

A photograph of a modern, curved building with large glass windows and a central tree in the foreground. The building has a light-colored facade and a curved roofline. The sky is blue with some clouds. The foreground is a green lawn with a central tree and a low hedge.

**Huntingdonshire District Council**  
**Draft Annual Financial Report**  
**For the year ended 31 March 2021**

# Contents

## Annual Financial Report

Narrative Report .....	4
Commentary and Review 2020/21 .....	4
The Financial Statements .....	20
Technical Information .....	22
Independent Auditor's Report to the Members of Huntingdonshire District Council .....	23
Statement of Responsibilities .....	28
Chairman's Approval of the Statement of Accounts .....	29

## Statement of Accounts

Movement in Reserves .....	30
Comprehensive Income and Expenditure Statement (CIES) .....	31
Balance Sheet .....	32
Cash Flow Statement .....	33

## Notes to the Accounts

Note 1. Accounting Policies .....	34
Note 2. Accounting Standards that have been issued but have not yet been adopted ....	50
Note 3. Critical Judgements in Applying Accounting Policies .....	50
Note 4. Assumptions Made About the Future and Other Major Sources of Estimation ...	51
Note 5. Material Items of Income and Expenditure .....	53
Note 6. Events after the Balance Sheet Date .....	53
Note 7. Expenditure and Funding Analysis (EFA) .....	53
Note 8. Expenditure and Income Analysed by Nature .....	57
Note 9. Adjustments between Accounting Basis and Funding Basis under Regulations .	58
Note 10. Movements in Earmarked Reserves .....	61
Note 11. Other Operating Expenditure included in the Comprehensive Income and Expenditure Statement .....	62
Note 12. Financing and Investment Income and Expenditure .....	62
Note 13. Taxation and Non-Specific Grant Income .....	63
Note 14. Property, Plant and Equipment .....	64
Note 15. Investment Property .....	66
Note 16. Intangible Assets .....	67
Note 17. Financial Instruments .....	69
Note 18. Inventories .....	73
Note 19. Debtors .....	73
Note 20. Cash and Cash Equivalents .....	73
Note 21. Assets held for sale .....	74
Note 22. Creditors .....	74
Note 23. Useable Reserves .....	74
Note 24. Unusable Reserves .....	75
Note 25. Operating Activities .....	78
Note 26. Investing Activities .....	79
Note 27. Financing Activities .....	80
Note 28. Members Allowance .....	80
Note 29. Senior Officer remuneration and staff over £50k 2020/21 .....	80
Note 30. External Audit Related Costs .....	81
Note 31. Grant Income .....	82
Note 32. Related Parties .....	83

Note 33. Capital Expenditure and Capital Financing .....	86
Note 34. Leases .....	87
Note 35. Impairment Losses .....	88
Note 36. Termination Benefits and Exit Packages .....	89
Note 37. Defined Benefit Pension Scheme .....	89
Note 38. Provisions, Contingent Assets and Liabilities .....	95
Note 39. Nature and Extent of Risks Arising from Financial Instruments .....	97
<b>Supplementary Financial Statements</b>	
Collection Fund .....	100
1. Purpose of Fund .....	101
2. Council Tax .....	101
3. Non-Domestic Rates (NDR) .....	102
4. Non-Domestic Rates Appeals .....	102
<b>GLOSSARY OF TERMS AND ABBREVIATIONS</b>	103

## **Narrative Report**

### **By the Chief Finance Officer**

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2020/21 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2021.

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 2020/21.
- The Financial Statements.
- Technical information.

## **Commentary and Review of 2020/21**

### **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 178,985 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 80.7% of residents aged 16-64 classed as economically active and a 77.2% 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.

The effects of the COVID-19 pandemic have been felt to varying degrees by every household, every business, every school, every public sector and charitable organisation. Many people have suffered the devastating effects of illness, others have lost income or their livelihoods. Charities have lost the opportunity to raise funds and are therefore unable to continue their work to support the most needy in our society.

During 2020/21, Huntingdonshire District Council has risen to the challenge and taken forward its leadership role and supported Huntingdonshire and its residents by ensure that it continued to deliver a high level of service. The Council had distributed £45m in grant funding to businesses throughout the Borough by 31 March 2021, administered over £22m in COVID related Business Rates relief and £0.65m of hardship relief to Council Tax Reduction recipients.

The Council has worked successfully with the voluntary sector and provided help and support to those residents who had to shield. It introduced a wide range of initiatives to keep citizens safe as well as coordinating delivery of food and access to prescription drugs for the vulnerable.

## **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).

## **Huntingdonshire District Council and the Impact of COVID-19**

The financial year 2020/21 has been unlike any other year. The Council had to adapt to evolving events as the country moved in and out of lockdown and various tiered restrictions. It required flexibility and adaptability to respond to an ever changing national and local scene.

For the first part of the year, following on from procedures initiated in March 2020, enhanced management arrangements were put in place with a structure based on Gold (strategic), Silver (tactical) and Bronze (operational) groups including key system partners, to facilitate rapid responses to the evolving position, support appropriate decision making (including the use of emergency powers as allowed for in the Councils Constitution), clear communication and inter-agency cooperation. Although this structure remains in place, from December 2020, the frequency of meetings reduced and some of the individual groups were amalgamated as the intensity of the response lessened and practices had become well established.

Utilising additional un-ringfenced funding made available to the Council by Government, the provision of essentials to vulnerable residents with food parcels and assistance in getting access to the provision of medical care.

COVID has had a widespread impact on the workforce of the Council and the way in which the Council delivered services. The Council utilised technology to allow office-based staff to work seamlessly from home to minimise disruption to services. For those officers who could not work from home, such as those engaged in refuse collection, working practices were adapted to ensure their safety, health and wellbeing. Some Council facilities closed and then reopened and closed again as various restrictions were eased and then re-introduced. Where appropriate, staff were redeployed to services such as the Community Support Hubs.

It is clear that there will not be a return to a traditional office-based service provision. The new opportunities provided by technology show how home working can be successful and a blended approach to home/office working is likely to be introduced post pandemic.

Increased customer engagement using technology has also proved successful, and whilst there will continue to be some face to face or telephone contact, much more can be done online and this will be the way forward for Council service delivery, having regard to equality and fair access to services for all.

COVID led to pressures in relation to the collection of both Council Tax and Business Rates as residents’ livelihoods were affected and businesses struggled under lockdown arrangements. The Council relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Taxpayers and businesses to defer payments for the first three months of 2020/21 with revised payment plans over July to March 2021.

It is clear that Collection Fund (Council Tax and Business Rates) debt has increased and the limited opportunities to pursue recovery at the Magistrates Court proved problematic. The Council received £0.827m from the Government in the form of a Hardship Fund to provide £150 Council Tax relief for Council Taxpayers of working age in receipt of Council Tax Reduction.

Other income streams, such as leisure, car parking, and commercial rental were all disrupted. The support provided by the Governments Sales, Fees and Charges grant compensation scheme was essential, but did not cover any losses for commercial rental income. The on-going challenge will be for the Council to restore the lost or deferred income streams to avoid placing an additional burden on the people and businesses of Huntingdonshire whilst at the same time attempting to manage its finances effectively. The success in restoring income streams will not become evident for some time.

During 2020/21, the Council had to manage a significant amount of grant received from Central Government. This meant that the Council did not face any cash flow challenges but at times this stretched the treasury management function in managing all of the cash movements.

In order to support local businesses, the Council administered business rate reliefs and the range of business grants that the Government announced. This required a speedy mobilisation right at the start of the pandemic in order to apply reliefs and pay eligible businesses their grants as quickly as possible. More detail is provided on grants managed by the Council later in this Narrative Statement.

## **Risks**

Following a review of the strategic risks faced by the Council, the 2020/21 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 area’s 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.

- **Partner agency operational pressures**

In Huntingdonshire, whilst the partners work well together, there continues to be the challenge of controlling additional demand and the corresponding budget pressures that it brings. Evidence suggests that as parts of the public sector reduce their input into the communities, it creates/transfers demand into other agencies, bringing financial pressures from one sector impacting on the capacity and financial resources in another.

- **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

The Council set a gross budget for the year of £72.303m, following fees and charges income and reserve movements set a net budget £17.687m (2019/20 £16.644m), a net increase of £1.044m (6.27%). After allowing for the following non-ring-fenced government grants:

- Business Rates Retention scheme (NDR) of £6.674m (2019/20; £6.907m),
- New Homes Bonus of £2.212m (2019/20; £2.038m),
- Section 31 Grant of £1.579m (2019/20; £1.729m)
- Collection Fund deficit of £0.907m (2019/20; £0.989m surplus)

and a contribution to revenue reserves of £0.957m (2019/20; £3.285m). This left the Council to raise £9.168m (2019/20; £8.778m) from Council Tax which equated to a Council Tax of £145.86 (2019/20; £142.16) for a Band D equivalent property. This represented a 2.60% 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 17th June Cabinet report.

Summary of progress of key actions for 2020/21:

Status of Key Actions	Number	Percentage
<b>Green (on track)</b>	27	71%
<b>Amber (within acceptable variance)</b>	9	24%
<b>Red (behind schedule)</b>	2	5%
<b>Awaiting progress update</b>	0	0%
<b>Not applicable</b>	1	

Summary of progress of Corporate Indicators for 2020/21:

Corporate Indicator results	Number	Percentage
Green (achieved)	21	60%
Amber (within acceptable variance)	12	34%
Red (below acceptable variance)	2	6%
Awaiting progress update	0	0%
Not applicable (annual/data unavailable)	2	

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**

- Provided financial assistance to people on low income during the year directly impacted by covid 19, through the Council Tax Hardship Fund.
- Strategic and practical work has helped to reduce homelessness with action taken to house rough sleepers as part of the ‘Everyone in’ pandemic response and efforts with a range of partners continuing to identify early intervention opportunities to prevent homelessness.
- Six community-based job clubs being launched across the district.
- Working in partnership with voluntary and community organisations to deliver a local, community led response to the impact of covid-19.

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

- Adoption of a new waste minimisation strategy and a waste minimisation action plan in December 2020.
- Installation of electric vehicle charging points across car parks in St Neots, St Ives and Huntingdon.
- Continued working with partners to delivery economic growth within the region in relation to transport development and prospects for growth within St Ives, Huntingdon and Ramsey
- Secured funding from MHCLG and Combined Authority to deliver the Future High Street Fund in St Neots of £3.7m and £3.2m respectively.
- Despite the effect of covid 19 on the construction industry during the initial lockdown, 274 affordable houses were still delivered during the year.



**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**

- Developing customer forums to better understand the needs of our customs and residents due to be delivered in 21/22.
- Continued development on understanding the key drivers within the organisation and developing unit cost data to help focus on the effectiveness of service deliver.
- Continued development into how we offer online and out of hours access to services via the customer portal and other solutions.

**Revenue Spending and Sources of Income**

The Table below sets out the Council's Budget for 2020/21 and how it performed and details the main sources of income the Council receives to pay for its services.

2019/20 Outturn		2020/21			
		Budget £000	Outturn £000	Variation £000	%
	<b>Service</b>				
4,484	Corporate Services	5,696	5,356	(340)	-6%
3,698	Chief Operating Officer	4,417	4,059	(358)	-8%
19	Programme Delivery	70	58	(12)	-
822	Planning Policy	842	709	(133)	-16%
139	Housing Strategy	177	214	37	21%
808	Corporate Leadership Team	603	699	96	16%
380	Transformation	408	130	(278)	-68%
4,365	Operations	3,550	4,242	692	19%
267	Leisure & Health	(215)	313	528	-246%
2,206	3CICT Shared Service	2,139	2,007	(132)	-6%
<b>17,188</b>	<b>Net Revenue Expenditure</b>	<b>17,687</b>	<b>17,787</b>	<b>100</b>	<b>1%</b>
3,537	Contribution to Reserves	957	236	(721)	-75%
(283)	Contribution from Earmarked Reserves	0	621	621	0%
<b>20,442</b>	<b>Budget Requirement</b>	<b>18,644</b>	<b>18,644</b>	<b>0</b>	<b>0%</b>
	<b>Financing</b>				
(6,821)	NDR and Council Tax Surplus/Deficit	(7,346)	(8,836)	(1,490)	20%
(4,734)	Government Grant (Non-Specific)	(2,130)	(2,546)	(416)	20%
(109)	Contribution to/(from) Reserves	0	1,906	1,906	-
<b>8,778</b>	<b>Council Tax for Huntingdonshire DC</b>	<b>9,168</b>	<b>9,168</b>	<b>0</b>	<b>-</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	Planned investment in commercial properties and the impact the Covid-19 pandemic had on recovering rent due and letting vacant units led to a shortfall of £0.25m on this service. The pandemic also impacted other debt recovery and so additional provision was made for this adding £0.1m to net costs. These additional costs, and costs incurred by other services below, have been offset by funding received for managing the impact of the pandemic not spent directly on HDC pandemic response (£1.1m). The financing of the council's previous capital investment added £0.1m to net expenditure and old historic debt was reviewed and written off adding £0.22m to net expenditure.
Chief Operating Officer	One-off grant income of (£0.5m) was received and has been put to an earmarked reserve to fund future community support projects. Changes to the management of housing support along with some additional external funding produced a saving of (£0.1m). These savings were off-set by additional costs relating to the management and payment of housing benefits, £0.1m, and the printing service scaling down of operational activity which meant no external income was generated, £0.1m.
Programme Delivery	Delay in appointing to post created an in year saving.
Planning Policy	Local Plan preparation work was delayed due to the pandemic and this saving (£0.1m) has been put into reserves to be used when the work is commissioned. Other external income for priority service was also received.
Housing Strategy	Overspend on project management is being funded from an earmarked reserve.
Corporate Leadership Team	Staff cover required to ensure the council was able to respond to the impact the pandemic on the area.
Transformation	Projects were delayed due to the pandemic and some of this saving has been carried forward or put into an earmarked reserve to be used when the expenditure is incurred in the future.
Operations	Car Parking, Country Parks and Market income was all hit by the Covid-19 pandemic. In all cases costs were off-set where possible but overall net expenditure rose by £0.6m across these services. Operational savings on Waste Management, £0.3m, were offset by increased costs on Street Cleaning, £0.1m, Green Spaces management, £0.1m, and CCTV £0.14m.
Leisure and Health	Closure of the One Leisure sites, in line with the government's lockdown requirements, meant very little income was generated over the course of the year. Staff were furloughed to mitigate this loss and the government provided funding for some loss of income, but other costs could not be off-set and so an overall overspend was incurred.
3CICT Shared Service	Shared ICT service charge to HDC was lower than expected because of the volume of work being carried out, and therefore recharged, to Cambridge City and South Cambridge District Council.

## COVID-19 Grants

The Council received a range of grants from Central Government in 2020/21 to support the overall response to the COVID-19 pandemic. The financial impact of these grants is included within the outturn and Statement of Accounts. The grants and Business Rates reliefs were administered by the Council in line within the guidance received from Central Government.

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

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

- It was acting as an intermediary between the recipient and the Government Department.
- It did not have “control” of the grant conditions and there was no flexibility in determining the level of grant payable.

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

The first major grant round announced was the Small Business Grant Fund (SBGF) and Retail, Leisure and Hospitality Grant Fund (RLHGF). The grant details were issued in late March 2020 and the Council received £32.570m to pay these grants on 1 April 2020. As the grants sums payable were £0.010m or £0.025m for each eligible business with eligibility criteria specified by Government, the Council acted as an agent in administering these grants.

A further grant regime, the Discretionary Grant Fund was then introduced, within a maximum sum of £1.628m. The Council determined eligibility for these grants and therefore acted as a principal for this source of funding.

In total £29.480m had been paid in SBGF and RLHGF to 2,366 businesses and the maximum of £1.628m in discretionary grants to 219 businesses. The balance of £3.090m was returned to Central Government. The table below sets out the summary grant information.

	Total Grant Allocation	The Council Acting as Agent	The Council Acting at Principal	Expenditure as at 31 <sup>st</sup> March 2021	Grant remaining as at 31 <sup>st</sup> March 2021
Grant	£000	£000	£000	£000	£000
Small Business Grants Fund/Retail, Leisure and Hospitality Grant	29,480	29,480	-	29,480	-
Local Authority Discretionary Grant	1,628	-	1,628	1,628	-
	<b>31,108</b>	<b>29,480</b>	<b>1,628</b>	<b>31,108</b>	-

The Government then introduced a range of grants under the general heading of Local Restrictions Support Grant (LRSNG), covering the period from August 2020 to 31 March 2021. In total the Council received £16.338m in grant across eleven separate allocations. Each separate tranche of LRSNG had its own eligibility criteria. All except one tranche of grant funding (the Christmas Support Payments for Wet Led Pubs) remained open for final payments beyond 31 March 2021.

Nine tranches of LRSNG were received to support schemes without a discretionary element and for these the Council acted as the agent of Central Government. Funding for these grants totalled £16.338m and at the year-end £5.077m remained unspent. Given the status of these grants, the funds remaining at 31 March are included in the Councils Balance Sheet (Short Term Creditors).

Once all rounds of LRSNG are finally closed there will be a reconciliation and remaining funds will be repaid to Central Government.

The table below summarises the LRSNG allocation and expenditure in 2020/21.

Grants	Total Grant Allocation	The Council acting as Agent	The Council acting as Principal	Expenditure as at 31 <sup>st</sup> March 2021	Grant Remaining as at 31 <sup>st</sup> March 2021
	£000	£000	£000	£000	£000
LRSNG Closed Addendum	2,113	2,113	-	1,507	606
LRSNG Closed 2 December:19 December 2020	28	28	-	53	-25
LRSNG Open 2 December:19 December 2020	362	362	-	420	-58
Christmas Support Payments (Wet Led Pubs)	83	83	-	79	4
Closed Business Lockdown One-Off Payment	6,336	6,336	-	4,330	2,006
LRSNG Closed Addendum 5 January – 15 February 2021	3,169	3,169	-	2,166	1,003
LRSNG Closed 20 December – 4 January 2021	778	778	-	517	261
LRSNG Open 20 December – 4 January 2021	149	149	-	0	149
LRSNG Closed Addendum 16 February – 31 March 2021	3,320	3,320	-	2,189	1,131
	<b>16,338</b>	<b>16,338</b>	-	<b>11,261</b>	<b>5,077</b>

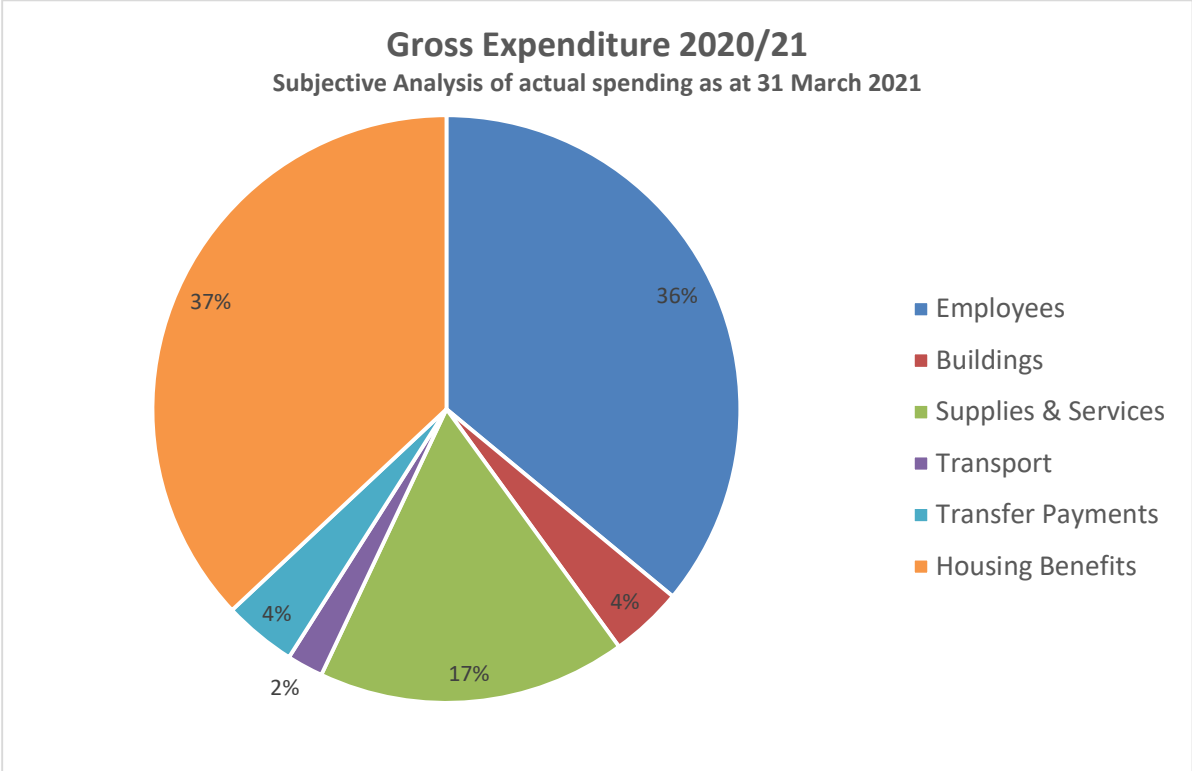
In addition to the LRSG, the Government introduced a further discretionary grant scheme the Additional Restrictions Grant. The Council introduced specific eligibility criteria for grant support based on knowledge of the Huntingdonshire economy and the local business community. During 2020/21, two rounds of grant were received totalling £5.140m for which the Council acted as a principal. By the year end £2.742m had been spent with £2.398m being carried forward within the Council’s Revenue Grant reserves.

	Total Grant Allocation	The Council Acting as Agent	The Council Acting at Principal	Expenditure as at 31 <sup>st</sup> March 2021	Grant remaining as at 31 <sup>st</sup> March 2021
Grant	£000	£000	£000	£000	£000
Additional Restrictions Grant	5,140	-	5,140	2,742	2,398
	<b>5,140</b>	-	<b>5,140</b>	<b>2,742</b>	<b>2,398</b>

From 1 April 2021, the Council began administering a new round of business support grants known as Restart Grants with an allocation of £7.578m and it will continue to administer this grant regime until the closing date for final payments on 31 July 2021.

## Analysis of Revenue Income & Expenditure

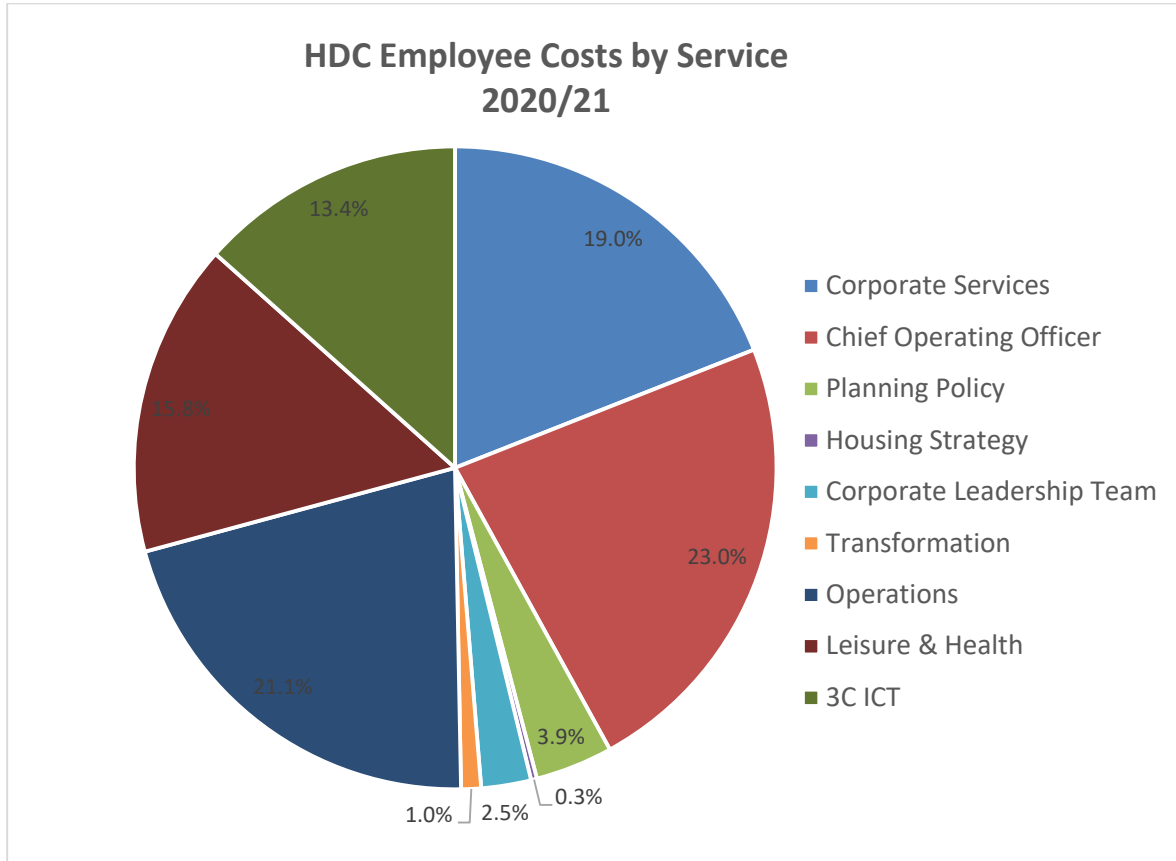
The Council spent £76.345m in 2020/21 and the chart below shows the type of expenditure this was spent on.



**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 2020/21 it spent £27.306m (£26.545m in 2019/20). 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 2021.

Revenue Usable Reserves 2020/21	Bfwd	Contributions		Cfwd
	£000	To £000	From £000	£000
<b>General Fund</b>	<b>2,534</b>	<b>11,034</b>	<b>(11,393)</b>	<b>2,175</b>
<b>Earmarked</b>				
Commercial Investment Fund	3,382	2,213	0	5,595
Market Towns Investment Fund	646	27	0	673
Special Reserve	1,136	0	(290)	846
Section 106	2,132	300	(205)	2,227
Other	10,975	14,130	(1,922)	23,113
	18,271	16,670	(2,487)	32,454
<b>Total Usable Reserves</b>	<b>20,805</b>	<b>27,704</b>	<b>(13,880)</b>	<b>34,629</b>

The 2020/21 provisional outturn report showed a net service expenditure underspend of £0.064m against the original budget approved in February 2020.

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

## Capital Spending

### Capital Programme

#### Introduction

The approved gross Capital Programme 2020/21 is £16.611m. Schemes totalling £3.909m from 2019/20 have been rephased to 2020/21, to give the total gross capital programme for 2020/21 of £20.520m.

The Capital Programme is forecast to have an underspend of £13.415m, this includes underspends, overspends and growth.

A more detailed analysis of the capital variance to budget can be found in the Q4 Financial Performance Report.

#### Capital Programme Outturn

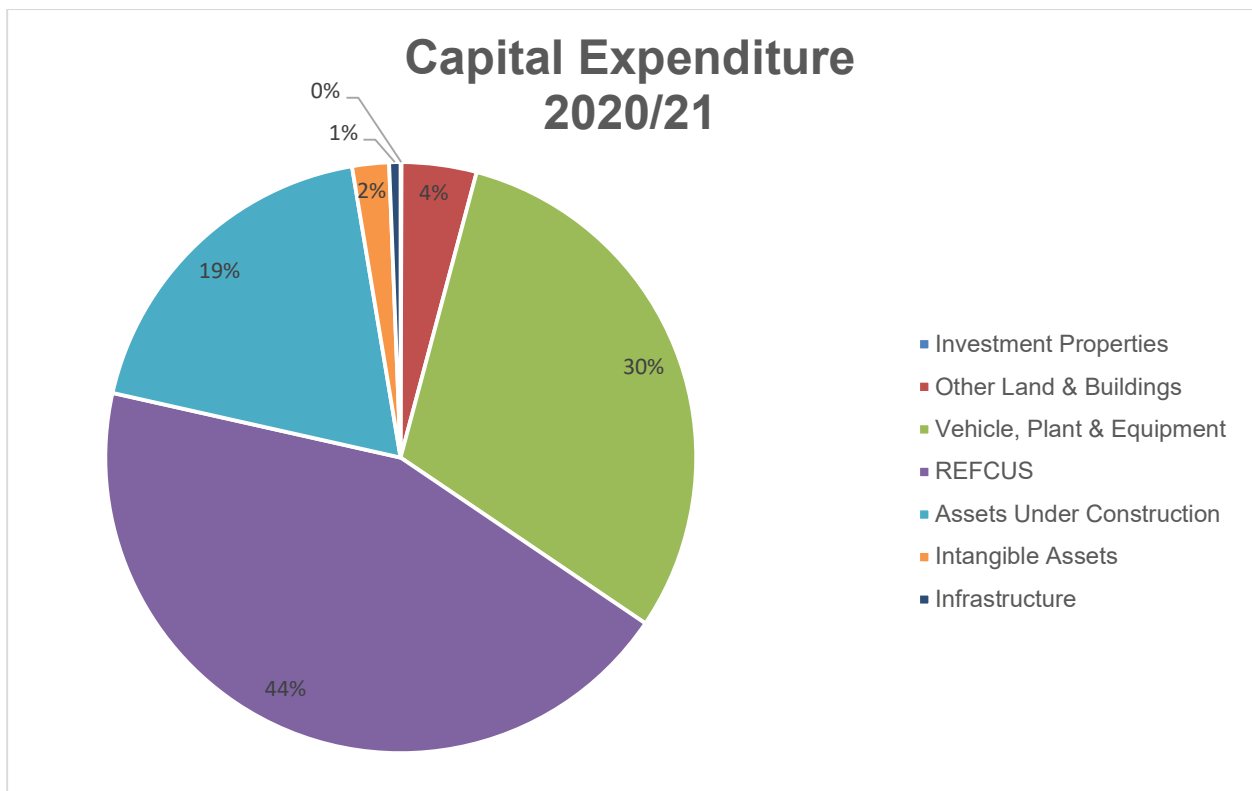
The table below shows the breakdown of the Capital expenditure by service area.

	<b>Budget</b>	<b>Actual</b>	<b>(underspend) / overspend</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Main reasons for variance</b>
AD Resources	12,371	1,440	(10,931)	Delays in projects in relation to Bridge Place Car Park; Oak Tree Remedial work  Projects impacted by Covid 19 are Alms Close and Huntingdon Redevelopment which is being rephased within the current budget cycle for 21/22
AD Transformation	207	0	(207)	Impacted by resources being redeployed elsewhere within the business to support the response to Covid 19
Chief Operating Officer	2,306	1,542	(764)	Reduction in disabled adaptations
Head of ICT	62	51	(11)	
Head of Leisure & Health	1,149	290	(859)	Additional spend to be funded from CIL and grant income

Head of Operations	3,819	1,911	(1,908)	Impacted by resources being redeployed elsewhere within the business to support the response to Covid 19
Housing Manager	0	0	0	Impacted by resources being redeployed elsewhere within the business to support the response to Covid 19
Planning Policy Manager	606	1,863	1,257	Additional spend is CIL funded projects not shown within the budget.
Covid 19 Accelerated projects	0	8	8	
<b>Total</b>	<b>20,520</b>	<b>7,105</b>	<b>(13,415)</b>	

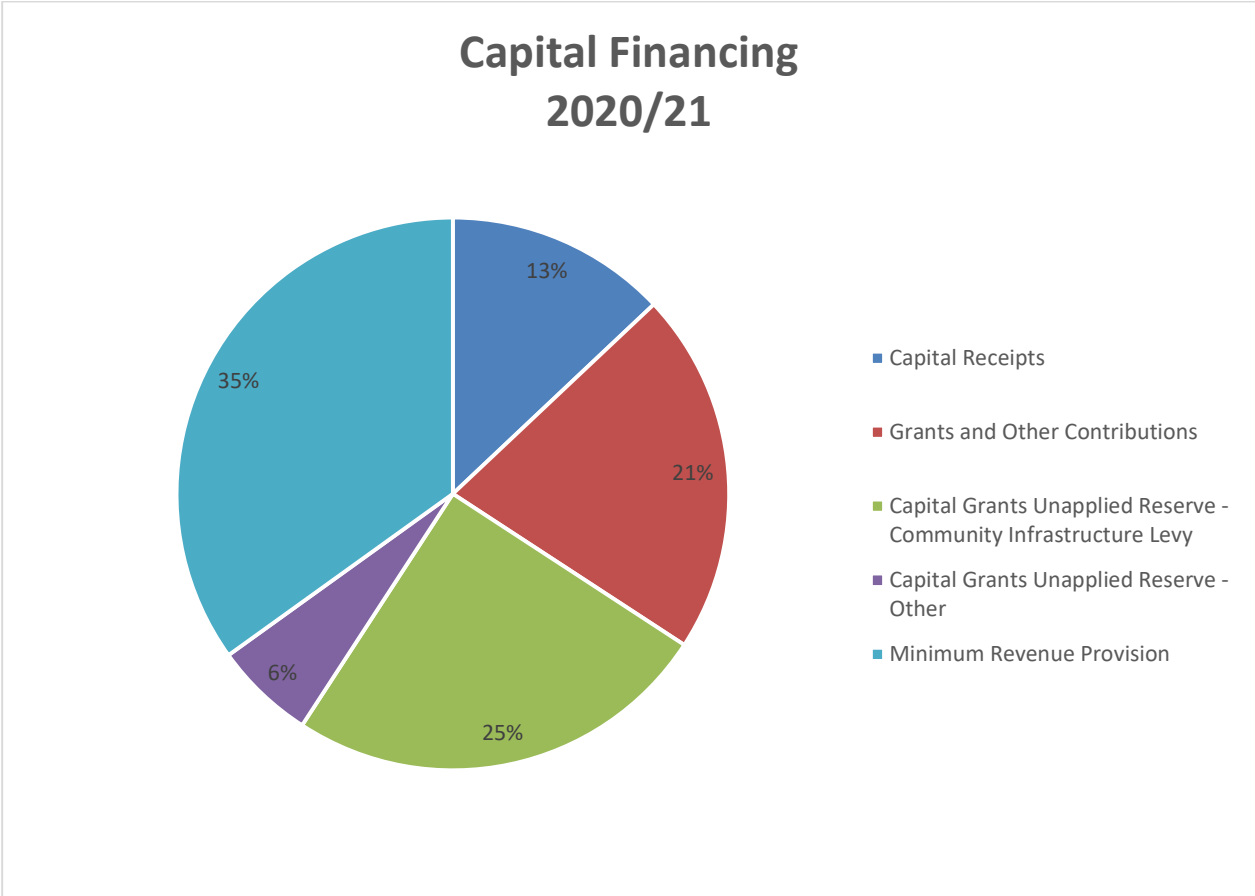
### Capital Expenditure by type

The pie chart below shows the Capital expenditure by type for 2020/21.





The pie chart below shows how the capital expenditure was financed for 2020/21.



**Commercial Investment Strategy**

The Commercial Investment Strategy was undertaken in response to seeking additional income streams to support the budget deficit identified in the Medium-Term Financial Strategy in 2015. This strategy set out the ambitions of the council in terms of investments, with a minimum yield of 6% or above.

Due to the pandemic, there has been on activity in acquiring any additional commercial investment properties during 2020/21.

**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 2020/21 influencing the Council's decision-making were:**

- After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (Jan-Mar) 2021 are expected to show a decline given the national lockdown.
- 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 0.09%.

## **The Council's response to the key issues in 2020/21 was:**

- When the Council has surplus funds, these will primarily be invested on a short-term basis, in bank deposit 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, based on gilt yields over a long period.
- Where economic conditions are forecast to deteriorate it is vital to monitor financial institutions credit rating, and credit default swap rates (the cost to insure lending). This information is provided by the Council's treasury adviser - Arlingclose.

## **Looking to the Future**

Having considered the outturn for 2020/21, which shows a generally positive position with increased reserves and improved financial resilience, it is important to consider this in the context of 2021/22, for which all the financial planning work was undertaken during 2020/21 informed by the budget monitoring information and the changing Government funding position.

The 2021/22 budget process began with an assessment of the Council's future spending plans balanced against the expected funding from Government, Council Tax and Business Rates. This forward look encompassed a five-year financial planning timeframe from 2021/22 to 2025/26.

The Finance Service forecast the future financial position having regard to:

- Relevant national and regional influences on Huntingdonshire District Council.
- Local factors which influence policy within the Council including the Administration's priorities of regenerating the borough and creating jobs.
- The impact of Government policy, finance legislation and associated announcements.

This considered the impact of the recovery on income streams within Leisure, Parking and Commercial Property, together with the continued pressure on Council Tax and Business Rates over the period of the MTFs.

The following table shows the balancing of the 2021/22 budget, with a potential budget reduction target remaining for the period from 2022/23 to 2025/26.

	2021/22 Budget £000	Medium Term Financial Strategy			
		2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Net Expenditure	20,686	19,842	19,680	19,938	20,341
Contribution to/(from) reserves	776	(1,145)	(923)	(598)	(436)
<b>Budget Requirement</b>	<b>21,462</b>	<b>18,697</b>	<b>18,757</b>	<b>19,340</b>	<b>19,905</b>
Non-Domestic Rates & s31 Grant	(8,256)	(8,857)	(9,079)	(9,383)	(9,657)
Fair Funding Adjustment	82	163	245	326	408
New Homes Bonus	(2,014)	(427)	0	0	0
Covid 19 support	(1,548)	0	0	0	0
Collection Fund (surplus)/deficit	(296)	0	0	0	0
Council Tax Support Funding	(189)	0	0	0	0
<b>Council Tax Requirement</b>	<b>9,241</b>	<b>9,576</b>	<b>9,923</b>	<b>10,283</b>	<b>10,656</b>
Council Tax Base	63,355	63,989	64,628	65,275	65,927
Per band D	145.86	149.65	153.54	157.54	161.63
% increase	0%	2.60%	2.60%	2.60%	2.60%

During previous financial year a budget surplus reserve was set aside for use in future years and to support the phasing of future efficiency savings within the MTFs. This reserve is currently showing a balance of £3.250m.

Clearly this remains a challenging time for the Council and Local Government for a number of reasons and particularly with the uncertainty around the future funding for the sector and impact of long COVID on service provision.

Prior to COVID, the Government had indicated that it was prepared to reverse some of the impacts of the years of austerity and begin to provide further investment in public services including Local Government.

The Chancellor was expected to deliver a Budget that provided clarity over future investment. A multi-year Comprehensive Spending Review was expected, the Review of Relative Needs and Resources (Fair Funding Review) which sought to redistribute unringfenced grant on a new formula basis, was also to be introduced from 2021/22 together with significant reform of the Business Rates system. These were all delayed by the pandemic. It is evident that the significant investment that the Government has had to make in responding to the COVID crisis will have an impact on funding available for public services in future years.

The MTFs has been based on a range of assumptions, but given the uncertainty, about so many issues, the scope and size of the financial challenge is evolving. The Council is constantly revising estimates and working through plans to address the anticipated short, medium and long term funding shortfalls.

A key part of the Councils COVID recovery strategy will be a reassessment of the financial position. As has been advised, the accounts for 2020/21 were closed with increased reserves and balances and so the Council is in a stronger position to address the challenge. During 2021/22 work to update the financial forecasts will be progressed and informed by the budget monitoring position as well as local and national issues. This will not only deal with COVID recovery but address future financial sustainability. This work will be the focus of the Finance team during 2021/22.

## **The Financial Statements**

The Council's financial statements for 2020/21 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 2020/21 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 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 2020/21 is £47.200m as shown overleaf (£53.150m 2019/20). The main reasons for this movement of £5.950m are:

- Increase in the Pension Deficit
- Increase in the value of Investment Properties
- Increase in surplus cash balances
- Reduction in debtors
- Increase in reserves due to the one-off movement in NNDR funding, which will be reversed out in 21/22.

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 2021</b>	
<b>£000</b>	
Long Term Assets	154,601
Current Assets	63,157
Current Liabilities	(38,041)
Long Term Liabilities	(132,517)
<b>Net Assets</b>	<b>47,200</b>
Useable Reserves	72,342
Unusable Reserves	(25,142)
<b>Total Reserves</b>	<b>47,200</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 2021</b>	
<b>£000</b>	
<b>Net Cash Flows from</b>	
- Operating activities	24,520
- Investing activities	6,413
- Financing activities	(15,825)
<b>Net Increase or (decrease) in cash and cash equivalents</b>	<b>15,108</b>
<b>Cash &amp; Cash Equivalents</b>	
- At the beginning of the reporting period	12,975
- <b>At the end of the reporting period</b>	<b>28,083</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 2020/21.

### **Statement of Accounting Policies**

The accounting policies applicable to the 2020/21 statement of accounts are, in the main, the same as those that were applied to the 2019/20.

### **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 no material asset or material liabilities acquired during the year.

### **Changes in Statutory Functions**

There were no changes in statutory functions in 2020/21.

**Eric Symons FCCA**  
Chief Finance Officer  
27 April 2022

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

## **Opinion**

We have audited the financial statements of Huntingdonshire District Council for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement and the related notes 1 to 39,
- Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of Huntingdonshire District Council as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

## **Basis for opinion**

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

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

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

## **Other information**

The other information comprises the information included in the 'Annual Financial Report for the year ended 31 March 2021', other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information contained within the 'Annual Financial Report for the year ended 31 March 2021'.

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

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

We have nothing to report in this regard.

## **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- We are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

## **Responsibility of the Chief Finance Officer**

As explained more fully in the Statement of Responsibilities set out on page 28, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

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

### **Use of our report**

This report is made solely to the members of Huntingdonshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Hodgson  
Associate Partner  
Ernst & Young LLP  
Cambridge

27 April 2022

## 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 2021 and its income and expenditure for the year ended 31 March 2021.

**Eric Symons FCCA**  
Chief Finance Officer

27 April 2022

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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 27 April 2022 delegated authority to me as Chairman of the Panel to approve the Statement of Accounts.

Councillor Graham Bull  
27 April 2022

## Movement in Reserves Statement

Movement in reserves during 2020/21	General Fund Balance £000	Earmarked General Fund Reserves £000 Note 10	Capital Grants Unapplied £000 Note 31	TOTAL USEABLE RESERVES £000	Unusable Reserves £000 Note 23	TOTAL COUNCIL RESERVES £000
<b>BALANCE AT 31 MARCH 2020 B'FWD</b>	2,534	18,443	33,939	54,916	(1,766)	53,150
Opening Adjustment *	0	(172)	0	(172)	0	(172)
<b>BALANCE AT 1<sup>ST</sup> APRIL 2020 B'FWD</b>	2,534	18,271	33,939	54,744	(1,766)	52,978
Surplus/(Deficit) on provision of services	18,222	0	0	18,222	0	18,222
Other comprehensive income and expenditure	0	0	0	0	(24,130)	(24,130)
<b>Total comprehensive income and expenditure</b>	<b>18,222</b>	<b>0</b>	<b>0</b>	<b>18,222</b>	<b>(24,130)</b>	<b>(5,778)</b>
Adjustments between accounting basis and funding basis under regulations (Note 9)	(4,398)	0	3,644	(754)	754	0
<b>Net increase/(decrease) before transfers to earmarked reserves</b>	<b>13,824</b>	<b>0</b>	<b>3,644</b>	<b>17,468</b>	<b>(23,376)</b>	<b>(5,908)</b>
Transfers (from)/to earmarked reserves (Note 10)	(14,183)	14,183	0	0	0	0
<b>(Decrease)/increase in Year</b>	<b>(359)</b>	<b>14,183</b>	<b>3,644</b>	<b>17,468</b>	<b>(23,376)</b>	<b>(5,908)</b>
<b>BALANCE AT 31 MARCH 2021 C'FWD</b>	<b>2,175</b>	<b>32,454</b>	<b>37,583</b>	<b>72,212</b>	<b>(25,142)</b>	<b>47,070</b>
<b>Movement in reserves during 2019/20</b>						
<b>BALANCE AT 31 MARCH 2019 B'FWD</b>	<b>2,555</b>	<b>17,392</b>	<b>23,342</b>	<b>43,289</b>	<b>(15,139)</b>	<b>28,150</b>
Surplus/(Deficit) on provision of services	(3,580)	0	0	(3,580)	0	(3,580)
Other comprehensive income and expenditure	0	0	0	0	28,580	28,580
<b>Total comprehensive income and expenditure</b>	<b>(3,580)</b>	<b>0</b>	<b>0</b>	<b>(3,580)</b>	<b>28,580</b>	<b>25,000</b>
Adjustments between accounting basis and funding basis under regulations (Note 9)	6,728	0	10,597	17,325	(17,325)	0
<b>Net increase/(decrease) before transfers to earmarked reserves</b>	<b>3,148</b>	<b>0</b>	<b>10,597</b>	<b>13,745</b>	<b>11,255</b>	<b>25,000</b>
Transfers (from)/to earmarked reserves (Note 10)	(3,169)	1,051	0	(2,118)	2,118	0
<b>(Decrease)/increase in Year</b>	<b>(21)</b>	<b>1,051</b>	<b>10,597</b>	<b>11,627</b>	<b>13,373</b>	<b>25,000</b>
<b>BALANCE AT 31 MARCH 2020 C'FWD</b>	<b>2,534</b>	<b>18,443</b>	<b>33,939</b>	<b>54,916</b>	<b>(1,766)</b>	<b>53,150</b>

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

## Comprehensive Income and Expenditure Statement (CIES)

2019/20			2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
7,335	(796)	6,539	AD Corporate Services	13,215	(7,554)	5,661
40,849	(35,805)	5,044	Chief Operating Officer	39,319	(34,966)	4,353
19	0	19	Programme Delivery	60	0	60
1,586	(570)	1,016	Planning Policy Manager	3,224	(514)	2,710
219	0	219	Housing Strategy Manager	176	0	176
874	0	874	Corporate Leadership Team	747	(25)	722
432	(12)	420	AD Transformation	331	(174)	157
12,287	(5,195)	7,092	Head of Operations	10,536	(4,384)	6,152
8,629	(6,687)	1,942	Head of Leisure & Health	7,080	(5,261)	1,819
9,610	(6,816)	2,794	3CICT Shared Service	7,942	(5,472)	2,470
<b>81,840</b>	<b>(55,881)</b>	<b>25,959</b>	<b>Cost of Services</b>	<b>82,630</b>	<b>(58,350)</b>	<b>24,280</b>
9,689	0	9,689	Other Operating Expenditure (note 11)	7,617	0	7,617
10,424	(5,843)	4,581	Financing and Investment Income and Expenditure (note 12)	(9,866)	(5,862)	(15,728)
3,654	(40,303)	(36,649)	Taxation and Non-specific Grant Income (note 13)	2,052	(36,433)	(34,391)
<b>105,607</b>	<b>(102,027)</b>	<b>3,580</b>	<b>(Surplus) / Deficit on provision of services</b>	<b>82,433</b>	<b>(100,655)</b>	<b>(18,222)</b>
		(333)	(Surplus) or deficit in the revaluation of non-current assets			(297)
		0	Surplus/deficit on financial assets measured at fair value through other Comprehensive Income			0
		(28,247)	Actuarial losses/(gains) on pension assets and liabilities			24,427
		<b>(28,580)</b>	<b>Other comprehensive income and expenditure</b>			<b>24,130</b>
		<b>(25,000)</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>			<b>5,908</b>

## Balance Sheet

31 March 2020 £000		Notes	31 March 2021 £000
73,212	Property, Plant and Equipment	14	70,822
65	Heritage Assets		65
54,945	Investment Property	15	70,720
976	Intangible Assets	16	913
3,824	Long Term Investments	17	3,797
11,027	Long Term Debtors	17	8,284
<b>144,049</b>	<b>Long Term Assets</b>		<b>154,601</b>
0	Short Term Investments	17	0
225	Inventories	18	289
27,013	Short Term Debtors	19	32,254
13,004	Cash and Cash Equivalents	20	30,004
480	Assets Held for Sale	21	480
<b>40,722</b>	<b>Current Assets</b>		<b>63,027</b>
(29)	Bank overdraft	20	(1,921)
(4,762)	Short Term Borrowing	17	(759)
(18,934)	Short Term Creditors	22	(29,795)
0	Grants receipt in advance - capital	22,31	(3,783)
(1,956)	Provisions	38	(1,783)
<b>(25,681)</b>	<b>Current Liabilities</b>		<b>(38,041)</b>
(39,417)	Long Term Borrowing	17	(38,884)
(718)	Other Long Term Liabilities	17	(589)
(65,805)	Net Pensions Liability	37	(93,044)
<b>(105,940)</b>	<b>Long Term Liabilities</b>		<b>(132,517)</b>
<b>53,150</b>	<b>Net Assets</b>		<b>47,070</b>
54,916	Useable Reserves	23	72,212
(1,766)	Unusable Reserves	24	(25,142)
<b>53,150</b>	<b>Total Reserves</b>		<b>47,070</b>

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

**Eric Symons FCCA**  
Chief Finance Officer – **s.151 Officer**  
27 April 2022



## Cash Flow Statement

2019/20		2020/21
£000		£000
(3,580)	Net Surplus / (Deficit) on the provision of services	18,222
20,016	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 25)	13,589
(12,656)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 25)	(7,161)
<b>3,780</b>	Net cash flows from Operating Activities	<b>24,650</b>
(5,313)	Investing Activities (Note 26)	6,283
12,061	Financing Activities (Note 27)	(15,825)
<b>10,528</b>	Net increase/(decrease) in cash and cash equivalents	<b>15,108</b>
2,447	Cash and cash equivalents at the beginning of the reporting period	12,975
<b>12,975</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 20)</b>	<b>28,083</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 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21 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.

### ➤ Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2023, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund £000	Earmarked Reserves £000
31 March 2021	2,175	32,454

Our expected General Fund and Earmarked Reserve position has a predicted balance of £2.175m and £30.786m at 31 March 2022 This remains above our minimum level of GF balances as set by our CFO of £2.175m.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing (other than to support the capital programme which is consistent to our plans and normal practice]

In February 2022 the Council published an update to its Medium-Term Financial Strategy (MTFS) which has taken into account the potential impact on key areas of income and expenditure continuing in to 2022/23. The key assumptions within this forecast include increased income as the economic recovery from Covid continues, together with new revenue streams and associated costs. We have considered a downside scenario where potential savings are not met; however, the above projections would not be significantly affected with both minimum levels of reserves and liquidity remaining through the same period.

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

#### ➤ **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.

## Community infrastructure levy

The authority has elected to charge a community infrastructure levy (CIL). The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital.

## Business improvement districts

A business improvement district (BID) scheme applies across the whole of the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

### ➤ **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 2020/21, 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.

## ➤ **Heritage Assets**

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

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

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

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

- **Cultural**

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

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

- **Mayoral Regalia and Art Collection**

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

## ➤ **Intangible Assets**

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

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

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

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

## ➤ Investment Properties

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

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

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

## ➤ Leases

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

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

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

- The Council as Lessee

- Finance leases

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

Lease payments are apportioned between:

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

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

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

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

- Operating leases.

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

- The Council as Lessor

- Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal, matched by a lease (long-term) debtor in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

- Operating Leases.

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

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

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

### **Current Value Measurement (IFRS 13)**

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

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

### **Accounting Policies in respect of Current Assets**

- **Inventories**

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

- **Contingent Assets**

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

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

- **Provisions and Contingent Liabilities**

- Provisions

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

- **Contingent Liabilities**

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

## **Accounting Policies in respect of Employee Benefits**

- **Benefits Payable during Employment**

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

- **Termination Benefits**

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

Termination benefits are charged to the appropriate service line in the Comprehensive Income and Expenditure Account when the Council can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the Council by 31 March. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

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

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

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

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

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

#### ➤ **Discretionary Benefits**

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

## **Accounting Policies in respect of Financial Instruments**

### **➤ Financial Assets**

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

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

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

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

### **Financial Assets Measured at Amortised Cost**

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

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

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

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

### **Financial Assets Measured at FVPL**

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

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7 have an impact on hedge accounting if interest rates change. The amendments will not have an impact on the council, as the council's debt is fixed rate and all of the council's investments are in sterling and low risk.
- Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relate to issues that arise if an existing interest rate is replaced by an alternative one. This is unlikely to have an impact as interest rate benchmark reform is rarely applied. In addition, financial instruments are valued in the accounts at amortised cost rather than fair value.

## **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 line with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, 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 2020/21 for Land is £34.188m and Buildings (NBV) is £45.455m (2019/20; Land is £23.616m and Buildings (NBV) is £39.788m).
- 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 £93.044m for 2020/21; this is an increase of £27.239m since 2020/21. However:
  - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 37.
  - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2021. An estimated provision of £4.426m 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 £1.770m 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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	<p>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).</p> <p>In addition, an impairment review is undertaken by the valuer to determine if any of the Council's assets have been impaired.</p>	<p>80% of the council's assets are valued at fair value as at 31<sup>st</sup> March 2021, 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 £0.566m.</p> <p>If there was a 5% fall in market value due to the impact of Covid 19 on the property market, it is estimated that the value of the council's property assets would reduce by £2.829m</p>
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.	<p>It is estimated that a 1% fall in market value would reduce the value of the Council's investment properties by £0.707m.</p> <p>2019/20 valuation saw a fall of 10% in the estimated market value in the initial impact of the Covid 19 pandemic. If there was a further 10% fall in market value due to the impact of Covid 19 on the property market, it is estimated that the value of the council's investment portfolio would reduce by £7.072m</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to	The effects on the net pensions liability of changes in individual assumptions, as provided by the actuary, can be

	<p>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>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 £26.945m.</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 £2.350m.</li> <li>• A 0.5% increase in the pension increase rate would result in an increase in pension liability of 10% or £23.855m.</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 2021 the Council has a net debtor's balance of £32.384m.</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 £0.058m impact on revenue. However, to achieve such an increase in the BDP, the actual debt would have to increase by £0.426m</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>4-week in arrears, or</li> <li>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 appeals and proposals in respect of live</p>

		<p>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 £0.443m for the Collection Fund of which £0.177m 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 2020/21 no such items of income or expenditure were incurred (2019/20; nil).

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

The Chief Finance Officer authorised the Statement of Accounts on 27 April 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**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 and 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.

	2020/21					
	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	4,458	660	543	0	1,203	5,661
Chief Operating Officer	4,055	69	230	(1)	298	4,353
Programme Delivery	58	0	2	0	2	60
Planning Policy	709	1,967	34	0	2,001	2,710
Housing Strategy	214	0	3	(41)	(38)	176
Corporate Leadership	699	0	23	0	23	722
Transformation	130	16	11	0	27	157
Operations	4,094	1,871	187	0	2,058	6,152
Leisure & Health	313	1,388	118	0	1,506	1,819
ICT Shared Service	1,990	352	128	0	480	2,470
<b>Cost of Services</b>	<b>16,720</b>	<b>6,323</b>	<b>1,279</b>	<b>(42)</b>	<b>7,560</b>	<b>24,280</b>
Other income and expenditure	(30,544)	(16,578)	1,533	2,957	(11,958)	(42,502)
<b>(Surplus) or Deficit</b>	<b>(13,824)</b>	<b>(10,255)</b>	<b>2,812</b>	<b>2,915</b>	<b>(4,398)</b>	<b>(18,222)</b>
<b>Opening General Fund Balance (Includes Earmarked Reserves)</b>	<b>20,977</b>					
Correction to earmarked reserves opening balances	(172)					
Plus Surplus/(Deficit) on General Fund in Year	13,824					
Less Use of General Fund Balances to Fund Capital Expenditure	0					
<b>Closing General Fund Balance 31 March</b>	<b>34,629</b>					

	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	5,250	129	1,160	0	1,289	6,539
Chief Operating Officer	3,701	861	482	0	1,343	5,044
Programme Delivery	19	0	0	0	0	19
Planning Policy	823	129	64	0	193	1,016
Housing Strategy	139	0	8	72	80	219
Corporate Leadership	809	0	65	0	65	874
Transformation	379	14	27	0	41	420
Operations	4,426	2,229	437	0	2,666	7,092
Leisure & Health	266	1,411	265	0	1,676	1,942
ICT Shared Service	2,192	329	273	0	602	2,794
<b>Cost of Services</b>	<b>18,004</b>	<b>5,102</b>	<b>2,781</b>	<b>72</b>	<b>7,955</b>	<b>25,959</b>
Other income and expenditure	(21,152)	6,067	2,190	(9,484)	(1,227)	(22,379)
<b>(Surplus) or Deficit</b>	<b>(3,148)</b>	<b>11,169</b>	<b>4,971</b>	<b>(9,412)</b>	<b>6,728</b>	<b>3,580</b>
<b>Opening General Fund Balance (Includes Earmarked Reserves)</b>	<b>19,947</b>					
Plus Surplus/(Deficit) on General Fund in Year	3,148					
Less Use of General Fund Balances to Fund Capital Expenditure	(2,118)					
<b>Closing General Fund Balance 31 March</b>	<b>20,977</b>					

## Notes to the EFA

### a Adjustments for Capital Purposes

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

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

### 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>2019/20</b>	<b>Services</b>	<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
796	Corporate Services	7,554
34,363	Chief Operating Officer	34,966
0	Programme Delivery	0
570	Planning Policy	514
0	Housing Strategy	0
0	Corporate Leadership	25
12	Transformation	174
5,195	Operations	4,384
6,687	Leisure & Health	5,261
6,816	ICT Shared Service	5,472
<b>54,439</b>	<b>Total income analysed on a segmental basis</b>	<b>58,350</b>

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

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

<b>2019/20</b>	<b>Expenditure/Income</b>	<b>2020/21</b>
<b>£000s</b>		<b>£000s</b>
	<b>Expenditure</b>	
26,234	Employee benefits expenses	27,306
15,735	Other services expenses	14,058
5,282	Support service recharges	2,904
15,121	Depreciation, amortisation, REFCUS and investment property fair value adjustment	(6,070)
551	Interest payments	541
3,245	Transfer and Grant Payments	6,662
9,723	Precepts and levies	8,656
29,716	Benefit Payments	28,376
<b>105,607</b>	<b>Total expenditure</b>	<b>82,433</b>
	<b>Income</b>	
(29,300)	Fees, charges and other service income	(25,547)
(561)	Interest and investment income	(484)
(21,123)	Income from council tax and non-domestic rates	(13,465)
(36,809)	Government grants and contributions	(55,008)
(14,234)	Levies	(6,151)
<b>(102,027)</b>	<b>Total income</b>	<b>(100,655)</b>
<b>3,580</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>(18,222)</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.

2020/21

	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	(4,032)	0	0	4,032
Amortisation of intangible fixed assets	(204)	0	0	204
Fair value of investment properties	13,814	0	0	(13,814)
Revenue expenditure funded from capital under statute	(1,616)	0	0	1,616
Revaluation gains/losses on non-current assets charged to the Comprehensive Income and Expenditure Statement	(478)	0	0	478
Net carrying amount of non-current assets sold	(20)	0	0	20
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	88	0	0	(88)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Minimum revenue provision for capital funding	2,602	0	0	(2,602)
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Use of Capital Receipts Reserve to fund capital expenditure	0	966	0	(966)
Proceeds of sale of non-current assets	101	(101)	0	0
Repayment of loan	0	(865)	0	865
<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	14	0	0	(14)
<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 38 of Pension Fund)	(7,439)	0	0	7,439
Employer's pensions contributions and direct payments to pensioners payable in the year	4,627	0	0	(4,627)
<b>Adjustments involving the Deferred Capital Receipts</b>				
Adjustment of costs to be offset against future capital receipts	(30)	0	0	30
<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	(8,536)	0	0	8,536
<b>Adjustments involving the Capital Grants Unapplied Account</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	5,507	0	(3,644)	(1,863)
<b>Total Adjustments</b>	<b>4,398</b>	<b>0</b>	<b>(3,644)</b>	<b>(754)</b>

	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)	(9,499)	0	0	9,499
Employer's pensions contributions and direct payments to pensioners payable in the year	4,528	0	0	(4,528)
<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	(1,114)	0	0	1,114
<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>(6,728)</b>	<b>0</b>	<b>(10,597)</b>	<b>17,325</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 31.3.19 £000	Transfers in £000	Transfers out £000	Balance 31.3.20 £000	Opening Adjustment	Transfers in £000	Transfers out £000	Balance 31.3.21 £000	Purpose of Reserve
S106 agreements	(1,648)	(814)	1,456	(1,006)	0	(221)	101	(1,126)	A
Commutted S106 payments	(982)	(244)	100	(1,126)	0	(79)	104	(1,101)	B
Repairs and renewals funds	(1,847)	(33)	0	(1,880)	0	(33)	0	(1,913)	C
Strategic Transformation Reserve	(838)	(284)	317	(805)	0	0	0	(805)	D
Collection Fund Reserve	(2,202)	0	1,020	(1,182)	0	**(10,300)	0	(11,482)	E
Commercial Investment Fund	(3,106)	(2,304)	2,028	(3,382)	0	(2,213)	0	(5,595)	F
Market Towns Investment Fund	(750)	0	104	(646)	0	(27)	0	(673)	G
Budget Surplus Reserve	(3,343)	(2,593)	989	(4,947)	*172	(240)	1,812	(3,203)	H
Special reserve	(584)	(723)	171	(1,136)	0	0	290	(846)	I
Other reserves	(2,092)	(367)	126	(2,333)	0	(3,557)	180	(5,710)	J
<b>Total</b>	<b>(17,392)</b>	<b>(7,362)</b>	<b>6,311</b>	<b>(18,443)</b>	<b>172</b>	<b>(16,670)</b>	<b>2,487</b>	<b>(32,454)</b>	

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

\*\*This relates to additional funding received in year for Business Rates in 2020/21 and will not be offset against the Collection Fund deficit until 2021/22, thereby inflating the General Funding balances at the end of the 2020/21 financial year.

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	Commutated 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 the £2.175m 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 on-going service activity, including Local Plan activity, NDR Reliefs, District Council Elections, New Trading Company, Community Infrastructure Levy administration, IT projects, Housing Support, Community Support projects, Budget Underspends carried forward and Landlord activities.

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

2019/20 £000		2020/21 £000
6,651	Parish Council precepts	7,253
425	Drainage Board Levies	445
2,613	(Gains)/losses on the disposal of non-current assets	(81)
<b>9,689</b>	<b>Total</b>	<b>7,617</b>

## Note 12. Financing and Investment Income and Expenditure

2019/20 £000		2020/21 £000
551	Interest payable and similar charges	541
2,174	Pensions interest cost and expected return on pensions assets	1,527
(561)	Interest receivable	(484)
2,292	Income and expenditure in relation to investment properties and changes in their fair value	(17,497)
142	CCLA Property Fund Fair Value adjustment	27
(17)	Other Investment, Trading Operations & Shared Services	158
<b>4,581</b>	<b>Total</b>	<b>(15,728)</b>

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

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
(15,262)	Council Tax income	(16,602)
(5,862)	Non Domestic Rates	3,137
(4,734)	Non-ringfenced Government grants	(14,337)
(10,580)	Developer Contributions (CIL & S106)	(5,220)
(211)	Capital grants	(397)
0	Covid-19 Support Grants	(972)
<b>(36,649)</b>	<b>Total</b>	<b>(34,391)</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 2020/21</b>						
<b>Cost or Valuation</b>						
<b>Gross B'fwd</b>	<b>58,909</b>	<b>21,423</b>	<b>10,088</b>	<b>451</b>	<b>1,046</b>	<b>91,917</b>
Additions	290	2,142	44	0	1,331	3,807
Revaluation gains/losses charged to the Revaluation Reserve	(142)	0	0	0	0	(142)
Revaluation gains/losses CIES	(478)	0	0	0	0	(478)
Disposal	0	(1,126)	0	0	0	(1,126)
Transfer within Property, Plant and Equipment	11	(2)	1	0	(1,966)	(1,956)
<b>Gross C'fwd</b>	<b>58,590</b>	<b>22,437</b>	<b>10,133</b>	<b>451</b>	<b>411</b>	<b>92,022</b>
<b>Depreciation</b>						
<b>Gross B'fwd</b>	<b>(610)</b>	<b>(12,829)</b>	<b>(5,266)</b>	<b>0</b>	<b>0</b>	<b>(18,705)</b>
Depreciation in Year	(1,823)	(1,830)	(379)	0	0	(4,032)
Depreciation to Revaluation Reserve	439	0	0	0	0	439
Disposal	0	1,106	0	0	0	1,106
Transfer within Property, Plant and Equipment	(7)	0	(1)	0	0	256
<b>Gross C'fwd</b>	<b>(2,001)</b>	<b>(13,553)</b>	<b>(5,646)</b>	<b>0</b>	<b>0</b>	<b>(21,200)</b>
<b>Net Book Value</b>						
<b>At 31 March 2021</b>	<b>56,589</b>	<b>8,884</b>	<b>4,487</b>	<b>451</b>	<b>411</b>	<b>70,822</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>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 gains/losses charged to the Revaluation Reserve	(986)	0	0	0	0	(986)
Revaluation gains/losses charged to the CIES	0	0	0	0	0	0
Disposal	(2,877)	(1,328)	0	0	0	(4,205)
<b>Gross C'fwd</b>	<b>58,909</b>	<b>21,423</b>	<b>10,088</b>	<b>451</b>	<b>1,046</b>	<b>91,917</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>
Depreciation in Year	(1,929)	(1,619)	(413)	0	0	(3,961)
Depreciation to Revaluation Reserve	1,319	0	0	0	0	1,319
Disposal	0	1,328	0	0	0	1,328
<b>Gross C'fwd</b>	<b>(610)</b>	<b>(12,829)</b>	<b>(5,266)</b>	<b>0</b>	<b>0</b>	<b>(18,705)</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>



## Capital Commitments

As at 31 March 2021 the Council was contractually committed to capital works valued at approximately £1.501m (31 March 2020; £1.416m). The schemes are listed in the table below.

<b>Division</b>	<b>Scheme</b>	<b>Amount £000</b>
Development	Disabled Facilities Grants	298
Leisure	Leisure Centre – Future Improvements	5
	St Neots – General Improvements	1
	St Ives – General Improvements	4
Resources	Oak Tree Remedial	66
	Energy Efficiency – Comm Properties	2
Operations	Bridge Place Car Park Construction	71
	Vehicles & Plant	848
	Godmanchester Mill Weir Improvements	3
	Parking Strategy	53
	CCTV – Camera Replacements	58
	St Ives Park	58
	Huntingdon On-Street WiFi	23
	Hinchingbrooke Country Park	10
City Housing CCTV Project	1	
<b>Total</b>		<b>1,501</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.
- 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 2021	56,589

## 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.

2019/20 £000		2020/21 £000
(4,673)	Rental income from investment property	(4,623)
1,003	Direct operating expenses arising from investment property	940
<b>(3,670)</b>		<b>(3,683)</b>
5,962	Revaluation Adjustment	(13,814)
<b>2,292</b>	<b>Net (gain)/loss</b>	<b>(17,497)</b>

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

2019/20 £000		2020/21 £000
<b>46,252</b>	<b>Balance at start of the year</b>	<b>54,945</b>
14,655	Additions in year	2
(5,962)	Net gain/(loss) for fair value	13,814
0	Transfers and reclassifications	1,959
<b>54,945</b>	<b>Balance at end of the year</b>	<b>70,720</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.

### 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>2019/20 Fair Value Inputs Level 2 Other significant observable inputs £000</b>	<b>2020/21 Fair Value Inputs Level 2 Other significant observable inputs £000</b>
Retail	7,845	8,980
Office	10,520	20,675
Commercial	36,580	41,065
	<b>54,945</b>	<b>70,720</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**

There remains a risk that, as the market emerges from the Covid-19 lockdown, there may be a repricing of property and other assets which currently cannot be foreseen. Action taken by the Government and the Bank of England may assist in maintaining market equilibrium, thus mitigating these risks.

**Significant Observable Inputs Level 2**

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

**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 £0.204m was charged to revenue in 2020/21; 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 2021 the Council was committed contractually to capital works of £0m (31 March 2020; £0m).

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

2019/20 £000		2020/21 £000
	<b>Balance at start of the year:</b>	
3,133	Gross carrying amounts	2,940
(2,066)	Accumulated amortisation	(1,964)
<b>1,067</b>	<b>Net carrying amount at the start of the year</b>	<b>976</b>
141	Additions	141
(232)	Amortisation for the period	(204)
(334)	Disposals or retirements	(0)
334	Amortisation on Disposal	0
<b>976</b>	<b>Net carrying amount at the end of the year</b>	<b>913</b>
2,940	Gross carrying amounts	3,081
(1,964)	Accumulated amortisation	(2,168)
<b>976</b>	<b>Net carrying amount at end of the year</b>	<b>913</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	
2019/20	2020/21		2019/20	2020/21
£000	£000		£000	£000
		<b>Investments</b>		
3,824	3,797	Financial assets (Fair Value through Profit and Loss)	0	0
<b>3,824</b>	<b>3,797</b>	<b>Total investments</b>	<b>0</b>	<b>0</b>
		<b>Debtors</b>		
11,027	8,284	Loans and receivables	18,713	12,703
<b>11,027</b>	<b>8,284</b>	<b>Total Debtors</b>	<b>18,713</b>	<b>12,703</b>
<b>14,851</b>	<b>12,081</b>	<b>TOTAL FINANCIAL ASSETS</b>	<b>18,713</b>	<b>12,703</b>
		<b>Borrowings</b>		
(39,417)	(38,884)	Financial liabilities at amortised cost	(4,762)	(759)
<b>(39,417)</b>	<b>(38,884)</b>	<b>Total borrowings</b>	<b>(4,762)</b>	<b>(759)</b>
		<b>Other Long-Term Liabilities</b>		
(718)	(589)	Financial liabilities at fair value through Profit and Loss	0	0
<b>(718)</b>	<b>(589)</b>	<b>Total Other Long-Term Liabilities</b>	<b>0</b>	<b>0</b>
		<b>Creditors</b>		
0	0	Financial liabilities at amortised cost	(5,022)	(7,959)
<b>0</b>	<b>0</b>	<b>Total creditors</b>	<b>(5,022)</b>	<b>(7,959)</b>
<b>(40,135)</b>	<b>(39,473)</b>	<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(9,784)</b>	<b>(8,718)</b>

### Gains and losses on income and expense

Financial Liabilities (Liabilities measured at amortised cost)			Financial Assets (Loans and Receivables)	
2019/20	2020/21		2019/20	2020/21
£000	£000		£000	£000
551	541	Interest expenses	0	0
0	0	Interest income	(561)	(484)
<b>551</b>	<b>541</b>	<b>Net gain/(loss) for the year</b>	<b>(561)</b>	<b>(484)</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 2021, using the following methods and assumptions:

- Loan Contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.
- CCLA Property Fund is in a form of shares which are actively traded and have a market price. The net asset value quoted as at the end of trading on 31st March 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 2021, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- 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 2020/2021.

2019/20			2020/21	
Carrying amount	Fair value		Carrying amount	Fair value
£000	£000		£000	£000
		<b>Liabilities</b>		
(49,919)	(55,946)	Financial liabilities	(48,191)	(55,037)
		<b>Assets</b>		
33,564	35,343	Loans and receivables	24,784	26,893

	Fair Value Level	Balance Sheet 31.3.2020	Fair Value 31.3.2020	Balance Sheet 31.3.2021	Fair Value 31.3.2021
		£000	£000	£000	£000
<b>Financial Liabilities held at amortised cost:</b>					
Long term loans from PWLB	2	(39,417)	(46,143)	(38,884)	(45,709)
<b>TOTAL</b>		<b>(39,417)</b>	<b>(46,143)</b>	<b>(38,884)</b>	<b>(45,709)</b>
Liabilities for which fair value is not disclosed		(10,502)		(9,307)	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(49,919)</b>	<b>(46,143)</b>	<b>(42,454)</b>	<b>(45,709)</b>
<i>Recorded on the balance sheet as:</i>					
Short term creditors		(5,022)	(5,022)	(7,959)	(7,959)
Short term borrowing		(4,762)	(4,781)	(759)	(780)
<b>TOTAL SHORT TERM FINANCIAL LIABILITIES</b>		<b>(9,784)</b>	<b>(9,803)</b>	<b>(8,718)</b>	<b>(8,739)</b>
Long term borrowing		(39,417)		(38,884)	
Other long term liabilities		(718)		(589)	
<b>TOTAL LONG TERM FINANCIAL LIABILITIES</b>		<b>(40,135)</b>		<b>(39,473)</b>	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(49,919)</b>	<b>(55,946)</b>	<b>(48,191)</b>	<b>(55,037)</b>

	Fair Value Level	Balance Sheet 31.3.2020	Fair Value 31.3.2020	Balance Sheet 31.3.2021	Fair Value 31.3.2021
		£000	£000	£000	£000
<b>Financial assets held at fair value:</b>					
Property Fund	1	3,824	3,824	3,797	3,797
Short term Investment	1	0	0	0	0
<b>Financial assets held at amortised cost:</b>					
Long term loans to local organisations	2	5,085	6,850	4,715	6,824
<b>TOTAL</b>		<b>8,909</b>	<b>10,674</b>	<b>8,512</b>	<b>10,621</b>
Assets for which fair value is not disclosed		24,655		16,272	
<b>TOTAL FINANCIAL ASSETS</b>		<b>33,564</b>		<b>24,784</b>	
<i>Recorded on the balance sheet as:</i>					
Short term debtors		18,713		12,703	
Short term investments		0		0	
<b>TOTAL SHORT TERM FINANCIAL ASSETS</b>		<b>18,713</b>		<b>12,703</b>	
Long term debtors		11,027		8,284	
Long term investments		3,824		3,797	
<b>TOTAL LONG TERM FINANCIAL ASSETS</b>		<b>14,851</b>		<b>12,081</b>	
<b>TOTAL FINANCIAL ASSETS</b>		<b>33,564</b>		<b>24,784</b>	

The Financial Liabilities are shown below:

Financial Instrument	2019/20 Carrying amount £000	2020/21 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%)	(407)	(247)	502463 2.24% 07/08/2013 to 07/08/2023
PWLB (3.28%)	(674)	(657)	504487 3.28% 25/11/2015 to 25/11/2046
PWLB (3.10%)	(896)	(873)	504598 3.10% 19/01/2016 to 19/01/2047
PWLB (2.91%)	(446)	(435)	504810 2.91% 21/03/2016 to 21/03/2047
PWLB (3.10%)	(363)	(354)	504922 3.10% 29/04/2016 to 29/04/2047
PWLB (2.92%)	(294)	(286)	504993 2.92% 02/06/2016 to 02/06/2047
PWLB (2.31%)	(572)	(566)	505255 2.31% 29/07/2016 to 29/07/2047
PWLB (2.18%)	(446)	(433)	505372 2.18% 23/09/2016 to 23/09/2047
PWLB (2.67%)	(798)	(778)	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%)	(266)	0	508931 1.48% 25/03/2019 TO 25/03/2022
PWLB (2.18%)	(11,963)	(11,963)	
	<b>(39,417)</b>	<b>(38,884)</b>	
<b>Short Term</b>			
PWLB (2.24%)	(157)	(160)	502463
PWLB (3.28%)	(16)	(17)	504487
PWLB (3.10%)	(22)	(23)	504598
PWLB (2.91%)	(11)	(12)	504810
PWLB (3.10%)	(9)	(9)	504922
PWLB (2.92%)	(7)	(7)	504993
PWLB (2.31%)	(26)	(16)	502255
PWLB (2.18%)	(12)	(13)	505372
PWLB (2.67%)	(20)	(20)	505649
PWLB (1.48%)	(267)	(267)	
Accrued interest	(214)	(215)	
	<b>(761)</b>	<b>(759)</b>	
<b>Creditors</b>	<b>(5,022)</b>	<b>(2,222)</b>	
	<b>(45,200)</b>	<b>(41,865)</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 the interest rate payable 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 £0.005m, uniforms £0.063m and ICT hardware £0.101m (2019/20 refuse sacks £0.007m, uniforms £0.013m, ICT hardware £0.057m, chemicals £0.002m;).

	Leisure Centres		Diesel		Other		Total	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
<b>Balance as at 1<sup>st</sup> April</b>	<b>20</b>	<b>54</b>	<b>24</b>	<b>93</b>	<b>583</b>	<b>78</b>	<b>627</b>	<b>225</b>
Purchases	0	0	568	475	56	0	624	475
Recognised as an expense in the year	0	0	(528)	(476)	0	0	(528)	(476)
Stock Adjustment	34	(12)	29	4	(561)	91	(498)	83
Written off balances	0	0	0	(18)	0	0	0	(18)
<b>Balance at 31<sup>st</sup> March</b>	<b>54</b>	<b>42</b>	<b>93</b>	<b>78</b>	<b>78</b>	<b>169</b>	<b>225</b>	<b>289</b>

## Note 19. Debtors

2019/20 £000		2020/21 £000
2,230	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	14,693
10,757	Other Local Authorities	6,021
16,017	Other entities and individuals	13,176
5	NHS	662
(1,996)	Bad debt provision (Impairment of loans and receivables)	(2,298)
<b>27,013</b>		<b>32,254</b>

## Note 20. Cash and Cash Equivalents

2019/20 £000		2020/21 £000
9	Cash held by the Council	9
12,995	Bank balances	29,995
<b>13,004</b>	<b>Cash and Cash Equivalents</b>	<b>30,004</b>
(29)	Less Bank overdraft	(1,921)
<b>12,975</b>	<b>Net Total Cash and Cash Equivalents</b>	<b>28,083</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.

2019/20 £000		2020/21 £000
480	Balance at start of year	480
0	Total of Transfers from Non-Current Assets & Total of Net Assets Sold	0
480	Balance at End of Year	480

## Note 22. Creditors

2019/20 £000		2020/21 £000
	<b>Creditors and Receipts in Advance:</b>	
7,676	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	20,062
5,204	Other Local Authorities	4,766
342	NHS	352
5,712	Other entities and individuals	4,615
18,934	<b>Sub Total: Creditors and Receipts in Advance</b>	<b>29,795</b>
	<b>Capital Grants Received in Advance/Capital Receipts in Advance:</b>	
0	Central Government bodies - Her Majesty's Revenue and Customs, and Community and Local Government	3,783
0	<b>Sub Total: Capital Grants Received in Advance/Capital Receipts in Advance</b>	<b>3,783</b>
18,934	<b>Total Creditors and Receipts in Advance</b>	<b>33,578</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

2019/20		2020/21
£000		£000
(37,450)	Capital Adjustment Account	(50,099)
(28,456)	Revaluation Reserve	(28,222)
329	Financial Instruments Adjustment Account	315
156	Financial Instruments Revaluation Reserve	156
0	Deferred Capital Receipts	30
65,805	Pensions Reserve	93,044
1,382	Collection Fund Adjustment Account	9,918
<b>1,766</b>	<b>Total Unusable Reserves</b>	<b>25,142</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.

2019/20		Capital Adjustment Account		2020/21	
£000	£000			£000	£000
	<b>(44,001)</b>	<b>Balance at 1 April</b>			<b>(37,450)</b>
		<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
3,962		Charges for depreciation of non-current assets		4,032	
0		Revaluation gains/losses charged to the CIES		478	
232		Amortisation of intangible assets		204	
911		Revenue expenditure funded from capital under statue		1,616	
1,155		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		20	
(635)		Adjusting amounts written out of the Revaluation Reserve		(531)	

<b>Capital financing applied in the year:</b>		
(567)	Use of the Capital Receipts Reserve to finance new capital expenditure	(966)
(90)	Use of S106 earmarked reserves	0
(211)	Application of Grants to finance capital expenditure	(88)
(143)	Application of grants to capital financing from the capital grants unapplied account	(1,863)
(2,300)	Statutory provision for the financing of capital investment charged against the general fund (MRP)	(2,602)
303	Repayment of long term debtors	865
(2,028)	Capital expenditure charged to General Fund	0
<b>Investment Property Fair Values</b>		
5,962	Movement in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(13,814)
<b>6,551</b>	<b>Total Movements</b>	<b>(12,669)</b>
<b>(37,450)</b>	<b>Balance at 31 March</b>	<b>(50,099)</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>2019/20</b>	<b>Revaluation Reserve</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
<b>(30,480)</b>	<b>Balance at 1 April</b>	<b>(28,456)</b>
(1,889)	Upward revaluation of assets	(1,492)
1,556	Downward revaluation or impairment of assets not charged to the surplus/deficit on the provision of services	1,195
<b>(333)</b>	<b>(Surplus) or deficit in the revaluation of non-current assets</b>	<b>(297)</b>
<b>1,722</b>	Other adjustments for assets disposed of or transferred – Written off to the Capital Adjustment Account	<b>0</b>
635	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	531
<b>(28,456)</b>	<b>Balance at 31 March</b>	<b>(28,222)</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.

2019/20 £000	Financial Instruments Adjustment Account	2020/21 £000
115	<b>Balance at 1 April</b>	329
214	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	(14)
<b>329</b>	<b>Balance at 31 March</b>	<b>315</b>

The fair value of car loans was immaterial and has not been included (see Financial Instruments Note).

#### 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.

2019/20 £000	Financial Instruments Revaluation Reserve	2020/21 £000
156	<b>Balance at 1 April</b>	156
0	<b>Upward revaluation of investments</b>	0
<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.

2019/20 £000	Pensions Reserve	2020/21 £000
89,081	<b>Balance at 1 April</b>	65,805
(28,247)	Actuarial (gains) or losses on pensions assets and liabilities	24,427
9,499	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	7,439
(4,528)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,627)
<b>65,805</b>	<b>Balance at 31 March</b>	<b>93,044</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 2020/21 and previous years although it is only actually transferred from the Collection Fund in line with regulations.

2019/20 £000	Collection Fund Adjustment Account	2020/21 £000
268	<b>Balance at 1 April</b>	1,382
1,114	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	8,536
<b>1,382</b>	<b>Balance at 31 March</b>	<b>9,918</b>

## **Note 25. Operating Activities**

The cash flows for operating activities include the following items:

2019/20 £000	Interest Items	2020/21 £000
1,332	Interest Received	873
(549)	Interest Paid	(494)

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

2019/20 £000	Non-Cash Items	2020/21 £000
3,962	Depreciation	4,032
0	Impairment and downward valuations	478
232	Amortisation	204
4,308	Increase/ (decrease) in creditors	17,371
(2,541)	Increase/ (decrease) in debtors	3,152
402	Increase/ (decrease) in inventories	(64)
4,971	Movement in pension liability	2,812
2,877	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	20
5,805	Other non-cash items charged to the net surplus or deficit on the provision of services	(14,416)
<b>20,016</b>		<b>13,589</b>

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

2019/20 £000	Investing and Financing Items	2020/21 £000
(263)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(71)
(12,393)	Any other items for which the cash effects are investing or financing cash flows	(7,090)
<b>(12,656)</b>		<b>(7,161)</b>

## Note 26. Investing Activities

2019/20 £000		2020/21 £000
(18,440)	Purchase of property, plant and equipment, investment property and intangible assets	(3,754)
(34,000)	Purchase of short-term and long-term investments	0
(1,256)	Other payments for investing activities	0
263	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	101
0	Purchases of short and long term investments	0
35,000	Proceeds from short-term and long-term investments	0
13,120	Other receipts from investing activities	9,936
<b>(5,313)</b>	<b>Net cash flows from investing activities</b>	<b>6,283</b>

## Note 27. Financing Activities

2019/20		2020/21
£000		£000
15,963	Cash receipts of short and long term borrowing	0
0	Other Receipts from Financing Activities	0
0	Cash Receipts of short/long term borrowing	0
(535)	Cash Payments to Short/Long term borrowing	(4,536)
(3,367)	Other payments for financing activities	(11,289)
<b>12,061</b>	<b>Net cash flows from financing activities</b>	<b>(15,825)</b>

## Note 28. Members' Allowances

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

2019/20		2020/21
£000		£000
360	Allowances	378
6	Expenses	0
<b>366</b>		<b>378</b>

## Note 29. Senior Officer remuneration and staff over £50k 2020/21

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.

2019/20	£		£	2020/21
10	50,000	but less than	55,000	17
5	55,000	but less than	60,000	4
4	60,000	but less than	65,000	2
0	65,000	but less than	70,000	1
2	70,000	but less than	75,000	1
0	75,000	but less than	80,000	3
2	80,000	but less than	85,000	1
1	85,000	but less than	90,000	1
0	135,000	but less than	140,000	1
1	145,000	But less than	160,000	0
0	180,000	But less than	185,000	1
<b>25</b>				<b>32</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.

2020/21	Salary including allowances	Election Fees	Total remuneration Including allowances and fees	Employer pension contributions	Remuneration including pension contributions
Post holder	£	£	£	£	£
Managing Director	136,657	0	<b>136,657</b>	23,642	<b>160,299</b>
Corporate Director (Places)	87,036	0	<b>87,036</b>	15,057	<b>102,093</b>
Corporate Director (Places) David Edwards	180,142	0	<b>180,142</b>	0	<b>180,142</b>
Corporate Director (People)	84,383	0	<b>84,383</b>	14,598	<b>98,981</b>
Chief Operating Officer	75,665	0	<b>75,665</b>	13,090	<b>88,755</b>
Assistant Director (Transformation)	75,773	0	<b>75,773</b>	13,090	<b>88,863</b>
Assistant Director (Corporate Resources)	75,665	0	<b>75,665</b>	13,090	<b>88,755</b>
Chief Finance Officer (S151 Officer)	60,106	0	<b>60,106</b>	10,398	<b>70,504</b>

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	<b>135,881</b>	23,178	<b>159,059</b>
Corporate Director (Delivery)	85,751	0	<b>85,751</b>	14,762	<b>100,513</b>
Corporate Director (Services)	83,082	0	<b>83,082</b>	14,312	<b>97,394</b>
Chief Operating Officer (2)	33,302	0	<b>33,302</b>	5,761	<b>39,063</b>
Assistant Director	40,879	0	<b>40,879</b>	7,072	<b>47,951</b>
Assistant Director (Transformation) (3)	34,498	0	<b>34,498</b>	5,968	<b>40,466</b>
Assistant Director (Corporate Resources) (4)	17,720	0	<b>17,720</b>	2,065	<b>19,785</b>
Head of Resources (S151 Officer) (5)	37,332	0	<b>37,332</b>	6,337	<b>43,669</b>
Chief Finance Officer (S151 Officer) (6)	47,204	0	<b>47,204</b>	8,106	<b>55,310</b>

### 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 Chief Finance Officer/S151 Role starting from 13/10/19

### 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.

2019/20 £000		2020/21 £000
41	External audit	53
12	Grant claim certification	14
<b>53</b>		<b>67</b>

## Note 31. Grant Income

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

2019/20 £000		2020/21 £000
<b>Credited to taxation and non-specific Grant income</b>		
2,038	New Homes Bonus	2,212
191	Other Non Ringfenced Grants	333
2,505	S31 Business Rates Relief	11,792
211	Capital Grants	397
0	Covid 19 Support	2,145
<b>4,945</b>	<b>Total</b>	<b>16,879</b>
<b>Credited to Services</b>		
28,624	Rent allowances	27,360
466	Benefits administration	471
1,442	Improvement Grants	1,495
0	Covid 19 Support	6,881
1,332	Other	1,922
<b>31,864</b>	<b>Total</b>	<b>38,129</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:

2019/20 £000	Grants Receipts in Advance - Capital	2020/21 £000
<b>Government grants</b>		
Decarbonisation Scheme Grant:		
0	One Leisure Ramsey	2,269
0	Pathfinder House	1,514
<b>0</b>		<b>3,783</b>

2019/20 £000	Grants Receipts in Advance	2020/21 £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:

2019/20 £000	Capital Grants Unapplied Account	2020/21 £000
1	Building Foundations for Growth	1
0	Godmanchester Mill Weir Grant	190
0	Insurance Contribution	119
33,938	Community Infrastructure Levy	37,273
<b>33,939</b>		<b>37,583</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 2020/21 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 2020/21, the Council has paid:

- £4.575m to Cambridgeshire County Council (£4.237m for services and £0.338m for pension payments), and
- received £0.94m from the County Council.

(£4.005m paid to and £0.87m received from the County Council; 2019/20)

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	(3,433)	(1,853)	(91)
Legal Services	194		
Building Control	128		
CCTV	(253)		

The Home Improvement Agency is a shared service between the Council and Cambridge City Council and South Cambridge District Council; the agency is managed by Cambridge City Council. The Councils grant applicants contribution to the agency for 2020/21 was £0.182m (2019/20, £0.319m), which represents 15% (2019/20, 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 £0.002m in 20/21 (2019/20, £0.003m).

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 97.

In respect of 2020/21:

- 44 members out of 52 members who served the Council returned a Related Party Transaction disclosure form.
- 13 officers out of 14 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 2020/21 £	Payments made by the Council 2020/21 £	Interest
S Giles, McGuire, Bywater, Gardener, D Giles, Chapman	Cambridgeshire & Peterborough Fire Authority	Members	*	8,197	MOU Contributions £5425 and Throwline Stations at Barford Road £2772
Tuplin	Sawtry Village Academy	Governor	0	250	Community Chest Grant 2020/21
Davies, Dickinson, Fuller	St Ives Town Council	Members	*	2,499	Think Local Christmas
Diaz, Sanderson, Shrapnel	Huntingdon Town Council	Members	*	2,544	Christmas Trees/Wreaths
Conboy	Pinpoint	CEO	0	1,000	Grant
Criswell	Somersham Parish Council	Member	*	2,000	Clinically Extremely Vulneable Grant
Criswell	Hunts Forum of Voluntary Organisations	Member	*	63,300	HDC Voluntary Sector Agreement £62,300 and Consultancy £1,000
Davies	The Friends of the Norris Museum	Member	0	500	Community Chest Grant
Gulson	Yaxley Parish Council	Member	*	1,240	Local Authority Emergency Assistance Grant
Neish	Holywell-Cum-Needingworth Parish Council	Member	0	818	Community Chest Grant 2020/21
Officers Lancaster & Morley, Councillors Conboy and Keane	HDC Ventures Limited	Directors	0	0	
Officer Morley	HDCV Security Services Limited	Director	0	0	
* There are transactions however they are not Related Party transactions					

### 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.

2019/20 £000		2020/21 £000
<b>57,703</b>	<b>Opening Capital Financing Requirement</b>	<b>71,824</b>
	<b>Capital Investment</b>	
2,912	Property, Plant and Equipment	2,432
141	Intangible Assets	141
2,353	Revenue Expenditure Funded from Capital Under Statute	3,110
0	Repayable Advances	0
14,655	Investment Property	2
816	Assets Under Construction	1,331
25	Infrastructure Assets	44
<b>20,902</b>		<b>7,060</b>
(567)	Capital Receipts	(966)
(1,653)	Grants and Other Contributions	(1,583)
0	Use of Earmarked Reserves	0
(143)	Capital Grants Unapplied Reserve – Community Infrastructure Levy	(1,863)
0	Capital Grants Unapplied Reserve – Other	(439)
(2,028)	Use of Earmarked Reserves – Commercial Investment Strategy	0
(2,300)	Minimum Revenue Provision	(2,602)
(90)	S106 Reserve	0
<b>(6,781)</b>		<b>(7,453)</b>
<b>71,824</b>	<b>Closing Capital Finance Requirement</b>	<b>71,431</b>
<b>14,121</b>	<b>Increase/(Decrease) in Underlying Need to Borrow</b>	<b>(393)</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:

2019/20 £000	2020/21 £000
<b>2,225 Investment Properties</b>	<b>313</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 remains outstanding. The minimum lease payments are made up of the following amounts:

2019/20 £000		2020/21 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
545	Non-current	545
2,793	Finance costs payable in future years	2,754
<b>3,338</b>	<b>Minimum lease payments</b>	<b>3,299</b>

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

	Minimum lease payments		Finance lease payments	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Not later than 1 year	39	39	0	0
Later than 1 year and not later than 5 years	156	156	1	1
Later than 5 years	3,143	3,104	544	544
	<b>3,338</b>	<b>3,299</b>	<b>545</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 2020/21 £0.081m contingent rents were payable by the Council (2019/20; £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:

2019/20 £000		2020/21 £000
16	Not later than 1 year	6
6	Later than 1 year and not later than 5 years	0
<b>22</b>		<b>6</b>

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

2019/20 £000		2020/21 £000
<b>13</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:

2019/20 £000		2020/21 £000
4,829	Not later than 1 year	3,734
10,209	Later than 1 year and not later than 5 years	8,495
26,382	Later than 5 years	23,926
<b>41,420</b>		<b>36,155</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 2020/21 the Council has recognised impairments to Property, Plant and Equipment of £ nil (2019/20; £ nil).



## Note 36. Termination Benefits and Exit Packages

### Compulsory Redundancy:

In respect of:

- 2020/21, the Council approved the compulsory redundancy of 22 employees
- 2019/20, the Council approved the compulsory redundancy of 5 employees

### Other departures (Including Voluntary Redundancy):

In respect of:

- 2020/21, 0 voluntary redundancies were approved.  
In addition, a further 2 employees left the council in 2020/21 with a Compromise agreement.
- 2019/20, 5 voluntary redundancies were approved.  
In addition, a further 3 employees left the council in 2019/20 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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £000	2020/21 £000
£0 to less than £20,000	3	18	5	2	8	20	75	148
£20,000 to less than £40,000	1	2	3	0	4	2	102	62
£40,000 to less than £60,000	1	1	0	0	1	1	50	41
Greater than £60,000	0	1	0	0	0	1	0	63
	<b>5</b>	<b>22</b>	<b>8</b>	<b>2</b>	<b>13</b>	<b>24</b>	<b>227</b>	<b>314</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 2019.

To avoid the impact of potential reductions in the workforce the actuary proposed that a fixed percentage of 17.3% be applied for 2020/21, 2021/22 and 2022/23.

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:

2020/21	£1.584m
2021/22	£1.584m
2022/23	£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:

2019/20 £000		2020/21 £000
	<b>Comprehensive Income &amp; Expenditure Statement</b>	
	Cost of Services:	
7,172	Current Service Cost	5,912
153	Past Service Cost	0
	<b>Financing and Investment Income and Expenditure:</b>	
5,843	Net interest expense	4,826
(3,669)	Expected Return on Scheme Assets	(3,299)
<b>9,499</b>	<b>Total post-employment benefit charged to the deficit on the provision of services</b>	<b>7,439</b>
	<b>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:</b>	
	Re-measurement of the net defined benefit liability comprising:	
(12,416)	Return on plan assets (Excluding the amount included in the net interest expense)	32,572
5,257	Actuarial gains and losses arising on changes in demographic assumptions	(2,946)
19,255	Actuarial gains and losses arising on changes in financial assumptions	(56,393)
16,153	Other experience	2,340
<b>28,249</b>		<b>(24,427)</b>
<b>37,748</b>	<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(16,988)</b>

<b>Movement in Reserves Statement</b>		
(9,499)	Reversal of net charges made to the surplus/deficit on the provision of services for post-employment benefits in accordance with the Code	(7,439)
Actual amount charged against the General Fund Balance for Pensions in the Year:		
4,348	Employer's contributions payable to the scheme	4,457
180	Retirement benefits payable to pensioners*	170
<b>(4,971)</b>	<b>Total Movement in Reserves Statement</b>	<b>(2,812)</b>

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2021 is a loss of £60.26m, and to the 31 March 2020 is a loss of £35.84m.

#### Assets and Liabilities in relation to Post-employment Benefits

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

<b>31 March 2020</b>		<b>31 March 2021</b>
<b>£000</b>		<b>£000</b>
<b>241,834</b>	<b>Opening balance as at 1 April</b>	<b>209,410</b>
7,172	Current Service Cost	5,912
5,843	Interest Cost	4,826
1,040	Contributions by scheme participants	1,093
	<b>Remeasurement (gains) and losses:</b>	
(5,257)	<b>Actuarial losses/ (gains) from changes in demographic assumptions</b>	2,946
(19,253)	Actuarial losses / (gains) from changes in financial assumptions	56,393
(16,153)	Other	(2,340)
153	Past service costs/ (gains)	0
(5,789)	Benefits paid	(5,709)
(180)	Estimated unfunded benefits paid *	(170)
<b>209,410</b>	<b>Closing balance at 31 March</b>	<b>272,361</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 2020 £000		31 March 2021 £000
152,753	<b>Opening fair value of scheme assets balance as at 1 April</b>	143,605
3,669	Interest Income	3,299
	<b>Remeasurement gain/(loss)</b>	
(12,416)	The return on plan assets (Excluding amount included in net interest expense)	32,572
4,348	Contributions by the employer	4,457
1,040	Contributions by employees into the scheme	1,093
180	Contributions for unfunded (Discretionary benefits)benefits*	170
(5,789)	Benefits paid	(5,709)
(180)	Unfunded (Discretionary benefits) benefits paid*	(170)
<b>143,605</b>	<b>Closing Balance at 31 March</b>	<b>179,317</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. It should be noted that this year asset returns and values have been impacted by the Covid-19 pandemic.

The actual return on scheme assets in the year was £35.87m (2019/20; £(8.75)m).

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:

2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000		2020/21 £000
(212,691)	(215,939)	(241,834)	(209,410)	Present value of the defined benefit obligation	(272,361)
140,530	143,608	152,753	143,605	<b>Fair value of plan assets</b>	179,317
<b>(72,161)</b>	<b>(72,331)</b>	<b>(89,081)</b>	<b>(65,805)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(93,044)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment benefits. The total liability of £272.36m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £93.04m.

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 £4.46m into Cambridgeshire County Council’s Local Government Pension Fund in the year to 31 March 2022. With regard to discretionary benefits, there were no such awards in 2020/21 (2019/20; Nil).

Impact of the 31 March 2019 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 2019.

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. At the moment there is no evidence to support any changes to mortality rates arising from the Covid-19 pandemic, so no allowance has been made for this. 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 2019. The results of this valuation were projected forward using approximate methods.

The main assumptions used by the actuary are as shown below:

2019/20	County Fund – Main Assumptions	2020/21
2.4%	Rate of increase in salaries	3.4%
1.9%	Rate of increase in pensions	2.9%
2.3%	Rate of discounting scheme liabilities	2.0%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.0 years	Men	22.2 years
24.0 years	Women	24.4 years
	Longevity at 65 for future pensioners	
22.7 years	Men	23.2 years
25.5 years	Women	26.2 years

### Local Government Pension Scheme Assets Comprised:

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

31 March 2020 £000		31 March 2021 £000
2,167	Cash and cash equivalents	4,926
<b>2,167</b>		<b>4,926</b>
	<b>Debt Securities</b>	
7,434	UK Government	7,238
<b>7,434</b>	<b>Sub-total debt securities</b>	<b>7,238</b>
	<b>Private equity:</b>	
11,779	All not in active markets	16,692
<b>11,779</b>	<b>Sub-total private equity</b>	<b>16,692</b>
	<b>Real Estate</b>	
10,745	UK Property	10,935
2	Overseas Property	2
<b>10,747</b>	<b>Sub-total Real Estate</b>	<b>10,937</b>
	<b>Other investment funds:</b>	
9,739	Bonds	19,847
12,948	Infrastructure	15,046
87,044	Equity	106,753
<b>109,731</b>	<b>Sub-total other investment funds</b>	<b>141,646</b>
	<b>Derivatives:</b>	
1,747	Other	(2,122)
<b>1,747</b>	<b>Sub-total Derivatives</b>	<b>(2,122)</b>
<b>143,605</b>	<b>Total Assets</b>	<b>179,317</b>

### History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2020/21 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2021.

2015/16	2016/17	2017/18	2018/19	2019/20		2020/21
%	%	%	%	%		%
6.88	(3.83)	18.32	(0.36)	3.87	Differences between expected and actual return on assets	18.16
1.01	0.19	(0.01)	0.07	7.71	Experience gains/ losses on liabilities	(0.86)

### Sensitivity analysis:

Increase in assumption 31 March 2020 £000	Impact on the defined benefit obligation in the Scheme	Increase in assumption 31 March 2021 £000
3-5%	Longevity (increase or decrease in 1 year)	3-5%
1,804	Rate of increase in salaries (increase or decrease by 0.5%)	2,350
18,025	Rate of increase in pensions (increase or decrease by 0.5%)	23,855
(19,987)	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(26,495)

## 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>1,335</b>	<b>13</b>	<b>1,348</b>
Movement during 2019/20	608	0	608
<b>Balance at 31 March 2020</b>	<b>1,943</b>	<b>13</b>	<b>1,956</b>
Amounts used in 2020/21	(294)	0	<b>(294)</b>
Amounts charged to services 2020/21	121	0	<b>121</b>
<b>Balance at 31 March 2021</b>	<b>1,770</b>	<b>13</b>	<b>1,783</b>

### **Provisions**

#### **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 £4.425m; of which £1.770m would have to be met by the Council, and £2.655m 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 £3.506m (2019/20; £3.653m)

2019/20 Estimated value of contingent liability £000	Details of Contingent Liability	2020/21 Estimated value of contingent liability £000
	<b><u>Environmental Related:</u></b>	
3,000	<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 19 years (originally 30 years).</p>	2,850
<b>3,000</b>	<b>Total for Environmental Related</b>	<b>2,850</b>
	<b><u>Corporate Related:</u></b>	
	<b>Municipal Mutual Insurance Liquidation</b>	
653	<p>Some years ago, the Council was insured by Municipal Mutual Insurance (MMI); unfortunately, whilst the Council was insured by MMI they went into liquidation. Following the collapse of MMI, a Scheme of Arrangement was made that allowed MMI to 'run-off' the business and deal with outstanding claims. Due to 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.</p> <p>The Contingent Liability shown for 2020/21 is the balance of the total claims paid by MMI on behalf of the Council.</p>	656
<b>653</b>	<b>Total for Corporate Related</b>	<b>656</b>
<b>3,653</b>	<b>Total Contingent Liabilities</b>	<b>3,506</b>

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



**Note 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 £64.85m (2019/20; £33.41m) 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 2021 that this was likely to occur and there are no investments that as at 31 March 2021 were with institutions that had failed.

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

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

	Amount at 31 March 2021 £000	Historical experience of default %	Historical experience of default adjusted for market conditions %	Impairment Allowance 31 March 2021 £000	Impairment allowance 31 March 2020 £000
Sundry debtors	5,024	3.53%	3.53%	1,682	1,638

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

31/03/20 £000		31/03/21 £000
(7)	Less than three months	2,798
113	Three to six months	117
4,582	Six months to one year	772
1,906	More than one year	1,337
<b>6,594</b>		<b>5,024</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 2021.

Financial Year	£000s
2021/22	267
2023/24	407
2037/38	5,000
2038/39	7,292
2039/40	11,963
2046/47	2,016
2047/48	2,483
2057/58	5,000
2058/59	5,000
	<b>39,428</b>

31/03/20 £000		31/03/21 £000
4,762	Less than one year	759
39,417	More than one year	38,884
<b>44,179</b>		<b>39,643</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 2020/21 interest rates on all of its investments and borrowings had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on borrowings of less than 1 year	0
Increase in interest receivable on investments of less than 1 year	296CR
Impact on the surplus on the Provision of Services	296CR
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	6,963
(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 2021 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 £27,282 in respect of the Local Authorities Property Fund has been recognised in Other Comprehensive Income and Expenditure in 2020/21. 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 £188,414 being recognised in the Other Comprehensive Income and Expenditure for 2020-21.

#### Foreign Exchange Risk

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

## Collection Fund

Non-Domestic Rates 2019/20 £000	Council Tax 2019/20 £000	TOTAL 2019/20 £000		Non-Domestic Rates 2020/21 £000	Council Tax 2020/21 £000	TOTAL 2020/21 £000
<b>INCOME</b>						
0	115,282	115,282	Council Tax Payers	0	120,815	120,815
62,856	0	62,856	Business Rates	40,996	0	40,996
(379)	0	(379)	Transitional Relief	(717)	0	(717)
<b>62,477</b>	<b>115,282</b>	<b>177,759</b>	<b>Total Income</b>	<b>40,279</b>	<b>120,815</b>	<b>161,094</b>
<b>EXPENDITURE</b>						
<b>Contributions Prior Year (Deficit)/Surplus</b>						
794	0	794	Ministry for Housing, Communities & Local Government	513	0	513
635	354	989	Huntingdonshire District Council	410	(907)	(497)
143	3,189	3,332	Cambridgeshire County Council	92	(4,764)	(4,672)
0	507	507	Cambridgeshire Police & Crime Commissioner	0	(809)	(809)
16	175	191	Cambridgeshire Fire Authority	10	(257)	(247)
<b>1,588</b>	<b>4,225</b>	<b>5,813</b>		<b>1,025</b>	<b>(6,737)</b>	<b>(5,712)</b>
<b>Precepts Demands and Shares</b>						
28,796	0	28,796	Ministry for Housing Communities & Local Government	30,962	0	30,962
23,037	8,779	31,816	Huntingdonshire District Council	24,769	9,168	33,937
0	6,651	6,651	Parish Councils	0	7,253	7,253
5,183	81,021	86,204	Cambridgeshire County Council	5,573	85,430	91,003
0	13,749	13,749	Cambridgeshire Police and Crime Commissioner	0	14,623	14,623
576	4,368	4,944	Cambridgeshire Fire Authority	619	4,531	5,150
<b>57,592</b>	<b>114,568</b>	<b>172,160</b>		<b>61,923</b>	<b>121,005</b>	<b>182,928</b>
<b>Charges to the Collection Fund</b>						
25	369	394	Change in Provision for Bad and Doubtful Debts	538	815	1,353
975	0	975	Changes in Provision for Appeals	(432)	0	(432)
217	0	217	Cost of Collection	218	0	218
909	0	909	Renewable Energy Retentions	1,145	0	1,145
638	0	638	Enterprise Zone Retentions	864	0	864
<b>2,764</b>	<b>369</b>	<b>3,133</b>		<b>2,333</b>	<b>815</b>	<b>3,148</b>
<b>61,944</b>	<b>119,162</b>	<b>181,106</b>	<b>Total Expenditure</b>	<b>65,281</b>	<b>115,083</b>	<b>180,364</b>
<b>Movement in Fund Balance</b>						
(533)	3,880	3,347	(Surplus)/Deficit for Year	25,002	(5,732)	19,270
1,282	507	1,789	(Surplus)/Deficit Brought Forward 1 April	749	4,387	5,136
<b>749</b>	<b>4,387</b>	<b>5,136</b>	<b>(Surplus)/Deficit Carried Forward 31 March</b>	<b>25,751</b>	<b>(1,345)</b>	<b>24,406</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 2021				
Tax band	Properties	Exemptions & discounts	Band D multiplier	Band D equivalent
A*	21	(11)	5/9	6
A	10,098	(1,877)	6/9	5,481
B	18,393	(1,900)	7/9	12,828
C	16,738	(844)	8/9	14,127
D	11,300	(209)	9/9	11,091
E	8,749	(81)	11/9	10,595
F	3,718	(18)	13/9	5,345
G	1,722	(4)	15/9	2,863
H	141	0	18/9	282
<b>Total</b>	<b>70,880</b>	<b>(4,944)</b>		<b>62,618</b>

Council tax charge per band D property for 2020/21 £1,925.18  
Council tax charge per band D property for 2019/20 £1,855.39

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

The uniform Business Rate set by the Government for 2020/21 was 51.2p (2019/20 50.4p).

Total rateable value at 31 March 2021 £151.93m.

Total rateable value at 31 March 2020 £151.62m.

### 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).

<b>31 March 2020</b>	<b>NNDR Appeals</b>	<b>31 March 2021</b>
<b>£000</b>		<b>£000</b>
<b>3,882</b>	<b>Opening Provision</b>	<b>4,858</b>
(904)	Write Offs in year	(121)
1,880	Contribution(from)/to Provision	(311)
<b>4,858</b>	<b>Closing Provision</b>	<b>4,426</b>

# 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

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**RICS** Royal Institution of Chartered Surveyors

**RSG** Revenue Support Grant

**S106** Section 106

**SOLACE** Society of Local Authority Chief Executives