



**Huntingdonshire District Council**  
**Draft Annual Financial Report**  
**For the year ended 31<sup>st</sup> March 2020**

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## **Narrative Report**

### **By the Finance Manager**

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2019/20 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2020.

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 2019/20.
- The Financial Statements.
- Technical information.

## **Commentary and Review of 2019/20**

### **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.

### **Covid-19 Pandemic**

The Covid-19 pandemic has had a considerable impact on the Council. The Government's lockdown, announced on 20th March 2020, has meant that many of the businesses in Huntingdonshire have been forced to close – significantly impacting on the local economy, which in turn impacts on the Council's commercial income. Furthermore, the Council has had to put considerable resources into ensuring that rough sleepers are safe during this period and that the most vulnerable in our community are cared for. This comes with additional cost pressures.

### **Financial Impact**

These additional costs have not had a dramatic impact on the financial outturn for 2019/20 as the pandemic only started to make a notable impact on the public's and businesses' behaviour in the last two weeks of March. However, the true scale of its impact on the Council's finances will be felt during 2020/21. The Council is expecting substantial losses across many of its

largest streams of commercial income. These include rental income, Leisure income, parking, commercial waste, licensing fees and planning fees. As with any recession, investment income is anticipated to reduce which will create further pressures on the Council's finances.

On the expenditure front some of the key areas of additional pressure will include accommodation and support for rough sleepers, additional costs in supporting our most vulnerable with food parcels and assistance in accessing medical provisions – some of whom may not have required our support previously.

It is difficult to quantify the impact of Covid-19 at this stage with any certainty, but the financial pressure on the Council will be substantial – even after the Government's emergency Covid-19 funding for local authorities is taken into account. Due to the Council's reliance on commercial income and fees and charges and consequently its exposure to the economic cycle, the Council has sought in recent years to build up the general fund balance to ensure the Council is financially resilient in a recession. The Council is therefore in a position to draw upon its general fund reserve balances in 2020/21 to balance its budget.

Moving forward, the Council will reset its Medium-Term Financial Plan (MTFP) in recognition of the impact of the pandemic and the Council's strategic objectives. The Covid-19 crisis has meant that the Council has had to review what its most critical services are and which are required to still be operational even during a global pandemic. The changing environment and "new normal" in which we are likely to find ourselves will require the Council to review the services it provides, its delivery models and the outcomes that are of the highest priority. This will also require the Council to review the structural position of its budget and how that needs to change going forward.

## **Governance**

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

## **Organisational Model**

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

## **Risks**

Following a review of the strategic risks faced by the Council, the 2019/20 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.

- **Environmental pressures and sustainability challenges**

There is growing recognition of the significant consequences of a failure to properly account for human actions, and wider climactic events which are becoming increasingly common. The national risk register includes flooding and severe weather events as risks that as a country we should prepare for. We also recognise the health impacts of pollution and poor human behaviour in terms of pollution and improper handling of waste as key challenges to the beauty and sustainability of our area.

## **Review of the Year**

2019/20 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 £70.024m, following fees and charges income and reserve movements set a net budget £20.441m (2018/19; £20.308m), a net decrease of £0.133m (0.65%). After allowing for the following non-ring fenced government grants:

- Revenue Support Grant of £0m (2018/19; £0.604m),
- Business Rates Retention scheme (NDR) of £6.907m (2018/19; £5.841m),
- New Homes Bonus of £2.038m (2018/19; £2.718m),
- Section 31 Grant of £1.729m (2018/19; £1.729m)
- Collection Fund surplus of £0.989m (2018/19; £0.966m surplus)

and a contribution to revenue reserves of £3.285m (2018/19 £3.026m). This left the Council to raise £8.778m (2018/19; £8.450m) from Council Tax which equated to a Council Tax of £142.16 (2018/19; £138.56) 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 18 June Cabinet report ([click here](#)).

Summary of progress of key actions for 2019/20:

Status of Key Actions	Number	Percentage
Green (on track)	23	77%
Amber (within acceptable variance)	7	23%
Red (behind schedule)	0	0%
Awaiting progress update	0	0%
Not applicable	0	

Summary of progress of Corporate Indicators for 2019/20:

Corporate Indicator results	Number	Percentage
Green (achieved)	29	67%
Amber (within acceptable variance)	7	16%
Red (below acceptable variance)	7	16%
Awaiting progress update	0	0%
Not applicable (annual/data unavailable)	0	

Achievements within these key performance indicators are highlighted below:

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

- The number of sessions delivered at and by One Leisure Facilities was above the target set for the year. One factor related to an increase in the number of activity sessions being delivered for young people.
- The annual target for volunteering days was achieved with support from Countryside Services and One Leisure Active Lifestyles.
- The Council recorded 521 homelessness preventions during 2019/20 which means that fewer people needed to be housed in temporary accommodation. This was due to a range of earlier interventions being implemented.
- Staff sickness levels for 2019/20 were significantly lower than recorded in 2018/19.

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

- Implementation of ‘on the go’ recycling bin trials in St Neots and Huntingdon town centres in a bid to support ongoing environmental project goals and the council’s green agenda commitments. Further trials are planned in 2020/2021 to take place in St Ives and Ramsey.

- In February, the East-West Rail Company announced the decision for the proposed route of the brand-new investment in Oxford to Cambridge public transport, choosing Route E, out of the five routes shortlisted in prospective plans. The chosen route, which was collectively championed as the best option by Huntingdonshire District Council, Bedford Borough Council, South Cambridgeshire District Council, and Cambridge City Council, includes the building of infrastructure and a new station just south of St Neots.
- Adoption of the 'Prospectuses for Growth' for St Ives, Huntingdon and Ramsey by the Cambridgeshire and Peterborough Combined Authority (CPCA) which was subsequently endorsed by Cabinet in March 2020. Work in St Neots shifted focus to the Future High Street Funding bid as a Government Grant was received to develop a business case for the town. The numbers of new homes and affordable homes both exceeded expectations.
- 440 new affordable homes were completed in 2019/2020 across the district. This is the highest number of completions in a single year for more than a decade.

**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 proportion of household waste recycled/reused/composted was better than performance in the previous year and achieved a year end result of 60% against a target of 59%. There was significant effort made in work undertaken during the year to bring the contamination rate down.
- Call Centre and Customer Service Centre satisfaction rates completed the year at high levels (89% and 95% respectively), reflecting positive feedback from individuals.
- the average number of days to process changes of circumstances for Housing Benefit and Council Tax Support improved from 4 days in 2018/19 to 3.4 days in 2019/20.
- The average number of days to process new claims for Housing Benefit and Council Tax Support improved from 23 days in 2018/19 to 22.5 days in 2019/20.



## Revenue Spending and Sources of Income

The Table below sets out the Council's Budget for 2019/20 and how it performed and details the main sources of income the Council receives to pay for its services.

2018/19 Outturn (Restated) £000		2019/20			
		Budget £000	Outturn £000	Variation £000	%
	<b>Service</b>				
4,998	Corporate Services	5,144	4,484	(660)	(13)
3,467	Chief Operating Officer	4,260	3,698	(562)	(13)
0	Programme Delivery	0	19	19	0
615	Planning Policy	908	822	(86)	(9)
177	Housing Strategy	154	139	(15)	(10)
774	Corporate Leadership Team	752	808	56	7
270	Transformation	(38)	380	418	(1100)
4,614	Operations	3,852	4,365	513	13
279	Leisure & Health	(20)	267	287	(1435)
2,120	3CICT Shared Service	2,145	2,206	61	3
<b>17,314</b>	<b>Net Revenue Expenditure</b>	<b>17,157</b>	<b>17,188</b>	<b>31</b>	<b>0</b>
3,274	Contribution to Reserves	3,285	3,537	252	8
(280)	Contribution from Earmarked Reserves	0	(283)	(283)	0
<b>20,308</b>	<b>Budget Requirement</b>	<b>20,442</b>	<b>20,442</b>	<b>0</b>	<b>0</b>
	<b>Financing</b>				
(7,639)	NDR and Council Tax Surplus/Deficit	(7,897)	(6,821)	1,076	(14)
(4,717)	Government Grant (Non-Specific)	(3,767)	(4,734)	(967)	26
498	Contribution to/(from) Reserves	0	(109)	(109)	0
<b>8,450</b>	<b>Council Tax For Huntingdonshire DC</b>	<b>8,778</b>	<b>8,778</b>	<b>0</b>	<b>0</b>

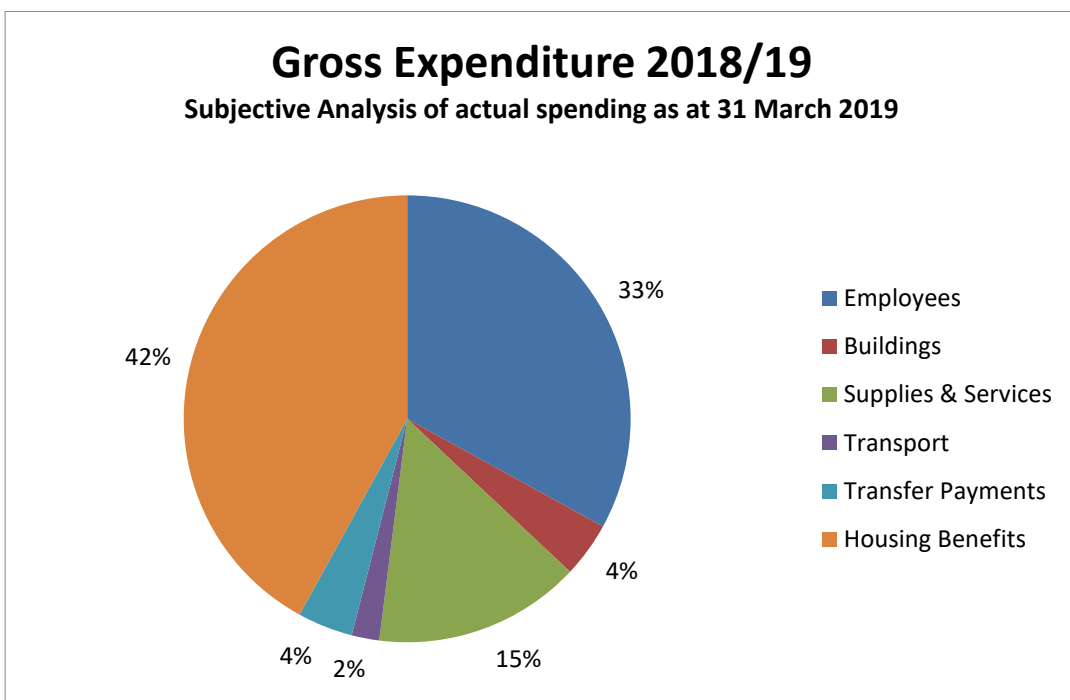
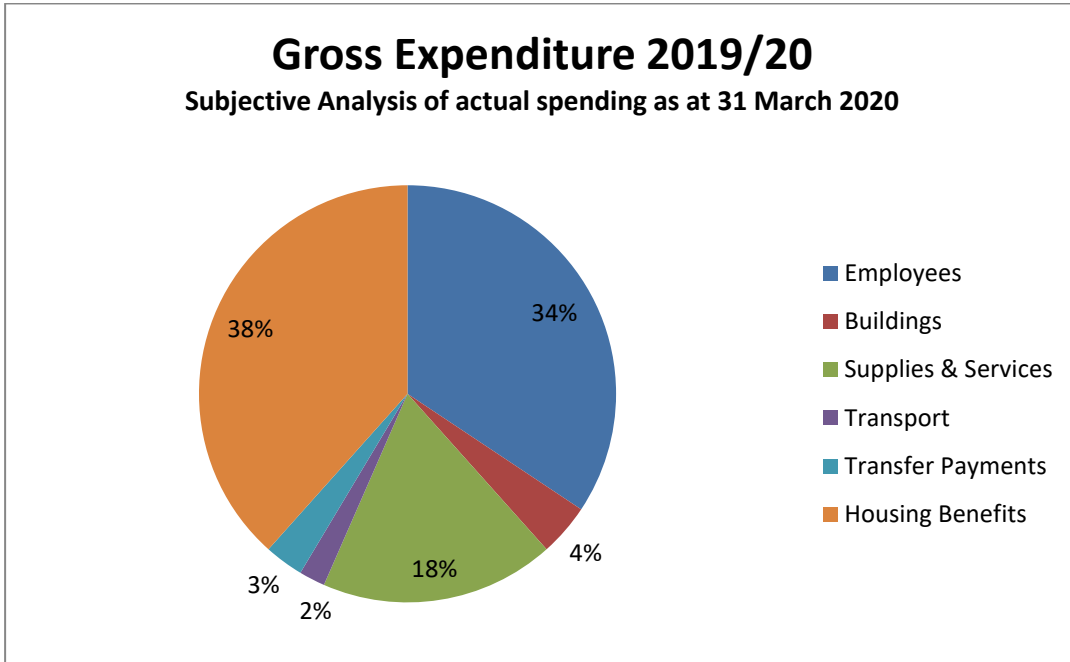
The outturn position above includes trading operations, commercial properties and some internal recharges that are not included in the cost of services section of the Comprehensive Income and Expenditure Statement or the Expenditure and Funding Analysis (Note 7).

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

<b>Service</b>	<b>Main reasons for variance</b>
Corporate Services	Additional income was generated by the commercial investment properties. This was partially off-set by additional costs incurred due to the Resources restructure being delayed by 6 months.
Chief Operating Officer	Planning application income exceeded expectations and increases to bad debt provisions were not required. Homeless costs and benefits costs were generally in line with budget expectations. Staff savings across the department were off-set by additional costs arising from the Senior Leadership Team restructure.
Programme Delivery	This cost arose following the Senior Leadership Team restructure
Planning Policy	Staff savings and additional income from CIL (to cover administration costs) were partially off-set by higher consultants costs which were funded from earmarked reserves.
Housing Strategy	Staff savings from vacant posts.
Corporate Leadership Team	Projects generating external income did not progress as expected.
Transformation	The expected savings from the Senior Leadership Team restructure were budgeted for here and not fully achieved (only minor savings where achieved and these are included elsewhere). Transformation costs are funded from earmarked reserves.
Operations	Delays in replacing CCTV cameras with digital ones increased service costs. Green Spaces maintenance costs exceeded budget but most of this variance is funded from earmarked reserves. Energy savings covering staff costs were not achieved. Car park income has been affected by the covid-19 lockdown during March. These additional costs were partially off-set by the receipt of an insurance settlement.
Leisure and Health	The additional cost incurred on the transfer of the Sawtry One Leisure site was offset by the VAT refund due for 2018/19. Prior to the Covid-19 lockdown the service was looking to outturn in line with the budget target. This changed when the One Leisure sites had to close in March with the loss of income but no reduction in costs.
3CICT Shared Service	Two major projects incurred additional costs in 2019/20 however, the Council Anywhere project additional costs are funded from earmarked reserves.

## Analysis of Revenue Income & Expenditure

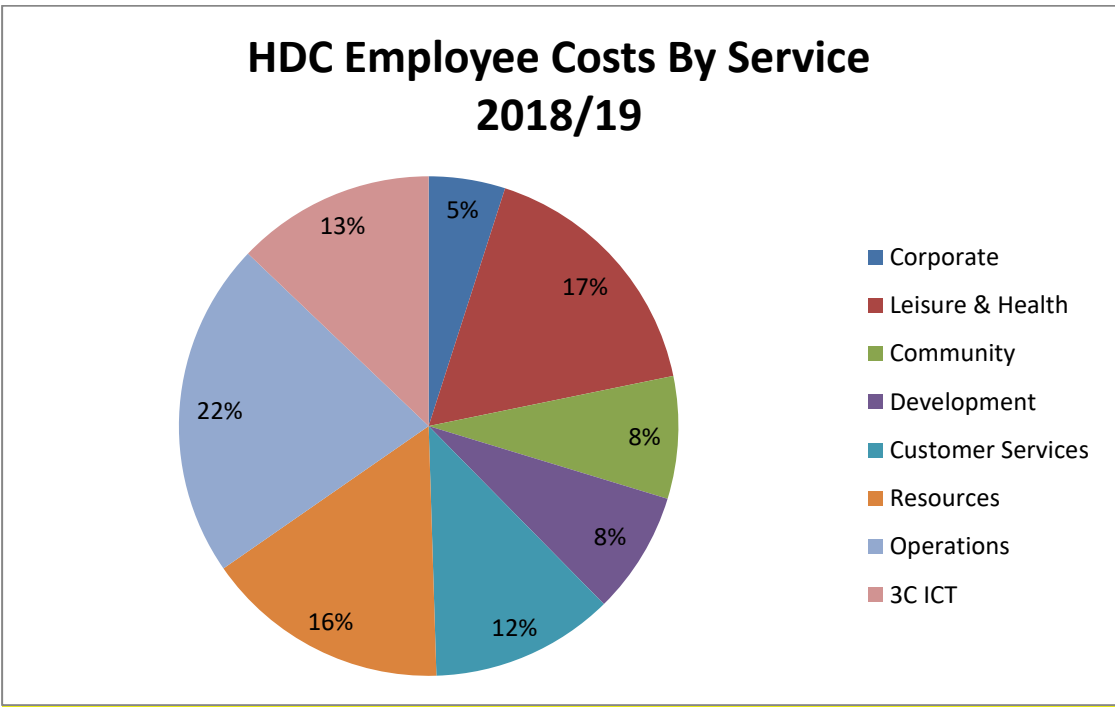
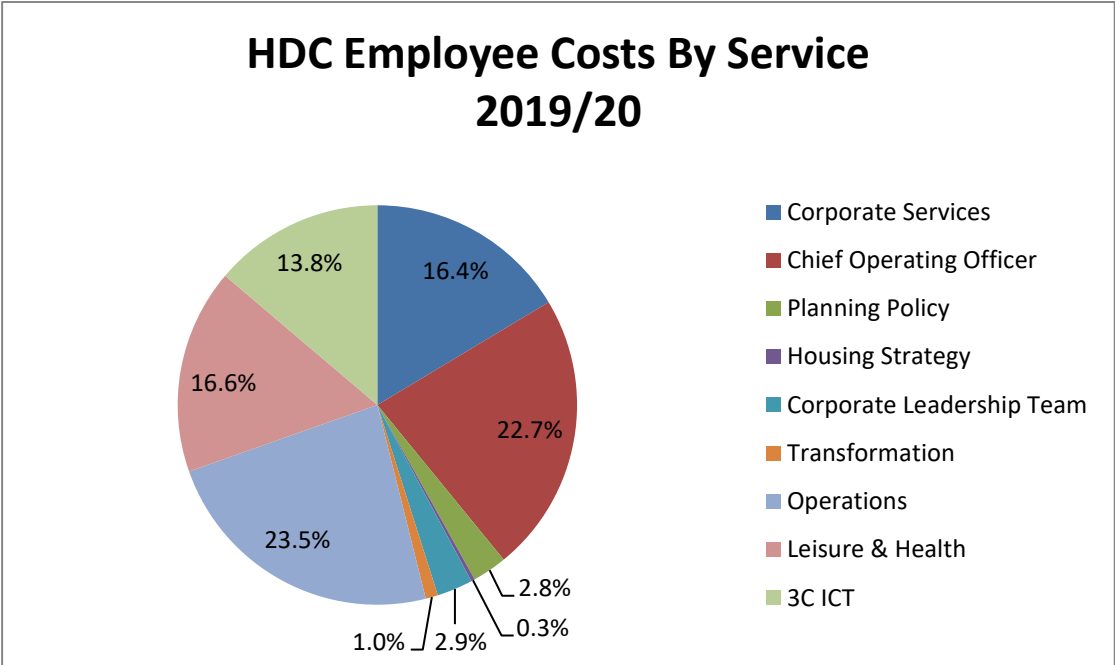
The Council spent £77,785m in 2019/20 and the chart below shows the type of expenditure this was spent on.



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

# Employee Expenditure

As can be seen from the graph above, the Council's biggest expenditure apart from Housing Benefits, is its staff. In 2019/20 it spent £26.545m (£26.586m in 2018/19). The increase is due to the net impact of inflation and turnover adjustments. The chart below shows how this spend was split across the Council's services.



**Reserves**

The table below shows the movement in the useable reserves during the year to 31 March 2020.

<b>Revenue Usable Reserves 2019/20</b>	<b>Bfwd</b>	<b>Contributions</b>		<b>Cfwd</b>
	<b>£000</b>	<b>To</b>	<b>From</b>	<b>£000</b>
		<b>£000</b>	<b>£000</b>	
<b>General Fund</b>	<b>2,555</b>	<b>4,316</b>	<b>(4,337)</b>	<b>2,534</b>
<b>Earmarked</b>				
Commercial Investment Fund	3,106	2,304	(2,028)	3,382
Market Towns Investment Fund	750	0	(104)	646
Special Reserve	584	723	(171)	1,136
Section 106	2,629	1,059	(1,556)	2,132
Other	10,666	2,470	(1,431)	11,705
	<b>17,735</b>	<b>6,556</b>	<b>(5,290)</b>	<b>19,001</b>
<b>Total Usable Reserves</b>	<b>20,290</b>	<b>10,872</b>	<b>(9,627)</b>	<b>21,535</b>

The 2019/20 provisional outturn report showed a net service expenditure underspend of £0.263m against the original budget approved in February 2019.

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

## Capital Spending

### Capital Programme

#### Introduction

The Council's final net capital budget for 2019/20 was £8.130m, unlike last year, there were no budgeted loans to other organisations. The table below shows the total budget (Gross and Net), and the amount spent against budget.

<b>Capital Programme – Total</b>	<b>Gross</b>	<b>Grants</b>	<b>Net</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Original Approved Capital Programme 2019/20	7,693	(1,475)	6,218
Approved Slippage from 2018/19	2,134	(222)	1,912
<b>Updated Capital Programme for 2019/20</b>	<b>9,827</b>	<b>(1,697)</b>	<b>8,130</b>
Expenditure	6,305	(1,746)	4,559
<b>Variation Against Updated Capital Programme</b>	<b>3,522</b>	<b>49</b>	<b>3,571</b>

\*A more detailed analysis of the capital variance to budget can be found in the Integrated Performance Report on pages 8 to 12 on the following link: [Cabinet committee 18<sup>th</sup> June 2020](#)

The original net capital budget was £6.218m. Schemes that were delayed were rephased from 2018/19 totalling £1.912m. This resulted in an updated budget for the year of £8.130m.

## Explanation of the Capital Programme Outturn

Gross expenditure in 2019-20 totalled £6.305m, £3.659m on assets, £2.260m of housing grants, and £0.386m on ICT assets.

Grants and contributions received were £1.653m, including £1.441m to fund DFG expenditure. The net capital programme was £4.596m.

The most significant schemes in 2019/20 were £2.260m spent on Disabled Facilities Grants, £0.694m on Alms Close redevelopment and £1.661m 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 (£0.254m). Loan repayments (of loans previously financed from capital) totalled £0.127m. The total receipts (£0.567m) 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 spent £14.651m on the purchase of the Tri-link Distribution Centre, Wakefield.

<b>Commercial Investment Strategy</b>	<b>£000</b>
Approved Business Plan 2019/20	14,678
<b>Updated Capital Programme for 2019/20</b>	<b>14,678</b>
Capital Outturn	14,651
<b>Variation Against Updated Budget</b>	<b>(27)</b>

### Explanation of Outturn

During 2019/20 the Council did not plan to invest in any Commercial Investment related acquisitions; an investment opportunity was presented to cabinet early in the financial year, which set an expected purchase price equal to the approved business plan shown above. This has now been spent within the year with a purchase outside the district.

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.

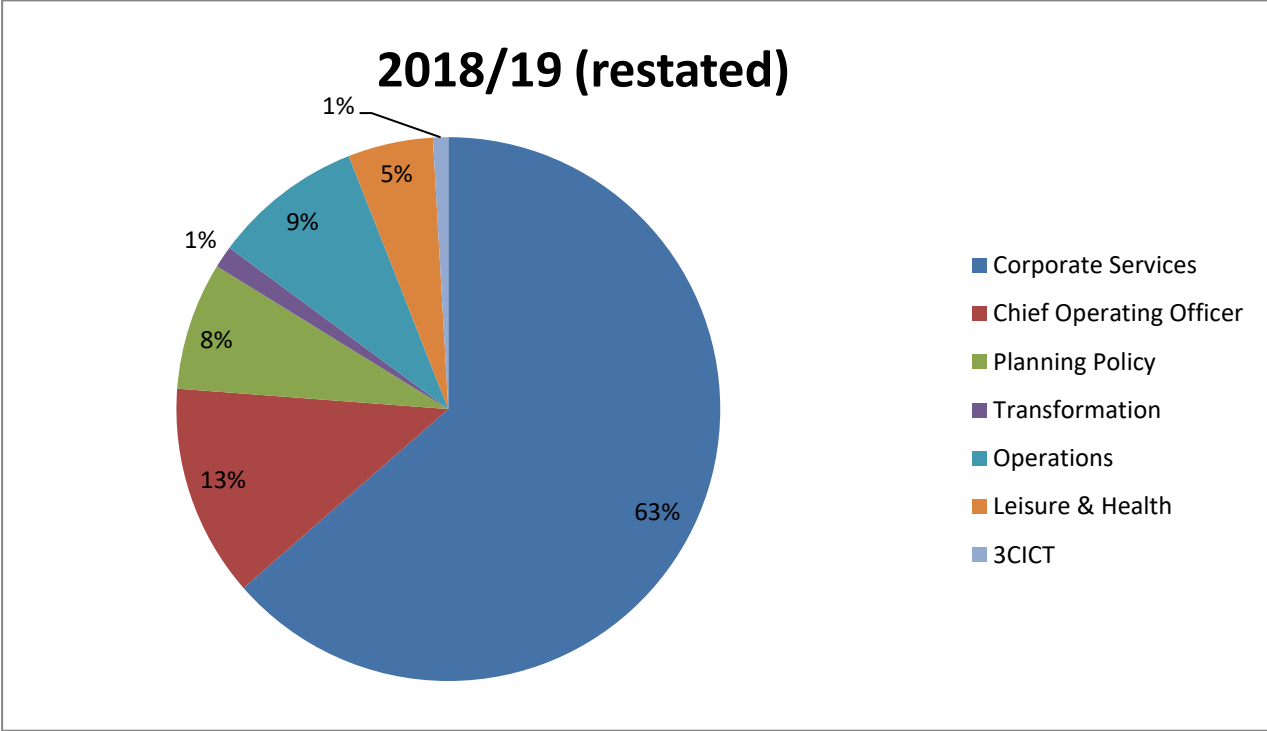
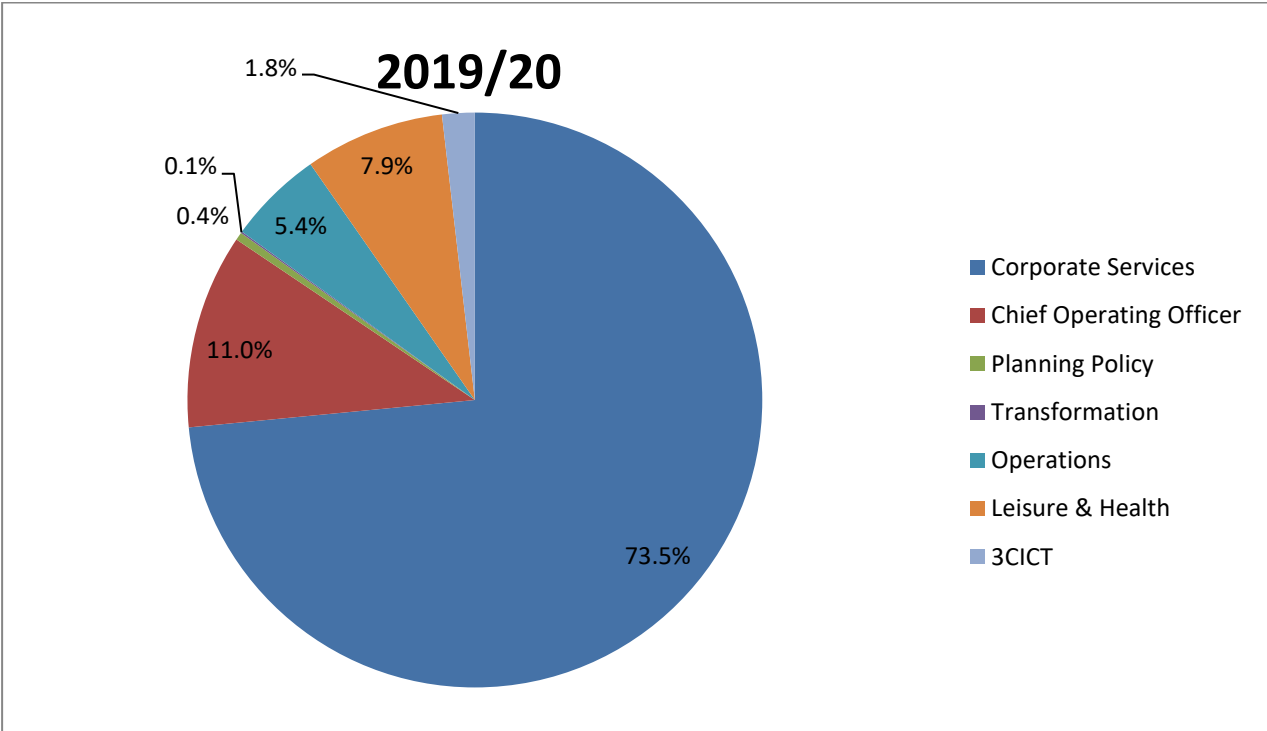
2018/19 £m	Capital Expenditure Assets	2019/20 £m
0.3	Environmental Projects	0.1
0.0	Car Parking	0.2
2.5	Housing Grants	2.2
0.9	Vehicle Replacement Programme	0.1
0.7	Information & Communication Technology	0.4
1.0	Leisure & Recreation	1.5
0.6	Huntingdon West development	0.1
0.2	Wheeled Bins	0.2
0.4	Industrial Unit Improvements	0.0
0.1	Pathfinder House Improvements	0.0
0.1	CCTV	0.3
0.0	Alms Close	0.7
0.1	Others	0.3
<b>6.9</b>	<b>Gross Expenditure</b>	<b>6.3</b>
<b>(2.2)</b>	Less External Contributions and Capital Grants	<b>(1.7)</b>
<b>4.7</b>	<b>Net Expenditure</b>	<b>4.6</b>
	<b>Funded from</b>	
(1.2)	Capital Receipts	(0.6)
(0.6)	Capital Grants Unapplied Reserve	(0.2)
(2.1)	Minimum Revenue Provision	(2.3)
(0.4)	Direct Revenue Funding	0.0
(0.4)	Borrowing and Internal Resources	(1.5)
<b>(4.7)</b>		<b>(4.6)</b>

2018/19 £m	Capital Expenditure Loans	2019/20 £m
1.0	Urban and Civic Loan	0.0
0.8	Huntingdon Town Council	0.0
<b>1.8</b>	<b>Gross Expenditure</b>	<b>0.0</b>
	<b>Funded from</b>	
(1.0)	Capital Grants Unapplied Account	(0.0)
(0.8)	Borrowing	(0.0)
<b>(1.8)</b>		<b>(0.0)</b>

2018/19 £m	Capital Expenditure Commercial Investment Strategy	2019/20 £m
0.0	Tri-link, Wakefield	14.60
3.4	Little End Road, Eaton Socon, Hitchin	0.0
8.0	Rowley Centre, St Neots	0.0
<b>11.4</b>	<b>Gross Expenditure</b>	<b>14.6</b>
	<b>Funded from</b>	
(1.6)	Direct revenue Funding	(2.0)
(9.8)	Borrowing and Internal Resources	(12.6)
<b>(11.4)</b>		<b>(14.6)</b>

**Capital Expenditure by Service**

The pie chart below show the Capital expenditure by Service area for 2019/20.





## **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 2019/20 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 0.70%.

As a response to the Covid 19 pandemic the Bank of England cut the base rate in March from 0.75% to 0.10%. Whilst this did not affect our decision making during 2019/20 it will clearly impact any future ability to generate interest on surplus cash balances.

### **The Council's response to the key issues in 2019/20 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 coronavirus pandemic has had a profound impact on all aspects of life in Huntingdonshire. Through 2020/21 the Council will adopt a pro-active evidence-led approach to ensure that it responds to the emerging needs of residents and businesses. Anticipated impacts for example include an increased need for employment services, homelessness prevention, mental health and business support services.

### **Fair Funding Review and Business Rates Retention**

The government have announced that the Fair Funding Review (FFR) and Business Rates Retention (BRR) will not be implemented in April 2021 as originally planned. Council officers will continue to work with the Government on informing the approach to funding for the next financial year and beyond.

## **The Financial Statements**

The Council's financial statements for 2019/20 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 2019/20 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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 2019/20 is £54.079m as shown overleaf (£33.221m 2018/19). The main reasons for this movement of £20.858m are:

- Long Term Assets – Property, Plant and Equipment and Investment Properties from additions and revaluations.
- Current Assets – Short Term Debtors and Cash & Cash Equivalent increase
- Long Term Liabilities – Short Term Borrowing and Short Term Creditor increase.

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.

	<b>31 March 2020</b>
	<b>£000</b>
Long Term Assets	144,049
Current Assets	40,957
Current Liabilities	(25,660)
Long Term Liabilities	(105,267)
<b>Net Assets</b>	<b>54,079</b>
Useable Reserves	55,474
Unusable Reserves	(1,395)
<b>Total Reserves</b>	<b>54,079</b>

### 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.

	<b>31 March 2020</b>
	<b>£000</b>
<b>Net Cash Flows from</b>	
- Operating activities	4,607
- Investing activities	(5,313)
- Financing activities	12,061
<b>Net Increase or (decrease) in cash and cash equivalents</b>	<b>11,355</b>
<b>Cash &amp; Cash Equivalents</b>	
- At the beginning of the reporting period	2,447
- <b>At the end of the reporting period</b>	<b>13,802</b>

### 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 2019/20.

### **Statement of Accounting Policies**

The accounting policies applicable to the 2019/20 statement of accounts are, in the main, the same as those that were applied to the 2018/19.

### **True and Fair View Override**

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

### **Changes to the Statement of Accounts**

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

### **Material and Unusual Charges or Credits in the Accounts**

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

### **Material Events after the Reporting Date**

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

### **Material Assets Acquired or Liabilities Incurred**

There have been 1 material asset acquired during the year totalling £14.6m. There have been no material liabilities incurred.

### **Changes in Statutory Functions**

There were no changes in statutory functions in 2019/20.



**Claire Edwards FCCA**

Finance Manager - **s.151 Officer**

31 May 2020

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**Independent Auditor’s Report to the Members of Huntingdonshire  
District Council**

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF HUNTINGDONSHIRE  
DISTRICT COUNCIL**

## Statement of Responsibilities

### The Authority's Responsibilities

The Authority is required to:

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

### The Finance Managers Responsibilities

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

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

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

The Finance Manager has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2020 and its income and expenditure for the year ended 31 March 2020. These financial statements replace the unaudited financial statements signed by the Finance Manger on 31 May 2020.



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

31 May 2020

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## **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 23 July 2020 delegated authority to me as Chairman of the Panel to approve the Statement of Accounts.

Councillor Mac McGuire  
31 July 2020

## Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied	TOTAL USEABLE RESERVES	Unusable Reserves	TOTAL COUNCIL RESERVES
	£000	£000	£000	£000	£000	£000
		Note 10	Note 31		Note 23	
<b>Movement in reserves during 2019/20</b>						
<b>BALANCE AT 31 MARCH 2019 B'FWD</b>	<b>2,555</b>	<b>17,735</b>	<b>23,342</b>	<b>43,632</b>	<b>(15,370)</b>	<b>28,262</b>
Surplus/(Deficit) on provision of services	(3,747)	0	0	(3,747)	0	(3,747)
Other comprehensive income and expenditure	0	0	0	0	29,564	29,564
<b>Total comprehensive income and expenditure</b>	<b>(3,747)</b>	<b>0</b>	<b>0</b>	<b>(3,747)</b>	<b>29,564</b>	<b>25,817</b>
Adjustments between accounting basis and funding basis under regulations (Note 9)	7,110	0	10,597	17,707	(17,707)	0
<b>Net increase/(decrease) before transfers to earmarked reserves</b>	<b>3,363</b>	<b>0</b>	<b>10,597</b>	<b>13,960</b>	<b>11,857</b>	<b>25,817</b>
Transfers (from)/to earmarked reserves (Note 10)	(3,384)	1,266	0	(2,118)	2,118	0
<b>(Decrease)/increase in Year</b>	<b>(21)</b>	<b>1,266</b>	<b>10,597</b>	<b>11,842</b>	<b>13,975</b>	<b>25,817</b>
<b>BALANCE AT 31 MARCH 2020 C'FWD</b>	<b>2,534</b>	<b>19,001</b>	<b>33,939</b>	<b>55,474</b>	<b>(1,395)</b>	<b>54,079</b>
<b>Movement in reserves during 2018/19 (Restated)</b>						
<b>BALANCE AT 31 MARCH 2018 B'FWD</b>	<b>2,658</b>	<b>16,013</b>	<b>17,288</b>	<b>35,959</b>	<b>(5,466)</b>	<b>30,493</b>
Surplus/(Deficit) on provision of services	3,134	0	0	3,134	0	3,134
Other comprehensive income and expenditure	0	0	0	0	(5,365)	(5,365)
<b>Total comprehensive income and expenditure</b>	<b>3,134</b>	<b>0</b>	<b>0</b>	<b>3,134</b>	<b>(5,365)</b>	<b>(2,231)</b>
Adjustments between accounting basis and funding basis under regulations (Note 9)	537	0	6,054	6,591	(6,591)	0
<b>Net increase/(decrease) before transfers to earmarked reserves</b>	<b>3,671</b>	<b>0</b>	<b>6,054</b>	<b>9,725</b>	<b>(11,956)</b>	<b>(2,231)</b>
Transfers (from)/to earmarked reserves (Note 10)	(3,774)	1,722	0	(2,052)	2,052	0
<b>(Decrease)/increase in Year</b>	<b>(103)</b>	<b>1,722</b>	<b>6,054</b>	<b>7,673</b>	<b>(9,904)</b>	<b>(2,231)</b>
<b>BALANCE AT 31 MARCH 2019 C'FWD</b>	<b>2,555</b>	<b>17,735</b>	<b>23,342</b>	<b>43,632</b>	<b>(15,370)</b>	<b>28,262</b>



## Comprehensive Income and Expenditure Statement (CIES)

2018/19 Restated			2019/20			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
7,201	(360)	6,841	AD Corporate Services	7,638	(796)	6,842
44,682	(39,563)	5,119	Chief Operating Officer	40,906	(35,805)	5,101
0	0	0	Programme Delivery	19	0	19
1,552	(347)	1,205	Planning Policy Manager	1,593	(570)	1,023
174	0	174	Housing Strategy Manager	219	0	219
870	(10)	860	Corporate Leadership Team	881	0	881
285	0	285	AD Transformation	432	(12)	420
12,010	(4,830)	7,180	Head of Operations	12,336	(5,195)	7,141
8,855	(6,799)	2,056	Head of Leisure & Health	8,659	(6,687)	1,972
8,722	(6,078)	2,644	3CICT Shared Service	9,640	(6,816)	2,824
<b>84,351</b>	<b>(57,987)</b>	<b>26,364</b>	<b>Cost of Services</b>	<b>82,323</b>	<b>(55,881)</b>	<b>26,442</b>
5,495	0	5,495	Other Operating Expenditure (note 11)	9,689	0	9,689
4,399	(4,772)	(373)	Financing and Investment Income and Expenditure (note 12)	10,424	(5,843)	4,581
1,490	(36,110)	(34,620)	Taxation and Non-specific Grant Income (note 13)	3,654	(40,619)	(36,965)
<b>95,735</b>	<b>(98,869)</b>	<b>(3,134)</b>	<b>(Surplus) / Deficit on provision of services</b>	<b>106,090</b>	<b>(102,343)</b>	<b>3,747</b>
		(6,888)	(Surplus) or deficit in the revaluation of non-current assets			(333)
		0	Surplus/deficit on financial assets measured at fair value through other Comprehensive Income			0
		12,253	Actuarial losses/(gains) on pension assets and liabilities			(29,231)
		<b>5,365</b>	<b>Other comprehensive income and expenditure</b>			<b>(29,564)</b>
		<b>2,231</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>			<b>(25,817)</b>

## Balance Sheet

Restated 31 March 2019 £000		Notes	31 March 2020 £000
75,964	Property, Plant and Equipment	14	73,212
65	Heritage Assets		65
46,252	Investment Property	15	54,945
1,067	Intangible Assets	16	976
3,966	Long Term Investments	17	3,824
10,704	Long Term Debtors	17	11,027
<b>138,018</b>	<b>Long Term Assets</b>		<b>144,049</b>
1,000	Short Term Investments	17	0
627	Inventories	18	225
20,107	Short Term Debtors	19	26,421
6,629	Cash and Cash Equivalents	20	13,831
480	Assets Held for Sale	21	480
<b>28,843</b>	<b>Current Assets</b>		<b>40,957</b>
(4,182)	Bank overdraft	20	(29)
(483)	Short Term Borrowing	17	(4,762)
(14,301)	Short Term Creditors	22	(18,913)
(1,566)	Provisions	38	(1,956)
<b>(20,532)</b>	<b>Current Liabilities</b>		<b>(25,660)</b>
(28,268)	Long Term Borrowing	17	(39,417)
(718)	Other Long Term Liabilities	17	(718)
(89,081)	Net Pensions Liability	37	(65,132)
<b>(118,067)</b>	<b>Long Term Liabilities</b>		<b>(105,267)</b>
<b>28,262</b>	<b>Net Assets</b>		<b>54,079</b>
43,632	Useable Reserves	23	55,474
(15,370)	Unusable Reserves	24	(1,395)
<b>28,262</b>	<b>Total Reserves</b>		<b>54,079</b>

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 2020. These financial statements replace the unaudited financial statements signed by the Finance Manager on 31 May 2020.



**Claire Edwards** FCCA  
Finance Manger – s.151 Officer  
31<sup>st</sup> May 2020

## Cash Flow Statement

Restated 2018/19 £000		2019/20 £000
3,134	Net Surplus / (Deficit) on the provision of services	(3,747)
10,578	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 24)	21,010
(10,747)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 24)	(12,656)
<b>2,965</b>	Net cash flows from Operating Activities	<b>4,607</b>
(9,290)	Investing Activities (Note 25)	(5,313)
6,596	Financing Activities (Note 26)	12,061
<b>271</b>	Net increase/(decrease) in cash and cash equivalents	<b>11,355</b>
2,176	Cash and cash equivalents at the beginning of the reporting period	2,447
<b>2,447</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 20)</b>	<b>13,802</b>

## **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 2020. 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 2019/20 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. However if any amount (income or expenditure) comes to light after a reasonable cut off period and is below £5k it will not be accrued for within the financial year, as it will not have a material effect on the position of the income and expenditure reported within these statements. In particular:

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. For 2019/20, 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. MRP Policy in respect of Loans to Organisations or Loans with Security (as defined within the Treasury Management Strategy)

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. MRP Policy in respect of Debt not relating to Loans to Organisations

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. MRP Policy in respect of the Commercial Investment Strategy

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, Rowley Arts Centre, St Neots and Tri-Link Wakefield have been purchased under this MRP policy, the value of these properties to the value of the respective loans as at 31<sup>st</sup> March 2020, are shown in the table below.

CIS Property:	Values £m
<b>Parkway, Fareham</b>	
Value of Property as at 31 <sup>st</sup> March 2020	4.400
PWLB Loan Outstanding	5.000
Property value exceeds loan	<b>(0.600)</b>
<hr style="border-top: 1px dashed black;"/>	
<b>Rowley Arts Centre, St Neots</b>	
Value of Property as at 31 <sup>st</sup> March 2020	5.750
PWLB Loan Outstanding	7.291
Property value exceeds property	<b>(1.501)</b>
<hr style="border-top: 1px dashed black;"/>	
<b>Tri-Link, Wakefield</b>	
Value of Property as at 31 <sup>st</sup> March 2020	<b>12.500</b>
PWLB Loan Outstanding	11.953
Loan Value exceeds property	<b>0.547</b>

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

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

#### ➤ **Discretionary Benefits**

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

## Accounting Policies in respect of Financial Instruments

### ➤ Financial Assets

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

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

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

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

### Financial Assets Measured at Amortised Cost

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

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

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

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

### Financial Assets Measured at FVPL

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

- CCLA Property Fund

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

- Instruments with quoted market prices – the market price

- Other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

### **Financial Assets Measured at FVOCI**

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

### **➤ Financial Liabilities**

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

- **Creditors**  
Creditors are carried at their original invoice amount.
- **Bank overdrafts**  
Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand.

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

- **Short-term borrowing**  
Loans of less than 1 year and carried at amortised cost.
- **Long-term loan**  
Loans with the Public Works Loans Board are carried at their amortised cost but with the fair value disclosed a note

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

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

- **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 2021.
- **IAS 19 Employee Benefits;** will require the remeasurement of net pension asset/liability following plan amendment, curtailments, or settlements to be used to determine current service costs and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1<sup>st</sup> April 2020 and since this could result in a positive, negative or no movement in the net pension liability, no prediction can be made of the possible account impact.

## **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 its budget based on achieving its target net service budget position at the end of the year. The Budget for 2019/20 was approved by Council in February 2019. The Medium-Term Financial Strategy (MTFS), which was also approved in February 2019, 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 2019/20, 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 2019/20 for Land is £23,616m and Buildings (NBV) is £39,788m (20178/19; Land is £21,918m and Buildings (NBV) is £32,999m).
- 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 £65.132m for 2019/20; this has decreased by £23.949m since 2018/19. However:
  - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 37.

- The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2020. An estimated provision of £4.857m 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 £1.943m 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 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
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.	79% 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 £0.582m.
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 £0.549m.
Pensions	Estimation of the net liability to pay	The effects on the net pension's liability of

Liability	<p>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.</p>	<p>changes in individual assumptions, as provided by the actuary, can be measured. For instance:</p> <ul style="list-style-type: none"> <li>• A 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of 10% or £20.029m.</li> <li>• A 1 year increase in life expectancy would increase the Employer's Defined Benefit Obligation by around 3-5%.</li> <li>• A 0.5% increase in the salary increase rate would result in an increase in pension liability of 1% or £1.811m.</li> <li>• A 0.5% increase in the pension increase rate would result in an increase in pension liability of 9% or £18.059m.</li> </ul>
Sundry Debt Arrears	<p>The Bad Debt Provision (BDP), also known as Debtor Impairment, calculation is based on the current aged debt profile, past payment behaviour and past write off activity.</p> <p>At 31 March 2020 the Council has a net debtor's balance of £26.422m.</p>	<p>Each debt type has an independent BDP rate determined by previous debt activity. If only Sundry Debtor debt is considered, increasing the BDP by 10% would have an additional £0.041m impact on revenue. However, to achieve such an increase in the BDP, the actual debt would have to increase by £0.489m</p>
Sundry Creditors (Housing Benefits)	<p>During the year the Council pays Housing Benefits to local residents who are entitled to receive it; these payments are reimbursed by Central Government subsidy. The Subsidy reimbursement relates to amounts paid on or before 31 March, however, accruals have been made to reflect the period that the payments actually cover.</p> <p>The Housing Benefit payments made by the Council are on one of the two following bases:</p> <ol style="list-style-type: none"> <li>i. 4-week in arrears, or</li> <li>ii. 2-weeks in arrears/2-weeks in advance.</li> </ol>	<p>The amount of Housing Benefit in payment at any given time is dependent on the number of claims made at that time, which is itself affected by both local and national economic conditions. Consequently it is difficult to provide a meaningful sensitivity analysis.</p>
Provision for Rateable Value Appeals	<p>Appeals against rateable value are at the discretion of non-domestic ratepayers with the outcome ultimately determined by the Valuation Office and are not within the Council's control.</p>	<p>The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes</p>

		<p>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).</p> <p>A 10% variation in the estimated provision would be £0.485m for the Collection Fund of which £0.194m which would be attributable to the General Fund.</p>
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## **Note 5. Material Items of Income and Expenditure**

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e. extraordinary). During 2019/20 no such items of income or expenditure were incurred (2018/19; nil).

## **Note 6. Events after the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Finance Manager on 31st May 2020.

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Finance Manager on 31 May 2020.

With regard to 2019/20:

- **Adjusting Events**

The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2020 as there have not been any.

It has been agreed that there are no non-adjusting events after the Balance Sheet date.

## **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.

	2019/20					
	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis				Net Expenditure in the Comprehensive Income and Expenditure Statement
		Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments	
£000	£000	£000	£000	£000	£000	
Corporate Services	5,422	129	1,291	0	1,420	6,842
Chief Operating Officer	3,701	861	539	0	1,400	5,101
Programme Delivery	19	0	0	0	0	19
Planning Policy	823	129	71	0	200	1,023
Housing Strategy	139	0	8	72	80	219
Corporate Leadership	809	0	72	0	72	881
Transformation	379	14	27	0	41	420
Operations	4,426	2,229	486	0	2,715	7,141
Leisure & Health	266	1,411	295	0	1,706	1,972
ICT Shared Service	2,192	329	303	0	632	2,824
<b>Cost of Services</b>	<b>18,176</b>	<b>5,102</b>	<b>3,092</b>	<b>72</b>	<b>8,266</b>	<b>26,442</b>
Other income and expenditure	(21,539)	6,067	2,190	(9,413)	(1,156)	(22,695)
<b>(Surplus) or Deficit</b>	<b>(3,363)</b>	<b>11,169</b>	<b>5,282</b>	<b>(9,341)</b>	<b>7,110</b>	<b>3,747</b>
<b>Opening General Fund Balance (Includes Earmarked Reserves)</b>	<b>20290</b>	(see Page 13 of Commentary and Review of 2019/20)				
Plus Surplus/(Deficit) on General Fund in Year	3,363					
Less Use of General Fund Balances to Fund Capital Expenditure	(2,118)					
<b>Closing General Fund Balance 31 March</b>	<b>21,535</b>					



	Restated 2018/19					Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustments (Note b) £000	Other Differences (Note c) £000		
Corporate Services	5,606	200	1,035	0	1,235	6,841
Chief Operating Officer	3,458	1,125	536	0	1,661	5,119
Programme Delivery	0	0	0	0	0	0
Planning Policy	615	590	0	0	590	1,205
Housing Strategy	177	0	0	(3)	(3)	174
Corporate Leadership	775	0	85	0	85	860
Transformation	269	0	16	0	16	285
Operations	4,633	2,210	352	(15)	2,547	7,180
Leisure & Health	279	1,528	249	0	1,777	2,056
ICT Shared Service	2,094	321	229	0	550	2,644
<b>Cost of Services</b>	<b>17,906</b>	<b>5,974</b>	<b>2,502</b>	<b>(18)</b>	<b>8,458</b>	<b>26,364</b>
Other income and expenditure	(21,577)	(2,887)	1,995	(7,029)	(7,921)	(29,498)
<b>(Surplus) or Deficit</b>	<b>(3,671)</b>	<b>3,087</b>	<b>4,497</b>	<b>(7,047)</b>	<b>537</b>	<b>(3,134)</b>
<b>Opening General Fund Balance (Includes Earmarked Reserves)</b>	<b>18,671</b>	(see Page 13 of Commentary and Review of 2019/20)				
Plus Surplus/(Deficit) on General Fund in Year	3,671					
Less Use of General Fund Balances to Fund Capital Expenditure	(2,052)					
<b>Closing General Fund Balance 31 March</b>	<b>20,290</b>					

## 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 CIES.

### c Other Differences

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

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

**d Segmental Income**

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

<b>2018/19</b>	<b>Services</b>	<b>2019/20</b>
<b>£'000</b>		<b>£'000</b>
360	Corporate Services	796
38,139	Chief Operating Officer	34,363
0	Programme Delivery	0
347	Planning Policy	570
0	Housing Strategy	0
10	Corporate Leadership	0
0	Transformation	12
4,830	Operations	5,195
6,799	Leisure & Health	6,687
6,078	ICT Shared Service	6,816
<b>56,563</b>	<b>Total income analysed on a segmental basis</b>	<b>54,439</b>

**Note 8. Expenditure and Income Analysed by Nature**

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

<b>Restated</b>		
<b>2018/19</b>	<b>Expenditure/Income</b>	<b>2019/20</b>
<b>£000s</b>		<b>£000s</b>
	<b>Expenditure</b>	
26,586	Employee benefits expenses	26,545
14,207	Other services expenses	15,907
3,627	Support service recharges	5,282
7,220	Depreciation, amortisation, REFCUS and investment property fair value adjustment	15,121
550	Interest payments	551
2,751	Transfer and Grant Payments	3,245
7,682	Precepts and levies	9,723
33,112	Benefit Payments	29,716
<b>95,735</b>	<b>Total expenditure</b>	<b>106,090</b>
	<b>Income</b>	
(27,606)	Fees, charges and other service income	(29,300)
(581)	Interest and investment income	(561)
(20,299)	Income from council tax and non-domestic rates	(21,439)
(41,089)	Government grants and contributions	(36,809)
(9,294)	Levies	(14,234)
<b>(98,869)</b>	<b>Total income</b>	<b>(102,343)</b>
<b>(3,134)</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>3,747</b>

## **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.

	Useable Reserves			
	General Fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments involving the Capital Adjustment Account:</b>				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
<i>Expenditure statement:</i>				
Charges for depreciation and impairment of non-current assets	(3,962)	0	0	3,962
Amortisation of intangible fixed assets	(232)	0	0	232
Fair value of investment properties	(5,962)	0	0	5,962
Revenue expenditure funded from capital under statute	(911)	0	0	911
Net carrying amount of non-current assets sold	(2,877)	0	0	2,877
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	211	0	0	(211)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Minimum revenue provision for capital funding	2,300	0	0	(2,300)
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Use of Capital Receipts Reserve to fund capital expenditure	0	567	0	(567)
Proceeds of sale of non-current assets	264	(264)	0	0
Repayment of loan	0	(303)	0	303
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(214)	0	0	214
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37 of Pension Fund)	(9,815)	0	0	9,815
Employer's pensions contributions and direct payments to pensioners payable in the year	4,533	0	0	(4,533)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(1,185)	0	0	1,185
<b>Adjustments involving the Capital Grants Unapplied Account</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	10,740	0	(10,597)	(143)
<b>Total Adjustments</b>	<b>(7,110)</b>	<b>0</b>	<b>(10,597)</b>	<b>17,707</b>

Restated 2018/19

	Useable Reserves			
	General Fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments involving the Capital Adjustment Account:</b>				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
<i>Expenditure statement:</i>				
Charges for depreciation and impairment of non-current assets	(3,790)	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)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Minimum revenue provision for capital funding	2,048	0	0	(2,048)
<b>Adjustments involving the Capital Receipts Reserve:</b>				
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
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>				
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)
<b>Adjustments involving the Pensions Reserve:</b>				
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)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
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	(637)	0	0	637
<b>Adjustments involving the Capital Grants Unapplied Account</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	7,586	0	(6,054)	(1,532)
<b>Total Adjustments</b>	<b>(537)</b>	<b>0</b>	<b>(6,054)</b>	<b>6,591</b>

## 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 31.3.18 £000	Transfers in £000	Transfers out £000	Balance 31.3.19 £000 Restated	Transfers in £000	Transfers out £000	Balance 31.3.20 £000	Purpose of Reserve
S106 agreements	(1,385)	(696)	433	(1,648)	(814)	1,456	(1,006)	A
Commutted S106 payments	(1,233)	(24)	275	(982)	(244)	100	(1,126)	B
Repairs and renewals funds	(1,943)	(264)	360	(1,847)	(33)	0	(1,880)	C
Strategic Transformation Reserve	(708)	(567)	437	(838)	(284)	317	(805)	D
Collection Fund Reserve	(1,313)	(599)	0	(1,912)	0	0	(1,912)	E
Commercial Investment Fund	(3,598)	(1,135)	1,627	(3,106)	(2,304)	2,028	(3,382)	F
Market Towns Investment Fund	(500)	(250)	0	(750)	0	104	(646)	G
Budget Surplus Reserve	(2,212)	(1,931)	167	(3,976)	(1,788)	989	(4,775)	H
Special reserve	(998)	(90)	504	(584)	(723)	171	(1,136)	I
Other reserves	(2,123)	(586)	617	(2,092)	(367)	126	(2,333)	J
<b>Total</b>	<b>(16,013)</b>	<b>(6,142)</b>	<b>4,420</b>	<b>(17,735)</b>	<b>(6,557)</b>	<b>5,291</b>	<b>(19,001)</b>	

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**

2018/19 £000		2019/20 £000
5,947	Parish Council precepts	6,651
403	Drainage Board Levies	425
(855)	(Gains)/losses on the disposal of non-current assets	2613
<b>5,495</b>	<b>Total</b>	<b>9,689</b>

**Note 12. Financing and Investment Income and Expenditure**

2018/19 £000		2019/20 £000
550	Interest payable and similar charges	551
1,985	Pensions interest cost and expected return on pensions assets	2,174
(581)	Interest receivable	(561)
(2,547)	Income and expenditure in relation to investment properties and changes in their fair value	2,292
(80)	CCLA Property Fund Fair Value adjustment	142
300	Other Investment, Trading Operations & Shared Services	(17)
<b>(373)</b>	<b>Total</b>	<b>4,581</b>

**Note 13. Taxation and Non Specific Grant Income**

Restated 2018/19 £000		2019/20 £000
(13,948)	Council Tax income	(15,191)
(6,351)	Non Domestic Rates	(6,249)
(5,725)	Non-ringfenced Government grants	(4,734)
(7,808)	Developer Contributions (CIL & S106)	(10,580)
(788)	Capital grants	(211)
<b>(34,620)</b>	<b>Total</b>	<b>(36,965)</b>



## Note 14. Property, Plant and Equipment

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>Movements in 2019/20</b>						
<b>Cost or Valuation</b>						
<b>Gross B'fwd</b>	<b>61,827</b>	<b>20,784</b>	<b>10,063</b>	<b>451</b>	<b>230</b>	<b>93,355</b>
Additions	945	1,967	25	0	816	3,753
Revaluation to Revaluation Reserve	1,275	0	0	0	0	1,275
Revaluation to CIES	0	0	0	0	0	0
Non-enhancing capital expenditure	(2,261)	0	0	0	0	(2,261)
Disposal	(2,877)	(1,593)	0	0	0	(4,470)
<b>Gross C'fwd</b>	<b>58,909</b>	<b>21,158</b>	<b>10,088</b>	<b>451</b>	<b>1,046</b>	<b>91,652</b>
<b>Depreciation</b>						
<b>Gross B'fwd</b>	<b>0</b>	<b>(12,538)</b>	<b>(4,853)</b>	<b>0</b>	<b>0</b>	<b>(17,391)</b>
<b>Depreciation in Year</b>	<b>(1,929)</b>	<b>(1,619)</b>	<b>(413)</b>	<b>0</b>	<b>0</b>	<b>(3,961)</b>
Depreciation to Revaluation Reserve	1,319	0	0	0	0	1,319
Disposal	0	1,593	0	0	0	1,593
<b>Gross C'fwd</b>	<b>(610)</b>	<b>(12,564)</b>	<b>(5,266)</b>	<b>0</b>	<b>0</b>	<b>(18,440)</b>
<b>Net Book Value</b>						
<b>At 31 March 2020</b>	<b>58,299</b>	<b>8,594</b>	<b>4,822</b>	<b>451</b>	<b>1,046</b>	<b>73,212</b>
<b>At 31 March 2019</b>	<b>61,827</b>	<b>8,246</b>	<b>5,210</b>	<b>451</b>	<b>230</b>	<b>75,964</b>
<b>Movements in 2018/19</b>						
<b>Cost or Valuation</b>						
<b>Gross B'fwd</b>	<b>56,850</b>	<b>20,214</b>	<b>10,063</b>	<b>451</b>	<b>202</b>	<b>87,780</b>
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
<b>Gross C'fwd</b>	<b>61,827</b>	<b>20,784</b>	<b>10,063</b>	<b>451</b>	<b>230</b>	<b>93,355</b>
<b>Depreciation</b>						
<b>Gross B'fwd</b>	<b>(681)</b>	<b>(12,194)</b>	<b>(4,431)</b>	<b>0</b>	<b>0</b>	<b>(17,306)</b>
<b>Depreciation in Year</b>	<b>(1,756)</b>	<b>(1,612)</b>	<b>(422)</b>	<b>0</b>	<b>0</b>	<b>(3,790)</b>
Depreciation 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
<b>Gross C'fwd</b>	<b>0</b>	<b>(12,538)</b>	<b>(4,853)</b>	<b>0</b>	<b>0</b>	<b>(17,391)</b>
<b>Net Book Value</b>						
<b>At 31 March 2019</b>	<b>61,827</b>	<b>8,246</b>	<b>5,210</b>	<b>451</b>	<b>230</b>	<b>75,964</b>
<b>At 31 March 2018</b>	<b>56,169</b>	<b>8,020</b>	<b>5,632</b>	<b>451</b>	<b>202</b>	<b>70,474</b>

## Capital Commitments

As at 31 March 2020 the Council was contractually committed to capital works valued at approximately £1.416m (31 March 2019; £1.877m). The schemes are listed in the table below.

<b>Division</b>	<b>Scheme</b>	<b>Amount £000</b>
Chief Officer	Operating Disabled Facilities Grants	73
	Traveller Security Improvements	25
Resources	Alms Close	1,019
	HTC Grant	38
Operations	Refit Project	13
	Vehicle Fleet Replacement	19
	Wheeled Bins	44
	Parking Strategy	6
	CCTV Improvements	170
	Play Equipment	9
<b>Total</b>		<b>1,416</b>

## 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 life 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.

<b>Revaluation Profile</b>	<b>Other Land and Buildings £000</b>
Valued at Current Value as at 31 March 2020	58,908

## 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.

2018/19 £000		2019/20 £000
(3,582)	Rental income from investment property	(4,673)
533	Direct operating expenses arising from investment property	1,003
<b>(3,049)</b>		<b>(3,670)</b>
502	Revaluation Adjustment	5,962
<b>(2,547)</b>	<b>Net (gain)/loss</b>	<b>2,292</b>

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

2018/19 £000		2019/20 £000
<b>35,169</b>	<b>Balance at start of the year</b>	<b>46,252</b>
11,585	Additions in year	14,655
(502)	Net gain/(loss) for fair value	(5,962)
<b>46,252</b>	<b>Balance at end of the year</b>	<b>54,945</b>

### 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:

<b>Asset Type</b>	<b>2018/19 Fair Value Inputs Level 2 Other significant observable inputs £000</b>	<b>2019/20 Fair Value Inputs Level 2 Other significant observable inputs £000</b>
Retail	9,400	7,845
Office	11,525	10,520
Commercial	25,327	36,580
	<b>46,252</b>	<b>54,945</b>

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 £0.232m was charged to revenue in 2019/20; 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 2020 the Council was committed contractually to capital works of £0m, (31 March 2019; £0.137m).

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

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
	<b>Balance at start of the year:</b>	
2,892	Gross carrying amounts	3,133
(1,981)	Accumulated amortisation	(2,066)
<b>911</b>	<b>Net carrying amount at the start of the year</b>	<b>1,067</b>
399	Additions	141
(239)	Amortisation for the period	(232)
(159)	Disposals or retirements	(334)
155	Amortisation on Disposal	334
<b>1,067</b>	<b>Net carrying amount at the end of the year</b>	<b>976</b>
3,133	Gross carrying amounts	2,940
(2,066)	Accumulated amortisation	(1,964)
<b>1,067</b>	<b>Net carrying amount at end of the year</b>	<b>976</b>

## Note 17. Financial Instruments

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

Long-term			Current	
2018/19	2019/20		2018/19	2019/20
£000	£000		£000	£000
		<b>Investments and Cash &amp; Cash Equivalents</b>		
0	0	Short term investment	1,000	0
3,966	3,824	Financial assets (Fair Value through Profit and Loss)	0	0
<b>3,966</b>	<b>3,824</b>	<b>Total investments and Cash &amp; Cash Equivalents</b>	<b>1,000</b>	<b>0</b>
		<b>Debtors</b>		
10,704	11,027	Loans and receivables	14,757	18,713
<b>10,704</b>	<b>11,027</b>	<b>Total Debtors</b>	<b>14,757</b>	<b>18,713</b>
<b>14,670</b>	<b>14,851</b>	<b>TOTAL FINANCIAL ASSETS</b>	<b>15,757</b>	<b>18,713</b>
		<b>Borrowings</b>		
(28,268)	(39,417)	Financial liabilities at amortised cost	(483)	(4,762)
<b>(28,268)</b>	<b>(39,417)</b>	<b>Total borrowings</b>	<b>(483)</b>	<b>(4,762)</b>
		<b>Other Long-Term Liabilities</b>		
(718)	(718)	Financial liabilities at fair value through Profit and Loss	0	0
<b>(718)</b>	<b>(718)</b>	<b>Total Other Long-Term Liabilities</b>	<b>0</b>	<b>0</b>
		<b>Creditors</b>		
0	0	Financial liabilities at amortised cost	(7,514)	(5,022)
<b>0</b>	<b>0</b>	<b>Total creditors</b>	<b>(7,514)</b>	<b>(5,022)</b>
<b>(28,986)</b>	<b>(40,135)</b>	<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(7,997)</b>	<b>(9,784)</b>

## Gains and losses on income and expense

Financial Liabilities (Liabilities measured at amortised cost)			Financial Assets (Loans and Receivables)	
2018/19 £000	2019/20 £000		2018/19 £000	2019/20 £000
550	551	Interest expenses	0	0
0	0	Interest income	(581)	(561)
<b>550</b>	<b>551</b>	<b>Net gain/(loss) for the year</b>	<b>(581)</b>	<b>(561)</b>

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 2020, 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 2020, 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 2019/2020.



2018/19		2019/20	
Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
			<b>Liabilities</b>
(36,983)	(41,647)	(49,919)	Financial liabilities (55,946)
			<b>Assets</b>
30,426	30,893	33,564	Loans and receivables 35,343

	Fair Value Level	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000	Balance Sheet 31.3.2020 £000	Fair Value 31.3.2020 £000
<b>Financial Liabilities held at amortised cost:</b>					
Long term loans from PWLB	2	(28,268)	(33,634)	(39,417)	(46,143)
<b>TOTAL</b>		<b>(28,268)</b>	<b>(33,634)</b>	<b>(39,417)</b>	<b>(46,143)</b>
Liabilities for which fair value is not disclosed		(8,715)		(10,502)	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(36,983)</b>	<b>(33,634)</b>	<b>(49,919)</b>	<b>(46,143)</b>
<i>Recorded on the balance sheet as:</i>					
Short term creditors		(7,514)	(7,514)	(5,022)	(5,022)
Short term borrowing		(483)	(499)	(4,762)	(4,781)
<b>TOTAL SHORT TERM FINANCIAL LIABILITIES</b>		<b>(7,997)</b>	<b>(8,013)</b>	<b>(9,784)</b>	<b>(9,803)</b>
Long term borrowing		(28,268)		(39,417)	
Other long term liabilities		(718)		(718)	
<b>TOTAL LONG TERM FINANCIAL LIABILITIES</b>		<b>(28,986)</b>		<b>(40,135)</b>	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(36,983)</b>	<b>(41,647)</b>	<b>(49,919)</b>	<b>(55,946)</b>

	Fair Value Level	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000	Balance Sheet 31.3.2020 £000	Fair Value 31.3.2020 £000
<b>Financial assets held at fair value:</b>					
Property Fund	1	3,966	3,966	3,824	3,824
Short term Investment	1	1,000	1,000	0	0
<b>Financial assets held at amortised cost:</b>					
Long term loans to local organisations	2	5,717	6,161	5,085	6,850
<b>TOTAL</b>		<b>10,683</b>	<b>11,127</b>	<b>8,909</b>	<b>10,674</b>
Assets for which fair value is not disclosed		19,743		24,655	
<b>TOTAL FINANCIAL ASSETS</b>		<b>30,426</b>		<b>33,564</b>	
<i>Recorded on the balance sheet as:</i>					
Short term debtors		14,757		18,713	
Short term investments		1,000		0	
<b>TOTAL SHORT TERM FINANCIAL ASSETS</b>		<b>15,757</b>		<b>18,713</b>	
Long term debtors		10,703		11,027	
Long term investments		3,966		3,824	
<b>TOTAL LONG TERM FINANCIAL ASSETS</b>		<b>14,669</b>		<b>14,851</b>	
<b>TOTAL FINANCIAL ASSETS</b>		<b>30,426</b>		<b>33,564</b>	

The Financial Liabilities are shown below:

Financial Instrument	2018/19 Carrying amount £000	2019/20 Carrying amount £000	Details (includes loan reference number)
<b>Long Term</b>			
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%)	(563)	(407)	502463 2.24% 07/08/2013 to 07/08/2023
PWLB (3.28%)	(690)	(674)	504487 3.28% 25/11/2015 to 25/11/2046
PWLB (3.10%)	(918)	(896)	504598 3.10% 19/01/2016 to 19/01/2047
PWLB (2.91%)	(458)	(446)	504810 2.91% 21/03/2016 to 21/03/2047
PWLB (3.10%)	(371)	(363)	504922 3.10% 29/04/2016 to 29/04/2047
PWLB (2.92%)	(301)	(294)	504993 2.92% 02/06/2016 to 02/06/2047
PWLB (2.31%)	(598)	(572)	505255 2.31% 29/07/2016 to 29/07/2047
PWLB (2.18%)	(459)	(446)	505372 2.18% 23/09/2016 to 23/09/2047
PWLB (2.67%)	(818)	(798)	505649 2.67% 06/01/2017 to 06/01/2048
PWLB (2.78%)	(5,000)	(5,000)	506436 2.78% 02/10/2017 to 02/10/2037
PWLB (2.49%)	(7,292)	(7,292)	508696 2.49% 11/03/2019 to 11/03/2039
PWLB (1.48%)	(800)	(266)	508931 1.48% 25/03/2019 TO 25/03/2022
PWLB (2.18%)	0	(11,963)	
	<b>(28,268)</b>	<b>(39,417)</b>	
<b>Short Term</b>			
PWLB (2.24%)	(153)	(157)	502463
PWLB (3.28%)	(16)	(16)	504487
PWLB (3.10%)	(22)	(22)	504598
PWLB (2.91%)	(11)	(11)	504810
PWLB (3.10%)	(8)	(9)	504922
PWLB (2.92%)	(7)	(7)	504993
PWLB (2.31%)	(15)	(26)	502255
PWLB (2.18%)	(12)	(12)	505372
PWLB (2.67%)	(19)	(20)	505649
PWLB (1.48%)	0	(267)	
Accrued interest	(220)	(214)	
	<b>(483)</b>	<b>(761)</b>	
<b>Creditors</b>	<b>(7,514)</b>	<b>(5,022)</b>	
	<b>(36,265)</b>	<b>(45,200)</b>	

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

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

## Note 18. Inventories

The main items in 'other inventories' are refuse sacks £0.007m, uniforms £0.013m, ICT hardware £0.057m, chemicals £0.002m (2018/19 refuse sacks £0.014m, uniforms £0.012m, ICT hardware £0.555m;).

	Leisure Centres		Diesel		Other		Total	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	£000		£000		£000		£000	
<b>Balance as at 1<sup>st</sup> April</b>	<b>36</b>	<b>20</b>	<b>34</b>	<b>25</b>	<b>40</b>	<b>582</b>	<b>110</b>	<b>627</b>
Purchases	0	0	542	567	872	56	1,414	623
Recognised as an expense in the year	0	0	(564)	(528)	(317)	0	(881)	(528)
Stock Adjustment	(16)	34	13	29	(13)	(560)	(16)	(497)
<b>Balance at 31<sup>st</sup> March</b>	<b>20</b>	<b>54</b>	<b>25</b>	<b>93</b>	<b>582</b>	<b>78</b>	<b>627</b>	<b>225</b>

## Note 19. Debtors

Restated 2018/19 £000		2019/20 £000
2,477	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	6,141
3,738	Other Local Authorities	6,367
16,115	Other entities and individuals	15,660
7	NHS	5
(2,230)	Bad debt provision (Impairment of loans and receivables)	(1,752)
<b>20,107</b>		<b>26,421</b>

## Note 20. Cash and Cash Equivalents

2018/19 £000		2019/20 £000
9	Cash held by the Council	9
6,619	Bank balances	13,822
<b>6,628</b>	<b>Cash and Cash Equivalents</b>	<b>13,831</b>
(4,182)	Less Bank overdraft	(29)
<b>2,446</b>	<b>Net Total Cash and Cash Equivalents</b>	<b>13,802</b>

## 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.

2018/19 £000		2019/20 £000
0	Balance at start of year	480
	<b>Transfers from Non-Current Assets</b>	
480	Bridge Place Car Park	0
<b>480</b>	<b>Total Transfers</b>	<b>0</b>
<b>480</b>	<b>Balance at End of Year</b>	<b>480</b>

## Note 22. Creditors

Restated 2018/19 £000		2019/20 £000
4,178	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	7,483
5,012	Other Local Authorities	5,204
339	NHS	342
58	Public Corporation	191
4,714	Other entities and individuals	5,693
<b>14,301</b>		<b>18,913</b>

## 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

Restated 2018/19 £000		2019/20 £000
(44,001)	Capital Adjustment Account	(37,450)
(30,480)	Revaluation Reserve	(28,456)
115	Financial Instruments Adjustment Account	329
156	Financial Instruments Revaluation Reserve	156
89,081	Pensions Reserve	65,132
499	Collection Fund Adjustment Account	1,684
<b>15,370</b>	<b>Total Unusable Reserves</b>	<b>1,395</b>

### 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.

2018/19		Capital Adjustment Account	2019/20	
£000	£000		£000	£000
	(42,892)	<b>Balance at 1 April</b>		(44,001)
		<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
3,790		Charges for depreciation of non-current assets	3,962	
320		Impairment losses on property, plant & equipment	0	
239		Amortisation of intangible assets	232	
1,628		Revenue expenditure funded from capital under statue	911	
251		Losses on impairment of capital loans	0	
142		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	1,155	
(612)		Adjusting amounts written out of the Revaluation Reserve	(635)	
		<b>Capital financing applied in the year:</b>		
(1,244)		Use of the Capital Receipts Reserve to finance new capital expenditure	(567)	
(14)		Use of S106 earmarked reserves	(90)	
(788)		Application of Grants to finance capital expenditure	(211)	
(1,532)		Application of grants to capital financing from the capital grants unapplied account	(143)	
(2,048)		Statutory provision for the financing of capital investment charged against the general fund (MRP)	(2,300)	
295		Repayment of long term debtors	303	
(2,038)		Capital expenditure charged to General Fund	(2,028)	

<b>Investment Property Fair Values</b>		
502	Movement in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	5,962
<b>(1,109)</b>	<b>Total Movements</b>	<b>6,551</b>
<b>(44,001)</b>	<b>Balance at 31 March</b>	<b>(37,450)</b>

### 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.

<b>2018/19 £000</b>	<b>Revaluation Reserve</b>	<b>2019/20 £000</b>
<b>(24,204)</b>	<b>Balance at 1 April</b>	<b>(30,480)</b>
(8,370)	Upward revaluation of assets	(1,889)
1,482	Downward revaluation or impairment of assets not charged to the surplus/deficit on the provision of services	1,556
<b>(6,888)</b>	<b>(Surplus) or deficit in the revaluation of non-current assets</b>	<b>(333)</b>
<b>0</b>	Other adjustments for assets disposed of or transferred – Written off to the Capital Adjustment Account	<b>1,722</b>
612	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	635
<b>(30,480)</b>	<b>Balance at 31 March</b>	<b>(28,456)</b>

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.

<b>2018/19 £000</b>	<b>Financial Instruments Adjustment Account</b>	<b>2019/20 £000</b>
<b>213</b>	<b>Balance at 1 April</b>	<b>115</b>
(98)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	214
<b>115</b>	<b>Balance at 31 March</b>	<b>329</b>

### 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.

<b>2018/19 £000</b>	<b>Financial Instruments Revaluation Reserve</b>	<b>2019/20 £000</b>
<b>156</b>	<b>Balance at 1 April</b>	<b>156</b>
<b>0</b>	<b>Upward revaluation of investments</b>	<b>0</b>
<b>156</b>	<b>Balance at 31 March</b>	<b>156</b>

### Pensions Reserve

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

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further information is found in Note 38 in respect of Defined Benefit Pension Scheme.

<b>2018/19</b>	<b>Pensions Reserve</b>	<b>2019/20</b>
<b>£000</b>		<b>£000</b>
<b>72,331</b>	<b>Balance at 1 April</b>	<b>89,081</b>
12,253	Actuarial (gains) or losses on pensions assets and liabilities	(29,231)
8,911	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	9,815
(4,414)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,533)
<b>89,081</b>	<b>Balance at 31 March</b>	<b>65,132</b>

#### 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 2019/20 and previous years although it is only actually transferred from the Collection Fund in line with regulations.

<b>Restated</b>	<b>Collection Fund Adjustment Account</b>	<b>2019/20</b>
<b>2018/19</b>		<b>£000</b>
<b>£000</b>		<b>£000</b>
<b>(138)</b>	<b>Balance at 1 April</b>	<b>499</b>
637	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	1,185
<b>499</b>	<b>Balance at 31 March</b>	<b>1,684</b>



## Note 25. Operating Activities

The cash flows for operating activities include the following items:

2018/19 £000	Interest Items	2019/20 £000
784	Interest Received	1,332
(600)	Interest Paid	(549)

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

2018/19 £000	Non-Cash Items	2019/20 £000
3,790	Depreciation	3,962
320	Impairment and downward valuations	0
239	Amortisation	232
(230)	Increase/ (decrease) in creditors	4,287
1,954	Increase/ (decrease) in debtors	(2,470)
(517)	Increase/ (decrease) in inventories	402
4,497	Movement in pension liability	5,282
142	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2,877
383	Other non-cash items charged to the net surplus or deficit on the provision of services	6,438
<b>10,578</b>		<b>21,010</b>

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

2018/19 £000	Investing and Financing Items	2019/20 £000
(949)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(263)
(9,798)	Any other items for which the cash effects are investing or financing cash flows	(12,393)
<b>(10,747)</b>		<b>(12,656)</b>

## Note 26. Investing Activities

2018/19 £000		2019/20 £000
(16,585)	Purchase of property, plant and equipment, investment property and intangible assets	(18,440)
	Purchase of short-term and long -term investments	(34,000)
(10,843)	Other payments for investing activities	(1,256)
949	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	263
(40,075)	Purchases of short and long term investments	0
39,075	Proceeds from short-term and long-term investments	35,000
18,189	Other receipts from investing activities	13,120
<b>(9,290)</b>	<b>Net cash flows from investing activities</b>	<b>(5,313)</b>

## Note 27. Financing Activities

2018/19 £000		2019/20 £000
0	Cash receipts of short and long term borrowing	15,963
0	Other Receipts from Financing Activities	0
8,091	Cash Receipts of short/long term borrowing	0
(257)	Cash Payments to Short/Long term borrowing	(535)
(1,238)	Other payments for financing activities	(3,367)
<b>6,596</b>	<b>Net cash flows from financing activities</b>	<b>12,061</b>

## Note 28. Members' Allowances

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

2018/19 £000		2019/20 £000
329	Allowances	360
13	Expenses	6
<b>342</b>		<b>366</b>

## Note 29. Senior Officer remuneration and staff over £50k 2019/20

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.

2018/19	£		£	2019/20
14	50,000	but less than	55,000	10
4	55,000	but less than	60,000	6
3	60,000	but less than	65,000	5
2	65,000	but less than	70,000	0
1	70,000	but less than	75,000	2
1	75,000	but less than	80,000	0
0	80,000	but less than	85,000	2
1	85,000	but less than	90,000	1
1	140,000	but less than	145,000	0
0	145,000	But less than	160,000	1
<b>27</b>				<b>27</b>

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.

2019/20	Salary including allowances	Election Fees	Total remuneration Including allowances and fees	Employer pension contributions	Remuneration including pension contributions
Post holder	£	£	£	£	£
Managing Director (1)	135,508	373	135,881	23,178	159,059
Corporate Director (Delivery)	85,751	0	85,751	14,762	100,513
Corporate Director (Services)	83,082	0	83,082	14,312	97,394
Chief Operating Officer (2)	33,302	0	33,302	5,761	39,063
Assistant Director	40,879	0	40,879	7,072	47,951
Assistant Director (Transformation) (3)	34,498	0	34,498	5,968	40,466
Assistant Director (Corporate Resources) (4)	17,720	0	17,720	2,065	19,785
Head of Resources (S151 Officer) (5)	37,332	0	37,332	6,337	43,669
Finance Manager (S151 Officer) (6)	47,204	0	47,204	8,106	55,310

2018/19	Salary including allowances	Election Fees	Total remuneration Including allowances and fees	Employer pension contributions	Remuneration including pension contributions
Post holder	£	£	£	£	£
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

**Key:**

**2019/20 Key:**

Note 1: The election fees do not include fees for County, Parliamentary and Mayoral elections paid for by third parties

Note 2: The start date of the Chief Operating Officer was 14/10/19

Note 3: The starting date of the Assistant Director - Transformation was 14/10/19

Note 4: The starting date of the Assistant Director - Corporate Resources was 03/02/20

Note 5: The end date of the Head Of Resources was 13/10/19

Note 6: The starting date of the Finance Manager was 10/06/19, with the S151 Role starting from 13/10/19

**2018/19 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 30. External Audit Related Costs**

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

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
72	External audit	52
17	Grant claim certification	15
<b>89</b>		<b>67</b>

**Note 31. Grant Income**

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

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
<b>Credited to taxation and non-specific Grant income</b>		
604	Revenue support grant	0
2,669	New Homes Bonus	2,038
2,452	Other Non Ringfenced Grants	2,696
788	Capital Grants	211
<b>6,513</b>	<b>Total</b>	<b>4,945</b>
<b>Credited to Services</b>		
31,752	Rent allowances	28,624
522	Benefits administration	466
1,424	Improvement Grants	1,442
878	Other	1,332
<b>34,576</b>	<b>Total</b>	<b>31,864</b>

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

2018/19 £000	Grants Receipts in Advance	2019/20 £000
	<b>Government grants</b>	
52	Mortgage Rescue Scheme	52
61	Preventing Repossessions	61
<b>113</b>		<b>113</b>

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

2018/19 £000	Capital Grants Unapplied Account	2019/20 £000
1	Building Foundations for Growth	1
23,341	Community Infrastructure Levy	33,938
<b>23,342</b>		<b>33,939</b>

## Note 32. Related Parties

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

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

Grants received from Government departments are set out in Note 31 on "Grant Income".

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2019/29 is shown in Note 28. Some Council members are also:

- 1.elected members of other Councils, including the County Council, Parish and Town Councils.
- 2.nominated representatives of Huntingdonshire County Council on various organisations, including the Cambridgeshire and Peterborough Combined Authority.

The Council has a significant operational relationship with Cambridgeshire County Council. The Council is the administering authority for the Council's Pension Fund, and many of the Councils services work with County Council services on a day-to-day basis e.g. the Council is the statutory waste collection authority whereas the County Council is the statutory waste disposal authority but each of the Councils has to pay the other in respect of certain types of waste. For 2019/20, the Council has paid:

- £4.005m to Cambridgeshire County Council (£2.458m for services and £1.547m for pension payments), and

- received £0.87m from the County Council.

(£7.022m paid to and £1.064m received from the County Council; 2018/19)

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:

<b>Payments to / (from)</b>	<b>CCC</b>	<b>SCDC</b>	<b>Cambridge &amp; Peterborough Partnership</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
ICT Services	(4,128)	(2,444)	(80)
Legal Services	215		
Building Control	113		
CCTV	(267)		

The Home Improvement Agency is a shared service between the Council and Cambridge City Council and South Cambridgeshire District Council; the agency is managed by Cambridge City Council. The Councils grant applicants contribution to the agency for 2019/20 was £0.319m (2018/19, £0.336m), which represents 15% (2018/19, 15%) of the Disabled Facilities Grant that the agency manages on behalf of the Council. The Council also incurred relocation costs where the agency received a contribution of £0.003m in 19/20.

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 95.

In respect of 2019/20:

- 47 members out of 55 members who served the Council returned a Related Party Transaction disclosure form.
- 16 officers out of 17 officers returned a Related Party Transaction disclosure form.

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

Councillor	Organisation	Relationship with Organisation	Payments from Organisations 2018/19 £	Payments made by the Council 2018/19 £	Interest
Bywater, Chapman, Criswell, Fuller, Gardener, Giles, Giles, McGuire, Wells, Wilson, Sanderson	Cambridgeshire County Council	Councillor/Member	*	51,000	Grant for Edge Construction Skills Hub
Chapman	Friend of Paxton Pits	Friend	9,865.29	*	Friends of Paxton Pits Reserve:- £2875 FPP Payment, £180 & £1247.40 Mooring £4412.47 items for PP £949.80 Kingfisher nest boxes Paxton Pits Education Centre: £200.62 Repairs to Education centre at PP
Criswell & Officer Stopford	Hunts Forum of Voluntary Sector Organisations		*	63,109	£63108.48 = £31150 * 2 HDC Voluntary sector agreements £404.24 *2 Fire system Maintenance
Conboy	Pinpoint		*	1,875	Community Chest Grant 2019/20
Officers Stopford & Morley	HDCV Security Services Limited	Directors	0	0	
Officers Lancaster & Morley Cllrs Keane & Conboy	HDC Ventures Limited & HDC Ventures	Directors	0	0	
* There are transactions however they are not Related Party transactions					

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 33. Capital Expenditure and Capital Financing

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

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

2018/19 £000		2019/20 £000
<b>46,647</b>	<b>Opening Capital Financing Requirement</b>	<b>57,703</b>
	<b>Capital Investment</b>	
3,119	Property, Plant and Equipment	2,912
399	Intangible Assets	141
3,052	Revenue Expenditure Funded from Capital Under Statute	2,353
1,778	Repayable Advances	0
11,585	Investment Property	14,655
212	Assets Under Construction	816
0	Infrastructure Assets	25
<b>20,145</b>		<b>20,902</b>
(1,244)	Capital Receipts	(567)
(2,213)	Grants and Other Contributions	(1,653)
(412)	Use of Earmarked Reserves	0
(553)	Capital Grants Unapplied Reserve – Community Infrastructure Levy	(143)
(978)	Capital Grants Unapplied Reserve – Other	0
(1,627)	Use of Earmarked Reserves – Commercial Investment Strategy	(2,028)
(2,048)	Minimum Revenue Provision	(2,300)
(14)	S106 Reserve	(90)
<b>(9,089)</b>		<b>(6,781)</b>
<b>57,703</b>	<b>Closing Capital Finance Requirement</b>	<b>71,824</b>
<b>11,056</b>	<b>Increase/(Decrease) in Underlying Need to Borrow</b>	<b>14,121</b>

### Note 34. Leases

#### Council as Lessee

#### Finance Leases

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

2018/19 £000	2019/20 £000
<b>2,160</b>	<b>2,225</b>
<b>Investment Properties</b>	



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:

2018/19 £000		2019/20 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
544	Non-current	545
2,833	Finance costs payable in future years	2,793
<b>3,377</b>	<b>Minimum lease payments</b>	<b>3,338</b>

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

	Minimum lease payments		Finance lease payments	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Not later than 1 year	39	39	0	0
Later than 1 year and not later than 5 years	156	156	0	1
Later than 5 years	3,182	3,143	544	544
	<b>3,377</b>	<b>3,338</b>	<b>544</b>	<b>545</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2019/20 £0.081m contingent rents were payable by the Council (2018/19; £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:

2018/19 £000		2019/20 £000
18	Not later than 1 year	16
21	Later than 1 year and not later than 5 years	6
<b>39</b>		<b>22</b>

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

2018/19 £000		2019/20 £000
<b>28</b>	Minimum lease payments	<b>13</b>

## 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:

2018/19 £000		2019/20 £000
3,666	Not later than 1 year	4,829
8,752	Later than 1 year and not later than 5 years	10,209
23,969	Later than 5 years	26,382
<b>36,387</b>		<b>41,420</b>

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

## Note 35. Impairment Losses

During 2019/20 the Council has recognised impairments to Property, Plant and Equipment of £1.556m (2018/19; £1.803m).

## Note 36. Termination Benefits and Exit Packages

### Compulsory Redundancy:

In respect of:

- 2019/20, the Council approved the compulsory redundancy of 5 employees
- 2018/19, the Council did not approve any compulsory redundancies this year

### Other departures (Including Voluntary Redundancy):

In respect of:

- 2019/20, 5 voluntary redundancy were approved.  
In addition a further 1 employee left the council in 2019/20 with a Compromise agreement.
- 2018/19, 1 voluntary redundancy was approved.  
In addition a further 3 employees left the council in 2018/19 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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £000	2019/20 £000
£0 to less than £20,000	0	3	4	3	4	6	18	64
£20,000 to less than £40,000	0	1	0	3	0	4	0	102
£40,000 to less than £60,000	0	1	0	0	0	1	0	50
Greater than £60,000	0	0	0	0	0	0	0	0
	<b>0</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>11</b>	<b>18</b>	<b>216</b>

## Note 37. Defined Benefit Pension Scheme

### Participation in Pension Schemes

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

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

### Valuation of Pension Fund

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

2018/19 £000		2019/20 £000
	<b>Comprehensive Income &amp; Expenditure Statement</b>	
	Cost of Services:	
6,068	Current Service Cost	7,187
858	Past Service Cost	454
	<b>Financing and Investment Income and Expenditure:</b>	
5,856	Net interest expense	5,843
(3,871)	Expected Return on Scheme Assets	(3,669)
<b>8,911</b>	<b>Total post-employment benefit charged to the deficit on the provision of services</b>	<b>9,815</b>
	<b>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:</b>	
	Re-measurement of the net defined benefit liability comprising:	
5,561	Return on plan assets (Excluding the amount included in the net interest expense)	(11,434)
0	Actuarial gains and losses arising on changes in demographic assumptions	5,257
(17,972)	Actuarial gains and losses arising on changes in financial assumptions	19,255
158	Other experience	16,153
(12,253)		29,231
<b>(3,342)</b>	<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>39,046</b>
	<b>Movement in Reserves Statement</b>	
(8,911)	Reversal of net charges made to the surplus/deficit on the provision of services for post-employment benefits in accordance with the Code	(9,815)
	Actual amount charged against the General Fund Balance for Pensions in the Year:	
4,235	Employer's contributions payable to the scheme	4,353
179	Retirement benefits payable to pensioners*	180
<b>(4,497)</b>	<b>Total Movement in Reserves Statement</b>	<b>(5,282)</b>

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2020 is a loss of £34.85m, and to the 31 March 2019 is a loss of £64.08m.

## 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 2019		31 March 2020
£000		£000
<b>215,939</b>	<b>Opening balance as at 1 April</b>	<b>241,834</b>
6,068	Current Service Cost	7,187
5,856	Interest Cost	5,843
1,014	Contributions by scheme participants	1,043
	<b>Remeasurement (gains) and losses:</b>	
<b>0</b>	<b>Actuarial losses/ (gains) from changes in demographic assumptions</b>	<b>(5,257)</b>
17,972	Actuarial losses / (gains) from changes in financial assumptions	(19,255)
(158)	Other	(16,153)
858	Past service costs/ (gains)	454
(5,536)	Benefits paid	(5,789)
(179)	Estimated unfunded benefits paid *	(180)
<b>241,834</b>	<b>Closing balance at 31 March</b>	<b>209,727</b>
* 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 2019		31 March 2020
£000		£000
<b>143,608</b>	<b>Opening fair value of scheme assets balance as at 1 April</b>	<b>152,753</b>
3,871	Interest Income	3,669
	<b>Remeasurement gain/(loss)</b>	
5,561	The return on plan assets (Excluding amount included in net interest expense)	(11,434)
4,235	Contributions by the employer	4,353
1,014	Contributions by employees into the scheme	1,043
179	Contributions for unfunded (Discretionary benefits)benefits*	180
(5,536)	Benefits paid	(5,789)
(179)	Unfunded (Discretionary benefits) benefits paid*	(180)
<b>152,753</b>	<b>Closing Balance at 31 March</b>	<b>144,595</b>

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 £(7.77)m (2018/19; £9.43m).

## Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000		2019/20 £000
(179,200)	(212,691)	(215,939)	(241,834)	Fair value of assets	(209,727)
111,237	140,530	143,608	152,753	<b>Deficit in the scheme</b>	144,595
<b>(67,963)</b>	<b>(72,161)</b>	<b>(72,331)</b>	<b>(89,081)</b>		<b>(65,132)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment benefits. The total liability of £(209.73m) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £(65.13m).

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 £4.31m into Cambridgeshire County Council's Local Government Pension Fund in the year to 31 March 2021. With regard to discretionary benefits, there were no such awards in 2019/20 (2018/19; 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:

2018/19	County Fund – Main Assumptions	2019/20
2.8%	Rate of increase in salaries	2.4%
2.5%	Rate of increase in pensions	1.9%
2.4%	Rate of discounting scheme liabilities	2.3%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.4 years	Men	22.0 years
24.4 years	Women	24.0 years
	Longevity at 65 for future pensioners	
24.0 years	Men	22.7 years
26.3 years	Women	25.5 years

## Local Government Pension Scheme Assets Comprised:

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

31 March 2019 £000		31 March 2020 £000
1,892	Cash and cash equivalents	1,838
<b>1,892</b>		<b>1,838</b>
	<b>Equity instruments by industry type:</b>	
4,615	Consumer	0
2,749	Manufacturing	0
3,208	Energy and utilities	0
5,742	Financial institutions	0
924	Health and care	0
813	Information technology	0
<b>18,051</b>	<b>Sub-total equity</b>	<b>0</b>
	<b>Debt Securities</b>	
3,789	UK Government	6,446
<b>3,789</b>	<b>Sub-total debt securities</b>	<b>6,446</b>
	<b>Private equity:</b>	
11,566	All not in active markets	10,310
<b>11,566</b>	<b>Sub-total private equity</b>	<b>10,310</b>
	<b>Real Estate</b>	
0	UK Property	9,862
0	Overseas Property	2
<b>0</b>	<b>Sub-total Real Estate</b>	<b>9,864</b>
	<b>Other investment funds:</b>	
14,195	Bonds	9,893
6,358	Infrastructure	11,145
85,571	Equity	95,077
11,331	Other	0
<b>117,455</b>	<b>Sub-total other investment funds</b>	<b>116,115</b>
	<b>Derivatives:</b>	
<b>0</b>	<b>Other</b>	<b>22</b>
<b>0</b>	<b>Sub-total Derivatives</b>	<b>22</b>
<b>152,753</b>	<b>Total Assets</b>	<b>144,595</b>

## History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2019/20 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2020.

2014/15	2015/16	2016/17	2017/18	2018/19		2019/20
%	%	%	%	%		%
2.62	6.88	(3.83)	18.32	(0.36)	Differences between expected and actual return on assets	3.85
0.95	1.01	0.19	(0.01)	0.07	Experience gains/ losses on liabilities	7.70

Sensitivity analysis:

Increase in assumption 31 March 2019 £000	Impact on the defined benefit obligation in the scheme	Increase in assumption 31 March 2020 £000
3-5%	Longevity (increase or decrease in 1 year)	3-5%
3,263	Rate of increase in salaries (increase or decrease by 0.5%)	1,811
21,288	Rate of increase in pensions (increase or decrease by 0.5%)	18,059
(24,884)	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(20,029)

Further information

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

### Note 38. Provisions, Contingent Assets and Liabilities

	Short Term Provisions		Total
	NDR Appeals Provision	Insurance Claim	
	(2)	(3)	
	£000	£000	£000
<b>Balance at 1 April 2019</b>	<b>1,553</b>	<b>13</b>	<b>1,566</b>
Movement during 2019/20	(218)	0	(218)
<b>Balance at 31 March 2020</b>	<b>1,335</b>	<b>13</b>	<b>1,348</b>
Amounts used in 2019/20	(362)	0	<b>(362)</b>
Amounts charged to services 2019/20	970	0	<b>970</b>
<b>Balance at 31 March 2020</b>	<b>1,943</b>	<b>13</b>	<b>1,956</b>

#### Provision

##### Short Term Provision

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



## 1. NDR Appeals Provision

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review which included taking external expert advice a provision for appeals outstanding was estimated to be £4.857m; of which £1.943m would have to be met by the Council, and £2.329m by other Collection Fund participants.

## 2. Insurance Claim

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

## **Contingent Liabilities**

The councils Contingent Liabilities cover various on-going litigations and these are detailed below. The total expected value of these liabilities is £3.653m (2018/19; £5.724m)

<b>2018/19 Estimated value of contingent liability £000</b>	<b>Details of Contingent Liability</b>	<b>2019/20 Estimated value of contingent liability £000</b>
3,150	<p><b><u>Environmental Related:</u></b></p> <p>The Environmental Protection Act 1990 Part IIA makes the Council liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. If the planning application made to the County Council is approved, this will reduce the probability of abandonment and the likelihood of the Council becoming liable will reduce considerably.</p> <p>However, at this time there is a possibility that the Council could be liable if the site is abandoned. Current estimates are that the cost of leachate treatment would cost £150,000 per annum for 21 years (originally 30 years).</p>	3,000
<b>3,150</b>	<b>Total for Environmental Related</b>	<b>3,000</b>
1,953	<p><b><u>NHS Hospital Trust</u></b></p> <p>At this time a claim has been made against Councils by NHS Hospital Trusts in respect of mandatory NDR relief. During 2019/20 the High Court has rejected the case put forward by NHS Trusts for Mandatory Relief of 80%.</p>	0
<b>1,953</b>	<b>Total for Customer Services Related</b>	<b>0</b>

	<b><u>Corporate Related:</u></b>	
	<b>Municipal Mutual Insurance Liquidation</b>	
601	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 2019/20 is the balance of the total claims paid by MMI on behalf of the Council.	653
20	<b>Assets of Community Value</b>	0
	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. This is shown as a nil amount for 2019/20 due to this not being material for the purposes of disclosure.	
<b>621</b>	<b>Total for Corporate Related</b>	<b>653</b>
<b>5,724</b>	<b>Total Contingent Liabilities</b>	<b>3,653</b>

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

**Note 39. Nature and Extent of Risks Arising from Financial Instruments**

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

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

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

Credit risk

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

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

The Council’s maximum exposure to credit risk in relation to its investments in banks and building societies of £33.41m (2018/19; £38.82m) 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 2020 that this was likely to occur and there are no investments that as at 31 March 2020 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 un-collectability. It relates to the sundry debtors element of the total debtors, including debts of individuals, entities and housing benefit claimants.

	Amount at 31 March 2020	Historical experience of default	Historical experience of default adjusted for market conditions	Impairment allowance 31 March 2020	Impairment allowance 31 March 2019
	£000	%	%	£000	£000
Sundry debtors	6,594	3.18%	3.18%	1,638	1,854

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

31/03/19 £000		31/03/20 £000
405	Less than three months	(7)
84	Three to six months	113
91	Six months to one year	4,582
2,401	More than one year	1,906
<b>2,981</b>		<b>6,594</b>

#### 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 2020.

Financial Year	£000s
2021/22	533
2023/24	564
2037/38	5,000
2038/39	7,292
2039/40	11,963
2046/47	2,066
2047/48	2,547
2057/58	5,000
2058/59	5,000
	<b>39,965</b>

31/03/19 £000		31/03/20 £000
483	Less than one year	4,762
28,268	More than one year	39,417
<b>28,751</b>		<b>44,179</b>

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 2019/20 interest rates on all of its investments and borrowings had been 1% higher with all other variables held constant, the financial effect would be:

	<b>£000</b>
Increase in interest payable on borrowings of less than 1 year	0
Increase in interest receivable on investments of less than 1 year	191CR
Impact on the surplus on the Provision of Services	191CR
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	7,053
(No impact on the Comprehensive Income and Expenditure Statement)	

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

### Price risk

At 31 March 2020 the Council had £4 million invested in the Local Authorities Property Fund which is a professionally managed diversified property portfolio.

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

A loss of £141,710 in respect of the Local Authorities Property Fund has been recognised in Other Comprehensive Income and Expenditure in 2019/20. 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 £189,768 being recognised in the Other Comprehensive Income and Expenditure for 2019-20.

### Foreign Exchange Risk

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

## Note 40. Prior Period Adjustment

The Business Rates Retention Scheme started in 2013/14, together with an Enterprise Zone within Huntingdonshire. It was noted that the Enterprise Zone Reliefs were not being reflected within the collection fund correctly, along with the treatment of bad debt write off's. The adjustments for these accounting entries up to 2017/18 were not material, but have been adjusted within the b/fwd numbers within the Collection Fund and Balance Sheet.

Upon reviewing the 2018/19 Collection Fund for the Enterprise Zone Reliefs and Bad debt write offs, it was noted that an entry had been included within the Net Debit the wrong way round and has resulted in a material adjustment to the Collection Fund Statement for 2018/19 and the Primary Statements as identified below:

Impact on Primary Statements		
	DR £000	CR £000
<b>CIES</b>		
Taxation and non specific grant income	729	
<b>Balance Sheet</b>		
Short Term Debtors		1,022
Short Term Creditors	293	
<b>MIRS</b>		
Earmarked Reserves		729
NNDR CFAA		512
Movement on Surplus/Deficit	1,241	
<b>Cashflow</b>		
Net Surplus/(Deficit) on the provision of services	729	
Adjustment to net surplus or deficit on the provision of services for non-cash movements (Note 24)		729

Impact on Collection Fund Statement		
	DR £000	CR £000
<b>Collection Fund Statement 2018/19</b>		
Net Debit		2,497
MHCLG Precept Payment		363
Bad Debt Provision		268
Impact on Surplus/Deficit	3,128	
<b>Collection Fund Statement 2017/18</b>		
Net Debit	888	
MHCLG Precept payment	257	
Bad Debt Provision		599
Impact on Surplus/Deficit		546

These adjustments will also flow through the notes to the accounts and be marked as restated, where necessary.

## Collection Fund

Restated Non- Domestic Rates 2018/19 £000	Council Tax 2018/19 £000	TOTAL 2018/19 £000		Non- Domestic Rates 2019/20 £000	Council Tax 2019/20 £000	TOTAL 2019/20 £000
<b>INCOME</b>						
0	105,619	105,619	Council Tax Payers	0	114,759	114,759
62,587	0	62,587	Business Rates	62,856	0	62,856
(996)	0	(996)	Transitional Relief	(379)	0	(379)
<b>61,591</b>	<b>105,619</b>	<b>167,210</b>	<b>Total Income</b>	<b>62,477</b>	<b>114,759</b>	<b>177,236</b>
<b>EXPENDITURE</b>						
<b>Contributions Prior Year (Deficit)/Surplus</b>						
1,956	0	1,956	Ministry for Housing, Communities & Local Government	794	0	794
1,565	(33)	1,532	Huntingdonshire District Council	635	354	989
352	(288)	64	Cambridgeshire County Council	143	3,189	3,332
0	(45)	(45)	Cambridgeshire Police & Crime Commissioner	0	507	507
39	(16)	23	Cambridgeshire Fire Authority	16	175	191
<b>3,912</b>	<b>(382)</b>	<b>3,530</b>		<b>1,588</b>	<b>4,225</b>	<b>5,813</b>
<b>Precepts Demands and Shares</b>						
28,880	0	28,880	Ministry for Housing Communities & Local Government	28,796	0	28,796
23,104	8,450	31,554	Huntingdonshire District Council	23,037	8,779	31,816
0	5,947	5,947	Parish Councils	0	6,651	6,651
5,198	76,220	81,418	Cambridgeshire County Council	5,183	81,021	86,204
0	12,119	12,119	Cambridgeshire Police and Crime Commissioner	0	13,749	13,749
578	4,193	4,771	Cambridgeshire Fire Authority	576	4,368	4,944
<b>57,760</b>	<b>106,929</b>	<b>164,689</b>		<b>57,592</b>	<b>114,568</b>	<b>172,160</b>
<b>Charges to the Collection Fund</b>						
0	(311)	(311)	Write Off Uncollectable Debts	0	0	0
202	599	801	Change in Provision for Bad and Doubtful Debts	25	369	394
(93)	0	(93)	Changes in Provision for Appeals	975	0	975
216	0	216	Cost of Collection	217	0	217
880	0	880	Renewable Energy Retentions	909	0	909
1,132	0	1,132	Enterprise Zone Retentions	638	0	638
<b>2,337</b>	<b>288</b>	<b>2,625</b>		<b>2,764</b>	<b>369</b>	<b>3,133</b>
<b>64,009</b>	<b>106,835</b>	<b>170,844</b>	<b>Total Expenditure</b>	<b>61,944</b>	<b>119,162</b>	<b>181,106</b>
<b>Movement in Fund Balance</b>						
2,418	1,216	3,634	(Surplus)/Deficit For Year	(533)	4,403	3,870
(1,136)	1,010	(126)	(Surplus)/Deficit Brought Forward 1 April	1,282	2,226	3,508
<b>1,282</b>	<b>2,226</b>	<b>3,508</b>	<b>(Surplus)/Deficit Carried Forward 31 March</b>	<b>749</b>	<b>6,629</b>	<b>7,378</b>

## 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 2020				
Tax band	Properties	Exemptions & discounts	Band D multiplier	Band D equivalent
A	11,524	(3,396)	6/9	5,419
B	20,073	(3,680)	7/9	12,750
C	17,810	(2,074)	8/9	13,988
D	11,723	(775)	9/9	10,948
E	8,392	124	11/9	10,408
F	3,744	(132)	13/9	5,217
G	1,759	(65)	15/9	2,823
H	143	(2)	18/9	282
<b>Total</b>	<b>75,168</b>	<b>(10,000)</b>		<b>61,835</b>

Council tax charge per band D property for 2019/20 £1,855.39

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



### **3. Non Domestic Rates (NDR)**

The uniform Business Rate set by the Government for 2019/20 was 50.4p (2018/19 49.3p).

Total rateable value at 31 March 2020 £151.62m.

Total rateable value at 31 March 2019 £151.05m.

### **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 £0.485m for the Collection Fund of which £0.194m 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 1<sup>st</sup> April 2013, as a consequence of The Local Government Finance Act 2012, a local Non Domestic Rating regime was introduced that included the business rates retention scheme. See also **Tariff** and **Safety Net**.

**Operating Leases**

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

**Precept**

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

**Prior Year Adjustments**

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

**Property, Plant and Equipment**

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

**Provisions**

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

**Reclassification**

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

**Responsible Financial Officer**

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

**Restated**

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

**Revenue Expenditure Funded from Capital under Statute**

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

**Revaluation Reserve**

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

**Revenue Expenditure**

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

**Revenue Support Grant**

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

**Safety Net**

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

**Section 106**

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

**Tariff**

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

**True and Fair View Override**

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

## **ABBREVIATIONS**

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

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**RSG** Revenue Support Grant

**S106** Section 106

**SOLACE** Society of Local Authority Chief Executives