



Huntingdonshire District Council

Annual Financial Report  
For the Year Ended 31 March 2023

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

This narrative report provides information about Huntingdonshire District Council (the Council), including the key issues affecting the Council and its accounts. The accounts summarise the Council's transactions and its financial position for the year ended 31 March 2023.

The report provides an explanation of the financial statements. As the financial statements demonstrate, the financial standing of the Council continues to be robust.

The report highlights the excellent management of the Council's resources and sets this in the context of the financial challenges being faced by the Council. The finance service operates in an environment of continuous change which involves organisational redesign, partnership working and advances in technology. This document provides:

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

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

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

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

## **An introduction to Huntingdonshire District Council**

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

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

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

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

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

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

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

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

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

How the Council will do this:

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

### Key facts about Huntingdonshire and the Council

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

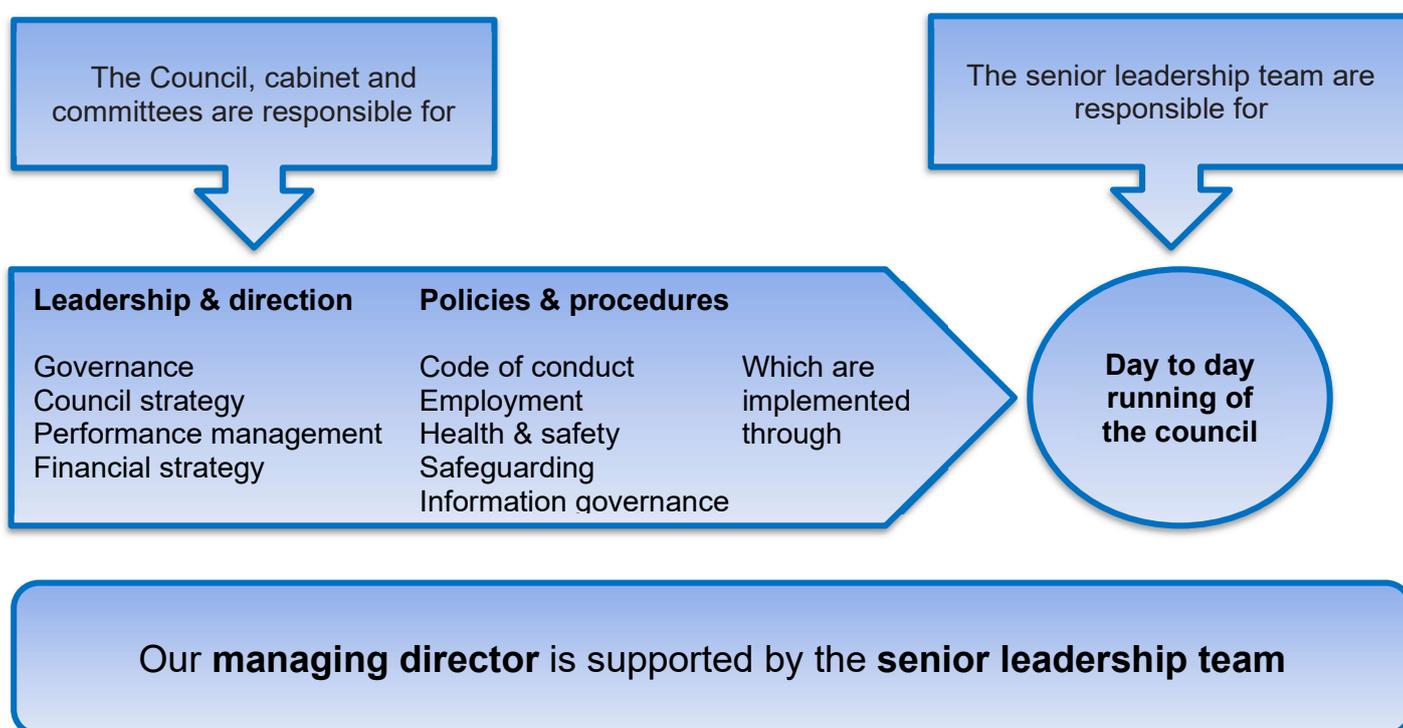
- Population  
In the 2021 census, the total population of Huntingdonshire was 180,833, an increase of 11,325 resident 6.7% since 2011 (source: 2021 census, ONS). The population is expected to grow to 205,000 by 2036 (source: Huntingdonshire objectively assessed housing needs report). The district has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

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

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

### Key information about the Council's management structure

Decisions about policy are made by the councillors elected by the residents of Huntingdonshire. Councillors are advised by the senior management of the Council.



### The 2022/23 revenue budget process and medium-term financial strategy

The Council is required by law to set a balanced budget and it is based on known factors at the time. It does, however, need to be recognised that there are uncertainties, and provisions are made, as appropriate, in the budget for those factors that can be predicted with some certainty, and proposes a strategy for dealing with those factors which reasonably cannot. Following recommendation by Cabinet, the Council approved the budget for 2022/23 on 23 February 2022. The outturn for the 2022/23 financial year against the budget is outlined in the financial these statements.

When preparing its medium-term financial strategy (MTFS), the Council makes provisional spending plans for future financial years ensuring these are balanced against the expected funding from government, council tax payers and business rates payers.

The MTFS is a four-year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures, mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years.

The latest MTFs was approved by Council on 22 February 2023 and is summarised below:

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

In setting the MTFs and developing budget proposals for the future, the Council faced a number of uncertainties particularly in relation to levels of government grant, the financial impact from retained business rates, the levels of new homes bonus and general economic conditions. The budget proposal and MTFs set for 2022/23 represented a best view of the known financial landscape then and for future years.

The key elements of the budget strategy were:

- ensuring that we are financially fit, including ensuring our commercial approaches of the past continue and we continue to grow and diversify our income streams;
- leading and the shaping of place, ensuring we continue to cherish our towns, villages and areas whilst managing planned growth and regenerating our towns;
- focusing on our customers and our ongoing innovation in customer delivery and digitisation; and
- ensuring our partners and communities help us deliver our goals and we ensure they are included in our decision making.

The main factors underlying the budget process were:

- **Government grant**  
Like all local authorities, Huntingdonshire District Council faces cuts from central government. For the Council, reductions to grant funding have been the most significant factor underlying historic planning assumptions. The Council's strategy for balancing its budget was predicated on this continuing. In this respect, the strategy around commercialism and efficiency is considered to remain the right strategy to deal with the financial challenges facing the Council.
- **New homes bonus (NHB)**  
A major concern was associated with NHB. The NHB is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. The Council received £2,116,000 of NHB in 2022/23 and has budgeted £1,273,000 for 2023/24. This funding is expected to be phased out in 2025/26.

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

### Capital strategy and capital programme 2022/23

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

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

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

The revenue financing implications arising from the capital programme were factored into the budget for 2023/24 and beyond.

## Treasury management

An annual treasury management strategy is agreed by Council, and this informs the governance framework.

The key messages are:

- **Investments**  
The primary governing principle will remain security over return and the criteria for selecting counterparties reflect this.
- **Borrowing**  
Overall, this will remain fairly constant over the period covered by this report and the Council will remain under-borrowed against its borrowing requirement due to the higher cost of carrying debt.
- **Governance**  
Strategies are reviewed by the corporate governance committee with continuous monitoring which includes mid-year and year end reporting.

## Revenue outturn for 2022/23

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

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

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

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

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

The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 2023 amounted to £2,175,000 and £28,940,000 respectively.

### Capital outturn 2022/23

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

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

Capital expenditure was financed by revenue contributions and capital receipts. The Council has taken a prudent approach to financing the capital programme by deploying revenue reserves and cash balances instead of using external borrowing where possible as this produces a lower net cost.

The table below provides more detail of the spend in 2022/23:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Corporate and budgetary risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The corporate risk register plays an integral role in supporting production of the corporate plan.

Key corporate risks are detailed in the annual governance statement. The Council currently has a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Specific risks relating to partnerships and projects have been incorporated into the annual governance statement where appropriate. The Council's annual governance statement provides more detailed insight into its vision strategy and corporate direction.

### Basis of preparation

This Statement of Accounts has been prepared on the basis of the income and expenditure during the 2022/23 financial year and the known assets and liabilities at 31 March 2023. Moreover, the accounts have been prepared on a going concern basis.

Disclosures are included within the statement of accounts based on an assessment of their materiality. A disclosure is considered material if, through an omission or a misstatement, the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

### Going concern assessment

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

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

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

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

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

### **Receipt of further information**

If you would like to receive further information about these accounts, please do not hesitate to contact me at Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN.

### **Acknowledgements**

The production of the statement of accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues from the finance team and other services that have assisted in the preparation of the annual accounts. I would also like to thank them for all their support during the financial year.

Karen Sutton  
Director of Finance and Corporate Resources

## 1. Statement of accounts explanations

The statement of accounts comprises:

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

The objective of each of the accounting statements is:

### ❖ Statement of responsibilities

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

### ❖ Core financial statements

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

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

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

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

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

#### ❖ **Notes to the core financial statements**

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

#### ❖ **Supplementary financial statements**

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

#### ❖ **Notes to the supplementary financial statements**

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 sets out comprehensive requirements for group accounts. These require councils to consider all their interests and to prepare a full set of group financial statements when they have material interests in subsidiaries, associates or joint ventures.

The Council has a wholly owned subsidiary, HDC Ventures Ltd. Group accounts have not been prepared on the basis of materiality.

## **3. Brief note explaining significance of any pension liability or asset**

Any surplus or deficit on the Council's pension fund is required to be shown within the balance sheet. The effect of the Council's share of the pension fund administered by Cambridgeshire County Council has been assessed by the scheme's actuary as at 31 March 2023. The current valuation shows a surplus on the fund of £4,803,000 (£70,090,000 deficit at 31 March 2022) based upon the nationally set criteria. The actual contributions payable by the Council are based upon the actuary's own assumptions in a valuation that is undertaken on a triennial basis. This valuation was last undertaken at 31 March 2022.

### The Council's responsibilities

The Council is required to:

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

### The Director of Finance and Corporate Resources

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

In preparing this statement of accounts, I have:

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

The Director of Finance and Corporate Resources has also:

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

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

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

### Certificate of approval – Chair of Corporate Governance Committee

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

Councillor Nic Wells  
27 September 2023



## Movement in reserves statement

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

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

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

## Balance sheet

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

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

## Cash flow statement

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

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

## 1. Accounting Policies

### 1.1 General principles

The statement of accounts summarises the Council's transactions for the 2022/23 financial year and its position at 31 March 2023. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (England) Regulations 2015 (SI 2011 no.817), which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Unless otherwise stated the convention used in this document is to round amounts to the nearest thousand pounds. Throughout the statements all credit balances are shown with parentheses e.g. (£1,234).

### 1.2 Accruals of expenditure and income

All transactions of the Council are accounted for in the year in which they take place, not simply when the cash payments are made or received. In particular:

- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services;
- supplies and services are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet;
- interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- income and expenditure are credited and debited to the relevant service revenue account unless they properly represent capital receipts or capital expenditure.

### 1.3 Cash and cash equivalents

Cash comprises cash in hand and call account deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

## 1.4 Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either at least 4% of the underlying amount measured by the adjusted capital financing requirement or the asset life method where the MRP is determined by reference to the life of the asset and an equal amount charged each year. Depreciation, impairment losses and amortisations are therefore replaced by minimum revenue provision in the statement of movement on the general fund balance, by way of an adjusting transaction within the capital adjustment account for the difference between the two.

## 1.5 Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

The council tax and NDR income included in the comprehensive income and expenditure statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

The balance sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the financing and investment income in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## 1.6 Employee benefits

### 1.6.1 Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year end which employees can carry into the next financial year. The accrual is made at the wage and salary rates applicable in the following year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services but is then reversed out through the movement in reserves statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### 1.6.2 Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accruals basis to the relevant service costs line in the comprehensive income and expenditure statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### 1.6.3 Post-employment benefits

The majority of Council employees are members of the local government pension scheme, administered by Cambridgeshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The local government scheme is accounted for as a defined benefits scheme:

- the liabilities of Cambridgeshire County Council's superannuation fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- liabilities are discounted to their value at current prices, using an appropriate discount rate based on the indicative rate of return on high quality corporate bonds as identified by the actuary.
- the assets of Cambridgeshire County Council's superannuation fund attributable to the Council are included in the balance sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into the following components:
  - service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year (allocated in the comprehensive income and expenditure statement to the services for which the employees worked).
    - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years (debited to the net cost of services in the comprehensive income and expenditure statement as part of non-distributed costs).
    - net interest on the defined benefit liability, i.e., net interest expense for the Council – the change during the year in the net defined benefit liability that arises from the passage of time (charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

- re-measurement comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (charged to the pensions reserve as other comprehensive income and expenditure).
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions (charged to the pensions reserve as other comprehensive income and expenditure).
- contributions paid to Cambridgeshire County Council's pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. This is not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### 1.6.4 Discretionary benefits

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

### 1.7 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that have occurred between the balance sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date – the statement of accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the balance sheet date – the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

### 1.8 Financial instruments

#### 1.8.1 Financial liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are measured at fair value. Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

This means that for the borrowings the Council has, the amount presented in the balance sheet is the outstanding principal repayable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount payable for the year.

## 1.8.2 Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI)

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

### 1.8.2.1 Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the balance sheet is the outstanding principal receivable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount receivable for the year.

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

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

- loans to other local authorities
- loans to small companies
- short term cash investments
- trade receivables

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

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

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

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

- CCLA property fund

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

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

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

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

### 1.8.2.4 Expected credit loss model

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

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

### 1.9 Government grants and other contributions

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

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

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

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

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

### 1.10 Inventories and long-term contracts

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

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

### 1.11 Investment property

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

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

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

## 1.12 Leases

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

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

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

### 1.12.1 The Council as lessee

- Operating leases

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

### 1.12.2 The Council as lessor

- Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

- **Operating leases**

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

### **1.13 Overheads and support services**

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

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

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

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

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

### **1.15 Property, plant and equipment**

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

#### **1.15.1 Recognition**

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

### 1.15.2 Measurement

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

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

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

### 1.15.3 Impairment

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

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

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

### 1.15.4 Disposals and non-current assets held for resale

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

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

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

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

### **1.15.5 Depreciation**

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

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

### **1.15.6 Componentisation**

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

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

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

## **1.16 Provisions, contingent liabilities and contingent assets**

### **1.16.1 Provisions**

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

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

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

### 1.16.2 Contingent liabilities

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

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

### 1.16.3 Contingent assets

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

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

## 1.17 Reserves

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

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

## 1.18 Revenue expenditure funded from capital under statute

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

## 1.19 VAT

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

## 2. Accounting standards not yet adopted

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

The code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified; this would therefore result in an impact on disclosures spanning two financial years.

The accounting changes to be introduced in the 2023/24 code are:

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

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

### 3. Critical judgements in applying accounting policies

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

The critical judgements made in the statement of accounts are:

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

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

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Business rates - Since the introduction of the business rates retention scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2022/23 and earlier years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2023. The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31 March 2023.
- Council tax (surplus)/deficit - Assumptions are made on the likely (surplus)/deficit for the year in the January prior to the year end. The information forms part of the budget setting process for Huntingdonshire District Council, Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner and Cambridgeshire Fire Authority. If the actual (surplus)/deficit differs significantly from the estimated assumption position from January, there will be an impact in the following year's budget process. A higher deficit could mean more savings being required or an increased council tax.
- Debt impairment - At 31 March 2023, the Council had a balance for sundry debtors of £8,280,000. A review of significant balances suggested that impairment for doubtful debts of 16% (£1,324,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate, which was not the case during 2022/23, the Council would require additional funds to set aside as an allowance.
- Earmarked reserves - The Council has a large number of earmarked reserves, which are reviewed annually to assess the expected year-end balance. The expected reserve balances form part of the budget setting process. Although, the reserve levels are not prescribed, major variations could have an impact on service budgets as expected funds may not be available, which could lead to savings being required in year.
- Pensions liability - Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. The assumptions interact in complex ways.
- Property, plant and equipment - Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. In the current economic climate there will be increased pressure on all budgets, leading to difficult choices which might result in the Council being less able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £73,300 for every year that useful lives had to be reduced.
- Investment properties are those assets that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the balance sheet date.

The outbreak of the Novel Coronavirus (Covid 19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets and market activity is being impacted in many sectors. At the valuation date therefore, less weight can be attached to previous market evidence to inform opinions of value. Indeed, the current response to Covid-19 means that the valuers are faced with an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty and a higher degree of caution should be attached to valuations than would normally be the case and valuations of assets are being kept under constant review.

- Provisions for liabilities including restructuring, redundancy and onerous contracts - no provision is made for redundancies as departments must meet the cost from within their own budgets. If there was the need to make redundancies and they could not be met from the service budget, then it would impact on the general fund surplus. Any impact would have to be met from the following year. It could be significant if there were a large number.

This list does not include assets and liabilities that have been carried at fair value based on a recently observed market price.

### **5. Material items of income and expenditure**

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e., extraordinary). During 2022/23 no such items of income or expenditure were incurred (2021/22 £nil).

### **6. Events after the balance sheet date**

The unaudited Statement of Accounts were issued on 27 September 2023. Where events taking place before this date provided information about the conditions existing at 31 March 2023, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information. The financial statement and notes would not be adjusted for events which took place after 31 March 2023 if they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date.

## 7 Expenditure and funding analysis

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

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

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

### 7.1.1 Adjustments for capital purposes

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

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

### 7.1.2 Net change for the pensions adjustment

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

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

### 7.1.3 Other differences

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

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

## 7.1.4 Segmental income

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

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

## 8. Expenditure and income analysed by nature

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

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

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

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

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

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

	2022/23		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
<b>Adjustments to the revenue resources</b>			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	(6,030)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	500	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	2,691	-	-
• Holiday pay (transferred from the accumulated absences reserve)	-	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	(51)	-	(11,788)
<b>Total adjustments to the revenue resources</b>	<b>(2,890)</b>	<b>-</b>	<b>(11,788)</b>
<b>Adjustments between revenue and capital resources</b>			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	512	(512)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,556	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>3,068</b>	<b>(512)</b>	<b>-</b>
<b>Adjustments to capital resources</b>			
Use of the capital receipts reserve to finance capital expenditure	-	662	-
Repayment of loans	(104)	(4,677)	-
Application of capital grants to finance capital expenditure	-	-	3,371
<b>Total adjustments to capital resources</b>	<b>(104)</b>	<b>(4,015)</b>	<b>3,371</b>
<b>Total adjustments</b>	<b>74</b>	<b>(4,527)</b>	<b>(8,417)</b>

	2021/22		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
<b>Adjustments to the revenue resources</b>			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	(6,779)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	(18)	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	5,900	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	6,704	-	(16,968)
<b>Total adjustments to the revenue resources</b>	<b>5,807</b>	<b>-</b>	<b>(16,968)</b>
<b>Adjustments between revenue and capital resources</b>			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	291	(291)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,758	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>3,049</b>	<b>(291)</b>	<b>-</b>
<b>Adjustments to capital resources</b>			
Use of the capital receipts reserve to finance capital expenditure	-	609	-
Repayment of loans	39	(318)	-
Application of capital grants to finance capital expenditure	-	-	6,329
Cash payments in relation to deferred capital receipts	-	-	-
<b>Total adjustments to capital resources</b>	<b>39</b>	<b>291</b>	<b>6,329</b>
<b>Total adjustments</b>	<b>8,895</b>	<b>-</b>	<b>(10,639)</b>

## 10. Movements in earmarked reserves

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

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

The following paragraphs provide an explanation of these reserves.

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

#### 11. Other operating income and expenditure

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

#### 12. Financing and investment income and expenditure

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

**13. Taxation and non-specific grant income**

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

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

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

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

**14.2 Depreciation methods used**

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

**14.3 Useful lives or depreciation rates used**

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

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

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

**14.4 Effects of changes in estimates**

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

**14.5 Revaluations**

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

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

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

The significant assumptions applied in estimating the fair values are:

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

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

## 14.6 Capital commitments

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

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

## 14.7 Movement on property, plant and equipment

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

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

## 15. Investment properties

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

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

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

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

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

### Valuation techniques

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

### Fair value hierarchy

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

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

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

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

### 16. Intangible assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to software is generally 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £185,000 was charged to revenue in 2022/23; this was either charged to ICT and then absorbed as an overhead across all the service headings in the net expenditure of services or charged directly to services.

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

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

## 17. Financial instruments

## 17.1 Categories of financial instruments

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

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

## 17.2 Income, expense, gains and losses

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

### 17.3 Fair values of assets and liabilities

Financial instruments, except those classified at amortised cost, are carried in the balance sheet at fair value. The fair value is taken from the market price. The fair values of instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.
- CCLA property fund is in a form of shares which are actively traded and have a market price. The net asset value quoted as at the end of trading on 31 March 2023 was used in evaluating this fund.

Financial instruments classified at amortised cost are carried in the balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- the fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2023.
- no early repayment or impairment is recognised for any financial instrument.
- the fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

There have not been any transfers between hierarchy levels during the financial year.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

31 March 2022			31 March 2023	
Carrying amount	Fair value		Carrying amount	Fair value
£000	£000		£000	£000
		<b>Assets</b>		
54,279	55,356	Loans and receivables	70,628	70,628
		<b>Liabilities</b>		
(49,554)	(50,706)	Financial liabilities	(45,129)	(38,344)



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

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

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

The financial liabilities are shown below:

<b>31 March 2022</b>		<b>31 March 2023</b>
£000		£000
	<b>Long term</b>	
(5,000)	PWLB - 3.91% 495152 19/12/2008 to 19/12/2057	(5,000)
(5,000)	PWLB - 3.90% 495153 19/12/2008 to 19/12/2058	(5,000)
(83)	PWLB - 2.24% 502463 07/08/2013 to 07/08/2023	-
(640)	PWLB - 3.28% 504487 25/11/2015 to 25/11/2046	-
(849)	PWLB - 3.10% 504598 19/01/2016 to 19/01/2047	-
(423)	PWLB - 2.91% 504810 21/03/2016 to 21/03/2047	-
(344)	PWLB - 3.10% 504922 29/04/2016 to 29/04/2047	-
(279)	PWLB - 2.92% 504993 02/06/2016 to 02/06/2047	-
(549)	PWLB - 2.31% 505255 29/07/2016 to 29/07/2047	-
(421)	PWLB - 2.18% 505372 23/09/2016 to 23/09/2047	-
(757)	PWLB - 2.67% 505649 06/01/2017 to 06/01/2048	-
(5,000)	PWLB - 2.78% 506436 02/10/2017 to 02/10/2037	(5,000)
(7,292)	PWLB - 2.49% 508696 11/03/2019 to 11/03/2039	(7,293)
(11,963)	PWLB - 2.18% 509389 26/06/2019 to 26/06/2039	(11,963)
(26)	Salix	(17)
<b>(38,626)</b>		<b>(34,272)</b>
	<b>Short term</b>	
(164)	PWLB - 2.24% 502463 07/08/2013 to 07/08/2023	(83)
(17)	PWLB - 3.28% 504487 25/11/2015 to 25/11/2046	-
(24)	PWLB - 3.10% 504598 19/01/2016 to 19/01/2047	-
(12)	PWLB - 2.91% 504810 21/03/2016 to 21/03/2047	-
(9)	PWLB - 3.10% 504922 29/04/2016 to 29/04/2047	-
(8)	PWLB - 2.92% 504993 02/06/2016 to 02/06/2047	-
(16)	PWLB - 2.31% 505255 29/07/2016 to 29/07/2047	-
(13)	PWLB - 2.18% 505372 23/09/2016 to 23/09/2047	-
(21)	PWLB - 2.67% 505649 06/01/2017 to 06/01/2048	-
	- Local authority loans	-
(9)	Salix	(9)
(215)	Accrued interest	(257)
<b>(508)</b>		<b>(349)</b>
<b>(10,420)</b>	<b>Creditors</b>	<b>(10,508)</b>
<b>(49,554)</b>		<b>(45,129)</b>

**18. Inventories**

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

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

**19. Short term debtors**

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

**20. Cash and cash equivalents**

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

**21. Assets held for sale**

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

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

**22. Short term creditors**

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

**23. Usable reserves**

Movements in usable reserves are summarised below:

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

## 24. Unusable reserves

Movements in unusable reserves are summarised below:

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

### 24.1 Capital adjustment account

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

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

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

## 24.2 Revaluation reserve

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

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

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

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

### 24.3 Financial instruments adjustment account

The financial instruments adjustment account absorbs the differences between accounting for the fair value of loans given to individuals and organisations, and the actual income credited to the General Fund. The fair value of car loans was immaterial and has not been included.

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

### 24.4 Financial instruments revaluation reserve

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

2021/22			2022/23	
£000			£000	
	<b>156</b>	<b>Balance at start and end of year</b>		<b>156</b>

## 24.5 Deferred capital receipts reserve

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

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

## 24.6 Pensions reserve

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

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

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

## 24.7 Collection fund adjustment account

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

2021/22		2022/23
£000		£000
<b>9,918</b>	<b>Balance at 1 April</b>	<b>4,018</b>
50	Correction to opening balance Amount by which council tax income and non-domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non-domestic rates calculated for the year in accordance with statutory requirements	-
(5,950)		(2,691)
<b>4,018</b>	<b>Balance at 31 March</b>	<b>1,327</b>

## 25. Cash flow statement

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

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

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

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

### 25.3 Operating activities

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

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

**26. Cash flow statement - investing activities**

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

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

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

**28. Members' allowances**

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

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

**29. Officers' remuneration****29.1 Senior officers' remuneration**

There is a requirement to disclose the individual remuneration of senior officers (those whose remuneration is more than £50,000 and are a designated head of a paid service and/or have responsibility for the management of the Council). The following table sets out the remuneration for senior officers whose salary is above £50,000 or, where employed during the financial year, for those earning more than £150,000 (excluding pension contributions) then they must be named.

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

(1) Ended 28/02/2023

(2) Ended 26/02/2023

(3) Started 20/06/2022

(4) Ended 29/04/2022

(5) Started 10/02/2023

(6) Ended 15/04/2022

<b>2021/22</b>					
	<b>Salary (including allowances)</b>	<b>Election fees</b>	<b>Total remuneration excluding pension contributions</b>	<b>Employer pension contributions</b>	<b>Total remuneration including pension contributions</b>
	£000	£000	£000	£000	£000
Managing director	139	21	160	24	184
Corporate director - people	89	1	90	15	105
Chief operating officer	77	-	77	13	90
Assistant director - corporate resources	77	-	77	13	90
Assistant director - transformation	76	-	76	13	89
Assistant director - recovery	74	-	74	13	87
Chief finance officer - s151 officer (1)	41	-	41	7	48
Chief finance officer - s151 officer (2)	31	1	32	5	37
Corporate director - place (3)	23	-	23	4	27

(1) Started 02/08/2021

(2) Ended 30/09/2021

(3) Started 05/01/2022

## 29.2 Officers' remuneration

The Council's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

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

## 30. External audit costs

The Council has incurred the following costs in relation to the audit of the statement of accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

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

## 31. Grant income

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

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

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

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

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

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

31 March 2022		31 March 2023
	£000	£000
(1)	Building foundations from growth	(1)
-	Huntingdon on-street wi-fi	(155)
(119)	Insurance contribution	(119)
(45)	Market Town	-
(597)	Future High Street	(1,375)
(47,460)	Community infrastructure levy	(54,989)
<b>(48,222)</b>		<b>(56,639)</b>

## 32. Related party transactions

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

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

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 28. Some members are also:

- elected members of other councils, including the county council, parish and town councils.
- nominated representatives of Huntingdonshire County Council on various organisations, including the Cambridgeshire and Peterborough Combined Authority.

The Council has a significant operational relationship with Cambridgeshire County Council. The county council is the administering authority for the Council's pension fund, and many of the Council's services work with county council services on a day-to-day basis e.g., the Council is the statutory waste collection authority whereas the county council is the statutory waste disposal authority, but each of the councils has to pay the other in respect of certain types of waste.

During 2022/23, the Council:

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

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

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

The home improvement agency is a shared service between the Council, Cambridge City Council and South Cambridge District Council; the agency is managed by Cambridge City Council. The Council's grant applicants' contribution to the agency for 2022/23 was £285,000 (2021/22 £177,000), which represents 15% (2021/22 15%) of the disabled facilities grant that the agency manages on behalf of the Council. The Council also incurred relocation costs where the agency received a contribution of £2,000 in 2022/23 (2021/22 £1,000).

Huntingdonshire District Council are responsible for billing and collecting council tax and national non-domestic rates on behalf of the following preceptors:

- Cambridgeshire County Council
- Cambridgeshire and Peterborough Police and Crime Commissioner
- Cambridgeshire and Peterborough Fire Authority

Full details of the amounts payable to each of the organisations are shown in the collection fund on page 82.

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

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

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

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

\* There are payments to Huntingdonshire District Council however these are normal business transactions and are therefore not related party transactions and do not need to be declared.

### 33. Capital expenditure and capital financing

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

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

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

### 34. Leases

#### 34.1 Council as lessee

##### 34.1.1 Finance leases

The Council has acquired some industrial units under finance leases. The assets acquired under these leases are carried as investment properties in the balance sheet at the following net amounts:

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

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

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

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

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

2021/22			2022/23	
Finance lease payments £000	Minimum lease payments £000		Finance lease payments £000	Minimum lease payments £000
-	39	Not later than 1 year	-	39
1	156	Later than 1 year and not later than 5 years	1	156
544	3,065	Later than 5 years	544	3,026
<b>545</b>	<b>3,260</b>		<b>545</b>	<b>3,221</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 £81,000 contingent rents were payable by the Council (2021/22 £81,000).

### 34.1.2 Operating leases

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

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

2021/22			2022/23	
£000			£000	
18	Non-current	-	-	
<b>18</b>		-	-	

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

2021/22			2022/23	
£000			£000	
32	Lease payments	28		
<b>32</b>		<b>28</b>		

### 34.1.3 Service concessions

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

## 34.2 Council as lessor

### 34.2.1 Finance leases

The Council has no finance leases as lessor.

### 34.2.2 Operating leases

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

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

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

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

### 35. Impairment losses

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

### 36. Termination benefits and exit packages

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

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

	Number of redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
							£000	£000
£0 - £20,000	2	1	6	4	8	5	42	22
£20,001 - £40,000	-	-	2	-	2	-	49	-
£40,001 - £60,000	-	-	1	-	1	-	57	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
	<b>2</b>	<b>1</b>	<b>9</b>	<b>4</b>	<b>11</b>	<b>5</b>	<b>148</b>	<b>22</b>

### 37. Defined benefit pension schemes

#### 37.1 Participation in pensions schemes

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

The Council participates in two post-employment schemes:

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

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

### 37.2 Transactions relating to post-employment benefits

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

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

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

2021/22		2022/23
£000		£000
	<b>Movement in reserves statement</b>	
	Reversal of net charges made to the (surplus)/deficit on the provision of services for post employment benefits in accordance with the code	
(11,660)		(10,924)
	Actual amount charged against the general fund for pensions in the year:	
4,710	Employer contributions to the scheme	4,724
171	Retirement benefits payable to pensioners	170
<b>(6,779)</b>	<b>Total movement in pensions reserve</b>	<b>(6,030)</b>

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

### 37.3 Assets and liabilities in relation to post-employment benefits

Reconciliation of the present value of the scheme liabilities (defined benefit obligation):

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

Reconciliation of the fair value of the scheme assets:

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

Pension scheme assets comprised:

	31 March 2022				31 March 2023			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset
	£000	£000	£000		£000	£000	£000	
UK debt securities	-	9,506	9,506	5%	-	6,385	6,385	3%
Private equity	-	20,678	20,678	11%	-	23,409	23,409	12%
UK property	-	13,606	13,606	7%	-	12,322	12,322	7%
Overseas property	-	1	1	0%	-	-	-	0%
Cash	1,873	-	1,873	1%	4,557	-	4,557	2%
Other derivatives	-	392	392	0%	-	792	792	(0%)
<b>Other investment funds:</b>								
Equities	-	111,699	111,699	58%	-	104,226	104,226	55%
Infrastructure	-	15,394	15,394	8%	-	16,584	16,584	9%
Other bonds	-	20,593	20,593	11%	-	20,365	20,365	11%
	<b>1,873</b>	<b>191,869</b>	<b>193,742</b>		<b>4,557</b>	<b>184,083</b>	<b>188,640</b>	

### 37.4 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The local government pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2022.

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

The significant assumptions used by the actuary have been:

<b>2021/22</b>
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<b>2022/23</b>
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#### Mortality assumptions

##### Longevity at 65 for current pensioners:

22.0	Men	22.0
24.6	Women	24.6

##### Longevity at 65 for future pensioners:

22.8	Men	22.3
26.1	Women	26.0

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

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

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

### 37.5 Impact on the Council's cash flows

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

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

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

### 37.6 Scheme history

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

### 37.7 History of experience gains and losses

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

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

### 38. Nature and extent of risks arising from financial instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

#### 38.1 Credit risk

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

In relation to investments, the Council has adopted CIPFA's code of practice on treasury management in the public services, has an agreed treasury management strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's prudential code.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £75,951,000 (2021/22 £75,416,000) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2023 that this was likely to occur and there are no investments that as at 31 March 2023 were with institutions that had failed.

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

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

Amount at 31 March 2023 £000	Average historical experience of default	Historial experience adjusted for market conditions at 31 March 2023	Estimated maximum exposure to default and uncollectability at 31 March 2023 £000	Estimated maximum exposure to default and uncollectability at 31 March 2022 £000
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Sundry debtors	8,280	1.90%	1.90%	1,324	1,492
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No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and customers.

The Council does not generally allow credit for customers, such that £1,913,000 of the £8,280,000 balance is past its due date for payment. The due but not impaired amount can be analysed by age as follows:

31 March 2022 £000		31 March 2023 £000	
3,066	Less than three months	6,367	
302	Three to six months	144	
705	Six months to one year	516	
1,125	More than one year	1,252	
<u>5,198</u>		<u>8,280</u>	

## 38.2 Liquidity risk

The Council manages its liquidity position through the risk management procedures above as well as through cash flow management procedures required by the code of practice. In the event of an unexpected cash requirement the Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need. The Council is also required to provide a balanced budget through the Local Government Act 1992, which ensures sufficient monies are raised to cover the annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

## 38.3 Market risk

### 38.3.1 Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments and borrowings. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the (surplus)/deficit on the provision of services will rise
- investments at fixed rates – the fair value of the investments asset will fall
- borrowings at variable rates – the interest expense charged to the (surplus)/deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the borrowings liability will fall

Changes in interest payable and receivable on variable rate investments will be posted to the (surplus)/deficit on the provision of services or other comprehensive income and expenditure lines and affect the general fund balance, subject to influences from government grants. Movements in the fair value of fixed rate investments will be reflected in the other comprehensive income and expenditure line.

The Council has strategies for managing interest rate risk. The annual treasury management strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, fixed rate investments may be taken for longer periods to secure better long-term returns.

The treasury management team has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

### 38.3.2 Price risk

At 31 March 2023 the Council had £4,000,000 invested in the local authorities' property fund which is a professionally managed diversified property portfolio.

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

A loss of £736,000 in respect of the local authorities property fund has been recognised in other comprehensive income and expenditure in 2022/23 (2021/22 a gain of £666,000). This reflects general movements in the value of the shares, and the spread between the 'offer' price at which the shares were purchased and the 'bid' price that any purchaser would pay for them.

The Council does not invest in equity shares and is not exposed to losses arising from movements in the prices of the shares.

### 38.3.3 Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## 39. Provisions, contingent assets and contingent liabilities

### 39.1 Provisions

A provision is made where an obligating event is expected to occur within the next 12 months.

	Short term provisions		
	NDR appeals provision	Insurance claim	Total
	£000	£000	£000
<b>Balance at 1 April 2021</b>	<b>(1,770)</b>	<b>(13)</b>	<b>(1,783)</b>
Amounts used in 2021/22	946	-	946
Amounts charged to services in 2021/22	(294)	-	(294)
<b>Balance at 31 March 2022</b>	<b>(1,118)</b>	<b>(13)</b>	<b>(1,131)</b>
Amounts used in 2022/23	(1,318)	-	(1,318)
Amounts charged to services in 2022/23	1,118	-	1,118
<b>Balance at 31 March 2023</b>	<b>(1,318)</b>	<b>(13)</b>	<b>(1,331)</b>

- Non-domestic ratings (NDR) appeals – the council has made a provision of £3,294,000 for non-domestic ratings appeals which based upon its best estimates of the actual liability of known appeals as at the year-end. £1,318,000 would have to be borne by the Council, with the balance being met from the other preceptors. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.
- Insurance - this provision relates to a workplace related illness acquired by an employee who was working for a predecessor authority pre-1974. It has not been possible to identify the insurer who provided employees liability cover and consequently the Council will be responsible for the cost of the claim.

### 39.2 Contingent assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. At 31 March 2023, the Council had no material contingent assets.

### 39.3 Contingent liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2023.

2021/22		2022/23
Estimated value of contingent liability		Estimated value of contingent liability
£000		£000
2,700	<p><b>Environment related</b></p> <p>The Environmental Protection Act 1990 Part IIA makes the Council liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. If the planning application made to the County Council is approved, this will reduce the probability of abandonment and the likelihood of the Council becoming liable will reduce considerably.</p> <p>However, at this time there is a possibility that the Council could be liable if the site is abandoned. Current estimates are that the cost of leachate treatment would cost £150,000 per annum for 17 years (originally 30 years).</p>	2,550

2021/22 Estimated value of contingent liability	2022/23 Estimated value of contingent liability
£000	£000
652	654
<b>Corporate related</b>	
<p>Some years ago, the Council was insured by Municipal Mutual Insurance (MMI); unfortunately whilst the Council was insured by MMI they went into liquidation. Following the collapse of MMI, a scheme of arrangement was made that allowed MMI to 'run-off' the business and deal with outstanding claims. Due to the increasing numbers of liability claims that MMI continued to receive, MMI pursued the matter of their continuing liability through the courts. The supreme court gave judgement in March 2012. This clarified MMI's position in respect of future claims and led ultimately to increasing liabilities for MMI. The scheme of arrangement was enforced in January 2014. A £0.201m levy has been charged against the Council, which represents 25% of the total claims paid by MMI on behalf of the Council since 1993 (£0.858m) less a protected liability sum of £50k as agreed by the Financial Services Compensation Board.</p> <p>The contingent liability shown for 2022/23 is the balance of the total claims paid by MMI on behalf of the Council.</p>	

## Collection fund

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

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

### Notes to the collection fund

#### C1. General

The collection fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate collection fund. The statements show the transactions of the billing authority in relation to the collection from taxpayers of council tax and non-domestic rates (NDR) and its distribution to local government bodies and the government.

The Council has a statutory requirement to operate a collection fund as a separate account to the general fund. The purpose of the collection fund therefore is to isolate the income and expenditure relating to council tax and NNDR. The administrative costs associated with the collection process are charged to the general fund.

Collection fund surpluses declared by the billing authority in relation to council tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Huntingdonshire, the council tax precepting bodies are Cambridgeshire County Council, Cambridgeshire Police and Crime Commissioner and Cambridgeshire Fire Authority.

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in their area. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

Surpluses declared by the billing authority in relation to the collection fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by local authorities in England stipulates that a collection fund income and expenditure account is included in the Council's financial statements. The collection fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between Huntingdonshire District Council and the major preceptors in proportion to their demand on the fund for the year. The major preceptors' share of the assets and liabilities of the Collection Fund are shown as a debtor in Huntingdonshire District Council's accounts. Huntingdonshire District Council's share of the assets and liabilities are held in the Collection Fund Adjustment Account reserve.

#### C2. Calculation of council tax

Council tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A\* - H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the Council for the forthcoming year and dividing this by the council tax base (i.e., the equivalent number of band D dwellings).

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

### C3. Non-domestic rates

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

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

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

When the scheme was introduced, central government set a baseline level for each authority identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to central government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Huntingdonshire District Council paid a tariff of £18,536,234 from the general fund in 2022/23.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2023. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2022/23 has been calculated as £500,000 (2021/22: a credit of £1,632,000).

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

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### Glossary of terms

#### **Accrual**

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

#### **Actuarial assumptions**

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

#### **Amortisation**

The gradual write-off of initial costs of assets.

#### **Asset**

An item having value to the Council in monetary terms.

#### **Balance**

Unallocated reserves held to resource unpredictable expenditure demands.

#### **Business improvement district**

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

#### **Capital charges**

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

#### **Capital expenditure**

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

#### **Capital financing charges**

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

#### **Capital adjustment account**

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

#### **Capital receipts**

Income received from selling non-current assets.

#### **Carrying amount**

The value of an asset or liability in the balance sheet.

#### **CIPFA**

This is the Chartered Institute of Public Finance and Accountancy which is the body that represents accounting in the public sector.

#### **Collection fund**

A separate fund that records the income and expenditure relating to council tax and non-domestic rates.

#### **Community infrastructure levy**

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

#### **Contingent liabilities**

These are amounts for which the Council may be, but is not definitely, liable.

### **Council tax**

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

### **Creditors**

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

### **Current assets**

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

### **Debtors**

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

### **Depreciation**

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

### **Earmarked reserves**

Money set aside for a specific purpose.

### **Exceptional item**

A material item in the comprehensive income and expenditure statement that falls within the ordinary activities of the Council, but which needs to be disclosed separately by virtue of its size to give a fair presentation of the accounts.

### **Fair value**

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

### **Finance lease**

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

### **Impairment**

A reduction in the value of property, plant and equipment to below its carrying amount on the balance sheet.

### **Impairment of debts**

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

### **Intangible assets**

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

### **Liabilities**

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

### **Liquid resources**

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

### **Local enterprise partnership**

A government initiative to boost economic growth within defined and agreed geographical areas. Funding to enable this growth is derived from the non-domestic rates collected for that area and channelled into the "partnership" to fund schemes.

### **Minimum revenue provision**

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

### **Non-domestic rates**

Rates which are levied on business properties. From 1st April 2013, as a consequence of the Local Government Finance Act 2012, a local non-domestic rating regime was introduced that included the business rates retention scheme (see also tariff and safety net).

### **Operating leases**

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

### **Precept**

A payment to the Council's general fund, or another local council, from the Council's collection fund.

### **Prior year adjustments**

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

### **Property, plant and equipment**

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

### **Provisions**

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

### **Reclassification**

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

### **Responsible financial officer**

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

### **Restated**

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

### **Revenue expenditure funded from capital under statute**

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

### **Revaluation reserve**

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

### **Revenue expenditure**

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

### **Revenue support grant**

A grant from central government towards the cost of providing services.

**Safety net**

The scheme for localising non-domestic rates (NDR) includes a safety net provision. Where the actual NDR after tariff is less than 92.5% of the funding baseline, central government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

**Section 106**

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

**Tariff**

The scheme for localising non-domestic rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays central government a tariff equal to the difference between the two baselines.

**True and fair view override**

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

**Abbreviations**

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

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