Huntingdonshire District Council

Annual Financial Report

For the year ended 31st March 2019

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By the Head of Resources

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2018/19 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2019.

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

- Commentary and review of 2018/19.
- The Financial Statements.
- Technical information.

Commentary and Review of 2018/19

The District

Huntingdonshire District Council's area covers approximately 91,300 hectares of the north western part of the County of Cambridgeshire. With a population of 176,980 it is the largest district in the county by both land area and population. The population is forecast to grow to around 210,000 by 2036.

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

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

Economic activity (production, distribution and consumption of goods and services) in the area is high with an estimated 85% of residents aged 16-64 classed as economically active and an 82.4% employment rate among residents aged 16-64.

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

Governance

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

Organisational Model

The head of paid service of the Council is the Managing Director who has 2 Corporate Directors (Delivery and Services), 1 Assistant Director (Transformation) and 6 Heads of Services (Community, 3C's ICT, Development, Leisure and Health, Operations and Resources)

Risks

Following a review of the strategic risks faced by the Council, the 2018/19 Annual Governance Statement (AGS) has identified the following key risks:

- **Housing affordability**

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

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

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

- **Wider economic environment**

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

- **Skill levels and educational attainment**

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

Review of the Year

2018/19 has been another challenging year for the Council with the reduction of grant funding from Central Government as austerity measures continue.

The Council set a gross budget for the year of £73.690m, following fees and charges income and reserve movements set a net budget £20.308m (2017/18; £20.177m), a net increase of £0.131m (0.65%). After allowing for the following non-ring fenced government grants:

- Revenue Support Grant of £0.604m (2017/18; £1.182m),
- Business Rates Retention scheme (NDR) of £5.841m (2017/18; £4.622m),
- New Homes Bonus of £2.718m (2017/18; £3.656m),
- Section 31 Grant of £1.729m (2017/18; £1.018m)
- Collection Fund surplus of £0.966m (2017/18; £1.534m surplus)

and a contribution to revenue reserves of £3.026m (2017/18 £3.032m). This left the Council to raise £8.450m (2017/18; £8.166m) from Council Tax which equated to a Council Tax of £138.56 (2018/19; £135.84) for a Band D equivalent property. This represented a 2.00% increase for a Band D council tax payer.

Performance

How the Council performed against its Objectives and Budget are detailed below. Further information can be found in the 20 June Cabinet report (click here).

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

- Significant achievements this year include improved attendance at group exercise classes aimed at older adults, higher numbers of volunteering opportunities provided and progress with the Local Plan (which was subsequently adopted by the Council on 15 May 2019).
- The number of young people taking part in Active Lifestyles activities such as Mini Movers, Mini Dribblers, Parish Council Holiday activities and street sports increased by nearly 50% to 3,264 participants.
- Through focussing on early interventions, the Housing Needs Team successfully prevented 405 people from becoming homeless in 2018/19.
- The average length of time taken to complete Disabled Facilities Grants works was cut to 20.6 weeks from 40.6 weeks in 2017/18.
- The Grants Panel awarded over £37k of Community Chest funding to 22 local community groups and the One Leisure Active Lifestyles Team worked with nearly 50 partners to develop sport and physical activity facilities.
- We have facilitated a record number of litter picks, supporting the 'Great British Spring Clean', and have secured £31k worth of funding from the government to 'Clean Up High Streets & Town Centres'. The less glamourous side of dealing with litter and waste in Huntingdonshire was highlighted on Channel 5's 'Life of Grime' television show.

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

- Hinchingbrooke Country Park achieved Green Flag status, with Priory Park retaining its Green Flag and progress on achieving this at Riverside St Neots ongoing.
- Performance improved in street cleansing and grounds maintenance services and there was also an improvement in our recycling/composting/re-use rate, with the proportion of household waste sent to landfill falling to less than 42% from 45% in 2017/18.
- The Planning team achieved all targets on processing planning applications in time.
- The numbers of new homes and affordable homes both exceeded expectations.

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

- The new Customer Portal launched on our website in Q3 and we went live with access to Council Tax and Housing Benefit services in Q4. Over 1,200 accounts were created by the end of April and nearly half of our customers are accessing services 'out of hours'.

- Our 'icare' values (Inspiring, Collaborative, Accountable, Respectful, Enterprising) are now firmly in place, with all staff trained on the values we are striving to demonstrate. The People Group (staff from all services) continue to help develop our approach to applying the values across the Council.

- Our employee survey results showed an improvement in 85% of comparable results.

- There were improvements in the average time taken to process both new claims and changes of circumstances for Housing Benefit and Council Tax Support.

- The total amount of energy used in Council buildings fell by 11% compared to usage in 2017/18 – a reduction of over 1.2 million kilowatt hours.

- The only action that was significantly behind schedule was the action to maximise the income generating potential of all traded activities at One Leisure facilities. This was Red due to a shortfall in income against budget, due in part to delays in delivering the swimming pool project at St Neots and underperformance of the Burgess Hall and One Leisure Huntingdon. However, One Leisure Ramsey, Sawtry and St Ives (Indoor and Outdoor) performed well and in line with expectations and a plan is in place to recover performance during the 2019/20 financial year.

- Three indicators missed targets by more than acceptable variance and details of these 'Red' indicators are shown below. Performance clinics focus on delivering continuous improvements in all services.

    - Only 85% of Stage 1 complaints were resolved within time against a target of 95%. 46 of 60 late responses this year related to complaints about services provided by Operations.

    - Our timely response rate to Stage 2 complaints was also below target at 81%, with three of these complaints not responded to within time. Two late responses to Stage 2 complaints related to services provided by Community and one late response to a Stage 2 complaint was about a service provided by Development.

    - The percentage of calls to the Call Centre which were answered was below the 90% target. However, the latest annual result of 82% is an improvement on the 79% achieved in 2017/18. Customer Services have experienced high staff turnover this year and use of agency and temporary staff has required considerable training to be provided. The launch of the new digital customer portal with integrated forms is expected to help reduce call volumes and allow more streamlined customer contact via e-forms.

Revenue Spending and Sources of Income

The Table below sets out the Council's Budget for 2018/19 and how it performed and details the main sources of income the Council receives to pay for its services.

2017/18 Outturn £000		2018/19 Budget £000	2018/19 Outturn £000	Variation £000	%
	Service				
1,837	Community	1,758	1,598	(160)	(9)
2,504	Customer Services	2,533	2,419	(114)	(5)
1,735	3C's ICT Shared Service	2,128	1,983	(145)	(7)
1,080	Development	1,071	333	(738)	(69)
127	Leisure and Health	(190)	279	469	(247)
4,832	Operations	3,925	4,522	597	15
4,291	Resources	4,415	4,361	(54)	(1)
2,052	Directors and Corporate	1,642	1,819	177	11
18,458	**Net Revenue Expenditure**	**17,282**	**17,314**	**32**	**0**
3,067	Contribution to Reserves	3,026	3,274	248	8
(1,348)	Contribution from Earmarked Reserves	0	(280)	(280)	
20,177	**Budget Requirement**	**20,308**	**20,308**	**0**	**0**
	Financing				
(5,048)	NDR and Council Tax Surplus/Deficit	(7,570)	(7,639)	(69)	1
(5,977)	Government Grant (Non-Specific)	(3,322)	(4,717)	(1,395)	42
(1,248)	Contribution to/(from) Collection Fund Reserve	(966)	498	1,464	(152)
262	Contribution to/(from) Other Reserves	0	0	0	0
8,166	**Council Tax For Huntingdonshire DC**	**8,450**	**8,450**	**0**	**0**

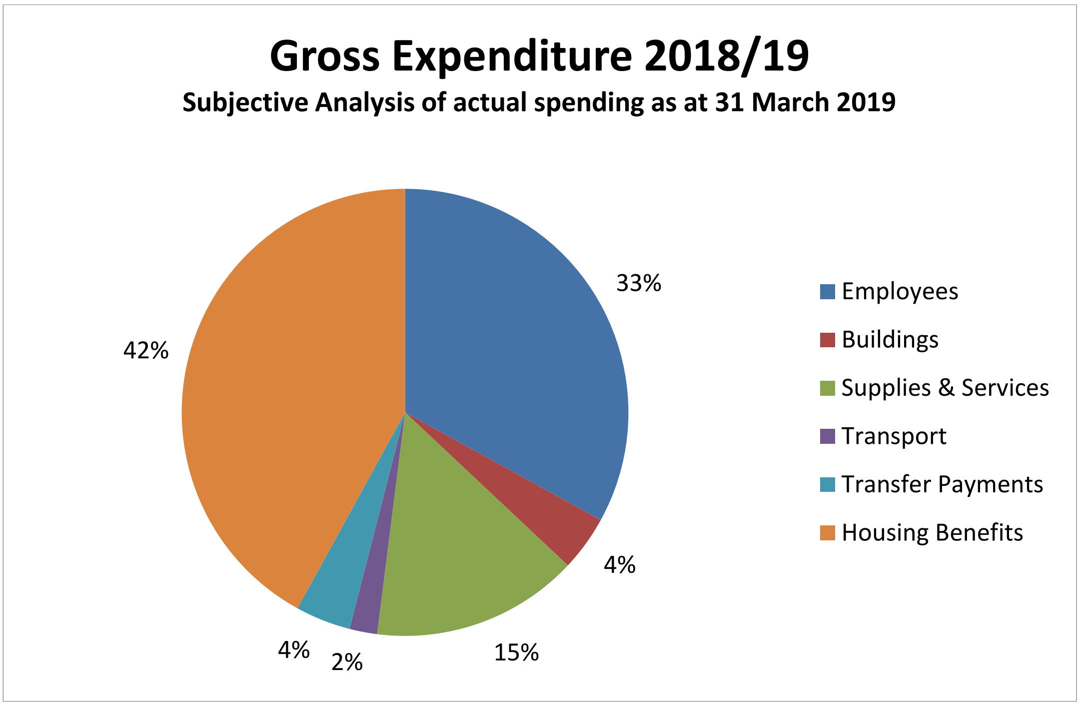
The outturn position above includes trading operations, commercial properties and some internal recharges that are not included in the cost of services section of the Comprehensive Income and Expenditure Statement or the Expenditure and Funding Analysis (Note 7).

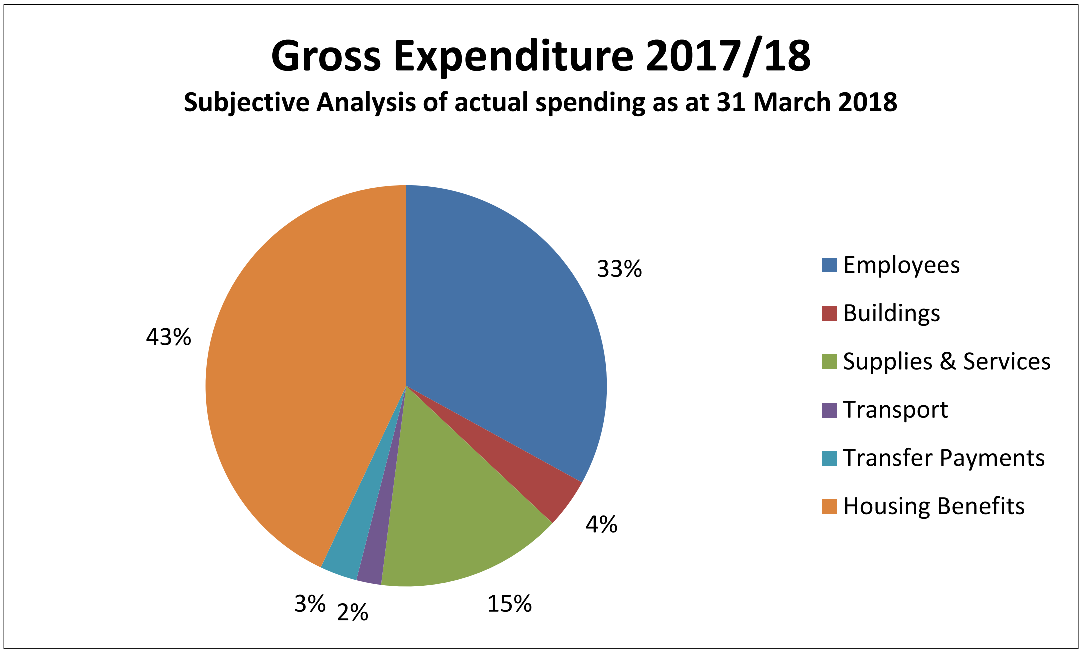
A summary of the variations of the outturn to the Budget are shown in the table below:

Service	Main reasons for variance
Community	Staff savings following a service restructure. Additional income on licensing off-set by lower income from external users of the document centre printing services.
Customer Services	Higher net cost of benefit payments for homeless accommodation partially off-set by lower contributions to bad debt provisions required this year.
ICT Services	One-off savings on licences due to delay in implementing the Council Anywhere project.
Development	Staff savings following a service restructure and because of delays in recruiting to vacant posts. Higher income from application fees and Community Infrastructure administration fees.
Leisure and Health	One -off payment relating to the provision of a football pitch in St Neots (this is funded from reserves). Income from the use of the Burgess Hall has fallen below expectations and other income is below budget at the three larger sites (Huntingdon, St Neots and St Ives).
Operations	Recycling contamination has adversely impacted on service costs and income. Higher fuel prices have impacted waste management, street cleaning and grounds maintenance service costs. Higher use of agency staff (mainly required to cover staff sickness). Income was adversely affected because no tenant was found for the vacant office space at Pathfinder House. Car Park income exceeded the budget target.
Resources	Higher insurance premium costs and higher contributions to the bad debt provision were off-set by higher income from the Council's commercial investment programme and staff savings from vacant posts (mainly as a result of apprentices gaining permanent employment).
Directors and Corporate	Staff savings have arisen prior to the implementation of a restructure and members' allowances have reduced under the new allowances scheme. Additional income has been generated on land charges and elections. Additional expenditure has arisen on District Elections and the Councils transformation programme; these are being funded from reserves.

Analysis of Revenue Income & Expenditure

The Council spent £78.903m in 2018/19 and the chart below shows the type of expenditure this was spent on.

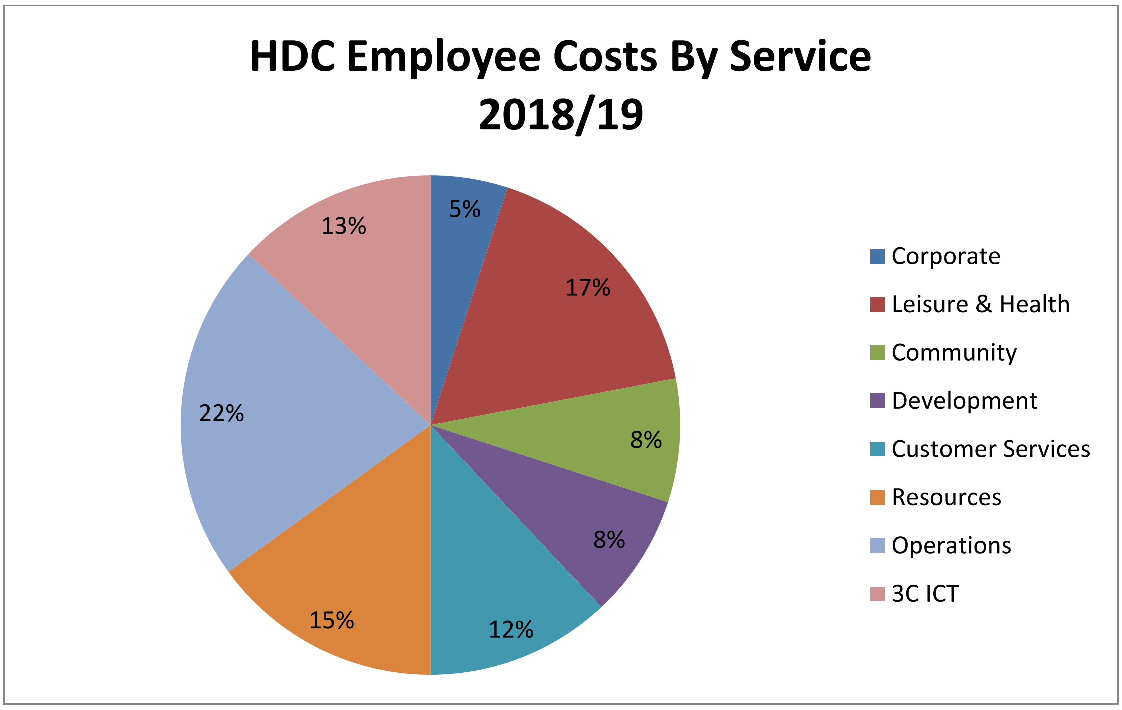


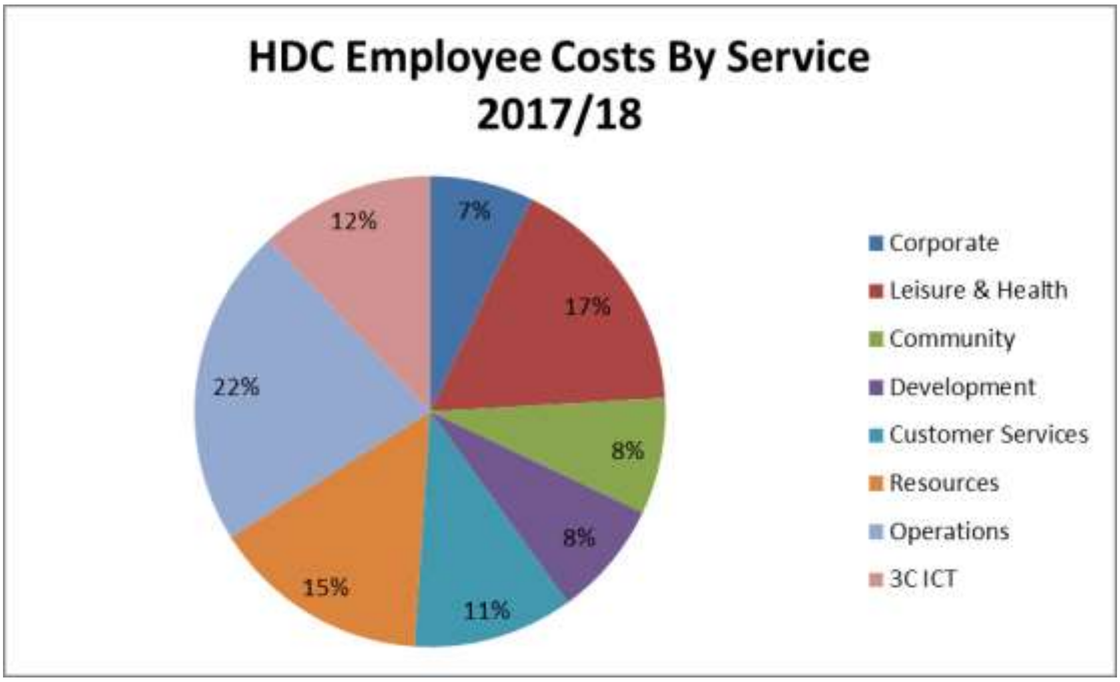


Note: These figures are different from those in the Comprehensive Income and Expenditure Statement (CIES) as that is based on accounting regulations and contains a number of costs that are not included in the above figures as they are not part of the Council's Management Accounts, for example depreciation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

Employee Expenditure

As can be seen from the graph above, the Council's biggest expenditure apart from Housing Benefits, is staff. In 2018/19 it spent £25.717m (£26.230m in 2017/18). The decrease is due to the net impact of inflation and turnover adjustments. The chart below shows how this spend was split across the Council's services.





Reserves
The table below shows the movement in the useable reserves during the year to 31 March 2019.

Revenue Usable Reserves 2018/19	B'fwd	Contributions To	Contributions From	C'fwd
	£000	£000	£000	£000
General Fund	**2,658**	**2,459**	**(2,562)**	**2,555**
Earmarked				
Commercial Investment Fund	3,598	1,135	(1,627)	3,106
Market Towns Investment Fund	500	250	0	750
Special Reserve	998	90	(504)	584
S.106	2,618	719	(708)	2,629
Other	8,299	3,435	(1,580)	10,154
	16,013	**5,629**	**(4,419)**	**17,223**
Total Usable Reserves	**18,671**	**8,088**	**(6,981)**	**19,778**

The 2018/19 provisional outturn report showed a net service expenditure underspend of £0.248m against the original budget approved in February 2018.

Capital Spending

Capital Programme

Introduction

The Council's final net capital budget for 2018/19 was £7.387m including loans to other organisations of £1.780m. The table below shows the total budget (Gross and Net), and the split between the Capital Programme, Assets, and Capital Programme, Loans.

Capital Programme – Total	Gross £000	Grants £000	Net £000
Original Approved Capital Programme 2018/19	5,582	(1,775)	3,807
Approved Slippage from 2017/18	5,111	(1,531)	3,580
Updated Capital Programme for 2018/19	**10,693**	**(3,306)**	**7,387**
Expenditure	8,486	(3,959)	4,527
Variation Against Updated Capital Programme	**(2,207)**	**(653)**	**(2,860)**

Capital Programme – Assets	Gross £000	Grants £000	Net £000
Original Approved Capital Programme 2018/19	5,582	(1,775)	3,807
Approved Slippage from 2017/18	3,331	(551)	2,780
Updated Capital Programme for 2018/19	**8,913**	**(2,326)**	**6,587**
Expenditure	6,706	(2,979)	3,727
Variation Against Updated Capital Programme	**(2,207)**	**(653)**	**(2,860)**

Capital Programme – Loans	Gross £000	Grants £000	Net £000
Original Approved Capital Programme 2018/19	0	0	0
Approved Slippage from 2017/18	1,780	(980)	800
Updated Capital Programme for 2018/19	**1,780**	**(980)**	**800**
Expenditure	1,780	(980)	800
Variation Against Updated Capital Programme	**0**	**0**	**0**

Explanation of the Capital Programme Outturn

The original net capital programme was £3.807m. Schemes that were delayed were re-phased from 2017/18 totalling £3.580m. This resulted in an updated programme for the year of 7.387m.

Gross expenditure in 2018/19 totalled £8.486m. This included £3.486m on assets, £2.500m on housing grants, and £0.740m on intangible assets (software)). In addition, the Loans Programme advanced £1.778m to Urban and Civic and Huntingdon Town Council.

Grants and contributions received were £3.959m, including £1.424m to fund Disabled Facilities Grant (DFG) expenditure and £1.000m to fund the loan to Urban and Civic who are constructing a building in the Alconbury Weald Enterprise Zone area known as the “Incubator” which is dedicated to small business start-up. The net capital programme was £4.527m.

The most significant schemes in 2018/19 were £2.449m spent on DFGs, £0.940m on vehicle replacements and £1.010m spent on One Leisure improvement and development schemes.

Sale of Assets

Sales of assets in the year included clawback of housing right to buy receipts (£0.935m). Loan repayments (of loans previously financed from capital) totalled £0.308m. The total receipts (£1.243m) have been used to reduce the requirement to borrow to finance the capital programme, and reduced the amount that will be provided for the Minimum Revenue Provision (MRP) in future years.

Commercial Investment Strategy

Introduction

The Council also spent £3.389m on the purchase of Little End Road, Eaton Socon, and £8.029m on the purchase of the Rowley Centre, St Neots.

Commercial Investment Strategy	£000
Approved Business Plan 2018/19	12,500
Updated Capital Programme for 2018/19	**12,500**
Capital Outturn	11,418
Variation Against Updated Budget	**(1,082)**

Explanation of Outturn

In 2018/19 the Council originally planned to invest up to £12.5m in Commercial Investment related acquisitions; this was the remainder of the budget set in the original business plan of £30m. This has now been almost spent with the Council making two high quality purchases in 2018/19, both of which were in-district purchases.

The table below shows the breakdown of the Capital expenditure by project. The capital contributions and the funding pie charts show the capital expenditure by Service area.

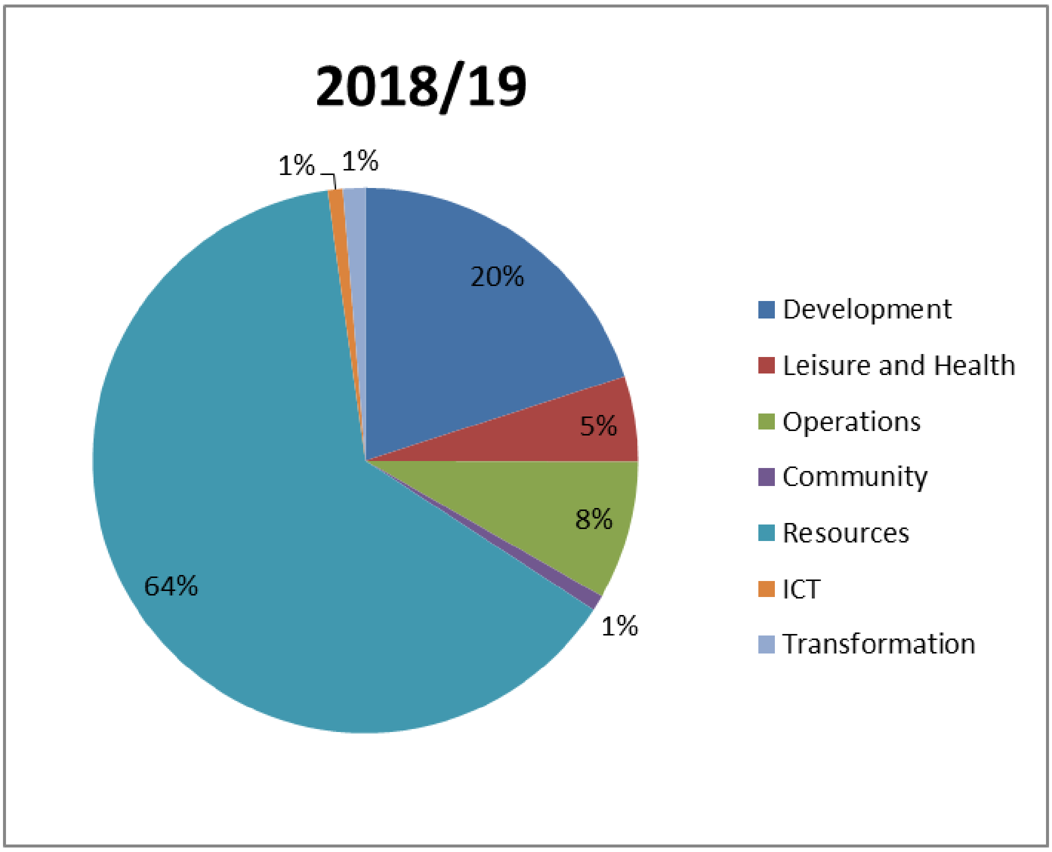
2017/18 £m	Capital Expenditure Assets	2018/19 £m
0.3	Environmental Projects	0.3
2.5	Housing Grants	2.5
1.4	Vehicle Replacement Programme	0.9
0.4	Information & Communication Technology	0.7
1.7	Leisure & Recreation	1.0
0.0	Huntingdon West development	0.6
0.2	Wheeled Bins	0.2
0.1	Community Infrastructure Levy	0.0
0.4	Industrial Unit Improvements	0.4
0.2	Pathfinder House Improvements	0.1
0.0	CCTV	0.1
0.0	Others	0.1
7.2	**Gross Expenditure**	**6.9**
(1.7)	Less External Contributions and Capital Grants	**(2.2)**
5.5	**Net Expenditure**	**4.7**
	Funded from	
(0.6)	Capital Receipts	(1.2)
(0.1)	Capital Grants Unapplied Reserve	(0.6)
(1.8)	Minimum Revenue Provision	(2.1)
(0.4)	Direct Revenue Funding	(0.4)
(2.6)	Borrowing and Internal Resources	(0.4)
(5.5)		**(4.7)**

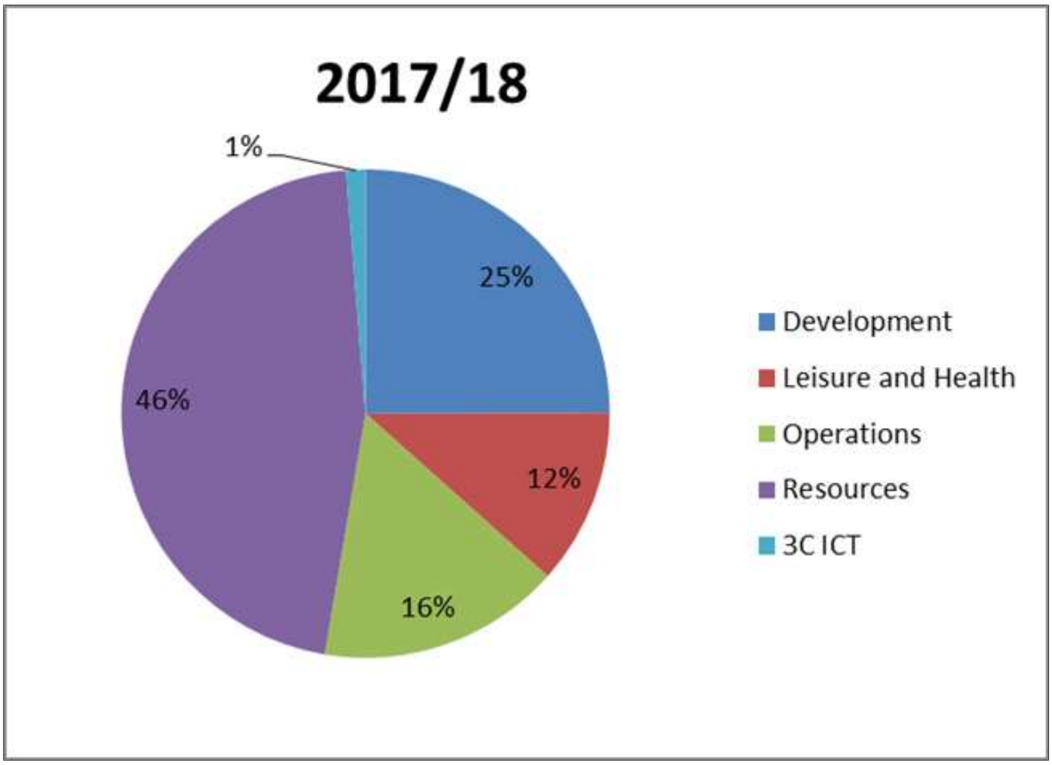
2017/18 £m	Capital Expenditure Loans	2018/19 £m
1.0	Urban and Civic Loan	1.0
0.0	Huntingdon Town Council	0.8
1.0	**Gross Expenditure**	**1.8**
	Funded from	
(1.0)	Capital Grants Unapplied Account	(1.0)
0.0	Borrowing	(0.8)
(1.0)		**(1.8)**

2017/18 £m	Capital Expenditure Commercial Investment Strategy	2018/19 £m
5.7	Parkway, Fareham	0.0
0.0	Little End Road, Eaton Socon, Hitchin	3.4
0.0	Rowley Centre, St Neots	8.0
5.7	**Gross Expenditure**	**11.4**
	Funded from	
(0.7)	Direct revenue Funding	(1.6)
(5.0)	Borrowing and Internal Resources	(9.8)
(5.7)		**(11.4)**

Capital Expenditure by Service

The pie chart below show the Capital expenditure by Service area for 2018/19.





The capital expenditure for Customer Services is negligible so not shown in these graphs.

Treasury Management

The main purpose of the Treasury Management Strategy is to:

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

The key market Treasury Management issues though 2018/19 influencing the Council's decision-making were:

- A moderate recent improvement in the equity market, falling Gilt rates meaning lower borrowing costs, and falling credit default swap rates (less perceived risk in the financial market).
- A continuation of the Bank of England's policy of very low interest rates, with the result that market rates also remain very low. The Council's average investing rate was 0.75%.

The Council's response to the key issues in 2018/19 was:

- Where the Council has surplus funds to primarily make short term investments (the majority on call on a daily basis) in liquidity accounts and money market funds.
- Where possible to take a higher return without sacrificing liquidity.
- When borrowing the Council has used the Public Works Loan Board (PWLB), which offers low fixed rate borrowing over a long period. The interest rate on loans borrowed ranges from 1.48% to 3.91%.

Looking to the Future

The public sector as a whole continues to face a severe curtailment of financial resources and as a consequence of the Government's ring-fencing of some government departments/services (i.e. NHS, Overseas Aid etc.) this has meant that local government has been significantly impacted. This is further exacerbated by the uncertainty surrounding future Spending Reviews and the Fair Funding Review promised by Central Government. Consequently, the Council continues to adopt the "Plan on a Page" strategy which seeks to move to a position of financial independence from Central Government. The key tools of this strategy include:

- The continued Implementation of the Commercial Investment Strategy
- The comprehensive review of all budgets at least annually, using tools such as Zero Based Budgeting and Line by Line Analysis where appropriate.

The Council set a balanced Budget for 2018/19, which included a contribution to reserves of £3.026m, as a result of having carried out both a ZBB exercise and a line by line review across all services and finding £1.800m savings in 2018/19.

The above strategy will also be facilitated by a Transformation programme that will look to enterprising and collaborative solutions as its mainstay.

The Financial Statements

The Council's financial statements for 2018/19 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2018/19 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 based on International Financial Reporting Standards.

- Accounts and Audit Regulations 2015.

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

Movement in Reserves Statement (MiRS)

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

The Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet

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

The Balance Sheet position at 2018/19 is £33.221m as shown overleaf (£30.493m 2017/18). The main reasons for this movement of £2.728m are:

- Long Term Assets – Property, Plant and Equipment from additions and revaluations.
- Current Assets – Short Term Debtors increase
- Long Term Liabilities – on Long Term Borrowing and a small increase in the Net Pensions Liability.

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

	31 March 2019 £000
Long Term Assets	138,613
Current Assets	29,865
Current Liabilities	(20,825)
Long Term Liabilities	(114,432)
Net Assets	**33,221**
Useable Reserves	43,120
Unusable Reserves	(9,899)
Total Reserves	**33,221**

The Cash Flow Statement

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

Net Cash Flows from	**31 March 2019 £000**
- Operating activities	3,372
- Investing activities	(9,290)
- Financing activities	6,596
Net Increase or (decrease) in cash and cash equivalents	**678**
Cash & Cash Equivalents	
- At the beginning of the reporting period	2,176
- **At the end of the reporting period**	**2,854**

The Collection Fund Revenue Account

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

The Expenditure and Funding Analysis (EFA)

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

Technical Information

International Financial Reporting Standards
The Council has reported its financial position based on the requirements of International Financial Reporting Standards (IFRS) and this is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Statement of Accounting Policies
The accounting polices applicable to the 2018/19 statement of accounts are, in the main, the same as those that were applied to the 2017/18 with the exception of the polices related to Financial Instruments that have been changed to comply with IFRS9.

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

Changes to the Statement of Accounts
There are no material changes to the Statement of Accounts.

Material and Unusual Charges or Credits in the Accounts
There are no material and unusual charges or credits in the accounts.

Material Events after the Reporting Date
There have not been any material events after the reporting date.

Material Assets Acquired or Liabilities Incurred
There have been 2 material assets acquired during the year totalling £11.4.m. There have been no material liabilities incurred.

Changes in Statutory Functions
There were no changes in statutory functions in 2018/19.

Claire Edwards FCCA

Finance Manager - **s.151 Officer**

13 November 2019

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

Opinion on the Authority's financial statements

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

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

The Head of Resources Responsibilities

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

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

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

The Head of 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 Authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019. These financial statements replace the unaudited financial statements signed by the Head of Resources on 31 May 2019.

Claire Edwards FCCA
Finance Manager – **s.151 Officer**

13 November 2019

Chairman's Approval of the Statement of Accounts

This is the Annual Financial Report, incorporating the Statement of Accounts with all audit activities completed. The Corporate Governance Committee of Huntingdonshire District Council at its meeting on 13 November2019 delegated authority to me as Chairman of the Panel to approve the Statement of Accounts.

Councillor Mac McGuire
13 November 2019

Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000 Note 10	Capital Grants Unapplied £000 Note 31	TOTAL USEABLE RESERVES £000	Unusable Reserves £000 Note 23	TOTAL COUNCIL RESERVES £000
Movement in reserves during 2018/19						
BALANCE AT 31 MARCH 2018 B'FWD	**2,658**	**16,013**	**17,288**	**35,959**	**(5,466)**	**30,493**
Surplus/(Deficit) on provision of services	3,863	0	0	**3,863**	0	**3,863**
Other comprehensive income and expenditure	0	0	0	**0**	(5,365)	**(5,365)**
Total comprehensive income and expenditure	**3,863**	**0**	**0**	**3,863**	**(5,365)**	**(1,502)**
Adjustments between accounting basis and funding basis under regulations (Note 9)	(704)	0	6,054	**5,350**	(5,350)	**0**
Net increase/(decrease) before transfers to earmarked reserves	**3,159**	**0**	**6,054**	**9,213**	**(10,715)**	**(1,502)**
Transfers (from)/to earmarked reserves (Note 10)	(3,262)	1,210	0	**(2,052)**	2,052	**0**
(Decrease)/increase in Year	**(103)**	**1,210**	**6,054**	**7,161**	**(8,663)**	**(1,502)**
BALANCE AT 31 MARCH 2019 C'FWD	**2,555**	**17,223**	**23,342**	**43,120**	**(14,129)**	**28,991**
Movement in reserves during 2017/18						
BALANCE AT 31 MARCH 2017 B'FWD	**2,598**	**15,310**	**10,380**	**28,288**	**(6,867)**	**21,421**
Surplus/(Deficit) on provision of services	1,307	0	0	**1,307**	0	**1,307**
Other comprehensive income and expenditure	0	0	0	**0**	7,765	**7,765**
Total comprehensive income and expenditure	**1,307**	**0**	**0**	**1,307**	**7,765**	**9,072**
Adjustments between accounting basis and funding basis under regulations (Note 9)	610	0	6,908	**7,518**	(7,518)	**0**
Net increase/(decrease) before transfers to earmarked reserves	**1,917**	**0**	**6,908**	**8,825**	**247**	**9,072**
Transfers (from)/to earmarked reserves (Note 10)	(1,857)	703	0	**(1,154)**	1,154	**0**
(Decrease)/increase in Year	**60**	**703**	**6,908**	**7,671**	**1,401**	**9,072**
BALANCE AT 31 MARCH 2018 C'FWD	**2,658**	**16,013**	**17,288**	**35,959**	**(5,466)**	**30,493**

Comprehensive Income and Expenditure Statement (CIES)

2017/18				2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
4,113	(1,021)	3,092	Community	2,839	(1,042)	1,797
38,528	(35,900)	2,628	Customer Services	38,228	(35,567)	2,661
7,470	(5,368)	2,102	ICT Shared Service	8,722	(6,078)	2,644
5,904	(3,605)	2,299	Development	5,910	(3,746)	2,164
8,428	(6,751)	1,677	Leisure & Health	8,855	(6,799)	2,056
11,382	(4,042)	7,340	Operations	11,442	(4,386)	7,056
5,193	(249)	4,944	Resources	6,098	(37)	6,061
2,764	(711)	2,053	Directors & Corporate	2,255	(332)	1,923
83,782	**(57,647)**	**26,135**	**Cost of Services**	**84,351**	**(57,987)**	**26,364**
5,793	0	5,793	Other Operating Expenditure (Note 11)	5,495	0	5,495
4,496	(4,210)	286	Financing and Investment Income and Expenditure (Note 12)	4,399	(4,772)	(373)
1,578	(35,099)	(33,521)	Taxation and Non-specific Grant Income (Note 13)	1,490	(36,839)	(35,349)
95,649	**(96,956)**	**(1,307)**	**(Surplus) / Deficit on provision of services**	**95,735**	**(99,598)**	**(3,863)**
		(4,066)	(Surplus) or deficit in the revaluation of non-current assets			(6,888)
		(174)	Surplus/deficit on financial assets measured at fair value through other Comprehensive Income			0
		(3,525)	Actuarial losses/(gains) on pension assets and liabilities			12,253
		(7,765)	**Other comprehensive income and expenditure**			**5,365**
		(9,072)	**TOTAL COMPREHENSIVE INCOME AND EXPENDITURE**			**1,502**

Balance Sheet

31 March 2018 £000		Notes	31 March 2019 £000
70,474	Property, Plant and Equipment	14	75,964
65	Heritage Assets		65
35,169	Investment Property	15	46,252
911	Intangible Assets	16	1,067
3,886	Long Term Investments	17	3,966
9,150	Long Term Debtors	17	10,704
119,655	**Long Term Assets**		**138,018**
0	Short Term Investments	17	1,000
110	Inventories	18	627
20,771	Short Term Debtors	19	21,129
3,661	Cash and Cash Equivalents	20	6,629
0	Assets Held for Sale	21	480
24,542	**Current Assets**		**29,865**
(1,485)	Bank overdraft	20	(4,182)
(474)	Short Term Borrowing	17	(483)
(16,653)	Short Term Creditors	22	(14,594)
(1,590)	Provisions	39	(1,566)
(20,202)	**Current Liabilities**		**(20,825)**
(20,439)	Long Term Borrowing	17	(28,268)
(732)	Other Long Term Liabilities	17	(718)
(72,331)	Net Pensions Liability	38	(89,081)
(93,502)	**Long Term Liabilities**		**(118,067)**
30,493	**Net Assets**		**28,991**
35,959	Useable Reserves	23	43,120
(5,466)	Unusable Reserves	24	(14,129)
30,493	**Total Reserves**		**28,991**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019. These financial statements replace the unaudited financial statements signed by the Head of Resources on 31 May 2019.

Claire Edwards FCCA
Finance Manger – **s.151 Officer**
13 November 2019

Cash Flow Statement

2017/18 £000		2018/19 £000
1,307	Net Surplus / (Deficit) on the provision of services	3,863
6,236	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 24)	9,849
(10,096)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 24)	(10,747)
(2,553)	Net cash flows from Operating Activities	**2,965**
(1,395)	Investing Activities (Note 25)	(9,290)
4,488	Financing Activities (Note 26)	6,596
540	Net increase/(decrease) in cash and cash equivalents	**271**
1,636	Cash and cash equivalents at the beginning of the reporting period	2,176
2,176	**Cash and cash equivalents at the end of the reporting period (Note 20)**	**2,447**

Note 1. Accounting Policies

Accounting Policies in respect of Concepts and Principles

➢ General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The underlying concepts of the accounts include the:

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

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

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

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

➢ Government Grants and Contributions (IAS 20)

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

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

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

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

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

Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied.

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

➢ Accruals of Income and Expenditure

Income and expenditure are accounted for in the year to which they relate, not simply when cash payments are made or received, by the creation of debtors and creditors which are recorded in the Balance Sheet. In particular:

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

➢ Changes in Accounting Policies, Prior Period Adjustments, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. For 2018/19, there are no new accounting policies in respect of statutory requirements or to ensure local circumstances are better reflected within the Annual Report.

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

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

➢ Exceptional Items

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

➢ Interest Receipts

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

➢ Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement; they are included in the Balance Sheet as the General Fund Balance, Capital Reserve, Earmarked Reserves or Capital Grants Unapplied.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

However, there are other reserves that cannot be used to finance expenditure:

- Capital Adjustment Account – these are capital resources set aside to meet past expenditure.
- Revaluation Reserve – the gains of valuation of assets not yet realised by sales.
- Financial Instruments Adjustment Account – balancing account to allow for differences in statutory requirements and accounting requirements for borrowing and investments.
- Collection Fund Adjustment Account – holds the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund.
- Pensions Reserve – balancing account to allow the pensions liability to be included in the Balance Sheet.

➢ Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

➢ Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

➢ **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the investment date and that are readily convertible to cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Accounting Policies in respect of Non-Current Assets

➢ **Property, Plant and Equipment (IAS 16)**

Assets that have physical substance and are held for use in the provision of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

- Recognition

  Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.
  There is a de-minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

- Measurement

  Assets are initially measured at cost, comprising:

  - the purchase price;
  - any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
  - the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

  Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Existing Use Value — Land and Buildings
- Fair Value — Investment Properties
- Depreciated Historic Cost: Vehicles, Plant and Equipment, Infrastructure, Intangibles
- Historic Cost: Community Assets, Assets Under Construction Assets Held for Sale

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying value is not materially different from their fair value at the year end, but as a minimum every three years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a Service revenue account. Thus there is no impact on council tax.

Where decreases in value are identified, the revaluation loss is accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only. Gains arising before that date have been consolidated into the Capital Adjustment Account.

- Components

The Council will separately account for components where the cost of the component is significant in relation to the overall total cost of the asset, and the useful economic life of the component is significantly different from the useful economic life of the asset. Individual components with similar useful lives and depreciation methods will be grouped.

For this purpose a significant component cost would be 10% of the overall total cost of the asset but with a de-minimis component threshold of £100,000.

The component accounting is applied only to those assets revalued after 1 April 2012 but given the three year programme all assets have been revalued and the policy now applies to all assets.

The impact is that some components have a useful life of between 15 and 35 years, which in some instances is different to the useful life of the main asset and therefore the depreciation charge varies from that based on the same useful life for the whole asset.

- Impairment

  Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where there is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

  Where impairment losses are identified, they are accounted for:

  - where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
  - where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

- Disposals and Non-Current Assets Held for Sale

  When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

  Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

  When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

  Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

- Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocating the value of the asset over their useful lives. An exception is made for assets where the finite useful life cannot be determined, (i.e. land and Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated as follows:

Asset Type	Depreciation basis	Useful Economic Life
Operational Buildings	Straight-line allocation over the estimated life of the building or component where identified separately	10 years to 45 years
Vehicles, Plant, Furniture & Equipment	Straight line allocation over the estimated life of the asset	1 year to 44 years
Infrastructure		3 years to 44 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

The residual value of the assets is reviewed at least every five years and the depreciation adjusted to match any change in the life of the asset.

Year of depreciation charge

The depreciation charge will generally commence in the year after the addition of the asset, unless the in-year depreciation charge would have a material impact.

➢ Depreciation and other 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 property, plant and equipment 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
- amortisation (annual charge) of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue, known as the Minimum Revenue Provision (MRP), to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by MRP in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement to reflect the difference between the two.
In respect of General MRP Policy capital assets, MRP will be chargeable in the year following the agreement of any final account. For each financial year, for other capital investments MRP will be charged in the following the completion of the scheme.

The basis for calculating MRP is restricted by legislation and the policy has to be approved by the Council. The Council has adopted the following which clarifies the policy to be applied in differing circumstances:

i. <u>MRP Policy in respect of Loans to Organisations or Loans with Security (as defined within the Treasury Management Strategy</u>)

   Where the Council has provided:

   - loans to local organisations or businesses, and/or
   - loans with security

   and these loans are repaid on, at least an annual basis, that the principal repayments received can replace the need to make a minimum revenue provision.

ii. <u>MRP Policy in respect of Debt not relating to Loans to Organisations</u>

   MRP for this category will be on an annuity basis. This results in the MRP increasing over the life of the asset to match the fall in the interest cost as the debt is “notionally” repaid. The net result is a consistent charge to the Council’s accounts over the assumed life of the asset.

iii. <u>MRP Policy in respect of the Commercial Investment Strategy</u>

   For each capital investment undertaken under the requirements of the Council’s Commercial Investment Strategy, MRP will be made that is equal to the principal repayment for any loan finance supporting the investment. However, from 2017/18 the Council has approved a further MRP Policy for CIS purchases (commercial and housing acquisitions) where the expenditure will be financed by Maturity Loans.

Under this policy MRP would be allocated only if the value of the asset is less than the value of the loan outstanding.

The CIS asset Parkway, Fareham and the Rowley Arts Centre, St Neots have been purchased under this MRP policy, the value of both these properties exceeds the value of the respective loans as at 31st March 2019, as shown in the table below.

CIS Property:	**Values £m**
Parkway, Fareham	
Value of Property as at 31st March 2019	5.250
PWLB Loan Outstanding	5.000
Property value exceeds loan	**0.250**
Rowley Arts Centre, St Neots	
Value of Property as at 31st March 2019	7.200
PWLB Loan Outstanding	7.291
Loan value exceeds property	**0.091**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal; receipts from disposals are credited to the same line. Any accumulated revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

➢ **Heritage Assets**

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as heritage assets).

Heritage Assets are those that are held and maintained by the Council principally for their contribution to knowledge and culture. Such assets can have historical, artistic, scientific, geophysical or environmental qualities.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Authority's Heritage Assets are accounted for as follows:

- Cultural

  The Council has identified the Norman Cross and Eagle as a Heritage Asset and this is disclosed in the Balance Sheet, based on insurance valuation, at £65k. It should be noted that there is no phased basis of valuation. This asset is:

  - deemed to have an indeterminate life and consequently the Council does not consider it appropriate to charge depreciation.
  - static and located at Norman Cross, Cambridgeshire, near to the intersection with the A1.

- Mayoral Regalia and Art Collection

  The Council has two mayoral chains of office and two paintings; however the total estimated value of these assets, based on insurance valuations, is £33k. As individually these assets are not material, they have not been included in the Balance Sheet.

➢ Intangible Assets

Expenditure, on an accruals basis, for assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life and debited to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are debited to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is debited or credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

➢ Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if they are used in any way for the delivery of services.

Investment properties are measured initially at cost and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated and are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental income received in relation to investment properties is credited to the Financing and Investment Income and Expenditure line and results in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance and are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

➢ Leases

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

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

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

- The Council as Lessee

  - Finance leases

    Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

    Lease payments are apportioned between:

    - a charge for the acquisition of the interest in the property, plant and equipment, applied to write down the lease liability, and
    - a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

    Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period.)

    The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

    In practice the Council has two categories of finance leases in primary rental for industrial units and secondary leases for certain items of equipment.

  - Operating leases.

    Rentals paid under operating leases are debited to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

- The Council as Lessor

  - Finance Leases

    Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset in the Balance Sheet is written off to the

Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal, matched by a lease (long-term) debtor in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
- finance income which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for this capital receipt for the disposal of the asset is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off values of disposals are not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

- Operating Leases.

Where the Council grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

- **Revenue Expenditure funded from Capital under Statute**

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised under statutory provisions but does not result in the creation of property, plant and equipment. Items incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where it has been determined to meet the cost of the item from existing capital resources or by borrowing, amounts charged are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Current Value Measurement (IFRS 13)

Previously, all assets and liabilities were valued under the principle of "fair value" which was defined as "the amount for which an asset could be exchanged or liability settled between knowledgeable, willing parties in an arm's length transaction".

Although "fair value" remains as the approach to valuation for a number of assets and liabilities, in respect of Operational Assets IFRS 13 introduces "current value". This means such assets have to be measured in a way that recognises their "service potential".

Accounting Policies in respect of Current Assets

➢ Inventories

The Council has a number of inventories but none either individually or in aggregate are material to the accounts. However, the valuation approach in respect of the main inventory types (Fuel and Stock for Sale) is First In First Out.

➢ Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

➢ Provisions and Contingent Liabilities

- Provisions

  Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires a financial settlement and a reliable estimate of the obligation can be made. Provisions are debited to the Comprehensive Income and Expenditure Statement and are measured at the best estimate of the expenditure that is likely to be required. When payments are made they are charged to the provision.

- Contingent Liabilities

  A contingent liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Accounting Policies in respect of Employee Benefits

➢ Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees provide services to the Council.

➢ Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy.

Termination benefits are charged to the appropriate service line in the Comprehensive Income and Expenditure Account when the Council can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the Council by 31 March.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

➢ **Post-Employment Benefits (Pensions)**

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Cambridgeshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

- The assets of the Cambridgeshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value

- The change in the net pensions liability is analysed into seven components:

  - **current service cost** – the increase in liabilities as a result of years of service earned this year – debited in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
  - **net interest on the net defined liability**, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
  - **the return on plan assets** – excluding amounts charged in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.

- **contributions paid to the Cambridgeshire Pension Fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, rather than the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end. The balance (currently negative) that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

➢ **Discretionary Benefits**

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

Accounting Policies in respect of Financial Instruments

➢ **Financial Assets**

A financial asset is right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised Cost
- Fair Value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivables are based on the carrying amount of the asset multiply by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivables (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

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

Financial Assets Measured at FVPL

Financial assets that are measured at FVPL are recognised on Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. The fair value gains and losses are recognised as they arrive in Surplus or Deficit on the provision of Services.

The 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 ad 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.

Financial Assets Measured at FVOCI

Financial assets that are measured at FVOCI are recognised on Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument; and the Council's business model is both to collect cash flow and sell the instrument. The Council has elected into this category and financial asset comprises:

- CCLA Property Fund

➢ **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. The Council has the following liabilities:

- Creditors
  Creditors are carried at their original invoice amount.

- Bank overdrafts
  Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand.

Due to their nature and short-term maturity, the fair values for creditors and bank overdrafts are estimated using their carrying values.

- Short-term borrowing
  Loans of less than 1 year and carried at amortised cost.

- Long-term loan
  Loans with the Public Works Loans Board are carried at their amortised cost but with the fair value disclosed a note

Note 2. Accounting Standards that have been issued but have not yet been adopted

At the balance sheet date the following new standards, and amendments to existing standards, have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom, and as a result have not been adopted by the Council.

- **IFRS 16 Leases;** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of–use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2020.

- **IAS 40 Investment Property: Transfers of Investment Property;** provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration;** clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.

- **IFRIC 23 Uncertainty over Income Tax Treatments;** provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the accounts.

- **Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation;** amends IFRS 9 to make clear that amortised cost should be used where prepayments are substantially lower than unpaid principal and interest. The Council has no loans to which this will apply.

It is anticipated that the above amendments will not have a material impact on the information provided in the statement of accounts.

Note 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- In light of the current financial environment or continuing austerity across the public sector, the Council continues to monitor it budget based on achieving its target net service budget position at the end of the year. The Budget for 2018/19 was approved by Council in February 2018. The Medium Term Financial Strategy (MTFS), which was also approved in February 2018, removes the reliance on NHB by 2020/21. The Council has the Plan on a Page Strategy which sets out its financial strategy

  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 as a result of a need to close facilities and reduce levels of service provision.

- In line with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, assets held for sale and assets under construction. For all these assets, the total value for 2018/19 for Land is £21,918m and Buildings (NBV) is £32,999m (2017/18; Land is £17.743m and Buildings (NBV) is £25.474m).

- The Council has taken professional advice from the Pension Fund's actuary, Hymans Robertson LLP, to determine the overall net liability of the fund which is £85.446m for 2018/19; this has increased by £13.115m since 2017/18. However:

  - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 38.
  - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.

- The participants in the Council's Non Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014.

  To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2019. An estimated provision of £3.882m 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 £1.553m of the total provision and this is included in the General Fund balance.

Note 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	All property is reviewed on a 3 year rolling basis. Where an asset has not been specifically revalued, a table top analytical review has taken place to determine if any material changes in valuation have taken place (Revaluation Review). In addition an annual impairment review is undertaken by the valuer to determine if any of the Council's assets have been impaired.	82% of the council's assets are valued at fair value, so the impact of change in the market is significant. If there was a 1% fall in the market value, it is estimated that the value of the council's property assets would reduce by £0.624m.
Plant and Equipment	Plant and Equipment are valued on an historic cost basis.	There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.
Investment Properties	Investment Properties are valued on an annual basis and are valued at fair value.	It is estimated that a 1% fall in market value would reduce the value of the Council's investment properties by £0.463m.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements 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 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, as provided by the actuary, can be measured. For instance: • A 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of 10% or £24.884m. • A 1 year increase in life expectancy would increase the Employer's Defined Benefit Obligation by around 3-5%. • A 0.5% increase in the salary increase rate would result in an increase in pension liability of 1% or £3.263m.

		• A 0.5% increase in the pension increase rate would result in an increase in pension liability of 9% or £21.228m.
Sundry Debt Arrears	The Bad Debt Provision (BDP), also known as Debtor Impairment, calculation is based on the current aged debt profile, past payment behaviour and past write off activity. At 31 March 2019 the Council has a net debtor's balance of £20.722m.	Each debt type has an independent BDP rate determined by previous debt activity. If only Sundry Debtor debt is considered, increasing the BDP by 10% would have an additional £47,922 impact on revenue. However, to achieve such an increase in the BDP, the actual debt would have to increase by £94,595.
Sundry Creditors (Housing Benefits)	During the year the Council pays Housing Benefits to local residents who are entitled to receive it; these payments are reimbursed by Central Government subsidy. The Subsidy reimbursement relates to amounts paid on or before 28 March, however, accruals have been made to reflect the period that the payments actually cover. The Housing Benefit payments made by the Council are on one of the two following bases: i. 4-week in arrears, or ii. 2-weeks in arrears/2-weeks in advance.	The amount of Housing Benefit in payment at any given time is dependent on the number of claims made at that time, which is itself affected by both local and national economic conditions. Consequently it is difficult to provide a meaningful sensitivity analysis.
Provision for Rateable Value Appeals	Appeals against rateable value are at the discretion of non-domestic ratepayers with the outcome ultimately determined by the Valuation Office and are not within the Council's control.	The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).

		A 10% variation in the estimated provision would be £0.388m for the Collection Fund of which £0.155m which would be attributable to the General Fund.

Note 5. Material Items of Income and Expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e. extraordinary). During 2018/19 no such items of income or expenditure were incurred (2017/18; nil).

Note 6. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Resources on 31 May 2019.

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Head of Resources on 31 May 2019.

With regard to 2018/19:

- **Adjusting Events**
  The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2019 as there have not been any.

- **Non-Adjusting Events**
  Following the EU Referendum held in June 2016 to end the UK's membership of the European Union (EU), and the continuing uncertainty over the eventual departure date, there may be an impact on the Council's investment property valuations if confidence in the wider UK property market falls; and the valuation of the Council's £85.446m defined benefit pension obligations may also be affected. However it is still too early to estimate the quantum of any impact on the financial statements, and there is likely to be significant ongoing uncertainty for the next couple of years while the UK renegotiates its relationships with the EU and other nations. For the purposes of these financial statements, the Referendum is considered a non-adjusting event.

Note 7. Expenditure and Funding Analysis (EFA)

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, council tax, business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2018/19					
	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis				Net Expenditure in the Comprehensive Income and Expenditure Statement
		Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments	
	£000	£000	£000	£000	£000	£000
Community	1,595	52	150	0	202	1,797
Customer Services	2,415	20	226	0	246	2,661
ICT Shared Service	2,094	321	229	0	550	2,644
Development	333	1,676	158	(3)	1,831	2,164
Leisure & Health	279	1,528	249	0	1,777	2,056
Operations	4,541	2,175	355	(15)	2,515	7,056
Resources	4,830	198	1033	0	1,231	6,061
Directors & Corporate	1,819	4	100	0	104	1,923
Cost of Services	**17,906**	**5,974**	**2,502**	**(18)**	**8,458**	**26,364**
Other income and expenditure	(21,065)	(2,887)	1,995	(8,270)	(9,162)	(30,227)
(Surplus) or Deficit	**(3,159)**	**3,087**	**4,497**	**(8,288)**	**(704)**	**(3,863)**
Opening General Fund Balance (Includes Earmarked Reserves)	**18,671**					
Plus Surplus/(Deficit) on General Fund in Year	3,159					
Less Use of General Fund Balances to Fund Capital Expenditure	(2,052)					
Closing General Fund Balance 31 March	**19,778**	**(see Page 12 of Commentary and Review of 2018/19)**				

	2017/18					
	Net Expenditure Chargeable to the General Fund Balance	**Adjustments between the Funding and Accounting Basis**				**Net Expenditure in the Comprehensive Income and Expenditure Statement**
		Adjustments for Capital Purposes (Note a)	**Net change for the Pensions Adjustments (Note b)**	**Other Differences (Note c)**	**Total Adjustments**	
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Community	1,926	90	1,076	0	1,166	3,092
Customer Services	2,459	51	118	0	169	2,628
ICT Shared Service	1,724	378	0	0	378	2,102
Development	1,058	1,210	34	(3)	1,241	2,299
Leisure & Health	124	1,278	275	0	1,553	1,677
Operations	4,883	2,256	201	0	2,457	7,340
Resources	4,723	164	67	(10)	221	4,944
Directors & Corporate	2,034	6	13	0	19	2,053
Cost of Services	**18,931**	**5,433**	**1,784**	**(13)**	**7,204**	**26,135**
Other income and expenditure	(20,848)	(1,295)	1,911	(7,210)	(6,594)	(27,442)
(Surplus) or Deficit	**(1,917)**	**4,138**	**3,695**	**(7,223)**	**610**	**(1,307)**
Opening General Fund Balance (Includes Earmarked Reserves)	**17,908**					
Plus Surplus/(Deficit) on General Fund in Year	1,917					
Less Use of General Fund Balances to Fund Capital Expenditure	(1,154)					
Closing General Fund Balance 31 March	**18,671**					

Notes to the EFA

a Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation, impairment, revaluation gains and losses in the services line and for:

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

b Net Change for the Pensions Adjustment

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

c Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure – the other differences column recognises adjustments to the general fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

d Segmental Income

The table above shows Net Expenditure, the income analysed on a segmental basis is shown overleaf:-

2017/18 £'000	Services	2018/19 £'000
1,021	Community	1,042
35,900	Customer Services	35,567
5,368	ICT Shared Service	6,078
2,214	Development	2,322
6,751	Leisure & Health	6,799
4,042	Operations	4,386
249	Resources	37
711	Director & Corporate	332
56,256	**Total income analysed on a segmental basis**	**56,563**

Note 8. Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows;

2017/18 £000s	Expenditure/Income	2018/19 £000s
	Expenditure	
26,466	Employee benefits expenses	26,586
13,640	Other services expenses	14,207
3,651	Support service recharges	3,627
7,545	Depreciation, amortisation, REFCUS and investment property fair value adjustment	7,220
623	Interest payments	550
2,464	Transfer and Grant Payments	2,751
7,625	Precepts and levies	7,682
33,635	Benefit Payments	33,112
95,649	**Total expenditure**	**95,735**
	Income	
(25,743)	Fees, charges and other service income	(27,606)
(471)	Interest and investment income	(581)
(19,917)	Income from council tax and non-domestic rates	(21,028)
(40,870)	Government grants and contributions	(41,089)
(9,955)	Levies	(9,294)
(96,956)	**Total income**	**(99,598)**
(1,307)	**Surplus or Deficit on the Provision of Services**	**(3,863)**

Note 9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2018/19

	Useable Reserves			
	General Fund balance £000	**Capital receipts reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments involving the Capital Adjustment Account: *Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:*				
Expenditure statement:				
Charges for depreciation and impairment of non-current assets	(3,790)	0	0	3,790
Amortisation of intangible fixed assets	(239)	0	0	239
Fair value of investment properties	(502)	0	0	502
Revenue expenditure funded from capital under statute	(1,628)	0	0	1,628
Net carrying amount of non-current assets sold	(142)	0	0	142
Revaluation Gains/Losses on non-current assets charge to the Comprehensive Income and Expenditure Statement	(320)	0	0	320
Losses on impairment of capital loans	(251)	0	0	251
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	788	0	0	(788)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Minimum revenue provision for capital funding	2,048	0	0	(2.048)
Adjustments involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to fund capital expenditure	0	1,244	0	(1,244)
Proceeds of sale of non-current assets	949	(949)	0	0
Repayment of loan	0	(295)	0	295
Adjustments involving the Financial Instruments Adjustment Account: Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	98	0	0	(98)
Adjustments involving the Pensions Reserve: Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37 of Pension Fund)	(8,911)	0	0	8,911
Employer's pensions contributions and direct payments to pensioners payable in the year	4,414	0	0	(4,414)
Adjustments involving the Collection Fund Adjustment Account: Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	604	0	0	(604)
Adjustments involving the Capital Grants Unapplied Account Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	7,586	0	(6,054)	(1,532)
Total Adjustments	**704**	**0**	**(6,054)**	**5,350**

2017/18

	Useable Reserves			
	General Fund balance £000	**Capital receipts reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Expenditure statement:				
Charges for depreciation and impairment of non-current assets	(3,880)	0	0	3,880
Amortisation of intangible fixed assets	(275)	0	0	275
Fair value of investment properties	(1,057)	0	0	1,057
Revenue expenditure funded from capital under statute	(1,191)	0	0	1,191
Net carrying amount of non-current assets sold	(137)	0	0	137
Revaluation Gains/Losses on non-current assets charge to the Comprehensive Income and Expenditure Statement	(90)	0	0	90
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	315	0	0	(315)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Minimum revenue provision for capital funding	1,761	0	0	(1,761)
Adjustments involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to fund capital expenditure	0	689	0	(689)
Proceeds of sale of non-current assets	416	(416)	0	0
Repayment of loan	0	(273)	0	273
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	13	0	0	(13)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37 of Pension Fund)	(8,221)	0	0	8,221
Employer's pensions contributions and direct payments to pensioners payable in the year	4,526	0	0	(4,526)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(764)	0	0	764
Adjustments involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	7,974	0	(6,908)	(1,066)
Total Adjustments	**(610)**	**0**	**(6,908)**	**7,518**

Note 10. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts transferred back from earmarked reserves to meet General Fund expenditure (either revenue expenditure or direct revenue financing of capital).

	Balance 31.3.17 £000	Transfers in £000	Transfers out £000	Balance 31.3.18 £000	Transfers in £000	Transfers out £000	Balance 31.3.19 £000	Purpose of Reserve
S106 agreements	**(1,077)**	(393)	85	**(1,385)**	(696)	433	**(1,648)**	**A**
Commuted S106 payments	**(1,323)**	(4)	94	**(1,233)**	(24)	275	**(982)**	**B**
Repairs and renewals funds	**(1,909)**	(34)	0	**(1,943)**	(264)	360	**(1,847)**	**C**
Strategic Transformation Reserve	**(1,037)**	(277)	606	**(708)**	(567)	437	**(838)**	**D**
Collection Fund Reserve	**(1,961)**	(600)	1,248	**(1,313)**	(599)	0	**(1,912)**	**E**
Commercial Investment Fund	**(3,997)**	(348)	747	**(3,598)**	(1,135)	1,627	**(3,106)**	**F**
Market Towns Investment Fund	**0**	(500)	0	**(500)**	(250)	0	**(750)**	**G**
Budget Surplus Reserve	**(75)**	(2,426)	289	**(2,212)**	(1,419)	167	**(3,464)**	**H**
Special reserve	**(1,300)**	0	302	**(998)**	(90)	504	**(584)**	**I**
Other reserves	**(2,631)**	(396)	904	**(2,123)**	(586)	617	**(2,092)**	**J**
Total	**(15,310)**	**(4,978)**	**4,275**	**(16,013)**	**(5,630)**	**4,420**	**(17,223)**	

Purpose of Reserve		
A	S106 agreements	Contains payments made by developers to meet their planning approval obligation to contribute to the funding of infrastructure and community requirements. As a relevant project is completed it is funded in all or part from this reserve.
B	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.
C	Repairs and renewals funds	Some services contribute an annual sum and the funds are used to pay for one-off repair or renewal items; thereby evening out the spending on large maintenance items.
D	Strategic Transformation Reserve	To fund workflow streams associated with initiatives to improve the efficiency of the Council.
E	Collection Fund	Excess NDR and Council Tax received from the Collection Fund due to be repaid in future years.
F	Commercial Investment Fund	Revenue allocation to meet future investment in commercial investment strategy
G	Market Towns Investment Fund	A fund to support the redevelopment of Huntingdonshire's market towns.
H	Budget Surplus Reserve	Contains “Surplus” funds that exceed 15% maximum threshold for the General Fund Balance
I	Special reserve	To support business activity that will achieve future savings.
J	Other reserves	This is a summary of other less significant reserves that support ongoing service activity, including Local Plan activity, NDR Reliefs, District Council Elections, New Trading Company, Community Infrastructure Levy administration, IT projects, Housing Support and Landlord activities.

Note 11. Other Operating Expenditure included in the Comprehensive Income and Expenditure Statement

2017/18 £000		2018/19 £000
5,731	Parish Council precepts	5,947
402	Drainage Board Levies	403
(340)	(Gains)/losses on the disposal of non-current assets	(855)
5,793	**Total**	**5,495**

Note 12. Financing and Investment Income and Expenditure

2017/18 £000		2018/19 £000
623	Interest payable and similar charges	550
1,898	Pensions interest cost and expected return on pensions assets	1,985
(471)	Interest receivable	(581)
(1,721)	Income and expenditure in relation to investment properties and changes in their fair value	(2,547)
0	CCLA Property Fund Fair Value adjustment	(80)
(43)	Other Investment and Trading Operations	300
286	**Total**	**(373)**

Note 13. Taxation and Non Specific Grant Income

2017/18 £000		2018/19 £000
(13,771)	Council Tax income	(13,948)
(6,147)	Non Domestic Rates	(7,080)
(5,003)	Non-ringfenced Government grants	(5,725)
(8,285)	Developer Contributions (CIL & S106)	(7,808)
(315)	Capital grants	(788)
(33,521)	**Total**	**(35,349)**

Note 14. Property, Plant and Equipment

Movements in 2018/19	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation						
Gross B'fwd	**56,850**	**20,214**	**10,063**	**451**	**202**	**87,780**
Additions	1,141	1,978	0	0	212	**3,331**
Revaluation to Revaluation Reserve	5,994	0	0	0	0	**5,994**
Revaluation to CIES	(131)	0	0	0	0	**(131)**
Non-enhancing capital expenditure	(1,731)	0	0	0	0	**(1,731)**
Disposal	0	(1,408)	0	0	0	**(1,408)**
Transfer to Assets Held for Sale	(480)	0	0	0	0	**(480)**
Transfer within Property, Plant and Equipment	184	0	0	0	(184)	**0**
Gross C'fwd	**61,827**	**20,784**	**10,063**	**451**	**230**	**93,355**
Depreciation						
Gross B'fwd	**(681)**	**(12,194)**	**(4,431)**	**0**	**0**	**(17,306)**
Depreciation in Year	(1,756)	(1,612)	(422)	0	0	**(3,790)**
Depreciation written out to Revaluation Reserve	2,430	0	0	0	0	**2,430**
Revaluation to CIES	7	0	0	0	0	**7**
Disposal	0	1,268	0	0	0	**1,268**
Gross C'fwd	**0**	**(12,538)**	**(4,853)**	**0**	**0**	**(17,391)**
Net Book Value						
At 31 March 2019	**61,827**	**8,246**	**5,210**	**451**	**230**	**75,964**
At 31 March 2018	**56,169**	**8,020**	**5,632**	**451**	**202**	**70,474**

Movements in 2017/18	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation						
Gross B'fwd	**52,961**	**19,003**	**10,063**	**451**	**1**	**82,479**
Additions	1,699	2,412	0	0	202	**4,313**
Revaluation to Revaluation Reserve	2,190	0	0	0	0	**2,190**
Disposal	0	(1,201)	0	0	0	**(1,201)**
Transfer within Property, Plant and Equipment	0	0	0	0	(1)	**(1)**
Gross C'fwd	**56,850**	**20,214**	**10,063**	**451**	**202**	**87,780**
Depreciation						
Gross B'fwd	**(821)**	**(11,558)**	**(4,007)**	**0**	**0**	**(16,386)**
Depreciation in Year	(1,646)	(1,809)	(424)	0	0	**(3,879)**
Depreciation written out to Revaluation Reserve	1,786	0	0	0	0	**1,786**
Disposal	0	1,173	0	0	0	**1,173**
Gross C'fwd	**(681)**	**(12,194)**	**(4,431)**	**0**	**0**	**(17,306)**
Net Book Value						
At 31 March 2018	**56,169**	**8,020**	**5,632**	**451**	**202**	**70,474**
At 31 March 2017	**52,140**	**7,445**	**6,056**	**451**	**1**	**66,093**

Capital Commitments

As at 31 March 2019 the Council was contractually committed to capital works valued at approximately £1.877m (31 March 2018; £4.299m). The schemes are listed in the table below.

Division	Scheme	Amount £000
Development	Disabled Facilities Grants	977
	Community Infrastructure Levy	21
Resources	Investment in Trading Company	100
	Industrial Properties	18
Community	CCTV Equipment	510
	Document Centre Equipment	68
Operations	Refit Project	183
Total		**1,877**

Revaluations

- Land and buildings
  These assets are held at current value and were revalued as at 1 April 2016 onwards. The council operates a three year rolling programme of revaluations although where there has been significant capital expenditure on properties a revaluation will take place.

  The valuations were carried out externally and independently by Mr MJ Beardall BLE (Hons) MRICS (Member, Royal Institution of Chartered Surveyors) of Barker Storey Matthews. Mr Beardall has relevant experience in valuing these types of property and is a member of the Valuer Registration Scheme, and meets the requirements of the Red Book with regard to qualifications of the valuer, knowledge and skills, and independence and objectivity.

  The specific assumptions applied in estimating current values in respect of Land and Buildings by the Council's valuer were as follows:

  - The updated valuations have been prepared in accordance with the publication Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards. With specific reference made to UK Appendix 5 – Valuation of Local Authority Assets.

  - The assets have been valued in accordance with the Code of Practice on Local Authority Accounting, published by CIPFA.

  - The current value has been calculated by reference to comparable market evidence, including market evidence from the local geographical area. Adjustments have been made to factor in any unusual or onerous obligations, such as repairing obligations.

  - Where market evidence is unavailable due to the nature of the property; a depreciated replacement cost (DRC) method has been used. The DRC approach requires an estimate of the value of the land in its exiting use together with the current gross replacement costs of the building and its external works. Adjustments have been made to reflect the age, condition, economic, functional and environmental obsolescence and other locational factors. The build cost for DRC purposes has been calculated using the Building Cost Information Service quarterly review of building prices and is representative for an instant build approach.

- No adjustments have taken place for changes in value which may have taken place since the valuation date or for prospects of future growth.
- Useful economic live is based on how long the asset will deliver economic benefits for any purpose. This is based on the type of construction, the current age, and the condition of the asset.
- It has been assumed that there are no unusual or especially onerous restrictions, encumbrances or outgoings and that a good title can be shown. Also that the valuation would not be affected, by any matter that would be revealed by a local search.
- Assets falling outside of specific revaluation in the current financial year, have been considered and it is the valuer's belief that no other assets require an impairment review.
- Components have been considered in relation to LAAP 86 Componentisation of Property, Plant and Equipment, and the Council's componentisation policy.
- The properties have been assumed to be in reasonable tenantable condition, with no particular works being required that would prejudice a sale or the current value of the property, the properties have been assumed to be in a good state of repair.
- Building surveys have not been carried out, nor have inaccessible parts of buildings been inspected.
- No investigation has been made to determine whether or not any deleterious or hazardous material has been used in the construction of the properties or has since been incorporated. It has therefore been assumed in valuing the properties that such investigations would not disclose the presence of any such materials.
- We have assumed no contamination to be affecting the properties or neighbouring properties, which would affect our opinion on value.
- The properties are assumed to be in areas not prone to flooding.

Vehicles, Plant, Equipment and Infrastructure assets are valued at historic cost, as at the date of acquisition and subsequent capital enhancement expenditure less depreciation. Community Assets, and Assets Under Construction are valued at historic cost at the date of acquisition and subsequent capital enhancement. Consequently there is no ongoing revaluation review for these assets. Assets Held for Sale are valued at lower of carrying value and fair value less cost of sale.

Revaluation Profile	**Other Land and Buildings £000**
Valued at Current Value as at 31 March 2019	62,901

Note 15. Investment Property

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement as financing and investment income and expenditure.

2017/18 £000		2018/19 £000
(3,123)	Rental income from investment property	(3,582)
345	Direct operating expenses arising from investment property	533
(2,778)		**(3,049)**
1,057	Revaluation Adjustment	502
(1,721)	**Net (gain)/loss**	**(2,547)**

The movement in investment properties balances during the year are shown below.

2017/18 £000		2018/19 £000
30,147	**Balance at start of the year**	**35,169**
6,079	Additions in year	11,585
(1,057)	Net gain/(loss) for fair value	(502)
35,169	**Balance at end of the year**	**46,252**

Restrictions

There are no restrictions on the Council's ability to realise the value inherent in the investment properties or the Council's right to receive the income and proceeds of disposal.

Gains or Losses from changes in Fair Value

Gains or losses from Changes in the fair value of investment property are recognised in the Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure line.

Highest and Best Use

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

Valuation Techniques

There has been no change in valuation techniques used during the year for valuing investment properties. The fair value is measured on an annual basis as at 31st March. All valuations are carried out by a qualified valuer from Barker Storey Matthews, in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Fair Value Hierarchy

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

Level 1 Inputs

Quoted prices in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 Inputs

Inputs (other than quoted prices within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs

Unobservable inputs for the asset or liability.

Details of how the Fair Value Hierarchy inputs apply to the Council's Investment Properties are demonstrated in the table below:

Asset Type	2017/18 Fair Value Inputs Level 2 Other significant observable inputs £000	2018/19 Fair Value Inputs Level 2 Other significant observable inputs £000
Retail	10,575	9,400
Office	12,625	11,525
Commercial	11,969	25,327
Total	**35,169**	**46,252**

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

Significant Observable Inputs Level 2
The fair value for investment properties is based on the market approach, using current market conditions and sale prices for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant.

Note 16. Intangible Assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to software are generally 5 years.
The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £0.239m was charged to revenue in 2018/19; this was either charged to ICT or then absorbed as an overhead across all the service headings in the Net Expenditure of Services or directly to services.

Capital Commitments
As at 31 March 2019 the Council was committed contractually to capital works of £0.137m, (31 March 2018; £Nil).

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

2017/18 £000		2018/19 £000
	Balance at start of the year:	
2,966	Gross carrying amounts	2,892
(1,924)	Accumulated amortisation	(1,981)
1,042	**Net carrying amount at the start of the year**	**911**
253	Additions	399
(275)	Amortisation for the period	(239)
(327)	Disposals or retirements	(159)
218	Amortisation on Disposal	155
911	**Net carrying amount at the end of the year**	**1,067**
2,892	Gross carrying amounts	3,133
(1,981)	Accumulated amortisation	(2,066)
911	**Net carrying amount at end of the year**	**1,067**

Note 17. Financial Instruments

The financial assets and liabilities included in the Balance Sheet comprise the following categories of financial instruments.

Long-term 2017/18 £000	Long-term 2018/19 £000		Current 2017/18 £000	Current 2018/19 £000
		Investments and Cash & Cash Equivalents		
0	0	Short term investment	0	1,000
0	3,966	Financial Fair Value through Profit and Loss		
3,886	0	Financial Fair Value through other Comprehensive Income	0	0
3,886	**3,966**	**Total investments and Cash & Cash Equivalents**	**0**	**1,000**
		Debtors		
9,150	10,704	Loans and receivables	16,197	14,757
9,150	**10,704**	**Total Debtors**	**16,197**	**14,757**
13,036	**14,670**	**TOTAL FINANCIAL ASSETS**	**16,197**	**15,757**
		Borrowings		
(20,439)	(28,268)	Financial liabilities at amortised cost	(474)	(483)
(20,439)	**(28,268)**	**Total borrowings**	**(474)**	**(483)**
		Other Long-Term Liabilities		
(732)	(718)	Financial liabilities at fair value through Profit and Loss	0	0
(732)	**(718)**	**Total Other Long-Term Liabilities**	**0**	**0**
		Creditors		
0	0	Financial liabilities at amortised cost	(6,501)	(7,514)
0	**0**	**Total creditors**	**(6,501)**	**(7,514)**
(21,171)	**(28,986)**	**TOTAL FINANCIAL LIABILITIES**	**(6,975)**	**(7,997)**

Gains and losses on income and expense

Financial Liabilities (Liabilities measured at amortised cost)			Financial Assets (Loans and Receivables	
2017/18 £000	**2018/19 £000**		**2017/18 £000**	**2018/19 £000**
623	550	Interest expenses	0	0
0	0	Interest income	(471)	(581)
623	**550**	**Net gain/(loss) for the year**	**(471)**	**(581)**

Fair value of assets and liabilities carried at amortised cost

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. The fair value is taken from the market price.

The fair values of instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st march 2019, 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 mid-price quoted as at the end of trading on 31st March was used in valuating this fund.

Financial instruments classified at amortised cost are carried in the Balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, 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 investment have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

There have not been any transferred between hierarchy levels during the financial year 2018/2019.

2017/18 Carrying amount £000	2017/18 Fair value £000		2018/19 Carrying amount £000	2018/19 Fair value £000
		Liabilities		
(28,146)	(32,618)	Financial liabilities	(36,983)	(41,647)
		Assets		
30,028	30,373	Loans and receivables	30,426	30,893

	Fair Value Level	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000
Financial Liabilities held at amortised cost:					
Long term loans from PWLB	2	(20,439)	(25,635)	(28,268)	(33,634)
TOTAL		**(20,439)**	**(25,635)**	**(28,268)**	**(33,634)**
Liabilities for which fair value is not disclosed		(7,707)		(8,715)	
TOTAL FINANCIAL LIABILITIES		**(28,146)**	**(25,635)**	**(36,983)**	**(33,634)**
Recorded on the balance sheet as:					
Short term creditors		(6,501)	(6,501)	(7,514)	(7,514)
Short term borrowing		(474)	(483)	(483)	(499)
TOTAL SHORT TERM FINANCIAL LIABILITIES		**(6,975)**	**(6,984)**	**(7,997)**	**(8,013)**
Long term borrowing		(20,439)		(28,268)	
Other long term liabilities		(732)		(718)	
TOTAL LONG TERM FINANCIAL LIABILITIES		**(21,171)**		**(28,986)**	
TOTAL FINANCIAL LIABILITIES		**(28,146)**	**(32,619)**	**(36,983)**	**(41,647)**

	Fair Value Level	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000
Financial assets held at fair value:					
Property Fund	1	3,886	3,886	3,966	3,966
Short term Investment	1	0	0	1,000	1,000
Financial assets held at amortised cost:					
Long term loans to local organisations	2	5,012	5,357	5,717	6,161
TOTAL		**8,898**	**9,243**	**10,683**	**11,127**
Assets for which fair value is not disclosed		20,336		19,743	
TOTAL FINANCIAL ASSETS		**29,234**		**30,426**	
Recorded on the balance sheet as:					
Short term debtors		16,197		14,757	
Short term investments		0		1,000	
TOTAL SHORT TERM FINANCIAL ASSETS		**16,197**		**15,757**	
Long term debtors		9,150		10,703	
Long term investments		3,886		3,966	
TOTAL LONG TERM FINANCIAL ASSETS		**13,036**		**14,669**	
TOTAL FINANCIAL ASSETS		**29,233**		**30,426**	

The Financial Liabilities are shown below:

Financial Instrument	2017/18 Carrying amount £000	2018/19 Carrying amount £000	Details (includes loan reference number)
Long Term			
PWLB (3.91%)	(5,000)	(5,000)	495152 3.91% 19/12/2008 to 19/12/2057
PWLB (3.90%)	(5,000)	(5,000)	495153 3.90% 19/12/2008 to 19/12/2058
PWLB (2.24%)	(715)	(563)	502463 2.24% 07/08/2013 to 07/08/2023
PWLB (3.28%)	(706)	(690)	504487 3.28% 25/11/2015 to 25/11/2046
PWLB (3.10%)	(939)	(918)	504598 3.10% 19/01/2016 to 19/01/2047
PWLB (2.91%)	(469)	(458)	504810 2.91% 21/03/2016 to 21/03/2047
PWLB (3.10%)	(380)	(371)	504922 3.10% 29/04/2016 to 29/04/2047
PWLB (2.92%)	(308)	(301)	504993 2.92% 02/06/2016 to 02/06/2047
PWLB (2.31%)	(613)	(598)	505255 2.31% 29/07/2016 to 29/07/2047
PWLB (2.18%)	(471)	(459)	505372 2.18% 23/09/2016 to 23/09/2047
PWLB (2.67%)	(838)	(818)	505649 2.67% 06/01/2017 to 06/01/2048
PWLB (2.78%)	(5,000)	(5,000)	506436 2.78% 02/10/2017 to 02/10/2037
PWLB (2.49%)	0	(7,292)	508696 2.49% 11/03/2019 to 11/03/2039
PWLB (1.48%)	0	(800)	508931 1.48% 25/03/2019 TO 25/03/2022
	(20,439)	**(28,268)**	
Short Term			
PWLB (2.24%)	(152)	(153)	502463
PWLB (3.28%)	(16)	(16)	504487
PWLB (3.10%)	(21)	(22)	504598
PWLB (2.91%)	(11)	(11)	504810
PWLB (3.10%)	(9)	(8)	504922
PWLB (2.92%)	(7)	(7)	504993
PWLB (2.31%)	(16)	(15)	502255
PWLB (2.18%)	(12)	(12)	505372
PWLB (2.67%)	(19)	(19)	505649
Accrued interest	(211)	(220)	
	(474)	**(483)**	
Creditors	**(6,501)**	**(7,514)**	
	(27,414)	**(36,265)**	

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

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

Note 18. Inventories

The main items in 'other inventories' are refuse sacks £0.014m, uniforms £0.012m, ICT hardware £0.555m (2017/18; refuse sacks £0.027m, car park tickets £0.003m and uniforms £0.009m).

	Leisure Centres		Diesel		Other		Total	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April	**47**	**36**	**20**	**34**	**39**	**40**	**106**	**110**
Purchases	0	0	586	542	0	872	586	1,414
Recognised as an expense in the year	0	0	(547)	(564)	0	(317)	(547)	(881)
Stock Adjustment	(11)	(16)	(25)	13	1	(13)	(35)	(16)
Balance at 31st March	**36**	**20**	**34**	**25**	**40**	**582**	**110**	**627**

Note 19. Debtors

2017/18 £000		2018/19 £000
2,649	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	3,499
3,714	Other Local Authorities	3,738
15,980	Other entities and individuals	16,115
68	NHS	7
(1,840)	Bad debt provision (Impairment of loans and receivables)	(2,230)
20,771		**21,129**

Note 20. Cash and Cash Equivalents

2017/18 £000		2018/19 £000
9	Cash held by the Council	9
3,652	Bank balances	6,619
3,661	**Cash and Cash Equivalents**	**6,628**
(1,485)	Less Bank overdraft	(4,182)
2,176	**Net Total Cash and Cash Equivalents**	**2,446**

Note 21. Assets held for sale

Assets held for sale are expected to be sold within twelve months (at the Balance Sheet date). The asset is carried at carrying value or expected sale proceeds, whichever is lower.

2017/18 £000		2018/19 £000
0	**Balance at start of year**	**0**
	Transfers from Non-Current Assets	
0	Bridge Place Car Park	480
0	**Total Transfers**	**480**
0	**Balance at End of Year**	**480**

Note 22. Creditors

2017/18 £000	2017/18 Represented £000		2018/19 £000
6,324	6,324	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	4,178
1,877	4,068	Other Local Authorities	5,012
327	327	NHS	339
168	168	Public Corporation	58
7,957	5,766	Other entities and individuals	5,007
16,653	**16,653**		**14,594**

Note 23. Useable Reserves

Movements in the Council's useable reserves are detailed in the Movement in Reserves Statement and a further breakdown is shown in Note 10, Movements in Earmarked Reserves.

Note 24. Unusable Reserves

2017/18 £000		2018/19 £000
(42,892)	Capital Adjustment Account	(44,001)
(24,204)	Revaluation Reserve	(30,480)
213	Financial Instruments Adjustment Account	115
156	Financial Instruments Revaluation Reserve	156
72,331	Pensions Reserve	89,081
(138)	Collection Fund Adjustment Account	(742)
5,466	**Total Unusable Reserves**	**14,129**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment and Investment Properties before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains and losses. Note 7 provides the details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2017/18 £000	2017/18 £000	Capital Adjustment Account	2018/19 £000	2018/19 £000
	(44,302)	**Balance at 1 April**		**(42,892)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
3,880		Charges for depreciation of non-current assets	3,790	
90		Impairment losses on property, plant & equipment	320	
275		Amortisation of intangible assets	239	
1,191		Revenue expenditure funded from capital under statue	1,628	
0		Losses on impairment of capital loans	251	
137		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	142	
(508)		Adjusting amounts written out of the Revaluation Reserve	(612)	
		Capital financing applied in the year:		
(689)		Use of the Capital Receipts Reserve to finance new capital expenditure	(1,244)	
0		Use of S106 earmarked reserves	(14)	
(315)		Application of Grants to finance capital expenditure	(788)	
(1,066)		Application of grants to capital financing from the capital grants unapplied account	(1,532)	
(1,761)		Statutory provision for the financing of	(2,048)	

		capital investment charged against the general fund (MRP)		
273		Repayment of long term debtors	295	
(1,154)		Capital expenditure charged to General Fund	(2,038)	
		Investment Property Fair Values		
1,057		Movement in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	502	
	1,410	**Total Movements**		**(1,109)**
	(42,892)	**Balance at 31 March**		**(44,001)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. It is identified at individual asset level. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost. If no surplus remains on a particular asset's account any further impairment must be charged to the surplus/deficit on the provision of services within the Comprehensive Income and Expenditure Statement;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2017/18 £000	Revaluation Reserve	2018/19 £000
(20,646)	**Balance at 1 April**	**(24,204)**
(5,116)	Upward revaluation of assets	(8,370)
1,050	Downward revaluation or impairment of assets not charged to the surplus/deficit on the provision of services	1,482
(4,066)	**(Surplus) or deficit in the revaluation of non-current assets**	**(6,888)**
508	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	612
(24,204)	**Balance at 31 March**	**(30,480)**

Other adjustments for assets disposed of or transferred - written off to Capital Adjustments Account

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the differences between accounting for the fair value of loans given to individuals and organisations, and the actual income credited to the General Fund.

2017/18 £000	Financial Instruments Adjustment Account	2018/19 £000
226	**Balance at 1 April**	**213**
(13)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(98)
213	**Balance at 31 March**	**115**

Financial Instruments Revaluation Reserve

These financial instruments are carried at their fair value. Movements in fair value are posted to a revaluation reserve (the Financial Instruments Revaluation Reserve) and taken to the Surplus or Deficit on the Revaluation of Financial Assets (FVOCI elected) line in the Comprehensive Income and Expenditure Statement.

2017/18 £000	Financial Instruments Revaluation Reserve	2018/19 £000
330	**Balance at 1 April**	**156**
(174)	**Upward revaluation of investments**	**0**
156	**Balance at 31 March**	**156**

Pensions Reserve

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

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further information is found in Note 37 in respect of Defined Benefit Pension Scheme.

2017/18 £000	Pensions Reserve	2018/19 £000
72,161	**Balance at 1 April**	**72,331**
(3,525)	Actuarial (gains) or losses on pensions assets and liabilities	12,253
8,221	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	8,911
(4,526)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,414)
72,331	**Balance at 31 March**	**89,081**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account identifies the element of the Collection Fund balance that is due to this Council. It is included in the Comprehensive Income and Expenditure Statement as it relates to 2018/19 and previous years although it is only actually transferred from the Collection Fund in line with regulations.

2017/18 £000	Collection Fund Adjustment Account	2018/19 £000
(902)	**Balance at 1 April**	**(138)**
764	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic income calculated for the year in accordance with statutory requirements	(604)
(138)	**Balance at 31 March**	**(742)**

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year i.e. annual leave entitlement and accrued flexitime carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Accumulating Compensated Absences Adjustment Account.

Changes to the Councils annual leave and flexible working scheme, removing the automatic carry forward of untaken annual leave and restricting flexitime credits to 14.8 hours, has reduced the likely calculated cost of this type of adjustment to a minimal level. Therefore nothing has been included in the 2018/19 accounts for Accumulating Compensated Absences.

Note 25. Operating Activities

The cash flows for operating activities include the following items:

2017/18 £000	Interest Items	2018/19 £000
623	Interest Received	784
(498)	Interest Paid	(600)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2017/18 £000	Non-Cash Items	2018/19 £000
3,880	Depreciation	3,790
90	Impairment and downward valuations	320
275	Amortisation	239
55	Increase/ (decrease) in impairment for bad debts	0
1,460	Increase/ (decrease) in creditors	63
(4,312)	Increase/ (decrease) in debtors	932
(4)	Increase/ (decrease) in inventories	(517)
3,695	Movement in pension liability	4,497
137	Carrying amount of non-current assets and non- current assets held for sale, sold or derecognised	142
960	Other non-cash items charged to the net surplus or deficit on the provision of services	383
6,236		**9,849**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2017/18 £000	Investing and Financing Items	2018/19 £000
(403)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(949)
(9,693)	Any other items for which the cash effects are investing or financing cash flows	(9,798)
(10,096)		**(10,747)**

Note 26. Investing Activities

2017/18 £000		2018/19 £000
(9,316)	Purchase of property, plant and equipment, investment property and intangible assets	(16,585)
(2,573)	Other payments for investing activities	(10,843)
403	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	949
36,400	Purchases of short and long term investments	(40,075)
(36,400)	Proceeds from short-term and long-term investments	39,075
10,091	Other receipts from investing activities	18,189
(1,395)	**Net cash flows from investing activities**	**(9,290)**

Note 27. Financing Activities

2017/18 £000		2018/19 £000
(272)	Other Receipts from Financing Activities	0
14,000	Cash Receipts of short/long term borrowing	8,091
(9,240)	Cash Payments to Short/Long term borrowing	(257)
0	Other payments for financing activities	(1,238)
4,488	**Net cash flows from financing activities**	**6,596**

Note 28. Trading Operations and Shared Services

From a local authority context, a trading operation is one where a Council is trading and taking operational risks and could, if the economic environment so dictated, expose the Council to a financial loss on the service provided. This is the full costs including central support charges.

2017/18 £000	Trading Operations included in the Net Cost of Service	2018/19 £000
	Car Parks The Council collects car parking income from both its own off-street car parks and from the on-street car parking operations that it operates, as an agent, for the Highways Authority. The income is generated from a mix of parking fees and excess parking charges. The Council operates 22 chargeable off-street car parks across the district and 3 on-street car parking areas in Huntingdon, St.Ives, and St Neots.	
(2,495)	Gross Income	(2,586)
1,266	Gross Expenditure	1,379
(1,229)	**(Surplus)/Deficit**	**(1,207)**
	Leisure Services The Council operates 5 leisure centres across the district, under the name One Leisure; namely Huntingdon, St. Ives, St Neots, Sawtry and Ramsey. The facilities provided vary across the district but include amongst others; Swimming Pools, Sports Halls, Astro-Turf, Athletics Track, Gymnasium, Spa facilities and Ten-Pin Bowling.	
(6,604)	Gross Income	(5,879)
7,946	Gross Expenditure	7,967
1,342	**(Surplus)/Deficit**	**2,088**
113	**Net (Surplus)/Deficit on Trading Operations included in Net Cost of Service**	**881**

2017/18 £000	Trading Operations included in the Financing and Investment Income and Expenditure	2018/19 £000
	Markets The Council operates 3 stall markets in the towns of Huntingdon, Ramsey and St. Ives. In addition to the general market days Huntingdon has a separate farmers market and St Ives a bank holiday market.	
(147)	Gross Income	(157)
132	Gross Expenditure	147
(15)	**(Surplus)/Deficit**	**(10)**
	Printing The Council operates a Document Processing Centre that produces a range of documents for both internal and external customers. All external work is undertaken on a marginal cost basis (i.e. excluding recharges) and on this basis external work has made a contribution to the net cost of the service. However, statutory reporting requires full cost.	
(57)	Gross Income	(33)
47	Gross Expenditure	37
(10)	**(Surplus)/Deficit**	**4**
	Grounds Maintenance The Council's in-house Grounds Maintenance Team provides a wide range of services, primarily in respect of green spaces. However, the service also provides some services for external organisations, namely Luminus Housing Association and Cambridgeshire County Council.	
(225)	Gross Income	(213)
235	Gross Expenditure	223
10	**(Surplus)/Deficit**	**10**
	Commercial Waste The Council operates a waste collection service that is available to all businesses across the district. As this is a non-statutory service it is a chargeable activity.	
(187)	Gross Income	(206)
159	Gross Expenditure	251
(28)	**(Surplus)/Deficit**	**45**
(43)	**Trading Operations included in Financing and Investment Income and Expenditure**	**49**
70	**Net (Surplus)/Deficit on Trading Operations**	**930**

The above figures include non-cash adjustments; including IAS19 pensions and depreciation**.**

Note 29. Members' Allowances

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

2017/18 £000		2018/19 £000
377	Allowances	329
12	Expenses	13
389		**342**

Note 30. Senior Officer remuneration and staff over £50k

The number of employees whose remuneration in the year was £50,000 or more is shown in the table below. It includes pay, redundancy payments and other employee benefits but not employer's pension contributions.

2017/18	£		£	2018/19
13	50,000	but less than	55,000	14
0	55,000	but less than	60,000	4
4	60,000	but less than	65,000	3
2	65,000	but less than	70,000	2
1	70,000	but less than	75,000	1
1	75,000	but less than	80,000	1
1	80,000	but less than	85,000	0
0	85,000	but less than	90,000	1
1	130,000	but less than	135,000	0
0	140,000	but less than	145,000	1
23				**27**

Included in the banding table above are those senior officers who are separately disclosed in the following remuneration of senior employees table.

Remuneration of Senior Employees

The remuneration of Senior Employees is shown in the table below.

2018/19 Post holder	Salary including allowances £	Election Fees £	Total remuneration Including allowances and fees £	Employer pension contributions £	Remuneration including pension contributions £
Managing Director (1)	134,225	10,641	**144,866**	22,949	**167,815**
Corporate Director (Delivery)	85,594	624	**86,218**	14,616	**100,834**
Corporate Director (Services)	79,333	570	**79,903**	13,725	**93,628**
Assistant Director (Transformation) (2)	73,447	270	**73,717**	12,706	**86,423**
Head of Resources (S151 Officer)	68,255	776	**69,031**	11,738	**80,769**

2017/18 Post holder	Salary including allowances £	Election Fees £	Total remuneration Including allowances and fees £	Employer pension contributions £	Remuneration including pension contributions £
Managing Director (1)	132,300	435	**132,735**	22,741	**155,476**
Corporate Director (Delivery)	84,322	0	**84,322**	14,471	**98,793**
Corporate Director (Services)	57,011	0	**57,011**	9,863	**66,874**
Head of Resources (S151 Officer)	67,597	0	**67,597**	11,630	**79,227**

Key:

Note 1: The election fees do not include fees for County, Parliamentary and Mayoral elections paid for by third parties.
Note 2: The starting date of the Assistant Director - Transformation was 09/10/17.

Note 31. External Audit Costs

The sums disclosed below are those payable to EY for the annual audit of the statement of accounts, statutory inspections and certification of grant claims.

2017/18 £000		2018/19 £000
70	External audit	72
18	Grant claim certification	17
88		**89**

Note 32. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2017/18 £000		2018/19 £000
	Credited to taxation and non-specific Grant income	
1,182	Revenue support grant	604
3,656	New Homes Bonus	2,669
165	Other Non Ringfenced Grants	2,452
315	Capital Grants	788
5,318	**Total**	**6,513**
	Credited to Services	
32,670	Rent allowances	31,752
558	Benefits administration	522
1,391	Improvement Grants	1,424
933	Other	878
35,552	**Total**	**34,576**

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:

2017/18 £000	Grants Receipts in Advance	2018/19 £000
	Government grants	
52	Mortgage Rescue Scheme	52
61	Preventing Repossessions	61
113		**113**

The Council has received some grants that have no conditions attached; they have been recognised as income but are held in the Capital Receipts Unapplied Account pending their use to fund the relevant Capital Scheme. The balances at the year-end are as follows:

2017/18 £000	Capital Grants Unapplied Account	2018/19 £000
980	Building Foundations for Growth	1
16,308	Community Infrastructure Levy	23,341
17,288		**23,342**

Note 33. Related Parties

The Council must disclose in the accounts any material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently.
Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides a significant amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties e.g. Council tax bills.

Grants received from Government departments are set out in Note 32 on “Grant Income”.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 29. Some Council members are also:

- 1.elected members of other Councils, including the County Council, Parish and Town Councils.

- 2.nominated representatives of Huntingdonshire County Council on various organisations, including the Cambridgeshire and Peterborough Combined Authority.

The Council has a significant operational relationship with Cambridgeshire County Council. The Council is the administering authority for the Council's Pension Fund, and many of the Councils services work with County Council services on a day-to-day basis e.g. the Council is the statutory waste collection authority whereas the County Council is the statutory waste disposal authority but each of the Councils has to pay the other in respect of certain types of waste. For 2018/19, the Council has paid:

- £7.022m to Cambridgeshire County Council (£3.359m for services and £3.663m for pension payments), and

- received £1.064m from the County Council.

(6.045m paid to and £1.124m received from the County Council; 2017/18)

The Council also has shared services arrangements with Cambridge City Council (CCC), South Cambridgeshire District Council (SCDC) and Cambridge and Peterborough Partnership for ICT, Building Control, Legal and CCTV services:

Payments to / (from)	CCC	SCDC	Cambridge & Peterborough Partnership
	£000	£000	£000
ICT Services	(3,835)	(2,057)	(114)
Legal Services	219		
Building Control	139		
CCTV	(322)		

The Home Improvement Agency is a shared service between the Council and Cambridge City Council and South Cambs District Council; the agency is managed by Cambridge City Council. The Councils grant applicants contribution to the agency for 2018/19 was £0.336m (2017/18, £0.326m), which represents 15% (2017/18, 15%) of the Disabled Facilities Grant that they agency manages on behalf of the Council. For 2018/19, the partners to the agency agreed that the agency could retain any surplus generated to invest in the future of the agency, for the Council this equated to £0.065m.

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 99.

In respect of 2018/19:

- 50 members out of 52 members who served the Council returned a Related Party Transaction disclosure form.
- 14 officers out of 15 officers returned a Related Party Transaction disclosure form.

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

Councillor	Organisation	Relationship with Organisation	Payments from Organisations 2018/19 £	Payments made by the Council 2018/19 £	Interest
Keane	HDC Ventures	Director	0	0	
Keane	HDC Ventures Limited	Director	0	0	
Chapman	Friend of Paxton Pits	Friend	15,357	0	Contribution for Interpretation £5972, Pathing £787, Safe £356, Office furniture, stools chairs & trolley £1553, Leaflet re print £124, Shed/electrical improvements £1750, Keys £254, Misc £27, First aid training £500, Materials for viewing platform £4034
Chapman	Friend of Sudbury Meadow	Friend	0	1,433	Grant section 1
Criswell	Hunts Forum of Voluntary Sector Organisations	Member	0	31,150	HDC Voluntary Sector Agreement 1.10.18 to 31.3.19
Tavener	Oxmoor Community Action Group (OCAG Moor in Bloom)		0	620	Community chest award 1819
Davies	St Johns Ambulance	Member	0	1,000	Chairman's Charity Donation
Officer					
Lancaster	HDC Ventures	Director	0	0	
Morley	HDC Ventures	Director	0	0	
Stopford	HDCV SSL Ltd (HDC Ventures Security services Limited)	Director	0	0	

With regard to these organisations, the Council has either procured goods or services or provided funding that has supported them in providing their core services. The items disclosed are in the normal course of business and are at arm's length.

Note 34. Capital Expenditure and Capital Financing

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

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

2017/18 £000		2018/19 £000
38,791	**Opening Capital Financing Requirement**	**46,647**
	Capital Investment	
4,111	Property, Plant and Equipment	3,119
253	Intangible Assets	399
2,582	Revenue Expenditure Funded from Capital Under Statue	3,052
1,005	Repayable Advances	1,778
6,079	Investment Property	11,585
202	Assets Under Construction	212
14,232		**20,145**
(689)	Capital Receipts	(1,244)
(1,706)	Grants and Other Contributions	(2,213)
(407)	Use of Earmarked Reserves	(412)
(61)	Capital Grants Unapplied Reserve – Community Infrastructure Levy	(553)
(1,005)	Capital Grants Unapplied Reserve – Other	(978)
(747)	Use of Earmarked Reserves – Commercial Investment Strategy	(1,627)
(1,761)	Minimum Revenue Provision	(2,048)
0	S106 Reserve	(14)
(6,376)		**(9,089)**
46,647	**Closing Capital Finance Requirement**	**57,703**
7,856	**Increase/(Decrease) in Underlying Need to Borrow**	**11,056**

Note 35. Leases

<u>Council as Lessee</u>

Finance Leases

The Council has acquired some industrial units under finance leases. The assets acquired under these leases are carried as investment property in the Balance Sheet at the following amounts:

2017/18 £000		2018/19 £000
2,059	**Investment Properties**	**2,160**

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

2017/18 £000		2018/19 £000
	Finance lease liabilities (net present value of minimum lease payments)	
544	Non-current	544
2,872	Finance costs payable in future years	2,833
3,416	**Minimum lease payments**	**3,377**

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

	Minimum lease payments		Finance lease payments	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Not later than 1 year	39	39	0	0
Later than 1 year and not later than 5 years	156	156	0	0
Later than 5 years	3,221	3,182	544	544
	3,416	**3,377**	**544**	**544**

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 2018/19 £0.081m contingent rents were payable by the Council (2017/18; £0.081m).

Operating Leases

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

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

2017/18 £000		2018/19 £000
22	Not later than 1 year	18
40	Later than 1 year and not later than 5 years	21
62		**39**

The expenditure charged to the appropriate service in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2017/18 £000		2018/19 £000
31	Minimum lease payments	**28**

Service Concessions

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

Council as Lessor

Finance leases

The Council has no finance leases as lessor.

Operating Leases

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

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

2017/18 £000		2018/19 £000
2,861	Not later than 1 year	3,666
7,782	Later than 1 year and not later than 5 years	8,752
16,582	Later than 5 years	23,969
27,225		**36,387**

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

Note 36. Impairment Losses

During 2018/19 the Council has recognised impairments to Property, Plant and Equipment of £1.803m (2017/18; £0.090m).

Note 37. Termination Benefits and Exit Packages

Compulsory Redundancy:
In respect of:

- 2018/19, the Council did not approve any compulsory redundancies this year
- 2017/18, the Council approved the compulsory redundancy of 4 employees

Other departures (Including Voluntary Redundancy):
In respect of:

- 2018/19, 1 voluntary redundancy was approved.
  In addition a further 3 employees left the council in 2018/19 with a Compromise agreement.
- 2017/18, 0 voluntary redundancies were approved.
  In addition a further 1 employee left the council in 2017/18 with a Compromise agreement.

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

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages agreed		Total cost of packages	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £000	2018/19 £000
£0 to less than £20,000	1	0	1	4	2	4	23	18
£20,000 to less than £40,000	1	0	0	0	1	0	21	0
£40,000 to less than £60,000	0	0	0	0	0	0	0	0
£60,000 to less than £80,000	2	0	0	0	2	0	140	0
	4	**0**	**1**	**4**	**5**	**4**	**184**	**18**

Note 38. Defined Benefit Pension Scheme

Participation in Pension Schemes

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

Employees of Huntingdonshire District Council may participate in the Cambridgeshire Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit final salary scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2016.

To avoid the impact of potential reductions in the workforce the actuary proposed that a fixed percentage of 17.3% be applied for 2017/18, 2018/19 and 2019/20.
This should be used to provide for future service liabilities, together with a lump sum contribution to reduce the existing deficit related to past service.

The lump sums proposed were:

2017/18 £1.584m
2018/19 £1.584m
2019/20 £1.584m

As a consequence of the triennial valuation, the asset value in the intervening period is an estimate calculated by the actuary using a model. Any differences between the estimate and actual figures are adjusted at the next full valuation.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The Council and employees pay contributions into a fund, at a level calculated to balance the pension liabilities with investment assets. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive

Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2017/18 £000		2018/19 £000
	Comprehensive Income & Expenditure Statement	
	Cost of Services:	
6,256	Current Service Cost	6,068
67	Past Service Cost	858
	Financing and Investment Income and Expenditure:	
5,549	Net interest expense	5,856
(3,651)	Expected Return on Scheme Assets	(3,871)
8,221	**Total post-employment benefit charged to the deficit on the provision of services**	**8,911**
	Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:	
	Re-measurement of the net defined benefit liability comprising:	
(557)	Return on plan assets (Excluding the amount included in the net interest expense)	5,561
4,107	Actuarial gains and losses arising on changes in financial assumptions	(17,971)
(25)	Other experience	158
3,525		(12,253)
11,746	**Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement**	**(3,342)**
	Movement in Reserves Statement	
(8,221)	Reversal of net charges made to the surplus/deficit on the provision of services for post-employment benefits in accordance with the Code	(8,911)
	Actual amount charged against the General Fund Balance for Pensions in the Year:	
4,331	Employer's contributions payable to the scheme	4,235
195	Retirement benefits payable to pensioners*	179
(3,695)	**Total Movement in Reserves Statement**	**(4,497)**

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2019 is a loss of £64.08m, and to the 31 March 2018 is a loss of £51.83m.

Assets and Liabilities in relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities in respect of Huntingdonshire District Council:

31 March 2018 £000		31 March 2019 £000
212,691	**Opening balance as at 1 April**	**215,939**
6,256	Current Service Cost	6,068
5,549	Interest Cost	5,856
1,020	Contributions by scheme participants	1,014
	Remeasurement (gains) and losses:	
(4,107)	Actuarial losses / (gains) from changes in financial assumptions	17,971
25	Other	(158)
67	Past service costs/ (gains)	858
(5,367)	Benefits paid	(5,536)
(195)	Estimated unfunded benefits paid *	(179)
215,939	**Closing balance at 31 March**	**241,834**

* The unfunded benefits are those relating to the early retirement of scheme members where the Council makes an additional contribution to the Pension Fund

Reconciliation of fair value of the scheme assets in respect of Huntingdonshire District Council:

31 March 2018 £000		31 March 2019 £000
140,530	**Opening fair value of scheme assets balance as at 1 April**	**143,608**
3,651	Interest Income	3,871
	Remeasurement gain/(loss)	
(557)	The return on plan assets (Excluding amount included in net interest expense)	5,561
4,331	Contributions by the employer	4,235
1,020	Contributions by employees into the scheme	1,014
195	Contributions for unfunded (Discretionary benefits)benefits*	179
(5,367)	Benefits paid	(5,536)
(195)	Unfunded (Discretionary benefits) benefits paid*	(179)
143,608	**Closing Balance at 31 March**	**152,753**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £9.43m (2017/18; £3.77m).

Pensions Assets and Liabilities Recognised in the Balance Sheet

2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000		2018/19 £000
(192,333)	(179,200)	(212,691)	(215,939)	Fair value of assets	(241,834)
112,249	111,237	140,530	143,608	**Deficit in the scheme**	152,753
(80,084)	**(67,963)**	**(72,161)**	**(72,331)**		**(89,081)**

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment benefits. The total liability of £(241.83m) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £(89.08m).

However, the statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme and actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Council expects to contribute £4.24m into Cambridgeshire County Council's Local Government Pension Fund in the year to 31 March 2020. With regard to discretionary benefits, there were no such awards in 2018/19 (2017/18; Nil).

Impact of the 31 March 2016 Formal Actuarial Valuation

Formal actuarial valuations are carried out every three years where assets and liabilities are calculated on a detailed basis and these were concluded as at 31 March 2016.

Basis for Estimating Liabilities and Assets

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2016. The results of this valuation were projected forward using approximate methods.

The main assumptions used by the actuary are as shown below

2017/18	County Fund – Main Assumptions	2018/19
2.7%	Rate of increase in salaries	2.8%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate of discounting scheme liabilities	2.4%
	Mortality assumptions:	
	Longevity at 65 for current pensioners	
22.4 years	Men	22.4 years
24.4 years	Women	24.4 years
	Longevity at 65 for future pensioners	
24.0 years	Men	24.0 years
26.3 years	Women	26.3 years

Local Government Pension Scheme Assets Comprised:

Pension fund assets consist of the following categories, by value of the total assets held:

31 March 2018 £000		31 March 2019 £000
4,624	Cash and cash equivalents	1,892
4,624		**1,892**
	Equity instruments by industry type:	
3,987	Consumer	4,615
2,578	Manufacturing	2,749
3,091	Energy and utilities	3,208
6,189	Financial institutions	5,742
1,524	Health and care	924
678	Information technology	813
18,047	**Sub-total equity**	**18,051**
	Debt Securities	
3,620	UK Government	3,789
3,620	**Sub total debt securities**	**3,789**
	Private equity:	
13,320	All not in active markets	11,566
13,320	**Sub-total private equity**	**11,566**
	Other investment funds:	
14,433	Bonds	14,195
0	Infrastructure	6,358
79,531	Equity	85,571
10,033	Other	11,331
103,997	**Sub-total other investment funds**	**117,455**
143,608	**Total Assets**	**152,753**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2018/19 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2019.

2014/15 %	2015/16 %	2016/17 %	2017/18 %		2018/19 %
2.62	6.88	(3.83)	18.32	Differences between expected and actual return on assets	(0.36)
0.95	1.01	0.19	(0.01)	Experience gains/ losses on liabilities	0.07

Sensitivity analysis:

Increase in assumption 31 March 2018 £000	Impact on the defined benefit obligation in the scheme	Increase in assumption 31 March 2019 £000
3-5%	Longevity (increase or decrease in 1 year)	3-5%
2,943	Rate of increase in salaries (increase or decrease by 0.5%)	3,263
18,206	Rate of increase in pensions (increase or decrease by 0.5%)	21,228
(21,409)	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(24,884)

Further information

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

Note 39. Provisions, Contingent Assets and Liabilities

	Short Term Provisions			
	Enterprise Zone Retained NDR (1) £000	NDR Appeals Provision (2) £000	Insurance Claim (3) £000	Total £000
Balance at 1 April 2017	**79**	**1,283**	**0**	**1,362**
Movement during 2017/18	(79)	307	0	228
Balance at 31 March 2018	**0**	**1,590**	**0**	**1,590**
Amounts used in 2018/19	0	(232)	0	**(232)**
Amounts charged to services 2018/19	0	195	13	**208**
Balance at 31 March 2019	**0**	**1,553**	**13**	**1,566**

Provision

Short Term Provision
Where an obligating event is expected to occur within the next 12 months.

1. Enterprise Zone Retained NDR

The Council retains the Non Domestic Rates (NDR) income arising from increases in the rateable value of premises within the Alconbury Weald Enterprise Zone. However, there is a requirement to apply this retention to the Enterprise Zone as no formal request to draw down this retention had been made by the Local Enterprise Partnership as at 31 March 2015, a provision for this liability has been recognised. Settled during FY 2017-18.

2. NDR Appeals Provision

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review which included taking external expert advice a provision for appeals outstanding was estimated to be £3.882m; of which £1.553m would have to be met by the Council, and £2.329m by other Collection Fund participants.

3.Insurance Claim

Workplace related illness acquired by an employee who was working for a predecessor authority pre 1974. It has not been possible to identify the insurer who provided employees liability cover and consequently the Council will be responsible for the cost of the claim.

Contingent Liabilities

The councils Contingent Liabilities cover various on-going litigations and these are detailed below. The total expected value of these liabilities is £5.724m (2017/18; £6.329m)

2017/18 Estimated value of contingent liability £000	Details of Contingent Liability	2018/19 Estimated value of contingent liability £000
	Environmental Related:	
3,300	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. 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 21 years (originally 30 years).	3,150
3,300	**Total for Environmental Related**	**3,150**

2017/18 Estimated value of contingent liability £000	Details of Contingent Liability	2018/19 Estimated value of contingent liability £000
1,994	**NHS Hospital Trust** At this time a claim has been made against the Council by NHS Hospital Trusts in respect of mandatory NDR relief. However, via the Local Government Association, the Council along with many other Local Authorities is challenging this claim.	1,953
1,994	**Total for Customer Services Related**	**1,953**
576	<u>**Corporate Related:**</u> **Municipal Mutual Insurance Liquidation** Some years ago, the Council was insured by Municipal Mutual Insurance (MMI); unfortunately whilst the Council was insured by MMI they went into liquidation. Following the collapse of MMI, a Scheme of Arrangement was made that allowed MMI to 'run-off' the business and deal with outstanding claims. Due to increasing numbers of liability claims that MMI continued to receive, MMI pursued the matter of their continuing liability through the Courts. The Supreme Court gave judgement in March 2012. This clarified MMI's position in respect of future claims and led ultimately to increasing liabilities for MMI. The Scheme of Arrangement was enforced in January 2014. A £0.2m levy has been charged against the Council, which represents 25% of the total claims paid by MMI on behalf of the Council since 1993 (£0.851m) less a protected liability sum of £50k as agreed by the Financial Services Compensation Board. The Contingent Liability shown for 2018/19 is the balance of the total claims paid by MMI on behalf of the Council.	601
20	**Assets of Community Value** As at 31 March 2018, the Council has listed 35 sites owned by private individuals or companies as Assets of Community Value, as required by the Localism Act 2011. The Assets of Community Value scheme includes provisions for owners to claim compensation for loss and expense incurred through the asset being listed or previously listed. All claims must be considered and decisions may be subject to a review and an independent appeal. The Council is liable for all compensation payments awarded up to a maximum of £20,000 in each financial year, unless the limit is removed by the Government.	20

439	**Apprenticeship Grant for Employers** Under the governments S.31 devolvement powers the above grant (£1,487k) was awarded to Cambridgeshire and Peterborough and paid directly to Peterborough Regional College; however, the Council is the accountable body. The amounts shown are the uncommitted funds as at the 31 March for which the Council could be liable for if the grant conditions are not met.	0
1,035	**Total for Corporate Related**	**621**
6,329	**Total Contingent Liabilities**	**5,724**

The above litigations are prudent estimates of the potential cost to the council. It is not possible, due to considerations of legal privilege to either provide further information or to give an assessment of the likelihood of success of any of the litigations.

Note 40. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise as a result of changes in measures such as interest rates.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the treasury management team with due regard to the Annual Treasury Management Strategy approved by the Council.

Credit risk

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

In relation to investments the Council has adopted CIPFA's Code of Practice on Treasury Management in the Public Services, has an agreed Treasury Management Strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £38.82m (2017/18; £29.790m) 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 2019 that this was likely to occur and there are no investments that as at 31 March 2019 were with institutions that had failed.

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

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

	Amount at 31 March 2019 £000	Historical experience of default %	Historical experience of default adjusted for market conditions %	Impairment allowance 31 March 2019 £000	Impairment allowance 31 March 2018 £000
Sundry debtors	2,981	3.71	3.71	1,854	1,497

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

31/03/18 £000		31/03/19 £000
690	Less than three months	405
242	Three to six months	84
351	Six months to one year	91
2,088	More than one year	2,401
3,371		**2,981**

Liquidity risk

The Council maintains a cash flow projection that assists in ensuring that cash is available as needed. If unexpected movement happens the Council has ready access to borrowings from the money markets, and if necessary from the Public Works Loans Board (PWLB), although the Council does not generally use the PWLB for short-term cash-flow deficits. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities of more than one year are shown below as at 31 March 2019.

Financial Year	£000s
2021/22	800
2023/24	716
2037/38	5,000
2038/39	7,292
2046/47	2,114
2047/48	2,610
2057/58	5,000
2058/59	5,000
	28,532

31/03/18 £000		31/03/19 £000
474	Less than one year	483
20,439	More than one year	28,268
20,913		**28,751**

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

Market risk – interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of liabilities borrowings will fall.
- Investment at variable rates – the interest income credited to the Surplus or deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

However the impact on the Surplus or Deficit on the Provision of Services is reduced because the Council does not generally borrow or invest at variable rates. Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The Council manages interest rate risk by not having any borrowings in variable rate loans. At times of falling interest rates and where economic circumstances make it favourable, consideration would be given to repaying fixed rate loans early to limit exposure to losses.

The treasury management team assesses the interest rate exposure that feeds into the setting of the annual budget and it is used to update the budget at least quarterly during the year.

If in 2018/19 interest rates on all of its investments and borrowings had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on borrowings of less than 1 year	0
Increase in interest receivable on investments of less than 1 year	123CR
Impact on the surplus on the Provision of Services	123CR
Increase in the fair value of fixed rate investments	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings (No impact on the Comprehensive Income and Expenditure Statement	5,220

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

At 31 March 2019 the Council had £4 million invested in the Local Authorities Property Fund which is a professionally managed diversified property portfolio.

This investment is classified as financial asset elected for FVOCI, meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure.

A gain of £79,722 in respect of the Local Authorities Property Fund has been recognised in Other Comprehensive Income and Expenditure in 2018/19. This reflects general movements in the value of the shares, and the spread between the ‘offer’ price at which the shares were purchased and the ‘bid’ price that any purchaser would pay for them.

A general shift of 5% in the general price of shares (positive or negative) would have resulted in a gain or loss of £117,672 being recognised in the Other Comprehensive Income and Expenditure for 2018-19.

Foreign Exchange Risk

The Council does not hold foreign currencies and consequently has no exposure to loss arising from movements in exchange rates.

Collection Fund

Non-Domestic Rates 2017/18 £000	Council Tax 2017/18 £000	TOTAL 2017/18 £000		Non-Domestic Rates 2018/19 £000	Council Tax 2018/19 £000	TOTAL 2018/19 £000
			INCOME			
0	100,097	100,097	Council Tax Payers	0	105,619	105,619
57,289	0	57,289	Business Rates	65,084	0	65,084
(1,779)	0	(1,779)	Transitional Relief	(996)	0	(996)
55,510	**100,097**	**155,607**	**Total Income**	**64,088**	**105,619**	**169,707**
			EXPENDITURE			
			Contributions Prior Year (Deficit)/Surplus			
1,892	0	1,892	Ministry for Housing, Communities & Local Government	1,956	0	1,956
1,514	53	1,567	Huntingdonshire District Council	1,565	(33)	1,532
341	276	617	Cambridgeshire County Council	352	(288)	64
0	44	44	Cambridgeshire Police & Crime Commissioner	0	(45)	(45)
38	16	54	Cambridgeshire Fire Authority	39	(16)	23
3,785	**389**	**4,174**		**3,912**	**(382)**	**3,530**
			Precepts Demands and Shares			
25,914	0	25,914	Ministry for Housing Communities & Local Government	28,516	0	28,516
21,092	8,165	29,257	Huntingdonshire District Council	23,104	8,450	31,554
0	5,731	5,731	Parish Councils	0	5,947	5,947
4,701	71,558	76,259	Cambridgeshire County Council	5,198	76,220	81,418
0	11,225	11,225	Cambridgeshire Police and Crime Commissioner	0	12,119	12,119
522	4,014	4,536	Cambridgeshire Fire Authority	578	4,193	4,771
52,229	**100,693**	**152,922**		**57,396**	**106,929**	**164,325**
			Charges to the Collection Fund			
(116)	(133)	(249)	Write Off Uncollectable Debts	(268)	(311)	(579)
147	324	471	Change in Provision for Bad and Doubtful Debts	202	599	801
769	0	769	Changes in Provision for Appeals	(93)	0	(93)
217	0	217	Cost of Collection	216	0	216
881	0	881	Renewable Energy Retentions	880	0	880
0	0	0	Enterprise Zone Retentions	1,132	0	1,132
1,898	**191**	**2,089**		**2,069**	**288**	**2,357**
57,912	**101,273**	**159,185**	**Total Expenditure**	**63,377**	**106,835**	**170,212**
			Movement in Fund Balance			
2,402	1,176	3,578	(Surplus)/Deficit For Year	(711)	1,216	505
(2,991)	(166)	(3,157)	(Surplus)/Deficit Brought Forward 1 April	(589)	1,010	421
(589)	**1,010**	**421**	**(Surplus)/Deficit Carried Forward 31 March**	**(1,300)**	**2,226**	**926**

Notes to the Collection Fund

1. Purpose of Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for the Council as a billing authority to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

Until it is distributed, the tax collected is held in a statutory Collection Fund which is separate from the General Fund of the Council. The accounts are however, consolidated into the Council's accounts. They have been prepared on an accruals basis.

Parish and Town Council precepts are transferred to the General Fund before being paid to the Parish or Town Council. Interest is not payable / chargeable to the Collection Fund on cash flow variations between it and the General Fund.

There is no requirement for a separate Collection Fund Balance Sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between Huntingdonshire District Council and the major preceptors in proportion to their demand on the fund for the year. The major preceptors' share of the assets and liabilities of the Collection Fund are shown as a debtor in Huntingdonshire District Council's accounts. Huntingdonshire District Council's share of the assets and liabilities are held in the Collection Fund Adjustment Account reserve.

2. Council Tax

Tax base at 31 March 2019 **Tax band**	**Properties**	**Exemptions & discounts**	**Band D multiplier**	**Band D equivalent**
A	11,947	(2,111)	6/9	6,557
B	20,432	(2,463)	7/9	13,976
C	18,071	(1,736)	8/9	14,520
D	11,949	(921)	9/9	11,029
E	9,141	(637)	11/9	10,394
F	3,812	(263)	13/9	5,126
G	1,800	(125)	15/9	2,791
H	163	(28)	18/9	271
Total	**77,315**	**(8,284)**		**64,664**

Council tax charge per band D property for 2018/19 £1,753.39
Council tax charge per band D property for 2017/18 £1,675.13

3. Non Domestic Rates (NDR)

The uniform Business Rate set by the Government for 2018/19 was 49.3p (2017/18 47.9p).

Total rateable value at 31 March 2019 £151.05m.
Total rateable value at 31 March 2018 £146.19m.

4. Non Domestic Rates Appeals

The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).

A 10% variation in the estimated provision would be £0.388m for the Collection Fund of which £0.155m would be attributable to the General Fund.

GLOSSARY OF TERMS AND ABBREVIATIONS

GLOSSARY OF TERMS

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

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

Amortisation
The gradual write off of initial costs of assets.

Asset
An item having value to the Council in monetary terms.

Balance
Unallocated reserves held to resource unpredictable expenditure demands.

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

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

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

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

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

Capital Receipts
Income received from selling non-current assets.

Carrying amount
The value of an asset or liability in the Balance Sheet.

CIPFA
This is the Chartered Institute of Public Finance and Accountancy which is an institute that represents accounting in the Public Sector.

Collection Fund
A separate fund that records the income and expenditure relating to Council Tax and Non-domestic Rates.

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

Contingent Liabilities
These are amounts that the Council may be, but is not definitely, liable for.

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

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

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

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

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

Earmarked Reserves
Money set aside for a specific purpose.

Exceptional Item
A material item in the Comprehensive Income and Expenditure Statement that falls within the ordinary activities of the Council but which needs to be disclosed separately by virtue of their size to give a fair presentation of the accounts.

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

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

Impairment
A reduction in the value of property, plant and equipment to below its carrying amount on the Balance Sheet.

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

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

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

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

Local Enterprise Partnership
A Government initiative to boost economic growth within defined and agreed geographical areas. Funding to enable this growth is derived from the Non Domestic Rates collected for that area and channelled into the "partnership" to fund schemes.

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

Non Domestic Rates
Rates which are levied on business properties. From 1st April 2013, as a consequence of The Local government Finance Act 2012, a local Non Domestic Rating regime was introduced that included the business rates retention scheme. See also **Tariff** and **Safety Net**.

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

Precept
A payment to the Council's General fund, or another local council, from the Council's Collection Fund.

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

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

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

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

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

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

Revenue Expenditure Funded from Capital under Statute
Spending on items normally classed as revenue but which are defined by statute as capital e.g. improvement grants.

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

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

Revenue Support Grant
A grant from Central Government towards the cost of providing services.

Safety Net
The scheme for localising Non Domestic Rates (NDR) includes a safety net provision. Where the actual NDR after Tariff is less than 92.5% of the funding baseline, Central Government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

Section 106
Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

Tariff
The scheme for localising Non Domestic Rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays Central Government a Tariff equal to the difference between the two baselines.

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

Zero Based Budgeting
A budgeting methodology where the starting point is zero and the budget is based on service need and anticipated demand for that year.

ABBREVIATIONS

CFR	Capital Financing Requirement
CIES	Comprehensive Income and Expenditure Statement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
CPFA	Chartered Public Finance Accountant
DRC	Depreciated replacement cost
EFA	Expenditure and Funding Analysis
FTE	Full Time Equivalent
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LEP	Local Enterprise Partnership
LGPS	Local Government Pension Scheme
LLPG	Local Land and Property Gazetteer (UK)
MHCLG	Ministry for Housing, Communities and Local Government
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
NBV	Net Book Value
NDR	Non Domestic Rates
NHB	New Homes Bonus
NNDR	National Non Domestic Rates (Business Rates)
PWLB	Public Works Loans Board

RICS Royal Institution of Chartered Surveyors

RSG Revenue Support Grant

S106 Section 106

SOLACE Society of Local Authority Chief Executives

ZBB Zero Based Budgeting