of Conduct.

11. BACKGROUND PAPERS

None.

CONTACT OFFICER

Name/Job Title: Tony Roberts, Democratic Services Team Leader
Tel No: 01480 388015
Email: Anthony.Roberts@huntingdonshire.gov.uk

Town and Parish Councils' Disclosable Pecuniary Interests (DPI) forms

No	Town/Parish Council	No of Cllrs	DPIs Received	Vacancies	DPIs Outstanding
1	Abbots Ripton	6	5		1
2	Abbotsley	7	4	1	2
3	Alconbury	11	5	6	
4	Alconbury Weston	7	5		2
5	Alwalton	5	4	1	
6	Barham & Woolley	5	4		1
7	Bluntisham	11	10	1	
8	Brampton	15	13	1	1
9	Brington & Molesworth	5	5		
10	Broughton	7	4		3
11	Buckden & Diddington	15	11	3	1
12	Buckworth	5	4		1
13	Bury	9	6	3	
14	Bythorn & Keyston	5	4		1
15	Catworth	7	7		
16	Colne	9	8	1	
17	Conington	5	5		
18	Earith	11	11		
19	Easton	5	5		
20	Ellington	7	4	3	
21	Elton	9	9		
22	Farcet	11	5	5	1
23	Fenstanton	13	11	2	
24	Folksworth & Washingley	9	8	1	
25	Glatton	5	4		1
26	Godmanchester	17	15	2	
27	Grafham	7	5	2	
28	Great & Little Gidding	7	1	3	3
29	Great Gransden	9	8	1	
30	Great Paxton	9	7	2	
31	Great Staughton	9	6	1	2
32	Hail Weston	7	7		
33	Hemingford Abbots	7	4	2	1
34	Hemingford Grey	13	9	4	
35	Hilton	9	9		
36	Holme	9	9		
37	Holywell cum Needingworth	13	10	2	1
38	Houghton & Wyton	9	6	2	1
39	Huntingdon	19	10	3	6
40	Kimbolton & Stonely	11	9	2	
41	Kings Ripton	5	3	1	1
42	Leighton Bromswold	7	5	2	
43	Little Paxton	15	14	1	

Appendix 1

44	Offord Cluny & Offord Darcy	11	7	4	
45	Old Hurst	7	5	2	
46	Old Weston	7	7		
47	Perry	9	5	4	
48	Pidley cum Fenton	7	6	1	
49	Ramsey	17	10	6	1
50	Sawtry	15	11	4	
51	Sibson cum Stibbington	7	7		
52	Somersham	15	7	5	3
53	Southoe & Midloe	7	5	1	1
54	Spaldwick	7	6	1	
55	St Ives	17	14	3	
56	St Neots	21	20	1	
57	Stilton	11	7	3	1
58	Stow Longa	5	5		
59	The Stukeleys	9	5	2	2
60	Tilbrook	5	5		
61	Toseland	5	3		2
62	Upton & Coppingford	5	5		
63	Upwood & The Raveleys	9	7	1	1
64	Warboys	15	13		2
65	Waresley cum Tetworth	5	4	1	
66	Wistow	7	5	2	
67	Woodhurst	7	4	3	
68	Woodwalton	5	2	3	
69	Wyton on the Hill	7	5	2	
70	Yaxley	17	14	3	
71	Yelling	7	5	2	
	Totals	652	497	112	43

Town and Parish Council New Standards Regime and Code of Conduct

No	Town/Parish Council	HDC Code	NALC Code	LGA Model Code	Own Code
1	Abbots Ripton			X	
2	Abbotsley			X	
3	Alconbury	X			
4	Alconbury Weston		X		
5	Alwalton	X			
6	Barham & Woolley	X			
7	Bluntisham			X	
8	Brampton			X	
9	Brington & Molesworth			X	
10	Broughton			X	
11	Buckden			X	
12	Buckworth	X			
13	Bury			X	
14	Bythorn & Keyston	X			
15	Catworth			X	
16	Colne				X
17	Conington			X	
18	Earith			X	
19	Easton	X			
20	Ellington			X	
21	Elton			X	
22	Farcet			X	
23	Fenstanton			X	
24	Folksworth & Washingley		X		
25	Glatton			X	
26	Godmanchester			X	
27	Grafham	X			
28	Great & Little Gidding	X			
29	Great Gransden				X
30	Great Paxton			X	
31	Great Staughton			X	
32	Hail Weston			X	
33	Hemingford Abbots			X	
34	Hemingford Grey			X	
35	Hilton			X	
36	Holme			X	
37	Holywell cum Needingworth			X	
38	Houghton & Wyton				X
39	Huntingdon	X			
40	Kimbolton & Stonely	X			
41	Kings Ripton	X			

42	Leighton Bromswold	X			
43	Little Paxton			X	
44	Offord Cluny & Offord Darcy		X		
45	Old Hurst		X		
46	Old Weston			X	
47	Perry	X			
48	Pidley cum Fenton			X	
49	Ramsey	X			
50	Sawtry			X	
51	Sibson cum Stibbington	X			
52	Somersham	X			
53	Southoe & Midloe			X	
54	Spaldwick			X	
55	St Ives			X	
56	St Neots			X	
57	Stilton			X	
58	Stow Longa	X			
59	The Stukeleys			X	
60	Tilbrook			X	
61	Toseland			X	
62	Upton & Coppingford	X			
63	Upwood & The Raveleys			X	
64	Warboys	X			
65	Waresley cum Tetworth		X		
66	Wistow			X	
67	Woodhurst		X		
68	Woodwalton		X		
69	Wyton on the Hill	X			
70	Yaxley			X	
71	Yelling	X			
	Totals	21	7	40	3

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Review of Fraud Investigation Activity

Meeting/Date: Corporate Governance Committee- 13th July 2022

Executive Portfolio: Executive Councillor for Finance and Resources Services

Report by: Corporate Fraud Manager

Ward(s) affected: All

Executive Summary:

The Council's Anti-Fraud and Corruption Strategy sets out a requirement that a report shall be submitted on an annual basis to the Corporate Governance Committee detailing the work that has been undertaken by the Corporate Fraud Team (CFT).

During 2021/22 the CFT:

- Have continued to be seconded to help with the award of Business Grants.
- Involved in 9 separate Business grant schemes.
- Verified and checked businesses bank accounts and active status to determine eligibility to grant payments
- Assisted in the award of over £9 million pounds worth of grants over the last 12 months
- Investigated and assisted with the recovery of 6 Housing Association Properties.

Recommendation:

The Corporate Governance Committee is invited to comment on the contents of this report which details the work that has been undertaken by the Corporate Fraud Team during 2021/2022.

1. PURPOSE OF THE REPORT

- 1.1 This report provides a summary of the activity of the Council's CFT in 2021/2022.

2. BACKGROUND

The CFT plays a key role in ensuring that the Council meets its requirements under the Anti-Fraud and Corruption Strategy (AFCS) 2018-2021 by providing a comprehensive fraud service across the whole of the Council. The AFCS sets out the requirement for the Corporate Leadership Team to approve an annual business plan that sets out the priorities for the team. The priorities are based on the level of risk facing specific service areas within HDC and the AFCS.

- 2.1 The team consists of a manager, an investigation officer and an intelligence / data analyst officer.
- 2.2 The CFT's main priorities again this year with the ongoing Coronavirus situation have been to help and support local businesses with the implementation and roll out of more grant schemes. To make sure that businesses and applicants passed the necessary government fraud pre payment checks and deliver the payments as quickly as possible to those qualifying businesses. The government over the last 12 months has brought out a number of additional grant schemes which HDC have delivered. The schemes have their own eligibility criteria which has made the delivery of these grants challenging for all involved. With each grant there has been guidance requiring checks to be carried out prior to payment to address the potential of fraud. It was therefore necessary to establish pre and post assurance plans to check claims for each grant.

3. ANALYSIS/WORK UNDERTAKEN

- 3.1

Grant Scheme	Number of Businesses	Total Value
LRSB (T2 Open)	27	£ 27,010.40
LRSB (T2 Closed)	2	£ 2,857.68
LRSB (T4)	57	£ 36,078.48
LRSB (Lockdown Payment)	63	£ 164,533.62
LRSB (44 Day Payment)	103	£ 274,529.04
Closed Business Lockdown Payment	66	£ 341,000.00
Restart	994	£ 7,559,395.00
Omicron Hospitality Leisure Grant	308	£ 1,055,392.00

Additional Grant	Restrictions	251	£502,000
Social Housing Properties recovered		6	£282,000

- 3.2 Each grant scheme has been date driven and has to be administered to guidance and strict timescales for payments to be issued by. This means a quick and reactive response by all individuals and teams involved to create and design the schemes, a truly collaborative piece of work.
- 3.3 The CFT undertook a variety of checks using tools made available from the Cabinet office (Spotlight) and the National Fraud Initiative. This enabled the team to verify that limited companies/ charities and some sole traders were active by performing checks using Spotlight. As well as this, Spotlight also launched a bank verification tool in Jan 2022 which returned results in real-time, a significant improvement to the time taken by the NFI. Prior to this all bank verification checks were conducted by using the National Fraud Initiative which confirms that a bank account is associated with that company or individual. For sole traders who could not be verified via Spotlight, checks also involved looking for an online presence as well as checking the insolvency register for the trading name and person name as well as examining bank statements. For some grants an accountant or bookkeeper's letter was required which involved the CFT checking that accountants or bookkeepers were qualified by seeing actual qualifications or verifying membership to one of the professional bodies.
- 3.4 The CFT has been liaising with the National Anti-Fraud Network who advise all local authorities on known fraudulent claims and attempts to claim the grants. NAFN have kept HDC and all other LA's up to date with National Alerts regarding attempted Frauds in the grant area. We have received a number of alerts identifying bank accounts that are being used for fraudulent activities and we have implemented a checking process, so no payments were made to any of these accounts and also no applications with these account details were passed through for payment. The NAFN alerts have also included fraudulent email addresses that have been used by fraudsters making multiple applications to a number of local authorities. As a result of the alerts and our stringent checking process we have been able to identify and extract any dubious grant applications.
- 3.5 In addition to the main business grant schemes, Economic Development also implemented two separate schemes and the CFT provided them with detailed advice regarding pre and post assurance fraud checks including some actual checks were the scheme administrator was unable to complete these on their behalf.
- 3.6 For a period of around 4-5months when previous grant schemes ended and before the Omicron schemes commenced the CFT concentrated on reviewing cases and rebuilding working relationships with our Social Housing Providers many of whom have had staff changes and also been unable to conduct visits to their tenants due to Covid restrictions. The CFT has worked closely with Chorus Homes our biggest Social Housing Provider in the district and to the end of March 2022, has been involved in a number of investigations relating to either potential sub-letting or abandonment of properties. The CFT involvement in these cases has helped to recover 6 properties and resulted in a case approved for prosecution for illegal sub-letting under the Prevention of Social Housing Fraud Act 2013. The result of this action means six families have been able to be housed and people that either do not need or have been taking advantage of

Social housing and making a profit from renting out their Social Housing property have been stopped. The CFT has also helped to educate new Chorus Housing officers in ways of approaching this type of potential fraud and what to look out for resulting in an increase of direct referrals and a faster more streamlined approach with joint visits being arranged, a better channel of communication and overall collaborative approach.

- 3.7 The CFT are also engaging with other Social Housing providers in the district to set up similar investigation agreements to tackle potential tenancy fraud issues within their housing stock.
- 3.8 The CFT acts as the Single Point of Contact (SPOC) providing the DWP with information regarding Housing Benefit claims. However due to DWP colleagues being seconded to other departments to assist in the high level of Universal Credit applications that were made in the pandemic they are still only slowly returning to their roles so hence these requests have only just recommenced.
- 3.9 Part of the role of the CFT is to assist other departments in the Council and this last year the CFT have had significant involvement with the Housing Department. This has mainly involved applications for Housing where the case officer has been unhappy with information provided by the applicant or there appears to be gaps in information provided or a lack of address history. The CFT have assisted by conducting additional checks on people and addresses.
- 3.10 The Corporate Fraud Manager is the Council's Coordinating Officer for the Regulatory Investigatory Powers Act which deals with Directed Surveillance and Communications Data requests. It is a requirement of the Council's Covert Surveillance (RIPA) Policy and Procedure that a report is made annually to CGC on any activity undertaken in line with the policy. In 2021/2022 HDC made one application for Directed Surveillance, this was for a fly tipping matter.

4. KEY IMPACTS / RISKS

- 4.1 The pandemic had a significant impact on Council priorities over the past year. This led to the focus of the CFT being re-directed from normal investigation work to playing a vital role in verifying business grant applications to ensure that payments were made correctly to support local businesses but applying a proportionate level of checks to protect the public purse from fraudulent applications.
- 4.2 Diverting effort and resource to support the business grant process has meant there was no or little resource available to deal with any other type of investigation work during most of this year. However, the referrals that were received have been reviewed and where appropriate the necessary action has been taken.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 With the announcement of the £150.00 Energy rebate Scheme this has again meant the CFT has been involved in the planning and implementation of this scheme and the Discretionary one to come later this year. With new schemes being announced we can only be reactive to the Councils and residents needs and priorities due to the size of the team. However, the CFT will also engage with services across the Council to understand any additional risks and potential opportunities for obtaining services fraudulently that may have occurred during

the pandemic in order to provide support on reducing those risks and carrying out investigations where appropriate.

- 5.2 A review of casework has been undertaken and depending on how the EBR scheme goes and if any further schemes are announced will determine the level of normal fraud investigation work undertaken for the coming financial year.
- 5.3 The CFT will continue to work with our Local Housing Providers to build strong relationships that will combat tenancy fraud in the district.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

- 6.1 Strategic priority: Becoming a more efficient and effective Council.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The Anti-Fraud and Corruption Strategy sets out a requirement for an annual report to be submitted to the Corporate Governance Committee on the work of the Corporate Fraud Team during the previous financial year.

BACKGROUND PAPERS

CIPFA Fraud and Corruption Tracker Summary Report 2020

<https://www.cipfa.org/services/counterfraudcentre/fraud-and-corruption-tracker>

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Draft Statement of Accounts 2021/22

Meeting/Date: Corporate Governance Committee 13 July 2022

Executive Portfolio: Executive Councillor for Finance & Resources,
Councillor Brett Mickelburgh

Report by: Chief Finance Officer, Sharon Russell-Surtees

Ward(s) affected: All

Executive Summary:

The Council is required by statute to produce both an Annual Governance Statement and an unaudited Statement of Accounts (Appendix A). Given the current situation with the Covid 19 pandemic the normal statutory deadline has been moved to 31 July rather than 31 May. Therefore, draft statements need to be approved by 1st August or earlier.

In respect of the unaudited Statement of Accounts, members should note:

- o Achieved an underspend of £2,012k against a budget of £20,686k
- o Delivered business support grants of £13,591k
- o Continued to maintain general fund reserves at £2,175k
- o Delivered business rates growth within the enterprise zone of £0.953m
- o Decreased the pension deficit to £68,842k due to the impact of not only the tri-annual valuation, but also the impact of Covid-19 on the economic and financial landscape.

Due to the change in statutory deadline Ernst and Young (EY), our auditors will not present an audit opinion to this committee for approval by 30th September 2022, this is due to the impact of Covid-19 on resources and capacity within both Local Government and the audit sector.

However, the Council has prepared a draft unaudited Statement of Accounts and a Notice of Publication (Appendix B) for publication.

Recommendation(s):

The Committee is RECOMMENDED to

1. Consider and approve the Unaudited Statement of Accounts (Appendix A).
2. Consider and approve the Notice of Publication (Appendix B)

1. PURPOSE OF THE REPORT

- 1.1 To complete the processes for finalising and publishing the Council's Statement of Accounts for 2021/22.

2. WHY IS THIS REPORT NECESSARY

- 2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve the Statement of Accounts. To do this the committee needs to follow the stages in the order shown in the report.

3. STATEMENT OF ACCOUNTS

- 3.1 2021/22 has been another challenging year for the Council as the pandemic continued to affect service provision, particularly at the beginning of the year.
- 3.2 During 2021/22 the Council has continued to deliver against its corporate objectives and budget.
- 3.3 The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 2022 amounted to £2,175k and £28,342k respectively.
- 3.4 The year-end financial position is largely being driven by the recovery of operations as we come out of lockdown measures.
- 3.5 Of particular note is parking charge income from Council owned car parks which has an outturn of £648k above budget.
- 3.6 When the budget was set it was assumed that some commercial tenants would fail as a result of Covid-19, with a corresponding reduction in rental income. This did not materialise and, together with reduced business rates payable, the Commercial Estates service recognised an outturn £651k in excess of budget.
- 3.7 The outturn has also been impacted by savings in Waste Services of £715k due to a combination of reduced recycling collection costs and increased take up of the commercial waste offering.
- 3.8 These savings were credited to the budget surplus reserve on the balance sheet.

4. KEY IMPACTS

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

5. LINK TO THE CORPORATE PLAN

- 5.1 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 Statement of Accounts is also a statutory requirement.

6. CONSULTATION

- 6.1 In line with the Account and Audit regulations the Statement of Accounts will be available for inspection from 18 July to 26 August 2022.

7. LEGAL IMPLICATIONS

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

8. RESOURCE IMPLICATIONS

- 8.1 There is a specific budget for the audit fees.

9. REASONS FOR THE RECOMMENDED DECISIONS

- 9.1 The process that has been followed in preparing the Statement of Accounts has been thorough and in line with statutory regulations.

10. LIST OF APPENDICES INCLUDED

Appendix A – Statement of Accounts 2021-22 Draft
Appendix B – HDC Notice of Publication

CONTACT OFFICER

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Huntingdonshire District Council

Draft Statement of Accounts
For the Year Ended 31 March 2022

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Welcome to Huntingdonshire District Council's Statement of Accounts for 2021/22.

This narrative report provides information about Huntingdonshire District Council (the Council), including the key issues affecting the Council and its accounts. The accounts summarise the Council's transactions and its financial position for the year ended 31 March 2022.

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

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

- an introduction to the Council;
- key facts about Huntingdonshire and the Council;
- key information about the Council's management structure;
- 2021/22 revenue budget process and the medium-term financial strategy (MTFS);
- capital strategy and capital programme;
- treasury management ;
- revenue outturn 2021/22;
- capital outturn 2021/22;
- the Council and the impact of Covid-19;
- Covid-19 grants;
- corporate and budgetary risks;
- basis of preparation;
- receipt of further information; and
- acknowledgements.

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

- a full and understandable explanation of the overarching financial position of the Council and the outturn for 2021/22;
- confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- assurance that the financial position of the Council is sound and secure.

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

An introduction to Huntingdonshire District Council

Huntingdonshire is the largest district in Cambridgeshire, with a population of 169,500, and a land area of over 900 square kilometres (350 square miles). The district provides a high-quality environment, predominantly rural in nature, and this is reflected in the sparse population density which averages just 1.9 people per hectare (4 per acre). It is currently divided into 26 wards which are served by 52 elected councillors.

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

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

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

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

Our vision statement sets out what Huntingdonshire District Council is working to achieve.

“We want to support a safe and healthy environment, deliver economic growth and provide value for money services for the people of Huntingdonshire”

This vision is delivered through our strategic priorities and objectives which are:

- becoming a more efficient and effective Council
- people
- place

In practice this means the Council will:

- become more efficient and effective in the way we deliver services;
- become a customer focused organisation;
- support people to improve their health and well-being;
- develop a flexible and skilled local workforce;
- develop stronger and more resilient communities to enable people to help themselves;
- create, protect and enhance our safe and clean built and green environment;
- accelerate business growth and investment;
- support development of infrastructure to enable growth;
- improve the supply of new and affordable housing, jobs and community facilities to meet current and future need.

There is a golden thread that links our vision, strategic priorities, and objectives within our corporate plan to each service plan and everyone’s day to day working priorities through team and individual performance objectives.

Key facts about Huntingdonshire and the Council

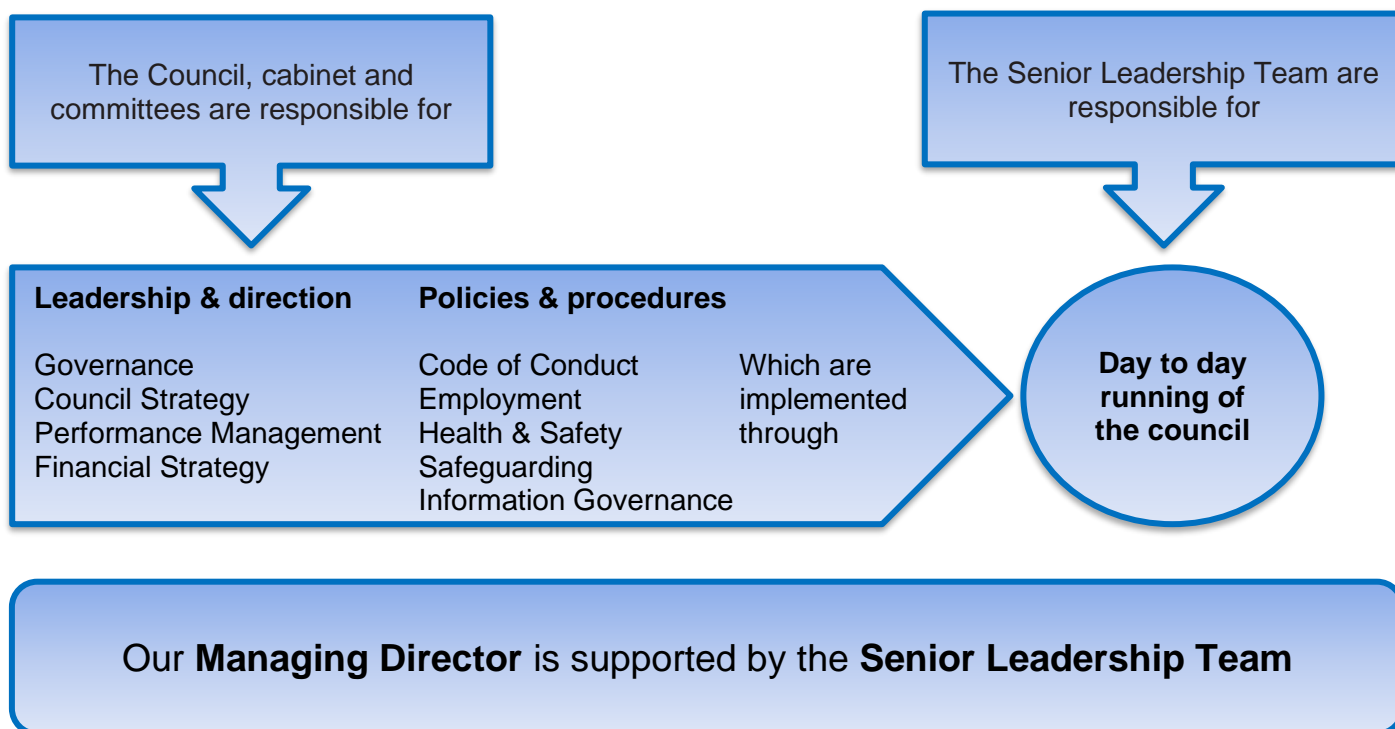
There are a number of key facts that should be taken into account when considering Huntingdonshire and the Council:

- Population**
 In 2020, the total population of Huntingdonshire was 178,985, an annual increase of 0.6% and a 5.3% (8,950 residents) rise since 2011 (source: MYPE, ONS 2020). The population is expected to grow to 205,000 by 2036 (source: Huntingdonshire objectively assessed housing needs report).
- Economy and employment**
 Figures indicate that in April 2022, unemployment levels across Huntingdonshire were significantly lower than the level of Great Britain as a whole, with 2.3% of residents aged 16-64 recorded in the DWP claimant count of those claiming universal credit or job seekers allowance principally due to unemployment compared to an average of 4% for Great Britain (source: NOMIS: claimant count)
- Homes**
 Huntingdonshire continues to be a growth area with 1,065 new homes completed (1,041 net after accounting for 24 demolitions) in 2020/21 and 934 forecast for 2021/22 (source: annual monitoring report 2020/21). Additionally, house prices continue to rise with the average price based on completed sales being £303,606 at March 2022 (source: UK house price index), this being an increase of 12% over the past year.

The social housing sector in Huntingdonshire is made up of (as of March 2020) 8,717 affordable homes (7,849 rented properties and 868 shared ownership). Between April 2021 and March 2022 an additional 311 new affordable homes were built across the district (source: HDC corporate performance report January to March 2022).

Key information about the Council's management structure

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



The 2021/22 revenue budget process and medium-term financial strategy

The Council is required by law to set a balanced budget and it is based on known factors at the time. It does, however, need to be recognised that there are uncertainties, and provisions are made, as appropriate, in the budget for those factors that can be predicted with some certainty, and proposes a strategy for dealing with those factors which reasonably cannot. Following recommendation by Cabinet, the Council approved the budget for 2021/22 on 24 February 2021. The outturn for the 2021/22 financial year against the budget is outlined in the financial these statements.

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

The MTFS is a four-year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures, mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years. The latest MTFS was approved by Council on 23 February 2022 and is summarised below.

	Budget	Medium term financial strategy			
	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Net expenditure	21,514	20,709	20,968	21,227	21,847
Contribution to/(from) reserves	249	(2,480)	(2,212)	(1,797)	(1,822)
Budget requirement	21,763	18,229	18,756	19,430	20,025
Non-domestic rates & s.31 grants	(8,957)	(7,219)	(7,353)	(7,488)	(7,533)
Revenue support grant	-	(235)	(109)	(115)	(115)
New homes bonus	(2,116)	-	-	-	-
Other grants	(937)	(415)	(415)	(415)	(415)
Collection fund deficit	104	-	-	-	-
Council tax support funding	(126)	(126)	(126)	(126)	(126)
Council tax requirement	9,731	10,234	10,753	11,286	11,836
Council tax base	64,501	65,662	66,844	68,047	69,272
Per band D property	150.86	155.86	160.86	165.86	170.86
% increase		3.31%	3.21%	3.11%	3.01%

In setting the MTFS and developing budget proposals for the future, the Council faced a number of uncertainties particularly in relation to levels of government grant, the financial impact from retained business rates, the levels of new homes bonus and general economic conditions. The budget proposal and MTFS set for 2021/22 represented a best view of the known financial landscape then and for future years.

The key elements of the budget strategy were:

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

The main factors underlying the budget process were:

- **Government grant**
Like all local authorities, Huntingdonshire District Council faces cuts from central government. For the Council, reductions to grant funding have been the most significant factor underlying historic planning assumptions. The Council's strategy for balancing its budget was predicated on this continuing. In this respect, the strategy around commercialism and efficiency is considered to remain the right strategy to deal with the financial challenges facing the Council.
- **New homes bonus (NHB)**
A major concern was associated with NHB. The NHB is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. The Council received £2,055,000 of NHB in 2021/22. This funding is due to be phased out by 2023/24.
- **Retained business rates**
The revaluation of all properties for business rates took effect from 1 April 2017. Revaluation was completed to maintain the accuracy in the rating system by reflecting changes in the property market since the last revaluation in 2010. The business rates revaluation clouded the position on the amount of gain the Council might expect to achieve from business rates growth in the area. The Council have adopted a prudent position and in 2021/22 did not plan for any gain in this budget proposal.
- **Reserves and balances**
Earmarked reserves represent the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves are an essential part of sound financial planning. The reserves are held for legitimate reasons and the balances are reasonable given a fair assessment of the budgetary pressures that they are held against.
- **Investments and net borrowing**
The Council has been using its cash balances over the past few years in lieu of long-term borrowing. This delivers an advantage over lending returns whilst base rates remain low. From 2021/22 income from investment interest has been included in the MTFS. The Council takes a proactive approach to managing cash balances, with the bulk of the income being derived from short term money market lending.
- **Implications for council tax strategy 2022/23**
For 2022/23, the budget proposal and council tax resolution included the assumed maximum £5 increase (for district councils, the maximum increase permissible was 1.99% or £5, whichever was the greater). A £5 increase at Band D represented a 3.43% increase, equivalent to just under 10 pence per week, and increased the band D council tax for Huntingdonshire District Council to £150.86.

Capital strategy and capital programme 2021/22

The capital programme for 2021/22 onwards was presented to Council for consideration and approval on 24 February 2021. For 2021/22 the gross expenditure was approved at £18,169,000 and the funding sources were presented to Council. The Council maintains an integrated strategic capital programme which is divided into several sections namely:

- **Economic development** - this covers two programmes relating to St Neots High Street and the Market Towns programme;
- **Transformation** - this covers two schemes relating to customer relationship management and audio-visual equipment;
- **Operations** - this covers several schemes relating to the environment and street scene, including funding for vehicle replacement of £1,396,000;
- **ICT** - this covers several technology related schemes including telephony replacement;
- **Leisure and health** - this covers two schemes relating to leisure and health;
- **Corporate** - this covers several schemes including disabled facilities grants of £1,850,000 and capital estate enhancements of £565,000.

The revenue financing implications arising from the capital programme were factored into the budget for 2022/23 and beyond.

Treasury management

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

The key messages are:

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

Revenue outturn for 2021/22

The Council reported a break-even position for the financial year.

This is in line with assumptions in the budget plans for 2021/22 agreed by Council in February 2021.

The Council's 2021/22 revenue outturn position is shown in the table below:

2020/21 Outturn £000	2021/22				
	Budget £000	Outturn £000	Variance £000	%	
Service					
5,409	Corporate services	6,962	5,432	(1,530)	-22%
4,006	Chief operating officer	4,350	3,638	(712)	-16%
58	Programme delivery	71	71	-	0%
709	Planning policy	791	825	34	4%
214	Housing strategy	180	190	10	6%
699	Corporate leadership team	619	669	50	8%
130	Transformation	298	482	184	62%
4,242	Operations	4,621	3,608	(1,013)	-22%
313	Leisure & health	522	434	(88)	-17%
2,007	3CICT shared service	2,338	2,175	(163)	-7%
17,787	Net revenue expenditure	20,752	17,524	(3,228)	-16%
236	Contribution to reserves	776	2,787	2,011	259%
621	Contribution to earmarked reserves	-	1,217	1,217	100%
18,644	Budget requirement	21,528	21,528	-	0%
Financing					
(8,836)	NNDR & council tax (surplus)/deficit	(8,552)	(9,448)	(896)	10%
(2,546)	Government grants (non-specific)	(3,669)	(3,642)	27	-1%
1,906	Contribution to reserves	-	869	869	100%
9,168	Council tax for Huntingdonshire District	9,307	9,307	-	0%
9,168	Council	9,307	9,307	-	0%

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

The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 2022 amounted to £2,175,000 and £28,342,000 respectively.

The year-end financial position is largely being driven by the recovery of operations as we come out of lockdown measures. Of particular note is the increase in parking charge income from Council owned car parks of £648,000. When the budget was set it was assumed that some commercial tenants would fail as a result of Covid-19, with a corresponding reduction in rental income. This did not materialise and, together with reduced business rates payable, the Commercial Estates service recognised an outturn £651,000 in excess of budget. The outturn has also been impacted by savings in Waste Service of £715,000 due to a combination of reduced recycling collection costs and increased take up of the commercial waste offering. These savings were credited to the budget surplus reserve on the balance sheet.

Capital outturn 2021/22

The approved gross capital programme for 2021/22 was £18,169,000. Schemes totalling £14,665,000 from 2020/21 were rephased to 2021/22 and additional external funding of £7,145,000 gave a total gross capital budget of £39,979,000.

The Council spent £11,238,000 on the delivery of its capital programme in 2021/22 and has rephased schemes to 2022/23 where appropriate.

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

The table below provides more detail of the spend in 2021/22:

	Approved Budget £000	Budget rephased from 2020/21 £000	External funding £000	Total gross capital budget £000	Outturn £000	Budget rephased to 2022/23 £000	(Under)/ over spend £000
Corporate services	729	11,058	4,192	15,979	4,673	10,049	(1,257)
Chief operating officer	72	16	-	88	65	88	65
Planning policy	12,850	606	1,241	14,697	1,612	13,085	-
Housing strategy	1,850	-	-	1,850	1,219	-	(631)
Transformation	31	114	-	145	-	95	(50)
Operations	1,891	2,302	972	5,165	2,376	2,712	(77)
Leisure & health	406	557	740	1,703	1,218	485	-
3CICT shared service	340	12	-	352	75	277	-
	18,169	14,665	7,145	39,979	11,238	26,791	(1,950)

The reasons for the large budget re-phase to 2022/23 include:

- £12,064,000 - phasing of the future high streets programme to future years as whole life costs were included in the original budget;
- £8,500,000 – Huntingdon redevelopment will not happen until a feasibility study has been completed;
- £1,489,000 – works at Hinchingsbrooke Country Park were delayed due to Covid and localised flooding;
- £1,236,000 – delays in building works at various sites;
- £965,000 - unspent funding carried forward.

Oaktree remedial works have been rescoped and the project is expected to realise savings of £1,260,000 and a backlog due to Covid-19 has resulted in reduced disabled adaptations, leading to savings of £631,000.

Huntingdonshire District Council and the impact of Covid-19

The financial year 2021/22 saw a continuation of the unprecedented global pandemic and the many challenges it brought. The Council had to adapt to evolving events as the country moved through its roadmap of recovery and the full lifting of restrictions. It required flexibility and adaptability to respond to ever changing national and local circumstances. The response to Covid-19 continued to be at the forefront of all Council activities for the whole of the financial year.

The Council received additional un-ringfenced Covid-19 funding (£1,481,000) which was used to support the additional costs incurred by services during 2021/22 that were not business as usual activities. This funding has not been continued into 2022/23. As in 2020/21, the Council also received additional un-ringfenced funding (£1,002,000) to offset the loss of sales, fees and charges income due to Covid-19. However, unlike the previous financial year where compensation was received for the whole year, for 2021/22, this funding only offset losses incurred during the period April to June 2021.

Covid-19 has had a widespread impact on the workforce of the Council and the way in which the Council has delivered services. By utilising new technology, the Council has supported office-based staff to work seamlessly from home to minimise disruption to services, moving to a blended home/office approach as the impact of Covid-19 has reduced. For those officers who could not work from home, working practices were adapted to ensure their safety, health and wellbeing. Some Council facilities were closed or operated with restrictions in accordance with Government guidance. As restrictions were lifted, the Council opened up services and has returned to a more normal operating arrangement.

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 business can be transacted on-line, having regard to equality and fair access to services for all.

The Government continued to provide grant funding which the Council administered in support of a range of Covid-19 response activities. The Government continued to offer business rate reliefs to the retail, leisure, hospitality and nursery sector at 100% from April to June 2021 and then at 66% for the remainder of the financial year. Grants to support businesses were also continued throughout the year, although there were fewer individual rounds of grants than in 2020/21.

Given the financial challenges and the ongoing impact of Covid-19 on the country and the local government sector, the Department for Levelling Up, Housing and Communities (DLUHC) continued to request local authorities provide monthly updates on their financial position via a questionnaire. This gave the DLUHC an understanding of the overall financial pressures and the position of individual local authorities.

Covid-19 grants

As in 2020/21, the Council received a range of grants including compensation for business rates reliefs from central government 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; and
- 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 business grant schemes operating across 2020/21 and 2021/22 are set out in the table below. This shows brought forward grants of £7,475,000. A total of £3,203,000 was spent in 2021/22 leaving £4,272,000 to be returned to Government.

	Brought forward	Grants received 2021/22	Total available	Council acting as agent	Council acting as principal	Spend 2021/22	Grant remaining at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Additional restrictions grant	(2,398)	-	(2,398)	-	(2,398)	2,398	-
LRSG closed addendum	(606)	-	(606)	(606)	-	22	(584)
LRSG closed 2 December 2020 to 19 December 2020	25	-	25	25	-	3	28
LRSG open 2 December 2020 to 19 December 2020	58	-	58	58	-	26	84
Christmas support payments (wet led pubs)	(4)	-	(4)	(4)	-	-	(4)
Closed business lockdown one-off payment	(2,006)	-	(2,006)	(2,006)	-	306	(1,700)
LRSG closed addendum 5 January 2021 to 15 February 2021	(1,003)	-	(1,003)	(1,003)	-	147	(856)
LRSG closed 20 December 2020 to 4 January 2021	(261)	-	(261)	(261)	-	32	(229)
LRSG open 20 December 2020 to 4 January 2021	(149)	-	(149)	(149)	-	-	(149)
LSRG closed addendum 16 February 2021 to 31 March 2021	(1,131)	-	(1,131)	(1,131)	-	269	(862)
	(7,475)	-	(7,475)	(5,077)	(2,398)	3,203	(4,272)

Additional restrictions grant (ARG) - the government allocated the Council £5,140,000 in ARG during 2020/21. This was a discretionary grant scheme for which the Council was able to introduce specific eligibility criteria based on knowledge of Huntingdonshire economy and business community. The Council acted as a principal for this grant. At the end of 2020/21, £2,742,000 had been paid to businesses with £2,398,000 transferred to a reserve to support activities in 2021/22. The full £2,398,000 was spent in the period to 30 June 2021 and £2,398,000 of reserves were called into the revenue account to finance the expenditure.

Nine tranches of LRSG totalling £16,338,000 were received during 2020/21 to support schemes without a discretionary element and for these the Council acted as the agent of central government. £805,000 of grants were paid during 2021/22, leaving £4,272,000 remaining to repay to central government. Every effort was made to issue grants to all qualifying businesses.

The business grants received in 2021/22 are set out in the table below and show receipts and expenditure of £10,388,000. The grants are detailed in the table and paragraphs below.

	Grants received 2021/22 £000	Total available £000	Council acting as agent £000	Council acting as principal £000	Spend 2021/22 £000	Grant remaining at 31 March 2022 £000
Restart grant	(7,559)	(7,559)	(7,559)	-	7,559	-
Additional restrictions grant	(1,440)	(1,440)	-	(1,440)	1,440	-
Omicron hospitality & leisure grant	(1,055)	(1,055)	(1,055)	-	1,055	-
Omicron additional restrictions grant	(334)	(334)	-	(334)	334	-
	(10,388)	(10,388)	(8,614)	(1,774)	10,388	-

The restart grant scheme, introduced from 1 April 2021, was announced in the Chancellor's budget speech in March 2021 to support businesses in the non-essential retail, hospitality, leisure, personal care and accommodation sectors with a one-off grant, to reopen safely as Covid-19 restrictions were lifted. The Council received a sum of £7,559,000 all of which was spent in year.

A further £1,440,000 tranche of additional restrictions grant to enable the Council to continue provide additional discretionary support to businesses affected Covid-19 was received in July 2021 and the grant was spent in full during the year. Due to the discretionary nature of the grant, it was classified as an un-ringfenced grant.

On 21 December 2021 the Chancellor announced a new round of grants for businesses experiencing difficulties because of the Omicron variant of Covid-19 and the dual impact of staff absences and lower consumer demand. These were:

- Omicron hospitality and leisure grant - this scheme was to provide support to hospitality, leisure and accommodation businesses, primarily in-person services. The Council received a grant allocation of £1,055,000 which was fully allocated during the year.
- Omicron additional restrictions grant - the Council received a £334,000 allocation of the discretionary ARG to specifically support businesses impacted by Omicron and prepared a local scheme to distribute the grant. This allocation was spent in full. As with the earlier rounds of ARG, due to the discretionary nature of the grant, it was classified as an un-ringfenced grant.

Corporate and budgetary risks

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

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

Basis of preparation

This Statement of Accounts has been prepared on the basis of the income and expenditure during the 2021/22 financial year and the known assets and liabilities at 31 March 2022. Moreover, the accounts have been prepared on a going concern basis.

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

Receipt of further information

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

Acknowledgements

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

Karen Sutton
Director of Finance and Corporate Services

1. Statement of accounts explanations

The statement of accounts comprises:

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

The objective of each of the accounting statements is:

❖ Statement of responsibilities

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

❖ Core financial statements

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

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

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

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

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

❖ **Notes to the core financial statements**

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

❖ **Supplementary financial statements**

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

❖ **Notes to the supplementary financial statements**

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

❖ **Appendices**

- Appendix 1 – annual governance statement

The annual governance statement is not part of the statement of accounts but is required to be included alongside it in the same publication, and as such is not covered by (a) the Director of Finance and Corporate Services' certification or (b) the external auditor's report.

The objective of this statement is to fulfil the statutory requirement for the Council to conduct an annual review of the effectiveness of its system of internal control.

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 sets out comprehensive requirements for group accounts. These require Councils to consider all their interests and to prepare a full set of group financial statements when they have material interests in subsidiaries, associates or joint ventures.

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

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

Any surplus or deficit on the Council's pension fund is required to be shown within the balance sheet. The effect of the Council's share of the pension fund administered by Cambridgeshire County Council has been assessed by the scheme's actuary as at 31 March 2022. The current valuation shows a deficit on the fund of £69,842,000 (£93,044,000 at 31 March 2021) based upon the nationally set criteria. The actual contributions payable by the Council are based upon the actuary's own assumptions in a valuation that is undertaken on a triennial basis. This valuation was last undertaken at 31st March 2019, with the next formal revaluation due as at 31st March 2022. The two valuations are carried out on different bases.

The Council's responsibilities

The Council is required to:

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

The Director of Finance and Corporate Services

The Director of Finance and Corporate Services is legally and professionally responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22* - the Code.

In preparing this statement of accounts, I have:

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

The Director of Finance and Corporate Services has also:

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

I certify that the statement of accounts presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2022.

Karen Sutton
Director of Corporate Resources & s.151 Officer
13 July 2022

Certificate of approval – Chair of Corporate Governance Committee

This is the statement of accounts with all audit activities completed. The Corporate Governance Committee of Huntingdonshire District Council at its meeting on 13 July 2022 delegated authority to me as Chair of the Panel to approve the statement of accounts.

Councillor Nic Wells
13 July 2022

Comprehensive income and expenditure statement

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

2020/21			2021/22			
Gross expenditure £000	Gross income £000	Net expenditure £000		Gross expenditure £000	Gross income £000	Net expenditure £000
13,215	(7,554)	5,661	Corporate services	15,103	(3,460)	11,643
39,319	(34,966)	4,353	Chief operating officer	36,355	(31,899)	4,456
60	-	60	Programme delivery	81	-	81
3,224	(514)	2,710	Planning policy	2,766	(726)	2,040
176	-	176	Housing strategy	219	-	219
747	(25)	722	Corporate leadership team	752	-	752
331	(174)	157	Transformation	628	(76)	552
10,536	(4,384)	6,152	Operations	14,019	(4,756)	9,263
7,080	(5,261)	1,819	Leisure & health	6,794	(4,778)	2,016
7,942	(5,472)	2,470	3CICT shared service	9,101	(6,139)	2,962
82,630	(58,350)	24,280	Cost of services	85,818	(51,834)	33,984
			Other operating expenditure -			
			7,617 note 11			7,917
			Financing and investment			
			(15,755) income - note 12			(466)
			Taxation and non-specific			
			(34,391) grant income - note 13			(47,041)
			Surplus on provision of			
			(18,249) services			(5,606)
			Surplus on the revaluation of			
			(297) non-current assets			(7,369)
			Deficit/(surplus) on financial			
			assets measured at fair			
			value through other			
			27 comprehensive income			(666)
			Remeasurement of net			
			24,427 defined benefit			(29,981)
			Other comprehensive			
			24,157 income and expenditure			(38,016)
			Total comprehensive			
			5,908 income and expenditure			(43,622)

Movement in reserves statement

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

	General fund balance £000	Earmarked general fund reserves £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total council reserves £000
Balance 1 April 2021	(2,175)	(32,454)	-	(37,583)	(72,212)	25,142	(47,070)
Movement in reserves during 2021/22							
Surplus on provision of services	(5,606)	-	-	-	(5,606)	-	(5,606)
Other comprehensive income and expenditure	-	-	-	-	-	(38,016)	(38,016)
Total comprehensive income and expenditure	(5,606)	-	-	-	(5,606)	(38,016)	(43,622)
Adjustments between accounting basis and financing basis under regulations (note 9)	9,535	-	-	(10,639)	(1,104)	1,104	-
Net (increase)/decrease before transfers to earmarked reserves	3,929	-	-	(10,639)	(6,710)	(36,912)	(43,622)
Transfers to/(from) earmarked reserves	(3,929)	4,112	-	-	183	(183)	-
(Increase)/decrease in year	-	4,112	-	(10,639)	(6,527)	(37,095)	(43,622)
Balance at 31 March 2022	(2,175)	(28,342)	-	(48,222)	(78,739)	(11,953)	(90,692)

	General fund balance £000	Earmarked general fund reserves £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total council reserves £000
Balance 1 April 2020	(2,534)	(18,443)	-	(33,939)	(54,916)	1,766	(53,150)
Opening adjustment *	-	172	-	-	172	-	172
Balance 1 April 2020	(2,534)	(18,271)	-	(33,939)	(54,744)	1,766	(52,978)
Movement in reserves during 2020/21							
Surplus on provision of services	(18,249)	-	-	-	(18,249)	-	(18,249)
Other comprehensive income and expenditure	-	-	-	-	-	24,157	24,157
Total comprehensive income and expenditure	(18,249)	-	-	-	(18,249)	24,157	5,908
Adjustments between accounting basis and financing basis under regulations (note 9)	4,425	-	-	(3,644)	781	(781)	-
Net (increase)/decrease before transfers to earmarked reserves	(13,824)	-	-	(3,644)	(17,468)	23,376	5,908
Transfers to/(from) earmarked reserves	14,183	(14,183)	-	-	-	-	-
(Increase)/decrease in year	359	(14,183)	-	(3,644)	(17,468)	23,376	5,908
Balance at 31 March 2021	(2,175)	(32,454)	-	(37,583)	(72,212)	25,142	(47,070)
	-	-	-	-	-	-	-

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

Balance Sheet

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

31 March 2021		note	31 March 2022
£000			£000
70,822	Property, plant and equipment	14	77,237
65	Heritage assets		65
70,720	Investment property	15	69,516
913	Intangible assets	16	880
3,797	Long term investments	17	4,463
8,284	Long term debtors	17	11,723
154,601	Long term assets		163,884
-	Short term investments	17	21,000
289	Inventories	18	302
32,254	Short term debtors	19	28,888
30,004	Cash and cash equivalents	20	28,342
480	Assets held for sale	21	1,917
63,027	Current assets		80,449
(1,921)	Bank overdraft	20	(1,631)
(759)	Short term borrowing	17	(508)
(29,795)	Short term creditors	22	(37,450)
(3,783)	Grants received in advance - capital	22, 31	(3,892)
(1,783)	Provisions	39	(1,131)
(38,041)	Current liabilities		(44,612)
(38,884)	Long term borrowing	17	(38,626)
(589)	Other long term liabilities	17	(561)
(93,044)	Net pensions liability	37	(69,842)
(132,517)	Long term liabilities		(109,029)
47,070	Net assets		90,692
(72,212)	Usable reserves	23	(78,739)
25,142	Unusable reserves	24	(11,953)
(47,070)	Total reserves		(90,692)

Cash Flow Statement

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

2020/21		2021/22
£000		note £000
18,249	Net surplus on the provision of services	5,606
13,562	Adjustment to deficit on the provision of services for non cash movements	25 19,446
(7,161)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	25 (19,476)
<u>24,650</u>	Net cash flows from operating activities	<u>5,576</u>
6,283	Net cash flows from investing activities	26 (13,056)
(15,825)	Net cash flows from financing activities	27 6,108
<u>15,108</u>	Net increase/(decrease) in cash and cash equivalents	<u>(1,372)</u>
12,975	Cash and cash equivalents at the beginning of the reporting period	28,083
<u>28,083</u>	Cash and cash equivalents at the end of the reporting period	20 <u>26,711</u>

1. Accounting Policies

1.1 General principles

The statement of accounts summarises the Council's transactions for the 2021/22 financial year and its position at 31 March 2022. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (England) Regulations 2015 (SI 2011 no.817), which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

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

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

1.2 Accruals of expenditure and income

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

- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services;
- supplies and services are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet;
- interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- income and expenditure are credited and debited to the relevant service revenue account unless they properly represent capital receipts or capital expenditure.

1.3 Cash and cash equivalents

Cash comprises cash in hand and call account deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

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

1.5 Council tax and non-domestic rates

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

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

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

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

1.6 Employee benefits

1.6.1 Benefits payable during employment

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

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

1.6.2 Termination benefits

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

When termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

1.6.3 Post-employment benefits

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

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

- the liabilities of Cambridgeshire County Council's superannuation fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- liabilities are discounted to their value at current prices, using an appropriate discount rate based on the indicative rate of return on high quality corporate bonds as identified by the actuary.
- the assets of Cambridgeshire County Council's superannuation fund attributable to the Council are included in the balance sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in the net pensions liability is analysed into the following components:
 - service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year (allocated in the comprehensive income and expenditure statement to the services for which the employees worked).
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years (debited to the net cost of services in the comprehensive income and expenditure statement as part of non-distributed costs).
 - net interest on the defined benefit liability, i.e., net interest expense for the Council – the change during the year in the net defined benefit liability that arises from the passage of time (charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).
 - re-measurement comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (charged to the pensions reserve as other comprehensive income and expenditure).

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions (charged to the pensions reserve as other comprehensive income and expenditure).
- contributions paid to Cambridgeshire County Council's pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. This is not accounted for as an expense.

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

1.6.4 Discretionary benefits

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

1.7 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that have occurred between the balance sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

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

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

1.8 Financial instruments

1.8.1 Financial liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are measured at fair value. Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

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

1.8.2 Financial assets

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

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

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

1.8.2.1 Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the balance sheet is the outstanding principal receivable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount receivable for the year.

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

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

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

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

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

- CCLA property fund

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

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

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

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

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

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument; and the Council's business model is both to collect cash flow and sell the instrument.

1.8.2.4 Expected credit loss model

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

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

1.9 Government grants and other contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or taxation and non-specific grant income in the comprehensive income and expenditure statement.

Where capital grants are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance in the movement in reserves statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

1.10 Inventories and long-term contracts

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

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

1.11 Investment property

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

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

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

1.12 Leases

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

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

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

1.12.1 The Council as lessee

- Operating leases

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

1.12.2 The Council as lessor

- Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

- Operating leases

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

1.13 Overheads and support services

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

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

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

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

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

1.15 Property, plant and equipment

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

1.15.1 Recognition

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

1.15.2 Measurement

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

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

Assets included in the balance sheet at current value are revalued on a rolling basis within a three-year timeframe. Increases in valuations are matched by credits in the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

1.15.3 Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains)
- where there is no balance on the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the comprehensive income and expenditure account.

Where an impairment loss is charged to the comprehensive income and expenditure statement but there were accumulated revaluation gains in the revaluation reserve for that asset, an amount up to the value of the loss is transferred from the revaluation reserve to the capital adjustment account.

1.15.4 Disposals and non-current assets held for resale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for resale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating costs line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on non-current assets held for resale.

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

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the comprehensive income and expenditure statement as part of the gain or loss on disposal. Receipts from disposals are credited to the comprehensive income and expenditure statement as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the revaluation reserve are transferred to the capital adjustment account. Amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the capital receipts reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow – the capital financing requirement. Receipts are appropriated to the reserve from the movement in reserves statement.

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

1.15.5 Depreciation

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

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charge on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

1.15.6 Componentisation

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

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

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

1.16 Provisions, contingent liabilities and contingent assets

1.16.1 Provisions

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

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

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

1.16.2 Contingent liabilities

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

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

1.16.3 Contingent assets

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

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

1.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account. The value is then appropriated from the reserve and credited to the general fund balance so that there is no charge against council tax for the expenditure.

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

1.18 Revenue expenditure funded from capital under statute

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

1.19 VAT

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

2. Accounting standards not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2021/22 code.

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

The accounting changes to be introduced in the 2022/23 code are:

- IFRS16 leases (but only for those authorities that have decided to adopt IFRS16 in the 2022/23 year).
- annual improvements to IFRS standards 2018-2020 cycle. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS1 (first time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS37 (onerous contracts) – clarifies the intention of the standard
 - IFRS16 (leases) – amendment removes a misleading example that is not referenced in the code material
 - IAS41 (agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances

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

3. Critical judgements in applying accounting policies

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

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

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

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- **Business rates** - Since the introduction of the business rates retention scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2021/22 and earlier years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2022. The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31 March 2022.
- **Council tax (surplus)/deficit** - Assumptions are made on the likely (surplus)/deficit for the year in the January prior to the year end. The information forms part of the budget setting process for Huntingdonshire District Council, Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner and Cambridgeshire Fire Authority. If the actual (surplus)/deficit differs significantly from the estimated assumption position from January, there will be an impact in the following year's budget process. A higher deficit could mean more savings being required or an increased council tax.
- **Debt impairment** - At 31 March 2022, the Council had a balance for sundry debtors of £5,198,000. A review of significant balances suggested that impairment for doubtful debts of 28.7% (£1,492,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate, which was not the case during 2021/22, the Council would require additional funds to set aside as an allowance.
- **Earmarked reserves** - The Council has a large number of earmarked reserves, which are reviewed annually to assess the expected year-end balance. The expected reserve balances form part of the budget setting process. Although, the reserve levels are not prescribed, major variations could have an impact on service budgets as expected funds may not be available, which could lead to savings being required in year.
- **Pensions liability** - Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. The assumptions interact in complex ways.
- **Property, plant and equipment** - Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. In the current economic climate there will be increased pressure on all budgets, leading to difficult choices which might result in the Council being less able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £74,300 for every year that useful lives had to be reduced.

- Investment properties are those assets that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the balance sheet date.

The outbreak of the Novel Coronavirus (Covid 19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets and market activity is being impacted in many sectors. At the valuation date therefore, less weight can be attached to previous market evidence to inform opinions of value. Indeed, the current response to Covid-19 means that the valuers are faced with an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty and a higher degree of caution should be attached to valuations than would normally be the case and valuations of assets are being kept under constant review.

- Provisions for liabilities including restructuring, redundancy and onerous contracts - no provision is made for redundancies as departments must meet the cost from within their own budgets. If there was the need to make redundancies and they could not be met from the service budget, then it would impact on the general fund surplus. Any impact would have to be met from the following year. It could be significant if there were a large number.

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

5. Material items of income and expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e., extraordinary). During 2021/22 no such items of income or expenditure were incurred (2020/21 £nil).

6. Events after the balance sheet date

The unaudited Statement of Accounts were issued on 13 July 2022. Where events taking place before this date provided information about the conditions existing at 31 March 2022, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information. The financial statement and notes would not be adjusted for events which took place after 31 March 2022 if they provide information that is relevant to an understanding of the Council’s financial position but do not relate to conditions at that date.

7 Expenditure and funding analysis

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

	2021/22					Net expenditure chargeable to the general fund £000
	Net expenditure in the comprehensive income and expenditure statement £000	Adjustments between the funding and accounting basis			Total Adjustments £000	
		Adjustments for capital purposes £000	Net change for the pensions adjustment £000	Other Differences £000		
Corporate services	11,643	(1,283)	(2,212)	-	(3,495)	8,148
Chief operating officer	4,456	76	(847)	-	(771)	3,685
Programme delivery	81	-	(10)	-	(10)	71
Planning policy	2,040	(1,085)	(137)	-	(1,222)	818
Housing strategy	219	-	(20)	(18)	(38)	181
Corporate leadership team	752	-	(83)	-	(83)	669
Transformation	552	(17)	(53)	-	(70)	482
Operations	9,263	(4,887)	(729)	-	(5,616)	3,647
Leisure & health	2,016	(1,340)	(242)	-	(1,582)	434
3CICT shared service	2,962	(287)	(517)	-	(804)	2,158
Net cost of services	33,984	(8,823)	(4,850)	(18)	(13,691)	20,293
Other income and expenditure	(39,590)	2,287	(1,929)	23,051	23,409	(16,181)
(Surplus)/deficit for the year	(5,606)	(6,536)	(6,779)	23,033	9,718	4,112
Opening general fund balance at 1 April 2021						(34,629)
Closing general fund balance at 31 March 2022						(30,517)

	2020/21					Net expenditure chargeable to the general fund £000
	Net expenditure in the comprehensive income and expenditure statement £000	Adjustments between the funding and accounting basis			Total Adjustments £000	
		Adjustments for capital purposes £000	Net change for the pensions adjustment £000	Other Differences £000		
Corporate services	5,661	(660)	(543)	-	(1,203)	4,458
Chief operating officer	4,353	(68)	(230)	-	(298)	4,055
Programme delivery	60	-	(2)	-	(2)	58
Planning policy	2,710	(1,967)	(34)	-	(2,001)	709
Housing strategy	176	-	(3)	41	38	214
Corporate leadership team	722	-	(23)	-	(23)	699
Transformation	157	(17)	(11)	-	(28)	129
Operations	6,152	(1,870)	(187)	-	(2,057)	4,095
Leisure & health	1,819	(1,388)	(118)	-	(1,506)	313
3CICT shared service	2,470	(352)	(128)	-	(480)	1,990
Net cost of services	24,280	(6,322)	(1,279)	41	(7,560)	16,720
Other income and expenditure	(42,529)	16,577	(1,533)	(3,059)	11,985	(30,544)
(Surplus)/deficit for the year	(18,249)	10,255	(2,812)	(3,018)	4,425	(13,824)
Opening general fund balance at 1 April 2020						(20,977)
Correction to earmarked reserves opening balances						172
Closing general fund balance at 31 March 2021						(34,629)

7.1.1 Adjustments for capital purposes

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

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

7.1.2 Net change for the pensions adjustment

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

- for **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- for **financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the comprehensive income and expenditure statement.

7.1.3 Other differences

Other differences between amounts debited/(credited) to the comprehensive income and expenditure statement and amounts payable/(receivable) to be recognised under statute:

- For **financing and investment income and expenditure** the other difference column recognises adjustments to the general fund for the timing differences for premiums and discounts.
- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future (surpluses) or deficits on the collection fund.

7.1.4 Segmental income

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

2020/21		2021/22
£000		£000
(7,554)	Corporate services	(3,460)
(34,966)	Chief operating officer	(31,899)
(514)	Planning policy	(726)
(25)	Corporate leadership team	-
(174)	Transformation	(76)
(4,384)	Operations	(4,756)
(5,261)	Leisure & health	(4,778)
(5,472)	3CICT shared service	(6,139)
(58,350)		(51,834)

8. Expenditure and income analysed by nature

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

2020/21		2021/22
£000		£000
	Expenditure	
27,306	Employees	28,509
14,031	Other service expenses	13,489
2,904	Support service recharges	6,811
(5,989)	Depreciation, amortisation, REFCUS & investment property fair value adjustment	11,580
541	Interest payments	528
6,662	Transfer & grant payments	6,420
8,656	Precepts & levies	10,510
(81)	Loss on disposal of fixed assets	203
28,376	Benefit payments	25,169
82,406	Total expenditure	103,219
	Income	
(25,446)	Fees, charges & other service income	(25,728)
(484)	Interest and investment income	(456)
(13,465)	Income from council tax & non-domestic rates	(20,372)
(101)	Post stock transfer capital receipts	(291)
(55,008)	Government grants & contributions	(47,778)
(6,151)	Levies	(14,200)
(100,655)	Total income	(108,825)
(18,249)	Surplus on the provision of services	(5,606)

9. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are made by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves against which the adjustments are made.

- **General fund balance**
The general fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment.
- **Capital receipts reserve**
The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historic capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.
- **Capital grants unapplied**
The capital grants unapplied account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	2021/22		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
Adjustments to the revenue resources			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	(6,779)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	(18)	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	5,900	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	7,344	-	(16,968)
Total adjustments to the revenue resources	6,447	-	(16,968)
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	291	(291)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,758	-	-
Total adjustments between revenue and capital resources	3,049	(291)	-
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	609	-
Repayment of loans	39	(318)	-
Application of capital grants to finance capital expenditure	-	-	6,329
Total adjustments to capital resources	39	291	6,329
Total adjustments	9,535	-	(10,639)

	2020/21		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
Adjustments to the revenue resources			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	(2,812)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	41	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	(8,536)	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	13,059	-	(5,507)
Total adjustments to the revenue resources	1,752	-	(5,507)
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	101	(101)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,602	-	-
Total adjustments between revenue and capital resources	2,703	(101)	-
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	966	-
Repayment of loans	-	(865)	-
Application of capital grants to finance capital expenditure	-	-	1,863
Cash payments in relation to deferred capital receipts	(30)	-	-
Total adjustments to capital resources	(30)	101	1,863
Total adjustments	4,425	-	(3,644)

10. Movements in earmarked reserves

This note sets out the amounts set aside from general fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet general fund expenditure in 2020/21 and 2021/22.

	Balance 1 April 2020	Opening Adjustment	Transfers in 2020/21	Transfers out 2020/21	Balance 31 March 2021	Transfers in 2021/22	Transfers out 2021/22	Balance 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000
S.106 agreements	(1,006)	-	(221)	101	(1,126)	(451)	419	(1,158)
Commutated S.106 payments	(1,126)	-	(79)	104	(1,101)	(2)	120	(983)
Repairs & renewals fund	(1,880)	-	(33)	-	(1,913)	(51)	155	(1,809)
Strategic transformation reserve	(805)	-	-	-	(805)	-	46	(759)
Collection fund reserve	(1,182)	-	(10,300)	-	(11,482)	(51)	5,674	(5,859)
Commercial investment fund	(3,382)	-	(2,213)	-	(5,595)	-	-	(5,595)
Market towns investment fund	(646)	-	(27)	-	(673)	-	155	(518)
Budget surplus reserve	(4,947)	* 172	(195)	1,766	(3,204)	(2,011)	240	(4,975)
Special reserve	(1,136)	-	(23)	313	(846)	-	190	(656)
Other reserves	(2,333)	-	(3,556)	180	(5,709)	(2,961)	2,640	(6,030)
	(18,443)	172	(16,647)	2,464	(32,454)	(5,527)	9,639	(28,342)

* This adjustment related to an extrapolated error in the 2019/20 accounts which for the purposes of 2020/21 was a non-adjusting entry in reconciling the b/f/w d balances to the finance system.

The following paragraphs provide an explanation of these reserves.

- S106 agreements - contains payments made by developers to meet their planning approval obligation to contribute to the funding of infrastructure and community requirements. As a relevant project is completed it is funded in all or part from this reserve.
- Commuted S106 payments - represents payments made by developers to meet their planning approval obligation to contribute to the funding of the maintenance of specified assets for a set period of years. As relevant maintenance costs are incurred funding is transferred from the reserve.
- Repairs and renewals funds - some services contribute an annual sum, and the funds are used to pay for one-off repair or renewal items, thereby smoothing the spending on large maintenance items.
- Strategic transformation reserve - to fund workflow streams associated with initiatives to improve the efficiency of the Council.
- Collection fund - excess non-domestic rates and council tax received from the collection fund due to be repaid in future years.
- Commercial investment fund - revenue allocation to meet future investment in commercial investment strategy.
- Market towns investment fund - a fund to support the redevelopment of Huntingdonshire's market towns.
- Budget surplus reserve - contains surplus funds that exceed the £2,175,000 maximum threshold for the general fund balance.
- Special reserve - to support business activity that will achieve future savings.
- Other reserves - this is a summary of other less significant reserves that support on-going service activity, including local plan activity, 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.

11. Other operating income and expenditure

2020/21		2021/22
£000		£000
7,253	Parish precepts	7,541
(101)	Post stock transfer capital receipts	(291)
445	Drainage board levies	464
20	Loss on the disposal of non-current assets	203
7,617		7,917

12. Financing and investment income and expenditure

2020/21		2021/22
£000		£000
541	Interest payable and similar charges	528
1,527	Pensions interest cost and expected return on pensions assets	1,908
(484)	Interest receivable	(456)
(17,497)	Income and expenditure in relation to investment properties and changes in their fair value	(2,488)
158	Other investment, trading operations and shared services	42
(15,755)		(466)

13. Taxation and non-specific grant income

2020/21		2021/22
£000		£000
(16,602)	Council tax income	(17,043)
3,137	Non-domestic rates	(3,329)
(14,337)	Non-ringfenced government grants	(8,715)
(5,220)	Developer contributions (CIL & S.106)	(11,315)
(397)	Capital grants	(6,727)
(972)	Covid-19 support grants	88
(34,391)		(47,041)

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

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

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

14.2 Depreciation methods used

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

14.3 Useful lives or depreciation rates used

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

14.4 Effects of changes in estimates

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

14.5 Revaluations

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

The market review takes a broader view of the way in which material or economic factors may have affected the overall levels of value which are stated in the accounts, to reflect a true position and give an impairment allowance (where required) against the 2021/22 accounts.

The valuations have been carried out by Montagu Evans LLP, who also prepared a valuation report.

The significant assumptions applied in estimating the fair values are:

- operational assets – the total value has been apportioned between land and building parts, with the building representing the depreciable amount;
- vehicles, plant, equipment and infrastructure assets are valued at historic cost, as at the date of acquisition and subsequent capital enhancement expenditure less depreciation. Community assets, and assets under construction are valued at historic cost at the date of acquisition and subsequent capital enhancement. Consequently, there is no ongoing revaluation review for these assets.
- assets held for sale – these have been assessed to fair value on the basis of market value.

14.6 Capital commitments

At 31 March 2022 the Council was contractually committed to capital works valued at approximately £2,471,000 (31 March 2021 £1,501,000). The schemes are listed in the table below:

Service	Scheme	31 March 2022
		£000
Corporate services	Oak Tree remedial works	27
	Energy efficiency	24
	Other building works	119
Planning policy	Market towns	163
	Future high Streets	329
Housing strategy	Disabled facilities grants	842
Operations	Play equipment	16
	Wheeled bins	40
	Vehicles and plant	173
	Parking strategy	16
	Godmanchester mill weir improvements	8
	Hinchingbrooke country park	267
	St Neots park improvements	45
	Secure cycle storage	45
	Other projects	41
Leisure & health	Leisure centre future improvements	145
	One Leisure CCTV upgrade	115
	Ramsey car park	56
		2,471

14.7 Movement on property, plant and equipment

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total PP&E £000
Cost or valuation						
At 1 April 2021	58,590	22,437	10,133	451	411	92,022
Additions	5,159	1,830	496	-	1,042	8,527
Revaluation increases recognised in the revaluation reserve	13,598	-	-	-	-	13,598
Revaluation decreases/reversals recognised in the revaluation reserve	(6,229)	-	-	-	-	(6,229)
Revaluation decreases/reversals recognised in the surplus on the provision of services	(3,614)	-	-	-	-	(3,614)
Derecognition - disposals	(265)	(1,538)	(541)	-	-	(2,344)
Reclassification of assets as assets held for resale	(1,437)	-	-	-	-	(1,437)
At 31 March 2022	65,802	22,729	10,088	451	1,453	100,523
Accumulated depreciation						
At 1 April 2021	(2,001)	(13,553)	(5,646)	-	-	(21,200)
Depreciation charge for the year	(1,797)	(2,005)	(365)	-	-	(4,167)
Derecognition - disposals	2	1,538	541	-	-	2,081
At 31 March 2022	(3,796)	(14,020)	(5,470)	-	-	(23,286)
Net book value						
At 31 March 2022	62,006	8,709	4,618	451	1,453	77,237
At 1 April 2021	56,589	8,884	4,487	451	411	70,822

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total PP&E £000
Cost or valuation						
At 1 April 2020	58,909	21,423	10,088	451	1,046	91,917
Additions	290	2,142	44	-	1,331	3,807
Revaluation increases recognised in the revaluation reserve	1,322	-	-	-	-	1,322
Revaluation decreases/reversals recognised in the revaluation reserve	(1,464)	-	-	-	-	(1,464)
Revaluation decreases/reversals recognised in the surplus on the provision of services	(478)	-	-	-	-	(478)
Derecognition - disposals	-	(1,126)	-	-	-	(1,126)
Reclassification of assets as investment property	-	-	-	-	(1,959)	(1,959)
Other movements in cost or valuation	11	(2)	1	-	(7)	3
At 31 March 2021	58,590	22,437	10,133	451	411	92,022
Accumulated depreciation						
At 1 April 2020	(610)	(12,829)	(5,266)	-	-	(18,705)
Depreciation charge for the year	(1,823)	(1,830)	(379)	-	-	(4,032)
Depreciation written out to the revaluation reserve	439	-	-	-	-	439
Derecognition - disposals	-	1,106	-	-	-	1,106
Other movements	(7)	-	(1)	-	-	(8)
At 31 March 2021	(2,001)	(13,553)	(5,646)	-	-	(21,200)
Net book value						
At 31 March 2021	56,589	8,884	4,487	451	411	70,822
At 1 April 2020	58,299	8,594	4,822	451	1,046	73,212

15. Investment properties

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

2020/21		2021/22
£000		£000
(4,624)	Rental income from investment property	(4,810)
941	Direct operating expenses arising from investment property	1,006
(3,683)		(3,804)
(13,814)	Net (gains)/losses from fair value adjustments	1,316
(17,497)		(2,488)

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

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

2020/21		2021/22
£000		£000
54,945	Balance at 1 April	70,720
2	Additions	112
13,814	Net gains/(losses) from fair value adjustments	(1,316)
1,959	Transfers from property, plant and equipment	-
70,720	Balance at 31 March	69,516

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

Fair value hierarchy

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

- **Level 1 inputs**
Quoted prices in active markets for identical assets or liabilities that the authority can access at the measurement date.
- **Level 2 inputs**
Inputs (other than quoted prices within level 1) that are observable for the asset or liability, either directly or indirectly.
- **Level 3 inputs**
Unobservable inputs for the asset or liability.

Details of how the fair value hierarchy inputs apply to the Council's investment properties are demonstrated in the table below:

Fair value inputs level 2 other significant observable inputs at 31 March 2021		Fair value inputs level 2 other significant observable inputs at 31 March 2022
£000		£000
	Asset type	
8,980	Retail	9,018
20,675	Office	19,900
41,065	Commercial	40,598
70,720		69,516

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.

16. Intangible assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £213,000 was charged to revenue in 2021/22; this was either charged to ICT and then absorbed as an overhead across all the service headings in the net expenditure of services or charged directly to services.

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

2020/21		2021/22
£000		£000
	Balance at start of year	
2,940	Gross carrying amounts	3,081
(1,964)	Accumulated amortisation	(2,168)
976	Net carrying amount at start of year	913
141	Additions	180
-	Disposals or retirements	(9)
(204)	Amortisation for the period	(213)
-	Reversal of amortisation on disposals or retirements	9
913	Net carrying amount at end of year	880
	Comprising:	
3,081	Gross carrying amounts	3,252
(2,168)	Accumulated amortisation	(2,372)
913		880

17. Financial instruments

17.1 Categories of financial instruments

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

31 March 2021			31 March 2022	
Long term	Current		Long term	Current
£000	£000		£000	£000
		Investments		
		Financial assets held at fair value through profit and loss		
3,797	-		4,463	-
3,797	-	Total investments	4,463	-
		Debtors		
		Loans and receivables	11,723	17,092
8,284	12,703	Total debtors	11,723	17,092
8,284	12,703	Total financial assets	16,186	17,092
12,081	12,703			
		Borrowings		
		Financial liabilities held at amortised cost		
(38,884)	(759)		(38,626)	(508)
(38,884)	(759)	Total borrowings	(38,626)	(508)
		Other long term liabilities		
		Financial liabilities held at fair value through profit and loss		
(589)	-		(561)	-
(589)	-	Total other long term liabilities	(561)	-
		Creditors		
		Financial liabilities held at amortised cost		
-	(7,959)		-	(9,195)
-	(7,959)	Total creditors	-	(9,195)
(39,473)	(8,718)	Total financial liabilities	(39,187)	(9,703)

17.2 Income, expense, gains and losses

2020/21			2021/22	
Financial assets: loans and receivable	Financial liabilities: liabilities measured at amortised cost		Financial assets: loans and receivable	Financial liabilities: liabilities measured at amortised cost
£000	£000		£000	£000
541	-	Interest expense	528	-
-	(484)	Interest income	-	(456)
<u>541</u>	<u>(484)</u>	Net loss/(gain) for the year	<u>528</u>	<u>(456)</u>

17.3 Fair values of assets and liabilities

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 2022, 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 2022 was used in evaluating 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 2022, 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 2022.
- no early repayment or impairment is recognised for any financial instrument.
- the fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

There have not been any transfers between hierarchy levels during the financial year.

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

31 March 2021			31 March 2022		
Carrying amount	Fair value		Carrying amount	Fair value	
£000	£000		£000	£000	
		Assets			
24,784	26,892	Loans and receivables	33,278	34,355	
		Liabilities			
(48,191)	(55,037)	Financial liabilities	(48,890)	(50,042)	
31 March 2021			31 March 2022		
Carrying amount	Fair value		Fair value level	Carrying amount	Fair value
£000	£000			£000	£000
		Financial assets held at fair value through profit and loss			
3,797	3,797	Property fund	1	4,463	4,463
		Financial assets held at amortised cost			
4,716	6,824	Long term loans to local organisations	2	4,715	5,792
8,513	10,621	Total		9,178	10,255
		Assets for which fair value is not disclosed		24,100	24,100
16,271	16,271	Total financial assets		33,278	34,355
		<i>Recorded on the balance sheet as:</i>			
12,703	12,703	Short term debtors		17,092	17,092
12,703	12,703	Short term financial assets		17,092	17,092
8,284	10,392	Long term debtors		11,723	12,800
3,797	3,797	Long term investments		4,463	4,463
12,081	14,189	Long term financial assets		16,186	17,263
24,784	26,892	Total financial assets		33,278	34,355

31 March 2021			31 March 2022	
Carrying amount £000	Fair value £000	Fair value level	Carrying amount £000	Fair value £000
Financial liabilities held at amortised cost				
(38,884)	(45,709)		(38,626)	(39,777)
(38,884)	(45,709)	2	(38,626)	(39,777)
Total				
(9,307)	(9,328)		(10,264)	(10,266)
(48,191)	(55,037)		(48,890)	(50,042)
<i>Recorded on the balance sheet as:</i>				
(7,959)	(7,959)		(9,195)	(9,195)
(759)	(780)		(508)	(510)
(8,718)	(8,739)		(9,703)	(9,705)
(38,884)	(45,709)		(38,626)	(39,777)
(589)	(589)		(561)	(561)
(39,473)	(46,298)		(39,187)	(40,338)
(48,191)	(55,037)		(48,890)	(50,042)

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

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

The financial liabilities are shown below:

31 March 2021		31 March 2022
£000		£000
Long term		
(5,000) PWLB - 3.91%	495152 19/12/2008 to 19/12/2057	(5,000)
(5,000) PWLB - 3.90%	495153 19/12/2008 to 19/12/2058	(5,000)
(247) PWLB - 2.24%	502463 07/08/2013 to 07/08/2023	(83)
(657) PWLB - 3.28%	504487 25/11/2015 to 25/11/2046	(640)
(873) PWLB - 3.10%	504598 19/01/2016 to 19/01/2047	(849)
(435) PWLB - 2.91%	504810 21/03/2016 to 21/03/2047	(423)
(354) PWLB - 3.10%	504922 29/04/2016 to 29/04/2047	(344)
(286) PWLB - 2.92%	504993 02/06/2016 to 02/06/2047	(279)
(566) PWLB - 2.31%	505255 29/07/2016 to 29/07/2047	(549)
(433) PWLB - 2.18%	505372 23/09/2016 to 23/09/2047	(421)
(778) PWLB - 2.67%	505649 06/01/2017 to 06/01/2048	(757)
(5,000) PWLB - 2.78%	506436 02/10/2017 to 02/10/2037	(5,000)
(7,292) PWLB - 2.49%	508696 11/03/2019 to 11/03/2039	(7,292)
- PWLB - 1.48%	508931 25/03/2019 to 25/03/2022	-
(11,963) PWLB - 2.18%		(11,963)
- Salix		(26)
(38,884)		(38,626)
Short term		
(160) PWLB - 2.24%	502463 07/08/2013 to 07/08/2023	(164)
(17) PWLB - 3.28%	504487 25/11/2015 to 25/11/2046	(17)
(23) PWLB - 3.10%	504598 19/01/2016 to 19/01/2047	(24)
(12) PWLB - 2.91%	504810 21/03/2016 to 21/03/2047	(12)
(9) PWLB - 3.10%	504922 29/04/2016 to 29/04/2047	(9)
(7) PWLB - 2.92%	504993 02/06/2016 to 02/06/2047	(8)
(16) PWLB - 2.31%	505255 29/07/2016 to 29/07/2047	(16)
(13) PWLB - 2.18%	505372 23/09/2016 to 23/09/2047	(13)
(20) PWLB - 2.67%	505649 06/01/2017 to 06/01/2048	(21)
(267) PWLB - 1.48%		-
- Local authority loans		-
- Salix		(9)
(215) Accrued interest		(215)
(759)		(508)
(8,548) Creditors		(9,756)
(48,191)		(48,890)

18. Inventories

2020/21				2021/22			
Leisure centres				Leisure centres			
Diesel	Other	Total		Diesel	Other	Total	
£000	£000	£000	£000	£000	£000	£000	£000
54	93	78	225	42	78	169	289
-	475	-	475	-	646	-	646
-	(476)	-	(476)	-	(574)	-	(574)
(12)	4	91	83	(9)	40	(90)	(59)
-	(18)	-	(18)	-	-	-	-
42	78	169	289	33	190	79	302

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

19. Short term debtors

31 March 2021		31 March 2022	
£000		£000	
14,693	Central government bodies	6,173	
6,021	Other local authorities	7,986	
662	NHS bodies	666	
13,176	Other entities and individuals	16,035	
34,552		30,860	
(2,298)	Provision for impairment of bad debts	(1,972)	
32,254		28,888	

20. Cash and cash equivalents

31 March 2021		31 March 2022	
£000		£000	
9	Cash held	9	
1,634	Bank balances	266	
28,361	Short term deposits	28,067	
30,004		28,342	
(1,921)	Bank overdraft	(1,631)	
28,083		26,711	

21. Assets held for sale

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

31 March 2021		31 March 2022
£000		£000
480	Balance at 1 April	480
-	Reclassification of assets as assets held for resale	1,437
480	Balance at 31 March	1,917

22. Short term creditors

31 March 2021		31 March 2022
£000		£000
	Creditors and receipts in advance	
(20,062)	Central government bodies	(26,662)
(4,766)	Other local authorities	(1,349)
(352)	NHS bodies	(350)
(4,615)	Other entities and individuals	(9,089)
(29,795)		(37,450)
	Capital grants and other receipts in advance	
(3,783)	Central government bodies	(3,892)
(33,578)		(41,342)

23. Usable reserves

Movements in usable reserves are summarised below:

	1 April 2020	Movements		31 March 2021	Movements		31 March 2022
	£000	Debits £000	Credits £000	£000	Debits £000	Credits £000	£000
General fund	(2,534)	140,511	(140,152)	(2,175)	124,211	(124,211)	(2,175)
Capital receipts reserve	-	966	(966)	-	609	(609)	-
Capital grants unapplied	(33,939)	1,863	(5,507)	(37,583)	6,329	(16,968)	(48,222)
Earmarked reserves	(18,443)	2,636	(16,647)	(32,454)	9,639	(5,527)	(28,342)
	(54,916)	145,976	(163,272)	(72,212)	140,788	(147,315)	(78,739)

24. Unusable reserves

Movements in unusable reserves are summarised below:

	1 April	Movements		31 March	Movements		31 March
	2020	Debits	Credits	2021	Debits	Credits	2022
	£000	£000	£000	£000	£000	£000	£000
Capital adjustment account	(37,450)	8,709	(21,358)	(50,099)	10,804	(11,622)	(50,917)
Revaluation reserve	(28,456)	1,726	(1,492)	(28,222)	842	(7,369)	(34,749)
Financial instruments adjustment account	329	-	(14)	315	-	(648)	(333)
Financial instruments revaluation reserve	156	-	-	156	-	-	156
Deferred capital receipts	-	30	-	30	-	-	30
Pensions reserve	65,805	7,439	19,800	93,044	11,660	(34,862)	69,842
Collection fund adjustment account	1,382	8,536	-	9,918	50	(5,950)	4,018
	1,766	26,440	(3,064)	25,142	23,356	(60,451)	(11,953)

24.1 Capital adjustment account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2020/21			2021/22	
£000	£000		£000	£000
	(37,450)	Balance at 1 April		(50,099)
		Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement		
4,032		Charges for depreciation of non-current assets	4,167	
204		Amortisation of intangible assets	213	
478		Revaluation decreases recognised in the surplus on the provision of services	3,614	
(13,814)		Movement in the market value of investment properties recognised in the surplus on the provision of services	1,316	
3,110		Revenue expenditure funded from capital under statute	2,268	
20		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 statements	263	
(531)		Adjusting amounts written out of the revaluation reserve	(842)	
		Capital financing applied in the year		
(966)		Use of the capital receipts reserve to finance new capital expenditure	(609)	
(1,582)		Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	(2,217)	
(1,863)		Application of grants to capital financing from the capital grants unapplied account and earmarked reserves	(6,329)	
(2,602)		Statutory provision for the financing of capital investment charged against the general fund	(2,758)	
865		Repayment of long term debtors	279	
-		Capital expenditure charged to general fund	(183)	
	(12,649)	Net movements		(818)
	(50,099)	Balance at 31 March		(50,917)

24.2 Revaluation reserve

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

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

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

2020/21			2021/22	
£000	£000		£000	£000
	(28,456)	Balance at 1 April		(28,222)
(1,492)		Upward revaluation of assets	(13,598)	
1,195		Downward revaluation or impairment of assets not charged to the (surplus)/deficit on the provision of services	6,229	
	(297)	(Surplus)/deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services		(7,369)
	-	Other adjustments for assets disposed of or transferred - amounts written off to the capital adjustment account		185
	531	Difference between fair value depreciation and historical cost depreciation - amounts written off to the capital adjustment account		657
	<u>(28,222)</u>	Balance at 31 March		<u>(34,749)</u>

24.3 Financial instruments adjustment account

The financial instruments adjustment account absorbs the differences between accounting for the fair value of loans given to individuals and organisations, and the actual income credited to the General Fund. The fair value of car loans was immaterial and has not been included.

2020/21			2021/22	
£000			£000	
	329	Balance at 1 April		315
		Amount by which finance costs charged to the comprehensive income and expenditure statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(648)	
	(14)		<u>(333)</u>	
	<u>315</u>	Balance at 31 March		

24.4 Financial instruments revaluation reserve

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

2020/21			2021/22	
£000			£000	
	156	Balance at start and end of year		156

24.5 Deferred capital receipts reserve

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

2020/21 £000		2021/22 £000
-	Balance at 1 April	30
	Adjustment of costs to be offset against future capital receipts	-
<u>30</u>		<u>-</u>
30	Balance at 31 March	30

24.6 Pensions reserve

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

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. 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.

2020/21 £000		2021/22 £000
65,805	Balance at 1 April	93,044
24,427	Actuarial (gains)/losses on pensions assets and liabilities	(29,981)
	Reversal of items related to retirement benefits debited or credited to the comprehensive income and expenditure statement	
7,439	Employer's contributions and direct payments to pensioners payable in year	11,660
<u>(4,627)</u>		<u>(4,881)</u>
93,044	Balance at 31 March	69,842

24.7 Collection fund adjustment account

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

2020/21		2021/22
£000		£000
1,382	Balance at 1 April	9,918
	Correction to opening balance	50
	Amount by which council tax income and non-domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non-domestic rates calculated for the year in accordance with statutory requirements	
8,536		(5,950)
9,918	Balance at 31 March	4,018

25. Cash flow statement

25.1 Adjustments to net deficit on the provision of services for non-cash movements

2020/21		2021/22
£000		£000
4,032	Depreciation	4,167
478	Impairment and downward revaluations	3,614
204	Amortisation	213
17,371	Increase in creditors	7,030
3,152	Decrease/(increase) in debtors	(3,289)
(64)	Increase in inventories	(13)
2,812	Pension liability	6,779
20	Carrying amount of non-current assets sold	263
(14,443)	Other non-cash items charged to the net surplus or deficit on the provision of services	682
13,562		19,446

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

2020/21		2021/22
£000		£000
(71)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(291)
(7,090)	Any other items for which the cash effects are investing or financing cash flows	(19,185)
(7,161)		(19,476)

25.3 Operating activities

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

2020/21		2020/21
£000		£000
873	Interest received	403
(494)	Interest paid	(528)

26. Cash flow statement - investing activities

2020/21		2021/22
£000		£000
(3,754)	Purchase of property, plant and equipment, investment property and intangible assets	(8,193)
-	Purchase of short term and long term investments	(21,000)
-	Other payments for investing activities	(3,822)
101	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	291
9,936	Other receipts from investing activities	19,668
6,283		(13,056)

27. Cash flow statement - financing activities

2020/21		2021/22
£000		£000
-	Cash receipts of short- and long-term borrowing	44
(4,536)	Repayments of short- and long-term borrowing	(553)
(11,289)	Other (payments)/receipts (for)/from financing activities	6,645
(15,825)		6,108

28. Members' allowances

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

2020/21		2021/22
£000		£000
378	Allowances	381
-	Expenses	4
378		385

29. Officers' remuneration

29.1 Senior officers' remuneration

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

	2021/22				
	Salary	Election fees	Total	Employer	Total
	(including allowances)		remuneration excluding pension contributions	pension contributions	remuneration including pension contributions
	£000	£000	£000	£000	£000
Managing director	139	-	139	24	163
Corporate director - people	89	-	89	15	104
Chief operating officer	77	-	77	13	90
Assistant director - corporate resources	77	-	77	13	90
Assistant director - transformation	76	-	76	13	89
Assistant director - recovery	74	-	74	13	87
Chief finance officer - s151 officer (1)	41	-	41	7	48
Chief finance officer - s151 officer (2)	31	-	31	5	36
Corporate director - place (3)	23	-	23	4	27

(1) Started 02/08/2021

(2) Ended 30/09/2021

(3) Started 05/01/2022

	2020/21				
	Salary	Election fees	Total	Employer	Total
	(including allowances)		remuneration excluding pension contributions	pension contributions	remuneration including pension contributions
	£000	£000	£000	£000	£000
Corporate director - places (David Edwards)	180	0	180	0	180
Managing director	137	0	137	23	160
Corporate director - places	87	0	87	15	102
Corporate director - people	84	0	84	15	99
Chief operating officer	76	0	76	13	89
Assistant director - transformation	76	0	76	13	89
Assistant director - corporate resources	76	0	76	13	89
Chief finance officer - s151 officer	60	0	60	10	70

29.2 Officers' remuneration

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

2020/21		2021/22
Number of employees		Number of employees
17	£50,000 - £54,999	12
4	£55,000 - £59,999	5
2	£60,000 - £64,999	3
1	£65,000 - £69,999	1
1	£70,000 - £74,999	1
3	£75,000 - £79,999	4
1	£80,000 - £84,999	-
1	£85,000 - £89,999	2
1	£135,000 - £139,999	1
1	£180,000 - £184,999	-
32		29

30. External audit costs

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

2020/21		2021/22
£000		£000
53	Fees payable to the appointed auditor with regard to external audit services	54
14	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	10
67		64

31. Grant income

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

2020/21		2021/22
£000		£000
	Credited to taxation and non specific grant income	
(2,212)	New homes bonus	(2,055)
(333)	Other non-ringfenced grants	(829)
(11,792)	S31 business rates relief	(5,860)
(397)	Capital grants	(6,727)
(2,145)	Covid-19 support	(758)
(16,879)		(16,229)

2020/21		2021/22
£000		£000
	Credited to services	
(27,360)	Rent allowances	(24,678)
(471)	Benefits administration	(431)
(1,495)	Improvement grants	(1,434)
(6,881)	Covid-19 support	(1,775)
(1,922)	Other grants	(3,231)
(38,129)		(31,549)

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:

31 March 2021		31 March 2022
£000		£000
	Capital	
-	Cambridgeshire Horizons - A14	(1,050)
-	Cambridgeshire Horizons - Other	(2,842)
	Decarbonisation scheme grant:	
(2,269)	One Leisure Ramsey	-
(1,514)	Pathfinder House	-
(3,783)		(3,892)
	Other	
(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:

31 March 2021		31 March 2022
£000		£000
(1)	Building foundations from growth	(1)
(190)	Godmanchester mill weir grant	(119)
(119)	Insurance contribution	-
	Market Town	(45)
	Future High Street	(597)
(37,273)	Community infrastructure levy	(47,460)
(37,583)		(48,222)

32. Related party transactions

The Council must disclose in the accounts any material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently.

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

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 28. Some members are also:

- elected members of other councils, including the county council, parish and town councils.
- 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 county council is the administering authority for the Council's pension fund, and many of the Council's services work with county council services on a day-to-day basis e.g., the Council is the statutory waste collection authority whereas the county council is the statutory waste disposal authority, but each of the councils has to pay the other in respect of certain types of waste.

During 2021/22, the Council:

- paid £5,933,000 to the county council (£5,653,000 for pensions and £280,000 for other services); and
- received £1,055,000 from the county council.

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

Payments (from)/to	CCC £000	SCDC £000	CPCA £000
ICT services	(3,722)	(2,070)	(39)
Legal services	222	-	-
Building control	125	-	-
CCTV	(309)	-	-

The home improvement agency is a shared service between the Council, Cambridge City Council and South Cambridgeshire District Council; the agency is managed by Cambridge City Council. The Council's grant applicants' contribution to the agency for 2021/22 was £177,000 (2020/21 £182,000), which represents 15% (2020/21 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 £1,000 in 2021/22 (2020/21 £2,000).

Huntingdonshire District Council are responsible for billing and collecting council tax and national non-domestic rates on behalf of the following preceptors:

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

Full details of the amounts payable to each of the organisations are shown in the collection fund on page 80.

In respect of 2021/22 43 members out of the 54 members who served the Council and 14 officers out of the 14 officers in post returned a related party transaction disclosure form.

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

Person	Organisation	Relationship	Payments made by the organisation to the Council 2021/22 £	Payments made by the Council to the organisation 2021/22 £	Interest
Councillor Pitt	Neotists CIC	Contractor	-	2,499	St Neots Microfest 2021
	Hunts Forum of Voluntary Organisations	Community officer	*	62,300	Voluntary sector agreement
Councillor Conboy	Godmanchester Town Council	Members	*	800	Community chest grant 2021/22
Councillor Grice	Godmanchester Town Council	Assistant facilitator	*	800	Community chest grant 2021/22
	Godmanchester Town Show	Chairman	-	800	Community chest grant 2021/22
Councillor Wilson	Godmanchester Town Council	Members	*	800	Community chest grant 2021/22
	Godmanchester Town Show	Member	-	800	Community chest grant 2021/22
Councillor Criswell	Hunts Forum of Voluntary Organisations	Member	*	62,300	Voluntary sector agreement
Councillor Kadewere	Hunts Forum of Voluntary Organisations	Contractor	*	62,300	Voluntary sector agreement
Councillor Sanderson	BID Huntingdon	Board member	-	9,849	Ops Family Fun Day £7,350 & BID Christmas in Huntingdon £2,499

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

33. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

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

2020/21		2021/22
£000		£000
71,824	Opening capital financing requirement	71,431
	Capital investment	
2,432	Property, plant and equipment	6,989
141	Intangible assets	180
3,110	Revenue expenditure funded from capital under statute	2,268
2	Investment properties	112
1,331	Assets under construction	1,042
44	Infrastructure assets	496
	Sources of finance	
(966)	Capital receipts	(609)
(1,583)	Grants and other contributions	(2,261)
(1,863)	Capital grants unapplied reserve - community infrastructure levy	(837)
(439)	Capital grants unapplied reserve - other	(5,492)
-	Use of earmarked reserves	(155)
-	Use of s106 reserve	(28)
(2,602)	Minimum revenue provision	(2,758)
71,431	Closing capital financing requirement	70,378
(393)	Decrease in underlying need to borrow (unsupported by government financial assistance)	(1,053)

34. Leases

34.1 Council as lessee

34.1.1 Finance leases

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

31 March 2021		31 March 2022
£000		£000
313	Investment properties	60

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:

2020/21		2021/22
£000		£000
545	Non-current	545
2,754	Finance costs payable in future years	2,715
3,299		3,260

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

2020/21			2021/22	
Finance lease payments £000	Minimum lease payments £000		Finance lease payments £000	Minimum lease payments £000
-	39	Not later than 1 year	-	39
1	156	Later than 1 year and not later than 5 years	1	156
544	3,104	Later than 5 years	544	3,065
545	3,299		545	3,260

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 2021/22 £81,000 contingent rents were payable by the Council (2020/21 £81,000).

34.1.2 Operating leases

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

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

2020/21			2021/22	
£000			£000	
6	Non-current		18	
6			18	

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

2020/21			2021/22	
£000			£000	
13	Lease payments		32	
13			32	

34.1.3 Service concessions

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

34.2 Council as lessor

34.2.1 Finance leases

The Council has no finance leases as lessor.

34.2.2 Operating leases

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

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

2020/21		2021/22	
£000		£000	
(3,734)	Not later than 1 year	(4,881)	
(8,495)	Later than 1 year and not later than 5 years	(14,706)	
(23,926)	Later than 5 years	(31,899)	
(36,155)		(51,486)	

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.

35. Impairment losses

During 2021/22 the Council has recognised impairments to property, plant and equipment of £nil (2020/21 £nil).

36. Termination benefits and exit packages

The Council approved 4 compulsory redundancies (2020/21: 22) and 0 voluntary redundancies (2020/21: 0). In addition, a further 7 employees left the council in 2021/22 with a compromise agreement (2020/21: 2).

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

	Number of redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
							£000	£000
£0 - £20,000	18	3	2	5	20	8	148	42
£20,001 - £40,000	2	-	-	2	2	2	62	49
£40,001 - £60,000	1	1	-	-	1	1	41	57
£60,001 - £80,000	1	-	-	-	1	-	63	-
	22	4	2	7	24	11	314	148

367 Defined benefit pension schemes

37.1 Participation in pensions schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Cambridgeshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

37.2 Transactions relating to post-employment benefits

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

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

2020/21		2021/22
£000		£000
	Comprehensive income and expenditure statement	
	Cost of services	
5,912	Current service cost	9,580
-	Past service cost	172
	Financing and investment income and expenditure	
4,826	Net interest expense	5,492
(3,299)	Expected return on scheme assets	(3,584)
7,439	Total post employment benefit charged to the (surplus)/deficit on the provision of service	11,660
	Other post employment benefit charged to the comprehensive income and expenditure statement	
	Re-measurement of the net defined benefit liability comprising:	
32,572	Return on plan assets (excluding the amount included in the net interest expense)	10,275
(2,946)	Actuarial gains and losses arising on changes in demographic assumptions	1,350
(56,393)	Actuarial gains and losses arising on changes in financial assumptions	18,919
2,340	Other experience (gains) and losses	(563)
(24,427)	Total post employment benefit charged to other comprehensive income and expenditure	29,981
(16,988)	Total post employment benefit charged to the comprehensive income and expenditure	41,641

2020/21		2021/22
£000		£000
Movement in reserves statement		
	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)		(11,660)
	Actual amount charged against the general fund for pensions in the year:	
4,457	Employer contributions to the scheme	4,710
170	Retirement benefits payable to pensioners	171
(2,812)	Total movement in pensions reserve	(6,779)

The amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2021/22 is a gain of £29,981,000 (a loss of £24,427,000 during 2020/21).

37.3 Assets and liabilities in relation to post-employment benefits

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

	Funded liabilities		Unfunded liabilities: discretionary benefits	
	2020/21	2021/22	2020/21	2021/22
	£000	£000	£000	£000
Opening balance at 1 April	(206,927)	(269,842)	(2,483)	(2,519)
Current service cost	(5,912)	(9,580)	-	-
Interest cost	(4,826)	(5,492)	-	-
Change in financial assumptions	(56,187)	18,942	(206)	(23)
Change in demographic assumptions	(2,946)	1,350	-	-
Experience gain on defined benefit obligation	2,340	(563)	-	-
Estimated benefits paid net of transfers in	5,709	5,872	-	-
Past service costs including curtailments	-	(172)	-	-
Contributions by scheme participants	(1,093)	(1,151)	-	-
Unfunded pension payments	-	-	170	171
Closing balance at 31 March	(269,842)	(260,636)	(2,519)	(2,371)

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2020/21	2021/22
	£000	£000
Opening balance at 1 April	143,605	179,317
Interest on assets	3,299	3,584
Return on assets less interest	32,572	10,275
Other actuarial gains	-	-
Administration expenses	-	-
Contributions by employer including unfunded	4,457	4,710
Contributions by scheme participants	1,093	1,151
Estimated benefits paid plus unfunded net of transfers in	(5,709)	(5,872)
Closing balance at 31 March	179,317	193,165

Pension scheme assets comprised:

	31 March 2021				31 March 2022			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset
	£000	£000	£000		£000	£000	£000	
UK debt securities	-	7,238	7,238	4%	-	9,480	9,480	5%
Private equity	-	16,692	16,692	9%	-	20,616	20,616	11%
UK property	-	10,934	10,934	6%	-	13,565	13,565	7%
Overseas property	-	2	2	0%	-	-	-	0%
Cash	4,926	-	4,926	3%	1,868	-	1,868	1%
Other derivatives	-	(2,121)	(2,121)	(1%)	-	391	391	(0%)
Other investment funds:								
Equities	-	106,753	106,753	60%	-	111,366	111,366	58%
Infrastructure	-	15,046	15,046	8%	-	15,348	15,348	8%
Other bonds	-	19,847	19,847	11%	-	20,531	20,531	11%
	4,926	174,391	179,317		1,868	191,297	193,165	

37.4 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The local government pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2019.

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

The significant assumptions used by the actuary have been:

2020/21

2021/22

Mortality assumptions		
Longevity at 65 for current pensioners:		
22.2	Men	22.0
24.4	Women	24.2
Longevity at 65 for future pensioners:		
23.2	Men	22.9
26.2	Women	26.0
3.35%	Rate of increase in salaries	3.70%
2.85%	Rate of increase in pensions	3.20%
2.00%	Rate for discounting scheme liabilities	2.70%

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

Increase in
assumption

£000

Longevity (increase or decrease in 1 year)	3-5%
Rate of increase in salaries (increase or decrease by 0.1%)	437
Rate of increase in pensions (increase or decrease by 0.1%)	4,695
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(5,170)

37.5 Impact on the Council's cash flows

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £69,842,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, 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 actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Employer contributions for 2022/23 are estimated at £4,554,000.

37.6 Scheme history

	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022
	£000	£000	£000	£000	£000
Present value of liabilities:					
Local government pension scheme	(212,930)	(239,036)	(206,927)	(269,842)	(260,636)
Discretionary benefits	(3,009)	(2,798)	(2,483)	(2,519)	(2,371)
Fair value of assets in the local government pension scheme	143,608	152,753	143,605	179,317	193,165
Surplus in the scheme:					
Local government pension scheme	(69,322)	(86,283)	(63,322)	(90,525)	(67,471)
Discretionary benefits	(3,009)	(2,798)	(2,483)	(2,519)	(2,371)
Total	(72,331)	(89,081)	(65,805)	(93,044)	(69,842)

37.7 History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2021/22 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2022:

	2017/18	2018/19	2019/20	2020/21	2021/22
	%	%	%	%	%
Differences between the expected and actual return on assets	18.32	(0.36)	3.87	18.16	5.32
Experience gains and losses on liabilities	(0.01)	0.07	7.71	(0.86)	0.22

38. Nature and extent of risks arising from financial instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

38.1 Credit risk

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

In relation to investments, the Council has adopted CIPFA's code of practice on treasury management in the public services, has an agreed treasury management strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's prudential code.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £75,416,000 (2020/21 £64,850,000) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2022 that this was likely to occur and there are no investments that as at 31 March 2022 were with institutions that had failed.

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

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

Amount at 31 March 2022	Average historical experience of default	Historial experience adjusted for market conditions at 31 March 2022	Estimated maximum exposure to default and uncollectability at 31 March 2022	Estimated maximum exposure to default and uncollectability at 31 March 2021
£000			£000	£000

Sundry debtors	5,198	2.52%	2.52%	1,492	1,682
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No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and customers.

The Council does not generally allow credit for customers, such that £2,132,000 of the £5,198,000 balance is past its due date for payment. The due but not impaired amount can be analysed by age as follows:

31 March 2021		31 March 2022
£000		£000
2,798	Less than three months	3,066
117	Three to six months	302
772	Six months to one year	705
1,337	More than one year	1,125
<u>5,024</u>		<u>5,198</u>

38.2 Liquidity risk

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

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

38.3 Market risk

38.3.1 Interest rate risk

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

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

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

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

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

38.3.2 Price risk

At 31 March 2022 the Council had £4,000,000 invested in the local authorities property fund which is a professionally managed diversified property portfolio.

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

A gain of £666,000 in respect of the local authorities property fund has been recognised in other comprehensive income and expenditure in 2021/22 (2020/21 £28,000). This reflects general movements in the value of the shares, and the spread between the 'offer' price at which the shares were purchased and the 'bid' price that any purchaser would pay for them.

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

38.3.3 Foreign exchange risk

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

39. Provisions, contingent assets and contingent liabilities

39.1 Provisions

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

	Short term provisions		
	NDR appeals provision	Insurance claim	Total
	£000	£000	£000
Balance at 1 April 2020	(1,943)	(13)	(1,956)
Amounts used in 2020/21	294	-	294
Amounts charged to services in 2020/21	(121)	-	(121)
Balance at 31 March 2021	(1,770)	(13)	(1,783)
Amounts used in 2021/22	946	-	946
Amounts charged to services in 2021/22	(294)	-	(294)
Balance at 31 March 2022	(824)	(13)	(1,131)

- Non-domestic ratings (NDR) appeals – the council has made a provision of £2,794,000 for non-domestic ratings appeals which based upon its best estimates of the actual liability of known appeals as at the year-end. £824,000 would have to be borne by the Council, with the balance being met from the other preceptors. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.
- Insurance - this provision relates to a workplace related illness acquired by an employee who was working for a predecessor authority pre-1974. It has not been possible to identify the insurer who provided employees liability cover and consequently the Council will be responsible for the cost of the claim.

39.2 Contingent assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. At 31 March 2022, the Council had no material contingent assets.

39.3 Contingent liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2022.

2020/21 Estimated value of contingent liability	2021/22 Estimated value of contingent liability
£000	£000
2,850	2,700
<p>Environment related</p> <p>The Environmental Protection Act 1990 Part IIA makes the Council liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. If the planning application made to the County Council is approved, this will reduce the probability of abandonment and the likelihood of the Council becoming liable will reduce considerably.</p> <p>However, at this time there is a possibility that the Council could be liable if the site is abandoned. Current estimates are that the cost of leachate treatment would cost £150,000 per annum for 18 years (originally 30 years).</p>	
656	652
<p>Corporate related</p>	
<p>Some years ago, the Council was insured by Municipal Mutual Insurance (MMI); unfortunately whilst the Council was insured by MMI they went into liquidation. Following the collapse of MMI, a scheme of arrangement was made that allowed MMI to 'run-off' the business and deal with outstanding claims. Due to the increasing numbers of liability claims that MMI continued to receive, MMI pursued the matter of their continuing liability through the courts. The supreme court gave judgement in March 2012. This clarified MMI's position in respect of future claims and led ultimately to increasing liabilities for MMI. The scheme of arrangement was enforced in January 2014. A £0.201m levy has been charged against the Council, which represents 25% of the total claims paid by MMI on behalf of the Council since 1993 (£0.858m) less a protected liability sum of £50k as agreed by the Financial Services Compensation Board.</p> <p>The contingent liability shown for 2021/22 is the balance of the total claims paid by MMI on behalf of the Council.</p>	

Collection fund

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

2020/21			2021/22			
Council tax	NNDR	Total	Council tax	NNDR	Total	
£000	£000	£000	note	£000	£000	
(120,815)	-	(120,815)	C2	(127,081)	-	(127,081)
-	(40,996)	(40,996)	C3	-	(55,601)	(55,601)
-	717	717		-	351	351
(120,815)	(40,279)	(161,094)		(127,081)	(55,250)	(182,331)
Income						
85,430	-	85,430		88,682	-	88,682
14,623	-	14,623		15,686	-	15,686
4,531	-	4,531		4,658	-	4,658
16,421	-	16,421		16,784	-	16,784
Payments of NNDR 1 proportionate shares						
-	30,962	30,962	C3	-	31,146	31,146
-	5,573	5,573	C3	-	5,607	5,607
	619	619	C3		623	623
-	24,769	24,769	C3	-	24,917	24,917
Distribution of previous year estimated surplus/(deficit)						
-	513	513	C4	-	(11,749)	(11,749)
(4,764)	92	(4,672)	C4	1,541	(2,115)	(574)
(809)	-	(809)	C4	264	-	264
(257)	10	(247)	C4	82	(235)	(153)
(907)	410	(497)	C4	296	(9,399)	(9,103)
Charges to the collection fund						
-	1,145	1,145		-	1,140	1,140
-	864	864		-	1,089	1,089
-	218	218		-	219	219
815	538	1,353		1,115	128	1,243
-	(432)	(432)		-	(1,632)	(1,632)
115,083	65,281	180,364		129,108	39,739	168,847
(5,732)	25,002	19,270		2,027	(15,511)	(13,484)
4,387	749	5,136		(1,345)	25,751	24,406
(1,345)	25,751	24,406		682	10,240	10,922
(Surplus)/deficit for the year						
Accumulated deficit/(surplus) b/fwd						
Accumulated (surplus)/deficit c/fwd						

Notes to the collection fund

C1. General

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

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

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

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

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

The national code of practice followed by local authorities in England stipulates that a collection fund income and expenditure account is included in the Council's financial statements. The collection fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between Huntingdonshire District Council and the major preceptors in proportion to their demand on the fund for the year. The major preceptors' share of the assets and liabilities of the Collection Fund are shown as a debtor in Huntingdonshire District Council's accounts. Huntingdonshire District Council's share of the assets and liabilities are held in the Collection Fund Adjustment Account reserve.

C2. Calculation of council tax

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

Band	2021/22			
	Number of chargeable homes less exemptions and discounts	Exemptions and discounts	Factor	Band D equivalents
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	-	18/9	282
Council tax base				<u>62,618</u>

C3. Non-domestic rates

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

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

The business rates shares payable for 2021/22 were estimated before the start of the financial year as £31,146,519 to central government, £5,506,374 to Cambridgeshire County Council, £622,930 to Cambridgeshire Fire Authority and £24,917,216 to Huntingdonshire District Council. These sums have been paid in 2021/22 and charged to the collection fund in the year.

When the scheme was introduced, central government set a baseline level for each authority identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to central government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Huntingdonshire District Council paid a tariff of £18,536,234 from the general fund in 2021/22.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2022. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2021/22 has been calculated as a credit of £1,632,000 (2020/21: a credit of £432,000).

The total non-domestic rateable value at 31 March 2022 was £153,325,505 (31 March 2021: £151,934,658). The national non-domestic rate multiplier for the year was 49.9p for small businesses (2020/21: 49.9p) and 51.2p for all other businesses (2020/21: 51.2p).

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Glossary of terms

Accrual

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

Actuarial assumptions

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

Amortisation

The gradual write-off of initial costs of assets.

Asset

An item having value to the Council in monetary terms.

Balance

Unallocated reserves held to resource unpredictable expenditure demands.

Business improvement district

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

Capital charges

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

Capital expenditure

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

Capital financing charges

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

Capital adjustment account

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

Capital receipts

Income received from selling non-current assets.

Carrying amount

The value of an asset or liability in the balance sheet.

CIPFA

This is the Chartered Institute of Public Finance and Accountancy which is the body that represents accounting in the public sector.

Collection fund

A separate fund that records the income and expenditure relating to council tax and non-domestic rates.

Community infrastructure levy

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

Contingent liabilities

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

Council tax

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

Creditors

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

Current assets

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

Debtors

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

Depreciation

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

Earmarked reserves

Money set aside for a specific purpose.

Exceptional item

A material item in the comprehensive income and expenditure statement that falls within the ordinary activities of the Council, but which needs to be disclosed separately by virtue of its size to give a fair presentation of the accounts.

Fair value

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

Finance lease

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

Impairment

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

Impairment of debts

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

Intangible assets

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

Liabilities

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

Liquid resources

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

Local enterprise partnership

A government initiative to boost economic growth within defined and agreed geographical areas. Funding to enable this growth is derived from the non-domestic rates collected for that area and channelled into the "partnership" to fund schemes.

Minimum revenue provision

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

Non-domestic rates

Rates which are levied on business properties. From 1st April 2013, as a consequence of the Local Government Finance Act 2012, a local non-domestic rating regime was introduced that included the business rates retention scheme (see also tariff and safety net).

Operating leases

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. An operating lease is where the ownership of the non-current asset remains with the lessor.

Precept

A payment to the Council's general fund, or another local council, from the Council's collection fund.

Prior year adjustments

These are material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors.

Property, plant and equipment

Non-current assets that give benefit to the Council and the services it provides for more than one year.

Provisions

Monies set aside for liabilities or losses which are likely to be incurred but where the exact amounts or dates on which they will arrive are uncertain.

Reclassification

Where comparative (prior year) figures are reclassified into new categories of income or expenditure, and the change has not been the result of a material error or accounting policy but the amount is "material" then this is a reclassification.

Responsible financial officer

The designated post within the Council, as determined by the Accounts and Audit Regulations 2015, which holds the statutory S.151 responsibility (Local Government Act 1972). This responsibility is in respect of ensuring the proper administration of the Council's financial affairs. This post was formerly known as Chief Financial Officer.

Restated

Where there has been a material error in the accounts or a new accounting policy has been applied, then the comparative (prior year) figures have to be restated as if the correction or policy had been in place as at the end of the previous financial year.

Revenue expenditure funded from capital under statute

Spending on items normally classed as revenue but which are defined by statute as capital, e.g., improvement grants.

Revaluation reserve

The account that reflects the amount by which the value of the Council's assets has been revised following revaluation or disposal.

Revenue expenditure

Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

Revenue support grant

A grant from central government towards the cost of providing services.

Safety net

The scheme for localising non-domestic rates (NDR) includes a safety net provision. Where the actual NDR after tariff is less than 92.5% of the funding baseline, central government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

Section 106

Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

Tariff

The scheme for localising non-domestic rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays central government a tariff equal to the difference between the two baselines.

True and fair view override

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, the Responsible Financial Officer is required to certify that the statement of accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the “true and fair view override”. This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e., to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

Abbreviations

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



**HUNTINGDONSHIRE DISTRICT COUNCIL
AUDIT OF ACCOUNTS 2021/22
NOTICE OF PUBLIC RIGHTS**

**Notice given in accordance with the Local Audit and Accountability Act 2014 and
Section 15 of the Accounts and Audit Regulations 2015**

Notice is hereby given that the unaudited Statement of Accounts for 2021/22 and the Annual Governance Statement have been prepared and published on the council's website. These are subject to change.

The Statement of Accounts includes the Narrative Report and the Annual Governance Statement prepared in accordance with the Accounts and Audit Regulations.

The Council's accounts are subject to external audit by **Mark Hodgson, Associate Partner, Ernst & Young LLP, 1 Cambridge Business Park, Cowley Road, Cambridge, CB4 0WZ.**

Members of the public and local government electors have certain rights in the audit process:

From 18 July 2022 to 26 August 2022 inclusive (excluding weekends), between 9.30 am and 4.30pm, at Pathfinder House, St Mary's Street, Huntingdon any person interested has the opportunity to inspect and make copies of the accounts and books, deeds, contracts, bills, vouchers, receipts and other documents should contact the Director of Finance and Resources on 01480 387072 or at karen.sutton@huntingdonshire.gov.uk to discuss their requirements.

From 18 July 2022 to the 26 August 2022, a local government elector for the area of the Council, or his or her representative, may by prior arrangement ask the auditor questions about the accounts. Please contact the auditor at the address above to make arrangements.

During this period, a local government elector for the area, or his or her representative, may object to the Council's accounts asking that the auditor issue a report in the public interest (under section 27 of the local Audit and Accountability Act 2014) and/or apply for a declaration that an item in the accounts is contrary to law (under Section 28 of the Local Audit and Accountability Act 2014). Written notice of a proposed objection and the grounds on which it is to be made must be sent to the auditor at the address given above and copied to the Council at the address given below.

Dated 18 July 2022

Mrs Karen Sutton
Director of Finance and Resources
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
PE29 3TN

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 13th July 2022

Executive Portfolio: Executive Councillor for Corporate & Shared Services - Councillor Martin Hassall

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 21st June 2022:

33 actions implemented - 33% on time, increasing to 54% when including late implementation

28 actions not implemented – 46%

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

37 overdue audit actions remained outstanding at 21st June 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.

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. Therefore, it is reasonable that all actions should be completed by their target date or reasons presented where this is not possible.

3.3 For the 12 months ending 21st June 2022, 61 audit actions were due to be implemented. The following shows the performance against due dates:

- 33% (20 actions) were "implemented on time"; this increases to
- 54% (33 actions) when late implementation is also included
- 28 actions (46%) 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 extension process the 100% indicator was still not being achieved. Last quarter it was 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 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 20th June 2022, 37 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 37 actions:

- 5 actions 2 years+
- 7 actions are 1 year+
- 18 actions are between 6 months and 1 year overdue
- 7 actions are less than 6 months overdue

** Time is measured from the 'original target implementation date' to the 20th June 2022.*

- 4.4 In preparation for this report, owners of overdue audit actions have been asked to provide an update as to the status/progress of their action(s). The detail in Appendix 2 provides this '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 manage and 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 21st June 2022
Appendix 2 – Full Detail of Overdue Audit Actions as at 21st June 2022
Appendix 3 – Trend line of implementation of audit actions

BACKGROUND PAPERS

Audit actions contained within the 4Action system

CONTACT OFFICER

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Appendix 1: Summary of Overdue Audit Actions @ 21st June 2022

Summary	Fixed Target	Status	Priority Level	Days late	months late
3Cs ICT					
Access Management Control 19.20 / 5	31/08/2020	In Progress	Amber	659	22
Network System Resilience & Availability 19.20 / 1	31/10/2020	In Progress	Amber	598	20
Protocol Policy Management System 18.19 / 3	01/06/2020	In Progress	Amber	750	25
Hardware & Software Asset Management Control 19/20 / 3	01/09/2020	In Progress	Amber	658	22
Cyber Security Risk Management 2020.21 / 6	31/07/2021	In Progress	Red	325	11
Cyber Security Risk Management 2020.21 / 2	30/09/2021	In Progress	Amber	264	9
Cyber Security Risk Management 2020.21 / 3	30/09/2021	Not Started	Amber	264	9
Cyber Security Risk Management 2020.21 / 4	30/09/2021	In Progress	Red	264	9
Digital Services - Development and Management 2020.21 / 7	31/12/2021	In Progress	Amber	172	6
Digital Services - Development and Management 2020.21 / 8	31/12/2021	In Progress	Amber	172	6
Inventory of IT Assets 2021.22 / 4	31/05/2022	Not Started	Amber	21	1
Chief Operating Officer					
PCI DSS 18.19 / 3	01/04/2020	Not Started	Amber	811	27
PCI DSS 18.19 / 4	01/04/2020	In Progress	Amber	811	27
PCI DSS 18.19 / 5	01/04/2020	In Progress	Amber	811	27
Corporate Director					
Data Protection and Information Management 15.16	30/09/2016	In Progress	Amber	2090	69
Corporate Resources					
Purchase Order Compliance 2019.20 / 8	30/04/2021	In Progress	Amber	417	14

Land Charges 18.19 / 3	30/06/2021	In Progress	Amber	356	12
Purchase Order Compliance 2019.20 / 1	30/06/2021	Not Started	Amber	356	12
Purchase Order Compliance 2019.20 / 2	30/06/2021	In Progress	Amber	356	12
Creditors 2020.21 / 3	31/07/2021	In Progress	Amber	325	11
Creditors 2020.21 / 4	30/09/2021	In Progress	Amber	264	9
Main Accounting System 2020.21 / 3	30/09/2021	In Progress	Amber	264	9
Purchase Order Compliance 2019.20 / 5	30/09/2021	In Progress	Amber	264	9
Purchase Order Compliance 2019.20 / 6	30/09/2021	Not Started	Amber	264	9
Purchase Order Compliance 2019.20 / 7	30/09/2021	Not Started	Amber	264	9
Purchase Order Compliance 2019.20 / 4	31/10/2021	In Progress	Amber	233	8
Treasury Management 2020.21 / 2	31/10/2021	In Progress	Amber	233	8
Budget Monitoring and Forecasting 2020.21 / 1	31/12/2021	In Progress	Amber	172	6
Budgets and MTFS 2020.21 / 1	31/12/2021	In Progress	Amber	172	6
Treasury Management 2020.21 / 1	10/06/2021	In Progress	Amber	376	12
Debtors 2020.21 / 1	31/03/2022	In Progress	Amber	82	3
Budgets and MTFS 2020.21 / 2	31/03/2022	In Progress	Amber	82	3
Creditors 2020.21 / 2	31/03/2022	Not Started	Amber	82	3
Main Accounting System 2020.21 / 1	30/09/2021	In Progress	Amber	264	9
Main Accounting System 2020.21 / 4	31/03/2022	In Progress	Amber	82	3
Small Works Contract 21.22 / 1	30/04/2022	Not Started	Amber	52	2
Small Works Contract 21.22 / 2	31/05/2022	Not Started	Amber	21	1

Total = 37

* Status of "Not started" means that no progress 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 (includes action detail and action owner's update on progress.)

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Appendix 2: Full Detail of Overdue Audit
Actions June 2022

Audit Name	Priority Level	Action Detail	Fixed Target	Last Update	Last Update Detail	Service Area
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.	Corporate Team
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	20/06/22	<p>HDC's approach has been to mitigate our noncompliance by taking training actions, and stopping call recordings. However, these are mitigations while we work towards full compliance, they do not make us PCI compliant.</p> <p>Any staff member who takes payments are trained as part of being given access to Capita. However, for HDC to be PCI complaint we either have to:</p> <ul style="list-style-type: none"> • Stop customer card details entering our network (including being spoken to advisors even when calls are not recorded) via technical solutions and integrations • Create a separate accredited network where staff can take card details (thought to be undesirable) • Allow card details to enter our network but make the whole 3C network PCI compliant (considered impractical \ staff resource heavy and costly) <p>HDC is operating some payment systems like Gladstone (for Leisure) which require the customer to speak their card details to a Leisure agent while they are input into a chip and pin machine run in a 'card holder not present mode'. Integrating Gladstone into an IMS would be one option.</p> <p>So HDC's current position is we are working with outside specialists from the NCC Group alongside City and SCDC to document every route to full compliance and then decide on the appropriate one. The implications of doing nothing will also be specified.</p> <p>The Capita IMS contract is coming to an end next year, so PCI compliance is being considered alongside the tender for a new IMS. One option from NCC report could be including PCI compliance measures for all systems in the new IMS</p>	Chief Operating Officer

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

20/06/22

HDC's approach has been to mitigate our noncompliance by taking training actions, and stopping call recordings. However, these are mitigations while we work towards full compliance, they do not make us PCI compliant.

Chief Operating Officer

Any staff member who takes payments are trained as part of being given access to Capita. However, for HDC to be PCI compliant we either have to:

- Stop customer card details entering our network (including being spoken to advisors even when calls are not recorded) via technical solutions and integrations
- Create a separate accredited network where staff can take card details (thought to be undesirable)
- Allow card details to enter our network but make the whole 3C network PCI compliant (considered impractical \ staff resource heavy and costly)

HDC is operating some payment systems like Gladstone (for Leisure) which require the customer to speak their card details to a Leisure agent while they are input into a chip and pin machine run in a 'card holder not present mode'. Integrating Gladstone into an IMS would be one option.

So HDC's current position is we are working with outside specialists from the NCC Group alongside City and SCDC to document every route to full compliance and then decide on the appropriate one. The implications of doing nothing will also be specified.

The Capita IMS contract is coming to an end next year, so PCI compliance is being considered alongside the tender for a new IMS. One option from NCC report could be including PCI compliance measures for all systems in the new IMS

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

20/06/22

HDC's approach has been to mitigate our noncompliance by taking training actions, and stopping call recordings. However, these are mitigations while we work towards full compliance, they do not make us PCI compliant.

Chief Operating Officer

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The Capita IMS contract is coming to an end next year, so PCI compliance is being considered alongside the tender for a new IMS. One option from NCC report could be including PCI compliance measures for all systems in the new IMS

Protocol Policy Management System 18.19 / 3	Amber	Management will put a plan in place to seek staff awareness of IT policies by including a rolling awareness programme for extant policies within the protocol policy management system.	01/06/20	15/06/22	Update on evidence - This is with HR service to action. Alternative if not possible by end of July 2022 then ICT will recommend this risk is accepted with alternative manual methods (i.e email) of recording staff acknowledgement of policy. Monthly update from HR is that they are still working on how to add the AUP to Irent and prove staff have read this.	3C ICT
Access Management Control 19.20 / 5	Amber	Head of IT & Digital 3C Shared Services should ensure requirements for setting up new user access to the network are set out in formal policy document and is uploaded onto the intranet and the PPMS. Line managers acknowledge the formal policy set out by 3CSS which ensures ECSS are notified of leavers in timely manner.	31/08/20	15/06/22	Monthly update from HR is that they are still working on how to add the AUP to Irent and prove staff have read this.	3C ICT
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	09/06/22	Extract of Hornbill database has been done to complete a 20% review of stock and being written into inventory process to ensure this is completed on a quarterly basis. Will upload review once completed, eta 24/06/2022	3C ICT
Network System Resilience & Availability 19.20 / 1	Amber	Management should establish planned schedule for testing of data centre failover. Testing should be undertaken on at least an annual basis.	31/10/20	15/06/22	We will be testing this process at the end of July as part of NSX project. We will close this action and provide evidence of CAB schedule showing work.	3C ICT
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	10/06/22	Systems Accountant been diverted to managing AP/AR team due to problems the section is experiencing	Corporate Resources
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. 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	17/06/22	The opportunities will be documented in the TCMG meeting summaries (both those rejected and progressed) as part of business as usual.	Corporate Resources
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 & SDC. 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.	Corporate Resources
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	10/06/22	Meeting arranged for 15th June to see if we can set it up	Corporate Resources
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	10/06/22	The current process for justifying land charge fees is cumbersome, and in my opinion, unnecessarily complicated. This opinion is shared by the current land charges service manager. The current spreadsheet used was created several years ago, and has been refined by subsequent finance staff, but there is still a lot of information which is not finance based which has to be provided by the service. I have asked the current land charges manager to make enquiries of other local authorities as to the method they use, but I am unsure whether this has happened yet. As such, I am unwilling to expend resources writing process notes for something which may change imminently	Corporate Resources

Cyber Security Risk Management 2020.21 / 6	Red	<p>Management should ensure that the migration plans of unsupported Windows system is recorded and tracked to completion.</p> <p>It should also be included within the Council's ICT Risk Register and take steps to decommission these devices as soon as possible.</p>	31/07/21	09/06/22	<p><i>Audit reopened after follow up work found only partially implemented. No update provided by action owner</i></p>	3C ICT
Creditors 2020.21 / 3	Amber	<p>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.</p>	31/07/21	31/01/22	<p>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).</p>	Corporate Resources
Purchase Order Compliance 2019.20 / 5	Amber	<p>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.</p> <p>Guidance will give specific reference to use of retrospective ordering; correct VAT codes; use of the delegation functionality to avoid delays; etc. Guidance should be posted to the 'Popular' section of the Intranet for quick access for users.</p>	30/09/21	31/01/22	<p>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/Ee5k4c1c10VKvYnKhogV6vsBizP-Kviu8WfIXDh82NNSzQ?e=w4JWER</p>	Corporate Resources
Purchase Order Compliance 2019.20 / 6	Amber	<p>The above user guidance will include specific guidance on the use of retrospective ordering (when it is appropriate/efficient to use).</p> <p>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.</p>	30/09/21	31/01/22	<p>Action reassigned to Sandra Dean - action transferred with implementation date already passed and no extension provided.</p>	Corporate Resources
Purchase Order Compliance 2019.20 / 7	Amber	<p>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.</p> <p>This will be set-up and users provided with education and a demo on its use and application within Services.</p>	30/09/21	31/01/22	<p>Action reassigned to Sandra Dean - action transferred with implementation date already passed and no extension</p>	Corporate Resources
Cyber Security Risk Management 2020.21 / 2	Amber	<p>Management should complete the update of the Council's Information Security Policy and ensure that it is communicated to all staff.</p> <p>A section should be included to provide adequate guidance for users regarding the secure usage of mobile devices/laptops/phones to reduce the risk of misuse/potential loss or theft/confidential data exposure.</p>	30/09/21	15/06/22	<p>Update on evidence - This is with HR service to action. Alternative if not possible by end of July 2022 then ICT will recommend this risk is accepted with alternative manual methods (i.e email) of recording staff acknowledgement of policy.</p> <p>Monthly update from HR is that they are still working on how to add the AUP to Irent and prove staff have read this.</p>	3C ICT

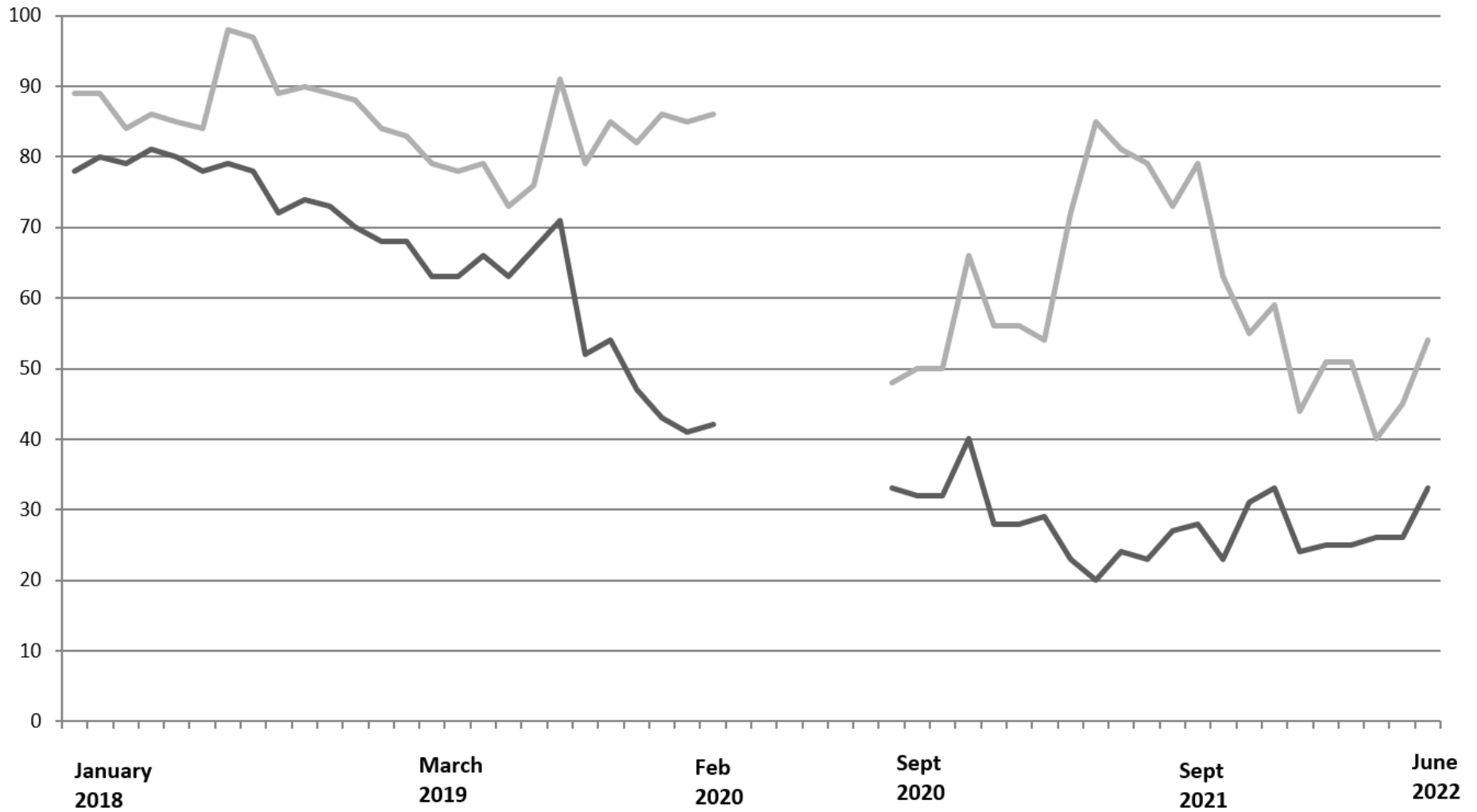
Cyber Security Risk Management 2020.21 / 3	Amber	<p>Management should complete the update of the Council's Cyber Security Incident Response Plan. The plan's contents should reflect the guidance provided by the NCSC (National Cyber Security Centre) and include the following:</p> <ul style="list-style-type: 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		no update provided by action owner	3C ICT
Cyber Security Risk Management 2020.21 / 4	Red	<p>Management should undertake a review to assess the content, delivery method and quality of the council's user education programmes for cyber/IT security.</p> <p>Efforts should be made to harmonise the education packages, extracting the most relevant elements from each to create an optimum package.</p> <p>Due to increased security concerns as a result of COVID-19, the awareness training should be focused on phishing emails and social engineering.</p> <p>This education should be deployed to users at least on an annual basis, with consideration given to bi-annual refresher sessions.</p> <p>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.</p> <p>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.</p>	30/09/21	20/04/22	example of up to date/ new content for cyber security training	3C ICT
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	10/06/22	BCP for TechOne part of overall Finance BCP which has been issued to relevant users to update for their modules	Corporate Resources
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	15/06/22	Action has now been handed over to the Payroll Manager who is in the process of confirming and documenting reconciliation processes and will then be completing them each month - copies will be passed to the Interim Finance Manager (or a member of her team) for review.	Corporate Resources
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.	Corporate Resources
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	10/06/22	Looking to develop report so that it can be produced automatically and send to Managers on a monthly basis	Corporate Resources

Treasury Management 2020.21 / 2	Amber	<p>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.</p> <p>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.</p>	31/10/21	17/06/22	Meeting summaries identify actions and decisions from the text of the meeting (see summary in item 2). This allows actions to be followed up more easily at the next meeting	Corporate Resources
Budget Monitoring and Forecasting 2020.21 / 1	Amber	<p>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.</p> <p>A mandatory training programme should be put in place that is based upon the requirements of the training needs analysis.</p> <p>Training completion should be recorded and monitored and training should be maintained for audit purposes.</p>	31/12/21	03/03/22	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.	Corporate Resources
Budgets and MTFs 2020.21 / 1	Amber	<p>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.</p> <p>A mandatory training programme should be put in place that is based upon the requirements of the training needs analysis.</p> <p>Training completion should be recorded and monitored and training records should be maintained for audit purposes.</p>	31/12/21	03/03/22	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.	Corporate Resources
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	15/06/22	Because the HR integration / feed in to AD is delayed due to the HR project running behind, 3C ICT have implemented an interim process and procedure involving running monthly reports and then the IT_SD taking specific action to check and disable accounts where staff have left but managers have not notified ICT. This action can be closed once screen shots of the 2 last monthly reports are provided.	3C ICT
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	20/04/22	IT_SD to request report from HR on the first working day each month for all leavers for the previous 4 weeks. Output of that report to be cross referenced against AD accounts and hornbill requests logged - Exceptions to be dealt with by IT_SD TL. Evidence / screen shots have been requested from the IT_SD to provide to be included here.	3C ICT
Budgets and MTFs 2020.21 / 2	Amber	<p>Management should document the Council's MTFs methodology, which should include, but not limited to:</p> <ul style="list-style-type: none"> - 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	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.	Corporate Resources
Main Accounting System 2020.21 / 4	Amber	<p>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.</p>	31/03/22	15/06/22	Advised by SRS that reconciliation will be undertaken by her each month	Corporate Resources

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	10/06/22	The review of AP and AR is currently underway. Following yet another change in line management, this now falls within my remit. The income manager has been temporarily removed from BAU and tasked with ensuring that the Estates income is up-to-date and processes are documented with agreed responsibilities both in the service and Finance. To my knowledge this has been done, and we are now entering a period of embedding the new processes, which should result in more accurate and timely invoices.	Corporate Resources
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		<i>no update provided by action owner</i>	Corporate Resources
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		<i>no update provided by action owner</i>	Corporate Resources
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		<i>no update provided by action owner</i>	Corporate Resources
Inventory of IT Assets 2021.22 / 4	Amber	Update the Asset Tagging Process to include:	31/05/22		<i>no update provided by action owner</i>	3C ICT

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Trend: Implementation of Audit Actions (Jan 2018 – June 2022)



Black line = Introduced on time Grey line = Introduced on time and late

Represents pre and post pandemic figures (gap in middle is where monitoring ceased during Covid pandemic)

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Internal Audit Service: Annual Report 2021/22

Meeting/Date: Corporate Governance Committee – 13th July 2022

Executive Portfolio: Executive Councillor for Corporate & Shared Services, Councillor Martin Hassall

Report by: Deborah Moss, Internal Audit Manager

Ward(s) affected: All Wards

Executive Summary:

The Public Sector Internal Audit Standards (PSIAS) require the Committee to receive an annual report on the work of the Internal Audit Service. The report is required to include:

- The opinion
- A summary of the work that supports the opinion; and
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

This report details the work undertaken by Internal Audit during the year ending 31 March 2022 to support the following opinion statement.

Audit Opinion:

Based upon the work undertaken and knowledge of working arrangements, it is my opinion that the Council's governance, internal control environment and systems of internal control as at 31 March 2022 provide adequate assurance over key business processes and financial systems.

A limitation of scope is placed on the aspect of risk management, which is excluded from the above opinion. At the year-end there was insufficient assurance available for the Internal Audit Manager to offer reasonable assurance for this area.

Deborah Moss
Internal Audit Manager

July 2022

There is some evidence to suggest that the assurance level has dropped in some areas, which have been drawn to management's attention, but generally internal control is adequate. Senior Management has agreed that an action plan will be put in place to ensure that the specific areas of lower opinion will be addressed and internal control assurance improved.

A limitation of scope remains in place for the area of Risk Management, which remains outside of this assurance opinion. However, within the new financial year 2022/23 specific attention has been made towards risk management and development made to increase risk management at HDC.

The opinion is based on the outcome of: 12 audit reviews, 3 follow ups; and 7 key financial systems. These produced 48+ (some still to be agreed) new audit actions.

The following new areas are brought to Committee's attention:

- 1) Risk Management: no assurance opinion is given, but it is acknowledged that between the end of the year and the preparation of this report, action has been taken to move risk management in the right direction.
- 2) Cyber Security: two of the red priority actions remained outstanding.
- 3) Debtors and Creditors: decline in performance in relation to a number of controls.
- 4) Implementation of Audit Actions: managers continued poor performance in introducing actions that they have already agreed to.
- 5) Small Works expenditure - risk of purchasing activity in breach of our Code of Procurement and poor control over spending generally.

The Internal Audit Manager continues to report functionally to the Corporate Governance Committee and maintains organisational independence. There were no constraints placed upon her in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

Recommendation(s):

It is recommended that the Committee:

1. Consider and comment upon the report; and
2. Take into account the audit assurance opinion when considering the Annual Governance Statement (AGS) for 2021/22.

1. PURPOSE OF THE REPORT

- 1.1 This is the annual report of the Internal Audit Manager (IAM). It covers the period 1 April 2021 to 31 March 2022.
- 1.2 The report includes the IAM's annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes.

2. WHY IS THIS REPORT NECESSARY

- 2.1 The Accounts and Audit (England) Regulations 2015 require the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require an annual report to be considered by the Committee as they fulfil the role of the Board (as defined by PSIAS).

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 The Internal Audit Service Annual Report 2021/22 at Appendix 1 provides details of the work undertaken by Internal Audit during the year ending 31 March 2022 to support the annual opinion statement. This annual assurance opinion and any governance issues are to be included within the Council's AGS for the year.
- 3.2 The PSIAS details the matters that are required to be included in the annual report. These are:
 - a) The opinion
 - b) A summary of the work that supports the opinion; and
 - c) A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 3.1 There are a number of matters within the audit reviews that are brought to the Committee's attention. These are detailed in the annual report and may be taken forward to the AGS as governance issues.

4. KEY IMPACTS / RISKS

- 4.1 Failure to provide an annual report would lead to non-compliance with the PSIAS and require the matter to be reported in the AGS.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 The annual report will be considered by the Committee during the preparation of the AGS.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

6.1 The Internal Audit Service provides assurance to management and the Committee that risks to the delivery of the Corporate Plan across all of its areas are understood and managed appropriately.

7. REASONS FOR THE RECOMMENDED DECISIONS

7.1 In fulfilling its obligations under the PSAIS, the Committee is required to receive an annual report on the work of the Internal Audit Service. The outcomes of the report, particularly the annual opinion statement, will be included within the Council's AGS.

8. LIST OF APPENDICES INCLUDED

Appendix 1 – Internal Audit Service Annual Report 2021/22

9. BACKGROUND PAPERS

Internal Audit Reports

Internal Audit performance management information

CONTACT OFFICER

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Appendix 1: Internal Audit Service: Annual Report 2021/22

1. INTRODUCTION

- 1.1 This is the annual report of the Internal Audit Manager (IAM) as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2021 to 31 March 2022.
- 1.2 The report includes the IAM's annual opinion on the overall adequacy and effectiveness of the Council's internal control, governance, and risk management processes. The opinion is based upon the work carried out by Internal Audit during the year, together with any other assurances and general knowledge gained throughout.
- 1.3 The report provides information on:
- Delivery of the annual audit plan;
 - Audit reports issued and issues of concern;
 - Implementation of agreed actions;
 - Internal Audit's performance; and
 - Quality assessment and improvement programme.

2. OVERALL OPINION

Audit Opinion on the Council's internal control environment and systems of internal control in providing adequate assurance over key business processes and financial systems:

Based upon the work undertaken and knowledge of working arrangements, it is my opinion that the Council's governance, internal control environment and systems of internal control as at 31 March 2022 provide adequate assurance over the key business processes and financial systems.

A limitation of scope is placed on the aspect of risk management, which is excluded from the above opinion. At the year-end there was insufficient assurance available for the Internal Audit Manager to offer reasonable assurance for this area.

Deborah Moss
Internal Audit Manager

July 2022

- 2.1 Assurance can never be absolute. The audit opinion reflects the IAM view on the current state of the internal control environment and the effectiveness of the systems of internal control across the Council and provides the Committee with an opinion for inclusion in the Annual Governance Statement (AGS).

If significant changes occur to the internal control environment prior to the Committee approving the AGS the Committee will be informed.

- 2.2 Last year 2020/21 the annual audit opinion was stated as adequate assurance. This year 2021/22, there is some evidence to suggest that this assurance level has dropped in some areas, which have been drawn to management's attention, but generally the internal control is adequate. Senior Management has agreed that an action plan will be put in place to ensure that the specific areas of lower opinion will be addressed, and internal control assurance improved.
- 2.3 Whilst no assurance opinion is given for risk management for the year, it is acknowledged that between the end of the year and the preparation of this report, action is being taken to move risk management in the right direction. A corporate risk register has been drafted. The intention is now to review the service level risk registers and update them. The Risk Management Strategy is being reviewed and revised and will include a review of our risk appetite. All of these are considered to be positive moves towards getting risk management back in place and of value to the organisation.
The Risk & Controls Group, made up of various second line disciplines and third line of defence Internal Audit, continues to meet and provides advice and oversight to all Services and report to the Senior Leadership Team on a monthly basis.
- 2.4 The assurance opinion is based on the outcome of 12 audit reviews (some still to be formally issued on), 3 follow-up reviews and the review of key controls within 7 core financial systems. There have been nil substantial assurance, seven adequate assurance and five limited assurance audit reports (general and IT) issued in 2021/22. These audits have identified 48+ actions for improvement (some still to be formally agreed). None of these actions have been classified as 'red' or 'high risk' actions (ie meaning the uncontrolled risk has the potential to seriously affect service delivery).
- 2.5 The core financial audits also identified actions in addition to outstanding actions from last year and action is ongoing to address these areas eg accounts receivable. An adequate opinion has been given to each except for Accounts Receivables which was given limited assurance and council tax/NNDR (which has yet to be finalised but is anticipated as adequate assurance).
- 2.6 During the year, Managers were asked if they were aware of any planned reviews by external organisations from which assurance could be obtained on the operation of the internal control environment and systems of internal control. All Services were asked to provide details of any third party or external assurances they obtained for their Service or any self-assessments they had carried out. The purpose of this was to gain any assurance to support the assurance in that Service area and to further support the overall corporate annual audit opinion.
- 2.7 The IAM continues to report functionally to the Corporate Governance Committee and maintains organisational independence. In 2021/22 the Audit Manager had no constraints placed upon her in respect of determining overall audit coverage, audit methodology, the delivery of the

audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

3. DELIVERY OF THE 2021/22 INTERNAL AUDIT PLAN

3.1 Resourcing

The Acting Internal Audit Manager became permanent in April 2021.

This appointment left an auditor vacancy to be backfilled. Recruitment to this post proved difficult with a national shortage of auditors generally and fewer with public sector experience. Following an unsuccessful recruitment campaign, we decided to advertise internally and 'grow our own'. This was successful and a new trainee internal auditor started in September 21, learning on-the-job and studying for the professional Institute of Internal Auditors qualification.

3.2 Supporting a trainee within a very small team has had an effect on Service delivery but is a worthy investment for future capacity and long-term sustainability.

3.3 The service is now resourced as follows:

Internal Audit Manager - 0.8 FTE
Auditor - 0.4 FTE
Trainee Internal Auditor - 1.0 FTE

Total for general audit 2.2 FTE

IT audit provision is contracted out (currently being retendered).

3.4 Internal Audit Reports Issued

Internal Audit reports issued are listed in the table below - grouped by assurance opinion (see Appendix B for definitions). It also details the number and priority of actions from each audit review.

Audit area	Audit Actions	
	Red	Amber
Substantial		
Adequate		
Parking: MiPermit 21.22	0	3
Overtime 21.22	0	6
Towns Programme 21.22	0	0
Section 106 Agreements 21.22 **	0	4
Shadow IT / Service-procured systems 21.22 *	0	3*
Corporate Enforcement Policy 21.22 *	0	7*
IT Procurement & Contract Management 21.22 *	0	2*
Limited		
Compliance with Code of Transparency 21.22	0	3
ICT Asset Inventory 21.22	0	8

Audit area		Audit Actions	
		Red	Amber
	Right to Work 21.22	0	3
	Small Works Contract 21.22	0	4
	Sickness – follow up review	-	-
No opinion given			
	Disabled Facilities Grants District Certification 2020/21	-	-
	Delivery of Capital Plan follow up	Further follow up recommended	
	Land Charges follow up review		

- * Report not yet issued – anticipated number of actions are stated
- ** Draft report status

3.5 Appendix A provides a summary of the main findings from each audit report issued.

3.6 As in previous year's, the audit plan included the review of key controls within a number of key financial systems. The assurance opinions given on these systems are set out below:

Audit area	Level of assurance				Action Actions	
	Substantial	Adequate	Limited	Little	Red	Amber
Council Tax *		✓				*
Non-Domestic Rates *		✓				*
Housing Benefits – payments		✓				0
Housing Benefits – recovery		✓				0
Main accounting system		✓				2
Accounts payable (Creditors)*		✓				*
Accounts receivable (Debtors)			✓			3

* an opinion/report has not yet been issued for these areas.

The frequency of continuous auditing quarterly reviews has been carried out on a risk v. value evaluation; where the opinion from previous quarters has been adequate or substantial it was deemed unnecessary to review every quarter, and similarly, where audit actions remained outstanding from last quarters, then the audit review was not always carried out.

A quarter 4 /end of year review was undertaken in all areas, and an audit opinion and agreed audit actions to redress any recurring/outstanding issues were provided.

3.7 **Other activities undertaken**

In addition to the reports listed above, review or audit involvement has also been undertaken on the following areas and are considered to be the 'value add' that Internal Audit provides to HDC:

- HDC Governance Processes: eg participating in the Council's Information Governance Group, review of data breaches and the process to be followed, running diligence checks on subjects of complaints to the Council or subjects of review, whistleblowing allegations and reports, commenting on the use of consultants and IR35 compliance.
- Additional support provided on an adhoc basis to services: eg Reviewing and advising upon waivers to the Procurement process, policy review for cash/cashing up at One Leisure, internal and external insurance advice, advising on the Energy Rebate Payment controls, advice on legal claim against HDC for compensation, new Leaver's for, review within the Ideas Process.
- Income certification to Govt: declaration of spend for additional income such as Disabled Facility Grants and the Government's COVID support grants
- Risk and Control: membership of the Council's Risk and Control Group, contributing to the assessment and update of the Council's risk register, providing lone working advice to the board, advice on risk/control issues.
- Collaboration and knowledge sharing with other Local Authorities through various networking groups and online requests for information.
- Provision of Management information eg monitoring and reporting of audit actions, review of AGS issues, audit committee reports.

3.8 **Areas of Concern**

There are a number of matters within the audit reviews and from other work undertaken that need to be brought to the Committee's attention. These may be taken forward to the Annual Governance Statement as governance issues.

- 1) Risk Management: no assurance opinion could be given for the year, but it is acknowledged that between the end of the year and the preparation of this report, action is being taken to move risk management in the right direction.
- 2) Cyber Security: 2 of the red priority actions and 2 amber priority actions remained outstanding. Work is continuing to implement these actions which should then increase the assurance opinion for the area and risks.
- 3) Debtors and Creditors have seen a decline in performance in relation to a number of controls. Debtors – whilst invoices are raised and reminder letters issued, the recovery work following remains sporadic with the volume of work. Creditors – performance has dropped generally.

- 4) Implementation of Audit Actions: managers continued to miss deadlines for implementing actions they have already agreed to. The performance indicator (% of agreed internal audit actions introduced on time) provides an assessment of the commitment and effectiveness of management in implementing actions. Managers who do not implement agreed actions arising from internal audit findings expose the Council to continued risk.
- 5) Small works contract - Spend has continued despite the absence of a formal contract and this heightens risk of purchasing activity in breach of our Code of Procurement and poor control over spending generally.

4. IMPLEMENTATION OF AGREED ACTIONS AND FOLLOW-UP WORK

- 4.1 The Corporate Leadership Team has set a target of 100% of agreed actions to be implemented on time, based on a rolling 12 month timeframe. As at the 21st June 2022 the figure achieved was 33% (20 actions due from a total of 61 were on time). This increases to 54% (33 actions from a total of 61) when actions implemented on time and late are combined. 46% / 28 actions were not introduced (due but not acted upon) – two of these are red priority actions.
- 4.2 Statistics on the implementation of actions have been provided regularly to CGC for monitoring purposes. These are also reported in the monthly report of the Risk & Controls Board which is discussed at the SLT meeting. A significant drive was made by Internal Audit to remind and support managers to implement their actions before they fell due and to update the actions database. Extensions to implementation deadlines have been stopped in favour of an action owner update to be provided on the status and progress towards an overdue action. This allows both management and CGC to have better oversight on reasons for delay and whether to allow the risk to continue unmitigated.
- 4.3 Not all the introduced actions are routinely followed up. Our process is that the IAM decides if a follow-up review is required after considering the action's classification, the action itself, the evidence provided by a manager to support the closure of the action and own knowledge of the action taken.
- 4.4 Follow- ups (on implemented audit actions) were very limited during 2021/22 due to resources, and priority was given instead to audit reviews. The exception was IT audit actions where all implemented actions were reviewed to provide assurance that they had been implemented and were operating effectively. It is the intention that priority will continue to be given to audit reviews and not to follow-up work, which can be monitored by Management. Follow ups of non-IT actions will be limited to high priority (red) or significant actions.
- 4.5 The 2022/23 Audit Plan contains planned pieces of assurance work that are follow-ups to previous reviews that are considered significant.

6. INTERNAL AUDIT PERFORMANCE

6.1 Service delivery targets

It is usual practice for Internal Audit to maintain a series of internal performance targets. However, given the level of resourcing and the volume of reviews that could be carried out in 21/22, measuring performance was not carried out.

6.3 Data on performance indicators is usually presented in the annual report. However, it is not included for 2021/22 as it is deemed not representative; where few audits are carried out, each carries a disproportionate weighting. Furthermore, it was considered to be not best use of very limited resource time. Consideration is being given to which performance targets and indicators may be introduced for 2022/23.

6.4 Customer satisfaction surveys were not carried out this year due to the limited number of reviews performed and the need for an updated survey. Comments received informally from managers have, however, been favourable. For activities in 2022/23 a new end of audit survey will be sent to client services for their feedback. The intention is also to resume monitoring of key service delivery targets.

7. QUALITY ASSESSMENT & IMPROVEMENT PROGRAMME (QAIP)

7.1 One of the elements of the PSIAS (Public Sector Internal Audit Standards) is the requirement to maintain a quality assessment and improvement programme. This has been in place throughout the year. A self-assessment review was undertaken in May 2018 to evaluate Internal Audit's conformance with the PSIAS ahead of a planned independent external assessment. Since then, the decision has been that delivery of the internal audit plan was more important than allocating resources to the QAIP.

7.2 The main issues identified from the self-assessment (and which remain) are:

- Auditor training on PSIAS changes introduced
- On-going assessment and identification of auditor training and development needs
- Full review of the audit manual and amendments to reflect several initiatives introduced in recent years.

7.3 This position remains unchanged for last year 2021/22 as there were no plans to carry out an external review. It is unlikely that the Service will be able to support an external review in 2022/23 as it continues to concentrate its limited resources on planned reviews and other work priorities. It is hoped that another self-assessment against PSIAS will be considered later in the year if it is supported by management and the team has capacity.

Appendices

- A. Summary of key findings and good practice identified from 2021/22 internal audit reviews.
- B. Assurance Definitions used in the report

Deborah Moss: Internal Audit Manager
Huntingdonshire District Council
July 2022

**Summary of key findings and good practice identified
from 2021/22 Internal Audit reviews**

Substantial Assurance Reviews		
Audit	Key Findings	Good Practice Reported
None to report		-
Adequate Assurance Reviews		
Audit	Key Findings	Good Practice Reported
Towns Programme 21.22	A high-risk area identified at the start of the review related to long term resourcing and skills availability to support programme delivery. Through reporting and escalation, work is now in hand to recruit officers for both the short and longer term aspects. This is a positive move for the programme team, but will require ongoing monitoring and management to ensure that resourcing risks continue to be mitigated.	clear governance structure in place, which can be adapted as the programme develops and expands. clear lines of reporting and escalation and processes for capturing and reporting on performance and progress, which incorporate financial information, risks and issues.
Overtime 21.22	<ul style="list-style-type: none"> • Overtime Policy is not widely available and is in need of review • no reporting / review of overtime levels • small number of service based anomalies in the application and management of overtime • The Council routinely overspends against budget for overtime • On average 15,000 hours (approx. £300K) are worked as paid overtime, and this does not include flexi hours accrued (and in some cases lost) by staff across the Council • cases of persistently high overtime levels, with some officers regularly working over 300 overtime hours per year and earning £9-£11K in overtime alone • Overtime and flexi hours accrued by staff can be excessive, uncontrolled and detrimental to staff wellbeing 	The HR and Payroll team have recently migrated to the new HR / Payroll system, iTrent. Efforts have been made to establish clear processes for electronic overtime claims and online authorisations. Despite the overtime policy not being widely accessible, staff and managers are generally well-versed in the subject.

**Summary of key findings and good practice identified
from 2021/22 Internal Audit reviews**

Parking MiPermit 21.22	<ul style="list-style-type: none"> • No specific written procedure notes for validating permits and how to run reports on MiPermit. • No review process to pick up undeclared changes of circumstances for Historic Permits. • Supporting evidence is not saved when a change of vehicle reg is requested by a customer. • No declaration or reference to the privacy notice on the application form itself. 	<p>The MiPermit portal is clear and intuitive to use, with minimal complaints received from customers.</p> <p>Controls are in place to address a number of risk areas</p>
S.106 Agreements 21.22	<p><i>Report not yet issued:</i></p> <ul style="list-style-type: none"> • Whilst processes are in place over the Section 106 Agreement process, resource limitations both within the team and across the authority are having an adverse impact on the management and monitoring of agreements and the delivery of planning conditions • The corporate appetite for Section 106 monitoring has not been formalised, resulting in inconsistent approaches, poor service buy in and low level resource commitment • Corporate commitment to Section 106 Agreement monitoring has not been formalised • Staff changes and turnover has impacted on gaps in process knowledge and responsibilities • The Section 106 Agreement template requires review and update • Resourcing has an adverse impact on the monitoring of cases and progression of schemes • Local level programme being established for the revision of processes within the team 	<p><i>Report not yet issued</i></p> <p>Despite the limited resource and high volume of clauses the team has worked hard to establish a process for monitoring agreements. Good use is being made of the system to capture activity and flag cases for review. The Finance and Implementation Admin Officer demonstrates a really good understanding of the process, live cases and the action required to drive delivery, and shows commitment to deliver the conditions which underpin the agreements.</p>
Shadow IT / Service-procured systems 21.22	<p><i>Report not yet issued</i></p>	<p><i>Report not yet issued</i></p>

**Summary of key findings and good practice identified
from 2021/22 Internal Audit reviews**

Corporate Enforcement Policy 21.22	<i>Report not yet issued</i>	<i>Report not yet issued</i>
Main Accounting System 21.22	<ul style="list-style-type: none"> • Oversight review of reconciliations • Larger value items in suspense account. 	
Housing Benefits Creditors 21.22	No significant issues were identified within the review	
Housing Benefits Debtors 21.22	No significant issues were identified within the review	
Council Tax and NNDR 21.22	<i>Report not yet issued</i>	<i>Report not yet issued</i>

Limited Assurance Reviews

Audit	Key Findings	Good Practice Reported
Small Works Contract 21.22	<ul style="list-style-type: none"> • Purchasing activity is in breach of the Council's code of procurement. • Increasing levels of reactionary work. • Controls around the checking of pricing and actual works completed are weak. • Invoicing is sporadic and does not provide a breakdown of works undertaken. • Sub-contracting arrangements and responsibility have not been formalised. • HDC is at risk of competitors' challenge 	-
Compliance with Code of Transparency 21.22	<ul style="list-style-type: none"> • Information missing from data sets • Data is not up to date • No overall responsibility at SLT level • Data not easy to locate • Increase in avoidable contact • Data Protection Act link is incorrect. 	Although many data sets were not published in time, the financial data is uploaded in full and on time each quarter. Not only does the financial data meet minimum requirement, expenditure of over £250 is published which is best practice. Information is clear to read, easy to find and suggests that the individual responsible for uploading the data understands their duty.

**Summary of key findings and good practice identified
from 2021/22 Internal Audit reviews**

ICT Asset Register 21.22	<ul style="list-style-type: none"> • Hardware inventory not up to date with location and custodianship of HDC assets, excluding Council Anywhere Laptops. • Process (for administering ICT hardware or updating the location/custodianship of hardware on the inventory) has not always been followed resulting in an inaccurate inventory. • Number, location, and custodianship of 'old' laptops is unknown, impacting on effective recovery of these assets. • Gaps in the asset tag number sequence in the inventory and no record for the reason why. • No process to review or check for discrepancies in the inventory. • Hardware asset numbers misassigned to assets in the inventory. • No separation of duty during the ordering, receiving, and uploading of assets into the inventory. • Laptops considered to be 'surplus' are sometimes retained by the Services. 	<p>Clear written process in place for purchasing of hardware and administering hardware to employees.</p> <p>The majority of laptops have an assigned individual in the inventory.</p> <p>The inventory itself has the capacity to record a large amount of data.</p>
Right to Work 21.22	<ul style="list-style-type: none"> • Gaps in employee RTW documentation on file. • Absence of a clear defined process for recruiting managers • Trust ID tool no longer used • Lack of evidence of original ID • No indication ID checked against employee • No EUSS proof 	<p>Credit is given to the HR Team for reacting positively and promptly to the initial audit findings and putting into place a more robust process for the changing regulations.</p>
Creditors 21.22	<p>Performance of the Creditors system is currently adequate simply because the Creditors system has not failed to achieve the objective of paying suppliers. However, performance against the controls has weakened leading to an increased risk of error and an uncontrolled process.</p>	

**Summary of key findings and good practice identified
from 2021/22 Internal Audit reviews**

Debtors 21.22	<p>Three significant risk issues were reported together with several process/control failings/lapses.</p> <ul style="list-style-type: none"> • Resource issues have impacted on recovery work undertaken and little formal recovery work is undertaken outside of the reminder letter process. • Administration of Estates recurring bills is a demanding task for the team which can fall behind as a result of competing workload. • Monitoring of payment plans remains ad-hoc and without formal structure / routine, and as a result missed payments may not be acted on and debts may not be escalated for recovery action 	The team continue to work hard to deliver the core Debtors service, prioritising tasks where possible.
Sickness – follow up review	<p>Unrecorded sickness on system.</p> <p>Review of 80 cases (162.5 days) of sickness absence on the timesheets revealed that only 52 cases (112 days) had been recorded on the Payroll system, resulting in 35% of sickness absences (50.5 days) not being reported. In a small number of cases the reporting of these absences would have affected sickness triggers and reviews.</p>	-

Appendix B: Assurance definitions: for information

Substantial Assurance	There are no weaknesses in the level of internal control for managing the material inherent risks within the system. Testing shows that controls are being applied consistently and system objectives are being achieved efficiently, effectively and economically apart from any excessive controls which are identified in the report.
Adequate Assurance	There are minor weaknesses in the level of control for managing the material inherent risks within the system. Some control failings have been identified from the systems evaluation and testing which need to be corrected. The control failings do not put at risk achievement of the system's objectives.
Limited Assurance	There are weaknesses in the level of internal control for managing the material inherent risks within the system. Too many control failings have been identified from the systems evaluation and testing. These failings show that the system is clearly at risk of not being able to meet its objectives and significant improvements are required to improve the adequacy and effectiveness of control.
Little Assurance	There are major, fundamental weaknesses in the level of control for managing the material inherent risks within the system. The weaknesses identified from the systems evaluation and testing are such that the system is open to substantial and significant error or abuse and is not capable of meeting its objectives.

Internal control environment

The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organisation's objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness
- the financial management of the organisation and the reporting of financial management
- the performance management of the organisation and the reporting of performance management.

System of internal control

A term to describe the totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Whistleblowing (Policy, Guidance and Concerns Received)

Meeting/Date: Corporate Governance Committee – 13th July 2022

Executive Portfolio: Executive Councillor for Corporate & Shared Services, Councillor Martin Hassall

Report by: Deborah Moss, Internal Audit Manager

Wards affected: All

Executive Summary:

The purpose of whistleblowing law is to protect individuals who make 'protected' disclosures of wrongdoings in the public interest without fear of reprisals from their employer.

The Whistleblowing Policy and Guidance have been reviewed and it is recommended that they remain unchanged save for postholder updates. The outcome of this review will be included in the Local Code of Corporate Governance. The Policy and Guidance are included within the Councils' Code of Conduct.

Only Council employees, contractors or suppliers providing services under a contract to the Council are classified by law as whistleblowers. There has been one whistleblowing allegation received during 2021/22 that related to disclosures received internally from staff.

An additional five disclosures have been received throughout the year from members of the public, none of these relating to allegations about staff, and these do not come under whistleblowing rules.

The whistleblowing allegations have not resulted in any heightened risk or concern that needs to be brought to the Committee's attention.

Recommendation:

The Committee is invited to comment on the contents of this report and to acknowledge the annual review of the Whistleblowing Policy and Guidance as still fit for purpose.

1. PURPOSE OF THE REPORT

- 1.1 To confirm to the Committee the number of whistleblowing allegations received in the year, both internally and from members of the public.
- 1.2 To restate / refresh the Whistleblowing Policy and Guidance as part of an annual review, and to approve any amendments.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Whistleblowing policy and guidance notes were both introduced in 2000 in response to the Public Interest Disclosure Act 1998. Both documents are reviewed annually to ensure they continue to be fit for purpose.

3. ANALYSIS

- 3.1 One whistleblowing allegation (as per the definition in the Policy) was received in the year 2021/22. This was dealt with internally either through internal audit and service manager discussion.
- 3.2 Therefore, no common themes were identified amongst whistleblowing complaints.
- 3.3 Another five allegations were received from members of the public. These were passed to the relevant Services to investigate and have not caused any further issue or impact that needs consideration and are not classified as Whistleblowing reports.

4. REASONS FOR THE RECOMMENDED DECISIONS

- 4.1 The policy requires an annual report be presented to the Committee. After reviewing the policy and guidance, they are deemed still fit for purpose and effective. Following the one allegation received, the Service involved did suggest that the guidance could give extra information about how the Service would be treated. On balance of proportionality, it has been decided not to include this at this time. Remote working has not required any change to the guidance and access to the Whistleblowing Hotline is still performed remotely.

5. LIST OF APPENDICES INCLUDED / BACKGROUND PAPERS

Whistleblowing Policy
Whistleblowing Guidance

CONTACT OFFICERS

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Internal Audit Manager
Deborah.Moss@huntingdonshire.gov.uk

Huntingdonshire District Council Whistleblowing Policy

Huntingdonshire District Council recognises that those that it employs and provides services to are often in the best position to know when the interests of the public are being put at risk. They can act as an early warning system on matters of health and safety or help to uncover fraud and mismanagement.

The Council also recognises that these people may not wish to express their concerns for a number of reasons. They may think it is disloyal to do so or they may fear reprisals, or they may not expect any action to be taken, or they may not know the best way to proceed. They may therefore find it easier to ignore their own concerns, or to “blow the whistle” to someone outside the Council.

The Council wants to build an environment of trust and openness so that individuals are prepared to whistle blow knowing that their concern will be treated confidentially and investigated appropriately.

This Policy has been prepared in response to the Public Interest Disclosure Act 1998 and other legislation¹ and the Code of Practice issued by Public Concern at Work². The latest version was adopted by the Corporate Governance Committee on behalf of the Council on 30 September 2020.

SCOPE OF THE POLICY

This policy applies to all Council employees and those contractors working for the Council on its premises. It also covers suppliers and those providing services under a contract with the Council in their own premises.

The term ‘individual’ is used throughout this policy and includes all of the above.

POLICY STATEMENT

The Council is committed to the highest possible standards of openness, probity and accountability and to dealing with all fraud and other forms of malpractice reported.

Any individual with serious concerns about any aspect of the Council’s work shall be encouraged to come forward and voice those concerns without fear of victimisation, subsequent discrimination or disadvantage or dismissal. Concerns

¹ Enterprise and Regulatory Reform Act 2013

² Public Concern at Work is a charity. It is the leading independent supporter of whistleblowers and a provider of best practice guidance and advice

may relate to issues that are occurring now, took place in the past, or are likely to happen in the future.

All concerns received will be treated in confidence, examined and investigated in accordance with this policy.

PROTECTED DISCLOSURE

Any individual who raises a concern shall be treated as though they are making a protected disclosure if they disclose any information which they reasonably believe is made in the public interest and relates to any of the areas listed below:

- fraud and corruption
- any customers that we deal with, particularly children, being mistreated or abused
- an unlawful act
- the health and safety of any individual has been, or is likely to be endangered
- damage to the environment
- discrimination of any kind; or the
- deliberate concealment or suppression of any information that falls into any of the areas above.

This list is not exhaustive.

Individuals who make a protected disclosure will be protected from victimisation, subsequent discrimination or disadvantage or dismissal.

CONCERNS NOT COVERED BY THE POLICY

The Council wants all serious or sensitive concerns to be raised. This policy is not intended to replace existing policies or procedures.

- Individuals who have a concern about their own personal circumstances or how they are being treated at work should first raise their concerns informally with their line manager who will attempt to resolve the concern³. If that is not possible then the grievance or dignity at work policy should be followed.
- Members of the public who wish to raise a concern should use the complaints procedure.
- If the concern refers to the misconduct of a Councillor, the procedure set out in the Member Code of Conduct should be followed.

If an individual raises a protected disclosure concern under the wrong policy or procedure, it will be treated as though it was made correctly.

³ Certain types of personal circumstance concerns may still be classed as protected disclosures if the public interest test is satisfied. Please contact the Internal Audit Manager for more information.

IMPLEMENTING THE POLICY

The Council shall take appropriate action to publicise the policy so that all individuals:

- feel confident that they are able to contact the Council and raise their concerns about Council practices
- realise that concerns should be raised about any individual, councillor, supplier or anyone who provides services to the public on the Council's behalf
- are aware of the different ways they can inform the Council of their concerns
- understand that concerns will be received in good faith and taken seriously
- are aware that anonymous concerns may not be investigated
- who have provided their contact details understand that they will receive a response to their concerns and how to take the matter further if they are dissatisfied with the response
- are reassured that they will be protected from victimisation, subsequent discrimination or disadvantage.

A guidance note shall be made available setting out the actions that will normally be taken when a concern is received.

RAISING A CONCERN

THE COUNCIL WILL MAINTAIN A NUMBER OF DIFFERENT CHANNELS THAT ALLOW CONCERNS TO BE RAISED. FULL DETAILS ARE CONTAINED IN THE GUIDANCE NOTE.

The Council will encourage individuals to raise their concerns openly and reserves the right not to investigate anonymous concerns.

INVESTIGATING OFFICER

All concerns received under this policy shall be reported immediately to the Internal Audit Manager who will be responsible for reviewing the concern, deciding upon the action to take, leading and directing investigations, preparing any subsequent reports and liaising with the individual raising the concern.

UNTRUE CONCERNS

No action will be taken against any individual who raises a concern that they have reason to believe to be true.

If during the course of an investigation it is felt that the concern has been raised frivolously, maliciously or for personal gain, appropriate disciplinary action will be taken.

SAFEGUARDS

The Council will not dismiss or subject any individual to detriment of any kind, due to them making a 'protected disclosure'.

The identity of the individual raising the concern will remain confidential. If disclosure is required for any reason then this will be discussed with the individual concerned.

The Council will not tolerate the harassment or victimisation (including informal pressures) of any individual who has raised a concern.

The Council's disciplinary procedures will be used against anybody who is found to be harassing or victimising the individual raising the concern or who has disclosed the name of that individual to anybody other than the Council's Managing Director, the Corporate Director (People) or the Internal Audit Manager.

WHISTLEBLOWING EXTERNALLY

Whilst the Council would like all concerns to be raised with it initially, it recognises that the Public Interest Disclosure Act 1998 allows for concerns to be made to "prescribed persons". The guidance note will provide information on how an individual can whistle-blow to a prescribed person.

MONITORING AND REVIEW

The Corporate Director (People) will be responsible for monitoring the implementation and effectiveness of this policy and guidance note. This will include an annual review, and an annual report to the Corporate Governance Committee on the effectiveness of the arrangements that have been introduced. The Local Code of Corporate Governance shall contain details of the outcome of the annual review and the effectiveness of the whistleblowing arrangements.

End.

Version:	June 2022
Frequency of review:	Reviewed annually
Approved by:	Corporate Governance Committee

Huntingdonshire District Council Guidance Note for Whistleblowers

This guidance has been prepared to accompany the [Whistleblowing Policy](#). (needs updated link following approval). It explains how the Council will deal with whistleblowing concerns that it receives.

We realise that for some individuals it will take a great deal of courage to raise a concern. If you honestly and reasonably believe what you are saying is true, you will have nothing to fear by telling us your concern. We would much rather be told about a concern and investigate it, even if the investigation shows your concern was unfounded, than not know about the matter in the first place.

Your concern will be treated in confidence. We will not tolerate the victimisation of anyone who reports an issue to us. Without exception, we will take disciplinary against anyone who victimises any individual.

Concerns received may require different responses. This guidance is intended to provide you with an idea of the steps we will generally follow when a concern is received.

WHAT YOU NEED TO TELL US

If you have a concern then please raise it with us openly rather than anonymously. Openness makes it easier for us to assess the issue, work out how to investigate the matter and if required, obtain more information. It is best if your concern is raised in writing and that you provide your name and some contact information. An email address or telephone number would be sufficient.

You need to tell us as much as you can about your concern. Please try and provide some background information and all the names, dates and places that are relevant. If you have any documentary evidence to support your concern that should be also be provided. The more information you are able to provide the easier it will be for us to investigate your concern.

If you are uneasy about putting your concern in writing then contact us using one of the methods below and ask for a meeting. This doesn't have to be at the Council's offices. If you wish you can bring other people to the meeting if that will reassure you (e.g. legal representative, colleague, Staff Council or Union representative).

HOW TO CONTACT US

There are a number of ways in which you can raise a concern.

You can:

- speak to your line manager, a member of the Internal Audit team, a Head of Service or the Corporate Director (People).
- complete the [online form](#)
- send an email to whistleblower@huntingdonshire.gov.uk
- leave a message on the 24 hour telephone hotline: [01480 387080](tel:01480387080).
- write a letter, clearly marking the envelope Strictly Private & Confidential to:

Internal Audit Manager
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
PE29 3TN

WHO WILL INVESTIGATE YOUR CONCERN?

All concerns received are passed to the Internal Audit Manager. They are the only person who can see what has been written on the electronic forms or in emails. They are also the only person who can access messages left on the telephone hotline. Post that is marked 'strictly private and confidential' will be passed unopened to them.

The Internal Audit Manager will use their discretion when deciding if an anonymous concern is to be investigated, taking the following factors into account:

- The seriousness of the issue raised
- The amount of information provided to support of the concern
- Whether the individual may be required to provide further information
- The ability to trace the individual if the concern is considered malicious.

WHAT WE WILL DO

Once we have received your concern the Internal Audit Manager will initially assess the information you have provided and consider what action should be taken.

If the concern is valid but should not be classed as a protected disclosure (e.g. bullying) within the terms of the whistleblowing policy, they will contact you and ask whether you want the information to be passed to the appropriate manager for further action. You will also be asked if you wish your name to be disclosed or not.

Depending on the outcome of the initial assessment it may be that your concern is valid but that we have insufficient information to continue with the investigation. If this happens we will try and obtain further information to allow us to continue with the investigation. If this is not possible and no other option is available to us, we may request you to gather additional information on our behalf. You are under no obligation to do this however.

Once we have validated your concern and have sufficient information to continue, your concern will be investigated.

All meetings, decisions and actions taken in dealing with the concern will be recorded in writing.

LETTING YOU KNOW WHAT WE'RE DOING

If you have provided contact information we will contact you within 10 working days, summarising your concern and telling you:

- whether an investigation will take place and if not, why not;
- who will be handling the matter and how you can contact them;
- how long we estimate the investigation will take;
- whether your further assistance may be needed; and
- providing you with information on the support that is available to you; and

When the investigation has been completed we will contact you again and provide you with as much detail about the investigation as we are able to. It may be that we aren't able to tell you the precise action we have taken, as this may infringe a duty of confidence owed by us to someone else.

WHAT IF YOU ARE UNHAPPY WITH OUR RESPONSE

If:

- you believe that we have not properly investigated your concern; or
- you are unhappy with the outcome of any investigation

you should contact the Council's Managing Director or Corporate Director (People). They will decide if any further action is to be taken.

WHO TO REPORT TO EXTERNALLY

If you

- remain unhappy with the decision reached by the Council’s Managing Director or Corporate Director (People); or
- sincerely believe that by raising your concern with us you will be subject to detriment (victimisation or reprisals) of whatever sort, or that evidence to support your concern will be destroyed, then you should raise the matter with an external organisation, known as a “prescribed person”.

The Government has issued a [list of prescribed persons](#) who you can make a disclosure to.

If you wish to report externally, but are unsure of what to do then please contact either the Internal Audit Manager or the Corporate Director (People). They will be able to advise you on what you need to do, without asking for details of your concern.

Alternatively you can contact **the Council’s external auditors, Ernst Young** on [01223 394 400](tel:01223394400).

When raising a concern externally remember to make it clear that you are raising the issue as a whistleblower.

MAINTAINING CONFIDENTIALITY

We will do our utmost to protect your identity. If it has to be disclosed to allow us to undertake disciplinary or other more serious action against any wrongdoer, then we will discuss this with you. In some circumstances, especially if the Police are involved, we may be legally obliged to disclose your identity without your consent. Again, we will discuss this with you.

If you feel that you have suffered detriment or been in any way disadvantaged because you have raised a concern then you must let us know. We will take action to protect you as long as we believe that your concern was raised in the public interest and that you have not intentionally provided us with false information.

FURTHER INFORMATION AND ADVICE

If you want further information or advice about whistleblowing then please contact either:

Deborah Moss, Internal Audit Manager

 01480 388475

or

Oliver Morley, Corporate Director (People)

 [01480 388103](tel:01480388103)

Version:	June 2022
Frequency of review:	Reviewed annually
Approved by:	Corporate Governance Committee

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Annual Report of the Committee

Meeting/Date: Corporate Governance Committee – 13th July 2022
Council – 20th July 2022

Executive Portfolio: Executive Councillor for Corporate & Shared Services, Councillor Martin Hassall

Report by: Deborah Moss, Internal Audit Manager

Ward(s) affected: All Wards

Executive Summary:

The Committee presents an annual report to the Council on the work that it has undertaken each year.

The draft annual report in respect of the 2021/22 is attached at Appendix 1. It has been prepared by the Internal Audit Manager. It summarises the work undertaken by the Committee during 2021/22 together with any issues that relate to the year.

If, after considering the draft report, the Committee wish to make any changes, it is proposed that the Chairman be given authority to agree any amendments. The report will be presented to the next Full Council meeting.

The report will be uploaded onto the Council's website once it has been approved.

Recommendation(s):

It is recommended that the Committee:

1. Review the draft annual report and decide what changes, if any, they wish to make
2. Authorise that the Chairman of the Committee approve any amendments to the draft report.

Appendix 1

1. PURPOSE OF THE REPORT

- 1.1 This is an annual report of the Committee which summarises the work it has undertaken during 2021/22 and any issues that arose in the year.
- 1.2 Once the draft report is approved by Committee it will be presented by the Chair of CGC at Council.

2. BACKGROUND

- 2.1 The Committee is required to discharge the functions of the Council in relation to both the corporate governance of the Council and the conduct of elected Members. This annual report sets to inform Council of the activities Committee has undertaken in discharging these functions.
- 2.2 It has been prepared by the Internal Audit Manager and Democratic Services Officer, and details matters that have been considered together with membership and attendance throughout the year.

3. REASONS FOR THE RECOMMENDED DECISIONS

- 3.1 Committee is required to review the draft report and approve that it is an accurate representation/reflection of the year.

4. LIST OF APPENDICES INCLUDED

Appendix 1 - Corporate Governance Committee: Chairman's Annual Report to Council for the year ending 31st March 2022

CONTACT OFFICER

Name/Job Title: Deborah Moss, Internal Audit Manager
Tel No: 01480 388475
Email: deborah.moss@huntingdonshire.gov.uk

Appendix 1

Corporate Governance Committee

Chairman's Annual Report to Council for the year ending 31st March 2022



Introduction by the Chair of the Corporate Governance Committee

This report summarises both the Committee's activities during 2021/22 and issues that arose in that financial year. It is intended to:

- reassure the Council and other stakeholders that it is undertaking its responsibilities properly and in a way that allows it to exercise effective oversight; and
- demonstrate to the District's residents and other stakeholders the importance that the Council places on good governance, openness and probity in public life. The report sets out the contribution the Committee makes to achieving those aims. The Committee's meetings are open to the public and its report are available on the Council's website.

This report is issued in the context that there has been a change in Administration following the 4th May 2022 election. As the new Chair of the Corporate Governance Committee, I intend to ensure that that Committee maintains and supports the enhancement of Huntingdonshire District Council's Corporate Governance Framework.

I thank the previous Chair, Officers and previous members of the Committee for their commitment within the timeframe of this report, and for the level of oversight, review and challenge that has been maintained in the year of this Report.

As the Chair of the new Committee, I support my predecessors' focus on the following key issues, while seeking opportunities for the Committee to work with Officers to enhance levels of delivery in the year 2022-23:

1. To continue to make progress in resolving issues raised in previous annual governance statements, and to increase the rate of progress in the coming year.
2. Identify lessons to be learned and applied from those issues.
3. Receive assurance that business continuity plans are in place and up to date.
4. Continually review and enhance the controls necessary to deal with cyberattacks and to manage Cloud services effectively.
5. Continue to increase the percentage of internal audit actions completed on time.
6. Receive assurances that probity and accountability can be maintained and services delivered effectively and efficiently during peaks in the Covid-19 pandemic, with the associated possible risk to need to close offices and temporarily introduce remote working.

I note the reference to the need for a skills and training assessment for Committee members to identify training needs as mentioned in both this year's and the previous year's annual report. It is obviously important that members have the knowledge to be effective on this Committee, and so the Committee needs to take steps to increase its focus on addressing any such knowledge deficit in the year 2022-23.

Councillor Nic Wells, Chair, Corporate Governance Committee
June 2022

Introduction

The Committee is required to discharge the functions of the Council in relation to both the corporate governance of the Council and the conduct of elected Members.

The Committee oversees the Council's governance and financial arrangements and the promotion and maintenance of high standards of conduct amongst the Council and Town and Parish Councils within the District of Huntingdonshire. This includes advising the Council on the Code of Conduct for Members, agreeing a Code of Conduct for Planning matters and considering reports by the Local Government Ombudsman.

Functions relating to the conduct of Members are considered by a Standards Sub-Committee (which will report to the main Committee).

The functions of the Committee are listed in Appendix A.

Effectiveness

An effective Corporate Governance Committee can bring many benefits, including:

- raising greater awareness of the need for internal control and the implementation of agreed audit recommendations;
- increasing public confidence in the objectivity and fairness of financial and other reporting;
- reinforcing the importance and independence of internal and external audit and other similar review process; and
- providing additional assurance through a process of independent and objective review.

The Committee's work activities have been designed so that they not only provide assurance to the Council and allow it to discharge its functions, but also allow the Committee to make a positive contribution towards maintaining good governance practices across the Council.

Committee training

A skills and training needs assessment form has not been completed by Committee members for some years and training needs have not been identified. Committee has a significant number of new Members (both to the District Council and this Committee). An ongoing personal obligation to training is important in order that members can equip themselves with the requisite knowledge to form an effective governance and audit committee.

Matters considered

The table below groups into six categories the significant issues considered by the Committee during 2021/22. A brief summary of the issues considered within each of the categories is included on the following pages.

Annual Committee appointments were made on 19 May 2021 at the Annual Council Meeting.

		2021			2022	
		Jun	Jul	Sept	Jan	Apr
1	Constitution					
	Code of Financial Management	■				
	Proposal to Uplift the Code of Procurement Thresholds				■	
	Disposals and Acquisitions Policy: Land and Property – Update on Thresholds				■	
2	Governance issues					
	Approval for Publication of the 2020/21 Annual Governance Statement					■
	Annual Complaints Report 2020/21			■		
	Progress on Annual Governance Statement 2019/20 and 2020/21 – Significant Issues	■		■	■	
	Annual Report on HDC Compliance with Freedom of Information (FOI) & Environmental Information Regulations) Acts					■
3	External Audit (EA) & Financial Reporting					
	Draft 2020/21 Annual Financial Report and Approval for Publication of the Annual Governance Statement		■			
	External Audit Plan 2020/21		■		■	
	Approval for Publication of the 2020/21 Annual Financial Report				■	■
	Annual Report of the Committee	■				
4	Internal Audit					
	IA Service: Annual Report 2020/21		■			
	Progress on the Internal Audit Plan				■	
	Internal Audit Service: Interim Progress Report			■		
	Internal Audit Plan 2022/23 & Internal Audit Charter					■

		2021			2022	
		Jun	Jul	Sept	Jan	Apr
	Implementation of Internal Audit Actions	■		■	■	■
	Whistleblowing (Policy, Guidance and Concerns Received)	■				
5	Standards					
	Code of Conduct Complaints - Update	■		■	■	■
	Update on Code of Conduct and Register of Disclosable Pecuniary Interests	■			■	
	Model Councillor Code of Conduct 2020				■	
	Lead and Deputy Independent Persons				■	
6	Fraud					
	Review of Fraud Investigation Activity 2020/21	■				
7	Other					
	Reorganisation of Community Governance Order - Holme			■		
	Invitation to Become an Opted In Authority: The Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015 (The Regulations)				■	

Reviewing the Constitution

Code of Financial Management

The Committee is responsible for proposing to Council changes to the Council's Constitution. The Code forms part of the Constitution. The only changes were uplifts to the procurement thresholds.

Governance of the Council

Approving the Annual Governance Statement on behalf of the Council

The Committee approved the 2020/21 Annual Governance Statement (AGS). The format of the AGS previously changed to one aligned with accepted best-practice agreed with external audit.

Significant governance issues

No significant governance issues were identified for inclusion in the AGS. However other governance issues were reported.

Complaints

The Committee received an annual report 2020/21 on the outcome of any complaints referred to the Local Government & Social Care Ombudsman as well as

complaints that had been dealt with under the Council's own procedures. Details of compliments received were also reported. Members are able to request further information. Reports included any key lessons learnt from complaint resolutions as well as a summary of complaint themes.

External Audit matters

Approving the 2020/21 Annual Financial Report

The annual financial report for 2020/21 was audited by the external auditors who gave an unqualified audit opinion. The report was approved by committee and published in April 2022. Updates were also made to the AGS at this time.

External Audit Plan 2020/21

The Committee has noted the External Audit Plan 2020/21.

Decision to become an PSAA opted-in authority

At its meeting in February 2022, Council resolved that Huntingdonshire District Council opt into the national scheme by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

Internal Audit

Receiving the annual audit opinion

The Committee noted that the 2020/21 annual assurance opinion remained as adequate for the strands of internal control and governance. However, it was informed that no opinion could be given in respect of risk management. It acknowledged the decrease in resources available throughout the year (due to Covid resourcing) which limited the audit coverage and application of the Audit Plan.

Approving the internal audit work plan and Internal Audit Charter

The Audit Plan 2022/23 was discussed and approved in March 2022. The Internal Audit Charter was reviewed and approved as still fit for purpose by Committee in March 2022.

Monitoring of implementation of audit actions

Committee received regular reports on overdue audit actions. It also welcomed the introduction of written updates from action owners as to progress being made.

Annual report on whistleblowing

Committee received statistics on whistleblowing allegations received and noted that there were no issues that needed attention by committee. The Whistleblowing Policy was deemed still fit for purpose.

Standards

Ensuring good standards are maintained throughout the District

The Committee has received eight reports during the year on various standards matters:

- The adoption of Codes of Conduct by Town and Parish Councils
- The receipt and publication of register of interests forms on behalf of District, Town and Parish Councillors
- Updates on complaint cases regarding alleged breaches of the Code of Conduct by Members within the Council and Town and Parish Councils.
- The Model Councillor Code of Conduct 2020.
- Lead and Deputy Independent Persons

Countering Fraud

Corporate Fraud Team (CFT)

CFT's main priorities have involved the support and checking of the additional Business Grants announced by government to provide financial assistance to local businesses. CFT only had short period in between grant schemes to pursue other work. This time has been spent rebuilding working relationships with our Social Housing Providers and concentrating on looking at referrals and in particular Tenancy Fraud issues which saw an increase. This approach was very successful as the CFT have investigated and assisted the Social Housing Providers to recover 6 properties in a period of around four to five months as well as collaborative working. There has only been one application for directed surveillance during the past 12 month and this was for a Fly tipping matter.

The issues above deal with the core business of the Committee. A number of reports and other issues were also considered during the year that had a direct impact upon governance systems and processes across the Council:

- Reviewing the Council's compliance and performance in respect of responses to enquiries received under both the Freedom of Information and Environmental Impact Regulations.
- Considering the progress made by managers to introduce agreed internal audit actions on time.
- Consideration of single tenders/quotes approved by Heads of Service/Assistant Directors
- Approval of new Procurement Waiver Procedure and oversight of its usage

Committee membership & attendance

		2021 May	Jun	Jul	Sept	2022 Jan	Apr
Chairman	Cllr G J Bull	■	■	■	--	■	■
Vice-Chairman	Cllr P L R Gaskin	■	■	■	■	■	■
	Cllr E R Butler	■	--	--	■	■	■
	Cllr J C Cooper-Marsh	■	■	--	--	■	--
	Cllr D A Giles	■	■	■	--	--	--
	Cllr K P Gulson	■	■	■	■	■	■
	Cllr P Kadewere	■	■	■	■	■	■
	Cllr H V Masson	■	--	■	■	--	--
	Cllr L W McGuire	■	--	■	■	■	--
	Cllr J P Morris	--	--	■	--	--	--
	Cllr R J West	■	■	■	■	■	■
	Cllr Mrs S R Wilson	■	■	■	■	■	■
Key: ■ attended -- absent							

The following appointments were made to the Committee by the Council.

19 May 2021 Councillors G J Bull, E R Butler, J C Cooper-Marsh, P L R Gaskin, D A Giles, K P Gulson, P Kadewere, H V Masson, L W McGuire, J P Morris, R J West and Mrs S R Wilson.

**Corporate Governance Committee
Functions: Approved by Council 29 March 2017**

To discharge the functions of the Council in relation to the Corporate Governance of the Council and to be the Council's "Audit" Committee.

These responsibilities include:

- | | |
|------------------------------------|---|
| Constitution | Considering proposals to change the Council's Constitutional arrangements and making appropriate recommendations to the Council. |
| Governance | Regularly reviewing the Council's Code of Corporate Governance and recommending any changes to the Council and approving the annual governance statement and reviewing the achievement of any outstanding improvements.

Ensuring there are effective arrangements for the management of risk across the Council.

To consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

Through the Chairman, the Committee will provide the Council with an Annual Report, timed to support finalisation of the financial statements and the Governance Statement, on how it has discharged its responsibilities. |
| Internal and External Audit | Fulfilling the Board responsibilities of the Public Sector Internal Audit Standards and ensuring effective internal audit is undertaken in accordance with those Standards.

Receiving and considering external audit reports including the adequacy of management response to issues identified. |
| Final Accounts | Approving the accounting policies, statement of accounts and considering any matters arising from the external audit. |
| Countering Fraud | Reviewing and monitoring the policy and procedure and arrangements for investigating disclosures under the Public Interests Disclosure Act 1999.

Monitoring the Anti-Fraud and Corruption Strategy and receive annual updates on countering fraud. |
| Standards | The promotion and maintenance of high standards of conduct within the Council. |

Corporate Governance Committee
Functions: Approved by Council 29 March 2017

To advise the Council on the adoption or revision of its Codes of Conduct for Members.

The promotion and maintenance of high standards of conduct within the town and parish councils within Huntingdonshire.

To advise the Council on the adoption or revision of a Protocol for Member/Officer relations.

To advise the Council on the adoption of a Code of Conduct for Planning and monitoring operation of the Code.

Complaints

Consideration of reports by the Local Government Ombudsman including compensatory payments.

Electoral matters

Consider the periodic electoral review and review District and Parish electoral arrangements including boundaries and other electoral matters.

Determination of Community Governance Reviews.

The Monitoring Officer, in consultation with the Chairman of the Corporate Governance Committee is authorised to appoint to the Standards Sub-Committee as and when it is required to be convened.

Standards (Hearings) Sub-Committee

Functions relating to standards of conduct of members under any relevant provision of, or regulations made under, the Localism Act 2011.

3 Members of the Corporate Governance Committee plus Independent Person.

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CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
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 27th April 2022, there have been two uses of the waiver procedure. Background details will be circulated to Committee Members via email outside of the meeting.	Procurement Lead	No

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