

A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held in the **CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN** on **WEDNESDAY, 27 NOVEMBER 2024** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

## **AGENDA**

### **APOLOGIES**

**1. MINUTES** (Pages 5 - 10)

To approve as a correct record the Minutes of the meeting of the Committee held on 25th September 2024.

**Contact Officer: Democratic Services - (01480) 388169**

**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. APPOINTMENT OF VICE-CHAIR**

To appoint a Vice-Chair of the Committee for the remainder of the Municipal Year.

**4. COMPLAINTS AND COMPLIMENTS** (Pages 11 - 26)

To receive a report on the complaints received by the Council between April 2023 – March 2024 and complaints referred to the Local Government Ombudsman.

**Contact Officer: L Sboui - (01480) 388388**

**5. APPROVAL FOR THE PUBLICATION OF THE ANNUAL GOVERNANCE STATEMENT 2022/23 AND ANNUAL FINANCIAL REPORT (Pages 27 - 192)**

To receive the Annual Governance Statement (AGS) and Annual Financial Report (AFR) for 2022/23.

**Contact Officer: S Jones - (01480) 388214**

**6. INTERNAL AUDIT SERVICE: PROGRESS REPORT (Pages 193 - 200)**

To receive a report from the Internal Audit Manager providing an update on the work completed/undertaken by the Internal Audit Service.

**Contact Officer: Y Khan - (01480) 388475**

**7. IMPLEMENTATION OF INTERNAL AUDIT ACTIONS (Pages 201 - 208)**

To receive an update on the implementation of audit actions.

**Contact Officer: Y Khan - (01480) 388475**

**8. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 209 - 210)**

To receive the Corporate Governance Committee Progress Report.

**Contact Officer: Democratic Services - (01480) 388169**

**9. EXCLUSION OF THE PRESS AND PUBLIC**

To resolve:

that the press and public be excluded from the meeting because the business to be transacted contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

**10. EXTERNAL QUALITY ASSESSMENT- INTERNAL AUDIT (Pages 211 - 244)**

To receive a report on External Quality Assessment readiness of the Council's internal audit function.

**Contact Officer: Y Khan - (01480) 388475**

19th day of November 2024

**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](mailto: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.**

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

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

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

**Emergency Procedure**

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

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## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Wednesday, 25 September 2024

PRESENT: Councillor C H Tevlin – Vice-Chair.

Councillors J A Gray, A R Jennings and D J Shaw.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors M Burke, P J Hodgson-Jones and I P Taylor.

IN ATTENDANCE: Mr P Webb.

### **26 MINUTES**

The Minutes of the meeting of the Committee held on 9th July 2024 were approved as a correct record and signed by the Chair.

### **27 MEMBERS' INTERESTS**

No declarations were received.

### **28 COMMUNITY GOVERNANCE REVIEW - GLATTON AND CONINGTON PARISHES**

With the aid of a report prepared by the Elections and Democratic Services Manager (a copy of which is appended in the Minute Book) the Committee gave consideration to a request from Glatton Parish Council to undertake a Community Governance Review to review the boundary between Glatton and Conington parishes.

By way of background, the Elections and Democratic Services Manager reported that the main reason for the review was to change the anomalous boundaries to reflect current local identities and facilitate effective neighbourhood plans. Glatton Parish Council had approached Conington Parish Council twice since November 2022 but at both meetings Conington Parish Council concluded that they did not wish to make any changes to the existing arrangements. A formal request was therefore made by Glatton Parish Council to the Council to consider undertaking a Community Governance Review. The Committee's attention then was drawn to the two recommendations contained within the report which proposed to either proceed with the review or decline it.

Councillor A R Jennings queried the number of Community Governance Reviews undertaken by the Council to date, together with the number of reviews which had resulted in parish boundary changes. In response, it was reported that under the current legislation none had resulted in boundary changes but that all parish

boundaries had previously been subject to a full boundary review. Having expressed sympathies with both parishes, a suggestion was made by Councillor J A Gray to undertake a full review of all parish boundaries across the District. The Elections and Democratic Services Manager responded that this would be a large undertaking, with each parish being considered on its own merit and would also require a review of electoral arrangements across all three tiers of local government. It was then suggested that the Committee might consider an option to respond back to Glatton Parish Council requesting them to seek the views of the electorate via a petition. A Community Governance Review might then be considered by the Council if the requisite number of signatories had been obtained from the electorate. The Chief Executive made comment that this option would provide the Council with greater confidence that the proposal was reflective of the wider parish views. Additionally, she concurred that undertaking a full review of parish boundaries across the District would be very resource intensive but that she would undertake to request a call for boundary anomalies to be raised via the Town and Parish Conference in October 2024.

A number of other matters were discussed which included whether parishes were able to put forward neighbouring parish areas into their Neighbourhood Plans, the impact of the proposal upon the potential loss of Community Infrastructure Levy or Section 106 funding upon Conington together with the contrary view of Glatton not being able to benefit from such funding from a development that might happen close to their boundary. In respect of the former, it was reported that Neighbourhood Plans could only include areas within their own parish boundary.

Following discussions, the Committee expressed their support for a suggestion made by Councillor J A Gray to amend option b of the recommendation to include reference to Glatton Parish Council obtaining a petition of the requisite number of signatories from the electorate expressing their support for the proposed boundary change or if Glatton Parish Council were able to reach an agreement with Conington Parish Council.

In response to a subsequent question raised by Councillor D Shaw querying whether the petition should extend out to Conington residents, the Chief Executive responded that at this stage, only the views of Glatton residents would be required but that if the electorate agreed to the boundary change, Conington Parish Council might wish to raise the matter with their parishioners too.

Whereupon, it was duly moved and seconded that the Committee

**RESOLVED**

to decline to instigate a Community Governance Review requesting that Glatton Parish Council either seeks to reach an agreement with Conington Parish Council and/or submit a petition to the Council with the requisite number of signatories from the area to which a community governance petition relates expressing support for the proposed boundary change.

## **29 CODE OF CONDUCT COMPLAINTS - UPDATE**

The Committee gave consideration to a report by the Elections and Democratic Services Manager & Deputy Monitoring Officer (a copy of which is appended in

the Minute Book) which provided an annual summary and update of completed or ongoing complaints received regarding alleged breaches of the Code of Conduct under the Localism Act 2011 since the start of the year.

The Elections and Democratic Services Manager & Deputy Monitoring Officer drew the Committee's attention to the table at 3.1 of the report which provided detail on four complaints which had been submitted and dealt with under the Monitoring Officer Protocol. The cases had been consulted with the Independent Person appointed by Council.

Referring to case number 24/63, a question was raised by Councillor J A Gray querying whether an individual could join another Council following their resignation from another Council and prior to any formal investigation being undertaken. The Chief Executive reported that a similar matter had been discussed at the Standards Board for England which had concluded that it was in the public's interest for the individual concerned to stand for election again.

RESOLVED

that the Committee note the progress of any outstanding Code of Conduct complaints and the conclusion of the cases resolved to date.

**30 USE OF SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT (RIPA) - INSPECTION REPORT UPDATE**

A report by the Revenues and Benefits Manager was submitted (a copy of which is appended in the Minute Book) providing details of the Council's recent inspection by the Investigatory Powers Commissioner's Officer (IPCO) and the recommendations received together with details of the follow up actions to be undertaken by the Council.

Following an introduction to the report by the Revenues and Benefits Manager the Committee were pleased to note the Inspector had been impressed by the professional attitude that had been displayed with regards to compliance with the legislation. Attention was then drawn to the areas for action identified to further enhance and improve the Council's working practices together with a number of planned activities relating to training and awareness and policy and record keeping.

Whereupon, it was

RESOLVED

that the Committee has considered and commented on the content of the report and noted the activities planned.

**31 CORPORATE RISK REGISTER**

A report by the Corporate Director (People) was submitted (a copy of which is appended in the Minute Book) informing the Committee of the Council's Corporate Risk Register.

In introducing the report, the Chief Executive reported that the risk register had been discussed with the Executive Councillor for Resident Services and Corporate Performance. She also mentioned the forthcoming arrival of the new Director for Finance and Corporate Services and Section 151 Officer who would be able to offer a new perspective to corporate risks going forward.

In response to a request made by Councillor A R Jennings, the Chief Executive undertook to ensure that future reports included an exception report to enable Members to better identify any movement and/or actions undertaken to mitigate risks since the previous meeting.

Councillor J A Gray then queried what activities had been undertaken by the Council in respect of cyber security which was regarded a significant risk to the Council. The Chief Executive reported that testing of the Council's systems and practices had been undertaken in May 2024, with additional resources put in place at the weekends. Phishing emails were regularly sent to staff, which would result in additional training if links were clicked on by staff that were unable to recognise the signs. Councillor D Shaw reported that this matter had recently been discussed with Overview and Scrutiny Panel Members. The Chief Executive undertook to provide further detail on what mitigations were in place for this risk at the Committee's next meeting.

#### RESOLVED

that the Committee has considered the report and noted the risks to the organisation and whether they are being managed in line with the Risk Management Strategy.

### **32 INTERNAL AUDIT SERVICE - PROGRESS REPORT**

The Committee received and noted a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) informing the Committee of the work completed/undertaken by the Internal Audit Service.

The Internal Audit Manager reported that four audits had been completed since arriving in post in July 2024 which included Vehicle Maintenance, Budgetary Control, Code of Procurement and Small Works Contracts. In respect of the former two audits, the Committee were pleased to note that both areas demonstrated good control environments. With regard to the Code of Procurement audit, it was reported that significant work was required to improve the control environment and an action plan to this effect would be in place prior to the Committee's next meeting. In responding to questions raised by Councillor D Shaw, the Internal Audit Manager reported upon the need for the Council to update its Code of Procurement rules whilst also awaiting the release of the new rules from the Government on public sector procurement. The latter would also refer to local procurement and work would be undertaken in conjunction with the Council's Economic Development Team on how to better publicise the procurement opportunities available to the District's economy.

Following a request made by Councillor A R Jennings, the Internal Audit Manager undertook to include service manager responses to audit actions in future reports. The Chief Executive then explained the involvement of Senior



Leadership Team in the internal audit process as a means of ensuring corporate and organisational accountability and ownership of audit actions.

RESOLVED

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

### **33 IMPLEMENTATION OF INTERNAL AUDIT ACTIONS**

A report by the Internal Audit Manager was submitted (a copy of which is appended in the Minute Book) updating Members on the implementation of audit actions.

As at 17th September 2024, 16 actions had not been implemented by the due date, 3 actions had been implemented and closed off in a rolling 90 day period, 66 actions had been closed off in a rolling 12 month period and 18 audit actions remained open.

In response to a question raised by Councillor J A Gray, the Internal Audit Manager reported upon his immediate priorities which included closing off outstanding audit actions through effective engagement with service managers and staff, putting an action plan in place and actively working on it in response to the BDO quality assurance report on Internal Audit and identifying areas for audit in the Internal Audit Plan for 2025/26.

Other matters that were discussed and responded to at the meeting included whether an update was forthcoming in respect of the action relating to Corporate Enforcement Policy 2021/22 which had not been updated since March 2024, the timescales for recruiting to the Risks and Controls Officer post and the work to be undertaken with the Director of Finance and Corporate Services to close off the actions relating to Risk Management.

RESOLVED

that the Committee has considered the report and commented upon the progress achieved to date.

### **34 WHISTLEBLOWING (POLICY, GUIDANCE AND CONCERNS RECEIVED)**

Consideration was given to a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) detailing the outcome of a review of the Whistleblowing Policy and Guidance.

The review found that no changes were required to the Policy and Guidance and detailed one whistleblowing allegation which related to a disclosure received internally.

Whereupon, the Committee

RESOLVED

that the review of the Whistleblowing Policy and Guidance be endorsed as still fit for purpose.

### **35 CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT**

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

The action relating to Internal Audit Service – Progress Report would be removed now that the matter had been resolved. The Committee were also apprised with the outcome of recent meetings of the Constitution Working Group.

### **36 CORPORATE DIRECTOR (PEOPLE)**

The Committee extended their best wishes to Mr O Morley, Corporate Director (People) on his impending departure from the District Council on 27th September 2024 to pursue a Masters Degree at University College London. Members placed on record their thanks and appreciation to him for his hard work and contributions to Huntingdonshire during his time at the District Council.

*The meeting concluded at 8:05pm.*

Chair

**Key Decision - No**

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

<b>Title/Subject Matter:</b>	<b>Complaints and Compliments</b>
<b>Meeting/Date:</b>	Corporate Governance Committee
<b>Executive Portfolio:</b>	Councillor Stephen Ferguson, Executive Councillor for Customer Services
<b>Report by:</b>	Louise Sboui
<b>Ward(s) affected:</b>	All

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### **Executive Summary:**

Huntingdonshire District Council is committed to a constant review of and improvements to the delivery of services for all of our customers. We value customer feedback to help us maintain and improve our services. Complaints, in particular are an important way for the Council to be accountable to the public, as well as providing valuable insight into our performance and we have processes in place to support our aim of becoming more effective at driving through 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 2023 – March 2024.

There has been an increase in the number of Stage One complaints (206) compared to previous year (175). There has also been an increase in the number of Stage Two complaints (33) compared to previous year (21). There has been a slight increase in complaints for Customer Services, Planning, Leisure and Health. However, there has been work with these services around complaint handling. An increase in complaints should not be a cause for concern as they provide opportunities for improvements and may indicate increased awareness of the councils complaints process. Appendix 2 contains comparative data by year and appendices 3 and 4 contain information on complaint themes.

The Report also provides data on complaints referred to the Local Government & Social Care Ombudsman (LGO) during 2023/24. 19 complaints were received by the LGO, three were investigated, one was upheld.

### **Recommendation(s):**

The Committee is invited to note the data relating to formal Stage One and Stage Two complaints received (2023/24) and the LGO local authority report for Huntingdonshire District Council (2023/24).

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

- 1.1 This report provides Members with information on complaints received by the Council between April 2023 – March 2024 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 Service area. 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. Customers are then signposted to the LGO.
- 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 (206) has increased from last year (175). 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 received by Operations, these related mainly to missed bins (*approx. 5.9 million bins collected per year, 99.25% collection rate*). The Garden waste Subscription Service was introduced in April 24, so this report does not include data relating to complaints about this significant service change. However, some complaints were received between November 2023 – March 2024 regarding the introduction of the Scheme and the Early Bird Offer (12 complaints)
  - 50 complaints received by Development & Growth (36 relating to Development Management and 11 for Enforcement), these related mainly to delays in response or decision making or dissatisfaction with decision (*3079 planning decisions made, and 284 enforcement cases registered*)
  - 28 complaints received by Customer Services (Customer Services includes a number of different services e.g., council tax, benefits, housing needs, and customer services/call centre), these related mainly to decisions about council tax, or how housing case handled (*Council Tax administered for 81,870 properties; live case load of 7363 benefit claims*)
  - 13 complaints received by Community these related to a mixture of issues around investigations
  - 5 complaints received by Finance & Corporate Services, these related mainly to Estates management
  - 2 complaints received relating to 'Other' relating to how data handled
  - 10 complaints received by Leisure & Health (*1,426,420 attendances*).

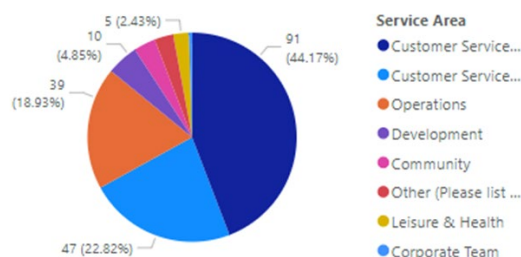
- 3.2 The number of Stage Two complaints (33) received has increased from last year, (21). 15 of these related to Operations and 10 of these related to Development and Growth.
- 3.3 Summary of themes, actions taken/service improvements from Stage One and Stage Two complaints are included in Appendix 3 and 4.
- 3.4 Annual Performance monitoring:
- 94.2% of Stage One complaints were resolved within time against a target of 90%.
  - 84.9% of Stage 2 complaints were resolved within time against a target of 90%.
- 3.5 There were 19 complaints received by the LGO during 2023/24 this includes those which did not progress to the LGO assessment stage or beyond. Of these 19 complaints, there were three detailed investigations carried out, one was upheld.  
In summary:
- 1) The Council failed to update the land charges register which meant a resident was not made aware of a planning contravention notice which affected the property the resident purchased. An apology, payment (£500) and procedural changes were deemed to be a satisfactory remedy. Please note that the same remedy was offered at Stage 2 of the councils complaints process.  
Learning points from this complaint:
- A process put in place to ensure information input into the planning system is pulled through to the land charges system.
- 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 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 HDC; and we are continuing to manage both cases 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 now being received via the online form. As a result of improved online processes and content, we continue to see a significant reduction in complaints about issues that are not

within HDC remit (e.g., private facilities, highways, housing association) with customers being redirected to the correct organisation from the website. Three recorded non HDC complaints received 2023/24, (3 received 2022/23, 10 received 2021/22, 16 received 2020/21.

- 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 learnt and service improvements as a result of complaints by Service area (you said – we did) has been reflected in App 3 and 4 below. Highlights include – bin collection point moved, reminder and instructions to crews, review of grounds maintenance area, site meetings; process reviews; staff training; review of operating procedures.
- 4.5 Complaints are just one aspect of customer feedback, it is important that we also record, monitor and report upon compliments, 206 were received in 2023/24 (233 in 2022/23), see chart below and App 5. Primarily Housing, Call Centre and Refuse/Recycling teams received most compliments, but some 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.

**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 – Doing our core work well. 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**

Name: Louise Sboui  
Email: [louise.sbouie@huntingdonshire.gov.uk](mailto:louise.sbouie@huntingdonshire.gov.uk)

## Complaints and Enquiries Received (by Category) 2023/2024

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
2023/24	3	2	4	9	1	0	0	19
2022/23	1	2	3	6	0	0	0	12
2021/22	3	4	3	5	0	0	0	15

## Complaints and Enquiries Decided (by Outcome) 2023/24

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
2023/24	1	2	0	12	0	6	21	33%	63%
2022/23	3	0	1	5	0	3	12	100	59
2021/22	1	4	1	7	1	4	18	20	51

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.



**Appendix 2 - HDC Recorded Complaints by Service April 2023 – March 2024**

Service	Stage One			Stage Two			Total			LGO investigations		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2022/23
Community*	10	13	13	3	3	3	13	16	16	2		
Covid	10	0	0	5	0	0	15	0	0	2		
Customer Services**	44	18	28	5	3	3	49	21	31			1
Development & Growth***	58	37	50	15	10	10	73	47	60	1	3	2
Operations	103	98	98	4	4	15	107	102	113			
Corporate Services	5	4	5	0	0	1	5	4	6			
Leisure and Health	3	2	10	1	0	1	4	2	11			
Shared Services****	0	0	0	0	0	0	0	0	0			
Other (cross cutting)	0	0	2	0	0	0	0	0	2			
Energy Bill	0	3	0	0	1	0	0	4	0			
<b>Total</b>	233	175	206	33	21	33	266	196	239	5	3	3

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\*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.

\*\*\* includes Growth (Housing/Regeneration). \*\*\*\*3CICT/building control.

### Appendix 3 - 2023/2024 Stage One complaints - summary of themes and actions taken/service improvements (206)

Service	Themes	Actions taken/service improvements
<b>Community (13)</b> Upheld - 2 Not upheld – 4 Partially upheld - 7	<ul style="list-style-type: none"> <li>Way in which complaint about flooding handled</li> <li>Way in which noise nuisance complaints handled</li> <li>Way in which fly tipping report handled</li> <li>Way in which private hire license application handled</li> <li>Complaint about Community Protection Warning</li> <li>Way in which noise nuisance/ASB complaint handled</li> <li>Way in which environmental nuisance complaint handled</li> </ul>	Liaison with landlord Reminder to team to ensure customer expectations are managed, communication and response times are met Advice and training for staff Review of case and liaison with another service to resolve Review of resources, recruitment Work with Community Admin team re complaints handling
<b>Customer Services (28)</b> Upheld – 2 Not upheld - 1  Upheld - 3 Not upheld - 3  Upheld - 2 Not upheld - 9 Partially upheld – 2	<b>Customer Services (3)</b> <ul style="list-style-type: none"> <li>Visitor access arrangements</li> <li>Time on hold</li> <li>Incorrect signposting</li> </ul> <b>Benefits (6)</b> <ul style="list-style-type: none"> <li>Payment arrangements</li> <li>Nature of correspondence</li> <li>Delay in response</li> <li>Amendments to local housing allowance</li> <li>Disagreement over council tax support</li> <li>Dissatisfaction with advice received.</li> </ul> <b>Council Tax (13):</b> <ul style="list-style-type: none"> <li>Council tax liability, attachment of earnings, bill calculations and reminder notices</li> <li>Council tax support</li> <li>Summons/collections process</li> <li>Lack of response</li> </ul>	Staff reminder/guidance Recruitment  Apology, review of correspondence Records updated and signposting for support Account adjusted  Staff reminder re customer contact in process for attachment of earnings Payment plan offered Case placed on hold whilst query resolved Costs and Summons cancelled, staff training

Service	Themes	Actions taken/service improvements
Upheld - 1 Not upheld - 5	<b>Housing Needs (6)</b> <ul style="list-style-type: none"> <li>• Issues relating to tone of correspondence</li> <li>• Issues relating to temporary accommodation</li> <li>• Time spent waiting for rehousing</li> <li>• Issues relating to process for validating homelessness</li> </ul>	Reminder to staff Liaison with accommodation provider
<b>Development &amp; Growth (50)</b> Not upheld - 1  Not upheld - 2  Upheld - 10 Not upheld - 16 Partially upheld – 10  Upheld - 1 Not upheld - 8 Partially upheld – 2	<b>Growth (1)</b> <ul style="list-style-type: none"> <li>• Issues relating to First Homes Scheme</li> </ul> <b>Development Other (2)</b> <ul style="list-style-type: none"> <li>• Issues relating to a curtilage wall</li> <li>• Complaint about staff member</li> </ul> <b>Planning applications (36):</b> <ul style="list-style-type: none"> <li>• Delays in response</li> <li>• Delays in decision making</li> <li>• Dissatisfied with decision</li> <li>• How objections are considered</li> </ul> <b>Planning Enforcement (11)</b> <ul style="list-style-type: none"> <li>• Way cases handled</li> <li>• Delays in response</li> <li>• Complaint about staff member</li> </ul>	Advice and reminders to team (re provision of regular updates, ensure agreed actions are put in writing Review of process (circulation of Decision) Agreement to monitor site Offer of face-to-face meeting Review of whether objection letters should be acknowledged Staff training Review of internal processes to address delays in determining applications  Liaison with Developer
<b>Leisure and Health (10)</b>	<ul style="list-style-type: none"> <li>• Cleanliness</li> <li>• Submersibles in pool</li> <li>• Matters relating to lease</li> </ul>	Review of operating procedure and risk assessment Liaison with school



Service	Themes	Actions taken/service improvements
<b>Finance and Corporate Services (5)</b> Elections/Democratic Services, HR, Estates, Finance, Audit  Upheld - 2 Not upheld – 1 Partially upheld – 1 On-going - 1	<b>Democratic Services (1)</b> <ul style="list-style-type: none"> <li>• Advertising of parish council vacancies</li> </ul> <b>Estates &amp; Facilities (4)</b> <ul style="list-style-type: none"> <li>• Lighting on/near commercial estate</li> <li>• Delays with insurance claim</li> <li>• Incorrect email regarding lease</li> <li>• Delay in response</li> </ul>	Explanation to customer  Records amended Commitment to more regular updates
<b>Other (2)</b> Not upheld – 2	<ul style="list-style-type: none"> <li>• How personal data handled</li> </ul>	Measures in place to prevent recurrence

### App 4 - 2023/24 Stage Two complaints – summary of themes and actions taken/service improvements (33)

Service	Themes	Actions taken/service improvements
<b>Community (3)</b> Not upheld – 2 Partially upheld - 1	<b>Environmental Health:</b> <ul style="list-style-type: none"> <li>Way noise nuisance complaint handled</li> </ul>	Opportunity to provide further clarity Offer of noise nuisance recording again to assist with on-going issue
<b>Customer Services (3)</b> Not upheld - 2 Partially upheld - 1	<b>Customer Services (1)</b> <ul style="list-style-type: none"> <li>How customer handled at reception</li> </ul> <b>Benefits (2)</b> Local housing allowance rates Council tax support	Opportunity to provide further clarity and reminder to team on need to introduce themselves  Further clarity provided to customer
<b>Development &amp; Growth (10)</b> Not upheld - 4 Partially upheld – 2  Not upheld - 4	<b>Planning Applications (6):</b> <ul style="list-style-type: none"> <li>How application handled</li> <li>Dissatisfaction with decision</li> <li>Delays in decision</li> <li>How neighbour objections considered</li> </ul> <b>Planning Enforcement (4):</b> <ul style="list-style-type: none"> <li>Way in which planning enforcement case handled</li> <li>Complaint about staff member</li> </ul>	Opportunity to provide further clarity New systems to be put in place to upload accepted amendments Removal of generic Executive Support email address  Opportunity to provide further clarity
<b>Leisure and Health (1)</b> Partially upheld - 1	Cleanliness of centre	Purchase of additional cleaning equipment, cleaners deployed at busy times
<b>Operations (15)</b> Not upheld - 4  Not upheld - 1  Upheld - 3 Not upheld – 5 Partially upheld - 2	<b>Ops (Other) 4</b> <ul style="list-style-type: none"> <li>Garden waste subscription service</li> <li>Overgrown trees</li> </ul> <b>Parking Services (1)</b> <ul style="list-style-type: none"> <li>Parking fine</li> </ul> <b>Waste/recycling (10)</b> <ul style="list-style-type: none"> <li>Missed bins</li> </ul>	Opportunity to provide further clarity  Opportunity to provide further clarity  Telephone call with customer, Opportunity to provide further clarity

Service	Themes	Actions taken/service improvements
	<ul style="list-style-type: none"> <li>• Return of bins to collection point</li> <li>• Garden waste subscription service</li> <li>• Rejected bins</li> </ul>	Monitoring, training and guidance for crews
<b>Finance and Corporate Services (1)</b> Not upheld - 1	<b>Democratic Services – 1</b> <ul style="list-style-type: none"> <li>• Advertising of Parish council vacancies</li> </ul>	Opportunity to provide further clarity

## Appendix 5

2023 indicates Corporate year 2023/2024

Service Area	2023	Total
Community	7	7
Corporate Team	1	1
Customer Services (Call Centre)	47	47
Customer Services (Housing Needs)	91	91
Development	10	10
Leisure & Health	5	5
Operations	39	39
Other (Please list in description)	6	6
<b>Total</b>	<b>206</b>	<b>206</b>



## Appendix 6 LGO Neighbouring Authority Statistics

Cambridgeshire Councils	Detailed investigations decided (by outcome) 2023/24		Uphold rate <i>Average uphold rate</i>	Complaints and enquiries received
	Not upheld	Upheld		2023/24
<b>Huntingdonshire</b> (*population 180,800)	2	1	33% (63%)	19
<b>South Cambridgeshire</b> (*population 162,000)	0	0		11
<b>Fenland</b> (*population 102,500)	2	0	0% (63%)	7
<b>East Cambridgeshire</b> (*population 87,700)	1	1	50% (63%)	3
<b>Cambridge City</b> (population 145,700)	0	1	100% (63%)	16
<b>Cambridgeshire County Council</b>	9	21	70% (85%)	63

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

<b>Title</b>	Approval for the publication of the Annual Governance Statement 2022/23 and Annual Financial Report 2022/23.
<b>Meeting/Date:</b>	Corporate Governance Committee – 27 November 2024
<b>Executive Portfolio:</b>	Finance and Resources: Councillor B Mickelburgh
<b>Report by:</b>	Corporate Director (Finance and Resources)
<b>Ward(s) affected:</b>	All

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### **Executive Summary:**

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

In order to approve the accounts, the Committee must:

- Consider the Completion Report for Those Charged with Governance (including the Audit Report) which comments on the auditor's findings on the AFR and their view on Value for Money (VfM).
- Approve the Annual Governance Statement (paragraph 4), previously presented on 27<sup>th</sup> September 2023, which includes the following:
  - Scope of responsibilities
  - What is governance
  - The governance framework
  - Review of effectiveness
  - Governance issues and progress on issues
  - Opinion
- Approve the Letter of Representation 2022/23 (paragraph 5)
- Approve the Annual Financial Report 2022/23 (paragraph 6)

It should be noted that as a result of the national delays to external audit work, a backstop date of 13<sup>th</sup> December 2024 was introduced by which the opinion on the 2022/23 AFR should be issued. This date was introduced as part of the regime to get local authority audits up to date. As part of the approach to bringing audits up to date, the regulations allow for a disclaimed audit report will be issued by EY for 2022/23. This is explained within the Completion Report for Those Charged with Governance.

## **RECOMMENDATIONS:**

**The Committee is recommended to:**

- 1. Receive and discuss the Completion Report for Those Charged with Governance 2022/23 (Appendix 1)**
- 2. Approve the Annual Governance Statement (Appendix 2) and authorise the Executive Leader and Chief Executive Officer to sign the Statement on behalf of the Council.**
- 3. Approve the Letter of Representation (Appendix 3) and authorise the Corporate Director (Finance and Resources), as Section 151 Officer to sign it on behalf of the Council.**
- 4. Give delegated powers to the Chairman of the Committee and the Corporate Director (Finance and Resources), as Section 151 Officer to authorise and sign the Annual Financial Report for 2022/23 (Appendix 4) on behalf of the Council.**
- 5. Give delegated powers to the Corporate Director (Finance and Resources) in conjunction with the Chairman of this Committee, to ensure that any minor amendments to the statement of accounts are completed before final publication.**

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

- 1.1 To complete the processes for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Financial Report (AFR) for 2022/23.

## **2. BACKGROUND**

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

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

- 3.1 As explained in the Completion Report for Those Charged with Governance, it has not been possible for EY to fully complete the audit of the Council's Annual Financial Report within the timetabled back-stop date. This being the case EY has issued a disclaimed audit report in line with the regulations issued to enable the reset of the whole system of local audit. An up-to-date position will be reported at the Committee by the auditors on outstanding queries, audit review procedures and the next steps.
- 3.2 The Completion Report for Those Charged with Governance including the Audit Report and the VfM Report will be presented at the meeting by the auditors, and a draft is attached at **Appendix A**. The auditors will verbally update the Committee at the meeting of any further changes since issuing of the report.
- 3.3 In addition to reviewing the AFR, the auditors are required to give a view on Value for Money within the Council. The auditors anticipate an unqualified opinion in respect of the Value for Money conclusion.

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

- 5.1 The Committee, on behalf of the Council is required to review once a year the effectiveness of its system of internal control and following that review approve the AGS. The AGS will be published alongside the AFR and is shown at **Appendix B**.

- 5.2 The governance statement includes the following:

- Scope of responsibilities
- What is governance
- The governance framework
- Review of effectiveness
- Governance issues and progress on issues
- Opinion

4.3 The governance arrangements and the internal control environment are considered to be operating effectively.

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

5.1 Each year a letter has to be given to the auditor by the Council which explains what the Council has done to ensure its financial records are accurate; a draft of the letter is attached at **Appendix C**. It is best practice for the Committee to approve the content of this letter and then authorise the Corporate Director (Finance and Resources) to sign it on behalf of the Council.

5.2 The Committee is asked to agree the draft letter and once the external auditor has confirmed that both the AGS and AFR are unqualified, that the Corporate Director (Finance and Resources) signs it on behalf of the Council.

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

6.1 The Council is required to produce and approve an audited AFR, which incorporates the Statement of Accounts by the backstop date of 13<sup>th</sup> December 2024. As there is not sufficient time to complete the necessary audit processes an audit opinion will not be issued by EY and instead a disclaimed audit report will be issued. The draft AFR including the statement of accounts is attached at **Appendix D**.

6.2 The Committee is asked to approve the AFR, which includes the Statement of Accounts.

6.3 The issues that have been raised by the auditor in respect of the AFR are detailed within Section 3 of this report and Section 3 of the Completion Report for Those Charged with Governance.

6.4 There may be some minor amendments required to the AFR and Statement of Accounts which will be finalised after this meeting in advance of them being published in line with the 13 December deadline.

## **7 KEY IMPACTS**

7.1 The final version of all the documents will be published by 13 December with relevant amendments.

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

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

## **9 CONSULTATION**

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

## **10 LEGAL IMPLICATIONS**

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

## **11 RESOURCE IMPLICATIONS**

11.1 There is a specific budget for the Audit Fees.

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

12.1 The process that has been followed in preparing the AGS and the AFR has been thorough and in line with statutory regulations.

12.2 The issues that have been identified for inclusion within the AGS are referenced within the statement and reflect the current situation at the time.

12.3 Both the AGS and the AFR have been subject to external audit and review by the Council's auditors, Ernst and Young LLP.

## **13 LIST OF APPENDICES INCLUDED**

Appendix 1 – Completion Report for Those Charged with  
Governance Including Audit Report (Draft)

Appendix 2 - Annual Governance Statement 2022/23

Appendix 3 - Letter of Representation (Draft)

Appendix 4 - Annual Financial Report 2022/23 (Draft)

## **CONTACT OFFICER**

Suzanne Jones – Corporate Director (Finance and Resources)  
[Suzanne.Jones@huntingdonshire.gov.uk](mailto:Suzanne.Jones@huntingdonshire.gov.uk)

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# Huntingdonshire District Council

## Completion Report for Those Charged with Governance

Year ended 31 March 2023

Report issued - 5 November 2024

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Building a better  
working world



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

5 November 2024

Dear Corporate Governance Committee

**Huntingdonshire District Council - Completion Report for Those Charged With Governance - 2022/23 financial year**

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Corporate Governance Committee of Huntingdonshire District Council (the Council) with a detailed complete report covering our approach and outcomes of the 2022/23 audit. "

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the year ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for this audit year we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements, against this backdrop we have also considered the Committee's service expectations.

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

The Governance & Corporate Governance Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit.

We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Corporate Governance Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw Corporate Governance Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix A).

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

Yours faithfully

*MARK HODGSON*

Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

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# Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) 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 Governance Committee and management of Huntingdonshire District Council. Our work has been undertaken so that we might state to the Governance & 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 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 – System wide context

## Context for the audit - Department for Housing, Communities and Local Government (MHCLG) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector will need to work together to address this. The Department for Housing, Communities and Local Government (MHCLG) (initially as DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to clear the backlog. The proposals, which have been developed to maintain auditor independence and enable compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

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

To support the further development and testing of the measures, consultations are taking place to receive further feedback and inform the decision on how to proceed. Specifically:

- ▶ MHCLG has enacted through Parliament Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", to insert statutory backstop dates for historic financial statements and for the financial years 2023/24 to 2027/28.
- ▶ The National Audit Office (NAO) has amended the Code of Audit Practice to:
  - ▶ Require auditors to issue audit opinions according to statutory backstop dates for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
  - ▶ Allow auditors to produce a single Value for Money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of Councils and residents.

As a result of the system wide implementation of backstop dates we expect to *disclaim the opinion on the Authority's 2022/23 financial statements*. The proposed disclaimer of the Council's 2022/23 accounts will impact both the audit procedures to be undertaken to gain assurance on the 2023/24 financial statements and the form of the Audit Report in 2023/24 and subsequent years during the 'Recovery phase' of the Government's proposals.

# Executive Summary – Council responsibilities

## Responsibilities of Authority management and those charged with governance

For the planned measures to be successful and the current backlog to be addressed it is vital that all stakeholders properly discharge their responsibilities.

The Council's Section 151 Officer is responsible for preparing the statement of accounts in accordance with proper practices and confirming they give a true and fair view of the financial position at the reporting date and of its expenditure and income for the year ended 31 March 2024. To allow the audit to be completed on a timely and efficient basis it is essential that the financial statements are supported by high quality working papers and audit evidence and that Council resources are readily available to support the audit process, within agreed deadlines. The Corporate Governance Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this is not done, we will:

- ▶ Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- ▶ Consider the use of other statutory reporting powers to draw attention to weaknesses in Council financial reporting arrangements where we consider it necessary to do so.
- ▶ Seek a fee variation for the cost of additional resources needed to discharge our responsibilities. We have set out this and other factors that will lead to a fee variation at Appendix B of this report together with, at Appendix A, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.
- ▶ Impact the availability of audit resource available to complete the audit work in advance of any applicable backstop dates.

# Executive Summary - Local context

## Local Background and Context

The position at this Council has developed over the past few years resulting in unaudited financial statements for 31 March 2023.

The main reasons for the Council's financial statements not being prepared, audited and signed to date include:

- ▶ The post pandemic timelines resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to move onto the 2022/23 audit year.
- ▶ In addition, there were a number of new technical issues and challenges to address during this period, including, accounting for infrastructure assets, taking into account the updated pension fund valuations, which led to delays to the prior year 2021/22 audit being completed, with the audit opinion being signed on the 28 September 2023.
- ▶ Taken together, this has ultimately led to a lack of capacity to be able to commence the 2022/23 audit year with sufficient time to be able to complete the audit.



# Executive Summary - Report structure and work completed

## Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 - Executive Summary - this section, setting out the national and local context and the structure of our report.

Section 2 - Work Plan - we have completed the following planning tasks

- ▶ Completed required independence procedures.
- ▶ Set a level of materiality.
- ▶ Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- ▶ Updated our understanding of the business, including review of responses to inquiry letters, internal team meeting, minute review, etc.
- ▶ Identified significant, inherent and other areas of higher risk or focus.
- ▶ Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report e.g. Non-compliance with laws and regulations (NOCLAR), Objections, Significant weaknesses in arrangements for Value for Money, or any other matters that may result in the use of the auditor's powers etc.

Section 3 - Results and findings - Work completed to issue the disclaimer, findings and results:

- ▶ Review of the financial statements.
- ▶ Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, and report as appropriate.
- ▶ Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. Non-compliance with laws and regulations, (NOCLAR), Objections, Significant weaknesses in arrangements for Value for Money, any matters that may result in the use of the etc.

Section 4 - Audit Report

- ▶ The draft audit opinion.

Section 5 - Value for Money reporting

- ▶ The Value for Money report covering the year to 31 March 2023.

Section 6 - Appendices



BOARDROOM



# 02 Work Plan

# Work Plan – Audit Scope

## Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2023 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on Value for Money in Section 5.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

Given that Statutory Instrument (2024) No. 907 - The Accounts and Audit (Amendment) Regulations 2024 imposes a backstop date of the 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

# Work Plan - Materiality

## Materiality

### Planning materiality

**£1.98m**

Materiality for y/e 31 March 2023 has been set at £1.98 million, which represents 2% of 2023 gross expenditure on provision of services.

### Performance materiality

**£0.990m**

Performance materiality for y/e 31 March 2023 has been set at £0.990 million, which represents 50% of planning materiality.

### Audit differences

**£0.1m**

We will report all uncorrected misstatements relating to the primary statements greater than £0.1 million for y/e 31 March 2023. Other misstatements identified will be communicated to the extent that they merit the attention of the Corporate Governance Committee.

In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the 2022/23 audit year.

These materiality levels have been set based on the main Council financial statements. These levels are being used to assess our response to any issues identified in the Council's financial statements.

# Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide ‘Those Charged with Governance’ with an overview of our initial risk identification for the year.

## Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Misstatement due to fraud or error	31 March 2023	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	31 March 2023	Fraud Risk	No change / increase in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Valuation of PPE (OLB) and Investment Properties	31 March 2023	Significant risk	No change in risk or focus	PPE and Investment properties represent significant balances in the accounts amounting to £79.25 million (2022: £78.75 million) and £70.93 million (2022:£70.07 million), respectively and are subject to valuation changes and impairment reviews.  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.

# Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide ‘Those Charged with Governance’ with an overview of our initial risk identification for the year.

## Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Pension Valuation and Other Disclosures	31 March 2023	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Council’s current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council’s Balance Sheet. The information disclosed is based on the IAS 19 report issued to the Council by the Pension Fund Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.
National Non-Domestic Rates (NNDR) Appeals Provision	31 March 2023	Inherent risk	No change in risk or focus	Due to the impact of COVID-19, there is a possibility that businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based. The Council’s NNDR Appeals Provision is a material estimate for the Collection Fund as a whole. In light of this, we consider there to be a higher inherent risk of misstatement of the Council’s NNDR appeals provision.
Recoverability of Receivables (Debtors)	31 March 2023	Inherent risk	No change in risk or focus	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. 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 ongoing uncertainty and assess the appropriateness of this estimation technique.

# Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

## Required communications

### Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence
- ▶ The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the Corporate Governance Committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).
- ▶ All proposed NAS for PIE audit clients will be subject to a determination of whether the service might create a self-review threat (SRT), with no allowance for services related to amounts that are immaterial to the audited financial statements.

### Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

# Work Plan - Independence

## Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your Audit Engagement Partner and the audit engagement team have not been compromised.

## Self interest threats

A self interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately nil:nil. No additional safeguards are required.

## Self review threats

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self-interest threats at the date of this report.

## Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

## Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

## EY Transparency Report 2023

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 period ended 30 June 2023 and can be found here: [EY UK 2023 Transparency Report](#).





## 03 Results and findings

# Results and findings

## Status of the audit

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

### Final Closing procedures:

- ▶ Completion of subsequent events procedures;
- ▶ Receipt of a signed management representation letter

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is included later in this section.

## Value for Money

Our value for money (VFM) work is complete and reported in Section 5 of this report. We identified one risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 5 of the report for further details.

## Audit differences

We have not identified any audit differences from our work, either adjusted or unadjusted by Management. The Council should ensure that in approving the Statement of Accounts, all prior year comparatives agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 Officer.

## Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. We have no matters to report as a result of this work.

We did not receive any questions or objections to the Council's financial statements from any member of the public following the inspection period.

## 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 Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

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

# Results and findings

## Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Huntingdonshire District Council. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

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

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

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

## Control observations

During the audit, we did not identify any significant deficiencies in internal control.

## Independence

Further to our review of independence in Section 2 of this report we have not identified any issues to bring to your attention..

# Results and findings

## 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;
- ▶ Consideration of laws and regulations.



# Results and findings

## Summary of audit differences

We have not identified any audit differences, either adjusted or unadjusted, as part of our audit.

The Council should ensure that in approving the Statement of Accounts, all prior year comparatives agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 Officer.



# 04 Audit Report

**DRAFT**

## Our opinion on the financial statements

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

#### Disclaimer of opinion

We were engaged to audit the financial statements of Huntingdonshire District Council ('the Authority') for the year ended 31 March 2023. 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 including a summary of significant accounting policies, and
- 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We completed the audit of the 2021/22 financial statements and issued our audit opinion on 28th September 2023.

The backstop date and the wider requirements of the local audit system reset meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

## Our opinion on the financial statements

### Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority.

We report to you if:

- ▶ 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)
- ▶ 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 2023.

We have nothing to report in these respects.

### Responsibility of the Corporate Director of Finance and Resources

As explained more fully in the 'Statement of Responsibilities for the Statement of Accounts' as set out on page 14, the Corporate Director of Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 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 Corporate Director of Finance and Resources 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 Corporate Director of Finance and Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or 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.



## Our opinion on the financial statements

### Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### 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 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in January 2023, 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 2023.

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.

### Certificate

We certify that we have completed the audit of the accounts of Huntingdonshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) 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.



# 05 Value for Money



# VFM - Executive Summary

## Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements, which we have done within our Interim VFM Arrangements Report - 9 April 2024. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this commentary is to explain the work we have undertaken in respect of the period 1 April 2022 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) as it was at the time, worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation stated that where auditors had begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report Value for Money (VFM) in line with our full responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified; and
- Findings to date from our planned procedures.

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 9 April 2024.

# VFM - Executive Summary (continued)

## Risks of Significant Weakness

In undertaking our procedures to understand the body’s arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with management and key officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements.

We identified a significant risk related to ‘Governance - How the Council ensures that it makes informed decisions and properly manages its risks’ as part of our risk assessment procedures. We set out our planned response to address this risk in the table below.

### Description of risk identified

The Authority was unable to publish its Draft Statement of Accounts by the target dates outlined in the Accounts and Audit Regulations 2015 (31 May 2023). The unaudited statements were published on the 27 September 2023.

The issue above is evidence of a potential weaknesses in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information - Governance - How the Council ensures that it makes informed decisions and properly manages its risks.

### Work planned to address the risk of significant weakness

Reviewing the Council’s Statement of Accounts publishing arrangements.

# VFM - Executive Summary (continued)

## Reporting

Our commentary for 2022/23 is set out over pages 30 to 32. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2022/23.

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 9 April 2024 . These were reported in our 2021/22 Auditor's Annual Report and have been updated for 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
<b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks	Significant risk identified	No significant weakness identified
<b>Improving economy, efficiency and effectiveness:</b> How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements.

# Value for Money Commentary

**Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services**

**No significant weakness identified**

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with Management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023. Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

The General Fund revenue outturn position was an underspend of £0.476 million against the revised budget of £21.404 million. There were net underspends on services mainly relating to the Director of Finance & Resources directorate of £0.978 million, the Head of Operations directorate of £0.543 million and overspends on services mainly related to the Head of Leisure & Health directorate £0.475 million. The underspending in Director of Finance & Resources directorate was largely due to more income than predicted being received and less interest being payable. The Head of Operations directorate underspending was linked to new income streams. The Head of Leisure & Health directorate overspend related to generally reduced levels of income and increased levels of expenditure in no specific area. Throughout the year, the Council have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services. The Medium Term Financial Plan was reviewed and updated as part of the 2023/24 budget setting process to capture the 2022/23 outturn variations.

During the 2022/23 budget setting process, due to the unavoidable growth impacting the net expenditure, the Council no longer found that the 15% of net expenditure was an appropriate basis for setting the minimum General Fund Reserve balance. Therefore, a fixed General Fund Reserve was agreed and set at £2.175 million by the Council's Section 151 Officer. At the 31 March 2023, the Council held its General Fund Reserve balance of £2.175 million and had further Earmarked General Fund reserves of £28.940 million, which provides a strong level of resource cover, if future savings are not identified or achieved in each of the 5 financial years of the Medium Term Financial Strategy, allowing the Council to continue to deliver services.

The Council should continue to monitor its financial performance and continue to identify relevant schemes to achieve the annual savings requirements to minimise the use of Earmarked General Fund reserves, which are earmarked for specific priority matters, where possible.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.**

# Value for Money Commentary (continued)

**Governance: How the Council ensures that it makes informed decisions and properly manages its risks**

**No significant weakness identified**

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023. Our risk assessment identified one risk of significant weakness in arrangements in respect of governance.

The Council have continued to manage governance considerations in response to the current challenges such as the conflict in Ukraine and the cost-of-living crisis, including in partnership working and delivery of services with other local authorities. The Council reviewed the Budget Setting Report and Medium Term Financial Plan in February 2022 at Cabinet, which were prepared on the basis of submissions from the Huntingdonshire Leadership Team and Budget Managers. Performance against the budget and Corporate Plan are then review quarterly to identify areas of risk and mitigation plans.

The Council's Annual Governance Statement sets out the core governance arrangements for the year, including an Action Plan, which demonstrates how the Council's Code of Governance reflects the seven principles of good governance. The Head of Internal Audit concluded that for the 2022/23 financial year, 'reasonable assurance' could be awarded over the adequacy and effectiveness of the Authority's overall governance, internal control environment and systems of internal control .

We identified that improvements are required in the preparation of Statement of Accounts in 2022/23. The Authority was unable to publish its Statement of Accounts by the target date outlined in the Accounts and Audit Regulations 2015 (being the 31 May 2023). The unaudited statements were published on the 27 September 2023. The Council did set out in its statutory notice, published on Council's website by the 31 May 2023, the reasons for not being able to publish the draft Statement of Accounts by required date. The delay was caused by prioritising the closure of the 2021/22 Statements of Accounts audit, that in turn impacted the preparation of the 2022/23 Statement of Accounts.

The Council did properly advertise and held the inspection period for members of the public to inspect the Statement of Accounts in line with Accounts and Audit Regulations 2015. We confirm that the 2022/23 draft Statement of Accounts were arithmetically correct, agreed to the data in the general ledger, and prepared in line with the content required by the CIPFA Code. The Council has also performed bank reconciliations during the 2022/23 financial year.

Whilst we raised the issue above, as a significant risk of weakness, we are satisfied that the Council did appropriately set out the reasons for the delay within its Statutory notice, and did subsequently publish the 2022/23 Statement of Accounts as soon as was practicable.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to makes informed decisions and properly manages its risks.**

# Value for Money Commentary (continued)

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

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023. In 2022/23, we did not identify a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

The Council developed an interim Corporate Plan for 2022/23, which was approved at the 19 July 2022 Cabinet Meeting. This plan was developed following the local elections to allow the new administration to engage with key stakeholders in the development of a full Corporate Plan for 2023 to 2028 across their full term. This was then presented and approved at the 21 March 2023 Cabinet meeting.

The Corporate Plan sets out key priorities and assigns key actions to be monitored against. These actions are updated each year as part of Cabinet review of the corporate plan.

Performance reporting is maintained against these key priorities, with regular reporting on performance and finances taken to the Cabinet throughout the year to continuously monitor performance. This performance information is available to the public, but also allows for key information to be considered as part of decision making on service delivery.

**Conclusion:** Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.





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# 06 Appendices

# Appendix A – Management representation letter

## Management representation letter

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

## Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

### Ernst & Young

This letter of representations is provided connection with your audit of the [consolidated and parent] Authority financial statements of [name of entity] (“the [Group and] authority”) for the year ended [balance sheet date]. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or ‘present fairly, in all material respects,’) the [Group and] authority financial position of [name of entity] as of [balance sheet date] and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the [Group and] the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our [consolidated and parent] Authority financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist. Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the [Group and the parent] Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the [Group and] authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the [consolidated and parent] Authority 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 [Group and parent] Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the [Group and] authority financial statements are appropriately described in the [Group and] authority financial statements.
4. As members of management of the [Group and] authority, we believe that the [Group and] authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [applicable financial reporting framework] for the Group and [applicable financial reporting framework] for the Authority that are free from material misstatement, whether due to fraud or error.

# Appendix A – Management representation letter

## Management representation letter

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

## Management Rep Letter

5. *[When there are unadjusted audit differences in the current year]* We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because *[specify reasons for not correcting misstatement]*.
6. *[When the comparative figures have been restated]* The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. *[Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.]* There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended *[date]* are solely the result of reclassifications for comparative purposes.
7. We confirm the *[Group and]* authority does not have securities (debt or equity) listed on a recognized exchange.
8. We have confirmed to you any changes in service organizations within the *[Group and]* authority since the last audited financial year.

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

1. We acknowledge that we are responsible to determine that the *[Group and]* authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the *[consolidated and parent]* Authority financial statements may be materially misstated as a result of fraud.
4. *[When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws and regulations.]* We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with laws and regulations, including fraud, known to us that may have affected the *[Group or]* Authority (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), including non-compliance matters:
  - Involving financial improprieties
  - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the *[consolidated and parent]* Authority financial statements
  - Related to laws or regulations that have an indirect effect on amounts and disclosures in the *[consolidated and parent]* Authority financial statements, but compliance with which may be fundamental to the operations of the *[Group and]* authority's business, its ability to continue in business, or to avoid material penalties

# Appendix A – Management representation letter

## Management representation letter

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

## Management Rep Letter

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

### C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the [consolidated and parent] Authority financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the [Group and] authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the [consolidated and parent] Authority financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with [applicable financial reporting framework].
6. We have disclosed to you, and the [Group and] authority has complied with, all aspects of contractual agreements that could have a material effect on the [consolidated and parent] Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the [consolidated and parent] Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

# Appendix A – Management representation letter

## Management representation letter

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## Management Rep Letter

8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the [consolidated and parent] Authority financial statements, including disclosures.
- D. Liabilities and Contingencies**
1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the [consolidated and parent] Authority financial statements.
  2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
  3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.
- E. Going Concern**
1. Note [X] to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.
- F. Subsequent Events**
1. Other than the events described in Note [X] to the [consolidated and parent] Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

## G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information contained within the Narrative Statement and also the Annual Governance Statement.
  2. We confirm that the content contained within the other information is consistent with the financial statements.
- I. Climate-related matters**
1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and the [Group and] authority have reflected these in the consolidated and parent financial statements.

*Yours faithfully,*

\_\_\_\_\_  
(Chief Financial Officer/Finance Director)

\_\_\_\_\_  
(Chairman of the Audit Committee)

# Appendix B – Fees

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

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

A breakdown of our fees is shown in the table to the right.

The original fees for these years were based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.
- ▶ Note 1 - Due to the reset enacted through Statutory Instrument (2024) No. 907 - The Accounts and Audit (Amendment) Regulations 2024, the above approach is not relevant

	Current Year - 2022/23	Prior Year - 2021/22
	£'s	£'s
Scale Fee - Code Work	51,504	40,992
Determined Scale Fee Variation	TBC - Note 1	105,355
<b>Total audit</b>		<b>146,347</b>
Other non-audit services not covered above (Housing Benefits) - Note 2	11,550	31,275
<b>Total fees</b>	<b>TBC</b>	<b>177,622</b>

*All fees exclude VAT*

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2022/23.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Note 2 - Planned fee to date, prior to completing all certification requirements.

# Appendix C – Required communications with the Corporate Governance Committee

We have detailed the communications that we must provide to the Corporate Governance Committee.

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Corporate Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> <li>▶ The planned scope and timing of the audit</li> <li>▶ Any limitations on the planned work to be undertaken</li> <li>▶ The planned use of internal audit</li> <li>▶ The significant risks identified</li> </ul> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	This Completion report for Those Charged with Governance
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> <li>▶ Any other matters considered significant.</li> </ul>	This Completion report for Those Charged with Governance

# Appendix C – Required communications with the Corporate Governance Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	This Completion report for Those Charged with Governance
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	This Completion report for Those Charged with Governance
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Corporate Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud</li> <li>▶ Any other matters related to fraud, relevant to Corporate Governance Committee responsibility</li> </ul>	This Completion report for Those Charged with Governance



# Appendix C – Required communications with the Corporate Governance Committee (cont'd)

## 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"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	This Completion report for Those Charged with Governance
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> <li>▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:                             <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> </li> </ul> <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	This Completion report for Those Charged with Governance

# Appendix C – Required communications with the Corporate Governance Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> <li>▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit</li> <li>▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard</li> <li>▶ The Corporate Governance Committee should also be provided an opportunity to discuss matters affecting auditor independence</li> </ul>	This Completion report for Those Charged with Governance
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	This Completion report for Those Charged with Governance
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the Corporate Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Corporate Governance Committee may be aware of</li> </ul>	This Completion report for Those Charged with Governance
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	This Completion report for Those Charged with Governance

# Appendix C – Required communications with the Corporate Governance Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance

# Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

## Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

### Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

### Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics \(IESBA Code\)](#) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

## Examples of Non-Compliance with Laws and Regulations (NOCLAR)

### Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

### Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

# Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

## What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



### Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

### Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

### Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

# Appendix E – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

## **Preparation of the statement of accounts**

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- ▶ prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
- ▶ ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.
- ▶ assign responsibilities clearly to staff with the appropriate expertise and experience;
- ▶ provide necessary resources to enable delivery of the plan;
- ▶ maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;
- ▶ ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- ▶ ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
- ▶ during the course of the audit provide responses to auditor queries on a timely basis.

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

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ED None

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**Huntingdonshire District Council**  
**Annual Governance Statement 2022/23**

### Scope of Responsibilities

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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?

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

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

The Council aims to achieve good standards of governance by:

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

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

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

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

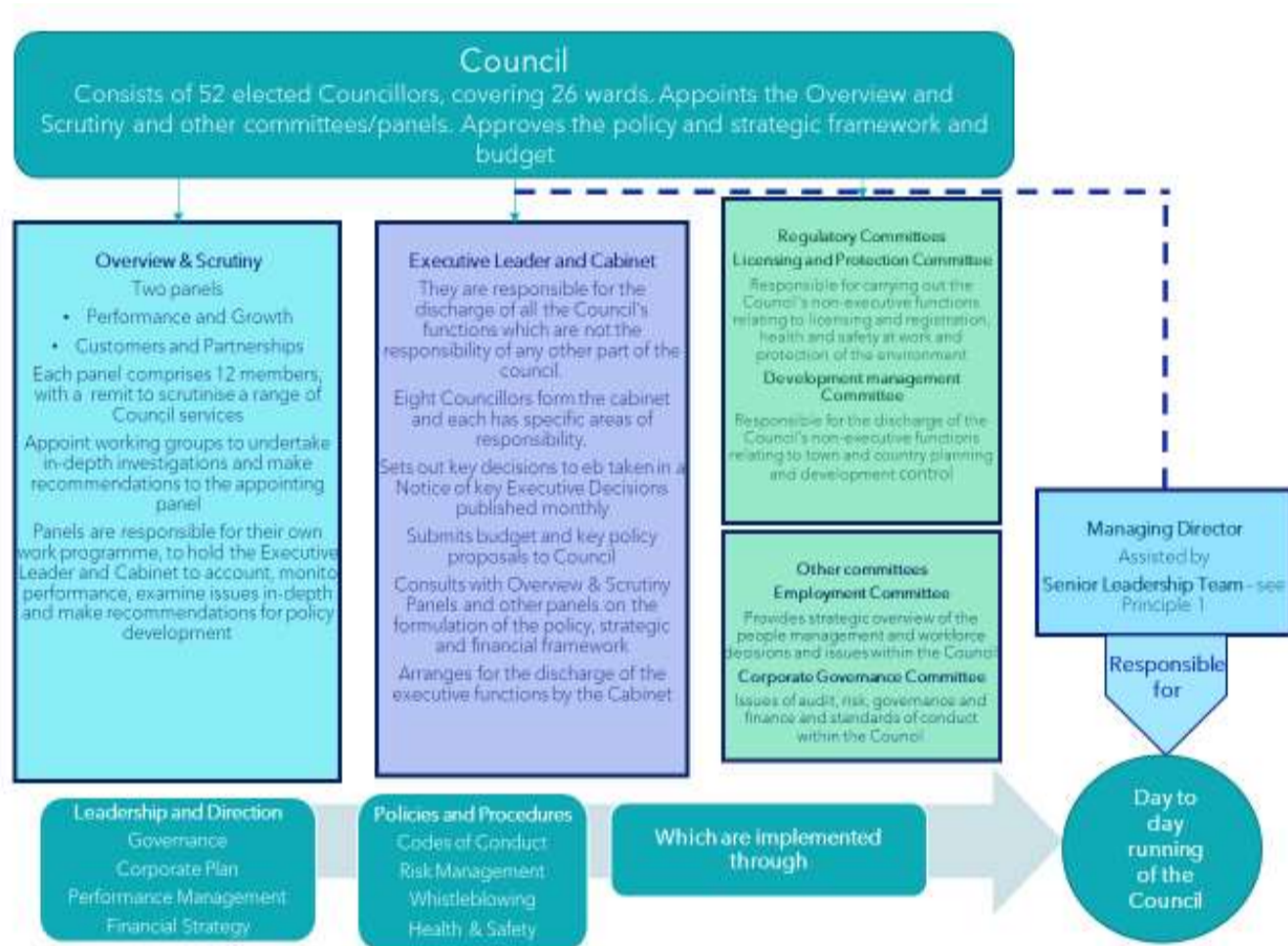
## The Purpose of the Governance Framework

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

The review of effectiveness is informed by the work of the Senior 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
<b>Risk Management</b>	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 &amp; Controls Group Board has been established and a Risk &amp; Controls Officer appointed to support Risk Management effort.</p>	<p>Register have been reviewed and will continue to be reviewed.</p> <p>The Risk &amp; Controls Board was replaced by an Assurance Board in January 2023 to focus on Governance Assurance across the organisation.</p>
<b>Cyber Security, new threats</b>	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.
<b>Debtors and Creditors</b>	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.
<b>Audit Actions</b>	<p>To improve the implementation of agreed audit actions. SLT will monitor outstanding actions, receive monthly reports from Internal Audit, and ensure actions are progressed. Direct progress updates from action owners are now provided to Committee.</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.
<b>Small works expenditure</b>	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.
<b>Information Governance /GDPR</b>	<p>Recommendations across a number of areas to reduce the Council's information risk, increase accountability in GDPR terms, improve staff engagement with IG and awareness of IG and data protection matters and support improved ways of working which embed IG principles across the Authority. 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
<b>Contractor Management, additional risks</b>	<p>A number of new measures have been introduced to improve control in this area:</p> <ul style="list-style-type: none"> <li>• Recruitment &amp; Procurement officers will oversee each consultant appointment</li> <li>• Procurement will provide oversight and guidance on all contract matters; sponsors to be accountable for their contracts</li> <li>• All contractor sponsors, Procurement and HR to ensure compliance with PCR2015, IR35 and good commercial practice.</li> <li>• Project managers will work with Procurement to ensure proper evaluation of need in line with PCR2015</li> <li>• PMO, Procurement and Works SLT will ensure that clear and evidenced decision making is done and recorded through the governance framework.</li> </ul>	Actions implemented

Area	Action Plan for improvement	Progress to September 2023
	<ul style="list-style-type: none"> <li>HR has commenced a new monitoring system for contractor/consultant/other temporary staff.</li> </ul>	
<b>Market Towns Programme</b>	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.
<b>Project Management/Capital schemes</b>	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.
<b>Network Access</b>	ICT is setting up a regular review process to confirm users are current and legitimate. This is also supported by a leaver's notification process to ICT.	This has been actioned.
<b>Policies</b>	A review and inventory of all policies and strategies has been undertaken. Further work is planned to ensure the policies are fit for purpose and accessible.	Work is ongoing in this area.
<b>Morbidity/Growing number of years of ill health/Continued impact of COVID</b>	Increasing pressures are being felt by many parts of the public service system, primarily through the growing demand on support costs, a rise in complex individual cases which cuts across many service providers, through such things as disabled facilities grants and personal care costs. This is not something that any single agency has total responsibility for, and it requires joint working to deliver effective solutions focussing on wellbeing and life choices as well as housing, open spaces, transport infrastructure and the design of place.	Measures to reduce pressure on services are linked to the Council's Corporate plan: Priority 1 - Improving quality of life for local people Priority 2 - Creating a better Huntingdonshire for future generations Priority 3 - Deliver good quality, high value for money services with good control and compliance with statutory obligations
<b>Wider economic environment</b>	The Council's financial robustness is closely linked with the success of the overall local economy, driven in large part to a prosperous commercial sector. External economic factors do directly impact on the Council's financial plans and forecasts for new homes bonus, council tax and business rates incomes, and the level of demand for our services. We take our role on supporting the conditions for stable growth very seriously.	Measures to sustain financial robustness are linked to the Council's Corporate plan: Priority 1 - Improving quality of life for local people Priority 2 - Creating a better Huntingdonshire for future generations Priority 3 - Deliver good quality, high value for money services with good control and compliance with statutory obligations
<b>Housing Affordability</b>	The challenge of residents to afford market housing, and market rents represents a significant challenge to our residents and communities. In the worst cases this can contribute to homelessness, and direct financial consequences on the Council, as we must fund any shortfall between market rent and Local Housing allowance rate. Greater demand for housing, linked at times to emergency housing for migrants could exacerbate this issue.	Whilst Priority 1 of the Corporate Plan seeks to improve the quality of life for local people, the affordability of housing and market rents is not something the Council is able to control.
<b>Environmental pressures and sustainability challenges</b>	There is growing recognition of the significant consequences of a failure to properly account for human actions, and wider climactic events which are becoming increasingly common. The national risk register includes flooding and severe weather events as risks that as a country we should prepare for, and increasingly we have seen the impacts of	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.	
<b>Partner agency operational pressures</b>	<p>There is evidence to suggest that as parts of the public sector reduce their input into communities, that the demand transfers to other agencies. In Huntingdonshire, whilst partners work well together there continues to be the challenge of controlling additional demand and the corresponding budget pressures that it brings. Elsewhere financial pressures in one sector, have had significant financial and capacity impacts on the authority.</p> <p>The impact of Covid has further emphasised these challenges, as the demand and income pressures generated by Covid-19 have begun to impact. Collective work on recovery to properly understand the links between cause, and financial impact will be central and driven through shared recovery activity across all public sector partners.</p>	

#### 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"> <li>• IR35 compliance</li> <li>• Contract management (incl. inconsistent and non-compliant with procurement rules)</li> <li>• Contractor management</li> <li>• Contractor selection</li> <li>• Governance</li> <li>• Time management</li> </ul>	<ul style="list-style-type: none"> <li>• HR &amp; Recruitment oversee all engagement of contractors, with Procurement support sought where applicable, ensuring legislative requirements are met and the appropriate documentation sought and testing of employment made.</li> <li>• A register of all contractors employed within the organisation is presented to SLT each month for review and comment upon ongoing use.</li> <li>• Use of contractors has decreased across the council.</li> </ul>
ICT - Cyber security (4 red actions)	<ol style="list-style-type: none"> <li>1. Staff not provided with adequate cyber-security risk training and awareness.</li> <li>2. Endpoints with outdated Anti-Virus definitions.</li> <li>3. Unsupported operating systems in use on the Council's network.</li> <li>4. Excessive number of Domain Administrator privileged accounts.</li> </ol>	Completion of all agreed cyber audit actions. The ICT service is progressing these actions, monitored by Senior Management.
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"> <li>1. No documented information held about each application's dependencies which could be used to assess the</li> </ol>	<ul style="list-style-type: none"> <li>• Criteria determined for assessing migration to cloud</li> </ul>

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"> <li>• Framework defined to ensure all potential scenarios factored into the criteria.</li> <li>• Corporate Applications Roadmap drafted to ensure which applications the councils would migrate to the cloud as well as which ones must be migrated to the cloud.</li> <li>• Management assess the possible dependencies of each system.</li> </ul>
Towns Programme	<p>Loss of resourcing – the two interim officers are planned to leave in the short term (July &amp; 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 &amp; 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

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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

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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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Signed on behalf of  
Huntingdonshire District Council

**Appendix 1: Demonstrating the Principles**

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

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

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

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

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

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



28 November 2024

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

Dear Mark

### **Huntingdonshire District Council 2022/23 Financial Year Letter of Representation**

This letter of representation is provided in connection with your audit of the financial statements of Huntingdonshire District Council ("the Council") for the year ended 31 March 2023.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Council as of 31 March 2023 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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

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

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, 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 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge as members of management of the Council, our responsibility for the fair presentation of the Council's financial statements. We believe the Council's financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the Council's financial statements.
3. The significant accounting policies adopted in the preparation of the Council's financial statements are appropriately described in the Council's financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, that are free from material misstatement, whether due to fraud or error.

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

1. We acknowledge that we are responsible for determining that the Council's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the Council's financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws 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 Council's financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties.
  - involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

## **C. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the Council's financial statements.
3. We have made available to you all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 27 November 2024.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Council's financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition,

measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the Council's financial statements in the event of non-compliance, including all covenants, conditions, or other requirements of all outstanding debt.
7. From the date of our last management representation letter through to the date of this letter we have disclosed to you, to the extent that we are aware:
  - any unauthorised access to our information technology systems that either occurred or is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorised access to our information technology systems is reasonably likely to have a material impact to the Council's financial statements, in each case or in the aggregate; and
  - any ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.
8. We have disclosed to you, and provided you with full access to, information and any internal investigations relating to, unauthorised access to our information technology systems, what has a material effect on the Council's financial statements, including disclosures.

#### **D. Liabilities and Contingencies**

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

#### **E. Going Concern**

1. The Council has prepared the financial statements on a going concern basis and the Going Concern Assessment note within the Narrative Report (page 10) discloses all of the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action and the feasibility of those plans.

#### **F. Subsequent Events**

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

#### **G. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information within the Narrative Report and also the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

## H. Climate Related Matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate related matters has been considered and the Council has reflected these in the Councils financial statements.

Yours sincerely

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

Councillor Michael Burke  
Chair of Corporate Governance Committee



Huntingdonshire District Council

Annual Financial Report  
For the Year Ended 31 March 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.

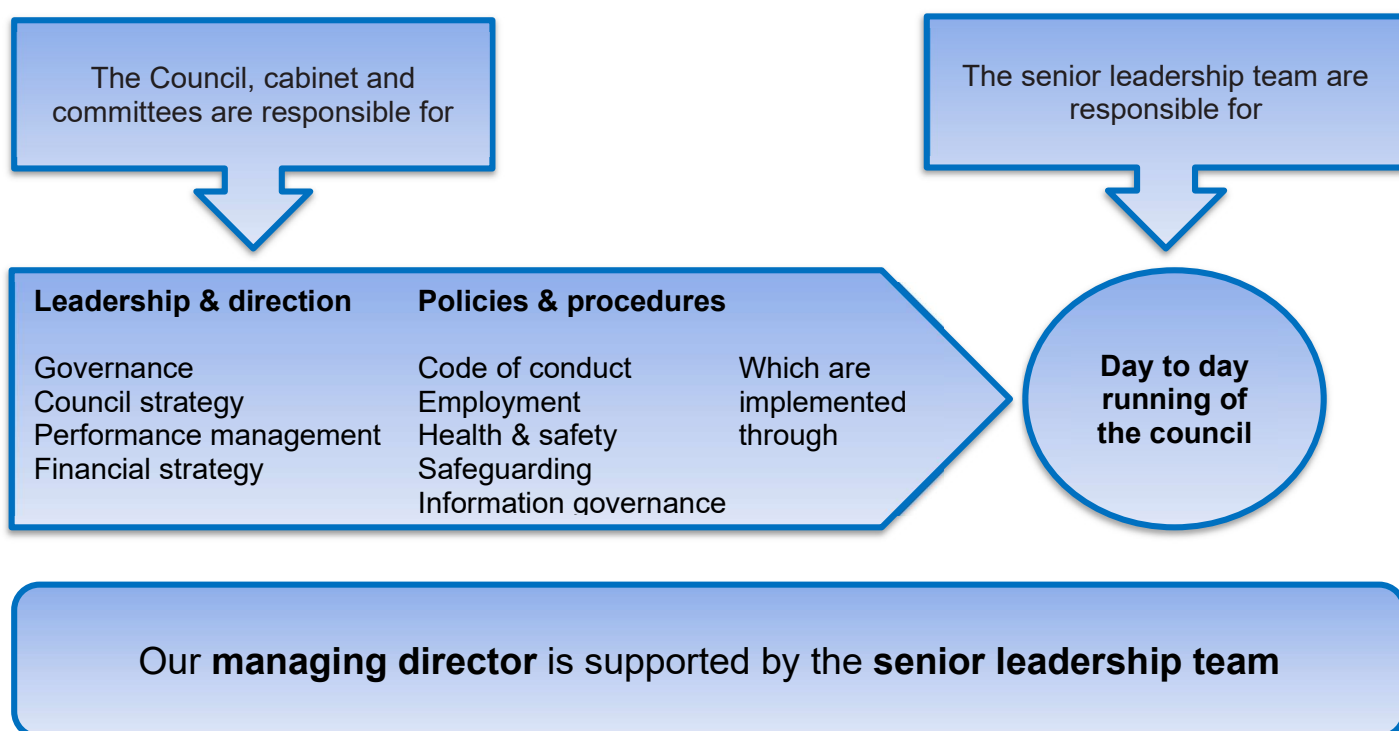


- **Economy and employment**  
 Figures indicate that in May 2023, unemployment levels across Huntingdonshire were significantly lower than the level of Great Britain as a whole, with 2.1% of residents aged 16-64 recorded in the DWP claimant count of those claiming universal credit or job seekers allowance 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)
<b>Budget requirement</b>	<b>24,299</b>	<b>25,501</b>	<b>22,709</b>	<b>22,116</b>	<b>21,543</b>
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	-	-	-	-	-
<b>Council tax requirement</b>	<b>10,255</b>	<b>10,774</b>	<b>11,309</b>	<b>11,860</b>	<b>12,426</b>
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	%
<b>Service</b>				
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	-	-	-	
<b>17,524</b>	<b>21,514</b>	<b>18,094</b>	<b>(3,420)</b>	<b>-16%</b>
<b>Net revenue expenditure</b>				
2,014	249	835	586	235%
1,990	-	2,834	2,834	100%
<b>21,528</b>	<b>21,763</b>	<b>21,763</b>	<b>-</b>	
<b>Budget requirement</b>				
<b>Financing</b>				
(9,558)	(8,853)	(9,283)	(430)	5%
(3,642)	(3,179)	(3,071)	108	-3%
979	-	322	322	100%
<b>Council tax for Huntingdonshire District</b>				
<b>9,307</b>	<b>9,731</b>	<b>9,731</b>	<b>-</b>	
<b>Council</b>				

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

The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 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)
	<b>12,776</b>	<b>26,898</b>	<b>2,225</b>	<b>41,899</b>	<b>10,194</b>	<b>18,342</b>	<b>(13,363)</b>

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)
	<b>(4,605)</b>	<b>(253)</b>	<b>24</b>	<b>4,605</b>	<b>(229)</b>

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.

	<b>Grants received 2022/23</b>	<b>Council acting as agent</b>	<b>Council acting as principal</b>	<b>Spend 2022/23</b>	<b>Grant remaining at 31 March 2023</b>
	£000	£000	£000	£000	£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	-
	<b>(11,636)</b>	<b>(10,602)</b>	<b>(1,034)</b>	<b>10,354</b>	<b>(1,282)</b>

### 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



## Movement in reserves statement

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

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

	General fund balance £000	Earmarked general fund reserves £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total council reserves £000
<b>Balance 1 April 2021</b>	<b>(2,175)</b>	<b>(32,454)</b>	-	<b>(37,583)</b>	<b>(72,212)</b>	<b>22,965</b>	<b>(49,247)</b>
<b>Movement in reserves during 2021/22</b>							
Surplus on provision of services	(4,229)	-	-	-	(4,229)	-	(4,229)
Other comprehensive income and expenditure	-	-	-	-	-	(36,559)	(36,559)
<b>Total comprehensive income and expenditure</b>	<b>(4,229)</b>	-	-	-	<b>(4,229)</b>	<b>(36,559)</b>	<b>(40,788)</b>
Adjustments between accounting basis and financing basis under regulations (note 9)	8,895	-	-	(10,639)	(1,744)	1,744	-
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<b>4,666</b>	-	-	<b>(10,639)</b>	<b>(5,973)</b>	<b>(34,815)</b>	<b>(40,788)</b>
Transfers to/(from) earmarked reserves	(4,666)	4,666	-	-	-	-	-
<b>(Increase)/decrease in year</b>	<b>-</b>	<b>4,666</b>	-	<b>(10,639)</b>	<b>(5,973)</b>	<b>(34,815)</b>	<b>(40,788)</b>
<b>Balance at 31 March 2022</b>	<b>(2,175)</b>	<b>(27,788)</b>	-	<b>(48,222)</b>	<b>(78,185)</b>	<b>(11,850)</b>	<b>(90,035)</b>

## Balance sheet

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

<b>31 March 2022</b>		note	<b>31 March 2023</b>
£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
<b>165,946</b>	<b>Long term assets</b>		<b>164,675</b>
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
<b>78,642</b>	<b>Current assets</b>		<b>82,219</b>
(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)
<b>(45,276)</b>	<b>Current liabilities</b>		<b>(35,987)</b>
(38,626)	Long term borrowing	17	(34,272)
(561)	Other long term liabilities	17	(573)
(70,090)	Net pensions liability	37	-
<b>(109,277)</b>	<b>Long term liabilities</b>		<b>(34,845)</b>
<b>90,035</b>	<b>Net assets</b>		<b>176,062</b>
(78,185)	Usable reserves	23	(92,281)
(11,850)	Unusable reserves	24	(83,781)
<b>(90,035)</b>	<b>Total reserves</b>		<b>(176,062)</b>

## Cash flow statement

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

<b>2021/22</b>		<b>2022/23</b>
£000		note    £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><b>26,711</b></u>	Cash and cash equivalents at the end of the reporting period	20 <u><b>9,040</b></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
<b>Net cost of services</b>	<b>37,331</b>	<b>(10,274)</b>	<b>(4,068)</b>	<b>3</b>	<b>(14,339)</b>	<b>22,992</b>
Other income and expenditure	(38,557)	1,399	(1,962)	14,976	14,413	(24,144)
<b>(Surplus)/deficit for the year</b>	<b>(1,226)</b>	<b>(8,875)</b>	<b>(6,030)</b>	<b>14,979</b>	<b>74</b>	<b>(1,152)</b>
Opening general fund balance at 1 April 2022						(29,963)
<b>Closing general fund balance at 31 March 2023</b>						<b>(31,115)</b>

	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
3CICT shared service	2,962	(287)	(517)	-	(804)	2,158
<b>Net cost of services</b>	<b>36,101</b>	<b>(9,793)</b>	<b>(4,850)</b>	<b>(18)</b>	<b>(14,661)</b>	<b>21,440</b>
Other income and expenditure	(40,330)	2,617	(1,929)	22,868	23,556	(16,774)
<b>(Surplus)/deficit for the year</b>	<b>(4,229)</b>	<b>(7,176)</b>	<b>(6,779)</b>	<b>22,850</b>	<b>8,895</b>	<b>4,666</b>
Opening general fund balance at 1 April 2021						(34,629)
<b>Closing general fund balance at 31 March 2022</b>						<b>(29,963)</b>



### 7.1.1 Adjustments for capital purposes

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

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

### 7.1.2 Net change for the pensions adjustment

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

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

### 7.1.3 Other differences

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

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

## 7.1.4 Segmental income

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

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)
<b>(51,834)</b>		<b>(49,830)</b>

## 8. Expenditure and income analysed by nature

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

2021/22		2022/23
£000		£000
	<b>Expenditure</b>	
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
<b>104,705</b>	<b>Total expenditure</b>	<b>101,581</b>
	<b>Income</b>	
(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)
<b>(108,934)</b>	<b>Total income</b>	<b>(102,807)</b>
<b>(4,229)</b>	<b>Surplus on the provision of services</b>	<b>(1,226)</b>

## 9. Adjustments between accounting basis and funding basis under regulations

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

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

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

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

	2021/22		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
<b>Adjustments to the revenue resources</b>			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	(6,779)	-	-
• 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)
<b>Total adjustments to the revenue resources</b>	<b>5,807</b>	<b>-</b>	<b>(16,968)</b>
<b>Adjustments between revenue and capital resources</b>			
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	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>3,049</b>	<b>(291)</b>	<b>-</b>
<b>Adjustments to capital resources</b>			
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	-	-	-
<b>Total adjustments to capital resources</b>	<b>39</b>	<b>291</b>	<b>6,329</b>
<b>Total adjustments</b>	<b>8,895</b>	<b>-</b>	<b>(10,639)</b>

## 10. Movements in earmarked reserves

This note sets out the amounts set aside from general fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet general fund expenditure in 2021/22 and 2022/23.

	<b>Balance 1 April 2021</b>	<b>Transfers in 2021/22</b>	<b>Transfers out 2021/22</b>	<b>Balance 31 March 2022</b>	<b>Transfers in 2022/23</b>	<b>Transfers out 2022/23</b>	<b>Balance 31 March 2023</b>
	£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)
	<b>(32,454)</b>	<b>(5,637)</b>	<b>10,303</b>	<b>(27,788)</b>	<b>(5,335)</b>	<b>4,183</b>	<b>(28,940)</b>

The following paragraphs provide an explanation of these reserves.

- S106 agreements - contains payments made by developers to meet their planning approval obligation to contribute to the funding of infrastructure and community requirements. As a relevant project is completed it is funded in all or part from this reserve.
- Commuted S106 payments - represents payments made by developers to meet their planning approval obligation to contribute to the funding of the maintenance of specified assets for a set period of years. As relevant maintenance costs are incurred funding is transferred from the reserve.
- Repairs and renewals funds - some services contribute an annual sum, and the funds are used to pay for one-off repair or renewal items, thereby smoothing the spending on large maintenance items.
- Strategic transformation reserve - to fund workflow streams associated with initiatives to improve the efficiency of the Council.
- Collection fund - excess non-domestic rates and council tax received from the collection fund due to be repaid in future years.
- Commercial investment fund - revenue allocation to meet future investment in commercial investment strategy.
- Market towns investment fund - a fund to support the redevelopment of Huntingdonshire's market towns.
- Budget surplus reserve - contains surplus funds that exceed the £2,175,000 maximum threshold for the general fund balance.
- Special reserve - to support business activity that will achieve future savings.
- Other reserves - this is a summary of other less significant reserves that support on-going service activity, including local plan activity, 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)
<b>7,917</b>		<b>7,906</b>

#### 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)
<b>(1,097)</b>		<b>(4,498)</b>

**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	-
<b>(47,150)</b>		<b>(41,965)</b>

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

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

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

**14.2 Depreciation methods used**

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

**14.3 Useful lives or depreciation rates used**

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

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

- other land and buildings – 10 to 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
<b>Carried at historical cost</b>	-	8,339	4,382	451	-	1,840
<b>Valued at current cost as at:</b>						
31 March 2023	33,655	-	-	-	-	-
31 March 2022	19,214	-	-	-	1,917	-
31 March 2021	9,456	-	-	-	-	-
<b>Total cost or valuation</b>	<b>62,325</b>	<b>8,339</b>	<b>4,382</b>	<b>451</b>	<b>1,917</b>	<b>1,840</b>

## 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
		<b>1,980</b>

## 14.7 Movement on property, plant and equipment

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

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
<b>Cost or valuation</b>							
<b>At 1 April 2021</b>	<b>60,959</b>	<b>22,437</b>	<b>10,133</b>	<b>451</b>	-	<b>411</b>	<b>94,391</b>
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	-	-
<b>At 31 March 2022</b>	<b>64,227</b>	<b>22,729</b>	<b>9,869</b>	<b>451</b>	<b>1,917</b>	<b>1,453</b>	<b>100,646</b>
<b>Accumulated depreciation</b>							
<b>At 1 April 2021</b>	<b>(2,193)</b>	<b>(13,553)</b>	<b>(5,646)</b>	-	-	-	<b>(21,392)</b>
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
<b>At 31 March 2022</b>	<b>(2,627)</b>	<b>(14,020)</b>	<b>(5,251)</b>	-	-	-	<b>(21,898)</b>
<b>Net book value</b>							
<b>At 31 March 2022</b>	<b>61,600</b>	<b>8,709</b>	<b>4,618</b>	<b>451</b>	<b>1,917</b>	<b>1,453</b>	<b>78,748</b>
<b>At 1 April 2021</b>	<b>58,766</b>	<b>8,884</b>	<b>4,487</b>	<b>451</b>	-	<b>411</b>	<b>72,999</b>

## 15. Investment properties

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

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
<b>(3,804)</b>		<b>(4,259)</b>
765	Net losses/(gains) from fair value adjustments	(836)
<b>(3,039)</b>		<b>(5,095)</b>

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

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

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

### Valuation techniques

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

### Fair value hierarchy

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

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

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

Fair value inputs level 2 other significant observable inputs at 31 March 2022		Fair value inputs level 2 other significant observable inputs at 31 March 2023
£000		£000
	<b>Asset type</b>	
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:

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

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

## 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)
<b>528</b>	<b>(456)</b>	<b>Net loss/(gain) for the year</b>	<b>213</b>	<b>(1,499)</b>



### 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
		<b>Assets</b>		
54,279	55,356	Loans and receivables	70,628	70,628
		<b>Liabilities</b>		
(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
<b>Financial liabilities held at amortised cost</b>				
(38,626)	(39,777)		(34,272)	(27,326)
(38,626)	(39,777)	2	(34,272)	(27,326)
<b>Total</b>				
			(10,857)	(11,018)
(10,928)	(10,930)		(10,857)	(11,018)
<b>(49,554)</b>	<b>(50,706)</b>		<b>(45,129)</b>	<b>(38,344)</b>
<b>Total financial liabilities</b>				
<i>Recorded on the balance sheet as:</i>				
(9,859)	(9,859)		(9,935)	(9,935)
(508)	(510)		(349)	(510)
<b>(10,367)</b>	<b>(10,369)</b>		<b>(10,284)</b>	<b>(10,445)</b>
<b>Short term financial liabilities</b>				
(38,626)	(39,777)		(34,272)	(27,326)
(561)	(561)		(573)	(573)
<b>(39,187)</b>	<b>(40,338)</b>		<b>(34,845)</b>	<b>(27,899)</b>
<b>Long term financial liabilities</b>				
<b>(49,554)</b>	<b>(50,706)</b>		<b>(45,129)</b>	<b>(38,344)</b>
<b>Total financial liabilities</b>				

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

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

The financial liabilities are shown below:

<b>31 March 2022</b>		<b>31 March 2023</b>
£000		£000
	<b>Long term</b>	
(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)
<b>(38,626)</b>		<b>(34,272)</b>
	<b>Short term</b>	
(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)
<b>(508)</b>		<b>(349)</b>
<b>(10,420)</b>	<b>Creditors</b>	<b>(10,508)</b>
<b>(49,554)</b>		<b>(45,129)</b>

**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
-	-	-	-	-	-	-	-
<b>33</b>	<b>190</b>	<b>79</b>	<b>302</b>	<b>37</b>	<b>183</b>	<b>182</b>	<b>402</b>

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	
30,861		31,903	
(1,863)	Provision for impairment of bad debts	(2,010)	
<b>28,998</b>		<b>29,893</b>	

**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	
28,342		11,924	
(1,631)	Bank overdraft	(2,884)	
<b>26,711</b>		<b>9,040</b>	

**21. Assets held for sale**

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

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

**22. Short term creditors**

<b>31 March 2022</b>		<b>31 March 2023</b>
£000		£000
	<b>Creditors and receipts in advance</b>	
(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)
<b>(38,114)</b>		<b>(28,581)</b>
	<b>Capital grants and other receipts in advance</b>	
(3,892)	Central government bodies	(2,842)
<b>(42,006)</b>		<b>(31,423)</b>

**23. Usable reserves**

Movements in usable reserves are summarised below:

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

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

### 24.1 Capital adjustment account

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

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

2021/22			2022/23	
£000	£000		£000	£000
	(54,925)	<b>Balance at 1 April</b>		(54,796)
		<b>Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement</b>		
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)	
		<b>Capital financing applied in the year</b>		
(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>	<b>Balance at 31 March</b>		<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)	<b>Balance at 1 April</b>		(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>	<b>Balance at 31 March</b>		<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	<b>Balance at 1 April</b>		(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>	<b>Balance at 31 March</b>		<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	<b>Balance at start and end of year</b>		156

## 24.5 Deferred capital receipts reserve

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

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

## 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.

<b>2021/22</b> £000		<b>2022/23</b> £000
<b>93,044</b>	<b>Balance at 1 April</b>	<b>70,090</b>
(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)
<b>70,090</b>	<b>Balance at 31 March</b>	<b>(4,803)</b>

## 24.7 Collection fund adjustment account

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

2021/22		2022/23
£000		£000
<b>9,918</b>	<b>Balance at 1 April</b>	<b>4,018</b>
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)
<b>4,018</b>	<b>Balance at 31 March</b>	<b>1,327</b>

## 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)
<b>20,823</b>		<b>(1,806)</b>

### 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)
<b>(19,476)</b>		<b>(14,010)</b>

### 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**

<b>2021/22</b>		<b>2022/23</b>
£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
<b>(13,056)</b>		<b>(2,858)</b>

**27. Cash flow statement - financing activities**

<b>2021/22</b>		<b>2022/23</b>
£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
<b>6,108</b>		<b>(223)</b>

**28. Members' allowances**

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

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

**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.

<b>2022/23</b>					
	<b>Salary (including allowances)</b>	<b>Election fees</b>	<b>Total remuneration excluding pension contributions</b>	<b>Employer pension contributions</b>	<b>Total remuneration including pension contributions</b>
	£000	£000	£000	£000	£000
Managing director - 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

<b>2021/22</b>					
	<b>Salary (including allowances)</b>	<b>Election fees</b>	<b>Total remuneration excluding pension contributions</b>	<b>Employer pension contributions</b>	<b>Total remuneration including pension contributions</b>
	£000	£000	£000	£000	£000
Managing director	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	-
<b>29</b>		<b>50</b>

## 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
<b>64</b>		<b>63</b>

## 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
	<b>Credited to taxation and non specific grant income</b>	
(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	-
<b>(16,229)</b>		<b>(6,988)</b>

2021/22		2022/23
£000		£000
	<b>Credited to services</b>	
(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)
<b>(31,549)</b>		<b>(27,562)</b>

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

31 March 2022		31 March 2023
£000		£000
	<b>Capital</b>	
(1,050)	Cambridgeshire Horizons - A14	-
(2,842)	Cambridgeshire Horizons - Other	(2,842)
<b>(3,892)</b>		<b>(2,842)</b>
	<b>Other</b>	
(52)	Mortgage rescue scheme	(52)
(61)	Preventing repossessions	(61)
<b>(113)</b>		<b>(113)</b>

The Council has received some grants that have no conditions attached; they have been recognised as income but are held in the capital receipts unapplied account pending their use to fund the relevant capital scheme. The balances at the year-end are as follows:

31 March 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)
<b>(48,222)</b>		<b>(56,639)</b>

## 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:

<b>Payments (from)/to</b>	<b>CCC</b>	<b>SCDC</b>
	£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
<b>71,431</b>	<b>Opening capital financing requirement</b>	<b>70,379</b>
	<b>Capital investment</b>	
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
	<b>Sources of finance</b>	
(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)
<b>70,379</b>	<b>Closing capital financing requirement</b>	<b>72,261</b>
<b>(1,052)</b>	(Decrease)/increase in underlying need to borrow (unsupported by government financial assistance)	<b>1,882</b>

### 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
<b>3,260</b>		<b>3,221</b>

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
<b>545</b>	<b>3,260</b>		<b>545</b>	<b>3,221</b>

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	-	
<b>18</b>			<b>-</b>	

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	
<b>32</b>			<b>28</b>	

### 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)	
<b>(51,486)</b>		<b>(34,289)</b>	

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

### 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	-	-	-	-	-	-	-	-
	<b>2</b>	<b>1</b>	<b>9</b>	<b>4</b>	<b>11</b>	<b>5</b>	<b>148</b>	<b>22</b>

### 37. Defined benefit pension schemes

#### 37.1 Participation in pensions schemes

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

The Council participates in two post-employment schemes:

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

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

### 37.2 Transactions relating to post-employment benefits

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

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

2021/22		2022/23
£000		£000
	<b>Comprehensive income and expenditure statement</b>	
	<b>Cost of services</b>	
9,580	Current service cost	8,895
172	Past service cost	83
	<b>Financing and investment income and expenditure</b>	
5,492	Net interest expense	7,169
(3,584)	Expected return on scheme assets	(5,223)
<b>11,660</b>	<b>Total post employment benefit charged to the (surplus)/deficit on the provision of service</b>	<b>10,924</b>
	<b>Other post employment benefit charged to the comprehensive income and expenditure statement</b>	
	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)	<b>Total post employment benefit charged to other comprehensive income and expenditure</b>	<b>80,923</b>
<b>29,733</b>	<b>Total post employment benefit charged to the comprehensive income and expenditure</b>	<b>91,847</b>
<b>41,393</b>		

2021/22		2022/23
£000		£000
	<b>Movement in reserves statement</b>	
	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
<b>(6,779)</b>	<b>Total movement in pensions reserve</b>	<b>(6,030)</b>

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
<b>Opening balance at 1 April</b>	(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
<b>Closing balance at 31 March</b>	<b>(261,461)</b>	<b>(181,859)</b>	<b>(2,371)</b>	<b>(1,978)</b>

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2021/22	2022/23
	£000	£000
<b>Opening balance at 1 April</b>	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)
<b>Closing balance at 31 March</b>	<b>193,742</b>	<b>188,640</b>

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%)
<b>Other investment funds:</b>								
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%
	<b>1,873</b>	<b>191,869</b>	<b>193,742</b>		<b>4,557</b>	<b>184,083</b>	<b>188,640</b>	

### 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:

<b>2021/22</b>
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<b>2022/23</b>
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#### 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
<b>Present value of liabilities:</b>					
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)
<b>Fair value of assets in the local government pension scheme</b>	152,753	143,605	179,317	193,742	188,640
<b>Surplus in the scheme:</b>					
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)
<b>Total</b>	(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	
<b>Balance at 1 April 2021</b>	<b>(1,770)</b>	<b>(13)</b>	<b>(1,783)</b>
Amounts used in 2021/22	946	-	946
Amounts charged to services in 2021/22	(294)	-	(294)
<b>Balance at 31 March 2022</b>	<b>(1,118)</b>	<b>(13)</b>	<b>(1,131)</b>
Amounts used in 2022/23	(1,318)	-	(1,318)
Amounts charged to services in 2022/23	1,118	-	1,118
<b>Balance at 31 March 2023</b>	<b>(1,318)</b>	<b>(13)</b>	<b>(1,331)</b>

- 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><b>Environment related</b></p> <p>The Environmental Protection Act 1990 Part IIA makes the Council liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. If the planning application made to the County Council is approved, this will reduce the probability of abandonment and the likelihood of the Council becoming liable will reduce considerably.</p> <p>However, at this time there is a possibility that the Council could be liable if the site is abandoned. Current estimates are that the cost of leachate treatment would cost £150,000 per annum for 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
<b>Corporate related</b>	
<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>	



## 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
<b>Council tax base</b>				<b>64,799</b>

### C3. Non-domestic rates

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

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

The business rates shares payable for 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**

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

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

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**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Internal Audit Service: Progress Report

**Meeting/Date:** Corporate Governance Committee –  
27th November 2024

**Executive Portfolio:** Executive Councillor for Resident Services &  
Corporate Performance, Councillor Stephen  
Ferguson.

**Report by:** Yasir Khan, Internal Audit Manager

**Ward(s) affected:** All Wards

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### **Executive Summary:**

This report provides Committee with an audit update since the last meeting. It advises Committee of any developments within the Internal Audit Team, revisions to the Internal Audit Plan, and any significant governance issues or developments.

The report presents tracking information on overdue audit actions – those actions that have not been implemented by management by the agreed due date. Currently there are 17 such overdue actions (16 last report) and this report presents updates on progress from the owners of the actions.

Since the last meeting of the Committee the audits of Commercial Estates Rent Review and Green Bins have been completed and reports have been issued. The action plan for the Code of Procurement audit and the report for the Whistleblowing review are being finalised.

In accordance with the Internal Audit Charter, the Internal Audit Manager continues to report functionally to the Corporate Governance Committee and administratively to the Director of Finance and Corporate Resources.

The Risk and Controls Officer left the Council in September 2024. A recruitment exercise has been undertaken however there were no suitable candidates. As of November 2024, the Risk and Controls officer role remains vacant, with the Director currently seeking interim resources to cover this role.

The Internal Audit Manager and the Internal Audit team have maintained organisational independence and have had no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery

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

**RECOMMENDATION:**

**It is recommended that the Committee review and note the progress report.**

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

- 1.1 The purpose of this report is to inform the Committee of the work undertaken by the Internal Audit Service. It incorporates progress against the Internal Audit Plan and tracking information on the progress of audit actions. This is to give visibility to Members of the progress being made in closing out audit actions and to strengthen governance. The report also advises the Committee of any resource information within the Team, any revised Internal Audit Plan for the remainder of the year and can be used for informing committee on any governance issues or developments.

## **2. BACKGROUND**

- 2.1 The Accounts and Audit Regulations 2015 require that the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account public sector internal auditing standards or guidance.” Internal Audit assists the Council and the Corporate Governance Committee to discharge its governance responsibilities. The work of the internal audit team supports the Council’s corporate objectives, and the corporate governance framework.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require that the Committee (who fulfil the role of the Board, as defined by PSIAS) receive an annual report on the work of the Internal Audit Service. Best practice suggests that interim reports should also be presented, to keep the Committee aware of any issues of concern that have been identified and the progress achieved with the delivery of the audit plan.
- 2.3 Internal audit coverage is planned so that the focus is upon those areas and risks which will have the greatest impact upon the Council’s ability to achieve its objectives. Internal Audit work should help add value to the Council by helping to evaluate the internal control environment, improve systems, mitigate risks, and subsequently inform the Annual Governance Statement.

## **3. KEY IMPACTS / RISKS**

- 3.1 Risk: Insufficient audit assurance work risks the inability to provide an Annual Audit Opinion.
- 3.2 The control to mitigate the above risk is the work performed by the internal audit team. Two audits, as mentioned above, were conducted and their actions have been discussed and agreed with the relevant Team Managers and Service Directors.

## **4. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES**

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

**5. REASONS FOR THE RECOMMENDED DECISIONS**

- 5.1 The report is for information purposes and allows Committee to gain an understanding of the views of the Internal Audit Manager on the internal control environment and systems of internal control.

**6. LIST OF APPENDICES INCLUDED**

Appendix 1 – List of Actions from the Internal Audits conducted from September to November 2024.

**CONTACT OFFICER**

Name/Job Title: Yasir Khan, Internal Audit Manager  
Tel No: 01480 388475  
Email: Yasir.Khan@huntingdonshire.gov.uk

**Appendix 1- List of Actions from the Internal Audits conducted from September/October to November 2024.**

**1. Commercial Estates rent review processes and invoicing 24/25 Audit**

	<b>Agreed Action</b>	<b>Action Owner</b>	<b>Due Date</b>
<b>Red</b>			
1	<p>Strategic Property and Asset Manager to draft a comprehensive Commercial Estates Management Policy. In respect of rent reviews, the policy should provide a hierarchy of the types and values of rent reviews and who may complete / approve these. Policy is subject to appropriate approval (Director of Finance and Corporate Resources).</p> <p>Process notes in respect of rent reviews and invoicing are documented.</p>	<p>Approval: Director of Finance and Corporate Resources</p> <p>Draft: Elizabeth Welbourn, Strategic Property Asset Manager (Estates)</p> <p>Process notes: Liam Cosbey, Rent and Estates Officer (Invoicing) Elizabeth Welbourn, Strategic Property Asset Manager (Estates) (Rent Reviews)</p>	30/04/2025
2	<p>The master data spreadsheet is subject to periodic (say, biannual) and formal review by the Strategic Property Asset Manager (Estates).</p> <p>Management to conduct a full review of the data included in the spreadsheet in respect of rent reviews to ensure it is complete, accurate and up to date. As part of this review, the following should be implemented to support the overall management and oversight of rent reviews:</p> <ul style="list-style-type: none"> <li>• Add a separate commentary column so there is more space and commentary can be dated and tracked. Generic rent review status categories may then be applied and easily filtered.</li> </ul>	Elizabeth Welbourn, Strategic Property Asset Manager (Estates)	31/01/2025

	<b>Agreed Action</b>	<b>Action Owner</b>	<b>Due Date</b>
	<ul style="list-style-type: none"> <li>Apply a prioritisation category to each outstanding review which may then be updated upon subsequent review.</li> </ul>		
	<b>Amber</b>		
3	<p>Strategic Property and Asset Manager to introduce periodic (say, biannual) portfolio wide reporting of completion status of rent reviews to enable oversight by Director of Finance and Corporate Resources.</p>	<p>Review: Director of Finance and Corporate Resources</p> <p>Reporting: Elizabeth Welbourn, Strategic Property Asset Manager (Estates)</p>	31/01/2025
4	<p>Rent and Estates Officer to ensure invoicing controls are appropriately evidenced as follows:</p> <ul style="list-style-type: none"> <li>The reconciliation of total amount invoiced between prior quarter and current quarter is clearly documented for both modern and traditional invoices on the invoicing spreadsheet.</li> <li>The total of all invoices raised on Tech 1 is agreed to the total per the invoicing spreadsheets and a screenshot from Tech 1 saved to the spreadsheet as evidence.</li> <li>Review of monthly recurring invoices by Strategic Property Asset Manager and confirmation is evidenced via email or otherwise and retained on file.</li> <li>Line by line check between current month and previous month rent amounts for monthly invoiced tenants evidenced within additional column added to spreadsheet.</li> </ul>	Liam Cosbey, Rent and Estates Officer	31/12/2024
	<b>Green</b>		
5	<p>Strategic Property and Asset Manager to amend the Delegated Authority Form so that it evidences who has completed the rent review and submitted the proposal.</p>	Elizabeth Welbourn, Strategic Property Asset Manager (Estates)	Already actioned

## 2. Green Bins Implementation and Transfer to BAU Operations 24/25 Audit

Agreed Action	Supporting evidence	When by	Who by
<b>Amber</b>			
1 Create process notes to cover process from start to finish. Ensure the process notes include hierarchy of roles and cover the subscription renewal process.	Upload a copy of the process notes	30 April 2025	Heidi Field (Waste Minimisation Officer)
2 Upload all risks to the risk register.	Confirmation that risk have been uploaded.	28 February 2025	Andrew Rogan (Operations General Manager)
3 Include details of all contracts used in the service, who they are owned by and when they expire, onto the Operations Supplier List which is being created.	Upload a copy of the suppliers list.	31 January 2025	Andrew Rogan (Operations General Manager)

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**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Implementation of Internal Audit Actions

**Meeting/Date:** Corporate Governance Committee – 27 November 2024

**Executive Portfolio:** Executive Councillor for Resident Services and Corporate Performance, Councillor Stephen Ferguson

**Report by:** Yasir Khan, Internal Audit Manager

**Ward(s) affected:** All Wards

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### **Executive Summary:**

Key performance indicator: 100% of audit actions to be implemented by the agreed date, which was not achieved. Reasons have been provided for why audit actions are overdue in Appendix 1 of this document.

Statistics at 15 November 2024:

**16** actions not implemented by due date (same as last report)

5 actions **implemented** and closed in last 90 days (rolling period)

**53** audit actions **closed** in the last year (rolling 12 month period)

**31 open** audit actions (15 actions are not yet due)

### **RECOMMENDATION:**

**It is recommended that the Committee consider the report and comment on the progress achieved and state any action they wish to be taken.**

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

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

## **2. WHY THIS REPORT IS NECESSARY**

- 1.1 The activities of the Internal Audit team are pivotal to the organisation's governance and control processes. The findings of audit reviews demonstrate compliance with controls and processes or identify where improvements need to be made. Tracking the recommendations and closure of these is key to maintaining robust control and evidencing the organisation's commitment to achieving Priority 3 of the Corporate Plan (2023-2028) which is about 'doing our core work well' through 'delivering good quality, high value-for-money services with good control and compliance with statutory obligations'.

## **3. BACKGROUND**

- 1.2 Following each audit review, audit conclusions, associated actions and implementation dates are agreed between the service manager and the audit team. Recommended actions following an audit are discussed, and the audit report is a record of what has been agreed by way of actions and their target dates.
- 1.3 The target for the implementation of agreed internal audit actions to be introduced on time is set at 100% in line with best practice. The deadline date is agreed with the service manager; actions should be completed by their target date or reasons presented where this is not possible e.g., system changes take longer than expected or other service demands which carry a greater risk take priority.

## **4. MONITORING OF ACTION COMPLETION**

- 1.4 Operational circumstances sometimes mean non-implementation or missed deadlines for an audit action. Increased efforts have been made to ensure Service Managers are aware of outstanding actions, update whether progress has been made or operational factors have affected their implementation. Overdue actions are reported to Committee for governance oversight.
- 1.5 Extensions to deadlines are no longer given. Instead, Action Owners can insert their own progress update, which give an indication of work being taken to implement the action and to notify reasons for delay.
- 1.6 As at the 15 November 2024, 16 actions have not been closed within target and are reported as overdue actions. Appendix 1 to this report details these actions and the updates provided by the relevant Service Managers detailing progress and also an update by Internal Audit with reasons for why the actions are still outstanding and potential new completion dates.

This provides the Committee with insight to the progress being made, delays or hold-ups and an expected completion date.

- 1.7 Officers with actions assigned to them have direct access to the system to enable them to manage those actions. Reminders are sent from the 4Action system in advance of the target date and managers are requested to act on these.

## **5. KEY IMPACTS**

- 5.1 If the Council does not maintain strong governance and control or demonstrate that it is monitoring compliance with its controls, then it is failing in its statutory responsibilities. The activities of Internal Audit, feed into the Council's Code of Governance and monitor the implementation of its actions to strengthen compliance by mitigating key risks. Based on this, Internal Audit provides assurance to those tasked with managing governance within the Council, to ensure it is acting appropriately.
- 5.2 Responsibility for implementation of agreed audit actions lies with the action owners and their managers; Internal Audit's role is to track implementation and to report to the Committee.
- 5.3 Actions that are proposed by Internal Audit but not agreed by service managers are included in the Internal Audit report, together with the reasons why the service manager does not agree to implement the proposed action(s). Senior management are asked to decide on whether the action needs to be taken or risk accepted (with reference to risk appetite).
- 5.4 An action that is not implemented means that any weakness or risk originally identified in the audit report, and which the action was designed to address, may remain as a risk albeit other controls within the organisation may mitigate the impact.
- 5.5 If an audit action is no longer relevant, due to process changes or new updates, the service manager/action owner should liaise with the Internal Audit team and discuss if the risk still remains and agree any new action(s) to mitigate the changed risk.

## **6. LINK TO THE CORPORATE PLAN**

- 6.1 The Internal Audit Service provides independent, objective assurance to the Council by evaluating the effectiveness of risk management, control, and governance processes. The outputs of its activities provide evidence to demonstrate the achievement of Priority Three by services; *"delivering good quality, high value for money services with good control and compliance with statutory obligations"*.

**7. REASONS FOR THE RECOMMENDED DECISIONS**

- 7.1 The report is presented to Committee to give transparency on the progress being made in completing audit actions.

**8. LIST OF APPENDICES INCLUDED**

Appendix 1 – Internal Audit actions not implemented by due date as at 15 November 2024.

**CONTACT OFFICER**

Yasir Khan- Internal Audit Manager

Tel No: 01480 388475

Email: [yasir.khan@huntingdonshire.gov.uk](mailto:yasir.khan@huntingdonshire.gov.uk)

Reference	Summary	Issue	Recommendation	Assignee	Variable Target	Fixed Target	Status	Timing	Service Area	Priority Level	Last Update	Creator	Description	Text2	Internal Audit Update
1612	Small Works Contract 21.22 / 3	Formal contract management monitoring arrangements will be established, including review of spend, spot checking procurements and routine liaison meetings with service users and the supplier.	Notes of meetings, spend reports for example.	Matthew Raby	30/11/22	30/11/22	In Progress	Late	Corporate Resources	Amber	15/07/24	Claire Stanley	Update from Follow Up ADD UPDATE TO ACTION	and Framework has been provided by Constellia. Regular spending reports will be submitted to Constellia and this will be used to monitor spending and progress. Spot checks will be completed on a monthly basis. This action will remain open until evidence of the spot checking	The arrangements for formal contract monitoring are being finalized for another audit (Code of Procurement Review). Its implementation date shall be agreed in due course but tentatively will be around March/April 2025.
1625	Overtime 21.22 Action 1	The published policy for Expenses and Allowances (including Overtime) will be reviewed and updated to ensure that it is fit for purpose, and accessible to staff and managers. This will support working arrangements prior to a longer term, fundamental review of our policy.	Copy of revised policy	Nicki Bane	31/10/23	31/03/25	Not Started	Late	Corporate Resources	Amber	02/10/23	Nicki Bane	Policy will not be updated until March 2025 as per time scales	Due to other associated work the Pay policy will not be updated until other actions have taken place, this will be at least 18 months away	Policy will be updated by March 2025 as per previous update hence not overdue.
1652	Corporate Enforcement Policy 21.22 / 4	Review and re-write the policy, where necessary, in collaboration with all users and so that the policy is relevant, correct and reflects the enforcement appetite. Policy needs to contain the new HDC objectives and ensure that it covers everything that the officers and portfolio holders need it to cover. The policy is due for review by February 2023	Upload a copy of the updated policy.	Claudia Deeth	30/12/23	30/12/23	In Progress	Late	Chief Operating Officer	Amber	12/03/24	Claudia Deeth	The rewrite of the enforcement policy has been included as an action within the 2024/25 Community service plan with a target date of completion by July 2024.		Sent e-mail to Claudia on 15/11/2024. No update received from her as of 15/11/2024.
1658	Shadow IT / Service-Procured Systems 21.22 / 1	The Council's Procurement Lead should review and, where necessary, update the Council's Code of Procurement so that it establishes a requirement for the procurement of any service to include the involvement of all relevant stakeholders, including the procurement of any IT system requiring the involvement of the ICT Service. This should be approved, in consultation with various key stakeholders across the Council, communicated to members of staff and reviewed on a routine basis or following any significant changes to the Council's operations.	1.The Council's reviewed Code of Procurement and evidence of approval 2.Evidence that this has been communicated to members of staff	Sarah Youthed	31/03/23	31/03/23	In Progress	Late	3C ICT	Amber	11/03/24	Sarah Youthed	Update March	To chase this - CoP has had changes made to include new thresholds and terminology. Awaiting for approval	The arrangements for updating the code of procurement (in line with the new Procurement Act 2023) are being finalized for another audit (Code of Procurement Review). Its implementation date shall be agreed in due course but tentatively will be around March/April 2025.
1668	Data Protection/Information Mgt REPLACEMENT ACTION	Review the data holdings, indexing, and deletion routines within Anite/Information@Work system. Implement these arrangements, and submit a budget bid or plan outlining the steps to enable us to delete unnecessary historic records.		John Taylor	30/04/24	30/04/24	In Progress	Late	Chief Operating Officer	Amber	31/05/24	John Taylor - Chief Operating Officer	May-24 Update	2.Steps taken are: a.Successful bid made to Ideas Process b.Secured dedicated resource to conduct investigations to confirm whether this remains a risk c.Extensive fieldwork done with services, application support, IG and the supplier of the software. We have also conducted external benchmarking to see if this risk exists with other Councils and confirmed it does.	Action on track and from prior update in September 2024. Sent e-mail to John on 15/11/2024. Awaiting for response.
1669	Section 106 Agreements	To commence a review of S106 priorities, processes, roles, responsibilities, governance, reporting and resourcing to ensure HDC are maximising the use of S106. The outcomes of the review and subsequent actions will be agreed by CLT. Recognising the intrinsic link with decision making this will need to be part of the programme of wider improvements to the delivery of the development management service.  Implementation will be overseen by the Chief Planning Officer who will be supported in delivery by the Implementation Team Leader and other officers as appropriate.	Copy of review documentation and programme Copy of CLT minutes	Claire Burton	31/10/23	31/10/23	In Progress	Late	Corporate Director - Place	Amber	03/09/24	Claire Burton	September 24 progress update	Previous update still valid. Action part 1 completed by 31 October 2023 deadline. But progress now halted due to vacant programme manager post. Tasks are being completed where possible within existing resource capabilities. Currently exploring external support to undertake a healthcheck of the S106 process	As per update from Claire on 15/11/2024, a consultant has been appointed for a short period to undertake an initial assessment of S106 and processes for this councilwide. She is due to start later in November 2024. Tentative closure date for this is now 28/02/2025.

1672	Social Value in Procurement 22.23 Action 2	The Council's Social Value Policy and Framework document will be reviewed and updated to ensure it reflects existing corporate aims and values, and also is aligned with the decisions made as a result of the Business Case document. The policy will clarify coverage of Social Value in procurement, including minimum points available for in tender assessment, and contracting documentation. Any related documentation and templates will be updated as a result of the revised policy.	Copy of updated Social Value Policy and Framework Evidence of SLT and Member approval Copy of updated documents	Suzanne Jones	30/09/23	30/09/23	In Progress	Late	Corporate Resources	Amber	27/06/24	Karen Sutton	June 2024 update	Approval to recruit granted, role description drafted, recruitment to commence ASAP	Sent e-mail to Suzanne Jones (the new Director of Finance and Corporate Resources) on 15/11/2024 for an update as Karen (The previous Director of Finance and Corporate Resources) did not provide an update when she left in July 2024. Other staff in finance are not aware of this action.
1673	Social Value in Procurement 22.23 Action 3	An action plan will be devised to support the introduction of contract management processes which are proportionate to the nature and value of procurement exercises undertaken, and which address social value obligations where relevant.	Copy of action plan and any process documentation	Suzanne Jones	30/09/23	30/09/23	Not Started	Late	Corporate Resources	Amber	27/06/24	Karen Sutton	June 2024 update	Approval to recruit granted, role description drafted, recruitment to commence ASAP	The arrangements for controls over contract management and post award contract review are being finalized for another audit (Code of Procurement Review). Its implementation date shall be agreed in due course with SLT but tentatively will be around March/April 2025.
1675	Social Value in Procurement 22.23 Action 5	A series of Lunch and Learn sessions, covering key aspects of social value, contracting and procurement will be developed and delivered. Training will be supported by signposting to key documents / sources of information.	Copy of presentation slides Attendee lists	Sarah Youthed	30/04/23	30/04/23	In Progress	Late	Corporate Resources	Amber	11/03/24	Sarah Youthe	Update March 2024	Procurement Lead currently working with Anglia Ruskin Uni with a bespoke training course on sustainability in Procurement - 4 days. First date completed (8 March 24), 2nd date to commence 15 March 24. Once full training has been given then Procurement will plan SV training to be included in general Procurement & Contract Management training.	Action plan to provide training to key staff for procurement and contract management areas are being finalized for another audit (Code of Procurement Review). Its implementation date shall be agreed in due course with SLT but tentatively will be around March/April 2025.
1678	Fuel Usage and Payments 22.23 Action 2	Once the decision on fuel has been made, the fuel contract will be re-let and listed in the contracts register to allow for corporate oversight by the Procurement Lead.	Review on contracts register	Colin Moss	30/09/23	30/09/23	In Progress	Late	Operations	Amber	21/05/24	Colin Moss	HVO trial is still going		Audit action is expected to be completed in October 2024 as per update in September 2024. Sent e-mail to Colin on 15/11/2024 to confirm if the action has been completed. Awaiting response from Colin.
1680	Fuel Usage and Payments 22.23 Action 4	The need for the spare 50,000 litre tank will be reviewed in terms of cost and value, and the decision to continue or otherwise made at SLT. It will be made clear to SLT that only limited controls can be applied to this part of the fuel supply.	SLT minutes	Colin Moss	30/09/23	30/09/23	In Progress	Late	Operations	Amber	21/05/24	Colin Moss	This is tied into the H		Audit action is expected to be completed in October 2024 as per update in September 2024. Sent e-mail to Colin on 15/11/2024 to confirm if the action has been completed. Awaiting response from Colin.
1690	Debtors Continuous Auditing 22.23 / 1	Review and update the Debt Management Policy. Obtain appropriate approval of the revised policy.	Updated Debtors Policy	Sandra Dean	30/06/23	30/06/23	In Progress	Late	Corporate Resources	Amber	05/03/24	Karen Sutton	March 2023 update	The Director of Finance & Corporate Resources has agreed to draft this policy and to present it for approval.	Sent e-mail to Sandra on 15/11/2024. Awaiting on her response
1707	PCI-DSS / 1	THIS ACTION REPLACES THE ORIGINAL ACTIONS 1-3 OF THE PCI-DSS 18.19 ALL OF WHICH WERE OUTSTANDING AT CLOSURE IN JUNE 2023.  Launch a PCI-DSS compliance programme to achieve compliance for all channels across the organisation including business change were required.  A long implementation date (Sep 24) has been given until phases of the programme have been determined, at which point it is hoped each phase will have a date attached. Regular progress updates will be provided in 4 Action and to Corporate Governance Committee.		Suzanne Jones	30/09/24	30/09/24	Not Started	Late	Corporate Resources	Amber					Sent e-mail to Suzanne Jones (the new Director of Finance and Corporate Resources) on 15/11/2024 for an update as Karen (The previous Director of Finance and Corporate Resources) did not provide an update when she left in July 2024. Other staff in finance are not aware of this action.
1709	Risk Management 22.23 / 1b	This could be via periodic Risk Management workshops / presentations, via mandatory annual online training module or face to face meetings with Risk and Controls Officer. Note: Service Director (Finance and Resources) has stated this will likely be via mandatory, annual online training module).	Training rolled out to staff	Suzanne Jones	31/03/24	31/03/24	In Progress	Late	Corporate Resources	Red	27/06/24	Karen Sutton	June 2024 update	Approval to recruit granted, role description drafted, recruitment to commence ASAP	Actions 1709, 1710 and 1712 relate to risk management and will need to be completed by a risk and controls officer or Risk Manager. The previous risk and control officer left HDC in September. The post is still vacant. The Director of Finance and Corporate resources is considering the recruitment of an experienced risk and controls manager who can independently work on risk management at HDC and complete these actions. Until the Risk and control manager or officer is recruited, these actions cannot be completed. A tentative date for these actions to be completed is potentially April 2025.

1710	Risk Management 22.23 / 1c	Completion of training required by strategy subject to oversight / monitoring	Review of training completion data and evidence of its oversight / reporting.	Suzanne Jones	30/04/24	30/04/24	Not Started	Late	Corporate Resources	Red	21/05/24	Karen Sutton	May 2024 update	Completion of this action is linked to the completion of action 1609 and therefore cannot commence at this stage.	Same as Above
1712	Risk Management 22.23 / 2b	responsible for the reporting and formalise what reporting will take place. Note: reporting of the following information would enable robust oversight of the implementation of the risk management strategy: - % service / support functions with risks populated - % risks reviewed in quarter - % control assessments completed every 6 months - RM maturity assessment (judgemental) - % training complete (based on action 1) - Risk register data gaps - Completion of Risk Treatment Option Forms where required Reporting of the following would enable understanding of the Council's risk portfolio: - High risks – inherent and residual - Key actions / controls re high risks - Overdue actions - Risk appetite breaches	Review of standardised risk reports and evidence of their review by receiving forum (meeting minutes).	Suzanne Jones	31/03/24	31/03/24	Not Started	Late	Corporate Resources	Red	27/06/24	Karen Sutton	June 2024 update	Approval to recruit granted, role description grafted, recruitment to commence ASAP	Same as Above
1739	Tree Management 23.24 / 8	Confirm whether the responsibility for defensibility work, specifically for challenging and scrutinizing the accuracy of claim reports from third parties, lies with HDC or Insurer.	Correspondence between Arboricultural Service and Insurer	Chris Jones	31/08/24	31/08/24	Not Started	Late	Corporate Resources	Amber					Sent e-mail to Chris Jones on 15/11/2024. Awaiting response from Chris.

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## CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
25/09/2024	<p><b>Internal Audit Peer Review Challenge Actions – Update</b></p> <p>To receive a further update on actions at the next Committee meeting.</p>	27/11/2024	<p>There were four actions that were due to be completed/implemented from the LGA Peer Review.</p> <p>Two of these actions have been completed and two remain as work in progress.</p>	Internal Audit Manager	No
25/09/2024	<p><b>Implementation of Internal Audit Actions</b></p> <p>Committee requested an update on the recruitment of Programme Manager.</p>	27/11/2024	This remains outstanding. An update is awaited from the action owner.	Internal Audit Manager	No
N/A	<p><b>Corporate Risk Register</b></p> <p>Committee requested an exception report on where there has been movement in risks/action taken since last reported.</p>	29/01/2025	Standing item,	Director of Finance and Corporate Resources	No
N/A	<p><b>Constitution Review Working Group</b></p>	N/A	Meetings of the Working Group have been held on 18 July and 17 September 2024 at which the Group discussed the principles	Elections & Democratic	No

## CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

	<p>Constitution Review Working Group appointed at Annual Council on 22 May 2024.</p>		<p>and areas for review and the possible work programme with representatives from the Association of Democratic Services Officers (ADSO) who have been asked to work with the Group on this project. Future meetings will focus on reviewing different parts of the Constitution in turn and a meeting was held on 12 November 2024 to discuss the Council Procedure Rules. Further draft to be updated by ADSO. Members of the Working Group have been asked to seek the views of Members of their Groups as part of the review process.</p>	<p>Services Manager</p>	
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