

A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held in **CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN** on **WEDNESDAY, 27 SEPTEMBER 2023** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

AGENDA

APOLOGIES

1. MINUTES

To approve as a correct record the Minutes of the meeting of the Committee held on

Contact Officer: R Leighton - (01480) 388007

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. ANNUAL COMPLAINTS REPORT (Pages 5 - 22)

To comment on data regarding formal Stage One and Two complaints as well as on the Local Government and Social Care Ombudsman Local Authority Report for Huntingdonshire District Council (2022/23).

Contact Officer: L Sboui - (01480) 388032

4. RISK MANAGEMENT STRATEGY

TO FOLLOW.

Contact Officer: O Morley - (01480) 388103

5. POLLING DISTRICTS AND POLLING PLACES REVIEW (Pages 23 - 48)

To undertake a review of all of the polling districts and polling places in Huntingdonshire.

Contact Officer: L Jablonska - (01480) 388004

6. ANNUAL REPORT ON HUNTINGDONSHIRE DISTRICT COUNCIL'S COMPLIANCE WITH THE INFORMATION RIGHTS ACTS AND INFORMATION GOVERNANCE (Pages 49 - 60)

To receive a report from the Information Governance Manager and Data Protection Officer on the Council's compliance with the Freedom of Information Act 2000 and Environmental Information Regulations 2004; and the Council's performance regarding protecting personal data between April 2022 to March 2023.

Contact Officer: A Brown - adam.brown@3csharedservices.org

7. UNAUDITED STATEMENT OF ACCOUNTS 2022/23 (Pages 61 - 174)

To consider a report from the Director of Finance and Corporate Resources on the Annual Governance Statement, unaudited Statement of Accounts and Notice of Publication.

Contact Officer: K Sutton - (01480) 387082

8. APPROVAL FOR THE PUBLICATION OF THE AUDITED STATEMENT OF ACCOUNTS 2021/22 (Pages 175 - 334)

To receive the Audit Results Report, Letter of Representation, Statement of Accounts and Annual Governance Statement. **ANNUAL GOVERNANCE STATEMENT APPENDIX TO FOLLOW.**

Contact Officer: K Sutton - (01480) 387072

9. INTERNAL AUDIT SERVICE: PROGRESS REPORT

To receive a report from the Internal Audit Manager detailing the performance of the Internal Audit Service for the period April to September 2023. **TO FOLLOW.**

Contact Officer: D Moss - (01480) 388475

10. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 335 - 336)

To receive the Corporate Governance Committee Progress Report.

Contact Officer: R Leighton - (01480) 388550

19 day of September 2023

Michelle Sacks

Chief Executive and 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](#)

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Please contact Democratic Services, Tel: (01480) 388169 / email: Democratic.Services@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/Panel.

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

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

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

Emergency Procedure

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

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Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Annual Complaints Report

Meeting/Date: Corporate Governance Committee – 27th September 2023

Executive Portfolio: Councillor Stephen Ferguson - Executive Councillor for Customer Services

Report by: Business Change Manager

Ward(s) affected: All

Executive Summary:

Huntingdonshire District Council is committed to constant review of and improvements to the delivery of services for customers. Customer feedback is valued to allow services to be maintained and improved. Complaints, in particular, are an important way for the Council to be accountable to the public, as well as providing valuable insight into performance and processes are in place to support the Council to become more effective at driving change and improvements, as result of feedback. Appendices 3 and 4 provide examples of actions taken/service improvements arising from complaints.

The report provides Members with information on data relating to Stage One and Stage Two complaints received by the Council between April 2022 – March 2023. There has been a reduction in the number of Stage One complaints (175) compared to previous year (233). There has also been a reduction in the number of Stage Two complaints (21) compared to previous year (33).

The Report also provides data on complaints referred to the Local Government & Social Care Ombudsman (LGO) during 2022/23. Twelve complaints were received by the LGO, three were investigated, all three were upheld.

Recommendation:

The Committee is

RECOMMENDED

(a) to comment on the data relating to formal Stage One and Stage Two complaints received (2022/23); and

**(b) to comment on the Local Government and Social Care Ombudsman
Local Authority Report for Huntingdonshire District Council
(2022/23).**

1. PURPOSE OF THE REPORT

- 1.1 This report provides Members with information on complaints received by the Council between April 2022 – March 2023 and complaints referred to the LGO.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 One of the purposes of this report is to provide Members with data relating to Stage One and Stage Two complaints received by the Service. The Council offers a two-stage process: if the customer remains dissatisfied after Stage One, they may escalate to Stage Two for review by the relevant Senior Manager or a manager who is independent of the service that is the subject of the complaint
- 2.2 A further purpose of this report is to provide Members with data relating to the annual summary of statistics on complaints made to the LGO. The LGO statistics show complaints and enquiries received by service area and whether a decision was upheld, not upheld, advice given, closed after initial enquiry, incomplete/invalid, or referred back for local resolution.

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 The number of Stage One complaints recorded on Complaints Tracker (175) has reduced from last year (233). To provide context, for the Services with the higher number of complaints received, the higher volume customer transactions for these Services have also been indicated below:
- 98 complaints were received by Operations, these related mainly to missed bins (approx. 5.9 million bins collected per year);
 - 37 complaints received by Development & Growth (27 relating to Development Management and 7 for Enforcement, with others relating to Community Infrastructure Levy (CIL), or combination of issues), these related mainly to delays in response or decision making or dissatisfaction with decision (3023 planning decisions made, and 331 enforcement cases registered);
 - 18 complaints received by Customer Services (Customer Services includes: council tax, benefits, housing needs, and customer services/call centre), these related mainly to decisions about Council Tax or housing case handling (Council Tax administered for 81,733 properties; live case load of 7,565 benefit claims);
 - 13 complaints received by Community these related to a mixture of issues around investigations;
 - 3 Energy Bill/Covid grant related complaints (in total the Council paid £9.5m to over 61k households, these related mainly to eligibility criteria;

- 4 complaints received by Corporate Services, these related to local land charges search/enforcement notice, (125k poll cards issued to eligible electors for May 2022 elections, 2,157 official Local Land Charges searches completed) and solar panel scheme;
 - 2 complaints received by Leisure & Health (1,425,849 “registered” attendances).
- 3.2 The number of Stage Two complaints (21) received has reduced from last year (33). 10 of these related to Development and Growth.
- 3.3 Themes, actions taken/service improvements from Stage One and Stage Two complaints are included in Appendix 3 and 4.
- 3.4 Annual Performance monitoring:
- 93% of Stage One complaints were resolved within time against a target of 90%.
 - 87% of Stage 2 complaints were resolved within time against a target of 90%.
- 3.5 There were 12 complaints received by the LGO during 2022/23 (15 received during 2021/22) this includes those which did not progress to the LGO assessment stage or beyond. Of these 12 complaints, there were three detailed investigations carried out, all three were upheld.

In summary:

Case 1: Case relates to the way in which the Council handled a report of breaches of planning control, primarily delay in progressing enforcement proceedings. The Council provided a formal apology for the delays. The LGO recommended a payment of £100 be made in recognition of the uncertainty and frustration the customer experienced.

Learning points from this complaint:

- The team have introduced measures to ensure, where possible, such delays with enforcement investigations are avoided in future;
- Extra staff have been recruited to the team;
- Quarterly case reviews of all cases with the manager of the team have been introduced.

Case 2: The LGO found fault with regards to failing to ensure planning conditions for works on a site near to a resident’s home were complied with, including for a Construction Environment Management Plan (CEMP). The Council delayed reaching a decision on the submitted Plan and delayed dealing with the

formal complaint. The Council provided a formal apology for the delays. The LGO recommended a payment of £250 be made in recognition of the avoidable injustice caused by the fault.

Learning points from this complaint:

- The team have introduced measures to ensure where possible, such delays with enforcement investigations are avoided in future;
- Extra staff have been recruited to the team;
- Quarterly case reviews of all cases with the manager of the team have been introduced;
- Weekly enforcement forums with the Planning Service Manager have been introduced to ensure any applications that may impact on upon enforcement proceedings are prioritised by Planning Officers;
- A review of formal complaints process within the Planning Service was also undertaken.

Case 3: The LGO found fault with regards to a combination of a resident not having the opportunity to comment on the amended plans and the case officer's report not providing accurate information about levels or direct reference to overlooking affecting a resident's garden and that this has caused unnecessary time and trouble trying to understand how the Council had considered the impact of the neighbouring development. The Council provided a formal apology for the fault. The LGO recommended that a payment of £200 be made to reflect the uncertainty and the time and trouble in making a complaint.

Learning points from this complaint:

- The team agreed to review case officer guidance around the consideration of whether to reconsult on amended plans, to take into account the wider issue of fairness to those who may wish to make additional representations on amended applications.

It is worthwhile to note that the above cases relate to complaints raised in financial year 2021/22, and investigated by the LGO in 2022/23. These are therefore historical cases. There has been a comprehensive programme of work within Planning and improvements continue to be delivered.

3.6 The LGO has created a new interactive map - [Your Council's Performance](#). The site also provides helpful links to decisions made on all cases where the LGO have been involved. It should be noted that most cases are closed after initial enquiries are made (investigation not warranted) or

referred back for local resolution (complaint premature). Please see App 6 for comparison data with neighbouring authorities.

3.7 Unreasonable Complainants

Two customers continue to be managed under the Council's Unreasonable Complainant Behaviour Policy, both have a single point of contact at the Council. Both cases are managed in a way that does not entail a disproportionate amount of time at the expense of other residents. Close working with Information Governance Team continues to work well.

4. KEY IMPACTS / RISKS

- 4.1 With complaints, there is always a risk that we do not record all the complaints we receive and so do not have the full picture or identify trends. The majority of complaints are received via the online form. As a result of improved online processes and content, the Council continues to see a significant reduction in complaints about issues that are not within its remit (e.g. adult social care, highways) with customers being redirected to the correct organisation from the website. Three recorded non-Huntingdonshire District Council complaints were received 2022/23, (10 received 2021/22, 16 received 2020/21, 47 received 2019/20).
- 4.2 The Council's internal monitoring and recording system for complaints (Complaints Tracker) continues to provide a significant aid to improving how complaints are both recorded/monitored and handled on time. The system sends deadline reminders to Officers, who have reported it as a helpful function.
- 4.4 Where possible, the identification of lessons learned and service improvements as a result of complaints by service area (You Said – We Did) are reflected in Appendix 3 and 4. Highlights include: reviews of various internal processes, refresher training for staff, review of payment methods.
- 4.5 Complaints are just one aspect of customer feedback, the Council also records, monitors and reports upon compliments. 233 were received in 2022/23 (276 in 2021/22), as set out in Appendix 5. Primarily Housing, Call Centre and Refuse/Recycling teams received most compliments, but some were also received for Planning, Community and Leisure.
- 4.6 Work will continue on development of the process to demonstrate evidence on how complaints lead to service improvements alongside continued staff guidance and training, and some focused work with Planning.

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

[See Corporate Plan](#)

- 5.1 Complaints handling links to the following priority within the Corporate Plan – Delivering good quality, high value-for-money services with good control and compliance with statutory obligations.

6. REASONS FOR THE RECOMMENDED DECISIONS

- 6.1 Members are invited to note the LGO Local Authority Report for Huntingdonshire District Council and note the data relating to Stage One and Stage Two complaints and compliments received by the Council.

7. LIST OF APPENDICES INCLUDED

Appendix 1	LGO statistics for HDC
Appendix 2	HDC recorded complaints by Service
Appendix 3	Complaints – Stage 1 themes/actions taken/service improvements
Appendix 4	Complaints – Stage 2 themes/actions taken/service improvements
Appendix 5	Compliments
Appendix 6	LGO statistics – neighbouring authority comparison

CONTACT OFFICER

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LGO Local Authority Report – Huntingdonshire District Council

Complaints and Enquiries Received (by Category) 2022/2023

HDC	Benefits and Tax	Corporate and Other Services	Environment Services, Public Protection and Regulation	Planning and Development	Housing	Highways and Transport	Adult Care Services*	Total
2022/23	1	2	3	6	0	0	0	12
2021/22	3	4	3	5	0	0	0	15
2020/21	11	1	3	6	0	0	1	22

Complaints and Enquiries Decided (by Outcome) 2022/23

HDC	Upheld	Not upheld	Advice given	Closed after initial enquiry	Incomplete/invalid	Referred back for local resolution	Total	Uphold rate (%)	Average uphold rate (%) of similar authorities
2022/23	3	0	1	5	0	3	12	100	59
2021/22	1	4	1	7	1	4	18	20	51
2020/21	3	1	0	9	0	10	23	75	53

A number of cases will have been received and decided in different business years, this means the number of complaints and enquiries received will not always match the number of decisions made.

HDC Recorded Complaints by Service April 2022 – March 2023

Service	Stage One			Stage Two			Total			LGO investigations		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Community**	8	10	13	4	3	3	12	13	16	1	2	
Covid	22	10	0	16	5	0	38	15	0		2	
Customer Services*	27	44	18	6	5	3	33	49	21	2		
Development & Growth***	28	58	37	7	15	10	35	73	47	1	1	3
Operations	21	103	98	2	4	4	23	107	102			
Corporate Services	1	5	4	1	0	0	2	5	4			
Leisure and Health	1	3	2	0	1	0	1	4	2			
Shared Services	1**	0	0	0	0	0	1	0	0			
Other (cross cutting)	0	0	0	0	0	0	0	0	0			
Energy Bill	0	0	3	0	0	1	0	0	4			
Total	109	233	175	36	33	21	145	266	196	4	5	3

*Community includes environmental health, community protection and enforcement, licensing.

Customer Services includes a number of different services e.g., council tax, benefits, housing needs, and customer services/call centre, Fraud **3CICT/building control. * includes Growth (Housing/Regeneration).

2022/2023 Stage One complaints - summary of themes and actions taken/service improvements (175)

Service	Themes	Actions taken/service improvements
Community (13) Upheld - 4 Not upheld – 5 Partially upheld - 2 On-going -2	<ul style="list-style-type: none"> • Way in which smoke nuisance complaint handled • Way in which request for a housing inspection handled • Way in which two noise nuisance complaints handled • 3 complaints relating to members of staff member • Way in which abandoned vehicle report handled • Complaint about pest control service • Way in which a high hedge complaint handled • Way in which complaint about abandoned vehicle handled • 2 complaints relating to dog kennels 	Review of resources, recruitment. Development of multi skilled approach to service requests. Reminder to team re checks required when evidence gathering. Introduction of new high hedge complaints process and payments process . Review of payment methods.
Customer Services (18) Not upheld - 6 Partially upheld – 2 Not upheld – 1 Partially upheld – 1 Not upheld - 1 Partially upheld – 1	Council Tax (8): <ul style="list-style-type: none"> • Council tax liability, bill calculations and reminder notices • Summons/collections process • Empty property premium • Lack of response or difficulty in making contact with the team • Allegation of data breach Benefits (2): <ul style="list-style-type: none"> • Benefit entitlement Customer Services (2) <ul style="list-style-type: none"> • Officer conduct • Way in which Council Tax payment handled 	Staff reminder about call notes. Ensure contractors aware of council policies. Case reviewed and recovery level reassessed. Training for staff.

Service	Themes	Actions taken/service improvements
<p>Not upheld - 1</p> <p>Upheld - 1 Not upheld - 3 Partially upheld - 1</p>	<p>Fraud (1)</p> <ul style="list-style-type: none"> Way in which fraud case handled <p>Housing Needs (5)</p> <ul style="list-style-type: none"> Issues relating to temporary accommodation Complaint about member of staff/failure to respond Time spent waiting for rehousing Issues around housing plan and way case handled Impact of temporary housing on neighbours 	<p>Clarity/advice provided.</p>
<p>Development & Growth (37)</p> <p>Partially upheld – 1 Not upheld - 2</p> <p>Upheld - 3 Not upheld - 12 Partially upheld – 9 On-going - 3</p> <p>Upheld - 1 Not upheld - 5 Partially upheld – 1</p>	<p>Growth (3)</p> <ul style="list-style-type: none"> Two complaints about CIL Complaint about contents of Economic Development newsletter <p>Planning applications (27):</p> <ul style="list-style-type: none"> Failure to respond Delays in decision making Dissatisfied with decision How objections are considered Complaint about staff member <p>Planning Enforcement (7)</p> <ul style="list-style-type: none"> Way cases handled Delays in case progress Lack of response 	<p>Staff training and review of process. Re-introduction of pre-application service, no longer accepting amendments. recruitment are all improvements that will address some of the issues raised in complaints.</p> <p>Recruitment programme implementation of quarterly case reviews with Team Leader likely to address some of the issues raised in complaints.</p>
<p>Operations (98)</p> <p>Upheld - 53</p>	<p>Waste/recycling (73)</p> <ul style="list-style-type: none"> Missed bin Missed bins (assisted collection) 	<p>Reminder to crews. Monitoring of collection.</p>

Service	Themes	Actions taken/service improvements
<p>Not upheld - 15 Partially upheld – 5</p> <p>Upheld - 2 Not upheld - 1 Partially upheld – 6</p> <p>Upheld - 1 Not upheld - 3 Partially upheld –1</p> <p>Upheld - 2 Not upheld - 4 Partially upheld – 4 On-going - 1</p>	<ul style="list-style-type: none"> • Return of bins after collection • Contaminated/rejected bins • Crew behaviour • Bin store doors left open • Noise from early morning collections • Damage to property • Delays in delivery of new bin <p>Street scene (9)</p> <ul style="list-style-type: none"> • Damage to property by trees/bushes/weeds • Issues with public bins • Road not swept • Poor work re grass cutting • Fly tipping <p>Parking (5)</p> <ul style="list-style-type: none"> • Issues with use of social media • Parking appeal due to lack of signage • Car parking for 3 wheeled motorcycles • Issues with Mi Permit App <p>Other (11)</p> <ul style="list-style-type: none"> • Overgrown trees/vegetation • Parking ticket machines not working • Splinter from park bench • Process for reporting missed bin online • Issues with land encroachment 	<p>Reminder to crews in team meeting re customer interaction. Management instruction. Reminder to crews about spillages. Bin delivered as priority. Bin repair as priority. Advice to customer . Map and advice to crew.</p> <p>Monitoring of area. Road swept. Area cleared. Site visit. Wider review of site. Arrangement for grass to be cut again.</p> <p>Charge notice waived and signage issue addressed. Worked with the contractors involved to restore power to the Pay & Display machine.</p> <p>Staff training. Internal process amended to ensure staff absences do not impact service provision . Back-office process improved, Support Team provided with more information to provide customers with quicker response to enquiries. Amendment to web content re reporting of missed bins online. Site visit and agreement on work.</p>
<p>Finance and Corporate Services (4) Elections/Democratic Services, HR, Estates, Finance, Audit</p>	<p>Elections (2)</p> <ul style="list-style-type: none"> • Local land charges search • Issue with annual polling card 	<p>Systems issue to be addressed.</p>

Service	Themes	Actions taken/service improvements
Upheld - 2 Not upheld – 1 Non-HDC - 1	Estates & Facilities (2) <ul style="list-style-type: none"> • Solar panel contractor • Bus station refurbishment 	Work with partners to resolve issues.
One Leisure (2) Upheld - 2	<ul style="list-style-type: none"> • Officer conduct • Delays in customer contact 	Advice to staff member. Review of process to ensure cover for staff absences.
Other (3) Not upheld - 3	<ul style="list-style-type: none"> • Process relating to applications for Energy Bill Rebate 	

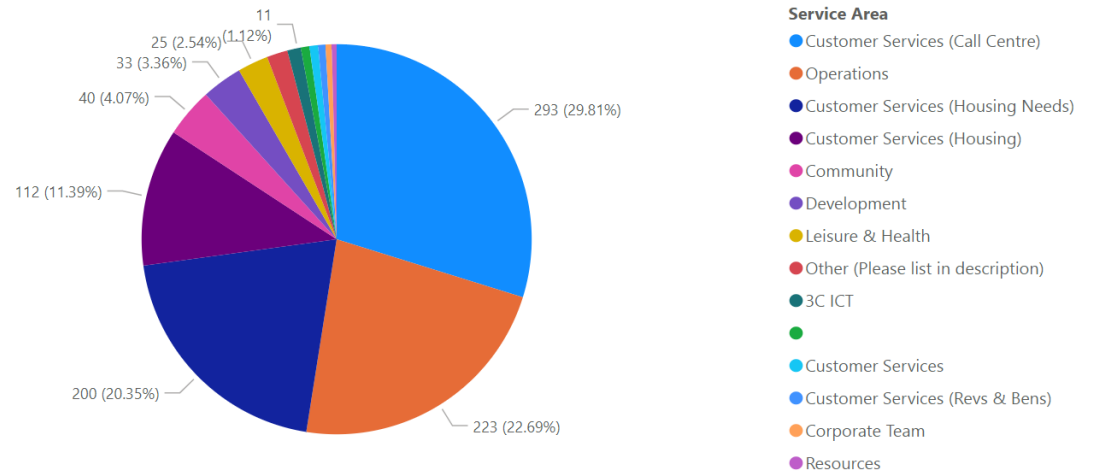
2021/22 Stage Two complaints – summary of themes and actions taken/service improvements (21)

Service	Themes	Actions taken/service improvements
Community (3) Upheld - 0 Not upheld - 3	Environmental Health: <ul style="list-style-type: none"> • Way noise nuisance complaint handled • Way abandoned vehicle complaints handled 	Opportunity to provide further clarity. Review of resources, recruitment. Development of multi skilled approach to service requests.
Customer Services (3) Not upheld - 2 Non HDC – 1	Customer Services (2) <ul style="list-style-type: none"> • Data protection issue • Non HDC issue Council Tax/Business rates (1): <ul style="list-style-type: none"> • Delays in response/tone of correspondence • Officer conduct 	Further clarity provided to customer.
Development & Growth (10) Upheld - 1 Not upheld - 3 Partially upheld – 2 Not upheld - 2 Not Upheld - 1 Not upheld - 1	Planning Applications (6): <ul style="list-style-type: none"> • Dissatisfaction with decision • Delays in decision • How neighbour objections considered Planning Enforcement (2): <ul style="list-style-type: none"> • Alleged planning enforcement failure Planning Growth (1) <ul style="list-style-type: none"> • Funding opportunity in Economic Development newsletter Development Other (1) <ul style="list-style-type: none"> • Use of CIL 	Opportunity to provide further clarity and apology for delays. Action Plan to reduce backlog will address issues raised in complaints. Conversation with customer helped to diffuse issue. Quarterly case reviews with Team Leader.
Operations (4) Upheld - 2 Not upheld - 2	Street Scene (2): <ul style="list-style-type: none"> • Overgrown vegetation Parking services (1) <ul style="list-style-type: none"> • Officer conduct 	Further clarity provided. Apology for delay. Review of wider site. Change to processes.

Service	Themes	Actions taken/service improvements
	Refuse/recycling (1) <ul style="list-style-type: none"> • Bulky waste cost 	
Other (1) Not upheld - 1	Energy Bill Rebate Scheme (1) <ul style="list-style-type: none"> • application process 	

Compliments recorded on Compliments Tracker April 2022 – March 2023

Service Area	2019	2020	2021	2022	2023	Total
3C ICT		5	1	1		7
Community	4	7				11
Corporate Team	1	21	1	13	3	39
Customer Services		1	4			5
Customer Services (Call Centre)		7				7
Customer Services (Housing Needs)	2	79	97	81	24	283
Customer Services (Housing)			82	88	24	194
Customer Services (Revs & Bens)	1	86	25			112
Development		6				6
Leisure & Health	1	14	8	9	1	33
Operations	1	5	11	6	1	24
Other (Please list in description)	18	114	47	27	14	220
Resources		4		8	3	15
Resources	2	2				4
Total	30	351	276	233	70	960



One Leisure – (409 complimentary scores recorded via Net Promoter Score Sruvey)

Compliments received in 2022/23 - 233

Compliments received in 2021/22 - 276

Compliments recieved in 2020/21 - 351

LGO Neighbouring Authority Statistics

Cambridgeshire Councils	Detailed investigations decided (by outcome) 2022/23		Uphold rate <i>Average uphold rate</i>	Complaints and enquiries received	
	Not upheld	Upheld		2021/22	2022/23
Huntingdonshire (*population 180,800)	0	3	100% (59%)	15	12
South Cambridgeshire (*population 162,000)	1	5	83% (59%)	14	24
Fenland (*population 102,500)	3	0	0% (59%)	5	10
East Cambridgeshire (*population 87,700)	4	1	20% (59%)	9	10
Cambridge City (population 145,700)	1	5	83% (59%)	19	25
Cambridgeshire County Council	5	18	78% (80%)	60	76

A number of cases will have been received and decided in different business years, this means the number of complaints and enquiries received will not always match the number of decisions made.

In 2022-23 the LGO changed their investigation processes, contributing towards an increase in the average uphold rate across all complaints, therefore advisable to consider comparing individual council uphold rates against the average rate rather than against previous years.

* [Cambridgeshire Insight – Population – Census 2021 – First Results](#)

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Polling Districts and Polling Places Review 2023

Meeting/Date: Corporate Governance Committee – 27th September 2023

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

Report by: Elections and Democratic Services Manager

Ward(s) affected: All

Executive Summary:

Each local authority is required to undertake a review of all of the polling districts and polling places in its area on a regular basis. The last full review was undertaken in October 2019. It is now necessary to carry out the next scheduled review which needs to be completed between 1st October 2023 and 31st January 2025. A review is being scheduled to commence on 2nd October 2023 in readiness for the next scheduled elections in May 2024.

Recommendation:

The Committee is

RECOMMENDED

- (a) to note the process involved in the review of polling districts and polling places 2023; and**
- (b) to review the consultation document and authorise the commencement of the polling districts and polling places review in accordance with the consultation document attached and timetable for consultation.**

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to acquaint members with details of the process involved with a statutory review of polling districts and polling places within the District, including an indicative timetable and proposed amendments to existing arrangements.

2. BACKGROUND

- 2.1 The Electoral Commission Act 2006, as amended, placed a duty on each authority to undertake a review of all of the polling districts and polling places in its area on a regular basis. The last such review was completed in 2019. It is now necessary to carry out the next scheduled review which needs to be completed between 1st October 2023 and 31st January 2025.
- 2.2 The intention of the legislation was reviews would be completed by the January before a UK parliamentary general election. However, since the repeal of the Fixed Term Parliaments Act 2011, there is no longer any certainty as to when the next general election will be. With a Parliamentary election scheduled within the next 15 months, it is sensible to commence the review as early as possible. In addition, the Boundary Commission for England is currently undertaking a review of parliamentary constituency boundaries. The Commission has now published its final recommendations and Orders for the new parliamentary constituency boundaries will be made by 1 November 2023. Once the Orders for new parliamentary constituencies have been made, the new boundaries will be used for the next general election. If a parliamentary by election is called in the meantime, it would be run on existing boundaries.
- 2.3 These issues mean it is important that the polling district and places review is carried out as early as possible, so that Huntingdonshire has agreed polling districts and places to be used for the next parliamentary election, as well as the Police and Crime Commissioner elections in May 2024 and has a polling scheme in place which reflects the new constituencies. A review is being scheduled to commence on 2nd October 2023 in readiness.
- 2.4 All wards within Huntingdonshire are divided into polling districts which form the basis upon which the register of electors is produced. Most are defined by parish boundaries, but there are exceptions. The Council is responsible for dividing its area into polling districts and for keeping polling districts under review. The Council must also define a polling place for each of its polling districts within which the polling station is located.
- 2.5 In undertaking the review, the Council must –
- Publish a notice indicating the holding of a review;
 - Consult the Returning Officer for each Parliamentary Constituency which is wholly or partly within its area;

- Enable any such Returning Officer to make representations to the authority and publish them in a prescribed manner;
 - Seek the views of interested groups or bodies including electors, candidates and agents, political parties and members of the Council; and
 - Seek representations from such persons that it thinks has particular expertise in relation to access to premises or facilities for persons with different disabilities.
- 2.6 On completion of the review, the Council is required to give reasons for its decisions in respect of the designation of both polling districts and polling places and publish other such information as prescribed.

3. DEFINITIONS

- 3.1 A **polling district** is a geographical sub-division of an electoral area, e.g. UK Parliamentary Constituency, a Ward or an Electoral Division. The Council is responsible for dividing its area into polling districts for UK Parliamentary elections and for keeping the polling districts under review. Although there is no requirement to sub-divide local government electoral wards into polling districts, it is recognised good practice to do so. When doing so, every effort must be made to ensure that the polling district scheme for local government elections mirrors as closely as possible that agreed for Parliamentary elections.
- 3.2 In addition, and unless there are special circumstances that lead the Council to determine otherwise, each parish must be in a separate polling district.
- 3.3 A **polling place** is a geographical area in which a polling station is located. However, as there is no legal definition of what a polling place is, the geographical area could be defined as a specific room within a particular building or as widely as the entire polling district.
- 3.4 A **polling station** is the actual area where the process of voting takes place and must be located within the polling place designated for the particular polling district.
- 3.5 It is worth noting that the Council is responsible for designating polling places whereas the Returning Officer is responsible for determining where the polling stations are situated. Whilst polling stations are not formally part of this review, it is essential that the Returning Officer have regard to the adequacy and suitability of premises used.

4. AIM OF THE REVIEW

- 4.1 In carrying out this statutory review, the Council must demonstrate that they have, as far as is practicable, met the criteria in the legislation and in doing so must —

- (a) Seek to ensure that all the electors in the Constituency have such reasonable facilities for voting as are practicable in the circumstances; and
 - (b) Seek to ensure that, so far as is reasonable and practicable, the polling places they are responsible for are accessible to all electors, including those who are disabled, and when considering the designation of a polling place, must have regard to the accessibility needs of disabled persons.
- 4.2 A schedule of existing polling districts and polling places together with details of existing polling stations used is set out in Appendix A.
- 4.3 It has been the practice to respond to feedback from Presiding Officers and Polling Station Inspectors on the adequacy and suitability of polling stations when elections are held. This is taken into account on an ongoing basis at each scheduled election. In May 2022 Polling Station Inspectors carried out a further survey of all polling stations in the District. The results of the survey will be considered as part of the review. A further survey of polling stations has also been undertaken as part of the accessibility requirement for disabled voters under the Elections Act 2022. The responses to-date are set out in Appendix B.

5. CONSULTATION AND TIMETABLE FOR IMPLEMENTATION

- 5.1 As highlighted above, it is important to complete the review as soon as possible, so the polling districts and places for future elections can be agreed in time for the next general election and scheduled elections. The Council is required to undertake a consultation on the existing and any proposed arrangements for polling districts and polling places and that is scheduled to commence on 2nd October 2023, running until 27th November 2023 with all electors and interested parties and the full consultation is hosted on the Council's website. Details will also be sent to all County and District Councillors, MPs and Town and Parish Councils, as well as Returning Officers for the existing Constituencies of Huntingdon and of North West Cambridgeshire, the new Constituency of St Neots and Mid-Cambridgeshire, the Returning Officer for Cambridgeshire County Council, political agents/parties and local disability groups.
- 5.2 A Notice of Polling Districts and Polling Places Review Consultation Document is set out in Appendix C, that provides further detail on the review, proposed changes to existing arrangements and timetable for the review.
- 5.3 Following receipt and consideration of any representations, an outcome report will be presented to this Committee on 24th January 2024 with a recommendation to Council on 21st February 2024 for final proposals for polling districts and polling places and registers will be republished for the affected polling districts on 1st March 2024.

6. KEY IMPACTS / RISKS

- 6.1 Failure to consider all representations fully and complete the review to decide on the most appropriate polling districts and polling places may not allow the Returning Officer to run effective elections.

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

- 7.1 The requirement to undertake a polling districts and polling places review aligns with Priority 3: Delivering good quality, high value-for-money services with good control and compliance with statutory obligations as set out in the Corporate Plan 2023-2028.

8. LEGAL IMPLICATIONS

- 8.1 The process for a polling district and places review is set out in Schedule A1, Representation of the People Act 1983 and the next compulsory review must be undertaken within a 16-month window between 1 October 2023 and 31 January 2025.

9. REASONS FOR THE RECOMMENDED DECISIONS

- 9.1 The Council must undertake a review of the polling district and polling places within a period of 16 months that starts on 1st October of every fifth year after 1st October 2013. The adequacy and suitability of polling stations is regularly reviewed to ensure that premises remain suitable and accessible for electors. The Council is required to approve the Schedule of Polling Districts and Polling Places to ensure the effective delivery of elections.

- 9.2 The Corporate Governance Committee has responsibility to consider periodic electoral reviews and review of District and Parish electoral arrangements including boundaries and other electoral matters. This report provides the Committee with an opportunity to review the proposed consultation document and propose any changes to be incorporated into the document before the review commences formally in October 2023.

10. LIST OF APPENDICES INCLUDED

Appendix A – Schedule of Existing Polling Districts and Polling Places

Appendix B – Results of Polling Station Accessibility Questionnaire

Appendix C – Notice of Polling Districts and Polling Places Review Consultation Document

11. BACKGROUND PAPERS

Review of Polling Districts, polling places and polling stations guidance – The Electoral Commission.

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**Appendix A – Schedule of Existing Polling Districts and Polling Places
(Structured by current District Wards for reference only)**

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
Alconbury	Alconbury	AC	The Parish of Alconbury	Alconbury Memorial Hall, School Lane, Alconbury	
	Alconbury Weston	AD	The Parish of Alconbury Weston	57 Highfield Road, Alconbury Weston	
	Barham & Woolley	AF	The Parishes of Barham and Woolley and Spaldwick	Spaldwick Community Room, Spaldwick Community Primary School	
	Buckworth	AN	The Parish of Buckworth	The Club Room, Cricket Club, Buckworth	
	Easton	BC	The Parish of Easton	Church of St Peter, Easton	
	Hamerton & Steeple Gidding	BX	The Parish of Hamerton and Steeple Gidding	Hamerton Village Hall, Hamerton	
	Spaldwick	FE	The Parish of Spaldwick	Spaldwick Community Room, Spaldwick Community Primary School	
	Upton & Coppingford	FN	The Parish of Upton	Upton Village Hall, Upton	
	Winwick	FW	The Parish of Winwick	Winwick Village Hall, Winwick	

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
Brampton	Brampton	AH	The Parish of Brampton	Brampton Memorial Centre, Thrapston Road, Brampton	Consider provision of new polling district
	Huntingdon – Hinchingsbrooke Park	CS	The Hinchingsbrooke Park Ward of Huntingdon Parish	The Countryside Centre, Hinchingsbrooke Country Park, Huntingdon	Redevelopment work pending – alternative premises required
Buckden	Buckden	AM	The Parish of Buckden	Buckden Methodist Hall, Buckden	
	Diddington	BA	The Parish of Buckden		
	Southoe	FD	The Parish of Southoe	Southoe Village Hall, Southoe	
Fenstanton	Fenstanton South	BJ	The Parish of Fenstanton	Church Centre, School Lane, Fenstanton	
	Hilton	CB	The Parish of Hilton	Hilton Village Hall, Hilton	
Godmanchester and Hemingford Abbots	Godmanchester (part)	DA	The Parish of Godmanchester	Queen Elizabeth School, Godmanchester	
	Godmanchester (part)	DB	The Parish of Godmanchester	Judiths Field Hall, London Road, Godmanchester	Consider provision of new polling district
	Hemingford Abbots	BZ	The Parish of Hemingford Abbots	Hemingford Abbots, Village Hall, Hemingford Abbots	

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
Godmanchester and Hemingford Abbots (contd.)	Offord Cluny	DH	The Offord Cluny part of the Parish of Offord Cluny and Offord D'Arcy	Offord Village Hall, Offord Cluny	
	Offord D'Arcy	DJ	The Offord D'Arcy part of the Parish of Offord Cluny and Offord D'Arcy	Offord Village Hall, Offord Cluny	
Great Paxton	Abbotsley	AA	The Parish of Abbotsley	Abbotsley Village Hall, Abbotsley	
	Great Gransden	BR	The Parish of Great Gransden	The Reading Room, Great Gransden	
	Great Paxton	BS	The Parish of Great Paxton	Community Room, Great Paxton, Primary School	
	Toseland	FM	The Parish of Toseland	St Michael's Church, High Street, Toseland	
	Waresley-cum-Tetworth	FT	The Parish of Waresley	Waresley Village Hall, Waresley	
	Yelling	GE	The Parish of Yelling	Yelling Village Hall, Yelling	
Great Staughton	Ellington	BD	The Parish of Ellington	Ellington Village Hall	
	Grafham	BM	The Parish of Grafham	Grafham Village Hall	
	Great Staughton	BT	The Parish of Great Staughton	Gt Staughton Village Hall, Great Staughton	
	Hail Weston	BW	The Parish of Hail Weston	Hail Weston Village Hall, Hail Weston	
	Perry	DM	The Parish of Perry	Perry Church, Perry	
Hemingford Grey and Houghton	Hemingford Grey	CA	The Parish of Hemingford Grey	St James Parish Centre, 33 High Street, Hemingford Grey	

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
Hemingford Grey and Houghton (contd.)	Houghton & Wyton	CE	The Parish of Houghton	Houghton & Wyton Memorial Hall, Houghton	
	Wyton-on-the-Hill	CF	The Parish of Wyton	Wyton on the Hill, Primary School, Cambridge Square	
Holywell-cum-Needingworth	Bluntisham	AG	The Parish of Bluntisham	Bluntisham Village Hall, Recreation Field, Mill Lane, Bluntisham	
	Colne	AW	The Parish of Colne	Colne Community Hall, East Street, Colne	
	Earith	BB	The Parish of Earith	Earith Parish Hall, Earith	
	Holywell cum Needingworth	CD	The Parish of Holywell-cum-Needingworth	Needingworth Village Hall, Needingworth	
Huntingdon East	Huntingdon – South	CH	The South Ward of Huntingdon Parish	MS Therapy Centre, Bradbury House, Mayfield Road, Huntingdon	
	Huntingdon – East	CJ	The East Ward of Huntingdon Parish	Hartford Village Hall, Main Street	
Huntingdon North	Huntingdon – South West	CG	The South West Ward of Huntingdon Parish	Methodist Church Hall, High Street, Huntingdon	
	Huntingdon – Central	CL	The Central Ward of Huntingdon Parish	Cambridge Regional College, California Road	

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
Huntingdon North (contd.)	Huntingdon – North East	CN	The North East Ward of Huntingdon Parish	St Barnabas Church Hall, Medway Road, Huntingdon	
	Huntingdon – West	CP	The West Ward of Huntingdon Parish	Civic Suite, Pathfinder House, St Mary's Street, Huntingdon	
Kimbolton	Brington	AJ	The Brington part of the parish of Brington & Molesworth	St Leonards Hall, High Street, Brington	
	Molesworth	AK	The Molesworth part of the parish of Brington & Molesworth	Molesworth Village Hall, Molesworth	
	Bythorn	AR	The Bythorn part of the parish of Bythorn & Keyston	Bythorn Village Hall, Bythorn	
	Keyston	AS	The Keyston part of the parish of Bythorn & Keyston	Keyston Village Hall, Keyston	
	Catworth	AT	The Parish of Catworth	Catworth Village Hall, Catworth	
	Covington	AY	The Parish of Covington	Covington Village Hall, Covington	
	Kimbolton & Stonely	DC	The Parish of Kimbolton	The Mandeville Hall, Kimbolton	
	Leighton Bromswold	DE	The Parish of Leighton Bromswold	The Old School House, Leighton Bromswold	
	Old Weston	DL	The Parish of Old Weston	Old Weston Village Hall, Old Weston	
	Stow Longa	FG	The Parish of Stow Longa	The Old Barn, Spaldwick Road, Stow Longa	Merge polling districts FG & FK
	Stow Longa	FK	The part of Stow Longa parish which includes Kimbolton Road		
Tilbrook	FL	The Parish of Tilbrook	Tilbrook Village Hall, Tilbrook		

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
Ramsey	Bury	AP	The Parish of Bury	Bury Village Hall, Bury	
	Ramsey (Town)	DR	The Parish of Ramsey	Ramsey Cricket Club, Cricket Field Lane	
	Ramsey Heights	DS	The Ramsey Heights part of the Ramsey Parish	St Mary's Church, Ramsey Heights	
	Ramsey St Mary's	DT	The Ramsey St Mary's part of the Ramsey Parish	The Barn Ashbeach School, Ashbeach Drove, Ramsey St Marys	
	Ramsey Mereside	DV	The Ramsey Mereside part of the Ramsey Parish	Ramsey Mereside Village Hall, Ramsey Mereside	
	Ramsey Forty Foot	DW	The Ramsey Forty Foot part of the Ramsey Parish	Ramsey Forty Foot, Village Hall, Ramsey Forty Foot	
	Ramsey (Town)	DX	The Parish of Ramsey	Ramsey Library, Great Whyte, Ramsey	
Sawtry	Abbots Ripton	AB	The Parish of Abbots Ripton	Abbots Ripton Village Hall, Abbots Ripton	
	Kings Ripton	DD	The Parish of Kings Ripton	Kings Ripton Village Hall, Kings Ripton	
	Sawtry	FA	The Parish of Sawtry	The Old School Hall, 37 Green End Road, Sawtry	
	Woodwalton	GA	The Parish of Woodwalton	Woodwalton Village Hall, Woodwalton	
Somersham	Somersham	FC	The Parish of Somersham	Victory Hall, Parkhall Road, Somersham	

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
St Ives East	St Ives North	DY	The North Ward of St Ives Parish (north of ward)	Burleigh Hill, Community Centre, Constable Road	
	St Ives North	DZ	The North Ward of St Ives Parish (south of ward)	Burleigh Hill, Community Centre, Constable Road	Polling Station located out of polling district
	St Ives North	EA	The North Ward of St Ives Parish (Old Ramsey Road)	Burleigh Hill, Community Centre, Constable Road	Merge polling districts DZ & EA
St Ives South	Fenstanton - North	BQ	The Parishes of Fenstanton and St Ives South	Church Centre, School Lane, Fenstanton and Sacred Heart Church Hall, Needingworth Road, St Ives (District Council elections only)	Polling Station for District Council elections located out of polling district
	St Ives South	EB	The South Ward of St Ives Parish (right of Pig Lane)	Sacred Heart Church Hall, Needingworth Road, St Ives	
	St Ives South	EC	The South Ward of St Ives Parish (left of Pig Lane)	Crossways Christian Centre, Ramsey Rd, St Ives	Polling Station located out of polling district
St Ives West	St Ives West	ED	The West Ward of St Ives Parish	One Leisure Outdoor, St Ives	
	St Ives Beech	EX	The Beech Ward of St Ives Parish	One Leisure Outdoor, St Ives	Polling Station located out of polling district

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
St Neots East	St Neots - East	ET	The East Ward of St Neots Parish	Love's Farm House, Kester Way, Love's Farm	Consider provision of new polling district
St Neots Eatons	St Neots – Eaton Ford	EN	The Eaton Ford Ward of St Neots Parish (right of Great North Road)	The Scout Hall, Mill Hill Road, Eaton Ford	
	St Neots – Eaton Ford	EP	The Eaton Ford Ward of St Neots Parish (left of Great North Road)	Eatons Community Centre, The Maltings, Eaton Socon	
	St Neots – Eaton Socon	ER	The Eaton Socon Ward of St Neots Parish (right of Great North Road)	The Jubilee Hall, School Lane, Eaton Socon	
	St Neots – Eaton Socon	ES	The Eaton Socon Ward of St Neots Parish (left of Great North Road)	Bushmead School, Bushmead Road, Eaton Socon	
St Neots Eynesbury	St Neots – Eynesbury	EF	The Eynesbury Ward of St Neots Parish (south of Hen Brook)	Berkley Street Methodist Church Hall, Eynesbury	
	St Neots – Eynesbury	EG	The Eynesbury Ward of St Neots Parish (north of Hen Brook)	Bargroves Resource Centre, Cromwell Rd, Eynesbury, St Neots	
	St Neots – Eynesbury	EH	The Eynesbury Ward of St Neots Parish (left of Potton Road)	Creche, One Leisure St Neots	
	St Neots – Priory Park South	EJ	The Priory Park South Ward of St Neots Parish	St Neots Voluntary Welfare Association, Church Walk, St Neots	Polling Station located out of polling district
	St Neots - Church	EW	The Church Ward of St Neots Parish		

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES	
St Neots Priory Park and Little Paxton	Little Paxton	DF	Little Paxton	Little Paxton Village Hall, Little Paxton		
	St Neots - Priory Park	EL	The Priory Park Ward of St Neots Parish	St Neots Rugby Club, New Street, Priory Park		
	St Neots - Crosshall	EQ	The Crosshall Ward of St Neots Parish	The Scout Hall, Mill Hill Road, Eaton Ford	Polling Station located out of polling district	
Stilton, Folksworth and Washingley	Alwalton	AE	The Parish of Alwalton	Colonel Dane Memorial Hall, Alwalton		
	Chesterton	AV	The Parish of Chesterton			
	Conington	AX	The Parish of Conington	The Green, Cotton Close, Conington	No suitable venue available. Venue required to replace temporary polling station	
	Denton and Caldecote	AZ	The Parish of Stilton	Stilton Pavilion, Stilton	Polling Station located out of polling district	
	Elton	BE	The Parish of Elton	Highgate Hall, Elton		
	Folksworth & Washingley	BK	The Parish of Folksworth	Folksworth Village Hall, Folksworth		
	Glatton	BL	The Parish of Glatton	Glatton Village Hall, Glatton		
	Great and Little Gidding	BN	The Great Gidding part of Great and Little Gidding		Great Gidding Village Hall, Great Gidding	
		BP	The Little Gidding part of Great and Little Gidding			
Haddon	BV	The Parish of Haddon		The Old Rectory, Haddon		

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
Stilton, Folksworth and Washingley (contd.)	Morborne	DG	The Parish of Haddon	The Old Rectory, Haddon	Polling Station located out of polling district
	Holme	CC	The Parish of Holme	The Admiral Wells, Station Road, Holme	
	Sibson cum Stibbington	FB	The Parish of Sibson cum Stibbington	The Christie Hall Stibbington, Elton Road, Wansford	Polling district split by A1
	Stilton	FF	The Parish of Stilton	Stilton Pavilion, Stilton	
	Water Newton	FV	The Parish of Sibson cum Stibbington	The Christie Hall Stibbington, Elton Road, Wansford	Polling Station located out of polling district
The Stukeleys	Huntingdon – Stukeley Meadows	CR	The Stukeley Meadows Ward of Huntingdon Parish	Stukeley Meadows School, Stukeley Meadows, Huntingdon	
	Great Stukeley	FH	The Great Stukeley part of The Stukeleys Parish	Gt Stukeley Village Hall, Great Stukeley	
	Little Stukeley	FJ	The Little Stukeley part of The Stukeleys Parish	Lt Stukeley Village Hall, Little Stukeley	
	Alconbury Weald	FQ	The Alconbury Weald part of The Stukeleys Parish	The Pavilion, The Boulevard, Alconbury Weald	
Warboys	Broughton	AL	The Parish of Broughton	Broughton Village Hall, Broughton	
	Old Hurst	DK	The Parish of Old Hurst	Johnson's of Old Hurst	
	Pidley-cum-Fenton	DN	The Parish of Pidley-cum-Fenton	Pidley Village Hall, Pidley	
	Upwood and The Raveleys	FP	The Parish of Upwood	Upwood Village Hall, Upwood	

WARD NAME	POLLING DISTRICT	PD CODE	POLLING PLACE	POLLING STATION	NOTES
Warboys (contd.)	Warboys	FR	The Parish of Warboys	Parish Centre, Warboys	Redevelopment work scheduled – alternative premises required
	Warboys Fen	FS	Warboys Fen part of Warboys Parish		
	Wistow	FX	The Parish of Wistow	Wistow Village Hall	
	Woodhurst	FY	The Parish of Woodhurst	Woodhurst Village Hall, Woodhurst	
Yaxley	Farcet	BH	The Parish of Farcet	Farcet Village Hall	
	Yaxley	GB	The Parish of Yaxley (right of Middletons Road)	Queens Park Hall, Daimler Avenue, Yaxley	
	Yaxley	GC	The Parish of Yaxley (right of Middletons Road)	Austen Hall, Main Street, Yaxley	

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Appendix B - Results of Polling Station Accessibility Questionnaire

Polling Station Details		Accessibility						Suitability			
Polling District	Polling Station	Level Access	Ramp Available if needed	Disabled Parking	Extra Room Available	Hearing induction loop	Adequate Lighting	Kitchen	Toilets	Parking	Wifi
AA - Abbotsley	Abbotsley Village Hall	Y	Y	N	Y	N	Y				Y
AB - Abbots Ripton	Abbots Ripton Village Hall	Y		N	N	N	Y				Y
AC - Alconbury	Alconbury Memorial Hall	Y		Y	Y	Y	Y				Y
AD - Alconbury Weston	57 Highfield Avenue	N	N	N	N	N	Y				Y
AE,AV - Alwalton, Chesterton	Colonel Dane Memorial Hall										
AF,FE - Barham & Woolley, Spaldwick	Spaldwick Community Room	N	Y	N	Y	N	Y				N
AG - Bluntisham	Bluntisham Village Hall	Y		Y	Y	N	Y				Y
AH - Brampton	Brampton Memorial Centre	Y		Y	Y (youth room)	Y	Y				Y
AH - Brampton	Lady Olivia Centre	Y		N	Y	N	Y				Y
AJ - Brington	St Leonards Hall, Brington										
AK - Molesworth	Molesworth Village Hall	N	Y	N	Y	N	Y				N
AL - Broughton	Broughton Village Hall										
AM, BA - Buckden, Diddington	Buckden Methodist Hall	Y		N	N	N	Y				N
AN - Buckworth	The Club Room, Buckworth										
AP - Bury	Bury Village Hall	N	Need to provide ramp	Y	Y	N	Y				Y
AR - Bythorn	Bythorn Village Hall	N		N	Y	N	Y				Y
AS - Keyston	Keyston Village Hall										
AT - Catworth	Catworth Village Hall	Y		N	Y	Y	Y				Y
AW - Colne	Colne Community Hall	Y		N	N	Y	Y				Y
AX - Conington	The Green, Conington (Mobile Library)	N	Wheelchair lift	N	N	N	Y	N	N	N	N
AY - Covington	Covington Village Hall	Y		N	Y	N	Y				Y
AZ,FF - Denton & Caldecote, Stilton	Stilton Pavilion	Y		Y	Y	N	Y				Y
BC - Easton	Church of St Peter, Easton	Y		N	N	N	Y				N
BD - Ellington	Ellington Village Hall	Y		N	Y	Y	Y				N
BE - Elton	Highgate Hall, Elton	Y		N	Y	Y	Y				Y
BH - Farcet	Farcet Village Hall	Y		N	Y	N	Y				N
BJ - Fenstanton South	Church Centre, Fenstaton	Y		N	Y	N	Y				Y
BK - Folksworth & Washingley	Folksworth, Washingley & Morborne Village Hall	Y		N	Y	N	Y				Y
BL - Glatton	Glatton Village Hall										
BM - Grafham	Grafham Village Hall										
BN,BP - Great Gidding, Little Gidding	Great Gidding Village Hall										
BQ,EB - Fenstanton North, St Ives South	Sacred Heart, St Ives	Y		N	N	Y	Y				Y
BR - Great Gransden	The Reading Room, Great Gransden	Y		N	Y	Y	Y	Y	Y	Y	Y
BS - Great Paxton	Community Room, Great Paxton	Y		Y	Y	N	Y				N
BT - Great Staughton	Great Staughton Village Hall	Y		N	Y	N	Y				Y
BV,DG - Haddon, Morborne	The Old Rectory, Haddon										
BW - Hail Weston	Hail Weston, Village Hall	Y		N	N	Y	Y				N
BX - Hamerton & Steeple Gidding	Hamerton Village Hall										
BZ - Hemingford Abbots	Hemingford Abbots Village Hall	Y		Y	N	Y	Y				Y

FH - Great Stukeley	Great Stukeley Village Hall	Y		N	Y	Y	Y (in and outside)	Y	Y	Y	Y
FJ - Little Stukeley	Little Stukeley Village Hall										N
FL - Tilbrook	Tilbrook Village Hall	Y		Y	Y	Y	Y				N
FM - Toseland	St Michael's Church, Toseland										
FN - Upton and Coppingford	Upton Village Hall	Y		Y	Y	N	Y				N
FP - Upwood and the Raveleys	Upwood Village Hall	Y		N	Y	N	Y				Y
FQ - Alconbury Weald	Alconbury Pavilion	Y		Y	N	N	Y				Y
FR,FS - Warboys, Warboys Fen	Parish Centre, Warboys (REDEVELOPMENT SCHEDULED)										
FT - Waresley	Waresley Village Hall	N	Y	Y	Y	N	Y				N
FW - Winwick	Winwick Village Hall	N	Y	N	Y	N	Y				N
FX - Wistow	Wistow Village Hall										
FY - Woodhurst	Woodhurst Village Hall	N	Y	N	N	N	Y				Y
GA - Woodwalton	Woodwalton Village Hall										
GB - Yaxley	Queens Park Hall, Yaxley	Y		Y	N	N	Y				Y
GC - Yaxley	Amenity Centre (Austin Hall) Yaxley	Y		Y	N	N	Y				Y
GE - Yelling	Yelling Village Hall	Y		N	Y	N	Y				Y

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NOTICE OF POLLING DISTRICTS AND POLLING PLACES REVIEW 2023

BACKGROUND

Every Council is required to regularly undertake and complete a review of all polling districts and polling places within its administrative boundary at least once every four years. The last full review was completed in 2019. A new review must take place within 16 months of October 2023. It is prudent to undertake the review early to ensure readiness for a potential short notice Parliamentary Election.

Definitions

- A **polling district** is a geographical sub-division of an electoral area. All wards within Huntingdonshire are divided into polling districts, which form the basis upon which the register of electors is produced. Most are defined by parish boundaries, but there are exceptions. The Council is responsible for dividing its area into polling districts for UK Parliamentary elections and for keeping the polling districts under review. Although there is no requirement to sub-divide local government electoral wards into polling districts, it is recognised good practice to do so. In addition, and unless there are special circumstances that lead the Council to determine otherwise, each parish must be in a separate polling district.
- A **polling place** is the geographical area within which a polling station is located. In the absence of any legal definition, this can be regarded as widely as the entire polling district or as narrowly as the actual building used as a polling station.
- A **polling station** is the premises where voting takes place and must be located within the polling place designated for the particular polling district.

Although the review is of polling districts and polling places it is accepted that polling stations are inexorably linked to the review and comments are invited regarding those stations currently used and/or any suggested alternatives ensuring that:

1. Electors have such reasonable facilities for voting as are practicable in the circumstances; and
2. As far as is reasonable and practicable, that polling places are accessible to all electors, including those who are disabled, and when designating a polling place, have regard to the accessibility needs of disabled persons.

As a result, we are now looking for your thoughts and views about our existing arrangements to help us decide what, if any, changes should be made in this review.

Attached is the Polling District Schedule showing the existing polling districts, polling places and polling stations for the entire District. This gives the location of our current polling stations that we plan on using at all forthcoming elections.

Scope of the Review and Proposed Changes

It should also be noted that polling stations are not a formal part of the review, it is essential that the Council and Returning Officer have regard to the adequacy and suitability of premises used, particularly in relation to accessibility by disabled electors. The Polling District Schedule identifies areas where there are currently issues with the polling station, or else the polling station is located outside of the polling district. The Returning Officer is also always interested in hearing from residents about how polling in Huntingdonshire can be improved. Please let us know if you have any thoughts on your local polling station that you would like to share.

The following changes are proposed to the current schedule of polling districts, places and stations. Feedback on these proposals is particularly welcomed.

a) Update arrangements for Brampton

Creation of a new polling district for Lady Olivia Centre, Brampton to accommodate the growth in housing and electorate surrounding this polling station to improve accessibility for electors in the area.

b) Merging polling districts FG and FK - Stow Longa

Merging of polling districts FG and FK to reflect new parliamentary constituency boundaries. Areas previously split across two parliamentary constituencies. These changes will have no effect on polling arrangements for electors in these polling districts.

c) Merging of polling districts DZ and EA - St Ives North

Merging of polling districts DZ and EA to reflect new parliamentary constituency boundaries. Areas previously split across two parliamentary constituencies. These changes will have no effect on polling arrangements for electors in these polling districts.

d) Update arrangements for St Neots East

Consider the creation of a new polling district for Wintringham Park, St Neots to accommodate future electorate growth.

e) Update arrangements for Godmanchester

Consider the creation of a new polling district for Bearscroft, Godmanchester to accommodate future electorate growth.

Accessibility of Elections and the Elections Act 2022

New requirements and guidance on the accessibility of elections were introduced as part of the Elections Act 2022. As a result of these new rules the Council are in the process of undertaking a full audit of the accessibility of our preferred polling stations around the District.

Where polling stations are not fully accessible, there may be on occasion an alternative to be available. In these circumstances the Council and Returning Officer ensures that additional time and effort is undertaken to work with polling station staff to ensure we offer fair access to our elections for all voters.

The Council and Returning Officer welcomes feedback on the accessibility and suitability of our polling stations for disabled voters, particularly where alternative facilities might improve the service to voters.

Review Timetable

Consultation commences formal consultation	2 October 2023
End of formal consultation	27 November 2023
Outcome report taken to Corporate Governance Committee (CGC)	24 January 2024
Recommendations of (CGC) to Council	21 February 2024
Republish register of electors of affected polling districts	1 March 2024

How to respond

Full details of this review (along with maps of all District Wards split into polling district) can be viewed on our website at www.huntingdonshire.gov.uk/elections

A schedule of the existing polling districts, polling places and polling stations can also be viewed at Appendix A. The results of our accessibility questionnaire can be viewed at Appendix B.

It is important that we consult as widely as possible on future arrangements and any comments on the existing structure or proposed changes would be most welcome. Comments should relate to -

- The suitability and appropriateness of existing polling districts and polling places (see Appendix A);
- The suitability and appropriateness of proposed changes to polling districts and places (see *Scope of the Review and Proposed Changes* section above);
- The suitability and appropriateness of existing polling stations,

particularly with respect to the accessibility of stations for disabled voters or the identification of alternative and potentially better venues (see appendix B);

- Constructive suggestions on how to improve existing arrangements, or positive comments in relation to current polling arrangements.

The easiest way to respond to this consultation is by completing our online form, which can be found on the polling district review pages on our website at www.huntingdonshire.gov.uk/elections

Responses can also be sent to Electoral Services, at the address below or emailed to elections@huntingdonshire.gov.uk Please make the subject of your email POLLING DISTRICT REVIEW.

You can also write to –

Electoral Services
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
Cambs
PE29 3TN

Or you can contact us on (01480) 388129

Please ensure responses are received by no later than 27 November 2023.

Anybody making representations should be aware that, upon completion of the review, all correspondence and representations received must, by law, also be published alongside reports to the Corporate Governance Committee and Council and will help inform decisions made by those bodies.

Consultation issued by

Michelle Sacks
Electoral Registration Officer, Returning Officer and Chief Executive

2 October 2023

**Pubic
Key Decision – No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Annual report on HDC compliance with the information rights acts (Freedom of Information Act, Environmental Information Regulations and UK GDPR) and Information Governance
Meeting/Date:	Corporate Governance Committee – 27 September 2023
Executive Portfolio:	Councillor M Hassall – Executive Councillor for Corporate and Shared Services
Report by:	Information Governance Manager & Data Protection Officer
Ward(s) affected:	All Wards

Executive Summary:

The Information Governance Service for Huntingdonshire District Council (HDC) is currently provided by 3C ICT Shared Service hosted by Huntingdonshire District Council. This also serves South Cambridgeshire District Council and Cambridge City Council.

The Information Governance (IG) Team leads on:

- Data protection compliance advice,
- Information and records management advice, and
- Information requests under the Freedom of Information Act 2000, (FOIA) the Environmental Information Regulations (EIR) the Data Protection Act 2018 and the UK GDPR.

The Team is led by the Information Governance Manager who is also the Data Protection Officer for the three councils.

This is an annual report on the Council's compliance with the Freedom of Information Act 2000 and Environmental Information Regulations 2004.

This report also includes the Councils performance regarding protecting personal data and covers the period April 2022 to March 2023.

The number of requests received by the Council in 2022-23 was 483; an increase on the previous year's total of 460 (a 5% increase).

Recommendation:

The Committee is

RECOMMENDED

to note the contents of this report.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide an update on Information Governance activity and performance during 2022-23; hereby, highlight any issues encountered and actions to be undertaken to improve performance.
- 1.2 It provides:
- An overview of the current arrangements in place to monitor the Information Governance arrangements at the Council including Data Protection Compliance and Information Security / Cyber Security Compliance.
 - An update on performance relating to:
 - Freedom of Information Act (FOIA) / Environmental Information Regulations (EIR) Requests
 - Data Subject Rights Requests
 - Personal Data Breaches

2. BACKGROUND

- 2.1 Information is a vital asset and needs to be managed securely by the Council. Appropriate policies, guidance, accountability, and structures must be in place to manage the Council's information legally, securely, and effectively to minimise risk to the public and staff and to protect its finances and assets.
- 2.2 Information Governance describes the holistic approach to managing information. This includes access to information, data quality, information management, information security and information sharing, data privacy and data protection and other relevant information law compliance, including but not limited to the Freedom of Information Act, the Data Protection Act/UK GDPR, the Environmental Information Regulations, Privacy in Electronic Communications Regulations.

3. ORGANISATIONAL ARRANGEMENTS

- 3.1 The Information Governance Service for Cambridge City Council, South Cambridgeshire District Council and Huntingdonshire District Council is currently provided by 3C ICT Shared service hosted by Huntingdonshire District Council. The Information Governance (IG) Team leads on Information Requests, Data Protection Compliance, Data Privacy and provide additional advice around Information Management; whilst the 3C ICT Network Team provide support on Information Security.

- 3.2 The IG Team consists of six members:
- The Data Protection Officer (DPO)/Information Governance Manager, manages and oversees the service, and provides specialist advice on complex matters around data protection and information management for all three councils. Following the stepping down of the DPO/IG Manager in December 2022 a new DPO/IG manager joined the team in March 2023.
 - The Deputy Data Protection Officer who provides cover and supports the team in the absence of the DPO and is also responsible for the information asset registers for the three councils and supports the Information Management Officers.
 - The Requests Manager who leads the information requests and transparency functions for the team. The Requests Manager provides specialist advice and guidance to staff and Members on FOIA and EIR. This is a new post as of June 2023.
 - Information Management Officers who support the Information Governance Officers with complex information requests and also provide advice and guidance to the Councils' internal departments on matters relating to data sharing, data protection impact assessment and personal data incident investigations.
 - Two part-time Information Governance Officers who manage incoming information requests and coordinate internal requests for support around personal data incidents/breaches, advice on data sharing and data protection impact assessments/contract reviews.
 - There is currently one vacancy for an Information Management Officer in the team, and recruitment is underway for this post.
- 3.3 As this is a shared service, the Data Protection Officer (DPO) is the statutory DPO for all three authorities.
- 3.4 This year has seen the retiring of the Information Governance Group (IGC) for Huntingdonshire District Council and the creation of a Joint Information Governance and Security Board. The Board is made up of representatives of Huntingdon District Council, South Cambridgeshire District Council and Cambridge City Council to ensure that the three councils work together to manage the data that the three councils hold and to ensure good information security and governance. The Information Governance and Security Board monitors and is responsible for ensuring that the council meets the compliance obligations of relevant information law.
- 3.5 Terms of reference for the Joint Information and Security Board were agreed in April 2023.

3.6 The Joint Information Governance and Security Board meets quarterly and last met in July 2023.

4. DATA PROTECTION COMPLIANCE

4.1 Compliance against the obligations of the Data Protection Act and UK GDPR are monitored in line with the [ICO's Accountability Framework](#).

4.2 The ICO's Accountability Framework has been expanded, where appropriate, to consider the other information law regimes that come under the remit of the 3C ICT Information Governance service which are:

- Freedom of Information Act (FOIA), and
- Environmental Information Regulations (EIR).

4.3 The Information Governance Team work against identified risks and issues in the Accountability Framework, against the main areas of:

- Contracts and Data Sharing
- Individual's Rights
- Leadership and Oversight
- Policies and Procedures
- Risk and DPIA
- Lawful Basis and Records of Processing Activity (ROPA)
- Training and Awareness
- Transparency

4.4 Updates to monitor the status and progress of the plan are provided to the Joint Information Governance and Security Board on a quarterly basis.

4.5 New guidance and policies introduced in 2022-23 include:

- Management for inactive Teams sites;
- Guidelines for the corporate use of Instant Messaging services such as WhatsApp;
- Policy on Internal Reviews for FOIA, EIR and Data subject rights requests.

4.6 Lunch and Learn training sessions for Data Protection ran throughout the year - eight sessions were run between September 2022 and April 2023. These sessions were open to all staff in all Councils and were well attended.

5. INFORMATION SECURITY COMPLIANCE

- 5.1 Cybersecurity continues to be crucial to daily operations and standard corporate procedures. The Council must maintain safe and secure systems that give residents, members of the public, and partner agencies assurance to integrate systems and share information and data across numerous platforms.
- 5.2 Recruitment of a dedicated Information & Cyber Security Lead Officer, the Council has increased its investment in cyber security, enabling 3C ICT to maintain its improved defence against ever changing threats.
- 5.3 The remaining areas in amber can now be found in green due to improvements made over the past year. Benefits from implementation and fine tuning of a central logging system have already been seen with the result of an improved process for using privileged network accounts.
- 5.4 3C ICT continue to work with the Department for Levelling Up, Housing and Communities (DLUHC) to reduce cyber risk. As well as completing the work on the central logging system, implementation of an internal vulnerability identification solution is underway which will allow 3C ICT to be more proactive in identifying and prioritising new vulnerabilities on all networked devices as they are released.
- 5.5 In quarter year 3 budget year 2023/2024, 3C ICT will start working with service areas running through the NCSC Exercise in a Box. This is an online tool which allows service areas to test how resilient they are to a cyber-attack in a safe environment.

6. DATA PROTECTION – REQUEST PERFORMANCE

- 6.1 The Data Protection Act 2018 is the UK's implementation of the General Data Protection Regulations (GDPR). Data protection is concerned with personal data about individuals rather than general information.
- 6.2 The Information Governance Team coordinate requests relating to individuals' rights such as right to request access to the personal data the Council holds, right to erasure, right to rectification as well as third party requests for personal data such as from the Police or to prevent or detect fraud.
- 6.3 Individual requests made during the year were as follows:

	Received	Compliance with time frame
Data Rights Requests (including Erasure Requests, etc.)	21	12
SAR Reviews	2	2
ICO SAR Complaints	1	1

Table 1: Personal information rights requests 2022-23

- 6.4 Whilst not required by the Data Protection Act, it is best practice to provide a review stage to personal information rights requests. As with requests made under FOIA or EIR this allows the Council the opportunity to review its handling of the request and to consider any appeals that the requester has made in relation to their request.
- 6.5 Requesters also have a right to complaint to the ICO in their capacity as the regulator. The Council received one complaint from the regulator this year. Following the ICO's review of the case they upheld the Council's position, and no further actions were required.
- 6.6 There is a final right of appeal against a Decision Notice made by the Information Commissioner. These appeals are heard by the First Tier Tribunal (General Regulatory Chamber) Information Rights.
- 6.7 Following from a request received in May 2020, an internal review, and [Decision Notice](#) issued in 2021 the ICO's decision was appealed by requester. In November 2022 the Information Tribunal Council was passed its decision that Huntingdonshire Council should provide a fresh response to the original request of May 2020 as some information was not provided at the time of the response. This information was provided in line with the [Tribunal Judgement](#).

7. PERSONAL DATA INCIDENTS AND BREACHES

- 7.1 The guidance on notification of data breaches under the Data Protection Act / GDPR is that if a breach or incident is likely to result in high risk to the rights and freedoms of individuals, the Council must inform the ICO within 72 hours of becoming aware of the issue. If it's likely to result in high risk to rights and freedoms of individuals, the Council has a lawful duty to inform the individuals without undue delay.
- 7.2 As result, the Information Governance Team have established a framework to ensure that each reported incident is assessed for:
- The potential detriment and adverse effect to the data subject. This includes emotional distress and information about the private aspects of a person's life becoming known to others.
 - The extent of detriment. Which could depend on the volume of the data and its sensitivity.

The assessment is carried out by a member of the IG team when an incident is logged by a service area.

- 7.3 All incidents relating to personal data are logged to identify any trends, with the view to establish if any specific mitigations need to be put into place to prevent likely recurrence. Mitigations include requiring additional training, reviewing current processes, or issuing advice or briefing notes.

Figures indicate a decrease in reporting for the pandemic, with the expected root of this decrease to be both a change in working practice would mean staff are less clear on identifying where errors in practice were and decreased processing during the pandemic resulting in fewer incidents raised, as evidenced by one IG incident reported within April-July 2020 and four within the first eight months of that financial year.

	Incidents/breaches	Reported to ICO
2020-21	11	0
2021-22	25	2
2022-23	27	0

Table 2: Personal data incidents 2020-2023

- 7.4 27 incidents were reported in 2022-23. None of these were assessed to meet the threshold for reporting to the ICO. A breakdown of these is as follows:

Type of Incident (Category)	Number
Personal details inappropriately disclosed (e.g. via email or post)	17
Lost or stolen paperwork	1
Non-secure disposal of hardware (eg mobile phones/laptops)	1
Non-secure disposal of paperwork	1
Uploaded to website in error	3
Technical security failing	1
Other	3

Table 3: Categories of personal data incidents 2022-23

- 7.5 In all instances, immediate steps were taken by officers to mitigate the incident, once known. Examples included contacting incorrect receiver of emails from the recipients of the email and those affected and removing documents from the Council's website.
- 7.6 Updated guidance on sending information and how to share securely has been provided due to the volume of incidents relating to this type of incident, and where this occurs more than once across a service additional training and support is provided to identify and eliminate root causes of these incidents.
- 7.7 A quarterly update on incidents is provided to the SIRO to ensure visibility and ensure any improvements needed are discussed and followed through as appropriate. Where relevant learning from breaches/incidents/near misses is also shared across the three councils to minimise the risk of further occurrence.

8. FREEDOM OF INFORMATION / ENVIRONMENTAL INFORMATION REQUESTS

- 8.1 The public has the right of access to information held by the Council under the Freedom of Information Act. The Freedom of Information Act (FOIA) works alongside the Environmental Information Regulations (EIR).
- 8.2 Requests for information that are not dealt with as part of the day-to-day business of the Council should be considered as Freedom of Information requests.
- 8.3 3C ICT Information Governance oversees a request management system for handling information requests. Ownership of the response to these requests is placed on service areas by means of key responders and champions being designated and responsible for ensuring their service responds within the legal timeframe of twenty working days. An Information Governance Officer coordinates all formal requests and allocates specialist support from the Information Governance Team where service areas require this.
- 8.4 In 2022-23 (Apr – Mar) the council received a total of 483 requests under FOIA and EIR.
- 8.5 This represents a 5% increase in the number of requests received in the previous year. The longer-term trend in FOIA/EIR request numbers received by the Council is that of a decline from the high point of nearly 750 received in 2018.

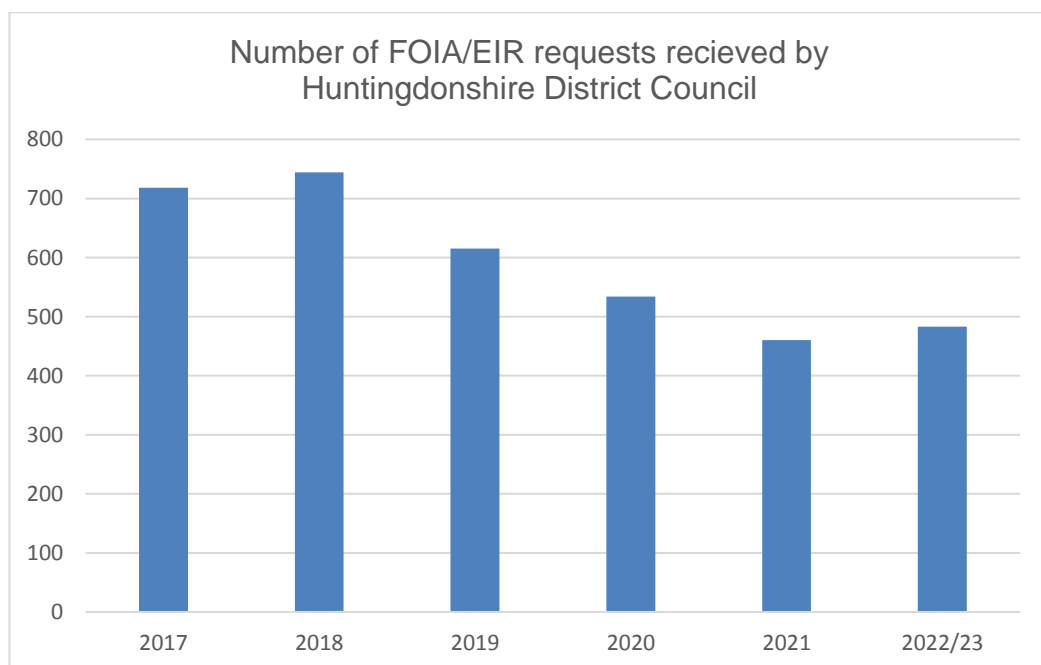


Chart 1: Information requests to HDC 2017-2023

- 8.6 The Council works to a target of 90% response compliance within 20 days as advised by the Information Commissioner. We achieved 83% in 2022-23 which is an improvement on the 81% of the previous year.

8.7 Detail of the requests received across all Council services is provided below. The Chief Operating Officer services and community services have received the most cases.

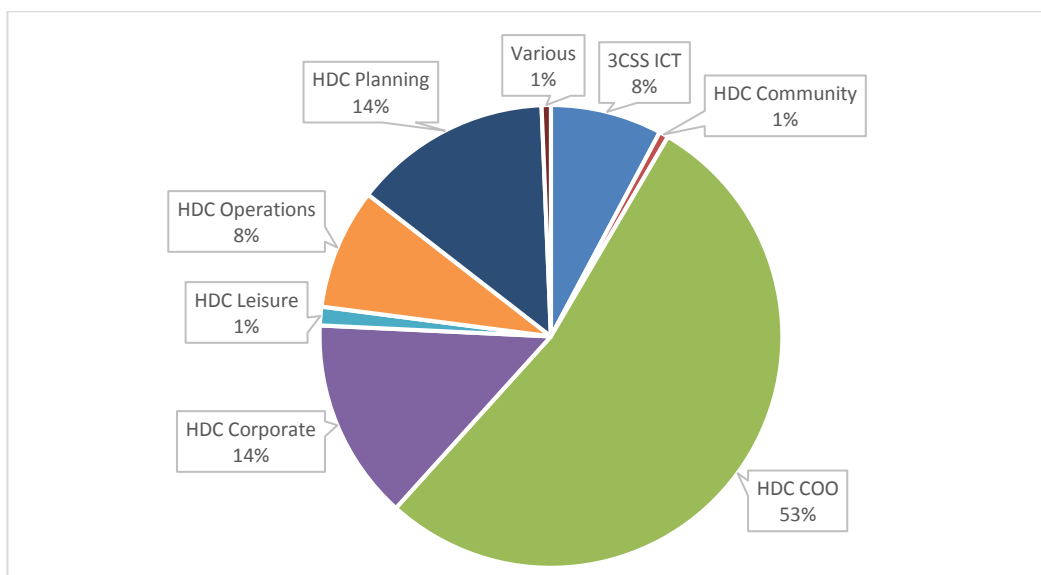


Chart 2: Number of requests per service area

8.8 Access to information acts such as FOIA and EIR provide a limited right of access. Some information may be withheld if an exemption applies to its disclosure. All the information was provided for most requests. See breakdown of outcomes below:

Request Outcome	Count
All information provided	348
Some information provided; remainder exempt	12
Some information provided; remainder not held	13
Some information provided; remainder refused on cost	1
Exemptions applied to all information	44
Not held	97
Concluded outside of legislation	2
Withdrawn	28
Vexatious	1

Table 4: Outcomes to information requests 2022-23

8.9 The IG Team continue to provide reports on performance and compliance with the legislation, which are shared on the HDC intranet on a quarterly basis. These reports also enable services to understand trends, and to help focus on what should be uploaded onto their publication scheme.

8.10 Requestors have the right to an review of their case if they are not satisfied with the outcome or how the request was handled, before taking further action to the Information Commissioner’s Office.

	Received	Response within 20 working days
Internal Reviews	16	15
ICO Complaints	6	5

Table 5: Information request reviews and complaints to regulator 2022-23

- 8.11 Of the six complaints investigated by the regulator, one case was withdrawn, two were concluded informally by the ICO, and two resulted in Decision Notices. The Decision Notices upheld the Council's findings, and resulted in no further action to date. One investigation is still with the regulator and awaiting an outcome. All Decision Notices are published on the [ICO's website](#).

9. LOOKING FORWARD

- 9.1 Ensuring ongoing compliance with Data Protection Legislation (DPA 2018 and UK GDPR) has been the focus of the Information Governance Team.
- 9.2 An improved learning offering including lunch and learn, quick reference guides and regular training for FOI Co-ordinators.
- 9.3 An updated Information Requests system is scheduled for October 2023 within which the team are aiming to increase the availability of reporting for services and senior stakeholders.
- 9.4 In line with the Information Governance Action Plan there are updates planned for the DPIA and incident reporting process, as well as work to review and update the current suite of policies and Information Asset Registers within the organisation.
- 9.5 The Information Governance Team will continue to work with service areas to address gaps identified as part of the original gap analysis and subsequent health check report (on Data Protection Compliance) and provide updates during the Information Governance Group meetings.

CONTACT OFFICER

Name/Job Title: Adam Brown, Data Protection Officer & Information Governance Manager

Email: Adam.Brown@3csharedservices.org

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Unaudited Statement of Accounts 2022/23

Meeting/Date: Corporate Governance Committee - 27
September
2023

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

Report by: Director of Finance & Corporate Resources

Ward(s) affected: All

Executive Summary:

The Council is required by statute to produce both an Annual Governance Statement (Annex A) and an unaudited Statement of Accounts (Annex B) by 31st May.

The delay in completing the audit of the 2021/22 accounts impacted on the preparation of the 2022/23 accounts and the ability of the Council to meet the statutory deadline.

In respect of the unaudited Statement of Accounts, Members should note that it:

- Achieved an underspend of £476k against a budget of £21,514k, after an approved budget carry forwards of £110k and contributions to earmarked reserves of £2,834k.
- Delivered energy rebate grants of £9,806k.
- Continued to maintain general fund reserves at £2,175k.
- Delivered business rates growth within the enterprise zone of £1,116k.
- In 2022/23, the Pension Scheme has seen a significant movement from a deficit of £70,090k at 31st March 2022 to a surplus position of £4,803k at 31st March 2023. This is due to the impact of the tri-annual valuation, Covid-19 and the war in Ukraine on the economic and financial landscape.

Recommendations:

The Committee is

RECOMMENDED TO

- (a) Consider and approve the Annual Governance Statement (Annex A).**
- (b) Consider and approve the unaudited Statement of Accounts for 2022/23 (Annex B).**
- (c) Consider and approve the Notice of Publication (Annex C).**

1. PURPOSE OF THE REPORT

- 1.1 To complete the processes for publishing the Council's unaudited Statement of Accounts for 2022/23.

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 During 2022/23 the Council has continued to deliver against its corporate objectives and budget.
- 3.2 The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 2023 amounted to £2,175k and £28,940k respectively.
- 3.3 The year-end financial position is largely being driven by the current economic conditions, which has impacted our running costs, particularly utility and fuel costs.
- 3.4 Huntingdonshire District Council has benefitted from the higher interest rates set by the Bank of England during the year, resulting in higher interest income on cash balances.

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 28 September to 8 November 2023.

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

Annex A – Annual Governance Statement 2022-23

Annex B – Statement of Accounts 2022-23 Draft

Annex C – HDC Notice of Publication

CONTACT OFFICER

Name/Job Title: Karen Sutton, Director of Finance & Corporate Resources
Tel No: 01480 387082
Email: karen.sutton@huntingdonshire.gov.uk

Huntingdonshire District Council
Annual Governance Statement 2022/23

Scope of Responsibilities

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

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

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance. The Annual Governance Statement (AGS) sets out how the Council has complied with the Code and also meets with regulation 4(2) of the Accounts and Audit Regulations 2015.

The Council meets the requirements of Regulation 6(1) b of the Accounts and Audit (England) Regulations 2015 in relation to the preparation and publication of an AGS. It is subject to review by the Corporate Governance Committee when they consider both the draft and final Statements of Account and is approved by the Corporate Governance Committee in advance of them agreeing the Statement of Accounts.

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

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

The issues identified as a governance issue and the progress made by management throughout the future financial year 2022/23 to address these issues will be reported regularly to the Corporate Governance Committee with an assessment made in reducing the risk as part of their governance role within the Council.

What is Governance?

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

The Council approved a new local Code of Corporate Governance in May 2023. It is consistent with the seven principles set out in 'proper practice' for the public sector, namely 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE¹.

The Council aims to achieve good standards of governance by:

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

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

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

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

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

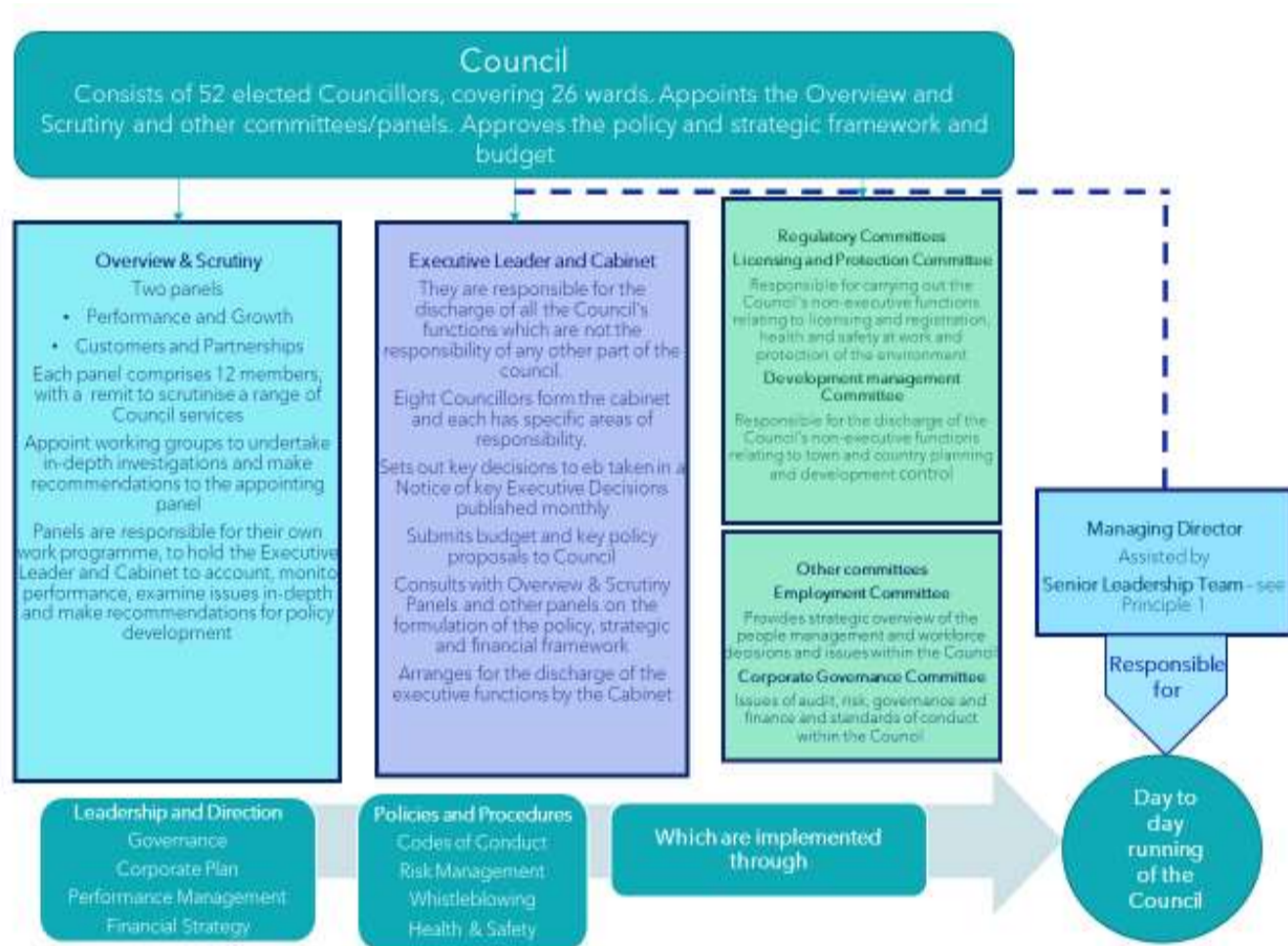
The Purpose of the Governance Framework

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

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

The Council's Governance Framework

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



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

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

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

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

The Council's Local Code of Governance includes examples of how the organisation meets all of the principles of good governance. The Council continuously reviews how it achieves good governance, recent changes include the decision to recruit independent members to the Corporate Governance Committee which was taken to committee in February 2023 and recommended for approval.

The Council approved its CIPFA Code of Financial Management in December 2022. This demonstrates how the Council complies with the code to provide evidence of good financial management and also identified areas for further development. The Council was compliant with the CIPFA code of Financial Management in 2022/23.

The governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the statement of accounts.

Review of Effectiveness

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Opinion, and also by comments in Huntingdonshire District Council's Statement of Accounts 2020/21 made by the external auditors and other review agencies and inspectorates. During 2022/23, the works undertaken by the Internal Audit team provided the foundation for the Annual Internal Audit Opinion that the Council's governance, internal control environment and systems of internal control provide **reasonable** assurance over key business processes and financial systems. However, a limitation of scope was placed on the aspect of risk management; whilst a limited assurance opinion is given with respect to the risk management system, there is a general governance improvement plan in place which includes risk management actions. In addition, there are a number of audit actions that have been provisionally agreed with management following the internal audit review on risk management which, once implemented, should raise the assurance rating up from limited to reasonable.

With regard to the lack of assurance that could be given to Risk Management, the new financial year 2022/23 has seen specific attention toward this area and development made to increase risk management generally at HDC (including a Risk Management Strategy and revised risk appetite; new corporate risk register update). In addition, a Risk and Controls Board has been convened, giving greater visibility and evidence of risk management.

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

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

An External Audit of the accounts for year ended 31 March 2022 undertaken by Ernst and Young concludes the financial statements give a true and fair view of the financial position of Huntingdonshire District Council as at 31 March 2022 and of its expenditure and income for the year then ended; and have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Significant Governance Issues 2022/23

There are no reported significant governance issues.

Other Governance Issues we have identified in 2022/23

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

Area	Action Plan for improvement	Progress to September 2023
Risk Management	The Risk Management (RM) process has been reinvigorated, with a revised RM Strategy being finalised and launched. Corporate risks within the Risk Register to be reviewed and updated. This will be followed	Risk Strategy has been drafted and will be submitted for approval. Corporate risks, and Service level risks, within the Risk

Area	Action Plan for improvement	Progress to September 2023
	<p>by Service level risks within Risk Register being reviewed and updated.</p> <p>A new Risk & Controls Group Board has been established and a Risk & Controls Officer appointed to support Risk Management effort.</p>	<p>Register have been reviewed and will continue to be reviewed.</p> <p>The Risk & Controls Board was replaced by an Assurance Board in January 2023 to focus on Governance Assurance across the organisation.</p>
Cyber Security, new threats	Completion of all agreed previous cyber audit actions. The ICT service is progressing these actions, monitored by Senior Management.	Cyber Security is a continuing risk which the ICT service seeks to mitigate through effective controls and staff training and awareness.
Debtors and Creditors	Systems, processes and resources will be reviewed across the debtors' and creditors' functions establishing action plans to support delivery of improvements and address the control failings identified during quarterly reviews. Audit will review the processes once implemented and will monitor compliance.	Several processes have been reviewed across the service and changes made. Internal Audit continues to review compliance with these, with findings reported.
Audit Actions	<p>To improve the implementation of agreed audit actions. SLT will monitor outstanding actions, receive monthly reports from Internal Audit, and ensure actions are progressed. Direct progress updates from action owners are now provided to Committee.</p> <p>Actions are to be part of Service Plans and to be monitored through 1.2.1 discussions to prevent actions becoming overdue.</p>	All overdue actions are reported regularly to Corporate Governance Committee. The number of actions outstanding has reduced as actions are closed or replaced with revised actions to achieve the control outcome.
Small works expenditure	Audit actions have been agreed to redress. These are agreed to be implemented by the end of 2022.	An analysis of expenditure in this area has identified its level as significant lower than previously identified and an appropriate level of retender is currently being progressed.
Information Governance /GDPR	<p>Recommendations across a number of areas to reduce the Council's information risk, increase accountability in GDPR terms, improve staff engagement with IG and awareness of IG and data protection matters and support improved ways of working which embed IG principles across the Authority. A self-assessment report commissioned on the Service highlighted the areas requiring attention. Recommendations made within the report have been agreed and form part of the Action Plan.</p> <p>Mandatory training at day 1 of new starter induction has been agreed; and refresher training for all staff has been launched.</p>	Actions implemented
Contractor Management, additional risks	<p>A number of new measures have been introduced to improve control in this area:</p> <ul style="list-style-type: none"> • Recruitment & Procurement officers will oversee each consultant appointment • Procurement will provide oversight and guidance on all contract matters; sponsors to be accountable for their contracts • All contractor sponsors, Procurement and HR to ensure compliance with PCR2015, IR35 and good commercial practice. • Project managers will work with Procurement to ensure proper evaluation of need in line with PCR2015 • PMO, Procurement and Works SLT will ensure that clear and evidenced decision making is done and recorded through the governance framework. 	Actions implemented

Area	Action Plan for improvement	Progress to September 2023
	<ul style="list-style-type: none"> HR has commenced a new monitoring system for contractor/consultant/other temporary staff. 	
Market Towns Programme	An independent consultant reviewed the programme performance to date, resulting in a programme improvement plan with recommended actions. These are being implemented and will be monitored as a standing item in the programme board.	Action plan implemented and completed. MTP Board meets on a regular basis and effective programme management is demonstrated.
Project Management/Capital schemes	Formal governance structure has been established, comprising the work programme board, the project management steering group and the gateway model (applied to each programme/project). Capital schemes will follow the same processes from project inception and business case to lessons learned.	This work, and actions, is now covered by the Major Change Board, with smaller projects feeding through the "New Ideas" process.
Network Access	ICT is setting up a regular review process to confirm users are current and legitimate. This is also supported by a leaver's notification process to ICT.	This has been actioned.
Policies	A review and inventory of all policies and strategies has been undertaken. Further work is planned to ensure the policies are fit for purpose and accessible.	Work is ongoing in this area.
Morbidity/Growing number of years of ill health/Continued impact of COVID	Increasing pressures are being felt by many parts of the public service system, primarily through the growing demand on support costs, a rise in complex individual cases which cuts across many service providers, through such things as disabled facilities grants and personal care costs. This is not something that any single agency has total responsibility for, and it requires joint working to deliver effective solutions focussing on wellbeing and life choices as well as housing, open spaces, transport infrastructure and the design of place.	Measures to reduce pressure on services are linked to the Council's Corporate plan: Priority 1 - Improving quality of life for local people Priority 2 - Creating a better Huntingdonshire for future generations Priority 3 - Deliver good quality, high value for money services with good control and compliance with statutory obligations
Wider economic environment	The Council's financial robustness is closely linked with the success of the overall local economy, driven in large part to a prosperous commercial sector. External economic factors do directly impact on the Council's financial plans and forecasts for new homes bonus, council tax and business rates incomes, and the level of demand for our services. We take our role on supporting the conditions for stable growth very seriously.	Measures to sustain financial robustness are linked to the Council's Corporate plan: Priority 1 - Improving quality of life for local people Priority 2 - Creating a better Huntingdonshire for future generations Priority 3 - Deliver good quality, high value for money services with good control and compliance with statutory obligations
Housing Affordability	The challenge of residents to afford market housing, and market rents represents a significant challenge to our residents and communities. In the worst cases this can contribute to homelessness, and direct financial consequences on the Council, as we must fund any shortfall between market rent and Local Housing allowance rate. Greater demand for housing, linked at times to emergency housing for migrants could exacerbate this issue.	Whilst Priority 1 of the Corporate Plan seeks to improve the quality of life for local people, the affordability of housing and market rents is not something the Council is able to control.
Environmental pressures and sustainability challenges	There is growing recognition of the significant consequences of a failure to properly account for human actions, and wider climactic events which are becoming increasingly common. The national risk register includes flooding and severe weather events as risks that as a country we should prepare for, and increasingly we have seen the impacts of	The Council is drafting a Climate Strategy to identify where it can mitigate its contribution to Environmental pressures.

Area	Action Plan for improvement	Progress to September 2023
	these locally. We also recognise the health impacts of pollution and poor human behaviour in terms of pollution and improper handling of waste as key challenges to the beauty and sustainability of our area.	
Partner agency operational pressures	<p>There is evidence to suggest that as parts of the public sector reduce their input into communities, that the demand transfers to other agencies. In Huntingdonshire, whilst partners work well together there continues to be the challenge of controlling additional demand and the corresponding budget pressures that it brings. Elsewhere financial pressures in one sector, have had significant financial and capacity impacts on the authority.</p> <p>The impact of Covid has further emphasised these challenges, as the demand and income pressures generated by Covid-19 have begun to impact. Collective work on recovery to properly understand the links between cause, and financial impact will be central and driven through shared recovery activity across all public sector partners.</p>	

Progress on Governance Issues identified in 2020/21

Area of Assurance	Issue	Progress
Contractor management	<p>An internal audit identified weaknesses in the following areas:</p> <ul style="list-style-type: none"> • IR35 compliance • Contract management (incl. inconsistent and non-compliant with procurement rules) • Contractor management • Contractor selection • Governance • Time management 	<ul style="list-style-type: none"> • HR & Recruitment oversee all engagement of contractors, with Procurement support sought where applicable, ensuring legislative requirements are met and the appropriate documentation sought and testing of employment made. • A register of all contractors employed within the organisation is presented to SLT each month for review and comment upon ongoing use. • Use of contractors has decreased across the council.
ICT - Cyber security (4 red actions)	<ol style="list-style-type: none"> 1. Staff not provided with adequate cyber-security risk training and awareness. 2. Endpoints with outdated Anti-Virus definitions. 3. Unsupported operating systems in use on the Council's network. 4. Excessive number of Domain Administrator privileged accounts. 	Completion of all agreed cyber audit actions. The ICT service is progressing these actions, monitored by Senior Management.
Finance	<p>Critical over-dependency on one key officer Only one professionally qualified officer No deputy S.151</p>	<p>Senior Finance Business Partner recruited to Chief Finance Officer role and appointed as Deputy S151 Director of Finance and Corporate Resources recruited (commenced June 2022) and appointed as S151.</p>
Role of Chief Finance Officer	CFO position – not sitting at CLT/ not part of key decision making	Director of Finance and Corporate Resources (S151) recruited as member of SLT
ICT - Cloud Services (2 red audit actions)	<ol style="list-style-type: none"> 1. No documented information held about each application's dependencies which could be used to assess the 	<ul style="list-style-type: none"> • Criteria determined for assessing migration to cloud

Area of Assurance	Issue	Progress
	<p>application's feasibility for projected migration plans.</p> <p>2. Once applications have been hosted, there is no further risk assessment made to review effectiveness of the hosted landscape. Additionally, there is no plan to further assess applications where it is currently not appropriate to migrate them</p>	<ul style="list-style-type: none"> • Framework defined to ensure all potential scenarios factored into the criteria. • Corporate Applications Roadmap drafted to ensure which applications the councils would migrate to the cloud as well as which ones must be migrated to the cloud. • Management assess the possible dependencies of each system.
Towns Programme	<p>Loss of resourcing – the two interim officers are planned to leave in the short term (July & September). First recruitment campaign was unsuccessful; this is being tried again but there is a risk of being unfulfilled and a further risk of no time for a handover period. Capacity & capability risks and issues need to be resolved to continue the programme.</p>	<p>Permanent resources have been recruited to deliver the programme.</p>
Accounts Receivable /Debtors Service	<p>This area continues to receive a limited assurance opinion.</p>	<p>An action plan was implemented, addressing all but two of the outstanding audit actions. Work continues to complete these actions, being regular reconciliation of the debtors ledger with TechOne and monthly management reporting. Processes and controls in this area continue to be reviewed.</p>
Project Management	<p>Number of key projects that pre-date new project management processes that are highlighted as failing.</p> <p>The Work Programme spreadsheet shows that some projects are flagging red or amber/red.</p> <p>There are reported issues with governance; non-compliance and cultural issues.</p>	<p>New team and processes implemented, including monthly Major Change board updating on all live projects including the project status, progress against plan and compliance with governance. SLT attends these board meetings and are fully briefed on open projects.</p>
Data Protection Officer (DPO)	<p>The post is recently vacant due to postholder leaving.</p> <p>The DPO is a statutory role. It also covers the other 3Cs authorities under contractual obligation.</p> <p>The Deputy post is also vacant with an Acting postholder, who cannot fulfil the DPO role.</p> <p>A recent recruitment exercise was unsuccessful for the DPO role. Another is planned but, if successful, is unlikely to result in an immediate starter leaving the notice period without a DPO.</p>	<p>A new DPO has been successfully recruited to post with cover being provided on a part time basis by the previous incumbent.</p>
Payment Card Industry	<p>Risk of non-compliance with some of the PCI requirements.</p>	<p>Services of PCI DSS expert consultants employed to improve the organisation's compliance with PCI DSS.</p> <p>A new programme of work has commenced looking at compliance on a channel by channel basis, adapting ways of working and systems used, balancing the cost of compliance with the risk arising from non-compliance.</p>

Area of Assurance	Issue	Progress
Impact of COVID Pandemic	The Council should continue to consider the impact of the COVID-19 pandemic on its governance arrangements	The Council has moved into a state of "business as usual" with regards to COVID-19 arrangements; where allowable meetings can be held virtually although members cannot vote virtually. Staff continue to work in a hybrid manner and the Council continues to operate as normal.

Opinion

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

We are also satisfied that this statement allows the Council to meet the requirements of the Accounts & Audit (England) Regulations 2015, to prepare an AGS to accompany the 2022/23 Statement of Accounts.

Certification

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

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

Signature	Sarah Conboy Executive Leader	Signature	Michelle Sacks Chief Executive
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27 September 2023

Signed on behalf of
Huntingdonshire District Council

Appendix 1: Demonstrating the Principles

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

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

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

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

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

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

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



Huntingdonshire District Council

Annual Financial Report
For the Year Ended 31 March 2023

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Welcome to Huntingdonshire District Council's Statement of Accounts for 2022/23.

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 2023.

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;
- 2022/23 revenue budget process and the medium-term financial strategy (MTFS);
- capital strategy and capital programme;
- treasury management ;
- revenue outturn 2022/23;
- capital outturn 2022/23;
- Covid-19, cost of living and Ukrainian conflict grants;
- corporate and budgetary risks;
- basis of preparation;
- going concern assessment;
- receipt of further information; and
- acknowledgements.

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

- a full and understandable explanation of the overarching financial position of the Council and the outturn for 2022/23;
- confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- assurance that the financial position of the Council is sound and secure.

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

An introduction to Huntingdonshire District Council

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

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

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

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

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

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

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

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

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

How the Council will do this:

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

Key facts about Huntingdonshire and the Council

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

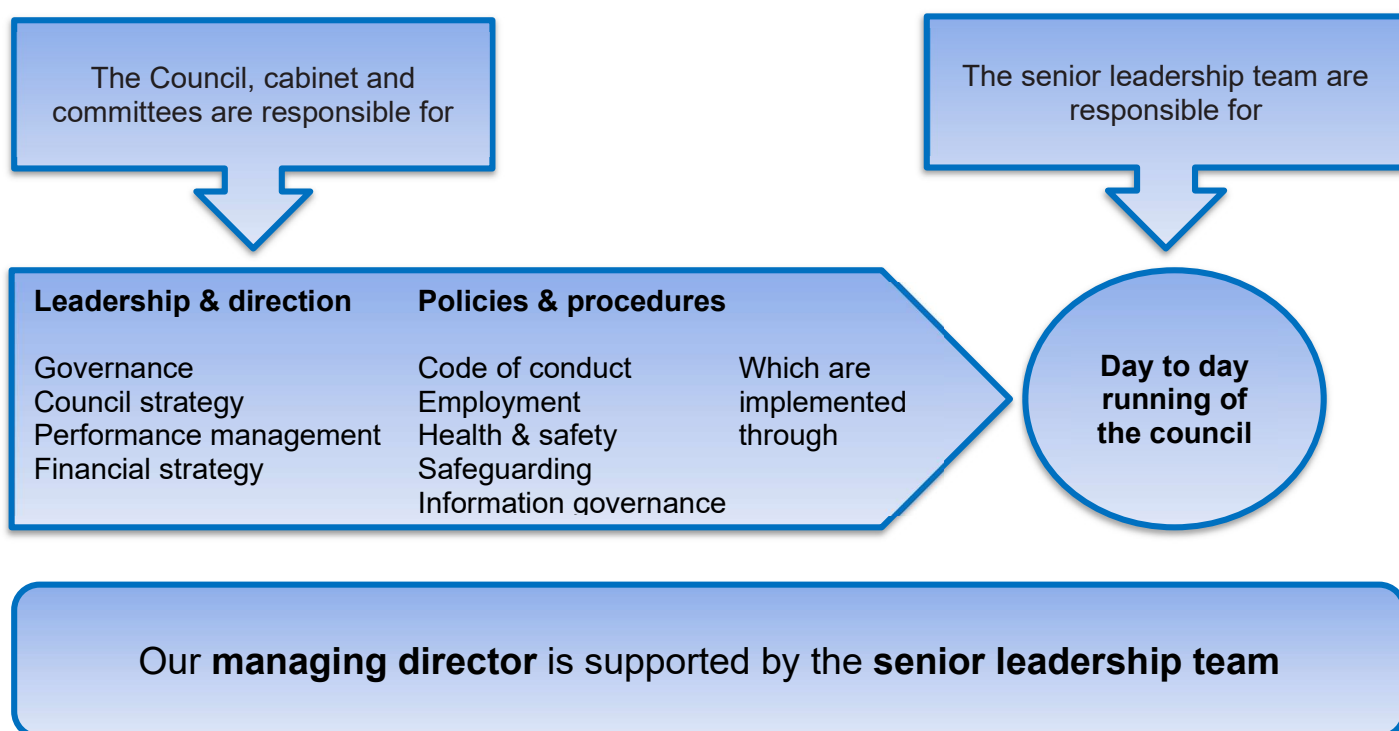
- Population
In the 2021 census, the total population of Huntingdonshire was 180,833, an increase of 11,325 resident 6.7% since 2011 (source: 2021 census, ONS). The population is expected to grow to 205,000 by 2036 (source: Huntingdonshire objectively assessed housing needs report). The district has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

- **Economy and employment**
 Figures indicate that in May 2023, unemployment levels across Huntingdonshire were significantly lower than the level of Great Britain as a whole, with 2.1% of residents aged 16-64 recorded in the DWP claimant count of those claiming universal credit or job seekers allowance principally due to unemployment compared to an average of 3.74% for Great Britain (source: NOMIS: claimant count)
- **Homes**
 Huntingdonshire continues to be a growth area with 1,099 new homes delivered in 2022/23 and 1,111 forecast for 2023/24 (source: corporate plan target 2023/24). Additionally, house prices continue to rise with the average price based on completed sales being £324,373 at March 2023 (source: UK house price index), this being an increase of 8.1% over the past year.

The social housing sector in Huntingdonshire is made up of (as of March 2023) 11,021 affordable homes (10,153 rented properties and 868 shared ownership)(source: Cambridgeshire Insight). Between April 2022 and March 2023 an additional 456 new affordable homes were built across the district (source: HDC corporate performance report January to March 2023).

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 2022/23 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 2022/23 on 23 February 2022. The outturn for the 2022/23 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 22 February 2023 and is summarised below:

	Budget	Medium term financial strategy			
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Net expenditure	24,113	22,474	20,987	21,134	21,599
Contribution to/(from) reserves	186	3,027	1,722	982	(56)
Budget requirement	24,299	25,501	22,709	22,116	21,543
Non-domestic rates & s.31 grants	(11,272)	(11,997)	(11,450)	(10,360)	(9,274)
Revenue support grant	(177)	(190)	95	149	202
New homes bonus	(1,273)	(1,273)	-	-	-
Other grants	(1,287)	(1,267)	(45)	(45)	(45)
Collection fund deficit	(36)	-	-	-	-
Council tax support funding	-	-	-	-	-
Council tax requirement	10,255	10,774	11,309	11,860	12,426
Council tax base	65,795	66,979	68,185	69,412	70,661
Per band D property	155.86	160.86	165.86	170.86	175.86
% increase		3.21%	3.11%	3.01%	2.93%

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 2022/23 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 £2,116,000 of NHB in 2022/23 and has budgeted £1,273,000 for 2023/24. This funding is expected to be phased out in 2025/26.

- **Retained business rates**
The revaluation of all properties for business rates took effect from 1 April 2023. Revaluation was completed to maintain the accuracy in the rating system by reflecting changes in the property market since the last revaluation in 2017. The business rates revaluation clouded the position on the amount of gain the Council might expect to achieve from business rates growth in the area. Following guidance in the December 2022 local government funding settlement, we have not forecast any re-baselining of business rates until 2025/26.
- **Reserves and balances**
Earmarked reserves represent the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves are an essential part of sound financial planning. The reserves are held for legitimate reasons and the balances are reasonable given a fair assessment of the budgetary pressures that they are held against.
- **Investments and net borrowing**
The Council has been using its cash balances over the past few years in lieu of long-term borrowing. This delivers an advantage over lending returns whilst base rates remain low. From 2021/22 income from investment interest has been included in the MTFs. The Council takes a proactive approach to managing cash balances, with the bulk of the income being derived from short term money market lending.
- **Implications for council tax strategy 2023/24**
For 2023/24, the budget proposal and council tax resolution included the assumed maximum £5 increase (for district councils, the maximum increase permissible was 2.99% or £5, whichever was the greater). A £5 increase at Band D represented a 3.31% increase, equivalent to just under 10 pence per week, and increased the band D council tax for Huntingdonshire District Council to £155.86.

Capital strategy and capital programme 2022/23

The capital programme for 2022/23 onwards was presented to Council for consideration and approval on 23 February 2022. For 2022/23 the gross expenditure was approved at £12,776,000 and the funding sources were presented to Council. As a result of project delays arising predominantly from the Covid 19 pandemic, schemes totalling £26,898,000 were rephased from 2021/22 to 2022/23; this plus additional external funding of £2,225,000 provided a total gross capital programme of £41,899,000. Project delays continued in 2022/23, resulting in £18,342,000 being rephased to future years. Some projects, where additional borrowings would be required, have been descope and the approved expenditure for these removed from the future capital programme.

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

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

The revenue financing implications arising from the capital programme were factored into the budget for 2023/24 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 2022/23

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

This is in line with assumptions in the budget plans for 2022/23 agreed by Council in February 2022.

The Council's 2022/23 revenue outturn position is shown in the table below:

2021/22 Outturn £000	2022/23			
	Budget £000	Outturn £000	Variance £000	%
Service				
3,638	5,176	5,227	51	1%
-	441	141	(300)	-68%
669	1,201	869	(332)	-28%
5,432	6,878	4,283	(2,595)	-38%
-	198	188	(10)	-5%
190	187	277	90	48%
434	(25)	454	479	-1916%
3,608	4,917	4,280	(637)	-13%
71	73	41	(32)	-44%
-	(136)	(40)	96	-71%
2,175	2,604	2,374	(230)	-9%
825	-	-	-	
482	-	-	-	
17,524	21,514	18,094	(3,420)	-16%
2,014	249	835	586	235%
1,990	-	2,834	2,834	100%
21,528	21,763	21,763	-	
Financing				
(9,558)	(8,853)	(9,283)	(430)	5%
(3,642)	(3,179)	(3,071)	108	-3%
979	-	322	322	100%
Council tax for Huntingdonshire District				
9,307	9,731	9,731	-	

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 2023 amounted to £2,175,000 and £28,940,000 respectively.

Capital outturn 2022/23

The approved gross capital programme for 2022/23 was £12,776,000. Schemes totalling £26,898,000 from 2021/22 were rephased to 2022/23 and additional external funding of £2,225,000 gave a total gross capital budget of £41,899,000.

The Council spent £10,194,000 on the delivery of its capital programme in 2022/23 and has rephased schemes to 2023/24 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 2022/23:

	Approved Budget £000	Budget rephased from £000	External funding £000	Total gross capital £000	Outturn £000	Budget rephased to 2023/24 £000	(Under)/ over spend £000
Chief operating officer	-	61	-	61	32	-	(29)
Chief planning officer	247	853	-	1,100	4,610	206	3,716
Corporate leadership team	675	12,463	-	13,138	954	12,257	73
Corporate services	7,876	9,950	-	17,826	153	1,039	(16,634)
Housing strategy	1,800	-	-	1,800	2,018	-	218
Leisure & health	285	485	-	770	630	133	(7)
Operations	1,393	429	693	2,515	1,240	1,074	(201)
Strategic insight & delivery	63	2,362	1,532	3,957	364	3,246	(347)
3CICT shared service	437	295	-	732	193	387	(152)
	12,776	26,898	2,225	41,899	10,194	18,342	(13,363)

The reasons for the large budget re-phase to 2023/24 include:

- £12,257,000 – phasing of the Markets Towns Programme to future years as whole life costs were included in the original budget
- £2,706,000 – works at Hinchingsbrooke Country Park were delayed due to Covid and localised flooding which has had an on-going impact
- £564,000 – extending the life of the existing fleet to maximise value for money
- £500,000 – the enhancements to commercial properties have been delayed due to the change of Strategic Property Manager
- £421,000 – St Neots Riverside programme of works has now commenced, with the majority of spend expected during 2023/24

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

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

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

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

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

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

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

- the Council brought forward £4,605,000 of unspent government business grant resources. The Council had acted as an agent for government in relation to a range of such grants in 2020/21 and 2021/22 and was therefore required to refund the unspent grant (the Council having maximised the payment of grants to eligible businesses).
- £229,000 of the contain outbreak management fund still remains at the end of 2022/23 and will be used in 2023/24.

	Brought forward		Spend 2022/23	Grant repaid to/(from) government	Grant remaining at 31 March 2023
	Council acting as agent	Council acting as principal			
	£000	£000		£000	£000
LRSB closed addendum	(584)	-	-	584	-
LRSB closed 2 December 2020 to 19 December 2020	28	-	-	(28)	-
LRSB open 2 December 2020 to 19 December 2020	84	-	-	(84)	-
Closed business lockdown one- off payment January 2021 to 15 February 2021	(1,700)	-	-	1,700	-
LRSB closed 20 December 2020 to 4 January 2021	(229)	-	-	229	-
LRSB open 20 December 2020 to 4 January 2021	(149)	-	-	149	-
LRSB closed addendum 16 February 2021 to 31 March 2021	(862)	-	-	862	-
Omicron hospitality & leisure grant	(337)	-	-	337	-
Contain outbreak management fund	-	(253)	24	-	(229)
	(4,605)	(253)	24	4,605	(229)

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

Having administered £9,374,000 mandatory council tax energy rebates to households and £211,000 discretionary awards (for which a new burdens grant of £221,000 was received) the Council will repay the funds remaining to the government in 2023/24. The balance on the Homes for Ukraine grants will be utilised in 2023/24.

	Grants received 2022/23 £000	Council acting as agent £000	Council acting as principal £000	Spend 2022/23 £000	Grant remaining at 31 March 2023 £000
Council tax energy rebate scheme	(10,465)	(10,254)	(211)	9,585	(880)
Council tax energy rebate scheme new burdens	(221)	-	(221)	221	-
Homes for Ukraine - tariff	(602)	-	(602)	200	(402)
Homes for Ukraine - thank you payment	(348)	(348)	-	348	-
	(11,636)	(10,602)	(1,034)	10,354	(1,282)

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 2022/23 financial year and the known assets and liabilities at 31 March 2023. 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.

Going concern assessment

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

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

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

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

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 Resources

1. Statement of accounts explanations

The statement of accounts comprises:

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

The objective of each of the accounting statements is:

❖ Statement of responsibilities

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

❖ Core financial statements

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

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

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

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

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

❖ **Notes to the core financial statements**

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

❖ **Supplementary financial statements**

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

❖ **Notes to the supplementary financial statements**

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 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 2023. The current valuation shows a surplus on the fund of £4,803,000 (£70,090,000 deficit at 31 March 2022) 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 31 March 2022.

The Council's responsibilities

The Council is required to:

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

The Director of Finance and Corporate Resources

The Director of Finance and Corporate Resources is legally and professionally responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23* - the Code.

In preparing this statement of accounts, I have:

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

The Director of Finance and Corporate Resources has also:

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

I certify that the statement of accounts presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2023.

Karen Sutton
Director of Corporate Resources & s.151 Officer
27 September 2023

Certificate of approval – Chair of Corporate Governance Committee

This is the unaudited statement of accounts. The Corporate Governance Committee of Huntingdonshire District Council at its meeting on 27 September 2023 delegated authority to me as Chair of the Panel to approve the statement of accounts.

Councillor Nic Wells
27 September 2023

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.

2021/22			2022/23		
Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure
£000	£000	£000	£000	£000	£000
35,332	(30,744)	4,588	35,388	(29,030)	6,358
3,321	(1,532)	1,789	7,246	(2,251)	4,995
752	-	752	944	-	944
14,674	(3,460)	11,214	10,692	(1,939)	8,753
466	(279)	187	223	(13)	210
891	(70)	821	1,175	(63)	1,112
6,887	(4,778)	2,109	10,450	(5,472)	4,978
8,401	(2,015)	6,386	8,847	(2,397)	6,450
81	-	81	45	-	45
8,029	(2,817)	5,212	3,670	(3,149)	521
9,101	(6,139)	2,962	8,481	(5,516)	2,965
87,935	(51,834)	36,101	87,161	(49,830)	37,331
		Other operating expenditure -			
		7,917 note 11			7,906
		Financing and investment			
	(1,097)	income - note 12			(4,498)
		Taxation and non-specific			
	(47,150)	grant income - note 13			(41,965)
		Surplus on provision of			
		(4,229) services			(1,226)
		Surplus on the revaluation of			
	(6,160)	non-current assets			(4,614)
		(Surplus)/deficit on financial			
		assets measured at fair			
		value through other			
	(666)	comprehensive income			736
		Remeasurement of net			
	(29,733)	defined benefit			(80,923)
		Other comprehensive			
		(36,559) income and expenditure			(84,801)
		Total comprehensive			
		(40,788) income and expenditure			(86,027)

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

	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)	22,965	(49,247)
Movement in reserves during 2021/22							
Surplus on provision of services	(4,229)	-	-	-	(4,229)	-	(4,229)
Other comprehensive income and expenditure	-	-	-	-	-	(36,559)	(36,559)
Total comprehensive income and expenditure	(4,229)	-	-	-	(4,229)	(36,559)	(40,788)
Adjustments between accounting basis and financing basis under regulations (note 9)	8,895	-	-	(10,639)	(1,744)	1,744	-
Net (increase)/decrease before transfers to earmarked reserves	4,666	-	-	(10,639)	(5,973)	(34,815)	(40,788)
Transfers to/(from) earmarked reserves	(4,666)	4,666	-	-	-	-	-
(Increase)/decrease in year	-	4,666	-	(10,639)	(5,973)	(34,815)	(40,788)
Balance at 31 March 2022	(2,175)	(27,788)	-	(48,222)	(78,185)	(11,850)	(90,035)

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 2022		note	31 March 2023
£000			£000
78,748	Property, plant and equipment	14	79,254
65	Heritage assets		65
70,067	Investment property	15	70,932
880	Intangible assets	16	755
4,463	Long term investments	17	3,727
11,723	Long term debtors	17	5,139
-	Net pensions asset	37	4,803
165,946	Long term assets		164,675
21,000	Short term investments	17	40,000
302	Inventories	18	402
28,998	Short term debtors	19	29,893
28,342	Cash and cash equivalents	20	11,924
78,642	Current assets		82,219
(1,631)	Bank overdraft	20	(2,884)
(508)	Short term borrowing	17	(349)
(38,114)	Short term creditors	22	(28,581)
(3,892)	Grants received in advance - capital	22, 31	(2,842)
(1,131)	Provisions	39	(1,331)
(45,276)	Current liabilities		(35,987)
(38,626)	Long term borrowing	17	(34,272)
(561)	Other long term liabilities	17	(573)
(70,090)	Net pensions liability	37	-
(109,277)	Long term liabilities		(34,845)
90,035	Net assets		176,062
(78,185)	Usable reserves	23	(92,281)
(11,850)	Unusable reserves	24	(83,781)
(90,035)	Total reserves		(176,062)

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.

2021/22		note	2022/23
£000			£000
4,229	Net surplus on the provision of services		1,226
20,823	Adjustment to deficit on the provision of services for non cash movements	25	(1,806)
(19,476)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	25	(14,010)
<u>5,576</u>	Net cash flows from operating activities		<u>(14,590)</u>
(13,056)	Net cash flows from investing activities	26	(2,858)
6,108	Net cash flows from financing activities	27	(223)
<u>(1,372)</u>	Net increase/(decrease) in cash and cash equivalents		<u>(17,671)</u>
28,083	Cash and cash equivalents at the beginning of the reporting period		26,711
<u>26,711</u>	Cash and cash equivalents at the end of the reporting period	20	<u>9,040</u>

1. Accounting Policies

1.1 General principles

The statement of accounts summarises the Council's transactions for the 2022/23 financial year and its position at 31 March 2023. 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 2022/23, 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
- short term cash investments
- trade receivables

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

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

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

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

- CCLA property fund

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

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

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

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

1.8.2.4 Expected credit loss model

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

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

1.9 Government grants and other contributions

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

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

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

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

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

1.10 Inventories and long-term contracts

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

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

1.11 Investment property

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

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

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

1.12 Leases

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

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

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

1.12.1 The Council as lessee

- Operating leases

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

1.12.2 The Council as lessor

- Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

- **Operating leases**

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

1.13 Overheads and support services

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

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

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

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

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

1.15 Property, plant and equipment

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

1.15.1 Recognition

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

1.15.2 Measurement

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

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

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

1.15.3 Impairment

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the comprehensive income and expenditure statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.15.4 Disposals and non-current assets held for resale

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

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

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

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

1.15.5 Depreciation

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

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

1.15.6 Componentisation

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

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

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

1.16 Provisions, contingent liabilities and contingent assets

1.16.1 Provisions

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

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

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

1.16.2 Contingent liabilities

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

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

1.16.3 Contingent assets

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

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

1.17 Reserves

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

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

1.18 Revenue expenditure funded from capital under statute

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

1.19 VAT

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

2. Accounting standards not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2022/23 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 2023/24 code are:

- IFRS16 leases (but only for those authorities that have decided to adopt IFRS16 in the 2023/24 year);
- where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statement of accounts;
- definition of accounting estimates (amendments to IAS 8) issued in February 2021;
- disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021;
- deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12) issued in May 2021; and
- updating a reference to the conceptual framework (amendments to IFRS 3) issued in May 2020.

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

3. Critical judgements in applying accounting policies

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

The critical judgements made in the statement of accounts are:

- In line with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, surplus assets and assets under construction. For all these assets, the total value for 2022/23 for land is £52,617,000 and buildings is £45,105,000 (2021/22 land is £45,430,000 and buildings is £46,375,000).
- The actuarial valuation of the Council's pension scheme shown on the balance sheet has moved from a deficit to surplus position during the year and created a pension asset of £4,803,000 held under long term assets. This is a result of the changes in the financial assumptions used by the actuary, Hymans Robertson LLP. These assumptions are determined by the actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the actuary and the assumptions used to calculate this actuarial valuation.
- The participants in the Council's non-domestic rates collection fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014. To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2023. An estimated provision of £3,294,000 has been included in the collection fund in respect of successful appeals costs. The Council's share of any such collection fund costs is 40% or £1,318,000 of the total provision and this is included in the general fund balance.
- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.

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

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet at 31 March 2023 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 2022/23 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 2023. 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 2023.
- 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 2023, the Council had a balance for sundry debtors of £8,280,000. A review of significant balances suggested that impairment for doubtful debts of 16% (£1,324,000) 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 2022/23, 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 £73,300 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 2022/23 no such items of income or expenditure were incurred (2021/22 £nil).

6. Events after the balance sheet date

The unaudited Statement of Accounts were issued on 27 September 2023. Where events taking place before this date provided information about the conditions existing at 31 March 2023, 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 2023 if they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date.

7 Expenditure and funding analysis

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

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

	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				
		Adjustments for capital purposes £000	Net change for the pensions adjustment £000	Other Differences £000	Total Adjustments £000	
Chief operating officer	4,588	70	(847)	-	(777)	3,811
Chief planning officer	1,789	(603)	(137)	-	(740)	1,049
Corporate leadership team	752	-	(83)	-	(83)	669
Corporate services	11,214	(853)	(2,212)	-	(3,065)	8,149
Economic development	187	-	-	-	-	187
Housing strategy	821	-	(20)	(18)	(38)	783
Leisure & health	2,109	(1,432)	(242)	-	(1,674)	435
Operations	6,386	(1,439)	(729)	-	(2,168)	4,218
Programme delivery	81	-	(10)	-	(10)	71
3 CICT shared service	2,962	(287)	(517)	-	(804)	2,158
Net cost of services	36,101	(9,793)	(4,850)	(18)	(14,661)	21,440
Other income and expenditure	(40,330)	2,617	(1,929)	22,868	23,556	(16,774)
(Surplus)/deficit for the year	(4,229)	(7,176)	(6,779)	22,850	8,895	4,666
Opening general fund balance at 1 April 2021						(34,629)
Closing general fund balance at 31 March 2022						(29,963)

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:

2021/22		2022/23
£000		£000
(30,744)	Chief operating officer	(29,030)
(1,532)	Chief planning officer	(2,251)
(3,460)	Corporate services	(1,939)
(70)	Housing strategy	(63)
(4,778)	Leisure & health	(5,472)
(2,015)	Operations	(2,397)
(2,817)	Strategic insight & delivery	(3,149)
(6,139)	3CICT shared service	(5,516)
(51,834)		(49,830)

8. Expenditure and income analysed by nature

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

2021/22		2022/23
£000		£000
	Expenditure	
28,509	Employees	28,738
13,490	Other service expenses	14,303
6,811	Support service recharges	6,024
	Depreciation, amortisation, REFCUS & investment	
12,402	property fair value adjustment	13,561
528	Interest payments	213
6,420	Transfer & grant payments	2,835
10,510	Precepts & levies	10,990
203	Loss on disposal of fixed assets	-
25,832	Benefit payments	24,917
104,705	Total expenditure	101,581
	Income	
(25,728)	Fees, charges & other service income	(28,419)
(456)	Interest and investment income	(1,499)
(20,482)	Income from council tax & non-domestic rates	(26,347)
(291)	Post stock transfer capital receipts	(452)
(47,778)	Government grants & contributions	(34,550)
-	Proceeds from disposal of non-current assets	(39)
(14,199)	Levies	(11,501)
(108,934)	Total income	(102,807)
(4,229)	Surplus on the provision of services	(1,226)

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.

	2022/23		
	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)	(6,030)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	500	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	2,691	-	-
• Holiday pay (transferred from the accumulated absences reserve)	-	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	(51)	-	(11,788)
Total adjustments to the revenue resources	(2,890)	-	(11,788)
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	512	(512)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,556	-	-
Total adjustments between revenue and capital resources	3,068	(512)	-
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	662	-
Repayment of loans	(104)	(4,677)	-
Application of capital grants to finance capital expenditure	-	-	3,371
Total adjustments to capital resources	(104)	(4,015)	3,371
Total adjustments	74	(4,527)	(8,417)

	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)	6,704	-	(16,968)
Total adjustments to the revenue resources	5,807	-	(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
Cash payments in relation to deferred capital receipts	-	-	-
Total adjustments to capital resources	39	291	6,329
Total adjustments	8,895	-	(10,639)

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 2021/22 and 2022/23.

	Balance 1 April 2021	Transfers in 2021/22	Transfers out 2021/22	Balance 31 March 2022	Transfers in 2022/23	Transfers out 2022/23	Balance 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
S.106 agreements	(1,126)	(451)	419	(1,158)	(236)	687	(707)
Commuted S.106 payments	(1,101)	(2)	120	(983)	(20)	88	(915)
Repairs & renewals fund	(1,913)	(51)	155	(1,809)	(99)	-	(1,908)
Strategic transformation reserve	(805)	-	46	(759)	-	40	(719)
Collection fund reserve	(11,482)	(51)	5,674	(5,859)	-	2,669	(3,190)
Commercial investment fund	(5,595)	-	-	(5,595)	(344)	-	(5,939)
Market towns investment fund	(673)	-	155	(518)	(20)	88	(450)
Budget surplus reserve	(3,204)	(2,121)	904	(4,421)	(475)	-	(4,896)
Special reserve	(846)	-	190	(656)	-	-	(656)
Other reserves	(5,709)	(2,961)	2,640	(6,030)	(4,141)	611	(9,560)
	(32,454)	(5,637)	10,303	(27,788)	(5,335)	4,183	(28,940)

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

2021/22		2022/23
£000		£000
7,541	Parish precepts	7,894
(291)	Post stock transfer capital receipts	(452)
464	Drainage board levies	503
203	Loss/(gain) on the disposal of non-current assets	(39)
7,917		7,906

12. Financing and investment income and expenditure

2021/22		2022/23
£000		£000
528	Interest payable and similar charges	213
1,908	Pensions interest cost and expected return on pensions assets	1,946
(456)	Interest receivable	(1,499)
(3,039)	Income and expenditure in relation to investment properties and changes in their fair value	(5,095)
(38)	Other investment, trading operations and shared services	(63)
(1,097)		(4,498)

13. Taxation and non-specific grant income

2021/22		2022/23
£000		£000
(17,149)	Council tax income	(17,555)
(3,333)	Non-domestic rates	(8,792)
(8,715)	Non-ringfenced government grants	(3,519)
(11,314)	Developer contributions (CIL & S.106)	(8,745)
(6,727)	Capital grants	(3,354)
88	Covid-19 support grants	-
(47,150)		(41,965)

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

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

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

14.2 Depreciation methods used

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

14.3 Useful lives or depreciation rates used

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

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

- other land and buildings – 10 to 45 years
- vehicles, plant, furniture & equipment – 3 to 25 years
- infrastructure assets – 10 to 44 years

14.4 Effects of changes in estimates

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

14.5 Revaluations

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

The market review takes a broader view of the way in which material or economic factors may have affected the overall levels of value which are stated in the accounts, to reflect a true position and give an impairment allowance (where required) against the 2022/23 accounts.

The valuations at 31 March 2023 have been carried out by Wilks, Head & Eve LLP, who also prepared a valuation report.

The significant assumptions applied in estimating the fair values are:

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

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000
Carried at historical cost	-	8,339	4,382	451	-	1,840
Valued at current cost as at:						
31 March 2023	33,655	-	-	-	-	-
31 March 2022	19,214	-	-	-	1,917	-
31 March 2021	9,456	-	-	-	-	-
Total cost or valuation	62,325	8,339	4,382	451	1,917	1,840

14.6 Capital commitments

At 31 March 2023 the Council was contractually committed to capital works valued at approximately £1,980,000 (31 March 2022 £2,471,000). The schemes are listed in the table below:

Service	Scheme	31 March 2023
		£000
Corporate leadership	Smarter towns project	14
	The Old Falcon project	11
	Transport project	89
Corporate services	Bridge Place car park	31
	Energy efficiency works	2
	Oak Tree remedial work	1
	Sites for SMEs	6
	Upgrade/replacement of public toilets	8
	Fareham offices works	160
Housing strategy	Disabled facilities grants	496
Leisure & health	Leisure centre future improvements	44
	St Ives leisure centre general improvements	1
Operations	St Neots riverside park path & cycleway improvements	30
	Vehicles & plant	906
Strategic insight & delivery	Hinchingbrooke country park	55
	Park fencing	12
	Ramsey car park	56
	Secure cycle storage	4
3CICT shared services	Server migration	43
	Democratic services software	10
	UPS replacement	1
		1,980

14.7 Movement on property, plant and equipment

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

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
Cost or valuation							
At 1 April 2021	60,959	22,437	10,133	451	-	411	94,391
Additions	5,160	1,830	496	-	-	1,042	8,528
Revaluation increases recognised in the revaluation reserve	13,027	-	-	-	-	-	13,027
Revaluation decreases/reversals recognised in the revaluation reserve	(8,325)	-	-	-	-	-	(8,325)
Revaluation increases recognised in the surplus on the provision of services	865	-	-	-	-	-	865
Revaluation decreases recognised in the surplus on the provision of services	(5,757)	-	-	-	-	-	(5,757)
Derecognition - disposals	(265)	(1,538)	(760)	-	-	-	(2,563)
Reclassification of assets as assets held for resale	-	-	-	-	480	-	480
Other movements in cost or valuation	(1,437)	-	-	-	1,437	-	-
At 31 March 2022	64,227	22,729	9,869	451	1,917	1,453	100,646
Accumulated depreciation							
At 1 April 2021	(2,193)	(13,553)	(5,646)	-	-	-	(21,392)
Depreciation charge for the year	(1,894)	(2,005)	(365)	-	-	-	(4,264)
Depreciation written out to the revaluation reserve	1,458	-	-	-	-	-	1,458
Derecognition - disposals	2	1,538	760	-	-	-	2,300
At 31 March 2022	(2,627)	(14,020)	(5,251)	-	-	-	(21,898)
Net book value							
At 31 March 2022	61,600	8,709	4,618	451	1,917	1,453	78,748
At 1 April 2021	58,766	8,884	4,487	451	-	411	72,999

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:

2021/22		2022/23
£000		£000
(4,810)	Rental income from investment property	(5,354)
1,006	Direct operating expenses arising from investment property	1,095
(3,804)		(4,259)
765	Net losses/(gains) from fair value adjustments	(836)
(3,039)		(5,095)

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:

2021/22		2022/23
£000		£000
70,720	Balance at 1 April	70,067
112	Additions	29
(765)	Net (losses)/gains from fair value adjustments	836
70,067	Balance at 31 March	70,932

Valuation techniques

There has been no change in valuation techniques used during the year for valuing investment properties. The fair value is measured on an annual basis as at 31 March. In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Fair value hierarchy

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

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

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

Fair value inputs level 2 other significant observable inputs at 31 March 2022		Fair value inputs level 2 other significant observable inputs at 31 March 2023
£000		£000
	Asset type	
9,178	Retail	9,815
19,999	Office	17,696
40,890	Commercial	43,421
<u>70,067</u>		<u>70,932</u>

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 £185,000 was charged to revenue in 2022/23; 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:

2021/22		2022/23
£000		£000
	Balance at start of year	
3,081	Gross carrying amounts	3,252
(2,168)	Accumulated amortisation	(2,372)
913	Net carrying amount at start of year	880
180	Additions	60
(9)	Disposals or retirements	(100)
(213)	Amortisation for the period	(185)
9	Reversal of amortisation on disposals or retirements	100
880	Net carrying amount at end of year	755
	Comprising:	
3,252	Gross carrying amounts	3,212
(2,372)	Accumulated amortisation	(2,457)
880		755

17. Financial instruments

17.1 Categories of financial instruments

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

31 March 2022			31 March 2023	
Long term	Current		Long term	Current
£000	£000		£000	£000
		Investments		
		Financial assets held at fair value through other comprehensive income	3,727	-
4,463	-	Financial assets held at amortised costs	-	40,000
-	21,000	Total investments	3,727	40,000
4,463	21,000			
		Debtors		
11,723	17,093	Loans and receivables	5,139	21,762
11,723	17,093	Total debtors	5,139	21,762
16,186	38,093	Total financial assets	8,866	61,762
		Borrowings		
(38,626)	(508)	Financial liabilities held at amortised cost	(34,272)	(349)
(38,626)	(508)	Total borrowings	(34,272)	(349)
		Other long term liabilities		
(561)	-	Financial liabilities held at fair value through profit and loss	(573)	-
(561)	-	Total other long term liabilities	(573)	-
		Creditors		
-	(9,859)	Financial liabilities held at amortised cost	-	(9,935)
-	(9,859)	Total creditors	-	(9,935)
(39,187)	(10,367)	Total financial liabilities	(34,845)	(10,284)

17.2 Income, expense, gains and losses

2021/22			2022/23	
Financial	Financial		Financial	Financial
£000	£000		£000	£000
528	-	Interest expense	213	-
-	(456)	Interest income	-	(1,499)
528	(456)	Net loss/(gain) for the year	213	(1,499)

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 31 March 2023, 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 31 March 2023 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 31 March 2023, using the following methods and assumptions:

- loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- the fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2023.
- 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 2022			31 March 2023	
Carrying amount	Fair value		Carrying amount	Fair value
£000	£000		£000	£000
		Assets		
54,279	55,356	Loans and receivables	70,628	70,628
		Liabilities		
(49,554)	(50,706)	Financial liabilities	(45,129)	(38,344)

31 March 2022			31 March 2023	
Carrying amount £000	Fair value £000		Fair value level Carrying amount £000	Fair value £000
		Financial assets held at fair value through other comprehensive income		
4,463	4,463	Property fund	1	3,727
		Financial assets held at amortised cost		
21,000	21,000	Short term investment	1	40,000
4,715	5,792	Long term loans to local organisations	2	-
30,178	31,255	Total		43,727
24,101	24,101	Assets for which fair value is not disclosed		26,901
54,279	55,356	Total financial assets		70,628
		<i>Recorded on the balance sheet as:</i>		
17,093	17,093	Short term debtors		21,762
21,000	21,000	Short term investments		40,000
38,093	38,093	Short term financial assets		61,762
11,723	12,800	Long term debtors		5,139
4,463	4,463	Long term investments		3,727
16,186	17,263	Long term financial assets		8,866
54,279	55,356	Total financial assets		70,628

31 March 2022			31 March 2023	
Carrying amount £000	Fair value £000	Fair value level	Carrying amount £000	Fair value £000
Financial liabilities held at amortised cost				
(38,626)	(39,777)		(34,272)	(27,326)
<u>(38,626)</u>	<u>(39,777)</u>	2	<u>(34,272)</u>	<u>(27,326)</u>
Total				
			(10,857)	(11,018)
(10,928)	(10,930)		<u>(10,857)</u>	<u>(11,018)</u>
<u>(49,554)</u>	<u>(50,706)</u>		<u>(45,129)</u>	<u>(38,344)</u>
<i>Recorded on the balance sheet as:</i>				
(9,859)	(9,859)		(9,935)	(9,935)
(508)	(510)		(349)	(510)
<u>(10,367)</u>	<u>(10,369)</u>		<u>(10,284)</u>	<u>(10,445)</u>
Short term financial liabilities				
(38,626)	(39,777)		(34,272)	(27,326)
(561)	(561)		(573)	(573)
<u>(39,187)</u>	<u>(40,338)</u>		<u>(34,845)</u>	<u>(27,899)</u>
<u>(49,554)</u>	<u>(50,706)</u>		<u>(45,129)</u>	<u>(38,344)</u>
Long term financial liabilities				
Total financial liabilities				

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 2022		31 March 2023
£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)
(83)	PWLB - 2.24% 502463 07/08/2013 to 07/08/2023	-
(640)	PWLB - 3.28% 504487 25/11/2015 to 25/11/2046	-
(849)	PWLB - 3.10% 504598 19/01/2016 to 19/01/2047	-
(423)	PWLB - 2.91% 504810 21/03/2016 to 21/03/2047	-
(344)	PWLB - 3.10% 504922 29/04/2016 to 29/04/2047	-
(279)	PWLB - 2.92% 504993 02/06/2016 to 02/06/2047	-
(549)	PWLB - 2.31% 505255 29/07/2016 to 29/07/2047	-
(421)	PWLB - 2.18% 505372 23/09/2016 to 23/09/2047	-
(757)	PWLB - 2.67% 505649 06/01/2017 to 06/01/2048	-
(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	(7,293)
(11,963)	PWLB - 2.18% 509389 26/06/2019 to 26/06/2039	(11,963)
(26)	Salix	(17)
(38,626)		(34,272)
	Short term	
(164)	PWLB - 2.24% 502463 07/08/2013 to 07/08/2023	(83)
(17)	PWLB - 3.28% 504487 25/11/2015 to 25/11/2046	-
(24)	PWLB - 3.10% 504598 19/01/2016 to 19/01/2047	-
(12)	PWLB - 2.91% 504810 21/03/2016 to 21/03/2047	-
(9)	PWLB - 3.10% 504922 29/04/2016 to 29/04/2047	-
(8)	PWLB - 2.92% 504993 02/06/2016 to 02/06/2047	-
(16)	PWLB - 2.31% 505255 29/07/2016 to 29/07/2047	-
(13)	PWLB - 2.18% 505372 23/09/2016 to 23/09/2047	-
(21)	PWLB - 2.67% 505649 06/01/2017 to 06/01/2048	-
	- Local authority loans	-
(9)	Salix	(9)
(215)	Accrued interest	(257)
(508)		(349)
(10,420)	Creditors	(10,508)
(49,554)		(45,129)

18. Inventories

2021/22				2022/23			
Leisure				Leisure			
centres	Diesel	Other	Total	centres	Diesel	Other	Total
£000	£000	£000	£000	£000	£000	£000	£000
42	78	169	289	33	190	79	302
-	646	-	646	-	663	-	663
-	(574)	-	(574)	-	(710)	-	(710)
(9)	40	(90)	(59)	4	40	103	147
-	-	-	-	-	-	-	-
33	190	79	302	37	183	182	402
			Balance at 1 April				Balance at 1 April
			Purchases				Purchases
			Recognised as an expense in year				Recognised as an expense in year
			Stock adjustment				Stock adjustment
			Balances written off				Balances written off
			Balance at 31 March				Balance at 31 March

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

19. Short term debtors

31 March 2022		31 March 2023	
£000		£000	
6,173	Central government bodies	3,603	
7,986	Other local authorities	9,770	
666	NHS bodies	313	
16,036	Other entities and individuals	18,217	
<u>30,861</u>		<u>31,903</u>	
(1,863)	Provision for impairment of bad debts	(2,010)	
28,998		29,893	

20. Cash and cash equivalents

31 March 2022		31 March 2023	
£000		£000	
9	Cash held	9	
266	Bank balances	394	
28,067	Short term deposits	11,521	
<u>28,342</u>		<u>11,924</u>	
(1,631)	Bank overdraft	(2,884)	
26,711		9,040	

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 2022		31 March 2023
£000		£000
480	Balance at 1 April	-
(480)	Reclassification of assets as property, plant & equipment	-
-	Balance at 31 March	-

22. Short term creditors

31 March 2022		31 March 2023
£000		£000
	Creditors and receipts in advance	
(26,662)	Central government bodies	(17,023)
(1,349)	Other local authorities	(1,413)
(350)	NHS bodies	(607)
(9,753)	Other entities and individuals	(9,538)
(38,114)		(28,581)
	Capital grants and other receipts in advance	
(3,892)	Central government bodies	(2,842)
(42,006)		(31,423)

23. Usable reserves

Movements in usable reserves are summarised below:

	1 April 2021	Movements		31 March 2022	Movements		31 March 2023
	£000	£000	£000	£000	£000	£000	£000
General fund	(2,175)	137,542	(137,542)	(2,175)	129,115	(129,115)	(2,175)
Capital receipts reserve	-	609	(609)	-	662	(5,189)	(4,527)
Capital grants unapplied	(37,583)	6,329	(16,968)	(48,222)	3,371	(11,788)	(56,639)
Earmarked reserves	(32,454)	10,303	(5,637)	(27,788)	4,183	(5,335)	(28,940)
	(72,212)	154,783	(160,756)	(78,185)	154,783	(160,756)	(92,281)

24. Unusable reserves

Movements in unusable reserves are summarised below:

	1 April	Movements		31 March	Movements		31 March
	2021	Debits	Credits	2022	Debits	Credits	2023
	£000	£000	£000	£000	£000	£000	£000
Capital adjustment account	(54,925)	12,179	(12,050)	(54,796)	19,180	(9,537)	(45,153)
Revaluation reserve	(25,573)	718	(6,160)	(31,015)	388	(4,614)	(35,241)
Financial instruments adjustment account	315	-	(648)	(333)	236	-	(97)
Financial instruments revaluation reserve	156	-	-	156	-	-	156
Deferred capital receipts	30	-	-	30	-	-	30
Pensions reserve	93,044	11,660	(34,614)	70,090	10,924	(85,817)	(4,803)
Collection fund adjustment account	9,918	50	(5,950)	4,018	-	(2,691)	1,327
	22,965	24,607	(59,422)	(11,850)	30,728	(102,659)	(83,781)

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.

2021/22			2022/23	
£000	£000		£000	£000
	(54,925)	Balance at 1 April		(54,796)
		Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement		
4,264		Charges for depreciation of non-current assets	4,103	
213		Amortisation of intangible assets	185	
4,892		Revaluation decreases recognised in the surplus on the provision of services	2,668	
765		Movement in the market value of investment properties recognised in the surplus on the provision of services	(836)	
2,268		Revenue expenditure funded from capital under statute	7,441	
263		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	2	
(718)		Adjusting amounts written out of the revaluation reserve	(388)	
		Capital financing applied in the year		
(609)		Use of the capital receipts reserve to finance new capital expenditure	(662)	
(2,218)		Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	(1,710)	
(6,329)		Application of grants to capital financing from the capital grants unapplied account and earmarked reserves	(3,371)	
(2,758)		Statutory provision for the financing of capital investment charged against the general fund	(2,556)	
279		Repayment of long term debtors	4,781	
(183)		Capital expenditure charged to general fund	(14)	
	129	Net movements		9,643
	<u>(54,796)</u>	Balance at 31 March		<u>(45,153)</u>

24.2 Revaluation reserve

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

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

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

2021/22			2022/23	
£000	£000		£000	£000
	(25,573)	Balance at 1 April		(31,015)
(13,103)		Upward revaluation of assets	(7,618)	
		Downward revaluation or impairment of assets not charged to the (surplus)/deficit on the provision of services		
6,943		(Surplus)/deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services	3,004	
	(6,160)	Other adjustments for assets disposed of or transferred - amounts written off to the capital adjustment account		(4,614)
	144	Difference between fair value depreciation and historical cost depreciation - amounts written off to the capital adjustment account		-
	574			388
	<u>(31,015)</u>	Balance at 31 March		<u>(35,241)</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.

2021/22			2022/23	
£000			£000	
	315	Balance at 1 April		(333)
		Amount by which finance costs charged to the comprehensive income and expenditure statement are different from the finance costs chargeable in the year in accordance with statutory requirements	236	
(648)			<u>236</u>	
	<u>(333)</u>	Balance at 31 March		<u>(97)</u>

24.4 Financial instruments revaluation reserve

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

2021/22			2022/23	
£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.

2021/22		2022/23
£000		£000
30	Balance at start and end of year	30

24.6 Pensions reserve

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

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. In 2022/23, the actuarial valuation has seen a significant movement from a deficit to a surplus position. Under the international accounting standard (IAS 19) the Council must disclose the lower of the actuarial valuation or asset ceiling calculation.

2021/22		2022/23
£000		£000
93,044	Balance at 1 April	70,090
(29,733)	Actuarial (gains)/losses on pensions assets and liabilities	(80,923)
11,660	Reversal of items related to retirement benefits debited or credited to the comprehensive income and expenditure statement	10,924
(4,881)	Employer's contributions and direct payments to pensioners payable in year	(4,894)
70,090	Balance at 31 March	(4,803)

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.

2021/22		2022/23
£000		£000
9,918	Balance at 1 April	4,018
50	Correction to opening balance 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	-
(5,950)		(2,691)
4,018	Balance at 31 March	1,327

25. Cash flow statement

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

2021/22		2022/23
£000		£000
4,264	Depreciation	4,103
4,892	Impairment and downward revaluations	2,668
213	Amortisation	185
7,693	Increase/(decrease) in creditors	(8,821)
(3,399)	Increase in debtors	(5,234)
(13)	Increase in inventories	(100)
6,779	Pension liability	6,030
263	Carrying amount of non-current assets sold	2
131	Other non-cash items charged to the net surplus or deficit on the provision of services	(639)
20,823		(1,806)

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

2021/22		2022/23
£000		£000
(291)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(512)
(19,185)	Any other items for which the cash effects are investing or financing cash flows	(13,498)
(19,476)		(14,010)

25.3 Operating activities

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

2021/22		2022/23
£000		£000
403	Interest received	1,401
(528)	Interest paid	(194)

26. Cash flow statement - investing activities

2021/22		2022/23
£000		£000
(8,194)	Purchase of property, plant and equipment, investment property and intangible assets	(3,424)
(21,000)	Purchase of short term and long term investments	(19,000)
(3,822)	Other payments for investing activities	(2,835)
291	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	512
19,669	Other receipts from investing activities	21,889
(13,056)		(2,858)

27. Cash flow statement - financing activities

2021/22		2022/23
£000		£000
44	Cash receipts of short- and long-term borrowing	-
(28)	Other (payments)/receipts (for)/from financing activities	12
(553)	Repayments of short- and long-term borrowing	(4,555)
6,645	Council tax and non-domestic rates adjustments	4,320
6,108		(223)

28. Members' allowances

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

2021/22		2022/23
£000		£000
381	Allowances	393
4	Expenses	3
385		396

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.

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

- (1) Ended 28/02/2023
(2) Ended 26/02/2023
(3) Started 20/06/2022
(4) Ended 29/04/2022
(5) Started 10/02/2023
(6) Ended 15/04/2022

2021/22					
	Salary (including allowances)	Election fees	Total remuneration excluding pension contributions	Employer pension contributions	Total remuneration including pension contributions
	£000	£000	£000	£000	£000
Managing director	139	21	160	24	184
Corporate director - people	89	1	90	15	105
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	1	32	5	37
Corporate director - place (3)	23	-	23	4	27

- (1) Started 02/08/2021
(2) Ended 30/09/2021
(3) Started 05/01/2022

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:

2021/22		2022/23
Number of employees		Number of employees
12	£50,000 - £54,999	16
5	£55,000 - £59,999	14
3	£60,000 - £64,999	6
1	£65,000 - £69,999	4
1	£70,000 - £74,999	1
4	£75,000 - £79,999	4
-	£80,000 - £84,999	1
2	£85,000 - £89,999	-
-	£90,000 - £94,999	1
-	£95,000 - £99,999	2
-	£145,000 - £149,999	1
1	£160,000 - £165,000	-
29		50

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:

2021/22		2022/23
£000		£000
54	Fees payable to the appointed auditor with regard to external audit services	53
10	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	10
64		63

31. Grant income

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

2021/22		2022/23
£000		£000
	Credited to taxation and non specific grant income	
(2,055)	New homes bonus	(2,116)
(829)	Other non-ringfenced grants	(956)
(5,860)	S31 business rates relief	(562)
(6,727)	Capital grants	(3,354)
(758)	Covid-19 support	-
(16,229)		(6,988)

2021/22		2022/23
	£000	£000
	Credited to services	
(24,678)	Rent allowances	(23,473)
(431)	Benefits administration	(425)
(1,434)	Improvement grants	(1,445)
(1,775)	Covid-19 support	-
(3,231)	Other grants	(2,219)
(31,549)		(27,562)

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 2022		31 March 2023
	£000	£000
	Capital	
(1,050)	Cambridgeshire Horizons - A14	-
(2,842)	Cambridgeshire Horizons - Other	(2,842)
(3,892)		(2,842)
	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 2022		31 March 2023
	£000	£000
(1)	Building foundations from growth	(1)
-	Huntingdon on-street wi-fi	(155)
(119)	Insurance contribution	(119)
(45)	Market Town	-
(597)	Future High Street	(1,375)
(47,460)	Community infrastructure levy	(54,989)
(48,222)		(56,639)

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 2022/23 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 2022/23, the Council:

- paid £6,768,000 to the county council (£6,033,000 for pensions and £735,000 for other services); and
- received £1,206,000 from the county council.

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

Payments (from)/to	CCC	SCDC
	£000	£000
ICT services	(3,493)	(2,013)
Legal services	178	-
Building control	122	-
CCTV	(462)	-

The home improvement agency is a shared service between the Council, Cambridge City Council and South Cambridge District Council; the agency is managed by Cambridge City Council. The Council's grant applicants' contribution to the agency for 2022/23 was £285,000 (2021/22 £177,000), which represents 15% (2021/22 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 £2,000 in 2022/23 (2021/22 £1,000).

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 82.

In respect of 2022/23 51 members out of the 52 members who served the Council and 17 officers out of the 17 officers in post returned a related party transaction disclosure form.

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

Organisation	Person	Relationship	Payments made by the organisation to the Council 2022/23 £	Payments made by the Council to the organisation 2022/23 £	Interest
Cambridgeshire County Council	Cllr Blackwell	Partner relationship			Future high streets funding pedestrianisation projects Contribution to Cambridgeshire & Peterborough parks Joint financing DHR contribution Huntingdon library community chest grant
	Cllr Bywater	Member		31,336	
	Cllr Corney	Member			
	Cllr Costello	Member			
	Cllr Criswell	Member			
	Cllr Ferguson	Member		5,000	
	Cllr Gardener	Member	-		
	Cllr Dew	Member			
	Cllr McAdam	Committee appointee		4,000	
	Cllr Sanderson	Member			
	Cllr Slade	Partner relationship		500	
	Cllr I Taylor	Partner relationship			
Cllr S Taylor	Member				
Godmanchester Baptist Church	Cllr B Mickelburgh Cllr D Mickelburgh	Trustee Member	-	450	Community chest grant
Houghton & Wyton Timebank	Cllr Keane	Member	-	4,227	Contribution to health inequalities project
Huntingdon Town Council	Cllr Blackwell	Member		25,000	Contribution to parklet Community chest grant Grant provision Mill Common
	Cllr M Kadewere	Member			
	Cllr P Kadewere	Member	*	500	
	Cllr McAdam	Member			
Cllr Sanderson	Member		6,592		
Loves Farm Community Association	Cllr Pickering Cllr Pitt	Member Member	*	3,500	Contribution to health inequalities project
New Build & Renovations Ltd	Cllr Corney	Director	7,822	-	Planning application approval
NHS	Cllr Beuttell	Partner relationship			Planning application grant
	Cllr Bywater	Partner relationship	*	4,650	
	Cllr Howell	Employee			
	Cllr Tevlin	Public governor			
Ramsey Town Council	Cllr Brereton	Member			Grant provision Old Station Road
	Cllr Clarke	Member	*	8,640	
	Cllr Corney	Member			
	Cllr Costello	Member			
Social Echo North Huntingdon CIC	Cllr Howell	Director	*	1,000	Community chest grant
				7,449	Contribution to health inequalities project

Organisation	Person	Relationship	Payments made by the organisation to the Council 2022/23 £	Payments made by the Council to the organisation 2022/23 £	Interest
Somersham Parish Council	Cllr Criswell	Member	*	2,750	Contribution to health inequalities project
St Ives Town Council	Cllr Burke	Member	*	11,750	Contribution to health inequalities project
	Cllr Kerr	Member			
	Cllr Mokbul	Member			
St Neots Town Council	Cllr Wells	Member	*	24,412	Improvement grant
	Cllr Banks	Member			
	Cllr Pitt	Member			
The Womens Institute	Cllr Slade	Member	-	500	Warm space funding
	Cllr Terry	Member			
	Cllr Conboy	Member			

* 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.

2021/22		2022/23
£000		£000
71,431	Opening capital financing requirement	70,379
	Capital investment	
6,990	Property, plant and equipment	2,139
180	Intangible assets	60
2,268	Revenue expenditure funded from capital under statute	7,441
112	Investment properties	29
1,042	Assets under construction	387
496	Infrastructure assets	139
	Sources of finance	
(609)	Capital receipts	(662)
(2,261)	Grants and other contributions	(1,710)
(837)	Capital grants unapplied reserve - community infrastructure levy	(1,170)
(5,492)	Capital grants unapplied reserve - other	(2,201)
(155)	Use of earmarked reserves	-
(28)	Use of s106 reserve	(14)
(2,758)	Minimum revenue provision	(2,556)
70,379	Closing capital financing requirement	72,261
(1,052)	(Decrease)/increase in underlying need to borrow (unsupported by government financial assistance)	1,882

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 2022		31 March 2023
£000		£000
60	Investment properties	621

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:

2021/22		2022/23
£000		£000
545	Non-current	545
2,715	Finance costs payable in future years	2,676
3,260		3,221

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

2021/22			2022/23	
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	3,065	Later than 5 years	544	3,026
545	3,260		545	3,221

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 2022/23 £81,000 contingent rents were payable by the Council (2021/22 £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:

2021/22			2022/23	
£000			£000	
18		Non-current	-	
18			-	

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

2021/22			2022/23	
£000			£000	
32		Lease payments	28	
32			28	

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:

2021/22		2022/23	
£000		£000	
(4,881)	Not later than 1 year	(3,589)	
(14,706)	Later than 1 year and not later than 5 years	(8,561)	
(31,899)	Later than 5 years	(22,139)	
(51,486)		(34,289)	

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 2022/23 the Council has recognised impairments to property, plant and equipment of £nil (2021/22: £nil).

36. Termination benefits and exit packages

The Council approved 1 compulsory redundancies (2021/22: 2) and 0 voluntary redundancies (2021/22: 0). In addition, a further 5 employees left the council in 2022/23 with a compromise agreement (2021/22: 9).

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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
							£000	£000
£0 - £20,000	2	1	6	4	8	5	42	22
£20,001 - £40,000	-	-	2	-	2	-	49	-
£40,001 - £60,000	-	-	1	-	1	-	57	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
	2	1	9	4	11	5	148	22

37. Defined benefit pension schemes

37.1 Participation in pensions schemes

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

The Council participates in two post-employment schemes:

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

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

37.2 Transactions relating to post-employment benefits

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

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

2021/22		2022/23
£000		£000
	Comprehensive income and expenditure statement	
	Cost of services	
9,580	Current service cost	8,895
172	Past service cost	83
	Financing and investment income and expenditure	
5,492	Net interest expense	7,169
(3,584)	Expected return on scheme assets	(5,223)
11,660	Total post employment benefit charged to the (surplus)/deficit on the provision of service	10,924
	Other post employment benefit charged to the comprehensive income and expenditure statement	
	Re-measurement of the net defined benefit liability comprising:	
	Return on plan assets (excluding the amount included in the net interest expense)	(10,026)
10,863	Actuarial gains and losses arising on changes in demographic assumptions	1,442
3,614	Actuarial gains and losses arising on changes in financial assumptions	104,084
18,881	Other experience (gains) and losses	(14,577)
(3,625)	Total post employment benefit charged to other comprehensive income and expenditure	80,923
29,733	Total post employment benefit charged to the comprehensive income and expenditure	91,847
41,393		

2021/22		2022/23
£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	
(11,660)		(10,924)
	Actual amount charged against the general fund for pensions in the year:	
4,710	Employer contributions to the scheme	4,724
171	Retirement benefits payable to pensioners	170
(6,779)	Total movement in pensions reserve	(6,030)

The amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2022/23 is a gain of £80,923,000 (a gain of £29,733,000 during 2021/22).

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	
	2021/22	2022/23	2021/22	2022/23
	£000	£000	£000	£000
Opening balance at 1 April	(269,842)	(261,461)	(2,519)	(2,371)
Current service cost	(9,580)	(8,895)	-	-
Interest cost	(5,492)	(7,169)	-	-
Change in financial assumptions	18,904	103,861	(23)	223
Change in demographic assumptions	3,614	1,442	-	-
Experience gain on defined benefit obligation	(3,614)	(14,577)	-	-
Estimated benefits paid net of transfers in	5,872	6,204	-	-
Past service costs including curtailments	(172)	(83)	-	-
Contributions by scheme participants	(1,151)	(1,181)	-	-
Unfunded pension payments	-	-	171	170
Closing balance at 31 March	(261,461)	(181,859)	(2,371)	(1,978)

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2021/22	2022/23
	£000	£000
Opening balance at 1 April	179,317	193,742
Interest on assets	3,584	5,223
Return on assets less interest	10,852	(10,026)
Contributions by employer including unfunded	4,710	4,724
Contributions by scheme participants	1,151	1,181
Estimated benefits paid plus unfunded net of transfers in	(5,872)	(6,204)
Closing balance at 31 March	193,742	188,640

Pension scheme assets comprised:

	31 March 2022				31 March 2023			
	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	-	9,506	9,506	5%	-	6,385	6,385	3%
Private equity	-	20,678	20,678	11%	-	23,409	23,409	12%
UK property	-	13,606	13,606	7%	-	12,322	12,322	7%
Overseas property	-	1	1	0%	-	-	-	0%
Cash	1,873	-	1,873	1%	4,557	-	4,557	2%
Other derivatives	-	392	392	0%	-	792	792	(0%)
Other investment funds:								
Equities	-	111,699	111,699	58%	-	104,226	104,226	55%
Infrastructure	-	15,394	15,394	8%	-	16,584	16,584	9%
Other bonds	-	20,593	20,593	11%	-	20,365	20,365	11%
	1,873	191,869	193,742		4,557	184,083	188,640	

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 2022.

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

The significant assumptions used by the actuary have been:

2021/22

2022/23

Mortality assumptions

Longevity at 65 for current pensioners:

22.0	Men	22.0
24.6	Women	24.6

Longevity at 65 for future pensioners:

22.8	Men	22.3
26.1	Women	26.0

3.70%	Rate of increase in salaries	3.45%
3.20%	Rate of increase in pensions	2.95%
2.70%	Rate for discounting scheme liabilities	4.75%

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

	Increase in assumption
	£000
Longevity (increase by 1 year)	3-5%
Rate of increase in salaries (increase by 0.1%)	392
Rate of increase in pensions (increase by 0.1%)	3,076
Rate for discounting scheme liabilities (decrease by 0.1%)	(3,418)

37.5 Impact on the Council's cash flows

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

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

Employer contributions for 2023/24 are estimated at £4,669,000.

37.6 Scheme history

	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
	£000	£000	£000	£000	£000
Present value of liabilities:					
Local government pension scheme	(239,036)	(206,927)	(269,842)	(261,461)	(181,859)
Discretionary benefits	(2,798)	(2,483)	(2,519)	(2,371)	(1,978)
Fair value of assets in the local government pension scheme	152,753	143,605	179,317	193,742	188,640
Surplus in the scheme:					
Local government pension scheme	(86,283)	(63,322)	(90,525)	(67,719)	6,781
Discretionary benefits	(2,798)	(2,483)	(2,519)	(2,371)	(1,978)
Total	(89,081)	(65,805)	(93,044)	(70,090)	4,803

37.7 History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2022/23 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2023:

	2018/19	2019/20	2020/21	2021/22	2022/23
	%	%	%	%	%
Differences between the expected and actual return on assets	(0.36)	3.87	18.16	5.60	(5.31)
Experience gains and losses on liabilities	0.07	7.71	(0.86)	1.39	7.93

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 £75,951,000 (2021/22 £75,416,000) 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 2023 that this was likely to occur and there are no investments that as at 31 March 2023 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 2023 £000	Average historical experience of default	Historial experience adjusted for market conditions at 31 March 2023	Estimated maximum exposure to default and uncollectability at 31 March 2023 £000	Estimated maximum exposure to default and uncollectability at 31 March 2022 £000
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Sundry debtors	8,280	1.90%	1.90%	1,324	1,492
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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 £1,913,000 of the £8,280,000 balance is past its due date for payment. The due but not impaired amount can be analysed by age as follows:

31 March 2022 £000		31 March 2023 £000	
3,066	Less than three months	6,367	
302	Three to six months	144	
705	Six months to one year	516	
1,125	More than one year	1,252	
<u>5,198</u>		<u>8,280</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 2023 the Council had £4,000,000 invested in the local authorities' property fund which is a professionally managed diversified property portfolio.

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

A loss of £736,000 in respect of the local authorities property fund has been recognised in other comprehensive income and expenditure in 2022/23 (2021/22 a gain of £666,000). 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 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	(1,118)	(13)	(1,131)
Amounts used in 2022/23	(1,318)	-	(1,318)
Amounts charged to services in 2022/23	1,118	-	1,118
Balance at 31 March 2023	(1,318)	(13)	(1,331)

- Non-domestic ratings (NDR) appeals – the council has made a provision of £3,294,000 for non-domestic ratings appeals which based upon its best estimates of the actual liability of known appeals as at the year-end. £1,318,000 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 2023, 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 2023.

2021/22		2022/23
Estimated value of contingent liability		Estimated value of contingent liability
£000		£000
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 17 years (originally 30 years).</p>	2,550

2021/22 Estimated value of contingent liability	2022/23 Estimated value of contingent liability
£000	£000
652	654
Corporate related	
<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 2022/23 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.

2021/22			2022/23			
Council tax	NNDR	Total		Council tax	NNDR	Total
£000	£000	£000	note	£000	£000	£000
(127,081)	-	(127,081)		(134,721)	-	(134,721)
-	(55,601)	(55,601)		-	(60,009)	(60,009)
-	351	351		-	405	405
(127,081)	(55,250)	(182,331)		(134,721)	(59,604)	(194,325)
88,682	-	88,682		94,791	-	94,791
15,686	-	15,686		16,614	-	16,614
4,658	-	4,658		4,836	-	4,836
16,784	-	16,784		17,625	-	17,625
-	31,146	31,146		-	29,951	29,951
-	5,607	5,607		-	5,391	5,391
	623	623			599	599
-	24,917	24,917		-	23,960	23,960
-	(11,749)	(11,749)		-	(4,575)	(4,575)
1,541	(2,115)	(574)		(549)	(823)	(1,372)
264	-	264		(97)	-	(97)
82	(235)	(153)		(29)	(91)	(120)
296	(9,399)	(9,103)		(104)	(3,660)	(3,764)
-	1,140	1,140		-	1,169	1,169
-	1,089	1,089		-	1,860	1,860
-	219	219		-	222	222
1,115	128	1,243		496	70	566
-	(1,632)	(1,632)		-	500	500
129,108	39,739	168,847		133,583	54,573	188,156
2,027	(15,511)	(13,484)		(1,138)	(5,031)	(6,169)
(1,345)	25,751	24,406		682	10,240	10,922
682	10,240	10,922		(456)	5,209	4,753

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	2022/23			
	Number of chargeable homes less exemptions and discounts	Exemptions and discounts	Factor	Band D equivalents
A*	25	(12)	5/9	7
A	10,106	(1,778)	6/9	5,552
B	18,636	(1,777)	7/9	13,112
C	17,053	(761)	8/9	14,481
D	11,594	(187)	9/9	11,406
E	9,226	(71)	11/9	11,189
F	3,966	(13)	13/9	5,710
G	1,834	(4)	15/9	3,051
H	145	-	18/9	291
Council tax base				64,799

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 2022/23 were estimated before the start of the financial year as £29,950,591 to central government, £5,391,107 to Cambridgeshire County Council, £599,012 to Cambridgeshire Fire Authority and £23,960,474 to Huntingdonshire District Council. These sums have been paid in 2022/23 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 2022/23.

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 2023. 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 2022/23 has been calculated as £500,000 (2021/22: a credit of £1,632,000).

The total non-domestic rateable value at 31 March 2023 was £152,823,493 (31 March 2022: £153,325,505). The national non-domestic rate multiplier for the year was 49.9p for small businesses (2021/22: 49.9p) and 51.2p for all other businesses (2021/22: 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

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**HUNTINGDONSHIRE DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2022/23
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 2022/23 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 28 September 2023 to 8 November 2023 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 Corporate Resources on 01480 387072 or email karen.sutton@huntingdonshire.gov.uk to discuss their requirements.

From 28 September 2023 to the 8 November 2023, 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 28 September 2023

Mrs Karen Sutton
Director of Finance and Corporate 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:	Approval for the Publication of the Audited Statement of Accounts 2021/22
Meeting/Date:	Corporate Governance Committee – 27th September 2023
Executive Portfolio:	Brett Mickelburgh - Executive Councillor for Finance & Resources
Report by:	Karen Sutton Director of Finance & Corporate Resources
Ward(s) affected:	All

Executive Summary:

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

In order to approve the accounts, the Committee must:

- Consider the Auditors Report (Audit Results Report) (paragraph 3) which comments on the auditor's findings on the Statement of Accounts and their view on Value for Money. Both the Statement of Accounts and the Value for Money position of the Council are expected to receive an unqualified audit opinion. At the time of writing the Audit Results Report at Annex A is still provisional as the audit is still ongoing.
- Approve the Letter of Representation (paragraph 5).
- Approve the Statement of Accounts (paragraph 6).

Recommendation(s):

The Committee is

RECOMMENDED

- (a) To receive the audit results report (Annex A).**
- (b) To approve the letter of representation (Annex B) and authorise the Director of Finance and Corporate Resources (as Section 151 Officer) to sign it on behalf of the Council.**
- (c) To give delegated powers to the Chair of the Committee and Director of Finance and Corporate Resources (as Section 151 Officer) to authorise and sign the audited Statement of Accounts (Annex C) on behalf of the Council subject to the auditors confirming an unqualified opinion on the SOA 2021/22.**

PURPOSE OF THE REPORT

- 1.1 To complete the processes for publishing the Council's Statement of Accounts (SOA) 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 prior to publication. To do this, the Committee needs to follow the stages in the order shown in the report.

3. RECEIVING THE AUDITORS' REPORT (AUDIT RESULTS REPORT)

- 3.1 At the time of writing the report the audit is not yet complete, with the auditors having some final queries to resolve to enable them to approve the accounts. An up-to-date position will be reported at the Committee by the auditors on outstanding queries and audit review procedures.
- 3.2 The Audit Results Report will be presented to the meeting by the auditors and a draft is attached at Annex A. The auditors will verbally update the Committee at the meeting of any further changes since the issuing of the report.
- 3.3 There were no issues raised as 'Control Observations' by the auditors within the Audit Results Report in respect of the AFR for 2021/22.
- 3.4 In addition to reviewing the AFR, the auditors are required to give a view on Value for Money within the Council. The auditors anticipate an unqualified opinion in respect of the Value for Money conclusion.

4. ANNUAL GOVERNANCE STATEMENT

- 4.1 The Committee, on behalf of the Council is required to review once a year the effectiveness of its system of internal control and following that review approve the AGS. This was approved at the meeting of 26 April 2023 and will be published alongside the SOA, and is shown at Annex D.

5. APPROVE THE LETTER OF REPRESENTATION

- 5.1 Each year, a letter has to be given to the auditor by the Council which explains what the Council has done to ensure its financial records are accurate; a draft of the letter is attached at Annex C. It is 'best practice' for the Committee to approve the content of this letter and then authorise the Chief Finance Officer to sign it on behalf of the Council.
- 5.2 The Committee is asked to agree the draft letter and once the external auditor has confirmed that both the AGS and AFR are unqualified, that the Director of Finance and Corporate Resources sign it on behalf of the Council.

6. CONSULTATION

- 6.1 The Committee is asked to approve the Statement of Accounts; a copy is attached at Annex B. Once the external auditor has confirmed that the SOA is unqualified, then the report will be signed on behalf of the Council.

6.2 The issues that have been raised by the auditor in respect of the AFR are detailed within Section 3 of this report and Section 7 of the Auditors' Results Report.

7. 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 is in line with statutory regulations.

9.2 Both the AGS and the SOA have been subject to external audit and reviewed by the Council's auditors, Ernst and Young LLP

LIST OF APPENDICES INCLUDED

Annex A – Audit Results Report 2021-22

Annex B – Letter of Representation 2021-22

Annex C – Statement of Accounts 2021-22

Annex D – Annual Governance Report 2021-22

CONTACT OFFICER

Name/Job Title: Karen Sutton, Director of Finance & Corporate Resources

Tel No: 01480 387082

Email: karen.sutton@huntingdonshire.gov.uk

Huntingdonshire District Council

Audit Results Report Update

Year ended 31 March 2022

13 September 2023

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The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y'.

Building a better
working world



13 September 2023

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

Dear Corporate Governance Committee Members

2021/22 Audit Results Report

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

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Huntingdonshire District Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included our findings in respect of our work on the Council's Value for Money arrangements.

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

Yours faithfully

MARK HODGSON

mark.hodgson@ey.com
Associate Partner
For and on behalf of Ernst & Young LLP
Encl

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01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

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

This report is made solely to the Corporate Governance Committee and management of Huntingdonshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Corporate Governance Committee and management of Huntingdonshire District Council those matters we are required to state to them in this report and for no other purpose.

To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Corporate Governance Committee and management of Huntingdonshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary

Scope update

In our Provisional Audit Plan, which was presented to the Governance & Audit Committee meeting on 9 August 2022, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan.

We revisited our materiality calculation and confirmed that the level of £1.93 million set at planning stage remained appropriate. Performance materiality also remained unchanged at £1.45 million.

We also identified during the course of the audit execution that there had been a change to the payroll system for the financial year, a change that we were not informed of by Management. Given the significance of transactions that flow through such a system and the quantum of costs that result within the financial statements, this gives rise to a significant audit risk. We need to perform sufficient appropriate audit procedures to address the system transition and ensure that staff related costs are not materially mis-stated within the financial statements.

Status of the audit

Our audit work in respect of the Council's opinion is now complete. The addition of the significant risk pertaining to the new Payroll system (set out above) and the issues that we have identified in the Property, Plant & Equipment procedures led to additional work which previously delayed the completion of some areas of planned procedures within the planned audit window, as set out in the Audit Results Report that we presented to the Governance & Audit Committee meeting on 26 April 2023. Those issues have now been resolved. The following items relating to the completion of our audit conclusion procedures are the only areas of outstanding work at the date of this report.

Closing procedures;

- Subsequent events review;
- Agreement of the final set of financial statements;
- Receipts of signed management representation letter

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

Subject to satisfactory completion of the outstanding items above and in Appendix B, we do not expect to modify our opinion. However, until our audit work is complete, further differences may arise.



Executive Summary

Auditor responsibilities under the Code of Audit Practice 2020

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

The specified reporting criteria are:

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

Status of the audit - Value for Money

We have completed our VFM risk assessment and have not identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code.

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



Executive Summary

Areas of audit focus

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

Management Override: Misstatements due to fraud or error

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

Management Override: Inappropriate capitalisation of revenue expenditure

- *We have completed our testing over revenue expenditure funded by capital under statute, capital additions, and journal entries. We have no matters to report.*

Significant Risk: Account for Covid-19 related Government grants

- *We have completed our testing over Covid-19 related government grants and have no matters to report.*

Significant Risk: Payroll System Implementation

- *We have completed our testing over the implementation of the new payroll system and have no matters to report.*

Inherent Risk: Pensions valuations and disclosures

- *We have completed our work in this area. The Council received a revised IAS19 Actuarial report - as a result of changes to the value of the pension plan assets. This had the result of reducing the Council's Net Pension Liability by £0.587 million. The adjustment was made due to updated information being provided by the Actuary, as part of the audit, after the draft Statement of Accounts had been prepared.*
- *Separate to the adjustment above, the Council requested a revised IAS 19 Actuarial following the completion of the Pension Fund Triennial Valuation at the 1 April 2022 (reported in March 2023). This resulted in a further change in the Council's Pension Liability at the 31 March 2022 balance sheet date, as a result of an update to assumptions underpinning the triennial valuation and their consequential impact on the Pension Liability at the 31 March 2022. The Net Pension Fund Liability was understated by £0.835 million. The cumulative impact of these corrected differences is a total increase in liability by £0.248 million from the balance reported within the draft financial statements.*

Inherent Risk: National Non-Domestic Rates (NNDR) Appeals Provision

- *We have completed our testing over the provision and have no matters to report.*

Areas of audit focus (continued)

Inherent Risk: Recoverability of Receivables (Debtors)

We identified an audit difference of £0.109 million due to the over-provision of Impairment of bad debts, due to the double counting of court costs within that provision calculation. Short term Debtors were understated by £0.109 million, with the Provision for Impairment of bad debts was overstated by the same amount. We also identified that Management were unable to provide detailed evidence to support rates used in the calculation of the bad debt provision. We completed analysis using historical balance movements and determine the provision was understated by £0.276 million. Management have asserted that they are comfortable with the current level of bad debt provision recorded without this adjustment.

Inherent Risk: Valuation of Buildings and Investment Property

- We have identified 5 'Other Land & Building' assets and 2 Investment Property assets that have not been recorded correctly within the Fixed Asset Register to split out the land and building elements. Further information about these issues are included on the next page.
- We identified that 1 asset in Other Land & Building (Huntingdon Multi-story Car Park) was incorrectly valued by Montagu Evans. Management obtained an updated valuation from their new valuer WHE which identified an understatement of £0.360 million. We further identified that impairment adjustments in the amount of £3.249 million were not written out of the fixed asset register.
- We have identified 2 Investment Property assets that have not been appropriately valued. Oak Tree Health Centre value was understated by £0.099 million resulting from the over inclusion of remedial expenses which decreased the property value. Unit 2 Stonehill value was understated by £0.188 million resulting from the use of a lower rental income amount as an input than what our market research supported.
- We have identified various smaller input differences across our tested sample which we then projected across the population resulting a projected understatement of the total investment property balance by £0.263 million.
- We have identified that the council incorrectly classified assets as assets held for sale requiring a reclassification to other land and building in the amount of £1.917 million.
- We have identified that council had historically understated leisure centre assets within the fixed asset register. This led to a prior year adjustment to increase other land and building assets by £2.271 million. The impact on the 2021/22 statement of accounts after consideration of depreciation was an increase to other land and building assets of £2.177 million.
- We have identified a control deficiency within the Fixed Asset Register with respect to the treatment of revaluation gains and losses. Further discussion is included on page 10.



Executive Summary

Audit differences

Uncorrected differences

1. Balance Sheet - Provision for impairment of bad debts

We identified that management were unable to provide sufficient audit evidence to support historical rates applied in the calculation of the bad debt provision. We performed an independent substantive analytical procedure based on historical data available within our audit files to determine our estimate of the expected bad debt provision. This resulted in an identified understatement of the bad debt provision of £0.276 million.

2. Balance Sheet - Historic Cost Adjustment

We have identified assets within the cleansed fixed asset registers for the period 2013/14 to 2021/22 where the depreciation charged on the historic cost is greater than the current cost depreciation resulting in a overstatement of the Revaluation Reserve in the amount of £0.107 million and understatement of the Capital Adjustment Account by the same amount.

3. Comprehensive Income Statement - Car Park Impairment

We identified an impairment recorded within the accounts relating to car park buildings in the amount of £0.501 million. We determined based on the valuers methodology that the related car park buildings should have been recorded as a disposal resulting in a loss of the same amount. This results in a nil net impact to the overall financial position but changes the presentation of disclosures for the Capital Adjustment Account and Revaluation Reserve.

Corrected differences

At the time of issuing this report, there are a number of corrected audit differences arising from our audit, which we are bringing to your attention:

1. Balance Sheet - Net Pension Liability / Actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement

The Council received a revised IAS19 Actuarial report - as a result of changes to the value of the pension plan assets. This had the result of reducing the Council's Net Pension Liability by £0.587 million. The adjustment was made due to updated information being provided by the Actuary, as part of the audit, after the draft Statement of Accounts had been prepared. Subsequent to this recoding of this adjustment the triennial valuation as at 31 March 2022 was completed by the actuary. This identified a net increase to the pension liability of £0.248 million when compared to the published draft accounts.

2. Balance Sheet - Provision for impairment of bad debts

We identified an audit difference of £0.109 million due to the over-provision of Impairment of bad debts, due to the double counting of court costs within that provision calculation. Short term Debtors were understated by £0.109 million, with the Provision for Impairment of bad debts was overstated by the same amount.



Executive Summary

Audit differences

3. Balance Sheet - Infrastructure Assets

The client identified disposals that should have occurred in 2020/21 in the amount of £0.212 million to align with their accounting policy to derecognize assets with a nil net book value that were not appropriately recorded through the GL but were removed from the fixed asset register. In 2021/22 the assets were added back to the fixed asset register and the disposals were processed through the general ledger and fixed asset register. As these assets were fully depreciated there was a net zero impact on net book value.

4. Balance Sheet - Property, Plant & Equipment - Other Land & Buildings - Split between Land and Building elements

We have identified that 5 Other Land & Buildings (OL&B) and 2 Investment Property assets that have not been recorded correctly on the FAR to split out as land and building. This impacts on future years depreciation and valuations. The amount re-classified from OL&B buildings to land is £5.524 million.

5. Balance Sheet - Investment Property - Split between Land and Building elements

We have identified that 2 Investment Property assets (Pub Site - Sapley Square and Phoenix Court) have not been recorded correctly on the Fixed Asset Register as the land and building elements have not been correctly split out. This impacts on future years valuations. The amount re-classified for Investment Properties buildings to land is £0.147 million

6. Balance Sheet - Property, Plant & Equipment - Investment Property Valuations

We have identified 2 Investment Property assets that have not been appropriately valued. Oak Tree Health Centre value was understated by £0.099 million resulting from the over inclusion of remedial expenses which decreased the property value. Unit 2 Stonehill value was understated by £0.188 million resulting from the use of a lower rental income amount as an input than what our market research supported. We also identified various other small differences in our testing of representative sample which we have projected over the population resulting a projected understatement of £0.263 million. The total impact to the statement of accounts is an increase to the Investment Property line item on the Balance Sheet totalling £0.551 million and an increase to the Surplus on financial assets measured at fair value through other comprehensive income line on the Comprehensive Income and Expenditure Statement of the same amount.

7. Balance Sheet - Property, Plant & Equipment - Assets Held for Sale

We have identified that the council incorrectly classified assets as assets held for sale requiring a reclassification to other land and building in the amount of £1.917 million. The assets failed to meet the definition of assets held for sale as their sale was not expected within the required 12 month period.

8. Balance Sheet - Property, Plant & Equipment - Multi-story Carpark

We identified that 1 asset in Other Land & Building (Huntingdon Multistory Car Park) was incorrectly valued. Management obtained an updated valuation from their new valuer WHE which identified an understatement of £0.360 million. This increase in value was driven by more reasonable income and yield inputs used by WHE which our testing found to be supportable. We further identified that impairment adjustments in the amount of £2.484 million were not written out of the fixed asset register related to this asset.



Executive Summary

Audit differences

9. Balance Sheet - Property, Plant & Equipment - Leisure Centres

We have identified that the Council have historically understated that value of Leisure Centres due to an assumption that a proportion of the asset was owned by Cambridgeshire County Council. A review of contracts, arrangements, and sale of a previously held leisure centre determined that the asset value should be fully assigned to Huntingdonshire District Council. This led to a prior year adjustment to increase 'Other Land and Building assets by £2.271 million. The impact on the 2021/22 statement of accounts after consideration of depreciation was an increase to 'Other Land and Building assets of £2.177 million.

10. Balance Sheet - Revaluation Reserve and Capital Adjustment Account - Gain and Loss Movements

We identified that management had not been appropriately recording movements in revaluation gains and losses through the reserves and Comprehensive Income and Expenditure Statement. This resulted in a prior year adjustment with the revaluation reserve overstated by £2.649 million and the Capital Adjustment Account understated by £4.826 million as at 31 March 2021 (discussed further on page 10). As at 31 March 2022 the further impact to the accounts was an overstatement of the revaluation reserve by £2.365 million and understatement of the Capital Adjustment Account by £2.270 million.

Further details of the audit differences above can be found in Section 04 of this report.

Disclosure Differences

We also identified several disclosure misstatements in the draft financial statement which Management have chosen to adjust. We do not deem any differences to be so significant as to merit bringing to your attention.

Executive Summary

Control observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have not tested the operation of controls.

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

Our review of the Council's Fixed Asset Register identified that the Council was not compliant with the requirements for recognizing revaluation gains and losses through the Comprehensive Income and Expenditure Statement, Capital Adjustment Account and the Revaluation Reserve. This issue impacts the prior year closing balance and the current year closing balances for these accounts. Our review also identified that Management did not account for 100% of the value of Leisure Centres owned by the Council which impacts the Net Book Value of assets and impacts the calculation of revaluation movements as discussed above.

In the prior year, the closing balance of the Revaluation Reserve as at 31 March 2021 was overstated by £2.649 million and the closing balance of the Capital Adjustment Account was understated by £4.826 million resulting in a net increase in Total Unusable Reserves on the Balance Sheet of £2.176 million. The Net Book Value of Assets on the Balance Sheet and Other Comprehensive Expenditure and Income were also understated by £2.176 million. This is due to the cumulative level of valuation movements over the prior eight financial years and the impact of recognizing the unaccounted-for portion of the Leisure Centres. The amount of £2.649 million should have been posted as a revaluation gain to the Comprehensive Income and Expenditure Statement (CIES), reversing a previous impairment charge to that account, and then adjusted via the Capital Adjustment Account (CAA) to the Movement in Reserves Statement (MIRS).

In the current year financial statements, the Revaluation Reserve was overstated by a further £2.365 million, representing further in year valuation movements. This audit difference should be adjusted in year, via the same series of adjustments through the CIES, CAA, and MIRS.

This error arose due to the Fixed Asset Register (FAR) being manually maintained within an excel spreadsheet without appropriate review of the balances being manually entered into the FAR for compliance with the requirements of the Code, on an asset by asset level, that considered previous valuation movements and where they had been accounted for. The significant level of upward valuation movements within the current year identified the issue through our sample testing procedures. We understand that the Council is moving to a system based fixed asset register module in 2023/24, which will reduce the risk of this error occurring in the future due to the pre-set algorithm control in place within the module.

Recommendation: We recommend that Management perform a review of valuation movements each year, including the appropriate challenge of valuation experts, as part of closing procedures to ensure that all movements are understood and that the FAR module report is in line with expectations.



Executive Summary

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. As a result of this work we have identified a number of amendments which are required and have been communicated to Management for adjustment.

The Council fall below the testing threshold set by the NAO for detailed procedures on the consolidation return (Threshold - £2 billion). We do not expect therefore to have any issues to report. We will submit our assurance statement to the NAO on this basis.

We have no other matters to report.

Objection

We have not received any objections to the 2021/22 accounts from members of the public.

Independence

We have no matters relating to our Independence to bring to your attention. Please refer to Section 07 for our update on Independence.



02 Areas of Audit Focus

Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

**Fraud Risk:
Misstatements due to fraud or error**

What is the risk?

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

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

We identify and respond to this fraud risk on every audit engagement.

What did we do?

In response to this risk, we:

- ▶ Identified fraud risks during the planning stages, which reflect the significant fraud risk recognised in this report (the risk of inappropriate capitalisation of expenditure).
- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determined an appropriate strategy to address those identified risks of fraud which is reflected in the significant risks documented on this file.
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including:
 - ▶ Testing journal entries at year-end to ensure there are no unexpected or unusual postings.
 - ▶ Undertaking a detailed review of accounting estimates for evidence of bias (such as the valuation of land and buildings and pension liability balances); and
 - ▶ substantively any tested unusual or unexpected transactions.

What are our conclusions?

As reported in our Provisional Audit Plan, our work to identify fraud risks during the planning stages identified those areas of the accounts that involve management estimates and judgements as the key areas at risk of manipulation. The identified area was the inappropriate classification of revenue spend as capital expenditure. The results of our work on this specific risk is set out on the following page.

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

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

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

Update:

Our testing of journals is completed and we have not identified adjustments outside of the normal course of business. All journals tested have appropriate rationale.



Audit risks

Our response to significant risks (continued)

Fraud Risk:

Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)*

What is the risk?

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

We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the General Fund. In arriving at this conclusion we have considered the continuing pressure on the revenue budget and the financial value of its annual capital programme which is many times out materiality level. This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

What did we do?

In response to this risk, we undertook the following procedures:

- ▶ For significant capital additions, we examined invoices, capital expenditure authorisations, leases and other data that support these additions. We reviewed the sample selected against the definition of capital expenditure in IAS 16.
- ▶ We extended our testing of items capitalised in the year by lowering our testing threshold. We also reviewed a larger random sample of capital additions below our testing threshold.
- ▶ We used our testing of journals to identify high risk transactions, such as items originally recorded as revenue expenditure and subsequently capitalised.

What are our conclusions?

We have completed our work on capital additions and have not identified any additions that were capitalised which did not meet the statutory definition of capital.

Update:

Our testing of year end journals did not identify any movements from expenditure to capital outside of the normal course of business.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Valuation of land and buildings and investment property

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

At 31 March 2022 the net book value of PPE was £77.2 million, and the fair value of Investment Properties (including Group) was £69.5 million. We note that within PPE, our focus is on Land and Buildings.

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

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

What did we do and what is our conclusion?

In response to this risk, we:

- ▶ Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Performed testing of key assumptions and methodologies on a sample of assets and considered the reasonableness of the estimation techniques employed;
- ▶ Sample tested key asset information used by the valuer in performing their valuation, and agreeing this to what has been recorded in the fixed asset register and general ledger;
- ▶ Considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation;
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 3 year rolling programme as required by the Code;
- ▶ Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;
- ▶ Tested accounting entries have been correctly processed in the financial statements; and
- ▶ Reviewed the disclosures to ensure this is adequate in relation to estimation uncertainty.

We selected a sample of 20 Investment Properties, totalling £61.9 million and a sample of 25 Land and buildings assets, totalling £17.3 million, for testing. We have completed the following work in this area and noted the following:

Valuation of Other Land and Buildings: Land and Buildings split

- ▶ We have identified that 5 OL&B have not been recorded correctly on the FAR as Land and Buildings have not been correctly split out. This impacts on future years depreciation and valuations. The amount reclassified from buildings to land is £5.524 million.

Impairments

- ▶ We have reviewed all of the assets that have been identified in 2021/22 and we note that there are 22 assets that have been classified as "impaired". 21 of these are the building elements of the car parks. This is the first time that Montague Evans (Management's Valuer) have valued the car parks and they have classified the Car Parks as 'land only' assets resulting in a full write down of building components. Total value £2.711 million. One of these assets is the Huntingdon Multi storey car park which has had a significant reduction in value from £7.596 million to £0.46 million. We need to perform additional testing over this rationale to confirm the appropriateness of these valuations.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Valuation of land and buildings and Investment property (continued)

What did we do and what is our conclusion?

Findings continued:

Impairment

- ▶ There is no evidence to support the reversing of Prior Year impairments that have been charged to the Comprehensive Income & Expenditure Statement (Amount totalling £3.329 million for 20/21 and £4.847 million for 21/22). The Council, at a meeting on 06 April 2023, agreed that this had not taken place and to review the Fixed Asset Register and prior year entries to determine the potential impact.

Investment Property

- ▶ We have identified that 2 Investment Property assets (Pub Site - Sapley Square and Phoenix Court) have not been recorded correctly on the Fixed Asset Register as the land and building elements have not been correctly split out. This impacts on future years valuations. The amount reclassified for Investment Properties buildings to land is £0.147 million

Update:

Investment Property

- ▶ We have identified 2 Investment Property assets that have not been appropriately valued. The Oak Tree Health Centre was understated by £0.099 million resulting from the over inclusion of remedial expenses which decreased the property value. Unit 2 Stonehill was understated by £0.188 million resulting from the use of a lower rental income amount as an input than our market research supported. We also identified various other small differences in our testing of representative sample which we have projected over the population resulting a projected understatement of £0.263 million. The total impact to the statement of accounts is an increase to the Investment Property line item on the Balance Sheet of £0.551 million and an increase to the 'Surplus on financial assets measured at fair value through other comprehensive income' line on the Comprehensive Income and Expenditure Statement of the same amount.

Assets Held for Sale

- ▶ We have identified that the Council incorrectly classified some assets as 'Assets Held for Sale' requiring a reclassification to 'Other Land and Building' in the amount of £1.917 million. The assets failed to meet the definition of assets held for sale, as their sale was not expected within the required 12 month period.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Valuation of land and buildings and Investment property (continued)

What did we do and what is our conclusion?

Findings continued:

Multi-story Carpark

- ▶ We identified that 1 asset in Other Land & Building (Huntingdon Multi-story Car Park) was incorrectly valued. Management obtained an updated valuation from their new valuer WHE which identified an understatement of £0.360 million. This increase in value was driven by more reasonable income and yield inputs used by WHE which our testing found to be supportable. We further identified that impairment adjustments in the amount of £2.484 million were not written out of the fixed asset register related to this asset.

Leisure Centre

- ▶ We have identified that the Council have historically understated that value of Leisure Centres due to an assumption that a proportion of the asset was owned by Cambridgeshire County Council. A review of contracts, arrangements, and sale of a previously held leisure centre determined that the asset value should be fully assigned to Huntingdonshire District Council. This led to a prior year adjustment to increase 'Other Land and Building' assets by £2.271 million. The impact on the 2021/22 statement of accounts after consideration of depreciation was an increase to other land and building assets of £2.177 million.

Revaluation Gains and Losses (including impairment update)

- ▶ We identified that Management had not been appropriately recording movements in revaluation gains and losses through the Revaluation Reserves and Comprehensive Income and Expenditure Statement. This resulted in a prior year adjustment with the Revaluation Reserve overstated by £2.649 million and the Capital Adjustment Account understated by £4.826 million as at 31 March 2021 (discussed further on page 10). As at 31 March 2022 the further impact to the accounts was an overstatement of the Revaluation Reserve by £2.365 million and understatement of the Capital Adjustment Account by £2.270 million.



Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Accounting for Infrastructure Assets

An issue has been raised via the NAO's Local Government Technical Group that some local authorities are not writing out the gross cost and accumulated depreciation on highways infrastructure assets when a major part/component has been replaced or decommissioned. The Council hold Infrastructure Assets, with a Net book value of £4.618 million at 31 March 2022.

As a result of not writing out gross cost and accumulated depreciation where components are replaced, there is a risk that, if this is the case for elements not fully depreciated, assets in the Balance Sheet could be overstated. As a result, we have raised an Inherent risk in this area.

What did we do and what is our conclusion?

Update:

In response to this risk we :

- ▶ Obtained an understanding of the Infrastructure Assets balance and the individual assets comprising the balance;
- ▶ Obtained an understanding of the Council's process for writing out gross cost and accumulated depreciation on the balance
- ▶ Inspected additions to infrastructure assets to identifying any that related to replacements thereby requiring derecognition.

We have completed our work in this area and noted no issues.

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

Pensions liability - IAS19

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

The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body. The pension liability as at 31 March 2022 was £69.255 million (PY was £93.044 million).

Accounting for this scheme involves significant estimation and judgement and management engages an actuary to undertake the calculations on their behalf.

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

What did we do and what is our conclusion?

In response to this risk, we:

- ▶ Liaised with the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Huntingdonshire District Council;
- ▶ Assessed the conclusions drawn on the work of the actuary by the Consulting Actuary, PwC, commissioned by the National Audit Office for all local government sector auditors, and considered the review of this undertaken by the EY actuarial team;
- ▶ Used our internal EY pensions team to calculate an estimate of the Council's pension liability by running their own 'actuarial model' and comparing this to that produced by the Council's actuary; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We have completed the following work in this area:

- ▶ We have reviewed the assessment of the Pension Fund actuary by PwC and EY Pensions and have undertaken the work required without identifying any issues.
- ▶ We have agreed the Council's IAS 19 disclosures to the Actuaries' report to ensure these are fairly stated in the accounts.
- ▶ The Cambridgeshire Pension Fund auditor highlighted a material movement in the valuation of Investment Assets of the Pension Fund, in their assurance letter to us.
- ▶ As a result, the Council received an updated IAS19 report from the Actuary to determine the impact on the Council's Pension Liability. The impact was to reduce the Council's Net Pension Liability by £0.587 million. The adjustment was made by Management due to updated information being provided by the Actuary, as part of the audit, after the draft Statement of Accounts had been prepared.

Update:

- ▶ Separate to the adjustment above, the Council requested a revised IAS 19 Actuarial following the completion of the Pension Fund Triennial Valuation at the 1 April 2022 (reported in March 2023). This resulted in a further change in the Council's Pension Liability at the 31 March 2022 balance sheet date, as a result of an update to assumptions underpinning the triennial valuation and their consequential impact on the Pension Liability at the 31 March 2022. The Net Pension Fund Liability was understated by £0.835 million. The cumulative impact of these corrected differences is a total reduction in liability by £0.248 million from the balance reported within the draft financial statements.

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

National Non-Domestic Rates (NNDR) Appeals Provision

The calculation of the NNDR Appeals Provision is estimate based. Given the impact of COVID-19 on businesses seeking reductions in rateable values, there is a risk of material misstatement of the appeals provision due to the nature of the provision and the uncertainty around the full impact of COVID-19.

In light of this we consider there to be an inherent risk of misstatement of the Council's NNDR appeals provision.

Bad debt provision and recoverability of debtors

As a result of the long term impact of COVID-19 and other market uncertainties there may be increased uncertainty around the recoverability of receivables. This includes large value debtors with subsidiary companies. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of COVID-19 and assess the appropriateness of this estimation technique. Given that there might be some subjectivity to the recoverability of debtors the Council will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.

What did we do and what is our conclusion?

In response to this risk, we:

- ▶ Reviewed the assumptions made by the Council in preparing the NNDR appeals provision; and
- ▶ Assessed the reasonableness of any local adjustments made by the Council on the NNDR appeals provision.

Update:

Our work in this area is complete and no issues have been identified.

In response to this risk we :

- ▶ Reviewed the calculation of the Bad Debt Provision for reasonableness and accuracy; and
- ▶ Considered the recoverability of receivables in testing a sample of trade receivables.

Work have:

- ▶ Identified an audit difference of £0.109 million due to the over-provision of the Impairment of bad debts, due to the double counting of court costs. Short term Debtors account were understated by £0.109 million with the Provision for Impairment of bad debts being overstated by the same amount.

Update:

We identified that Management were unable to provide sufficient audit evidence to support historical rates applied in the calculation of the bad debt provision. We performed an independent substantive analytical procedure based on historical data available to us to determine our estimate of the expected bad debt provision. This resulted in an identified understatement of the bad debt provision in the amount of £0.276 million.

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

Accounting for Covid-19 related grant funding

The Council has received a significant level of additional government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or Accounting Standard (IFRS 15) in respect of accounting for government grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment within the 2021/22 statements.

Payroll System Implementation

We have identified during the course of the audit that the Council has changed payroll systems this presents a risk around the appropriate migration of payroll data between systems.

What did we do and what is our conclusion?

In response to this risk, we:

- ▶ Sample tested Government Grant income to ensure that they have been correctly classified as specific or non-specific in nature;
- ▶ Sample tested Government Grant income to ensure that they have been correctly classified in the financial statements based on any restrictions imposed by the funding body;
- ▶ Reviewed the instructions and conditions of each grant that we were testing to corroborate the Council's assessment of whether they were acting as an Agent or Principal in disbursing the grants; and

Update:

Our work in this area is complete and no issues have been identified.

In response to this risk, we:

- ▶ Understood the controls in place within the new 'iTRENT' system, including the interaction between the system and the General Ledger;
- ▶ Understood the data transfer process from the previous system to the new system to ensure completeness of data transfer;
- ▶ Performed testing procedures in relation to the data transfer process to ensure accuracy of data transfer; and
- ▶ Performed analytical procedures on overall payroll expenditure to ensure that expenditure is not materially overstated or understated.

Our work in this area is complete and no issues have been identified.



03 Audit Report

DRAFT



Draft audit report

Our opinion on the financial statements

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

Opinion

We have audited the financial statements of Huntingdonshire District Council ('the Authority') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- ▶ Movement in Reserves Statement,
- ▶ Comprehensive Income and Expenditure Statement,
- ▶ Balance Sheet,
- ▶ Cash Flow Statement,
- ▶ the related notes 1 to 39, and
- ▶ the Collection Fund and the related notes C1 to C3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of Huntingdonshire District Council as at 31 March 2022 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

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

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



Our opinion on the financial statements

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance and Corporate Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

The other information comprises the information included in the 'Statement of Accounts For the year ended 31 March 2022', other than the financial statements and our auditor's report thereon. The Director of Finance and Corporate Services is responsible for the other information contained within the 'Statement of Accounts For the year ended 31 March 2022'.

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)



Our opinion on the financial statements

- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.

Responsibility of the Director of Finance and Corporate Services

As explained more fully in the 'Statement of Responsibilities for the Statement of Accounts' set out on page 15, the Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Director of Finance and Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.



Our opinion on the financial statements

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

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

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

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

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

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

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

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

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

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



Our opinion on the financial statements

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

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Huntingdonshire District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Huntingdonshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

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

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Huntingdonshire District Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

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

Use of our report

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



04 Audit Differences





Audit Differences

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

Summary of Adjusted Audit Differences

We highlight misstatement greater than £0.097 million which have been corrected by management that were identified during the course of our audit:

Corrected differences

At the time of issuing this report, there are a number of corrected audit differences arising from our audit, which we are bringing to your attention:

1. Balance Sheet - Net Pension Liability / Actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement

The Council received a revised IAS19 Actuarial report - as a result of changes to the value of the pension plan assets. This had the result of reducing the Council's Net Pension Liability by £0.587 million. The adjustment was made due to updated information being provided by the Actuary, as part of the audit, after the draft Statement of Accounts had been prepared. Subsequent to this recoding of this adjustment the triennial valuation as at 31 March 2022 was completed by the actuary. This identified a net increase to the pension liability of £0.835 million when compared to the published draft accounts.

2. Balance Sheet - Provision for impairment of bad debts

We identified an audit difference of £0.109 million due to the over-provision of Impairment of bad debts, due to the double counting of court costs within that provision calculation. Short term Debtors were understated by £0.109 million, with the Provision for Impairment of bad debts was overstated by the same amount.

3. Balance Sheet - Infrastructure Assets

The client identified disposals that should have occurred in 2020/21 in the amount of £0.212 million to align with their accounting policy to derecognize assets with a nil net book value that were not appropriately recorded through the GL but were removed from the fixed asset register. In 2021/22 the assets were added back to the fixed asset register and the disposals were processed through the general ledger and fixed asset register. As these assets were fully depreciated there was a nil net impact on net book value.

4. Balance Sheet - Property, Plant & Equipment - Other Land & Buildings - Split between Land and Building elements

We have identified that 5 Other Land & Buildings (OL&B) and 2 Investment Property assets that have not been recorded correctly on the FAR to split out as Land and Building. This impacts on future years depreciation and valuations. The amount re-classified from OL&B buildings to Land is £5.524 million.

5. Balance Sheet - Investment Property - Split between Land and Building elements

We have identified that 2 Investment Property assets (Pub Site - Sapley Square and Phoenix Court) have not been recorded correctly on the Fixed Asset Register as the land and building elements have not been correctly split out. This impacts on future years valuations. The amount re-classified for Investment Properties buildings to land is £0.147 million.



Audit Differences

Summary of Adjusted Audit Differences (cont)

6. Balance Sheet - Property, Plant & Equipment - Investment Property Valuations

We have identified 2 Investment Property assets that have not been appropriately valued. Oak Tree Health Centre was understated by £0.099 million resulting from the over inclusion of remedial expenses which decreased the property value. Unit 2 Stonehill was understated by £0.188 million resulting from the use of a lower rental income amount as an input than what our market research supported. We also identified various other small differences in our testing of representative sample which we have projected over the population resulting a projected understatement of £0.263 million. The total impact to the statement of accounts is an increase to the Investment Property line item on the Balance Sheet totalling £0.551 million and an increase to the 'Surplus on financial assets measured at fair value through other comprehensive income' line on the Comprehensive Income and Expenditure Statement of the same amount.

7. Balance Sheet - Property, Plant & Equipment - Assets Held for Sale

We have identified that the council incorrectly classified assets as assets held for sale requiring a reclassification to other land and building in the amount of £1.917 million. The assets failed to meet the definition of assets held for sale as their sale was not expected within the required 12 month period.

8. Balance Sheet - Property, Plant & Equipment - Multi-story Carpark

We identified that 1 asset in Other Land & Building (Huntingdon Multi-story Car Park) was incorrectly valued. Management obtained an updated valuation from their new valuer WHE which identified an understatement of £0.360 million. This increase in value was driven by more reasonable income and yield inputs used by WHE which our testing found to be supportable. We further identified that impairment adjustments in the amount of £2.484 million were not written out of the fixed asset register related to this asset.

9. Balance Sheet - Property, Plant & Equipment - Leisure Centres

We have identified that the Council have historically understated that value of Leisure Centres due to an assumption that a proportion of the asset was owned by Cambridgeshire County Council. A review of contracts, arrangements, and sale of a previously held leisure centre determined that the asset value should be fully assigned to Huntingdonshire District Council. This led to a prior year adjustment to increase other land and building assets by £2.271 million. The impact on the 2021/22 statement of accounts after consideration of depreciation was an increase to other land and building assets of £2.177 million.

10. Balance Sheet - Revaluation Reserve and Capital Adjustment Account - Gain and Loss Movements

We identified that Management had not been appropriately recording movements in revaluation gains and losses through the reserves and Comprehensive Income and Expenditure Statement. This resulted in a prior year adjustment with the revaluation reserve overstated by £2.649 million and the Capital Adjustment Account understated by £4.826 million as at 31 March 2021 (discussed further on page 10). As at 31 March 2022 the further impact to the accounts was an overstatement of the Revaluation Reserve by £2.365 million and understatement of the Capital Adjustment Account by £2.270 million.

Disclosure Differences

We also identified several disclosure misstatements in the draft financial statement which Management have chosen to adjust. We do not deem any differences to be so significant as to merit bringing to your attention.



Audit Differences

Summary of Unadjusted Audit Differences

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

Uncorrected misstatements 31 March 2022 (GBP '000)	Effect on the current period:		Net assets (Decrease)/Increase			
	Reserves Debit/(Credit)	Comprehensive Income and Expenditure Statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors						
Judgemental differences:						
▸ Bad Debt Provision (1)		276	(276)			
▸ Historic Cost Adjustment (2)	0					
▸ Car Park Impairment	0					
Balance sheet totals	(90,035)	(40,788)	78,642	165,946	(45,276)	(109,277)
Income effect of uncorrected misstatements (before tax)		(370)				

We have identified unadjusted audit differences in the draft financial statements.

- Bad Debt Provision** - We identified that Management were unable to provide sufficient audit evidence to support historical rates applied in the calculation of the bad debt provision. We performed an independent substantive analytical procedure based on historical data available within our audit files to determine our estimate of the expected bad debt provision. This resulted in an identified understatement of the bad debt provision in the amount of £0.276 million.
- Historic Cost Adjustment** - We have identified assets within the cleansed fixed asset registers for the period 2013/14 to 2021/22 where the depreciation charged on the historic cost is greater than the current cost depreciation resulting in a overstatement of the Revaluation Reserve in the amount of £0.107 million and understatement of the Capital Adjustment account by the same amount. The net impact to the reserves is nil.
- Car Park Impairment** - We identified an impairment recorded within the accounts relating to car park buildings in the amount of £0.501 million. We determined based on the valuers methodology that the related car park buildings should have been recorded as a disposal resulting in a loss of the same amount. This results in a net nil impact to the overall financial position but changes the presentation of disclosures for the Capital Adjustment Account and Revaluation Reserve.

There are no uncorrected adjustments identified for cash flows or disclosures.



05

Value for Money



Value for money

The Council's responsibilities for value for money (VFM)

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

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

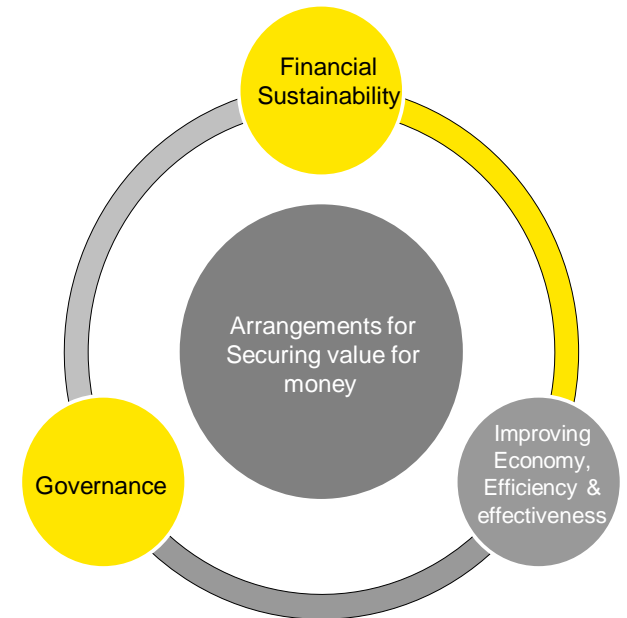
Risk assessment

We have completed our planning and risk assessment procedures including discussions with Management and review of key minutes and documents and have not identified any significant weaknesses in the Council's arrangements.

Status of our VFM work

We have completed our planned VFM procedures and have no matters to report 'by exception'.

We will include our detailed VFM commentary in the Auditor's Annual Report. We plan to issue the VFM commentary by the end of October 2023 as part of issuing the Auditor's Annual Report.





06 Other reporting issues

Other reporting issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2021/22 with the audited financial statements. Financial information in the Narrative Report and published with the financial statements was consistent with the audited financial statements, subject to completion of our final audit procedures.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. Our review of the Annual Governance identified a number of additional required disclosures which are to be processed by Management.

Whole of Government Accounts

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

As the Council falls below the £2 billion threshold for review as per the NAO's group instructions, we are not required to undertake detailed procedures on your consolidation schedule. We will submit the required Assurance Statement to the NAO confirming this.

Other powers and duties

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

We have not received any formal questions or objections to the Council's financial statements, following the required Inspection Period.

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

We also have a duty to make written recommendations to the Council, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues and have not had course to use this duty.

Other reporting issues

Other reporting issues

Other matters

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

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

We have no matters to report.



07

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1st April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the feed due for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below.

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

We confirm that we have not undertaken any non-audit work, other than Housing Benefit Certification assurance work.

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

[EY UK 2022 Transparency Report | EY UK](#)

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

	Planned fee 2021/22	Scale fee 2021/22	Final Fee 2020/21
Description	£'s	£'s	£'s
Total Fee - Code work	40,992	40,992	40,992
Determined Scale Fee Variation (Note 1)	-	-	51,019
Revised Proposed Scale Fee	40,992	40,992	92,011
Additional work:			
Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 2)	86,736	-	-
Other additional procedures required to address audit risks to enable the conclusion of the audit (Note 3)	TBC	-	-
Total fees	TBC	TBC	92,011

All fees exclude VAT

Note 1 - PSAA Ltd determined the Fee Variation for 2020/21 in February 2023.

Note 2 - We proposed an increase to the base scale fee of £86,736 for 2020/21 to reflect the cost of increased regulatory requirements as well as to reflect the additional work required to address specific risks. PSAA have determined a final additional fee for 2020/21 of £51,019 in relation to these areas. For 2021/22, the scale fee has again been re-assessed to take into account the same recurring risk factors as in 2019/20 and 2020/21 and is subject to determination by PSAA Ltd - subject to any further notified annual price uplifts.

Note 3 - As set out in this report, we have had to perform additional audit procedures to respond to the associated audit risks identified. As we are concluding our work in relation to these areas, we cannot quantify the fee impact at this time. We will provide an update on the additional fee implications within the Auditor's Annual Report or separately depending on the timing of determination.







08 Appendices

Appendix A

Required communications with the Governance & Audit Committee

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

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Terms of engagement	Confirmation by the audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Provisional Audit Plan - August 2022	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Provisional Audit Plan - August 2022	
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - April 2023 Audit Results Report Addendum - September 2023 Annual Auditors Report - July 2023	

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	<p>Audit Results Report - April 2023 Audit Results Report Addendum - September 2023</p>
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	<p>Audit Results Report - April 2023 Audit Results Report Addendum - September 2023</p>
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	<p>Audit Results Report - April 2023 Audit Results Report Addendum - September 2023</p>
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit, Standards and Statutory Accounts Committee responsibility. 	<p>Audit Results Report - April 2023 Audit Results Report Addendum - September 2023</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	<p>Audit Results Report - April 2023 Audit Results Report Addendum - September 2023</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Provisional Audit Plan - August 2022 Audit Results Report - April 2023 Audit Results Report Addendum - September 2023 Annual Auditors Report - Oct 2023</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	<p>Audit Results Report - April 2023 Audit Results Report Addendum - September 2023</p>
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit Committee may be aware of 	<p>Audit Results Report - April 2023 Audit Results Report Addendum - September 2023</p>




Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - April 2023 Audit Results Report Addendum - September 2023 Annual Auditors Report - Oct 2023
May	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Provisional Audit Plan - August 2022 Audit Results Report - April 2023 Audit Results Report Addendum - September 2023
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - April 2023 Audit Results Report Addendum - September 2023
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - April 2023 Audit Results Report Addendum - September 2023
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - April 2023 Audit Results Report Addendum - September 2023

Appendix B

Outstanding matters

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


Item 	Actions to resolve 	Responsibility 
Subsequent events procedures	Extension of some audit procedures like review of minutes up to the date of our auditor's report	EY and Management
Agreement of final set of financial statements	EY to receive final set of accounts with all audit adjustments, and review it for consistency with our schedule of misstatements	EY and Management
Receipt of management representation letter	Management to prepare and provide us with their representation letter for the 2021/22 audit	Management




Appendix C - Request for a Management Representation Letter

Request for a Management Representation Letter

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 INVESTOR IN PEOPLE

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

13 September 2023
Ref:
Your ref:
Direct line: 01223 394547
Email: M.Hodgson@uk.ey.com

Dear Karen,

**Huntingdonshire District Council – 2021/22 financial year
Request for a letter of representation**

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

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


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

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Huntingdonshire District Council ("the Council") for the year ended 31 March 2022.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Council as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300017 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office.

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

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

A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Council the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. That you acknowledge as members of management of the Council, your responsibility for the fair presentation of the Council's financial statements. You believe the Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and are free of material misstatements, including omissions. You have approved the Council financial statements.
3. That the significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the Council financial statements.
4. As members of management of the Council, you believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, that are free from material misstatement, whether due to fraud or error. You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. That you believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, and set out below by you, which were accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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

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



Appendix C – Request for a Management Representation Letter

Request for a Management Representation Letter

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

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

C. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that we have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions, events and conditions have been recorded in the accounting records and are reflected in the Group and Council financial statements, including those related to the COVID-19 pandemic and to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
3. That you have made available to us all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been



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prepared) held through the year to the most recent meeting on the following date: 27 September 2023.

4. That you confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Council's financial statements.
5. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the Council's financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. That from the date of your last management representation letter to us, through the date of this letter, you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

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

E. Subsequent Events

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

F. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2021-22.



Appendix C – Request for a Management Representation Letter

Request for a Management Representation Letter



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G. Accounting Estimates

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

H. Expenditure Funding Analysis

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

I. Going Concern

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

J. Ownership of Assets

1. That except for assets recognised as right-of-use assets in accordance with IFRS 16 Leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

K. Reserves

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



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L. Valuation of Property, Plant and Equipment Assets

1. That you agree with the findings of the experts engaged to evaluate the valuation of the Council's Property, Plant and Equipment and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included within the Council's financial statements and the underlying accounting records. That you did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.
2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
3. You confirm that the significant assumptions used in making the valuation of Property, Plant and Equipment appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
4. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on Property, Plant and Equipment valuations and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 pandemic.
6. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. You confirm that for assets carried at historic cost, that no impairment is required.

M. Retirement benefits

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



Appendix C – Request for a Management Representation Letter

Request for a Management Representation Letter

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context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

4. You confirm that the significant assumptions used in making the valuation of the pension scheme liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Pension Scheme Liability and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

N. Other Estimates – NDR Appeals provision

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the assumptions underlying the NDR Appeals provision are consistent with your knowledge of the business.
2. You agree with the findings of the specialists that you engaged to evaluate the NDR Appeals provision and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
4. You confirm that the significant assumptions used in making the valuation of the NDR Appeals provision appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the NDR Appeals Provision and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.



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O. Other Estimates – Expected Credit Losses

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the assumptions underlying the Expected Credit Losses are consistent with your knowledge of the business.
2. You agree with the findings of the specialists that you engaged to evaluate the Expected Credit Losses and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
4. You confirm that the significant assumptions used in making the valuation of the Expected Credit Losses appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Expected Credit losses and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

P. Specific Representations

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

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

Yours sincerely

Mark Hodgson
Partner
Ernst & Young LLP
United Kingdom

EY | Assurance | Tax | Transactions | Advisory

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ED None

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ey.com

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

28 September 2023

Dear Mark & Andrew,

**Huntingdonshire District Council – 2021/22 financial year
Letter of Representation**

This letter of representation is provided in connection with the audit of the financial statements of Huntingdonshire District Council (“the Council”) for the year ended 31 March 2022.

We recognise that Ernst & Young LLP (EY) obtaining representations from the Council concerning the information contained in this letter is a significant procedure in enabling it to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Council as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

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

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

A. Financial Statements and Financial Records




1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Council the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

2. We acknowledge as members of management of the Council, our responsibility for the fair presentation of the Council's financial statements. We believe the Council's financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and are free of material misstatements, including omissions. We have approved the Council's financial statements.

3. That the significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the Council's financial statements.

4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, that are free from material misstatement, whether due to fraud or error. We have disclosed to EY any significant changes in the Council's processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.

5. We believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report (as shown in the table below), accumulated by EY during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements 31 March 2022 (GBP '000)			Effect on the current period:	Net assets (Decrease)/Increase			
	Reserves Debit/(Credit)	Comprehensive Income and Expenditure Statement Debit/(Credit)		Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors							
Judgemental differences:							
• Bad Debt Provision (1)		276		(276)			
• Historic Cost Adjustment (2)	0						
• Car Park Impairment	0						
Balance sheet totals	(90,035)	(40,788)		78,642	165,946	(45,276)	(109,277)
Income effect of uncorrected misstatements (before tax)		(370)					

That we have not corrected these differences identified and brought to your attention by EY because:

- £276k bad debt provision: this is an extrapolation of data and is only a judgement.
- £501k car park impairment: this has arisen due to a difference of opinion as to how to reflect a change in methodology when valuing the surface car parks. These are not true disposals of 'buildings,' but rather a revaluation down to nil value and therefore we disagree with the proposed treatment from the auditors.
- £107k historic cost adjustment between unusable reserves: we deem this to be immaterial.

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

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

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

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

3. That we have disclosed to EY the results of our assessment of the risk that the Council financial statements may be materially misstated as a result of fraud.

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

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided EY with:

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

2. That all material transactions, events and conditions have been recorded in the accounting records and are reflected in the Council's financial statements, including those related to the COVID-19 pandemic and to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. That we have made available to EY all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 26 April 2023.

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

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

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

7. That from the date of the Council's last management representation letter to EY, through the date of this letter, we have disclosed to EY any unauthorised access to the Council's information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorised access to the Council's information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

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

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

3. That we have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the Council's financial statements (please specify the Notes) all guarantees that we have given to third parties.

E. Subsequent Events

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

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2021/22.

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

G. Accounting Estimates

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

H. Expenditure Funding Analysis

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

I. Going Concern

1. The Council has prepared the financial statements on a going concern basis and that the Going Concern Assessment note within the Narrative Statement (page 12) discloses all of the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, future financial plans and the veracity of the associated future funding allocations from the Department for Levelling Up, Housing and Communities, the sufficiency of cash flows to support those financial plans.

J. Ownership of Assets

1. That except for assets recognised as right-of-use assets in accordance with IFRS 16 Leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

K. Reserves

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

L. Valuation of Property, Plant and Equipment Assets

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

2. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
3. We confirm that the significant assumptions used in making the valuation of Property, Plant and Equipment appropriately reflect the Council's intent and ability to carry out specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on Property, Plant and Equipment valuations and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
5. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 pandemic.
6. We confirm that we have performed a desktop review of all assets not subject to revaluation as part of the 5-year rolling programme for valuations and that each asset category is not materially misstated.
7. We confirm that for assets carried at historic cost, that no impairment is required.

M. Retirement benefits

1. That on the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the pension scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. We agree with the findings of the specialists engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
4. We confirm that the significant assumptions used in making the valuation of the pension scheme liability appropriately reflect the Council's intent and ability to carry out specific courses of action on behalf of the entity.
5. We confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Pension Scheme Liability and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

N. Other Estimates – NDR Appeals provision

1. That on the basis of the process established by us and having made appropriate enquiries, we are satisfied that the assumptions underlying the NDR Appeals provision are consistent with our knowledge of the business.

2. We agree with the findings of the specialists that were engaged to evaluate the NDR Appeals provision and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

3. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

4. We confirm that the significant assumptions used in making the valuation of the NDR Appeals provision appropriately reflect the Council's intent and ability to carry out specific courses of action on behalf of the entity.

5. We confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the NDR Appeals Provision and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

O. Other Estimates – Expected Credit Losses

1. That on the basis of the process established by us and having made appropriate enquiries, we are satisfied that the assumptions underlying the Expected Credit Losses are consistent with our knowledge of the business.

2. We agree with the findings of the specialists that engaged to evaluate the Expected Credit Losses and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

3. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

4. We confirm that the significant assumptions used in making the valuation of the Expected Credit Losses appropriately reflect the intent and ability to carry out specific courses of action on behalf of the entity.

5. We confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Expected Credit losses and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

P. Specific Representations

There are no specific representations in addition to those above

Yours sincerely,

Karen Sutton
Director of Finance and Corporate Resources (s151)



Huntingdonshire District Council

Annual Financial Report
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;
- going concern assessment;
- receipt of further information; and
- acknowledgements.

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

- a full and understandable explanation of the overarching financial position of the Council and the outturn for 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

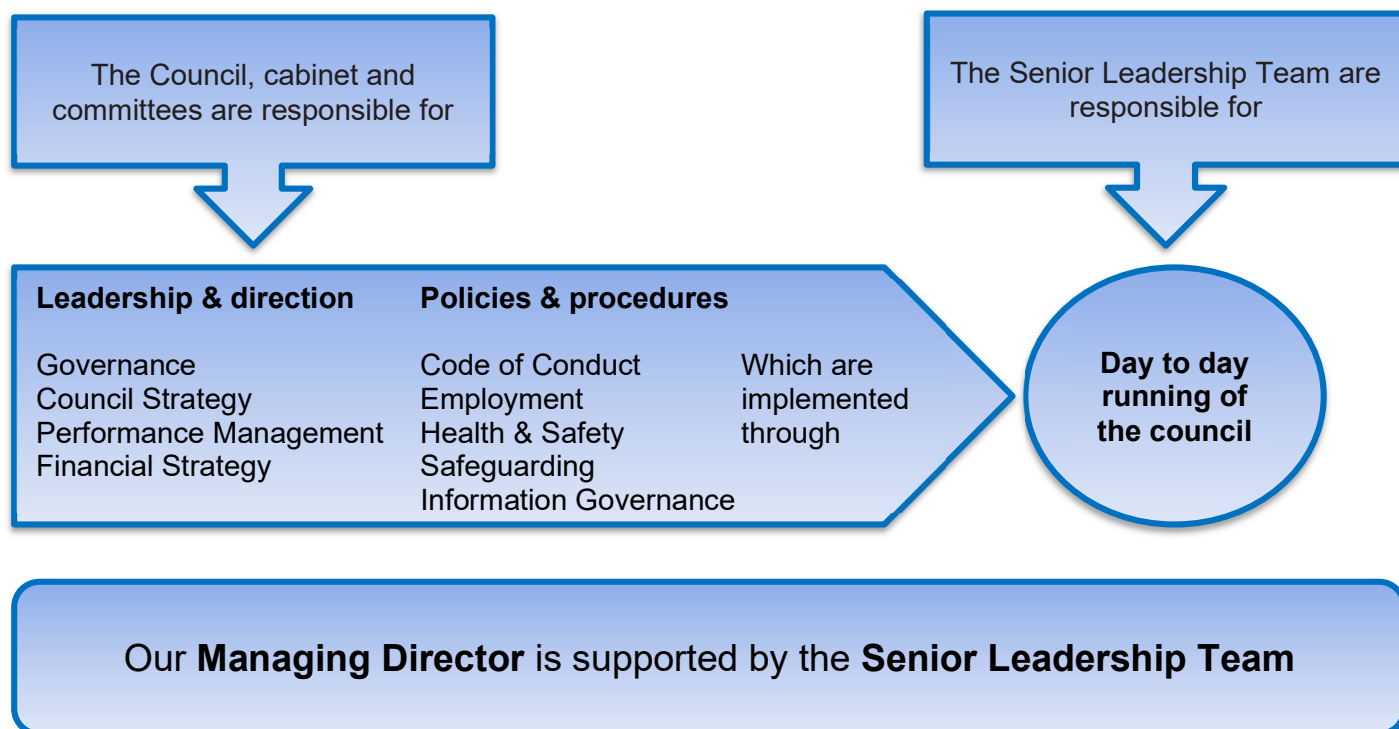
There are a number of key facts that should be taken into account when considering Huntingdonshire and the Council:

- 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 2024/25.
- **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		2021/22			
Outturn		Budget	Outturn	Variance	
£000		£000	£000	£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	2,014	1,238	160%
621	Contribution to earmarked reserves	-	1,990	1,990	100%
18,644	Budget requirement	21,528	21,528	-	0%
Financing					
(8,836)	NNDR & council tax (surplus)/deficit	(8,552)	(9,558)	(1,006)	-12%
(2,546)	Government grants (non-specific)	(3,669)	(3,642)	27	1%
1,906	Contribution to reserves	-	979	979	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 £27,788,000 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 £1,257,000 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 £3,207,000 was spent in 2021/22 leaving £4,268,000 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)	3,207	(4,268)

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. £809,000 of grants were paid during 2021/22, leaving £4,268,000 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 of £10,725,000 and expenditure of £10,388,000. The grants are detailed in the table and paragraphs below.

	Grants received	Total available	Council acting as agent	Council acting as principal	Spend	Grant remaining at 31 March
	2021/22	available	agent	principal	2021/22	2022
	£000	£000	£000	£000	£000	£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	(1,392)	(1,392)	(1,392)	-	1,055	(337)
Omicron additional restrictions grant	(334)	(334)	-	(334)	334	-
	(10,725)	(10,725)	(8,951)	(1,774)	10,388	(337)

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 £1,392,000 of which £1,055,000 was distributed 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.

Going concern assessment

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

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

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

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

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 Resources & s.151 Officer

1. Statement of accounts explanations

The statement of accounts comprises:

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

The objective of each of the accounting statements is:

❖ Statement of responsibilities

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

❖ Core financial statements

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

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

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

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

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

❖ **Notes to the core financial statements**

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

❖ **Supplementary financial statements**

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

❖ **Notes to the supplementary financial statements**

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 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 £70,090,000 (£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 31 March 2022.

The Council's responsibilities

The Council is required to:

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

The Director of Finance and Corporate Resources

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

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

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

Karen Sutton
Director of Finance and Corporate Resources & s.151 Officer
27 September 2023

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 27 September 2023 delegated authority to me as Chair of the Panel to approve the statement of accounts.

Councillor Nic Wells
27 September 2023

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 restated			2021/22			
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£000	£000	£000		£000	£000	£000
13,215	(7,554)	5,661	Corporate services	14,674	(3,460)	11,214
39,319	(34,966)	4,353	Chief operating officer	37,024	(31,899)	5,125
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	15,803	(4,756)	11,047
7,455	(5,261)	2,194	Leisure & health	6,887	(4,778)	2,109
7,942	(5,472)	2,470	3CICT shared service	9,101	(6,139)	2,962
83,005	(58,350)	24,655	Cost of services	87,935	(51,834)	36,101
			Other operating expenditure - note 11			7,917
			Financing and investment income - note 12			(1,097)
			Taxation and non-specific grant income - note 13			(47,150)
			Surplus on provision of services			(4,229)
			Surplus on the revaluation of non-current assets			(6,160)
			Surplus on financial assets measured at fair value through other			(666)
			- comprehensive income			(666)
			Remeasurement of net defined benefit			(29,733)
			Other comprehensive income and expenditure			(36,559)
			Total comprehensive income and expenditure			(40,788)

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)	22,965	(49,247)
Movement in reserves during 2021/22							
Surplus on provision of services	(4,229)	-	-	-	(4,229)	-	(4,229)
Other comprehensive income and expenditure	-	-	-	-	-	(36,559)	(36,559)
Total comprehensive income and expenditure	(4,229)	-	-	-	(4,229)	(36,559)	(40,788)
Adjustments between accounting basis and financing basis under regulations (note 9)	8,895	-	-	(10,639)	(1,744)	1,744	-
Net (increase)/decrease before transfers to earmarked reserves	4,666	-	-	(10,639)	(5,973)	(34,815)	(40,788)
Transfers to/(from) earmarked reserves	(4,666)	4,666	-	-	-	-	-
(Increase)/decrease in year	-	4,666	-	(10,639)	(5,973)	(34,815)	(40,788)
Balance at 31 March 2022	(2,175)	(27,788)	-	(48,222)	(78,185)	(11,850)	(90,035)

	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 - restated	(2,534)	(18,443)	-	(33,939)	(54,916)	(506)	(55,422)
Opening adjustment *	-	172	-	-	172	-	172
Balance 1 April 2020 - restated	(2,534)	(18,271)	-	(33,939)	(54,744)	(506)	(55,250)
Movement in reserves during 2020/21							
Surplus on provision of services	(17,847)	-	-	-	(17,847)	-	(17,847)
Other comprehensive income and expenditure	-	-	-	-	-	23,850	23,850
Total comprehensive income and expenditure	(17,847)	-	-	-	(17,847)	23,850	6,003
Adjustments between accounting basis and financing basis under regulations (note 9)	4,023	-	-	(3,644)	379	(379)	-
Net (increase)/decrease before transfers to earmarked reserves	(13,824)	-	-	(3,644)	(17,468)	23,471	6,003
Transfers to/(from) earmarked reserves	14,183	(14,183)	-	-	-	-	-
(Increase)/decrease in year	359	(14,183)	-	(3,644)	(17,468)	23,471	6,003
Balance at 31 March 2021 - restated	(2,175)	(32,454)	-	(37,583)	(72,212)	22,965	(49,247)

* 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/fw d 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'.

1 April 2020 restated	31 March 2021 restated		note	31 March 2022
£000	£000			£000
75,484	72,999	Property, plant and equipment	14	78,748
65	65	Heritage assets		65
54,945	70,720	Investment property	15	70,067
976	913	Intangible assets	16	880
3,824	3,797	Long term investments	17	4,463
11,027	8,284	Long term debtors	17	11,723
146,321	156,778	Long term assets		165,946
-	-	Short term investments	17	21,000
225	289	Inventories	18	302
27,013	32,254	Short term debtors	19	28,998
13,004	30,004	Cash and cash equivalents	20	28,342
480	480	Assets held for sale	21	-
40,722	63,027	Current assets		78,642
(29)	(1,921)	Bank overdraft	20	(1,631)
(4,762)	(759)	Short term borrowing	17	(508)
(18,934)	(29,795)	Short term creditors	22	(38,114)
-	(3,783)	Grants received in advance - capital	22, 31	(3,892)
(1,956)	(1,783)	Provisions	39	(1,131)
(25,681)	(38,041)	Current liabilities		(45,276)
(39,417)	(38,884)	Long term borrowing	17	(38,626)
(718)	(589)	Other long term liabilities	17	(561)
(65,805)	(93,044)	Net pensions liability	37	(70,090)
(105,940)	(132,517)	Long term liabilities		(109,277)
55,422	49,247	Net assets		90,035
(54,916)	(72,212)	Usable reserves	23	(78,185)
(506)	22,965	Unusable reserves	24	(11,850)
(55,422)	(49,247)	Total reserves		(90,035)

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 restated £000		note	2021/22 £000
17,847	Net surplus on the provision of services		4,229
13,964	Adjustment to deficit on the provision of services for non cash movements	25	20,823
(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.
- short term cash investments
- trade receivables

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

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

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

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument; and the Council's business model is both to collect cash flow and sell the instrument. The 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 a that are observable for the asset, either directly or indirectly
- level 3 inputs – unobservable inputs for the asset.

1.8.2.4 Expected credit loss model

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

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

1.9 Government grants and other contributions

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

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

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

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

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

1.10 Inventories and long-term contracts

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

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

1.11 Investment property

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

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

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

1.12 Leases

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

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

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

1.12.1 The Council as lessee

- Operating leases

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

1.12.2 The Council as lessor

- Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

- **Operating leases**

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

1.13 Overheads and support services

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

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

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

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

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

1.15 Property, plant and equipment

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

1.15.1 Recognition

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

1.15.2 Measurement

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

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

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

1.15.3 Impairment

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the comprehensive income and expenditure statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.15.4 Disposals and non-current assets held for resale

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

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

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

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

1.15.5 Depreciation

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

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

1.15.6 Componentisation

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

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

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

1.16 Provisions, contingent liabilities and contingent assets

1.16.1 Provisions

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

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

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

1.16.2 Contingent liabilities

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

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

1.16.3 Contingent assets

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

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

1.17 Reserves

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

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

1.18 Revenue expenditure funded from capital under statute

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

1.19 VAT

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

2. Accounting standards not yet adopted

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

The critical judgements made in the statement of accounts are:

- In line with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, surplus assets and assets under construction. For all these assets, the total value for 2021/22 for land is £45,430,000 and buildings is £46,375,000 (2020/21 land is £23,616,000 and buildings is £41,113,000).
- The Council has taken professional advice from the pension fund's actuary, Hymans Robertson LLP, to determine the overall net liability of the fund which is £70,090,000 for 2021/22; this is a decrease of £22,954,000 since 2020/21. However:
 - this does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 37.
 - the revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's non-domestic rates collection fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014. To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2022. An estimated provision of £2,794,000 has been included in the collection fund in respect of successful appeals costs. The Council's share of any such collection fund costs is 40% or £1,118,000 of the total provision and this is included in the general fund balance.
- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.

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

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet at 31 March 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 £78,500 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 audited statement of accounts were issued on 27 September 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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	Net change for the pensions adjustment £000	Other Differences £000	Total Adjustments £000	
Corporate services	11,214	(853)	(2,212)	-	(3,065)	8,149
Chief operating officer	5,125	70	(847)	-	(777)	4,348
Programme delivery	81	-	(10)	-	(10)	71
Planning policy	2,040	(603)	(137)	-	(740)	1,300
Housing strategy	219	-	(20)	(18)	(38)	181
Corporate leadership team	752	-	(83)	-	(83)	669
Transformation	552	(17)	(53)	-	(70)	482
Operations	11,047	(6,671)	(729)	-	(7,400)	3,647
Leisure & health	2,109	(1,432)	(242)	-	(1,674)	435
3CICT shared service	2,962	(287)	(517)	-	(804)	2,158
Net cost of services	36,101	(9,793)	(4,850)	(18)	(14,661)	21,440
Other income and expenditure	(40,330)	2,617	(1,929)	22,868	23,556	(16,774)
(Surplus)/deficit for the year	(4,229)	(7,176)	(6,779)	22,850	8,895	4,666
Opening general fund balance at 1 April 2021						(34,629)
Closing general fund balance at 31 March 2022						(29,963)

	2020/21 restated					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	(69)	(230)	1	(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	(16)	(11)	-	(27)	130
Operations	6,152	(1,871)	(187)	-	(2,058)	4,094
Leisure & health	2,194	(1,763)	(118)	-	(1,881)	313
3CICT shared service	2,470	(352)	(128)	-	(480)	1,990
Net cost of services	24,655	(6,698)	(1,279)	42	(7,935)	16,720
Other income and expenditure	(42,502)	16,578	(1,533)	(3,087)	11,958	(30,544)
(Surplus)/deficit for the year	(17,847)	9,880	(2,812)	(3,045)	4,023	(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
restated		£000
£000		£000
	Expenditure	
27,306	Employees	28,509
14,058	Other service expenses	13,490
2,904	Support service recharges	6,811
(5,614)	Depreciation, impairments, amortisation, REFCUS & investment property fair value adjustment	12,402
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	25,832
82,808	Total expenditure	104,705
	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	(20,482)
(101)	Post stock transfer capital receipts	(291)
(55,008)	Government grants & contributions	(47,778)
(6,151)	Levies	(14,199)
(100,655)	Total income	(108,934)

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)	6,704	-	(16,968)
Total adjustments to the revenue resources	5,807	-	(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	8,895	-	(10,639)

	2020/21 restated		
	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)	14	-	-
• 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)	12,684	-	(5,507)
Total adjustments to the revenue resources	1,350	-	(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	4,023	-	(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)	(2,121)	904	(4,421)
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)	(5,637)	10,303	(27,788)

* 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	(3,039)
27	CCLA property fund fair value adjustment	-
158	Other investment, trading operations and shared services	(38)
(15,728)		(1,097)

13. Taxation and non-specific grant income

2020/21		2021/22
£000		£000
(16,602)	Council tax income	(17,149)
3,137	Non-domestic rates	(3,333)
(14,337)	Non-ringfenced government grants	(8,715)
(5,220)	Developer contributions (CIL & S.106)	(11,314)
(397)	Capital grants	(6,727)
(972)	Covid-19 support grants	88
(34,391)		(47,150)

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

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

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

14.2 Depreciation methods used

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

14.3 Useful lives or depreciation rates used

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

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

- other land and buildings – 10 to 45 years
- vehicles, plant, furniture & equipment – 3 to 25 years
- infrastructure assets – 10 to 44 years

14.4 Effects of changes in estimates

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

14.5 Revaluations

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

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

Valuations at 31 March 2022 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.
- surplus assets – these have been assessed to fair value on the basis of market value.

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
Carried at historical cost	-	8,709	4,618	451	-	1,453	15,231
Valued at current cost as at:							
31 March 2022	19,383	-	-	-	1,437	-	20,820
31 March 2021	9,669	-	-	-	-	-	9,669
31 March 2020	32,548	-	-	-	480	-	33,028
Total cost or valuation	61,600	8,709	4,618	451	1,917	1,453	78,748

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
Leisure & health	Other projects	41
	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	Surplus assets £000	Assets under construction £000	Total PP&E £000
Cost or valuation							
At 1 April 2021 - restated	60,959	22,437	10,133	451	-	411	94,391
Additions	5,160	1,830	496	-	-	1,042	8,528
Revaluation increases recognised in the revaluation reserve	13,027	-	-	-	-	-	13,027
Revaluation decreases/reversals recognised in the revaluation reserve	(8,325)	-	-	-	-	-	(8,325)
Revaluation decreases recognised in the (surplus)/deficit on the provision of services	(4,892)	-	-	-	-	-	(4,892)
Derecognition - disposals	(265)	(1,538)	(760)	-	-	-	(2,563)
Reclassification of assets held for resale	-	-	-	-	480	-	480
Other movements in cost or valuation	(1,437)	-	-	-	1,437	-	-
At 31 March 2022	64,227	22,729	9,869	451	1,917	1,453	100,646
Accumulated depreciation							
At 1 April 2021 - restated	(2,193)	(13,553)	(5,646)	-	-	-	(21,392)
Depreciation charge for the year	(1,894)	(2,005)	(365)	-	-	-	(4,264)
Depreciation written out to the revaluation reserve	1,458	-	-	-	-	-	1,458
Derecognition - disposals	2	1,538	760	-	-	-	2,300
At 31 March 2022	(2,627)	(14,020)	(5,251)	-	-	-	(21,898)
Net book value							
At 31 March 2022	61,600	8,709	4,618	451	1,917	1,453	78,748
At 1 April 2021 - restated	58,766	8,884	4,487	451	-	411	72,999

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
Cost or valuation							
At 1 April 2020 - restated	61,278	21,423	10,088	451	-	1,046	94,286
Additions	290	2,142	44	-	-	1,331	3,807
Revaluation increases recognised in the revaluation reserve	1,593	-	-	-	-	-	1,593
Revaluation decreases/reversals recognised in the revaluation reserve	(1,195)	-	-	-	-	-	(1,195)
Revaluation decreases recognised in the (surplus)/deficit on the provision of services	(1,018)	-	-	-	-	-	(1,018)
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 - restated	60,959	22,437	10,133	451	-	411	94,391
Accumulated depreciation							
At 1 April 2020 - restated	(707)	(12,829)	(5,266)	-	-	-	(18,802)
Depreciation charge for the year	(1,918)	(1,830)	(379)	-	-	-	(4,127)
Depreciation written out to the revaluation reserve	170	-	-	-	-	-	170
Depreciation written out to the (surplus)/deficit on the provision of services	269	-	-	-	-	-	269
Derecognition - disposals	-	1,106	-	-	-	-	1,106
Other movements	(7)	-	(1)	-	-	-	(8)
At 31 March 2021 - restated	(2,193)	(13,553)	(5,646)	-	-	-	(21,392)
Net book value							
At 31 March 2021 - restated	58,766	8,884	4,487	451	-	411	72,999
At 1 April 2020 - restated	60,571	8,594	4,822	451	-	1,046	75,484

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	765
(17,497)		(3,039)

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	(765)
1,959	Transfers from property, plant and equipment	-
70,720	Balance at 31 March	70,067

Valuation techniques

There has been no change in valuation techniques used during the year for valuing investment properties. The fair value is measured on an annual basis as at 31 March. In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Fair value hierarchy

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

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

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

Fair value inputs level 2 other significant observable inputs at 31 March 2021	Fair value inputs level 2 other significant observable inputs at 31 March 2022
£000	£000
	Asset type
8,980	Retail 9,178
20,675	Office 19,999
41,065	Commercial 40,890
<u>70,720</u>	<u>70,067</u>

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 other comprehensive income	4,463	-
3,797	-	Financial assets held at amortised cost	-	21,000
3,797	-	Total investments	4,463	21,000
		Debtors		
8,284	12,703	Loans and receivables	11,723	17,093
8,284	12,703	Total debtors	11,723	17,093
12,081	12,703	Total financial assets	16,186	38,093

31 March 2021			31 March 2022	
Long term	Current		Long term	Current
£000	£000		£000	£000
		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)		-	(9,859)
-	(7,959)	Total creditors	-	(9,859)
(39,473)	(8,718)	Total financial liabilities	(39,187)	(10,367)

17.2 Income, expense, gains and losses

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

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 31 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 31 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 31 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 31 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	54,279	55,356
		Liabilities		
(48,191)	(55,037)	Financial liabilities	(49,554)	(50,706)

31 March 2021			31 March 2022		
Carrying amount £000	Fair value £000		Fair value level	Carrying amount £000	Fair value £000
		Financial assets held at fair value through other comprehensive income			
3,797	3,797	Property fund	1	4,463	4,463
		Financial assets held at amortised cost			
-	-	Short term investments	1	21,000	21,000
4,716	6,824	Long term loans to local organisations	2	4,715	5,792
8,513	10,621	Total		30,178	31,255
		Assets for which fair value is not disclosed		24,101	24,101
16,271	16,271	Total financial assets		54,279	55,356
		<i>Recorded on the balance sheet as:</i>			
12,703	12,703	Short term debtors		17,093	17,093
-	-	Short term investments		21,000	21,000
12,703	12,703	Short term financial assets		38,093	38,093
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		54,279	55,356

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)		(10,928)	(10,930)
(48,191)	(55,037)		(49,554)	(50,706)
<i>Recorded on the balance sheet as:</i>				
(7,959)	(7,959)		(9,859)	(9,859)
(759)	(780)		(508)	(510)
(8,718)	(8,739)		(10,367)	(10,369)
(38,884)	(45,709)		(38,626)	(39,777)
(589)	(589)		(561)	(561)
(39,473)	(46,298)		(39,187)	(40,338)
(48,191)	(55,037)		(49,554)	(50,706)

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)
(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% 508931 25/03/2019 to 25/03/2022	-
-	Salix	(9)
(215)	Accrued interest	(215)
(759)		(508)
(8,548)	Creditors	(10,420)
(48,191)		(49,554)

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
			Balance at 1 April				
			Purchases				
			Recognised as an expense in year				
			Stock adjustment				
			Balances written off				
			Balance at 31 March				

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	16,036	
<u>34,552</u>		<u>30,861</u>	
(2,298)	Provision for impairment of bad debts	(1,863)	
<u>32,254</u>		<u>28,998</u>	

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	
<u>30,004</u>		<u>28,342</u>	
(1,921)	Bank overdraft	(1,631)	
<u>28,083</u>		<u>26,711</u>	

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 property, plant & equipment	(480)
480	Balance at 31 March	-

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	(9,753)
(29,795)		(38,114)
	Capital grants and other receipts in advance	
(3,783)	Central government bodies	(3,892)
(33,578)		(42,006)

23. Usable reserves

Movements in usable reserves are summarised below:

	1 April 2020	Movements		31 March 2021 restated	Movements		31 March 2022
	£000	Debits	Credits	£000	Debits	Credits	£000
General fund	(2,534)	140,886	(140,527)	(2,175)	137,542	(137,542)	(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)	10,303	(5,637)	(27,788)
	(54,916)	146,351	(163,647)	(72,212)	154,783	(160,756)	(78,185)

24. Unusable reserves

Movements in unusable reserves are summarised below:

	1 April 2020 restated	Movements		31 March 2021 restated	Movements		31 March 2022
	£000	Debits £000	Credits £000	£000	Debits £000	Credits £000	£000
Capital adjustment account	(42,600)	9,084	(21,409)	(54,925)	12,944	(12,815)	(54,796)
Revaluation reserve	(25,578)	1,499	(1,494)	(25,573)	7,661	(13,103)	(31,015)
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	(34,614)	70,090
Collection fund adjustment account	1,382	8,536	-	9,918	50	(5,950)	4,018
	(506)	26,588	(3,117)	22,965	32,315	(67,130)	(11,850)

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 restated			2021/22	
£000	£000		£000	£000
	(42,600)	Balance at 1 April		(54,925)
		Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement		
4,127		Charges for depreciation of non-current assets	4,264	
204		Amortisation of intangible assets	213	
758		Revaluation decreases recognised in the surplus on the provision of services	4,892	
(13,814)		Movement in the market value of investment properties recognised in the surplus on the provision of services	765	
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	
(582)		Adjusting amounts written out of the revaluation reserve	(718)	
		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	(2,218)	
(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)	
	(12,325)	Net movements		129
	(54,925)	Balance at 31 March		(54,796)

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 restated			2021/22	
£000	£000		£000	£000
	(25,578)	Balance at 1 April		(25,573)
(1,494)		Upward revaluation of assets	(13,103)	
		Downward revaluation or impairment of assets not charged to the (surplus)/deficit on the provision of services		
917			6,943	
	(577)	Surplus on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services		(6,160)
	-	Other adjustments for assets disposed of or transferred - amounts written off to the capital adjustment account		144
	582	Difference between fair value depreciation and historical cost depreciation - amounts written off to the capital adjustment account		574
	<u>(25,573)</u>	Balance at 31 March		<u>(31,015)</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	
(14)		(648)
<u>315</u>	Balance at 31 March	<u>(333)</u>

24.4 Financial instruments revaluation reserve

These financial instruments are carried at their fair value. Movements in fair value are posted to the financial instruments revaluation reserve and taken to the (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 losses/(gains) on pensions assets and liabilities	(29,733)
7,439	Reversal of items related to retirement benefits debited or credited to the comprehensive income and expenditure statement	11,660
<u>(4,627)</u>	Employer's contributions and direct payments to pensioners payable in year	<u>(4,881)</u>
93,044	Balance at 31 March	70,090

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 restated		2021/22
£000		£000
4,127	Depreciation	4,264
758	Impairment and downward revaluations	4,892
204	Amortisation	213
17,371	Increase in creditors	7,693
3,152	Decrease/(increase) in debtors	(3,399)
(64)	Increase in inventories	(13)
2,812	Pension liability	6,779
20	Carrying amount of non-current assets sold	263
(14,416)	Other non-cash items charged to the net surplus or deficit on the provision of services	131
13,964		20,823

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		2021/22
£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	(8,194)
-	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	19,669
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
-	Other receipts from financing activities	(28)
(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	Total	Employer	Total
	(including	fees	remuneration	pension	remuneration
	allowances)		excluding	contributions	including
		pension		pension	
	£000	£000	contributions	contributions	contributions
			£000	£000	£000
Managing director	139	21	160	24	184
Corporate director - people	89	1	90	15	105
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	1	32	5	37
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	Total	Employer	Total
	(including	fees	remuneration	pension	remuneration
	allowances)		excluding	contributions	including
		pension		pension	
	£000	£000	contributions	contributions	contributions
			£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	-
-	£160,000 - £165,000	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)	Insurance contribution	(119)
-	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	Member	*	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	Member	*	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	6,990
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	70,379
(393)	Decrease in underlying need to borrow (unsupported by government financial assistance)	(1,052)

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	2	2	6	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	2	2	9	24	11	314	148

37. Defined benefit pension schemes

37.1 Participation in pensions schemes

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

The Council participates in two post-employment schemes:

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

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

37.2 Transactions relating to post-employment benefits

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

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

2020/21 £000		2021/22 £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)	10,863
(2,946)	Actuarial gains and losses arising on changes in demographic assumptions	3,614
(56,393)	Actuarial gains and losses arising on changes in financial assumptions	18,881
2,340	Other experience (gains) and losses	(3,625)
(24,427)	Total post employment benefit charged to other comprehensive income and expenditure	29,733
(16,988)	Total post employment benefit charged to the comprehensive income and expenditure	41,393

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 £29,733,000 (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)	18,904	(206)	(23)
Change in demographic assumptions	(2,946)	3,614	-	-
Experience gain/(loss) on defined benefit obligation	2,340	(3,614)	-	-
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)	(261,461)	(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	10,852
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	193,742

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%	-	9,506	9,506	5%
Private equity	-	16,692	16,692	9%	-	20,678	20,678	11%
UK property	-	10,934	10,934	6%	-	13,606	13,606	7%
Overseas property		2	2	0%		1	1	0%
Cash	4,926	-	4,926	3%	1,873	-	1,873	1%
Other derivatives	-	(2,121)	(2,121)	(1%)	-	392	392	(0%)
Other investment funds:								
Equities	-	106,753	106,753	60%	-	111,699	111,699	58%
Infrastructure	-	15,046	15,046	8%	-	15,394	15,394	8%
Other bonds	-	19,847	19,847	11%	-	20,593	20,593	11%
	4,926	174,391	179,317		1,873	191,869	193,742	

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	24.6
	Longevity at 65 for future pensioners:	
23.2	Men	22.8
26.2	Women	26.1
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%)	648
Rate of increase in pensions (increase or decrease by 0.1%)	4,494
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(5,183)

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 £70,090,000 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)	(261,461)
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	193,742
Surplus in the scheme:					
Local government pension scheme	(69,322)	(86,283)	(63,322)	(90,525)	(67,719)
Discretionary benefits	(3,009)	(2,798)	(2,483)	(2,519)	(2,371)
Total	(72,331)	(89,081)	(65,805)	(93,044)	(70,090)

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	5.60
Experience gains and losses on liabilities	(0.01)	0.07	7.71	(0.86)	1.37

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 historial 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

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. 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 £000	Insurance claim £000	Total £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	(1,118)	(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. £1,118,000 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		2021/22
Estimated value of contingent liability		Estimated value of contingent liability
£000		£000
2,850	<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>	2,700
656	<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>	652

40. Prior period adjustments

During the completion of the 2021/22 financial statements, it was identified that revaluation gains and losses were not being appropriately adjusted within the comprehensive income and expenditure statement, capital adjustment account, and revaluation reserve.

Additionally, it was identified that leisure centres were not recorded appropriately within the fixed asset register at the balance sheet date, as the Council's share of these assets was not correctly reflected within the valuation.

As these errors have a balance sheet impact and relate to historical errors carried forward a third balance sheet has been presented as at 31 March 2020 with both property, plant and equipment and unusable reserves amended by £2,272,000 (increase in balance at 31 March 2020)

Furthermore, as a result of these errors, adjustments to the 2020/21 comparative information have been made which have resulted in changes throughout the accounts (where marked 'restated') with the revaluation reserve being amended by £2,649,000 (reduction in balance at 31 March 2021) and the capital adjustment Account being amended by £4,826,000 (increase in balance at 31 March 2021).

Tables have been provided below to indicate changes to the main financial statements presented:

	31 March 2021 published £000	Adjustments £000	31 March 2021 restated £000
Comprehensive income & expenditure statement			
Gross expenditure	82,630	375	83,005
Cost of services - net expenditure	24,280	375	24,655
Surplus on provision of services	(18,222)	375	(17,847)
Surplus on the revaluation of non-current assets	(297)	(280)	(577)
Other comprehensive income and expenditure	24,130	(280)	23,850
Total comprehensive income and expenditure	5,908	95	6,003
Movement in reserves statement			
Surplus on provision of services	(18,222)	375	(17,847)
Other comprehensive income and expenditure	24,130	(280)	23,850
Adjustments between accounting basis and financing basis under regulations - general fund balance	4,398	(375)	4,023
Adjustments between accounting basis and financing basis under regulations - total usable reserves	754	(375)	379
Adjustments between accounting basis and financing basis under regulations - unusable reserves	(754)	375	(379)
Balance sheet			
Property, plant, and equipment	70,822	2,177	72,999
Net assets	47,070	2,177	49,247
Capital adjustment account	(50,099)	(4,826)	(54,925)
Revaluation reserve	(28,222)	2,649	(25,573)
Unusable reserves	25,142	(2,177)	22,965
Cash flow statement			
Net surplus on provision of services	18,222	(375)	17,847
Adjustment to deficit on the provision of services for non cash movements	13,589	375	13,964

	31 March 2021 published £000	Adjustments £000	31 March 2021 restated £000
Note 7 - Expenditure and funding analysis			
Net cost of services - net expenditure in the comprehensive income and expenditure statement	24,280	375	24,655
(Surplus)/deficit for the year - net expenditure in the comprehensive income and expenditure statement	(18,222)	375	(17,847)
Net cost of services - adjustments for capital purposes	(6,323)	(375)	(6,698)
(Surplus)/deficit for the year - adjustments for capital purposes	10,255	(375)	9,880
Net cost of services - total adjustments	(7,560)	(375)	(7,935)
(Surplus)/deficit for the year - total adjustments	4,398	(375)	4,023
Note 8 - Expenditure and income analysed by nature			
Depreciation, amortisation, REFCUS & investment property fair value adjustment	(5,989)	375	(5,614)
Total expenditure	82,433	375	82,808
Surplus on provision of services	(18,222)	375	(17,847)
Note 9 - Adjustments between accounting basis and funding basis under regulations			
Reversal of entries included in the surplus on the provision of services in relation to capital expenditure	13,059	(375)	12,684
Total adjustments to the revenue resources	1,725	(375)	1,350
Total adjustments	4,398	(375)	4,023
Note 14 - Property, plant and equipment			
At 1 April 2020 - cost or valuation - other land & buildings	58,909	2,369	61,278
At 1 April 2020 - cost or valuation - total PP&E	91,917	2,369	94,286
At 1 April 2020 - accumulated depreciation - other land & buildings	(610)	(97)	(707)
At 1 April 2020 - accumulated depreciation - total PP&E	(18,705)	(97)	(18,802)
At 1 April 2020 - net book value - other land & buildings	58,299	2,272	60,571
At 1 April 2020 - net book value - total PP&E	73,212	2,272	75,484
Revaluation increases recognised in the revaluation reserve - other land & buildings	1,322	271	1,593
Revaluation increases recognised in the revaluation reserve - total PP&E	1,322	271	1,593
Revaluation decreases/reversals recognised in the revaluation reserve - other land & buildings	(1,464)	269	(1,195)
Revaluation decreases/reversals recognised in the revaluation reserve - total PP&E	(1,464)	269	(1,195)
Revaluation decreases/reversals recognised in the surplus on provision of services - other land & buildings	(478)	(540)	(1,018)
Revaluation decreases/reversals recognised in the surplus on provision of services - total PP&E	(478)	(540)	(1,018)

	31 March 2021 published £000	Adjustments £000	31 March 2021 restated £000
Note 14 - Property, plant and equipment - continued			
Depreciation in year - other land & buildings	(1,823)	(95)	(1,918)
Depreciation in year - total PP&E	(4,032)	(95)	(4,127)
Depreciation written out to the revaluation reserve - other land & buildings	439	(269)	170
Depreciation written out to the revaluation reserve - total PPE	439	(269)	170
Depreciation written out to the surplus on provision services - other land & buildings	-	269	269
Depreciation written out to the surplus on provision services - total PPE	-	269	269
At 31 March 2021 - cost or valuation - other land & buildings	58,590	2,369	60,959
At 31 March 2021 - cost or valuation - total PP&E	92,022	2,369	94,391
At 31 March 2021 - accumulated depreciation - other land & buildings	(2,001)	(192)	(2,193)
At 31 March 2021 - accumulated depreciation - total PP&E	(21,200)	(192)	(21,392)
At 31 March 2021 - net book value - other land & buildings	56,589	2,177	58,766
At 31 March 2021 - net book value - total PP&E	70,822	2,177	72,999
Note 24 - Unusable reserves			
Capital adjustment account - 1 April 2021	(37,450)	(5,150)	(42,600)
Capital adjustment account - debits	8,709	375	9,084
Capital adjustment account - credits	(21,358)	(51)	(21,409)
Capital adjustment account - 31 March 2021	(50,099)	(4,826)	(54,925)
Revaluation reserve - 1 April 2021	(28,456)	2,878	(25,578)
Revaluation reserve - debits	1,726	(227)	1,499
Revaluation reserve - credits	(1,492)	(2)	(1,494)
Revaluation Reserve - Total	(28,222)	2,649	(25,573)
Total unusable reserves	25,142	(2,177)	22,965
Note 24.1 - Capital adjustment account			
Balance at 1 April 2020	(37,450)	(5,150)	(42,600)
Charges for depreciation of non-current assets	4,032	95	4,127
Revaluation decreases/reversals recognised in the surplus on provision of services	478	280	758
Adjusting amounts written out of the revaluation reserve	(531)	(51)	(582)
Balance at 31 March 2021	(50,099)	(4,826)	(54,925)

	31 March 2021 published	Adjustments	31 March 2021 restated
	£000	£000	£000
Note 24.2 - Revaluation reserve			
Balance at 1 April 2020	(28,456)	2,878	(25,578)
Upward revaluation of assets	(1,492)	(2)	(1,494)
Downward revaluation of assets	1,195	(278)	917
(Surplus)/deficit on revaluation of non-current assets not posted to the surplus/deficit on the provision of services	(297)	(280)	(577)
Difference between fair value depreciation and historical cost depreciation - amounts written off to the capital adjustment account	531	51	582
Balance at 31 March 2021	(28,222)	2,649	(25,573)
Note 25.1 - Adjustments to net deficit on the provision of services for non-cash movements			
Depreciation	4,032	95	4,127
Impairment and downward revaluations	478	280	758
Adjustment to deficit on the provision of services for non cash movements	13,589	375	13,964
	31 March 2020 published	Adjustments	31 March 2020 restated
	£000	£000	£000
Balance sheet			
Property, plant, and equipment	73,212	2,272	75,484
Net assets	53,150	2,272	55,422
Capital adjustment account	(37,450)	(5,150)	(42,600)
Revaluation reserve	(28,456)	2,878	(25,578)
Unusable reserves	1,766	(2,272)	(506)
Total reserves	(53,150)	(2,272)	(55,422)

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)
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
-	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
-	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)
-	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

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*	23	(11)	5/9	7
A	10,075	(1,854)	6/9	5,481
B	18,521	(1,893)	7/9	12,932
C	16,933	(805)	8/9	14,336
D	11,493	(204)	9/9	11,289
E	8,990	(70)	11/9	10,902
F	3,844	(15)	13/9	5,530
G	1,788	(5)	15/9	2,970
H	144	-	18/9	288
Council tax base				63,735

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, £5,606,374 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

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.	Nothing to report.	Procurement Lead	No
25/01/2023	<p>Appointment of Independent Member to Corporate Governance Committee</p> <p>Delegated authority given to the to the Chair and Vice-Chair, in conjunction with the Corporate Governance Committee, to finalise details including the level of remuneration, term of office, length of appointment and start date of commencement for the appointment of Independent Member(s) to the Corporate Governance Committee.</p>	30/05/2023	<p>Council approved the appointment of up to 2 non-voting Independent Members to the Committee at its meeting on 22 February 2023.</p> <p>Brief update received from Internal Audit Manager on progress at 26th April 2023 meeting. A model job description has been obtained and there are plans to advertise the posts locally through the SOLACE website and also to share the opportunity with neighbouring authorities.</p> <p>Progress ongoing which was reported at the 30th May 2023 meeting.</p>	Internal Audit Manager	No

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

			Progress reported at 12th July 2023 meeting.		
26/04/2023	<p>Shadow Cabinet Members</p> <p>Raised by Councillor J A Gray. Elections & Democratic Services Manager undertook to take this forward in conjunction with the Managing Director (Interim) outside of the meeting.</p>	TBC	Update received from Managing Director (Interim) on 30th May 2023 that this matter would be considered alongside a wider constitutional review. Unable to provide an indicative date of when this will be owing to the ongoing recruitment to fill the Chief Executive and Corporate Director (Place) posts.	Elections & Democratic Services Manager & Managing Director (Interim)	No
12/07/2023	<p>Update on Code of Conduct and Register of Disclosable Pecuniary Interests</p> <p>Raised by Councillor A M Blackwell. Elections & Democratic Services Manager undertook to check the current status of vacancies with Huntingdon Town Council</p>	27/09/23	Huntingdonshire District Council was informed of vacancies being filled on 3rd August 2023.	Elections & Democratic Services Manager & Managing Director (Interim)	Yes