



Statement of Accounts 2019/20

Uttlesford District Council



Uttlesford District Council
London Road
Saffron Walden
Essex
CB11 4ER

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Accounts Overview

Uttlesford District Council



Address:
Uttlesford District Council
London Road
Saffron Walden
Essex

NARRATIVE REPORT

Introduction

The Statement of Accounts presents the financial results of the Council's activities for the year ended 31 March 2020, and summarises the overall financial position of the Council as at 31 March 2020. This Narrative Report sets out the key issues and is intended to give the reader an insight into the Council's performance during 2019/20.

The Council is required by law to complete its accounts in line with the CIPFA Code of Practice on Local Authority Accounting and constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The Code is based upon International Financial Reporting Standards (IFRS). The Code reconciles IFRS with the statutory local government finance framework. This is necessary because there are material differences between what IFRS states should be included in the accounts, and what legislation states should be financed by a local authority and local Council taxpayers.

Uttlesford District

Uttlesford is a thriving, predominantly rural district in north-west Essex encompassing Saffron Walden, Great Dunmow, Stansted Mountfitchet and Thaxted with about 100 villages and hamlets in between. Geographically Uttlesford is the largest district in Essex, and has a population of approximately 85,000. It is home to London Stansted Airport and major road and rail networks with links to London to the south and the historic city of Cambridge to the north. Uttlesford offers a good quality of life with both new development and an historic and rural environment existing in harmony.

The Council offices are based in the market town of Saffron Walden, with its array of independent and unique boutique shops, cafes, restaurants and galleries, surrounded on all sides by fields and picturesque villages.

Uttlesford – The Council

On the 2 May 2019 district Council elections were held and the local independent party, Residents for Uttlesford (R4U) gained a majority of 26 seats out of 39. The Liberal Democrats became the official opposition party with 7 seats, the Conservatives retained 4 seats and 2 seats were won by independent members. During the year there have been some changes to the political make-up with 3 members of R4U moving to the Green Party and 2 Liberal Democrats forming a new independent group for Thaxted and the Eastons. One of the elected members for Newport ward who was a member of the Green Party has resigned. Due to the current Covid-19 pandemic restrictions no election for the vacancy will be held before May 2021.

As at 31 March 2020, The Council is governed by 39 members (with one vacant seat) and is made up of 23 Residents for Uttlesford, 5 Liberal Democrats, 4 Conservatives, 2 Green Party, 2 Independents for Great Chesterford, and 2 Thaxted and the Eastons Independents who represent 22 wards made up of 60 parishes.

The Council operates a Cabinet system, with The Leader having responsibility for the appointment of members to the Cabinet, allocation of portfolios and delegation of executive functions.

The key services and activities of the Council are the provision of Council housing, refuse collection & recycling, litter picking, planning, building control, economic development, environmental health, housing and Council tax benefits, Council Tax and Business Rates collection, off street car parking, community safety, healthy lifestyles and wellbeing, and voluntary sector support, leisure centres, museum and licensing. Other key local authority services such as social care, education and roads are provided by Essex County Council. For more information about Uttlesford District Council please visit the Council's website at www.uttlesford.gov.uk

As at 31 March 2020, the Council employed 388 employees in established posts (339.80 full time equivalents) and 203 (52%) of these employees are women. The Council has 17 senior management posts of which 9 are held by women; staff declared themselves as 89% White British and 10% to be Black, Asian and Minority Ethnic; 2% of employees have registered disabilities.

For more equality information and a breakdown of employees please refer to our Equalities information and equalities duty 2019 report at the following link [Equalities and Diversity Report](#)

In January 2015 the Living Wage Foundation accredited the Council as a Living Wage Employer.

Covid-19 Pandemic

The Council began to consider the implications of the spread of coronavirus in January 2020 by reviewing its corporate business continuity plan and the Stansted Airport Health Plan; the first message to its staff regarding advice and guidance was sent on 11 February and included reference to dedicated intranet pages. The implications for work at Stansted Airport was considered with scenario planning and regular calls regarding imported food and all managers reviewed their business continuity plans with a health epidemic in mind.

An internal working group was established in February, which then became the tactical coordinating group once a formal incident was declared in March and a command structure was initiated. The Council was (and remains) fully engaged with the Essex Resilience Forum.

The Council moved quickly to enable staff to work from home, where possible, once the 'lockdown' was announced by the Prime Minister on 23 March and by mid-April had nearly 180 people working from home.

The pandemic has seen a dramatic change in focus and priorities as all the Council's service teams work to provide support and advice to both residents and businesses across the district, ensuring the effective communication of Government guidance and support packages.

Officers effectively administered the Government funded Business Support Grant scheme for Small Businesses and for the Retail, Hospitality and Leisure sector plus the Discretionary Grant Fund for small and micro businesses that did not qualify for the initial grant scheme. The Hardship Grant fund was also put in place providing additional financial support to those residents who were either unemployed or on a low income.

The Uttlesford community hub and helpline was set up by the Communities team in partnership with the Uttlesford Council for Voluntary Services (CVSU) and Volunteer Uttlesford. The team has taken over 1,500 calls and responded to 1,100 emails, more than 330 volunteers are registered with the hub and the team is continuing to link volunteers to those who need support. The hub has been in contact with all of our high risk residents to offer help and support as part of the nationwide 'Operation Shield'. The response team is now refocusing the support to the community to offer signposting to advice on the emerging issues that arise when moving to the next stage of the pandemic with a particular focus on Mental Health, Social Isolation and Domestic abuse issues.

The Covid-19 pandemic is putting significant pressure on the 2020/21 budget, mainly around lost income rather than the direct cost of fighting the disease. Whilst the Government has provided the Council with approximately £930,000 of additional funding this is currently expected to fall short of the actual impact on our finances. Government has indicated that the money provided is sufficient to meet our needs and no additional money will be forthcoming. Government has also requested details of available Reserves we hold, that could be used if necessary.

The announced delay in the reviews of Fair Funding, Business Rates and New Homes Bonus will likely lead to another one year settlement. This generally results in Uttlesford receiving a favourable settlement, mainly down to the amount of New Homes Bonus received. However, due to the pandemic it is unlikely that housing delivery will be on a similar level as previous years and, if the award is calculated in the same way as previous years, this will have a significant impact on the allocation we receive in 2021/22.

The Council is working on its recovery plan and this includes supporting Local Businesses to enable the safe opening of the High streets. It is too early to confidently predict the impact of the pandemic on the Council's finances or how well the local economy will recover in the coming months. Officers will continue to monitor the situation and update Members as the situation evolves.

Corporate Plan

The Corporate Plan is the key document that sets out the Council's vision and priorities for the next four years and forms part of a wider strategic planning framework directing how and where Council resources are allocated. It is accompanied by a delivery plan which sets out the activities and milestones to measure the performance against the priorities. The Corporate Plan is reviewed annually to ensure it remains fit for purpose and reflects the needs and priorities of the residents, local communities and businesses of the District.

The Corporate Plan that provided the planning framework which guided the Council in 2019/20 was adopted at the Full Council meeting in February 2019 by the previous administration. The new administration continued to work within this framework but adapted this to provide additional focus on environmental and green issues and the Local planning process.

A new Corporate Plan was presented by the Cabinet to all members and adopted at the Full Council meeting on 25 February 2020, full details can be found at the following link: [Corporate Plan 2020-2024](#) and the key priorities are summarised below:

- **Putting Residents First**

We will: be a Council that listens and acts for residents; delivers outstanding levels of transparency and accountability; be responsible with residents' money and mitigate the impact of government cuts

- **Active Place-Maker for our Towns and Villages**

We will: masterplan new communities for and with residents; support neighbourhood planning; work with the airport on issues of concern to communities; support employment and retail areas; deliver more affordable homes; promote healthy lifestyles

- **Progressive Custodian of our Rural Environment**

We will: take action on climate change; conserve our natural resources; protect and enhance our rural character and heritage; take strong action on dealing with pollution

- **Champion for our District**

We will: improve Uttlesford's connectivity; support our students, schools and libraries; work with partners to keep the district safe; work to create a better local health service for residents

The Annual Governance Statement is included is a key document in the Statement of Accounts and can be viewed on pages 120 to 129, this sets out the Council's Governance Framework, reporting on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for. In addition the Council maintains a Corporate Risk Register which is updated bi annually and presented to the Governance, Audit and Performance Committee

The key strategic risks the Council are currently facing are the recovery of the economy both locally and nationally from the Covid-19 pandemic and the possibility of a second wave. The pandemic has also led the Government to review and signal its intent for outline proposals for a comprehensive reform of the planning system.

Financial Outlook

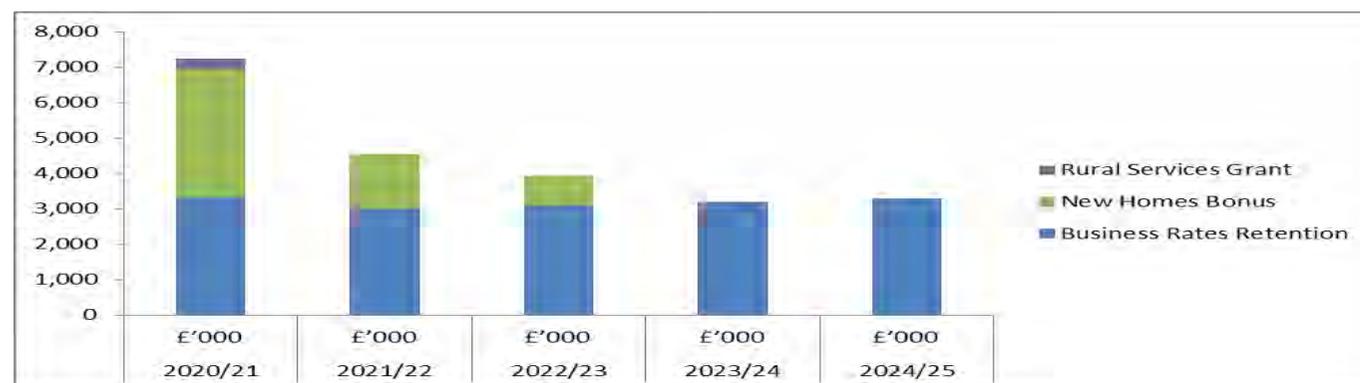
The Council's budget and associated strategies for 2020/21 including the Medium Term Financial Strategy (MTFS) for the period 2020 – 2025 were approved at the Council meeting on the 25 February 2020.

The MTFS is the Council's plan on how it will manage its financial position over a five year period, providing an overall spending position and highlighting areas of risk to ensure Members and Chief Officers can make informed decisions and maintain the Council's financial stability.

Local government funding has changed significantly over the last few years and further reforms are planned and these will have a significant impact on the way Local Authorities (LA) are funded by reassessing the methodology for calculating a LA's 'funding need'. The mechanism for these changes are being assessed through the Fair Funding Review of Needs and Resources and this is closely linked to the reform of the Business Rates Retention Scheme, through which local authorities will move from 50% to 75% retained income. The introduction of NHB coincided with the transitional loss of Revenue Support Grant meaning the Council had little choice but to include the NHB income stream in its base budget. The new funding structure will see the end of the New Homes Bonus (NHB) and it is unclear what will replace this, although it is expected that a scheme will be introduced around Housing needs and planning performance.

The new funding methodology was due to be implemented in 2020/21 but other Government priorities around EU Exit and an unplanned General Election caused this to be delayed and a one year settlement was issued.

The following table sets out the MTFS funding position as approved by Council for the 2020/21 budget setting process and these figures are based on the reforms being in place from 2021/22 and highlights the impact of the NHB being removed. Full details of the MTFS and associated strategies are available on the Council's website and can be accessed using the following link: [MTFS and Budget 2020/21](#)



Commercial Strategy – Investments to support deficit

In response to the Government's review of the funding allocations for Local Authorities the Council has put in place a Commercial Strategy for the next four years and this was approved at Full Council in February 2020. The Commercial Strategy sets out an ambitious plan of activity with a total of long term investments of £300million to support the Council's financial stability and maintain good quality service provision to its local residents and businesses. This £300million includes the commercial investment already undertaken in respect of the loan to Aspire (CRP) Ltd. Since the start of 2020/21 the Council Investment Board has approved six further investments totalling circa £107 million, and approved a further loan of £2.6 million to Aspire (CRP) Ltd. The acquisition of these investments is ongoing.

Local Plan

Following the submission of The Local Plan in January 2019, Hearing sessions took place during the summer of 2019 to consider the strategic elements of the Local Plan. The Planning Inspector's considered all of the evidence submitted and subsequently wrote to the Council in January 2020 with their initial findings. After careful consideration of the Inspector's comments, and following the guidance of external experts from the East of England Local Government Association, members took the decision to withdraw the Plan in April 2020.

The Council are now looking forward to creating a new and robust Local Plan which will focus on sustainable growth and benefits for the entire district. A new Statement of Community Involvement will be prepared to ensure that the local community in its widest sense (residents, businesses and the Town and Parish Councils) are involved in the preparation of the Plan in a positive and engaging way and the Council will begin by developing a consensus on what the plan will aspire to achieve.

The Council's decision commits it to having an up to date plan in place by the government deadline of December 2023.

Key achievements

The Council and its partners have worked hard on initiatives, partnerships and projects to bring the Corporate Plan priorities to life and deliver quality services in the most efficient way. Below is a summary of some of the key achievements this year:

Uttlesford Norse Ltd (UNL) Joint Venture

In November 2019 Cabinet approved a Joint Venture (JV) with the Norse Group, (a wholly owned subsidiary of Norfolk County Council, the largest local authority trading company in the UK) for the provision of planned and responsive repairs for Housing along with facilities and cleaning. UNL become full operational with all staff and service functions formally transferring on the 1 April 2020.

The UNL partnership will provide the Council with resilience, quality of service and economies of scale on the procurement of supplies and services. To remain a viable service without Norse, the Council would have needed to invest heavily in its ICT and operating systems of work.

The UNL partnership will also look to provide and bid for work in the commercial market, for example, expanding the cleaning function to bid for private contracts. Profit from these activities is shared 50:50 between Norse and UDC.

Customer Services Experience

The Council has made it easier than ever for customers to access important information about their Council tax bills with the launch of Council Tax Online in 2019/20. Through this new facility residents can set up an account and easily view their balance, make payments and register for an e-bill. The Council also launched Benefits Online, through which claimants can apply for certain benefits and check the status of their applications.

Economic Development Team - Supporting Local Businesses

The past year has been very busy for the Economic Development Team, who worked with a wide range of partner agencies to progress a number of different agendas. These included the construction of digital infrastructure across the district and the development of a new website for Uttlesford businesses. The team were also involved in the development of a Cross Border Tourism Group and worked to support the Great Dunmow market and town centre.

The set up of the Saffron Walden Business Improvement District (SWBID) was supported by the Economic Development Officers and started trading on 1st December 2018. Officers continue to provide support to the SWBID team to deliver initiatives to raise the profile of Saffron Walden as a tourist and shopping destination. The team also provides support to local businesses and high streets in other areas of the District.

Housing

In line with the 30 year housing development business plan to provide social housing that meets the 'decent homes standard' and provides affordable housing; the Council has delivered 8 new build properties, 4 in Newport and 4 in Dunmow, plus 6 properties were purchased from the open market using Right to Buy Receipts. The Council has begun a new project in Little Dunmow that will deliver 16 new properties, 8 of which will be delivered at social rent due to a successful bid for funding from Homes England.

Recycling

The waste and recycling officers have continued to actively drive up the rate of recycling with local campaigns in schools and focussed leaflet distribution to raise awareness on the impact of recycling household waste.

Local Democracy

The Council successfully held elections for all district and parish Council seats in Uttlesford as well as a neighbourhood plan referendum in Felsted. It also met the challenge of organising unexpected European Union and Parliamentary General Elections. At a district level, 26 out of 39 Uttlesford Councillors were newly elected. The Council arranged an extensive member induction and development programme to help provide the skills and knowledge needed by Councillors to work effectively.

Museum Lottery Fund Project

Following the successful application in 2018/19 to the National Lottery Heritage Fund's Resilient Heritage grants programme, in 2019/20 the Council embarked on the first step in its long-term development programme for Saffron Walden Museum.

Two consultancies were appointed to lead on an audience development study to provide an in-depth analysis of the Museum's actual and potential visitors, and on a feasibility study with options appraisal and business plan, to determine the optimum way to develop the Museum and provide a costed plan. By the end of 2019/20 both work streams were well underway, with final reports expected during 2020/21. Other strands of the project include developing the fund-raising capacity of the Museum Society, which uses its charitable status to raise money for capital projects, and to support and mentor Museum staff and volunteers, who will be taking on a considerable challenge to run a major project alongside day-to-day service operations.

Website Accessibility

An independent company on behalf of Society of Information Technology Management have carried out a survey on all Local Authority websites and ranked them on their accessibility; Uttlesford has scored a rating of 81 out of 100 and has been classified as 'Great'. This score means that the Council ranks as the second best in Essex for our website accessibility.

Apprenticeship Levy

The Council was able to offer six apprenticeships during 2019/20, using the Apprenticeship Levy to upskill existing staff to help deliver better services in disciplines including Building Control, Procurement and Planning. During 2019/20 the Council paid £38,006 into the Apprenticeship Levy scheme, which was 0.5% of the pay bill.

Financial Performance – 2019/20

The following are the key factors that can affect the Council's financial position:

Income

- Fees and charges e.g. car park charges, garden waste income, planning fees
- Specific government grants e.g. benefits subsidy
- Rents and service charges (Housing Revenue Account only)
- Income generated from the investment in the Council's wholly owned company Aspire (CRP) Ltd.

Expenditure

- Employee costs including salaries, national insurance and pensions
- Premises costs including energy costs, rates and building maintenance
- Transport costs including fuel and vehicle maintenance
- Inflationary increases in contracts
- Support payments such as Housing Benefit and Local Council Tax Support

A summary of the key operational financial results for 2019/20 are shown in the following tables. The figures shown are direct costs and income only, rather than the accounting basis used to produce figures for the Core Financial Statements. However the bottom line results are consistent with the movement in usable reserves as shown in the core accounting statements in the main body of this document.

Full and detailed outturn reports for the General Fund Revenue Account, Housing Revenue Account, Capital Programme and Treasury Management will be presented to members at Cabinet on the 9 July 2020. All reports will be available for the public to view on our website from 29 June 2020 and are presented to Cabinet on the 9 July 2020, they can be accessed using the following link [Budget Outturn 2019/20](#)

General Fund Reserves

The Council's reserves have increased by a net £3.347million. The key items that attribute to the increased reserves position are the prior year's surplus for Business Rates income and funding received during 2019/20 which has been earmarked to support the funding reforms and the EU exit agenda. The planning and development reserves show funds that were allocated to the Local Plan and Garden Communities delivery in 2019/20 being carried forward to 2020/21.

£'000	31 March 2019	31 March 2020	Net Increase/ (Decrease)
Useable Reserves (available to spend)	14,205	15,193	988
Ringfenced Reserves (set aside for specific uses)	3,215	5,574	2,359
	17,420	20,767	3,347

The above reserves table excludes the revenue outturn surplus of £0.191million; this is subject to approval by Cabinet on 9 July 2020.

General Fund Revenue Account

After allowing for transfers to and from the reserves this leaves net revenue underspends on General Fund expenditure of £0.191million.

£'000	Original Budget	2019/20		Variance
		Current Budget	Outturn	
Portfolio (Service) Budgets	12,948	12,948	11,891	(1,057)
Corporate Items	(1,705)	4,031	(1,909)	(5,940)
Funding	(7,609)	(7,609)	(7,864)	(255)
Net Operating Expenditure	3,634	9,370	2,118	(7,252)
Transfers to/(from) Reserves	2,023	(3,713)	3,348	7,061
Overall Net Position	5,657	5,657	5,466	(191)
2019/20 Underspend				(191)

The portfolio service budgets show a year end surplus of £1.057million. This is mainly due to various work streams and projects being carried forward to 2020/21. A total of £0.901million will be added to reserves and reallocated in 2020/21, this leaves an actual underspend for the delivery of services of £0.156million. The variances and net additions to reserves are detailed by portfolio in the table below.

The corporate items are reporting a year end underspend of £5.940million and this relates to the financing of schemes within the 5 year Capital Programme 'slipping', meaning that expected in year expenditure will not be incurred and this will now be applied to the following year. This slippage has a direct correlation to the reserves increase as any financing underspends are added to the reserves ensuring that the schemes are supported in future years.

Direct Services Variance Analysis

£'000	Original			Reserves movement	Actual Service Variance
	Budget	Actual Spend	Total Net Variance		
Communities & Partnerships	853	1,221	368	408	(40)
Housing & Economic Development	1,792	1,487	(305)	(208)	(97)
Environmental Services	4,122	3,270	(852)	(928)	76
Finance & Admin	6,181	5,912	(268)	(173)	(95)
Total Service Variances	12,948	11,890	(1,057)	(901)	(156)

Housing Revenue Account (HRA) Reserves

The HRA is governed by the 30 year Business Plan where its delivery is overseen by the Council's Housing Board. The Business Plan sets out priorities for improving existing housing stock and identifies sites for redevelopment and new-build Council housing. The current Business Plan is scheduled for review during 2020 and this is reflected in the Corporate Plan.

The HRA shows a reduction in total reserves of £1.230 million which has been used to fund the capital housing programme, for new homes, sheltered housing and maintenance of the existing housing stock.

£'000	31 March 2019	31 March 2020	Net Increase/ (Decrease)
Useable Reserves (available to spend)	2,553	1,555	(998)
Ringfenced Reserves (set aside for specific uses)	489	514	25
	3,042	2,069	(973)
Major Repairs Reserve	473	216	(257)
Total Reserves	3,515	2,285	(1,230)

The above reserves table excludes the revenue surplus of £0.210million which is subject to approval by Cabinet on the 9 July 2020.

Housing Revenue Account Income and Expenditure

The net operating expenditure shows a year end surplus of £0.128million; income increases relate to lower level of void properties, a settlement sum relating to a compensation claim and the increased cost of housing repairs.

£'000	2019/20			
	Original Budget	Current Budget	Actual Outturn	Variance
Total Service Income	(15,352)	(15,352)	(15,938)	(586)
Total Service Expenditure	4,491	4,491	4,830	339
Total Corporate Items	10,710	10,710	10,980	270
Operating (Surplus) / Deficit	(151)	(151)	(128)	23
Use of Revenue funding and Reserves to support Capital Programme	2,151	2,151	1,918	(233)
Overall net budget position	2,000	2,000	1,790	(210)
2019/20 (Surplus) / Deficit				(210)

Capital Programme

The total allocation for the 2019/20 Capital Programme was £22.806million with total capital expenditure of £12.933 million and after allowing for capital slippage of £10.412million, to be carried forward to future years projects, this left an net overspend of £0.540 million.

£'000	Original Budget 2019-20	Current Budget 2019-20	Outturn	Outturn to Budget Variance	Request Slippage	Under / Over Spend (after slippage)
Total Community and Partnerships	110	164	220	56	30	86
Total Environmental Services	952	3,243	2,517	(726)	755	29
Total Finance & Administration	586	5,588	549	(5,039)	5,023	(16)
Total Housing and Economic Development	355	955	275	(680)	680	0
Total General Fund	2,003	9,950	3,561	(6,389)	6,488	99
Housing Revenue - General	3,595	3,985	4,038	186	20	206
Business Plan and New Builds (RTB 1-4-1)	5,174	6,491	4,325	(2,299)	2,093	(206)
Sheltered/redevelopment Schemes	1,000	2,379	1,009	(1,370)	1,811	441
Total HRA	9,769	12,855	9,372	(3,483)	3,924	441
CAPITAL PROGRAMME TOTAL	11,772	22,805	12,933	(9,872)	10,412	540

The key areas of slippage for the General Fund relate to the relocation of the Waste Depot which is currently sited in the centre of Great Dunmow and the Essex wide Superfast broadband project of which the Council is contributing towards.

The Housing Revenue Account has 2 main projects that have been re-profiled to future years, The Moors, Little Dunmow has been affected by the Covid-19 pandemic lockdown and availability of resources and supplies, with Walden Place being due to the complexity of the build, in particular the issue relating to its status as a listed building.

The Capital Programme is funded by a variety of sources and the following table shows how this was funded in 2019/20.

£'000	General Fund	Housing Revenue Account
Grants and Contributions	315	0
Revenue Contribution (RCCO)	406	1,894
Internal Borrowing	2,303	0
Reserves	496	997
S106	0	349
Capital Receipts	41	1,517
Major Repairs Reserve	0	4,614
	3,561	9,372
Total Financing		12,933

Treasury Management

Treasury Management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy.

The Council holds significant invested funds, representing income received in advance of expenditure plus cash balances and reserves held. During the year, the Council's investment balances averaged between £10 and £20million due to timing differences between income and expenditure. The average interest rate achieved for the year was 0.53%.

At 31 March 2020 the Council held £116.9million of loans, as part of its strategy for funding previous and current years' capital programmes and investments. The average interest rate over the financial year for long term borrowing was 2.92% and 0.75% for short term borrowing.

The long-term borrowing of £92.4 million relates to:

- In 2012 the Council purchased the housing stock for £88.4million with no repayments for five years. The HRA started making principal repayments of £2million per annum in 2017/18; the current balance of the outstanding borrowing is £82.4million.

- On 3 July 2017 the Council entered into a loan agreement with Phoenix Life Limited to borrow £37million at a fixed rate of 2.86% over 40 years, with no principal repayments until 5 January 2022 to fund part of the investment of £47.25 million in Aspire (CRP) Ltd. The loan profile was set to be drawn down in three separate stages:
 - £10 million on 3 July 2017
 - £12 million on 3 July 2020
 - £15 million on 3 July 2021

The Council entered into the forward starting loans to provide a low risk approach which minimised future interest rate risk whilst maximising investment returns. A measured approach was taken to the borrowing profile to fund the investment making it possible to drawdown the funding in stages and take advantage of inter authority borrowing for short periods of time at an average interest rate over the course of the year of 0.75% where our cash balances were insufficient. Due to the Council's predicted future cash flows the total investment did not need to be borrowed externally and the Council will continue to fund the remaining £10.25million from internal cash balances and short term borrowing from other local authorities.

The principal repayment was deferred until January 2022 to allow for further investment focusing on future development of the Park and increase income returns.

Employee Pension Scheme

The accounts show an updated view of the Council's share of the assets and liabilities of the Pension Fund, administered by Essex County Council. An independent body, Barnet and Waddington, has carried out an expense calculation and provided a report on the financial performance of the fund. The report has been prepared in accordance with International Accounting Standard 19.

The Council's estimated pension deficit is £31.86million as at 31 March 2020; this reflects an in-year increase in the liability of £1.08million, this is due to the reduction in pension fund asset values of £4.06million, largely due to the impacts of Covid-19 and a £2.98million net reduction in liabilities, lower discount rates which were offset by adjustment for the McCloud judgement.

An actuarial valuation is carried out every three years to set the contribution levels for the pension deficit. The last valuation was carried out in March 2016 and Essex County Council provides a breakdown of the required payments to offset the deficit. This includes various payment options and the Council took the option of paying a discounted three year upfront payment of £1.17million, with 2019/20 being the final year. The Council also paid an in-year pension contribution rate of 16.8% for all employees that are in the pension scheme. The annual contributions made for 2019/20 were £1.59million from employers and £0.66million from employees.

McCloud

The results in the Council's IAS19 report include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases. This allowance was incorporated into the accounting results as at 31 March 2019, as a past service cost, and an impact analysis report was provided. We have made a consistent adjustment to the results of full valuation at 31 March 2019 which have been rolled forward and re-measured to obtain the accounting results as at 31 March 2020.

The estimated impact allowed was based on the analysis carried out by GAD, detailed in their report dated 10 June 2019. However, GAD's analysis was on a worst case scenario basis and so assumed that all members would be granted the final salary underpin; which was previously only available to members within 10 years of retirement at 31 March 2012.

In allowing for the impact in the Council's IAS19 report, we adjusted GAD's estimate to include only members that were active on 31 March 2012. This is in line with that proposed in the Government's consultation, published 16 July 2020. We also adjusted to reflect the salary growth assumption adopted for the accounting disclosures and adjusted for the Employer's membership profile. Therefore, our allowance reflects the actual remedy proposed and the employer's profile so we do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. We do not believe any further estimates could be any more accurate and any more accurate calculations would require a significant volume of member data and the agreed remedy set out in Regulations which is of course not yet available.

Performance indicators

Key performance indicators are set annually to monitor service performance. A summary of the key indicators are listed below and full details of the Council's performance was presented to the Governance, Audit and Performance Committee on 27 May 2019. The full report can be found on the internet page.

Key Performance Indicators for Services	2018/19		2019/20	
	Target	Actual	Target	Actual
Business Rates collected	98.80%	98.85%	99.00%	99.54%
Council Tax collected	98.80%	99.17%	98.80%	98.80%
Local Council Tax Support contribution collected	89.00%	89.44%	89.00%	96.97%
Rent collected as percentage of rent owed		98.57%		98.64%
Accuracy of processing Housing Benefits claims	98.00%	98.71%	98.00%	98.97%
Average number of days to process new Housing Benefit claims	22	20.5	22	15.5
Average number of days to process a change of circumstances	7	5.7	7	5.2
Domestic collections of waste and recyclables successfully made on first visit	99.90%	99.92%	99.95%	99.97%
Household waste sent for reuse, recycling and composting	53.00%	49.69%	51.00%	50.26%
Customer enquiries resolved at first point of contact	80.00%	87.00%	85.00%	85.00%
Supplier invoices paid within 30 days	98.00%	98.97%	98.00%	99.26%
Average number of days to pay supplier invoices	11	8.1	11	6.9
Sundry Debtor Income (debt older than 90 days and not subject to payment arrangement)	4.00%	2.60%	4.00%	0.60%

Financial Statements and what they mean

Group Accounts (page 1-14)

These statements and notes show the consolidated position of the Council with its wholly owned company trading as 'Aspire Ltd'.

Movement in Reserves Statement (page 15)

This statement shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves (those that can be used to fund expenditure) and Unusable Reserves (those held to manage the accounting process). The (surplus)/deficit on the Provision of Services line shows the true economic

cost of providing the Council's services, details of which are shown in the Comprehensive Income and Expenditure Statement. Adjustments between the accounting basis of measuring cost and the statutory basis are shown, to derive a net increase/decrease in usable and unusable reserves.

Comprehensive Income and Expenditure Statement (page 17)

This statement shows the cost of providing services in accordance with accounting rules, rather than the statutory amounts to be funded from taxation. Expenditure is categorised under standard headings that differ from the actual operational structure of the Council.

Balance Sheet (page 18)

This statement is fundamental to the understanding of the Council's financial position at the year-end. It shows the value as at 31 March of the Council's assets and liabilities. The Council's net assets (i.e. assets less liabilities) are matched by reserves held by the Council, analysed between Usable Reserves (available to fund expenditure) and Unusable Reserves (held to manage accounting items, not available to spend).

Cash Flow Statement (page 19)

This statement shows the changes in the cash flow position of the Council during the financial year, and sets out the sources of funds and what they are spent on.

Notes to the Core Financial Statements (page 20)

These notes provide additional supporting information to the figures included within the core financial statements.

Housing Revenue Account (HRA) Comprehensive Income and Expenditure Account (page 92)

The HRA fulfils the statutory requirement to maintain a separate ring-fenced revenue account for local authority social housing provision. This statement shows in more detail the income and expenditure on HRA services included as a one line summary in the Comprehensive Income and Expenditure Account.

Collection Fund (page 98)

This shows the transactions of the Council as a billing authority relating to Council Tax and Business Rates, and shows the distribution of this income between Central Government and local preceptors Essex County Council, Essex Fire Authority, Essex Police and Crime Commissioner and Town and Parish Councils. The Police and Crime Commissioner, Town and Parishes are preceptors for Council Tax only.

Principal Risks and Uncertainties

The preparation of the Statement of Accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

- Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible Assets respectively. This enables the assets to be written down over their estimated useful lives and show an appropriate cost of the asset in the Comprehensive Income and Expenditure Statement. Management judgements are based on independent external advice to determine the useful economic lives of the Council's property.
- Property, Plant and Equipment are reviewed for both economic and price impairment on an annual basis. As at 1 April each year the Council's valuers carry out a valuation review of the Council's assets. In addition a year-end impairment review is also undertaken. The recoverable amount is then estimated having regard to the application of the concept of materiality.
- Pension liability estimation of future payments due depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase in the long term, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are completed by the Essex County Council Fund Actuaries.
- Business Rate appeals recognised in the provision are based on a calculation provided by our external valuers Analyse Local. This determines the likely effect of appeals in terms of effect on rateable value (RV), the timing of the losses expected and the overall percentage reduction in RV. Whilst the figure provided in the accounts is expected to be materially accurate a small variance in actual appeal costs incurred may arise.

Audit of the Accounts

The final accounts will be published following completion of the audit by the External Auditor, BDO LLP, 16 The Havens, Ransomes Europark, Ipswich IP3 9SJ.

Further Information

The Council produces a detailed Budget Book, which sets out the financial plans for the following financial year. A copy of this may be obtained by contacting Angela Knight, Assistant Director – Resources, at Uttlesford District Council, Council Offices London Road, Saffron Walden, CB11 4ER. Email aknight@uttlesford.gov.uk

For more information visit our website. <https://www.uttlesford.gov.uk/finance>

Adrian Webb

Director of Finance and Corporate Services

Section 151 Officer

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure 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 Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts (by delegation to the Performance and Audit Committee)

THE DIRECTOR OF FINANCE AND CORPORATE SERVICES – RESPONSIBILITIES

The Director of Finance and Corporate Services is 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 (the 'Code').

In preparing this Statement of Accounts, the Director of Finance and Corporate Services has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority 'Code'.
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of Uttlesford District Council and its Income and Expenditure for the year ended 31 March 2020.

Signature:

Adrian Webb
Director of Finance and Corporate Services

Date: *[INSERT DATE]*

APPROVAL OF THE ACCOUNTS

I confirm that the Statement of Accounts was approved by a resolution of the Governance, Audit and Performance Committee on *[INSERT DATE]*

Signature:

Councillor Edward Oliver
Chairman Governance, Audit and Performance Committee
Uttlesford District Council

Date: *[INSERT DATE]*



Group Arrangement and Accounts

Uttlesford District Council



Address:
Uttlesford District Council
London Road
Saffron Walden
Essex

GROUP ARRANGEMENT AND ACCOUNTS

Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Council has interest in four companies that are classified as a subsidiary, all of which have been considered for consolidation. Only one of these, Aspire (CRP) Ltd is considered to be material to the financial statements. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Aspire (CRP) Ltd.

The following pages include:

- Group Core Statements
- Group accounting Policies
- Notes to the Group Accounts

Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with the entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Associates – where the Council exercises a significant influence and has a participating interest. No entities identified to be included in the group.
- Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.
- No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

The subsidiaries are exempt from the requirements of this Act relating to the audit of accounts under section 479A of the Companies Act 2006

In accordance with this requirement, the Council has determined its Group relationships as follows:

Aspire (CRP) Ltd	Company No. 10515074	Subsidiary	Consolidated
Aspire (CRP) General Partner Ltd	Company No. 10698674	Subsidiary	Not material
Aspire Holdings (UDC) Ltd	Company No. 10308884	Subsidiary	Not material
Aspire (MRH) Limited	Company No. 12283215	Subsidiary	Dormant

Subsidiaries

Aspire (CRP) Ltd

The company was formed on 7 December 2016 and its principal activity was acquiring, developing and holding property for investment purposes. This will continue to be the principal activity of the Partnership for the foreseeable future. The Company commenced trading on 15 May 2017.

On 3 May 2017 Uttlesford District Council loaned Aspire (CRP) Ltd the sum of £47.25million to enable it to form Chesterford Park Limited Partnership with Aviva Life and Pensions UK Limited and for the new partnership to acquire the investment property at Chesterford Research Park, Little Chesterford, CB10 1XL. In the financial year ending 31 March 2020 the Council had invested a total of £52.991million. The final accounts of the Company for the period ending 31 March 2020 will be audited by BDO. Copies of the accounts may be obtained from Companies House or by request to the Council.

The Directors received no emoluments for services to the company for the financial period.

Aspire (CRP) General Partner Ltd

The General Partner was set up on 30 March 2017 to enable the joint venture to be created between Aviva Life and Pensions UK Limited and Aspire (CRP) Ltd. Based on materiality, no group accounts have been included with the Councils Statement of Accounts for 2019/20.

Aspire Holdings (UDC) Ltd

The Council's interests in the company extend to the company being deemed a subsidiary of Uttlesford District Council (UDC), with UDC being the parent of the group. The primary activities of Aspire Holdings (UDC) Ltd were the development of Council owned land and the market rent of developed properties. The company was proposed to provide a property maintenance service for the Aspire companies within the group and other businesses outside of the group. The company has three subsidiaries all of which are now dormant, the Aspire Property and Maintenance Services Ltd (Company No. 10338675) started trading on a very small scale as from 1 April 2017 and in December 2018 become dormant and has not been consolidated into the Council's group accounts.

Basis of consolidation

The Group Accounts have been prepared using the group accounts requirements of the Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's group accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

The single entity accounts for the subsidiary accounts is prepared on the basis of FRS101, the Subsidiary has been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with The Code.

The subsidiary has the same accounting year end to the Council's.

Group Movement in Reserves

For the year ended 31 March 2020

2019/20	Group Usable Reserves	Group Unusable Reserves	Group Reserves
	£'000	£'000	£'000
Balance at 1 April 2019	(22,991)	(253,421)	(276,412)
(Surplus) or deficit on provision of services	7,087	-	7,087
Other CIES	-	14,685	14,685
Total CIES	7,087	14,685	21,772
Adjustments between accounting basis and funding basis under regulations	(9,974)	9,974	-
(Increase) / Decrease in Year	(2,887)	24,659	21,772
Balance at 31 March 2020	(25,878)	(228,762)	(254,640)

Group Movement in Reserves (continued)

For the year ended 31 March 2019

2018/19	Group Usable Reserves	Group Unusable Reserves	Group Reserves
	£'000	£'000	£'000
Restated Balance at 1 April 2018	(24,502)	(236,779)	(261,281)
(Surplus) or deficit on provision of services	(2,306)	-	(2,306)
Other CIES	-	(12,824)	(12,824)
Total CIES	(2,306)	(12,824)	(15,130)
Adjustments between accounting basis and funding basis under regulations	3,818	(3,818)	
(Increase) / Decrease in Year	1,511	(16,642)	(15,131)
Restated Balance at 31 March 2019	(22,991)	(253,421)	(276,412)

Group Comprehensive Income and Expenditure Statement (CIES)

For the Year ended 31 March 2020

Gross Expenditure	Gross Income	Net Expenditure		Note Reference	Gross Expenditure	Gross Income	Net Expenditure
2018/19	2018/19	2018/19			2019/20	2019/20	2019/20
£'000	£'000	£'000			£'000	£'000	£'000
2,748	(772)	1,976	Community & Partnerships		3,290	(785)	2,506
10,742	(6,273)	4,469	Environmental Services		11,037	(5,945)	5,092
22,007	(15,791)	6,216	Finance & Administration		21,489	(14,303)	7,186
2,516	(800)	1,716	Housing & Economic Development		2,797	(943)	1,854
8,014	(15,279)	(7,265)	Housing Revenue Account		19,765	(15,938)	3,827
1,946	-	1,946	Housing Revenue Account - Overheads		2,019	-	2,019
87	(1,946)	(1,859)	Corporate costs		113	(2,019)	(1,906)
32	(2,106)	(2,074)	Commercial Services		25	(2,058)	(2,034)
48,092	(42,967)	5,125	Cost of Services		60,535	(41,991)	18,544
		3,031	Other Operating Income and Expenditure				2,637
		6,326	Financing and Investment Income and Expenditure	A2			2,183
		(16,788)	Taxation and Non-Specific Grant Income	A3			(16,277)
		(7,431)	Corporate Amounts				(11,457)
		(2,306)	Group (Surplus)/Deficit				7,087
		(6,314)	Surplus on revaluation of Non-current assets				16,828
		(6,516)	Actuarial (gains)/losses on pensions assets/liabilities				(2,143)
		-	Other movements in Usable/Unusable Reserves				-
		(12,830)	Other Comprehensive Income and Expenditure				14,685
		(15,136)	Total Comprehensive income and Expenditure				21,772

Group Balance Sheet as at 31 March 2020

31 March 2019 £'000		Notes	31 March 2020 £'000
372,325	Property Plant & Equipment		349,875
951	Heritage Assets		1,091
263	Intangible Assets		270
46,282	Long-term Investments	A4	51,160
1,325	Long-term Debtors		1,242
421,146	Long-term Assets		403,638
12,000	Short-term Investments		11,922
45	Inventories		33
4,201	Short-term Debtors	A5	2,282
4,799	Cash and Cash Equivalents	A6	2,797
21,045	Current Assets		17,034
(19,000)	Short-term borrowing		(24,638)
(11,716)	Short-term Creditors		(9,465)
(1,432)	Provisions		(2,051)
(32,148)	Current Liabilities		(36,154)
(96,907)	Long-term Borrowing		(92,407)
(4,620)	Deferred Liabilities		(4,488)
(1,319)	Grant Receipts in Advance		(1,116)
(30,787)	Pension Scheme Liabilities		(31,867)
(133,633)	Long-term Liabilities		(129,878)
276,411	Net Assets		254,640
22,991	Usable Reserves	A7	25,878
253,420	Unusable Reserves		228,762
276,411	Total Reserves		254,640

Group Cash Flow Statement

For year ended 31 March 2020

2018/19 £'000		2019/20 £'000	Notes
2,306	Net surplus/(deficit) on the provision of services	(7,087)	CIES
9,983	Adjustments to net surplus/(deficit) on the provision of services - non cash movements	22,993	
(2,904)	Adjust for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	(5,300)	
9,385	Net cash flows from operating activities	10,606	A8
(7,649)	Net cash flows from investing activities	(12,346)	A9
(1,419)	Net cash flows from financing activities	(262)	A10
317	Net (decrease) in cash and cash equivalents	(2,002)	
4,482	Cash and cash equivalents at the beginning of the reporting period	4,799	
4,799	Cash and cash equivalents at the end of the reporting period	2,797	A11

SECTION A - NOTES TO THE GROUP ACCOUNTS

A1. Accounting Policies

1. General Principles

The Accounting policies of the Group are the same as those applied to the Council's single entity accounts except for the following policies which are specific to the Group Account.

2. Tax Expense

The tax expense represents the sum of the estimated tax currently payable and any adjustments from the previous years' estimate. The tax payable in respect of the year is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is an estimate based on similar transactions in the accounts to 2018/19. The final tax computation will be completed by December 2020. Grant Thornton are engaged to support the corporation tax computation for Aspire (CRP) Limited.

3. Disclosures

The group account disclosures illustrate the material variances between the UDC accounts and the consolidated group.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A2. Investment and Financing Income and Expenditure

2018/19 £'000		2019/20 £'000
3,412	Interest payable and similar charges	3,424
896	Pensions - Net interest on the Defined Benefit Liability/(Asset)	742
2,119	Changes in the Fair Value of investments	(1,886)
(101)	Interest Receivable and similar income	(97)
6,326	Total Investment and Financing Income and Expenditure	2,183

A3. Taxation

2018/19 £'000		2019/20 £'000
420	Profits chargeable to corporation tax	0
80	Taxation on ordinary activities	(80)

Corporation tax paid by Chesterford Research Park Limited in which Aspire (CRP) Limited holds its investment has been identified as the cost bearer of all corporation tax prior to the profit share to Aspire (CRP) Ltd resulting in the corporation tax due for Aspire (CRP) Ltd being £0 for 2018/19 assuming the business and accounts do not have material changes in the preceding years there will be £0 corporation tax and an over accrual of £80k has been recognised in the 2019/20 accounts.

NOTES TO THE BALANCE SHEET

A4. Long-term Investments

2018/19		2019/20
£'000		£'000
43,706	IFRS 9 Balance at 1 April	46,282
2,000	Additional investment	3,000
576	Gain/(Loss) in fair value adjusted for 19/20	1,878
46,282	Investment balance at 31 March	51,160

Under IFRS 9 investments are held at fair value and charged through the CIES.

A5. Short-term Debtors

31 March 2019		31 March 2020
£'000		£'000
1,029	Central Government Bodies	431
619	Other Local Authorities	896
4,009	Other entities and Individuals	2,510
5,657	Total Debtors	3,837
(1,456)	UDC impairment Allowances	(1,555)
4,201	Net Total	2,282

NOTES TO THE BALANCE SHEET (continued)**A6. Cash and Cash Equivalents**

31 March 2019		31 March 2020
£'000		£'000
2,525	UDC cash and cash equivalents	348
2,274	Subsidiary Cash at bank	2,449
4,799	Total	2,797

A7. Usable Reserves

31 March 2019		31 March 2020
£'000		£'000
	UDC Reserves	
1,272	General Fund Working Balance	1,311
16,147	General Fund Other Usable	19,648
489	HRA Working Balance	514
3,026	HRA Other Usable	1,980
3,674	Capital Receipts	2,235
1,079	Grants	1,014
25,687	Total UDC reserves	26,702
(1,894)	Consolidated adjustment to UDC	(2,080)
(802)	Profit/(Loss) from Subsidiary	1,256
22,991		25,878

The consolidated adjustment to UDC is the removal of the total inter-group interest on the loan from UDC to Aspire, the loan cost from Aspire to UDC is removed from the profit/loss from subsidiary line removing all inter-group transactions for the consolidation.

NOTES TO THE CASH FLOW

A8. Cash Flows from Operating Activities

2018/19 £'000		2019/20 £'000
2,306	Net surplus/(deficit) on the provision of services	(7,087)
	Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	
6,265	Depreciation	6,627
(1,949)	Impairment and downward valuations	10,021
70	Amortisation	85
-	Adjustments for effective interest rates	-
3,136	Increase/(decrease) in creditors	(883)
(820)	(Increase)/decrease in debtors	1,879
2	(Increase)/decrease in inventories	12
2,557	Pension liability	3,223
(547)	Contribution to provisions	619
1,280	Carrying amount of non-current assets sold	1,411
(11)	Other non-cash items charged to the net surplus or deficit on the provision of Services	(2)
9,983	Total	22,992
(2,904)	Adjustments for items included in the net (deficit) on the provision of services that are investing or financing activities	(5,299)
9,385	Net cash flows from operating activities	10,606

A9. Cash Flows from Investing Activities

2018/19		2019/20
£'000		£'000
(9,470)	Purchase of property, plant and equipment, investment property and intangible assets & movement in capital creditor	(12,644)
(1,194)	Movements in net short term investments	(2,684)
-	- Other payments for investing activities	-
1,716	Proceeds from sale of property, plant and equipment	2,546
910	Capital grants received	436
(8,038)	Total Cash Flows from Investing Activities	(12,346)

A10. Cash Flows from Financing Activities

2018/19		2019/20
£'000		£'000
(4,000)	Movement in short and long-term borrowing	1,000
2,702	Billing Authorities - Council Tax & NNDR Adjustment	(1,132)
(90)	Cash Payments for the Reduction of the outstanding Liabilities	(130)
(1,388)	Total Cash Flows from Financing Activities	(262)

A11. Cash and Cash Equivalents

2018/19		2019/20
£'000		£'000
4,799	Cash and Bank Balances	2,797
4,799	Total Cash and Cash Equivalents	2,797

A12. Interest on Balances

2018/19		2019/20
£'000		£'000
(3,415)	Interest paid	(3,959)
12	Interest received	701
(3,403)	Net interest paid	(3,258)



Core Financial Statements

Uttlesford District Council



Address:
Uttlesford District Council
London Road
Saffron Wadlden
Essex

Movement in Reserves Statement

For the year ended 31 March 2020

	General Fund Balance	Earmarked GF Reserves	HRA Balance	Earmarked HRA Reserves	Major Repairs Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2019	(1,273)	(16,148)	(488)	(2,553)	(473)	(3,674)	(1,079)	(25,688)	(253,030)	(278,718)
Roundings Adjusted from Previous Years	-	-	-	1	-	-	2	3	(1)	2
Reinstated Balance to Adjust for Rounding	(1,273)	(16,148)	(488)	(2,552)	(473)	(3,674)	(1,077)	(25,685)	(253,031)	(278,716)
(Surplus) or Deficit on Provision of Services (accounting basis)	1,403	-	8,209	-	-	-	-	9,612	-	9,612
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	14,685	14,685
Total Comprehensive Income and Expenditure	1,403	-	8,209	-	-	-	-	9,612	14,685	24,297
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	(5,610)	-	(6,777)	-	257	1,439	63	(10,628)	10,628	-
Net (increase)/decrease before transfers to earmarked reserves	(4,207)	-	1,432	-	257	1,439	63	(1,016)	25,313	24,297
Transfers to/(from) Reserves	4,169	(3,500)	(1,458)	788	-	-	-	(1)	1	-
(Increase)/decrease in year	(38)	(3,500)	(26)	788	257	1,439	63	(1,017)	25,314	24,297
Balance as at 31 March 2020	(1,311)	(19,648)	(514)	(1,764)	(216)	(2,235)	(1,014)	(26,702)	(227,717)	(254,419)

Movement in Reserves Statement

For the year ended 31 March 2019

	General Fund Balance	Earmarked GF Reserves	HRA Balance	Earmarked HRA Reserves	Major Repairs Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2018	(1,321)	(13,629)	(523)	(4,853)	(147)	(3,295)	(1,296)	(25,064)	(236,779)	(261,843)
(Surplus) or Deficit on Provision of Services (accounting basis)	(1,633)	-	(2,415)	-	-	-	-	(4,048)	-	(4,048)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(12,830)	(12,830)
Total Comprehensive Income and Expenditure	(1,633)	-	(2,415)	-	-	-	-	(4,048)	(12,830)	(16,878)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	(1,255)	-	5,164	-	(326)	(379)	217	3,421	(3,421)	-
Net (increase)/decrease before transfers to earmarked reserves	(2,888)	-	2,749	-	(326)	(379)	217	(627)	(16,251)	(16,878)
Transfers to/(from) Reserves	2,937	(2,519)	(2,714)	2,300	-	-	-	2	-	2
(Increase)/Decrease in year	49	(2,519)	35	2,300	(326)	(379)	217	(625)	(16,251)	(16,876)
Balance as at 31 March 2019	(1,273)	(16,148)	(488)	(2,553)	(473)	(3,674)	(1,079)	(25,689)	(253,030)	(278,719)

Comprehensive Income and Expenditure Statement (CIES)

For the year ended 31 March 2020

Gross Expenditure	Gross Income	Net Expenditure of Continuing Operations		Note Reference	Gross Expenditure	Gross Income	Net Expenditure
2018/19 £'000	2018/19 £'000	2018/19 £'000			2019/20 £'000	2019/20 £'000	2019/20 £'000
2,748	(772)	1,976	Communities & Partnerships		3,290	(785)	2,505
10,742	(6,273)	4,470	Environmental Services		11,037	(5,945)	5,092
22,007	(15,868)	6,139	Finance & Administration		21,489	(14,344)	7,145
2,516	(800)	1,716	Housing & Economic Development		2,797	(943)	1,854
8,014	(15,279)	(7,266)	Housing Revenue Account		19,765	(15,938)	3,828
1,946	-	1,946	Housing Revenue Account - Overheads		2,020	-	2,020
87	(1,946)	(1,859)	Corporate costs		114	(2,019)	(1,905)
48,060	(40,938)	7,122	Cost of Services		60,512	(39,974)	20,539
		3,031	Other Operating Expenditure	5.1			2,637
		2,679	Financing & Investment Income and Expenditure	5.2			2,633
		(16,880)	Taxation and Non-Specific Grant Income	5.3			(16,197)
		(11,170)	Corporate Amounts				(10,927)
		(4,048)	(Surplus)/Deficit on Provision of Services				9,612
		(6,314)	(Surplus)/Deficit on Revaluation of Non-Current Assets				16,828
		(6,516)	Actuarial (Gains)/Losses on Pension Assets /Liabilities				(2,143)
		(16,878)	Total Comprehensive Income and Expenditure				24,297

Balance Sheet as at 31 March 2020

31 March 2019 £'000		Notes	31 March 2020 £'000
372,325	Property, Plant and Equipment	7.1	349,875
951	Heritage Assets	7.3	1,091
263	Intangible Assets	6.1	270
49,601	Long-term Investments	8.1	51,946
1,325	Long-term Debtors	8.2	1,242
424,466	Total Long-term Assets		404,424
12,000	Short-term Investments	18.1	11,922
45	Inventories	9.1	33
5,363	Short-term Debtors	9.2 - 9.3	3,724
2,525	Cash & Cash Equivalents	9.4	348
19,933	Total Current Assets		16,027
(19,000)	Short-term Borrowing		(24,638)
(11,619)	Short-term Creditors	10.1	(9,465)
(1,432)	Short-term Provisions	10.2	(2,051)
(32,051)	Total Current Liabilities		(36,154)
(96,907)	Long-term Borrowing	18.2	(92,407)
(4,620)	Deferred Liabilities	11.2	(4,488)
(1,319)	Grant Receipts in Advance	11.3 - 11.4	(1,116)
(30,787)	Pension Scheme Liability	3.5	(31,867)
(133,633)	Total Long-term Liabilities		(129,878)
278,716	Total Net Assets		254,419
	Represented by:-		
25,685	Usable Reserves	2.1 - 2.4	26,702
253,031	Unusable Reserves	3.1 - 3.6	227,717
278,716	Total Reserves		254,419

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Adrian Webb
Director of Finance and Corporate Services - Section 151
10 September 2020

Cash Flow Statement

For year ended 31st March 2020

2018/19 £'000		2019/20 £'000	Notes
4,048	Net Surplus/(Deficit) on the Provision of Services	(9,611)	Page 16
10,909	Adjustments to net Surplus/(Deficit) on the Provision of Services - non cash movements	23,465	
(2,904)	Adjustment for items included in the Net Surplus/(Deficit) on the Provision of Services that are investing and financing activities	(3,184)	
12,053	Net cash flows from operating activities	10,670	13.1
(10,862)	Net cash flows from investing activities	(12,585)	13.2
(1,419)	Net cash flows from financing activities	(262)	13.3
(228)	Net (Decrease) in cash and cash equivalents	(2,177)	
2,753	Cash and cash equivalents at the beginning of the reporting period	2,525	13.4
2,525	Cash and cash equivalents at the end of the reporting period	348	13.4

The Cash Flow Statement has been prepared using the indirect method in accordance with IAS 7.

SECTION B – NOTES TO THE CORE FINANCIAL STATEMENTS

1.0 Movement in Reserves

1.1 Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2019/20

2019/20	General Fund Balance £'000	HRA Balance £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Movement Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account						
Charges for depreciation and impairment movements on non-current assets	(1,994)	(14,654)	-	-	-	16,648
Amortisation of Intangible Assets	(70)	(15)	-	-	-	85
Revenue expenditure funded from capital under statute	(382)	(27)	-	-	-	409
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(47)	(1,362)	-	-	-	1,409
Statutory provision for financing capital investment	568	2,000	-	-	-	(2,568)
Capital expenditure charges against the General Fund and HRA balances	902	2,891	-	-	-	(3,793)
Provision for expected credit gain/loss	(655)	-	-	-	-	655
Adjustments involving the Capital Grants Unapplied Account						
Application of grants to capital financing from unapplied reserves	-	-	-	-	661	(661)
Capital grants and contributions that have been credited to the CIES	296	342	-	-	(598)	(40)
Adjustments involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gains/losses on disposal to the CIES	80	480	(2,560)	-	-	2,000
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	3,559	-	-	(3,559)
Contribution from Capital Receipts Reserve towards administrative costs of non-current asset disposal	-	(14)	14	-	-	-
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(426)	426	-	-	-

Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2019/20 (continued)

2019/20	General Fund Balance £'000	HRA Balance £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Movement Unusable Reserves £'000
Adjustments involving the Major Repairs Reserve						
Additions to Major Repairs Reserve to finance new capital expenditure	-	4,357	-	(4,357)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	4,614	-	(4,614)
Adjustments involving the Pension Reserve						
Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(4,353)	(579)	-	-	-	4,932
Employers pension contributions and direct payments to pensioners payable in year	1,478	232	-	-	-	(1,710)
Adjustments involving the Collection Fund Adjustment Account						
Amount by which net Collection Fund income debited/credited to the Comprehensive Income and Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	(1,376)	-	-	-	-	1,376
Adjustments involving the Accumulated Absences Account						
Adjustments in relation to short-term compensated absences	(57)	(2)	-	-	-	59
Total Adjustments	(5,610)	(6,777)	1,439	257	63	10,628

Movement in Reserve Statement – Adjusting between Accounting Funding Basis under Regulations 2018/19

2018/19	General Fund Balance	HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account						
Charges for depreciation and impairment movements on non-current assets	(1,647)	(3,245)	-	-	-	4,892
Amortisation of Intangible Assets	(55)	(15)	-	-	-	70
Revenue expenditure funded from capital under statute	(821)	(32)	-	-	-	853
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(102)	(1,178)	-	-	-	1,280
Statutory provision for financing capital investment	541	2,000	-	-	-	(2,541)
Capital expenditure charges against the General Fund and HRA balances	769	2,692	-	-	-	(3,461)
Provision for expected credit gain/loss	(390)	-	-	-	-	390
Adjustments involving the Capital Grants Unapplied Account						
Application of grants to capital financing from unapplied reserves	362	-	-	-	1,041	(1,403)
Capital grants and contributions that have been credited to the CIES	681	143	-	-	(824)	-
Adjustments involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gains/losses on disposal to the CIES	12	1,718	(1,730)	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	(413)	911	-	-	(498)
Contribution from Capital Receipts Reserve towards administrative costs of non-current asset disposal	-	(14)	14	-	-	-
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(426)	426	-	-	-

Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2018/19 (continued)

2018/19	General Fund Balance	HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Major Repairs Reserve						
Additions to Major Repairs Reserve to finance new capital expenditure	-	4,296	-	(4,296)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	3,970	-	(3,970)
Adjustments involving the Pension Reserve						
Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(3,557)	(575)	-	-	-	4,132
Employers pension contributions and direct payments to pensioners payable in year	1,362	213	-	-	-	(1,575)
Adjustments involving the Collection Fund Adjustment Account						
Amount by which net Collection Fund income debited/credited to the Comprehensive Income and Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	1,593	-	-	-	-	(1,593)
Adjustments involving the Accumulated Absences Account						
Adjustments in relation to short-term compensated absences	(4)	-	-	-	-	4
Total Adjustments	(1,256)	5,164	(379)	(326)	217	(3,420)

2.0 Usable Reserves

The following Usable Reserves, as identified in the Movement of Reserves Statement, can be used to fund future expenditure or reduce future local taxation demands.

2.1 General Fund - Revenue Balances

	31 March 2019	Transfer In	Transfer Out	31 March 2020	Purpose of Reserve
	£'000	£'000	£'000	£'000	
Working Balance	1,272	39	-	1,311	Maintained to protect the Council's budget from unexpected risks.
Working Balance Sub Total	1,272	39	-	1,311	
Business Rates	1,781	1,052	-	2,833	To manage any Collection Fund deficit and/or shortfall in income.
Capital Slippage	1,171	543	(435)	1,279	Revenue and reserve funding for capital schemes slipped in to future years.
Development Projects	1,152	622	-	1,774	To support work and development for Garden Communities.
DWP	71	-	-	71	Relates to the value of benefit subsidy expected to be required to be paid back.
Economic Development	61	186	-	247	Reserve to assist economic development and businesses in the district.
Elections	100	25	(80)	45	The reserve funds future election costs and is drawn down in UDC election years.
Emergency Response	40	-	-	40	To support any resource requirement to a local emergency.
Eu Exit	128	385	-	513	To manage any risks relating to EU Exit .
Funding	-	1,060	-	1,060	To manage the impact of the reduction in Government funding in future years.
Health and Wellbeing	72	68	(22)	118	To support the Health and Wellbeing strategy.
Homelessness	218	125	(60)	283	Set up to cover unbudgeted additional demand within the homelessness service.
Licensing	90	39	(49)	80	Reserve to absorb excess of costs over income in relation to taxi licensing services.
MTFS	1,336	641	(450)	1,527	Provide a contingency fund to support payments for the investments should there be an in year income shortfall.
New Homes Bonus Ward Members	-	22	-	22	An annual allocation of £2k is provided to each ward member to use subject to meeting the criteria approved at Cabinet.
Pensions	-	-	-	-	This reserve is used to support the Pension Fund Deficit and where possible support a triennial payment
Planning Development	1,501	397	(91)	1,807	Usable resources set aside for planning development issues. Includes Housing strategy reserve to enable local community groups to support delivery of affordable housing units and Neighbourhood plan reserve money supporting the cost of producing neighbourhood plans.
Private Finance Initiative	247	60	-	307	Additional in-year income set aside for future year shortfalls.
Strategic Initiatives	2,160	-	(500)	1,660	To support initiatives in accordance with the stated purpose approved each year at Full Council
Transformation	1,169	-	(27)	1,142	To enable the Council to change the way it operates in order to meet the financial challenges ahead.
Waste Depot Relocation	4,649	-	(59)	4,590	It is proposed to purchase land and provide the necessary buildings and utilities in the south of the district.
Waste Management	201	49	-	250	To enable the Council to smooth fluctuations in areas such as cost of disposal and agency staffing.
Other GF Usable Sub Total	16,147	5,274	(1,773)	19,648	
GF Usable Reserves Total	17,419	5,313	(1,773)	20,959	

2.2 Housing Revenue Account - Reserve Balances

	31 March 2019	Transfer In	Transfer Out	31 March 2020	Purpose of Reserve
	£'000	£'000	£'000	£'000	
Working Balance	489	25	-	514	Maintained to protect the budget from unexpected risks.
Working Balance Sub Total	489	25	-	514	
Transformation/Change Management	180	-	-	180	To support projects that enable the Council to operate more efficiently.
Revenue Projects	60	100	-	160	To finance outstanding revenue business plan actions.
Revenue Reserves Sub Total	240	100	-	340	
Potential Development Projects	12	110	-	122	Funding for new build schemes.
Slippage Reserve	2,300	-	(998)	1,302	Balance of projects slipped into the following financial year.
Earmarked Reserves Total	2,312	110	(998)	1,424	
Major Repairs	473	4,357	(4,614)	216	Funding for future capital expenditure.
Other Capital Reserves Total	473	4,357	(4,614)	216	
Capital Reserves Sub Total	2,785	4,467	(5,612)	1,640	
Housing Revenue Balances Total	3,514	4,592	(5,612)	2,494	

2.3 Capital Receipts Reserve

The Capital Receipts Reserve identifies capital receipts which are available to finance capital expenditure in future years.

2018/19 £'000		2019/20 £'000
3,295	Balance as at 1 April	3,674
	Receipts	
12	Capital receipts - General Fund	80
1,718	Capital receipts - Housing Revenue Account	2,480
	Applied	
(426)	Paid to government housing receipts pool	(426)
(911)	Capital receipts used for financing	(3,559)
(14)	Expenses from sales of capital assets	(14)
379	Movements in year	(1,439)
3,674	Balance as at 31 March	2,235

2.4 Grants and Contributions without Conditions (Unapplied)

	31 March 2019	Income	Draw Down Capital	31 March 2020
	£'000	£'000	£'000	£'000
S106 Unapplied				
Affordable Housing	676	-	(349)	327
Dunmow Eastern Sector	18	-	-	18
Woodlands Park, Gt Dunmow	36	-	-	36
Bell College, Saffron Walden	15	-	-	15
Priors Green, Takeley	8	-	-	8
Foresthall Park, Stansted	33	-	-	33
Lt Walden Road/Ashdon Road, Saffron Walden	98	-	-	98
Oakwood Park, Takeley	5	-	-	5
SUB TOTAL	889	-	(349)	540
Capital Grants Unapplied				
Heritage England	56	-	(56)	-
DCLG; Parks Improvement Grant	16	-	-	16
Estate Walls	-	20	(20)	-
Homes England (The Moors)	-	342	-	342
Guildhall	-	28	(28)	-
Disabled Facility Grant	116	208	(208)	116
SUB TOTAL	188	598	(312)	474
Grants and Contributions Unapplied Total	1,077	598	(661)	1,014

3.0 Unusable Reserves

3.1 Revaluation Reserve

The Council is required to record unrealised gains and losses arising from holding non-current assets in a designated account 'Revaluation Reserve'. The reserve is matched by the fixed assets held on the balance sheet and is therefore not available to fund future capital expenditure.

2018/19				2019/20		
General Fund £'000	HRA £'000	Total £'000		General Fund £'000	HRA £'000	Total £'000
11,104	105,366	116,470	Balance as at 1 April	13,003	107,545	120,548
3,589	4,089	7,678	Net Gain/(Loss) in Valuation of Assets	1,037	(17,761)	(16,724)
3,589	4,089	7,678	In Year Surplus/(Deficit) on Revaluation of Non-Current Assets	1,037	(17,761)	(16,724)
(281)	(1,630)	(1,911)	Revaluation Depreciation to Capital Adjustment Account	(347)	(1,626)	(1,973)
-	(280)	(280)	Disposal of Assets	-	(360)	(360)
(281)	(1,910)	(2,191)	In Year Amounts written out to the Capital Adjustment Account	(347)	(1,986)	(2,333)
(1,409)	-	(1,409)	Write-out of asset	-	-	-
13,003	107,545	120,549	Balance as at 31 March	13,693	87,798	101,491

3.2 Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated in accordance with the proper accounting policies and financed in accordance with the capital finance regime. As with the Revaluation Reserve, the reserve is matched by non-current assets within the Balance Sheet and therefore is not available to finance capital expenditure in general terms.

2018/19		2019/20	
£'000		£'000	£'000
154,342	Balance as at 1 April		160,922
	Reversal of items relating to capital expenditure debited or credited to the CIES		
(6,265)	Charges for depreciation and impairment of non-current assets	(6,627)	
1,373	Revaluation gains on Property, Plant and Equipment	(10,021)	
(70)	Amortisation of Intangible Assets	(85)	
(853)	Revenue expenditure funded from capital under statute	(409)	
(1,280)	Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal to the CIES	(1,049)	
(390)	Expected Credit Gains or Losses on Financial Instruments	(655)	
2,191	Adjusting amounts written out of Revaluation Reserve	1,973	
(5,294)			(16,873)
	Capital financing applied in the year		
498	Use of Capital Receipts Reserve to finance new capital expenditure	1,517	
3,970	Use of Major Repairs Reserve to finance new capital expenditure	4,614	
1,404	Capital Grants and Contributions applied to capital financing	744	
2,541	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	2,568	
3,461	Capital expenditure charged against the General Fund and HRA balances	3,793	
11,874			13,236
160,922	Balance as at 31 March		157,285

3.3 Deferred Capital Receipts

Deferred Capital Receipts relate to rent to mortgage arrangements for council dwellings where a charge is held on various properties at Land Registry. The balance held reflects the vacant possession value of the proportion of the property held as a charge against the Land Registry.

2018/19 £'000		2019/20 £'000
1,205	Balance as at 1 April	1,250
45	Increase/(decrease) in value	(104)
1,250	Balance as at 31 March	1,146

3.4 Accumulated Compensated Absences Adjustment Account

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

2018/19 £'000		2019/20 £'000
(161)	Balance as at 1 April	(165)
(4)	In year adjustment	(59)
(165)	Balance as at 31 March	(224)

3.5 Pension Reserve

The Pension 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 CIES 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 costs. However, statutory arrangements require benefits earned to be recognised as the Council makes employers' contributions to pension funds or when any other obligations are settled. The debit balance on the Pension Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The movement on the pension reserve can be seen in detail in note 17.

2018/19 £'000	Notes	2019/20 £'000
(34,745)	Balance as at 1 April	(30,787)
(2,557)	Surplus/(Deficit) on Provision of Services in CIES	(3,223)
6,515	Actuarial Gain/(Loss)	2,143
(30,787)	Balance as at 31 March	(31,867)

3.6 Collection Fund Adjustment Account

Collection Fund Adjustment Account (CFAA) – is a specific accounting mechanism used to reconcile the differences arising from the recognition of council tax and non-domestic rates income in the CIES to those amounts required to be charged by statute to the General Fund. For example, a credit balance on the CFAA would show that more tax has been collected than an authority is permitted to transfer out of the Collection Fund.

2018/19 £'000		2019/20 £'000
(333)	Surplus/(Deficit) as at 1 April	1,261
15	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	(46)
1,579	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(1,330)
1,261	Surplus/(Deficit) as at 31 March	(115)

SECTION C – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**4.0 Notes relating to Comprehensive Income and Expenditure Statement****4.1 Revenue Contracts**

The Council has undertaken a review of its income streams that meet the requirements for IFRS 15 Revenue Contracts. The impact to the accounts was not material for the current financial year.

4.2 Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) table illustrates how annual expenditure and funding is used across the council's portfolios.

The analysis shows how the accounts arrive at the CIES by presenting the movements required under statute as shown in note 1.1 and the following note to the EFA.

Reported Outturn	Net Recharges	Net expenditure chargeable to the General Fund & HRA balances	Adjustments between Funding and Accounting Basis to arrive at the CIES	Other (Non-statutory) adjustments	Net expenditure in the CIES		Reported Outturn	Net Recharges	Net expenditure chargeable to the General Fund & HRA Balances	Adjustments between Funding and Accounting Basis to arrive at the CIES	Other (Non-statutory) adjustments	Net expenditure in the CIES
2018/19	2018/19	2018/19	2018/19	2018/19	2018/19		2019/20	2019/20	2019/20	2019/20	2019/20	2019/20
£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
778	190	968	1,198	(190)	1,976	Community & Partnerships	1,221	254	1,475	1,284	(254)	2,505
2,454	1,560	4,014	2,016	(1,560)	4,470	Environmental Services	3,271	1,810	5,081	1,821	(1,810)	5,092
5,507	(3,337)	2,170	632	3,337	6,139	Finance & Administration	5,912	(3,694)	2,218	1,233	3,694	7,145
1,485	15	1,500	231	(15)	1,716	Housing & Economic Development	1,487	(13)	1,474	367	13	1,854
87	(374)	(287)	-	(1,572)	(1,859)	Corporate Costs	114	(377)	(263)	-	(1,643)	(1,906)
10,311	(1,946)	8,365	4,077	-	12,442	General Fund Total	12,005	(2,020)	9,985	4,705	-	14,690
(10,753)	1,572	(9,181)	3,487	(1,572)	(7,266)	Housing Revenue Account	(11,091)	1,643	(9,448)	14,918	(1,643)	3,827
-	374	374	-	1,572	1,946	Housing Revenue Account - Overheads	-	377	377	-	1,643	2,020
(442)	-	(442)	7,564	-	7,121	Net Cost of Service	914	-	914	19,623	-	20,537
		306	(11,475)	-	(11,169)	Other Income and Expenditure			(3,691)	(7,236)	-	(10,927)
		(136)	(3,911)	-	(4,048)	(Surplus)/Deficit			(2,777)	12,387	-	9,610
						20,325 Opening General Fund and HRA Balance						20,461
						136 Surplus/(Deficit) on amounts chargeable to the General Fund and HRA						2,777
						20,461 Closing General Fund and HRA Balance						23,238

4.3 Note to the Expenditure and Funding Analysis

Adjustments for Capital Purposes 2018/19 £'000	Net Pensions Adjustments 2018/19 £'000	Other Adjustments 2018/19 £'000	Net Adjustments 2018/19 £'000		Adjustments for Capital Purposes 2019/20 £'000	Net Pensions Adjustments 2019/20 £'000	Other Adjustments 2019/20 £'000	Net Adjustments 2019/20 £'000
1,151	47	-	1,198	Community & Partnerships	1,211	73	-	1,284
1,328	688	-	2,016	Environmental Services	751	1,070	-	1,821
112	520	-	632	Finance & Administration	424	809	-	1,233
35	197	-	232	Housing & Economic Development	61	306	-	367
-	-	-	-	Corporate Costs	-	-	-	-
2,626	1,452	-	4,078	General Fund Outturn	2,447	2,258	-	4,705
3,277	210	-	3,487	Housing Revenue Account	14,696	222	-	14,918
5,903	1,662	-	7,565	Net Cost of Service	17,143	2,480	-	19,623
(9,594)	896	(2,777)	(11,476)	Other Income and Expenditure	(8,774)	742	796	(7,236)
(3,691)	2,558	(2,777)	(3,911)	Adjustment to the (Surplus)/Deficit on Provision of Services	8,369	3,222	796	12,387
1,692	2,195	(2,634)	1,253	Adjustments to the General Fund	1,598	2,874	1,136	5,608
(5,384)	362	(143)	(5,165)	Adjustments to the Housing Revenue Account	6,771	348	(340)	6,779

4.4 Expenditure and Income Analysed by Nature

2018/19 £'000		2019/20 £'000
	Expenditure	
16,007	Employee benefits expenses	17,497
25,103	Other service expenses	24,481
5,903	Depreciation, amortisation and impairment	17,143
3,792	Interest payments	4,070
3,155	Precepts and levies	3,414
426	Payments to the Housing Capital Receipts Pool	426
54,386	Total Expenditure	67,031
	Income	
(23,294)	Fees, charges and other service income	(24,188)
(2,009)	Interest and investment income	(2,179)
(12,549)	Income from Council Tax, Business Rates	(12,310)
(20,029)	Government grants and contributions	(17,592)
(553)	Gains on the disposal of Non-current assets	(1,150)
(58,434)	Total Income	(57,419)
(4,048)	(Surplus)/Deficit on the provision of services	9,612

5.0 Notes to the Comprehensive Income and Expenditure Statement

5.1 Total Other Operating Expenditure

2018/19 £'000		2019/20 £'000
3,155	Parish Council Precepts	3,414
426	Payments to the Government Housing Capital Receipts Pool	426
(553)	(Gain)/Loss on the Disposal of Non-Current Assets	(1,151)
4	Other Non-Service Specific Expenditure	(52)
3,032	Total Other Operating Expenditure	2,637

5.2 Total Financing and Investment Income and Expenditure

2018/19 £'000		2019/20 £'000
3,412	Interest Payable and Similar Charges	3,424
379	Interest Revenue calculated using the Effective Interest Rate	646
896	Pensions - Net Interest on the Defined Benefit Liability (Asset)	742
(2,009)	Interest Receivable and Similar Income	(2,179)
2,678	Total Financing and Investment Income and Expenditure	2,633

5.3 Total Taxation and Non Specific Grants

2018/19 £'000		2019/20 £'000
	Council Tax Income	
(5,330)	- District Council element	(5,657)
(3,155)	- Town/Parish Councils element	(3,414)
	Business Rates Retention	
(2,201)	- District Council element of NNDR income in year	(2,205)
762	- Safety Net reimbursement/Levy payment due	481
(1,274)	- Section 31 funding from Central Government	(1,646)
	Collection Fund	
(28)	- Council Tax - Net value of estimated/actual income recognised in CIES	(21)
(1,321)	- NNDR - Net value of estimated/actual income recognised in CIES	153
	Non Ring Fenced Government Grants	
(2,864)	- New Homes Bonus	(2,969)
(279)	- Supplementary Grants	(279)
	Other	
(1,188)	- Capital Grants and Contributions	(640)
(16,880)	Total Taxation and Non-Specific Grants Income	(16,197)

SECTION D – BALANCE SHEET

6.0 Intangible Assets

Intangible fixed assets are those items which, although the cost incurred in their acquisition is of a capital nature there is no physical tangible asset to show. The movement in intangible assets during 2019/20 are detailed below.

6.1 Intangible Assets

2018/19 £'000	2019/20 £'000
585 Gross Balance at 1 April	699
114 Additions	92
- Asset write out	(129)
699 Gross Balance carried forward at 31 March	662
(366) Amortisation as at 1 April	(436)
(70) Amortisation in year	(85)
- Amortisation write out	129
(436) Amortisation Balance carried forward 31 March	(392)
263 Net Value at 31 March	270

7.0 Property, Plant and Equipment

7.1 Analysis of Property, Plant and Equipment

2019/20	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Balance as at 1 April 2019	357,528	38,768	11,587	558	909	2,564	411,914
Revaluation Gain recognised in the Revaluation Reserve	556	2,284	-	-	-	-	2,840
Revaluation Loss recognised in the Revaluation Reserve	(18,509)	(1,054)	-	-	-	-	(19,563)
Revaluation recognised in the CIES	(10,205)	184	-	-	-	-	(10,021)
Revaluation - Depreciation Write Off	(28,837)	(6,908)	-	-	-	-	(35,745)
Additions	5,803	112	2,739	-	77	3,601	12,332
De-recognition - Disposals	(1,483)	-	(1,214)	-	-	-	(2,697)
Asset Impairment write out	-	-	(50)	-	-	-	(50)
Reclassification	1,738	-	-	-	-	(1,738)	-
Balance as at 31 March 2020	306,591	33,386	13,062	558	986	4,427	359,010
Accumulated Depreciation as at 1 April 2019	(24,600)	(5,943)	(8,826)	(136)	(85)	-	(39,590)
Depreciation in year	(4,357)	(965)	(1,265)	(28)	(12)	-	(6,627)
Disposal Depreciation write outs	120	-	1,167	-	-	-	1,287
Depreciation Written off on Revaluation	28,837	6,908	-	-	-	-	35,745
De-recognition - Other	-	-	50	-	-	-	50
Accumulated Depreciation as at 31 March 2020	-	-	(8,874)	(164)	(97)	-	(9,135)
Net Book Value as at 31 March 2020	306,591	33,386	4,188	394	889	4,427	349,875
Net Value as at 31 March 2019	332,928	32,825	2,761	422	824	2,564	372,325
Assets owned outright	306,591	15,933	4,167	394	450	4,427	331,962
Donated Assets	-	-	21	-	-	-	21
Finance lease on assets	-	-	-	-	439	-	439
Assets used under contractual PFI agreement	-	17,453	-	-	-	-	17,453
Total	306,591	33,386	4,188	394	889	4,427	349,875

2018/19	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Balance as at 1 April 2018	341,111	36,340	11,208	558	866	7,132	397,215
Revaluation Gain recognised in the Revaluation Reserve	7,099	3,883	-	-	-	-	10,982
Revaluation Loss recognised in the Revaluation Reserve	(3,180)	(122)	-	-	-	-	(3,302)
Revaluation recognised in the CIES	1,038	351	-	-	-	-	1,389
Additions	4,332	82	541	-	43	3,830	8,829
De-recognition - Disposals	(1,270)	-	(163)	-	-	-	(1,432)
De-recognition - Other	-	(1,766)	-	-	-	-	(1,766)
Reclassification	8,398	-	-	-	-	(8,398)	-
Balance as at 31 March 2019	357,528	38,768	11,587	558	909	2,564	411,915
Accumulated Depreciation as at 1 April 2018	(20,553)	(5,303)	(7,793)	(108)	(74)	-	(33,831)
Depreciation in year	(4,138)	(894)	(1,197)	(28)	(11)	-	(6,268)
Disposal Depreciation write outs	91	-	164	-	-	-	255
De-recognition - Other	-	254	-	-	-	-	254
Accumulated Depreciation as at 31 March 2019	(24,600)	(5,943)	(8,826)	(136)	(85)	-	(39,590)
Net Book Value as at 31 March 2019	332,928	32,825	2,761	422	824	2,564	372,325
Net Value as at 31 March 2018	320,558	31,037	3,415	450	792	7,132	363,384
Assets owned outright	332,928	16,231	2,379	422	824	2,564	355,349
Donated Assets	-	-	41	-	-	-	41
Finance lease on assets	-	-	-	-	-	-	-
Assets used under contractual PFI agreement	-	16,594	341	-	-	-	16,935
Total	332,928	32,825	2,761	422	824	2,564	372,325

Valuations

A valuation exercise on the properties and land owned by the Uttlesford District Council was carried out with a valuation date of 31 March 2020. This valuation was undertaken by an external Valuer, Wilks Head & Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'). In preparing the valuation, the Valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the Valuer having declared this material valuation uncertainty, the Valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Authority.

7.2 Capital Expenditure and Financing

The total amount of capital expenditure, including finance leases, incurred in the year and the sources of financing are detailed in the table below. Where the capital expenditure is not financed in the year of purchase, the Council will apply a capital charge over the life of the asset to revenue budgets. This method of financing creates an initial increase in the Capital Financing Requirement (CFR), which is subsequently reduced by the yearly capital charge.

2018/19 £'000		2019/20 £'000
141,142	Opening Capital Financing Requirement as at 1 April	141,970
	<u>Capital Expenditure</u>	
8,828	Property Plant and Equipment	12,332
114	Intangible Assets	92
16	Heritage Assets	140
2,518	Aspire Investment	3,000
853	Revenue Expenditure Funded from Capital Under Statute	409
12,329	Total Capital Expenditure	15,973
(17)	Increase in non-dwelling HRA assets not reversed to unusable reserves	(63)
390	Expected Credit Gains or Losses on Financial Instruments	655
373	Sub Total	592
	<u>Financed By</u>	
(498)	Usable Capital Receipts	(1,259)
(1,404)	Government Grants and Other Contributions	(664)
(3,461)	Capital Expenditure Financed from Revenue Contributions	(3,833)
(3,970)	Major Repairs Reserve	(4,614)
(2,541)	Minimum Revenue Provision	(2,568)
(11,874)	Total Capital Financing	(12,938)
141,970	Closing Capital Financing Requirement as at 31 March	145,597
	<u>Explanation of Movement</u>	
3,368	Increase in underlying need to borrow	6,196
(2,541)	Minimum Revenue Provision	(2,568)
827	Increase/(Decrease) in Capital Financing Requirement	3,628

7.3 Heritage Assets

The following Council assets meet the definition of 'Heritage Assets' and are held on the balance sheet as:

31 March 2019 £'000		31 March 2020 £'000
797	Saffron Walden Motte and Bailey	936
155	Museum Artefacts - Fine Arts Collection	155
952 Total		1,091

Saffron Walden Motte and Bailey Castle:

The structure and retaining wall is a Grade 1 scheduled monument which was passed to the Council's ownership in 1979. The castle is Norman dating from the 12th century. The wall surrounding the castle is also listed. To date there have been no excavations on the site of notable interest.

The movement in Heritage Assets on the balance sheet is expenditure incurred on the Motte and Bailey Castle.

For proposals of future works to the Castle please refer to the Council's website www.uttlesford.gov.uk

Saffron Walden Museum Artefacts

Under the terms of a 99 year lease with Saffron Walden Museum Society Limited, the Council is responsible for operating and managing the Saffron Walden Museum and associated artefacts. It has been established that the risks and rewards associated with the arrangement are held by the Council and therefore the Fine Arts Collection is included in the accounts*. Under the terms of the lease the Council is responsible for the repair and restoration of the museum artefacts and the nature of the displays, acquisitions and disposals. Governance arrangements are also conducted through the Museum Board of the Society and the Council's Museum Management Working Group.

The collection of an estimated 11,000 artefacts is, on the whole, of significant local worth, with a small proportion of high value items. Valuations were carried out for the following collections; Natural Sciences undertaken by G Lucy – Geologist (2001) derived a value of £0.5million and Decorative Collection undertaken by J Dutton – Ceramics specialist (2011) these resulted in a value of £1.3million.

The valuations undertaken were not commissioned valuations in line with accounting requirements and therefore the Council is unable to place reliance on the valuations for the Accounts.

*It is considered that the cost of seeking valuations for the remaining artefacts would be disproportionate to the benefit gained from their recognition on the balance sheet, therefore the Council are only holding the Fine Arts Collection on the Balance Sheet.

7.4 Significant Commitments under Capital Contracts

As at 31 March 2020, the Council has the following contractual obligations for capital expenditure:

	Work in progress 31 March 2020 £'000	Total Remaining Commitment £'000
Capital Scheme		
Housing		
Hatherley Court	2,170	75
The Moors	510	2,121
Total	2,680	2,196

8.0 Other Long Term Assets

8.1 Long Term Investments

The Council has one long-term investment totalling £52.601million over a fifty year period to Aspire (CRP) Ltd, the Council's wholly owned subsidiary, to enable an investment into Chesterford Research Park. Under IFRS 9 an estimated credit loss adjustment has been actioned totalling £655k (2018/19 £389K) through the CIES reflecting potential future losses on repayments due giving a balance at 31 March 2020 of £51.946million.

8.2 Long Term Debtors

The Council has three long term debtors relating to:

- A rent to mortgage scheme, where the Council holds a charge on properties which would be due at the end of a mortgage term or if the property is sold, are held at a revalued amount each year according to a value which would be expected if sale occurs, for 2019-20 the value held for the % of the property the charge is against is £1.146million, further information is shown in note 18.6 – Collateral.
- A scheme funded by the Private Lease Agreements Converting Empties (PLACE) scheme where £75k has been offered to bring empty properties back into use, the funds would be due to the Council at the point of sale or within 5 years of the initial agreement which was in 2017.
- A prepayment subscription for a software license totalling £21k

The value held can also be viewed in note 18.1 under the financial instruments section of the accounts.

9.0 Current Assets

9.1 Inventories (Stock)

31 March 2019 £'000	31 March 2020 £'000
42 Housing Stores	33
42 Total	33

9.2 Debtors

31 March 2019 £'000		31 March 2020 £'000
1,029	Central Government Bodies	431
619	Other Local Authorities	896
	Other Entities and Individuals;	
635	- NDR	695
306	- Council Tax	816
296	- Housing Rent	281
1,116	- Housing Benefit	1,159
2,818	- Other	1,004
6,819	Total	5,282

9.3 Impairment Allowances (for Non-Collection)

31 March 2019		31 March 2020	
£'000		£'000	
(235)	Business Rates	(307)	
(168)	Council Tax	(171)	
(210)	Housing Rents	(198)	
(807)	Overpaid Benefit	(843)	
(36)	Sundry Debtors	(38)	
(1,456)	Total	(1,557)	

The Debtors figure in the Balance Sheet is the total of tables 9.2 & 9.3 (i.e. presented net of impairment allowances).

9.4 Cash and Cash Equivalents

31 March 2019		31 March 2020	
£'000		£'000	
1,000	Cash Held by the Authority	-	
1,525	Bank Current Accounts	348	
2,525	Total	348	

10.0 Current Liabilities

10.1 Creditors

31 March 2019		31 March 2020
£'000		£'000
3,244	Central Government Bodies	3,840
2,197	Other Local Authorities	2,014
6,178	Other Entities and Individuals	3,611
11,619	Total	9,465

10.2 Provisions

31 March 2019		In Year Provision Created	Provision Applied	31 March 2020
£'000		£'000	£'000	£'000
245	Legal	-	-	245
49	New Homes Bonus - Parish Councils	-	-	49
1,138	Business Rates Appeals	1,167	(548)	1,757
1,432	Balance as at 31 March	1,167	(548)	2,051

The total provision available for Business Rates appeals as at 31 March 2020 is £4.393million; the above table reflects the Council's share of the provision at a value of £1.757million.

11.0 Long Term Liabilities

11.1 Long Term Borrowing

The long-term borrowing consists of two elements; borrowing for the Housing Revenue Account and for loans to Aspire (CRP) Ltd a subsidiary of the Council for the investment in Chesterford Research Park.

For more information on the risks and maturity profile of the council's debt, please see the Financial Instruments section of the accounts.

11.2 Deferred Liabilities

2018/19 £'000		2019/20 £'000	1 Year £'000	2 - 5 Years £'000	6 - 10 Years £'000	11 - 15 Years £'000	16 - 20 Years £'000
	Leisure - PFI						
4,740	Opening Balance	4,619	4,488	4,346	3,648	2,397	533
(121)	Principle Repayment	(131)	(142)	(698)	(1,251)	(1,864)	(533)
4,619	Closing Balance	4,488	4,346	3,648	2,397	533	-
4,619	Deferred Liabilities as at 31 March	4,488	4,346	3,648	2,397	533	-

11.3 Creditor – Grants and Contributions with Conditions

	31 March 2019	Drawn Down - Capital	31 March 2020
	£'000	£'000	£'000
S106 Receipts in Advance			
Priors Green, Takeley	78	-	78
Felsted	10	-	10
Rochford Nurseries/Foresthall Park, Stansted	60	(40)	20
The Orchard, Elsenham	42	-	42
Wedow Road, Thaxted	53	-	53
Sector 4 Woodlands Park, Gt Dunmow	10	-	10
Keers Green Nurseries, Aythorpe Roding	120	-	120
Land adjacent to Saffron Walden Hospital	31	-	31
Land at Blossom Hill Farm, Henham	33	-	33
Land at Webb & Hallett Road, Flitch Green, Felsted	33	-	33
Land South side of Radwinter Road	49	-	49
Land at Ventnor Lodge, Cambridge Road, Quendon	-	-	-
SUB TOTAL	519	(40)	479
Capital Grants - Receipts in advance			
Heritage Quest Centre Grants	26	-	26
PLACE Scheme	75	-	75
SUB TOTAL	101	-	101
Grants and Contributions with Conditions	620	(40)	580

11.4 Creditor – Grants and Contributions to Other Bodies

	31 March 2019	Income	Transferred to Other Bodies	31 March 2020
	£'000	£'000	£'000	£'000
S106 Receipts in Advance				
Sector 4 Woodlands Park (Helena Romanes School)	165	-	-	165
Brewers End, Takeley	31	-	-	31
Land adj Hailes Wood, Elsenham	10	-	-	10
Land at Flitch Green, Felsted	67	-	-	67
Land adjacent to S/W Hospital	16	-	(15)	1
Ashdon Road Commercial Centre	26	580	(572)	34
Land south of Stansted Road, Elsenham	53	-	-	53
Land south of Ongar Road, Gt Dunmow	17	-	-	17
Land at 119 Radwinter Road, adj S/W Hospital	15	-	-	15
Land north of Ongar Road, Gt Dunmow	21	-	-	21
Land at Bury Water Land, Newport	29	-	-	29
Land south side of Radwinter Road	36	-	(36)	-
Land at Elsenham Nurseries	14	-	-	14
Bury Water Lane, Newport	26	-	-	26
Walpole Farm, Cambridge Road, Stansted	53	375	(375)	53
Land at Little Walden Road, Saffron Walden	120	-	(120)	-
Land at London Road, Gt Chesterford	-	400	(400)	-
Land at Moore's Garage, Thaxted Road, S/W	-	43	(43)	-
Grants and Contributions to Other Bodies	699	1,398	(1,561)	536

11.5 Pension Liability

The pension liability is the current obligation of the future retirement benefits the council has to its members, this is calculated as a net of the fair value of assets less the current obligation. For more information on the obligation, the accounting treatment and reserve please see note 3.5 and section 17.

12.0 Tax Payers Equity

12.1 Usable Reserves

The usable reserves are monies that are set aside and can be used by the council to fund future projects and initiatives, as directed by Members and the senior management team, that are not part of the normal running of the council services. For details please refer to Section B notes 2.1-2.4.

12.2 Unusable Reserves

The unusable reserves are unrealised gains and losses of the council that relate to the financing of capital expenditure as well as timing differences between recognition of assets and liabilities under accounting rules and statutory regulations. For details please refer to Section B notes 3.1-3.6.

SECTION E – CASH FLOW STATEMENT

13.0 Cash Flow Activities

13.1 Cash Flow Statement – Operating Activities

2018/19 £'000	2019/20 £'000
4,048	(9,611)
Net Surplus/(Deficit) on the Provision of Services	
Adjustments to net Surplus/(Deficit) on the Provision of Services for non-cash movements	
6,265	6,627
(1,373)	10,021
70	85
-	-
3,134	(805)
(860)	1,617
2	12
2,557	3,223
(547)	619
1,280	1,411
381	655
10,909	23,465
Total	
(2,904)	(3,184)
Adjustments for items included in the net (deficit) on the provision of services that are investing of financing activities	
12,053	10,670
Net cash flows from operating activities	

13.2 Cash Flow Statement – Investing Activities

2018/19 £'000		2019/20 £'000
(9,470)	Purchase of property, plant and equipment, investment property and intangible assets & movement in capital creditor	(12,644)
(4,018)	Movements in net short-term investments	(2,923)
-	- Other payments for investing activities	-
1,716	Proceeds from sale of property, plant and equipment	2,546
910	Capital grants received	436
(10,862)	Total Cash Flows from Investing Activities	(12,585)

13.3 Cash Flow Statement – Financing Activities

2018/19 £'000		2019/20 £'000
(4,000)	Movement in short and long-term borrowing	1,000
2,702	Billing Authorities - Council Tax & Business Rates Adjustment	(1,132)
(121)	Cash payments for the reduction of the outstanding liabilities	(130)
(1,419)	Total Cash Flows from Financing Activities	(262)

13.4 Cash Flow Statement – Cash and Cash Equivalents

2018/19 £'000		2019/20 £'000	Movement in year £'000
2,526	Cash and Bank Balances	348	(2,178)
2,526	Total Cash and Cash Equivalents	348	(2,178)

13.5 Cash Flow Statement – Interest on Balances

2018/19		2019/20
£'000		£'000
3,415	Interest paid	3,959
(1,948)	Interest received	(2,633)
1,467	Net Interest Paid	1,326

SECTION F – SUPPLEMENTARY NOTES TO THE CORE FINANCIAL STATEMENTS

14.0 Leasing Arrangements and Private Finance Initiative

14.1 Private Finance Initiative

The Council's Private Finance Initiative (PFI) Scheme provided two new Leisure Centres in Great Dunmow and Stansted Mountfitchet and the refurbishment of the Lord Butler Fitness and Leisure Centre in Saffron Walden. The PFI contract is with 1Life who manages the three Leisure Centres on the Council's behalf.

The carrying value of the PFI assets as at 31 March 2020 was £17.5million.

The contract was operational from the financial year 2003/04 and runs for a period of 32 years (ending 2035/36) leaving 16 years outstanding. The total contract payments estimated at the time of entering into the contract were £39.9million. Actual payments are dependent on the service provided. The remaining capital liability as at the balance sheet date is £4.488million (Note 11.2). The figures have been updated in line with RPI.

The PFI unitary charge has been forecast to increase by an average RPI of 2% to the end of the PFI contract. This reflects the Bank of England's inflation target.

2018/19 £'000		2019/20 £'000	1 year £'000	2 - 5 years £'000	6 - 10 years £'000	11 - 15 years £'000	16 - 20 years £'000
1,098	Leisure PFI - Unitary Charge	1,064	1,106	4,679	6,410	6,081	629
121	Capital repayment	131	142	698	1,251	1,864	533
393	Interest expense	383	372	1,361	1,322	709	22
291	Contingent rent	309	328	1,445	2,371	3,026	74
293	Services	241	264	1,175	1,466	482	0
1,098	Total Unitary Charge	1,064	1,106	4,679	6,410	6,081	629

15.0 Members, Officers and Related Parties

15.1 Members Allowances

The Local Government Act 2000 and the Local Government (Members Allowances) Regulation 2003 require the Council to appoint an independent remuneration panel to review its scheme for Members Allowances. The panel make recommendations to the Council regarding the scheme to be operated in 2019/20. The total Members allowances paid in 2019/20 was £284,402 (£282,896 for 2018/19), these are detailed below.

2018/19		2019/20
£'000		£'000
	Allowance:	
199	Basic Allowance	203
4	Group Leaders Allowances	8
70	Special Responsibility Allowances	64
10	Travel and Subsistence	9
283	Total	284

15.2 Related Party Transactions

The Council is required to disclose material transactions with related parties that have the potential to control or influence the Council or to be controlled or influenced by the Council.

15.2.1 Member of the Council

Members of the Council have direct control over the Council's financial and operating activities. Any contracts entered into by the Council are in full compliance with the Council's constitution and any decisions made take full consideration of any declarations of interest.

A register of Members Interests is held and records all transactions and declarations, this is available for public inspection during office opening times at the London Road offices, alternatively current Members records can be found on the Council's website.

15.2.2 Senior Officers of the Council

Senior Officers have control over the day-to-day management of the Council. The Chief Executive, Directors and Assistant Directors are required to declare any related party transactions. All transactions are recorded in the register of Officers Interest, Gifts and Hospitality and this is available for public inspection on request to the Council.

The Director of Finance and Corporate Services, Assistant Director of Corporate Services and Assistant Director ICT and Facilities are all Directors of the Council's wholly owned subsidiary Companies under the Aspire name and 2 companies enabling the set-up of a Joint venture; Chesterford Park (Nominee) Limited and Chesterford Park (General Partner) Limited . Further information relating to the companies can be found in the narrative report and the Group Accounts.

There are no other disclosures from Senior Officers of any material related party transactions.

15.2.3 Central Government

Central Government has significant influence over the general operations of the authority – it is responsible for providing the statutory framework, within which the authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (e.g. Council Tax bills, Housing Benefits).

Further information on significant funding streams from Central Government is included within the narrative report.

15.2.4 Companies and Organisations

- **Turpin's Indoor Bowling Club Limited**

Under the terms of a 23 year lease (a new lease was started in December 2014), Turpin's Indoor Bowling Club Limited leases property owned by the Council. The asset is leased to the company for a market rent; taking account of the covenant within the terms of the lease, 40% of the facility is for the use of community residents. To protect the Council's interest two Council Members have a seat on the organisation's board.

- **Saffron Walden Pig Market**

Uttlesford District Council is the sole trustee of the Saffron Walden Pig Market Charity. The Charity owns a proportion of a public pay and display car park and their income is derived from this asset.

The Car Park is run by the North Essex Parking Partnership on behalf of the District Council and the Charity receives a 19.86% share of the net income.

The Charity distributes the income it receives by way of grants to charities that work in the Saffron Walden area. The last two years grant distributions have been as follows:

Citizens Advice Bureau	2019/20 - £36,702
	2018/19 - £41,366

- **Saffron Walden Museum Society Limited**

The Council rents the Saffron Walden Museum and Museum artefacts under the terms of a 99 year lease from the Museum charity at a nominal annual rent. The asset is classified as a donated asset under the International accounting standards, on the basis that the Council receives all the rewards and benefits of the asset used to provide a service. The Museum service is fully funded by the Council and all staff associated with this service are employed by the Council. A nominated Council Member has a seat on the Museum Charity board.

The net costs of running the Museum are;

	2019/20 - £276,961
	2018/19 - £293,042

15.2.5 Partnership Schemes

- **Local Strategic Partnership (LSP) – Uttlesford Futures**

Uttlesford Futures Management Board work together in relation to the Strategic needs of the district.

The Partnership consists of Uttlesford District Council, Essex County Council, Essex Police, Essex Fire Authority, West Essex Clinical Commissioning Group, Uttlesford Council for Voluntary Services, Federation of Small Businesses, Sustainable Uttlesford, Uttlesford Association of Local Councils and Learning Skills Council.

The Council's contribution for 2019/20 was £5,000 (£5,000 for 2018/19).

- **Community Safety Partnership**

The Council is a member of the district wide Community Safety Partnership, this comprises of statutory, private and voluntary organisations working together to tackle crime and disorder.

The Partnership consists of Uttlesford District Council, Essex County Council, Essex Police, Essex Fire Authority, West Essex Clinical Commissioning Group and Uttlesford Council for Voluntary Services. The Partnership reports into the Local Strategic Partnership.

The table below shows the finances of the Partnership over the last 2 financial years. The unspent funds will contribute towards the costs of the partnership's strategic vision in future financial years.

2018/19	2019/20
(67) Balance at 1 April	(45)
(16) Income in Year	(21)
37 Expenditure in Year	14
(45) Balance at 31 March	(52)

15.2.6 Parking Partnership

- The Council is a member of the North Essex Parking Partnership which was formed with Colchester Borough Council, Braintree District Council, Epping Forest District Council, Harlow District Council and Tendring District Council with effect from the 1st April 2011.
- The Partnership is governed by a Joint Committee, on which each partner Council has a representative. The Joint Committee produces its own accounts which summarise the surplus/deficit for each year as well as the reserves held at each year-end.

The Partnerships' on street parking activities is funded by income from pay and display, resident parking and penalties across the area. The On Street partners are jointly liable (except Essex county Council) for any deficit in the On Street Fund. However, it is unlikely to happen as the Partnership has a very substantial reserve to cover most eventualities. The Partnership's cumulative reserves (currently in excess of £1m) may be used as a contingency to ensure financial stability. If deemed appropriate by the Joint Committee a proportion of the reserves may be returned to the partners.

- The Partnership also operates the off street pay and display car parks for Colchester, Braintree, Harlow and Uttlesford on behalf of the Councils, with each authority having a service level agreement with the Partnership. This is funded by previously agreed service charges by each Council partner; these are expected to remain constant. The lead authority is Colchester Borough Council and they provide the support services and accommodation for the Partnership.

15.3 Officers Remuneration

Senior Officers remuneration is detailed below

		Salary, Fees and Allowances	Bonuses	Car Allowances	Benefits in Kind	Redundancy	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
		£	£	£	£	£	£	£	£
Chief Executive	2018/19	112,807	-	-	-	-	112,807	18,984	131,791
	2019/20	116,639	-	-	-	-	116,639	19,595	136,234
Director of Public Services	2018/19	89,627	-	-	-	-	89,627	15,057	104,684
	2019/20	92,471	-	-	-	-	92,471	15,535	108,006
Director of Finance and Corporate Services	2018/19	89,627	-	-	-	-	89,627	15,057	104,684
	2019/20	92,471	-	-	-	-	92,471	15,535	108,006
Assistant Director - Corporate Services	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
Assistant Director - Housing, Health and Communities	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
Assistant Director - Planning and Building Control	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
Assistant Director - Resources	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
Assistant Director - ICT and Facilities	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
Assistant Director - Governance and Legal	2018/19	67,993	-	-	-	-	67,993	11,423	79,416
	2019/20	70,403	-	-	-	-	70,403	11,828	82,231
Assistant Director - Environmental Services(*)	2018/19	20,288	-	-	-	-	20,288	3,408	23,696
	2019/20	69,353	-	-	-	-	69,353	11,652	81,005

(*)Assistant Director - Environmental Services post appointed 14th December 2018 at an annualised salary of new appointment £67,993

15.4 Employees Salary over £50,000

The Council's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are shown in the table below.

No. of Employees 2018/19	Remuneration Band	No. of Employees 2019/20
7	£50,000 - £54,999	8
6	£65,000 - £69,999	1
-	£70,000 - £74,999	6
2	£85,000 - £89,999	-
-	£90,000 - £94,999	2
1	£110,000 - £114,999	-
-	£115,000 - £119,999	1
16	Total	18

The number of employees shown above includes the senior officers shown in the preceding senior officers' note, 15.3.

15.5 Termination Benefits

The Council terminated the contracts of 4 employees in 2019/20 (3 in 2018/19) incurring liabilities of £39,746 (£28,516 in 2018/19). The table below identifies the number of exit packages in bands of £20,000.

Number of Compulsory Redundancies	2018/19		Exit Package Cost Band	2019/20	
	Number of Departures Agreed	Total Number of Exit Packages		Number of Departures Agreed	Total Number of Exit Packages
1	2	3	£0 - £20,000	1	3
-	-	-	£20,001 - £40,000	-	-
1	2	3	Total Number of Packages	1	3
13,940	14,576	28,516	Total Cost (£)	15,449	24,297

16.0 Fees Payable

16.1 External Audit Fees Payable

External audit costs incurred by the Council are detailed in the following table.

2018/19 £'000	2019/20 £'000
41	41
Fees payable in relation to External Audit Services carried out by the appointed auditor	
17	17
Fees payable in relation to Certification of Grant Claims and returns	
2	2
Pooled Housing Capital Receipts Return	
6	(5)
Fees payable in relation to other Audit Services	
66 Total	55

17.0 Pension Scheme

17.1 Pension Scheme Disclosure

The Council offers membership to a Pension Scheme with defined benefits as part of their employment terms and conditions to all employees. The benefits of the scheme are not payable until the employees retire, but the Council has a commitment to make payments which need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Essex County Council. This is a funded scheme which means both the Council and employee pay contributions into the fund, the contributions are calculated at a level intended to balance pension liabilities with investment assets over the long term.

The contributions are based on rates determined by the fund's professionally qualified actuaries and these are reviewed every 3 years. Under regulation the actuarial valuation of the fund is undertaken every three years the reported financial year is the third year as a result of the actuarial valuations and the valuation of the fund was carried out as at 31 March 2020 and will set contributions for the period 1 April 2020 to 31 March 2023.

The Pension Scheme has been calculated based on the revised IAS19 standard.

The assumption has been made by the Actuary that members will exchange half of their commutable pension for cash at retirement and that the proportion of active members who opted to pay 50% of contributions for 50% of benefits at the last valuation date remains the same. The Scheme Advisory Board, with consent of the Ministry of Housing, Communities and Local Government (MHCLG), commissioned GAD to report on the possible impact of the McCloud/Sargeant judgement on LGPS liabilities, and in particular, those liabilities to be included in local authorities' accounts as at 31 March 2019. This followed an April 2019 CIPFA briefing note which said that local authorities should consider the materiality of the impact. This analysis was to be carried out on a "worst-case" basis, (i.e. what potential remedy would incur the highest increase in costs/liabilities). The results of this analysis are set out in GAD's report dated 10 June 2019.

The Council have used this analysis provided by GAD to estimate the possible impact of the McCloud/Sargeant judgement for the Employer. The key assumption is the assumed rate of future salary increases which is set out in the Financial assumptions section of this disclosure.

The outbreak of the Coronavirus (COVID-19) has impacted global financial markets. As a consequence, the Pension Fund was unable to attach as much weight to previous market evidence to inform opinions of value of property, equity and other investments as at 31 March 2020. The Fund's valuation(s) are therefore reported on the basis of 'material valuation uncertainty.

17.2 Transactions Relating to the Pension Scheme

The Council is required to recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are actually paid. The real cost of retirement benefits are reversed out of the CIES via the movement in reserves, the actual charge the Council is required to make against the Council Tax is based on the cash payable in the year. The following transactions reflect these accounting entries.

With effect from the 1 April 2011 public service pensions have been up-rated in line with Consumer Price Index (CPI) rather than Retail Price Index (RPI).

2018/19 £'000		2019/20 £'000
3,236	Current service cost	4,190
866	Net interest on the Defined Liability/Asset	718
30	Administration Cost	24
4,132	Net Charge to Comprehensive Income and Expenditure Statement	4,932
2,557	Reversal of Net Charge made for retirement benefits in accordance with IAS19	3,223
	Actual amount charged against Council Tax for Pensions in the year:	
1,468	Employer contributions to the Pension Fund	1,594
	- Deficit contribution payments	-
	- Contributions to the Pension Fund in respect of early retirement	11
104	Added years discretionary payments	104
1,572	Payments to the Pension Fund During the Year	1,709
4,129	Total	4,932

17.3 Pension Liabilities - Summary

The liabilities show the underlying commitments the Council has in the long term to pay future retirement benefits. The deficit on the scheme will be decreased by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary.

A reconciliation of the opening and closing balances of the present value of the scheme liabilities for retirement benefits attributable to the Council as at 31 March 2020 are as follows:

2018/19 £'000		2019/20 £'000
108,975	Present Value of Scheme Obligation as at 1 April	110,132
3,184	Current cost of service	3,408
2,747	Interest cost	2,613
3,839	Change in financial assumptions	(10,269)
(6,183)	Change in demographic assumptions	(684)
-	- Experience gain on defined benefit obligation	3,680
(2,977)	Benefits/transfers paid	(3,068)
52	Past service cost and curtailments	782
599	Contributions by scheme participants	659
(104)	Unfunded pension payments	(104)
1,157		(2,983)
110,132	Present Value of Scheme Obligation as at 31 March	107,149

17.4 Pension Liabilities - Sensitivity Analysis

Additional information in respect of how potential fluctuations would affect the scheme obligation value is provided below:

Adjustments made to:-	+1 year/ +0.1% change £'000	No change £'000	- 1 year/ -0.1% change £'000
Mortality age rating (increase/decrease by 1 year)	111,544	107,149	102,941
Rate of increase in salaries (increase/decrease by 0.1%)	107,333	107,149	106,966
Rate of increase in pensions (increase/decrease by 0.1%)	108,983	107,149	105,349
Rate for discounting scheme liabilities (increase/decrease by 0.1%)	105,177	107,149	109,160

17.5 Pension Assets

A reconciliation of the opening and closing balances of the present value of the scheme assets for retirement benefits attributable to the Council as at 31 March 2020 are as follows:

2018/19 £'000		2019/20 £'000
74,230	Fair Value of Scheme Assets as at 1 April	79,346
1,881	Interest on assets	1,895
4,172	Return on assets less interest	(5,982)
-	Other actuarial gains/(losses)	852
(30)	Administration expenses	(24)
1,575	Contributions by employer including unfunded	1,709
599	Contributions by scheme participants	659
(3,081)	Estimated benefits paid plus unfunded net of transfers in	(3,172)
5,116		(4,063)
79,346	Fair Value of Scheme Assets as at 31 March	75,283

17.6 Pension Scheme History

The liabilities show the underlying commitments that the Council has in the long term to pay employment retirement benefits. The total liability for 2019/20 of £31.866million (£30.786million in 2018/19) has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements are in place for funding the deficit to maintain a healthy financial position of the Council, by the following;

- Increased contributions over the remaining working life of employees (before payments fall due), as assessed by the actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Estimated Liabilities in the scheme	(89,453)	(109,030)	(108,975)	(110,132)	(107,149)
Estimated Assets in the scheme	58,552	68,827	74,230	79,346	75,283
Net (deficiency) in the fund	(30,901)	(40,203)	(34,745)	(30,786)	(31,866)

17.7 Basis for Estimating the Pension Scheme Assets and Liabilities

These assumptions are set with reference to market conditions as at 31 March 2020.

The discount rate is the annualised yield at the 17 year point on the Merrill Lynch AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS 19 and with consideration of the Employer's liabilities. This is consistent with the approach used at the last accounting date.

2018/19		2019/20
	Mortality Assumptions:	
	Longevity at 65 for future pensioners (years)	
22.9	Men	23.2
25.4	Women	25.2
	Financial Assumptions:	
3.40%	Rate of Inflation - RPI	2.70%
2.40%	Rate of Inflation - CPI	1.90%
3.90%	Rate of Increase in Salaries (reflects long-term salary growth assumptions)	2.90%
2.40%	Rate of Increase in Pensions	1.90%
2.40%	Rate of Discounting Scheme Liabilities	2.35%
50%	Contribution rate under new LGPS to receive 50% of benefits at retirement	50%

17.8 Analysis of Assets Held

The assets held by the fund attributable to Uttlesford District Council as at 31 March 2020 are detailed below;

31 March 2019		31 March 2020	
£'000	%	£'000	%
49,401	62%	44,066	59%
4,211	5%	3,245	4%
4,637	6%	4,561	6%
7,055	9%	6,770	9%
2,090	3%	3,129	4%
7,736	10%	8,672	12%
4,216	5%	4,840	6%
79,346	100% Total	75,283	100%

17.9 History of Actuarial Gains and Losses

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Return on plan assets in excess of interest	(465)	9,303	3,149	4,172	(5,982)
Asset Gain/(Loss)	-	238	-	-	852
Liability Gain/(Loss)*	5	(288)	-	-	(3,680)
Change in Demographic Assumptions	-	2,131	-	6,183	684
Change in Assumptions	3,038	(18,822)	3,935	(3,839)	10,269
Net Actuarial Gain/(Loss)	2,578	(7,438)	7,084	6,516	2,143

*in 2019 the Council took the decision to not adjust the 2018/19 accounts for the McCloud judgement which gave rise to an increase liability of £722k and was reported as an unadjusted error, this has led to an increase in net liability in this years accounts which is inconsistent with other members of the pension scheme.

17.10 Pension Reserve

The Pension Reserve has been set up as part of the requirements to comply with IAS19 – Employee Benefits. This reserve represents the actuarially calculated deficit between the value of all pension liabilities and the assets held by the Pension Fund as at 31 March 2020. The deficit also includes the difference between the cost of statutory required payments to the Pension Fund and the IAS19 accounting cost charged to the CIES. See Note 3.5 for the reserve balance as at 31 March 2020.

Further information can be found in Essex County Council’s Pension Fund’s Annual Report which is available upon request from Essex County Council, County Hall, Chelmsford, Essex, CM1 1JZ.

18.0 Financial Instruments

Financial Instruments Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Council's non-derivative financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders
- short-term loans from other local authorities
- Private finance initiative contracts detailed in note 14.1
- Trade payables for goods and services received

Financial Assets

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

Amortised Cost (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- cash in hand
- bank current and deposit accounts with Barclays Bank Plc
- loans to other local authorities
- trade receivables for goods and services delivered

Fair Value through profit and loss comprising:

- Money Market Funds

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

18.1.1 Outstanding short-term investments

Date	Institution	Amount	Interest Rate %	Maturity Date
01/05/2019	CCLA	1,000,000	0.72	On-going
03/06/2019	Federated	1,000,000	0.72	On-going
05/12/2019	Cornwall Council	2,000,000	0.85	05/06/2020
11/12/2019	Thurrock Borough Council	2,000,000	0.85	11/06/2020
12/12/2019	Northumbria Police Authority	2,000,000	0.85	07/07/2020
16/12/2019	Surrey Heath Borough Council	2,000,000	0.85	16/06/2020
Total		10,000,000		

18.1.2 Outstanding short-term borrowing

Date	Institution	Amount	Interest Rate %	Maturity Date
21/01/2019	Oxfordshire County Council	2,500,000	1.25	06/07/2020
19/11/2019	Police & Crime Commissioner for West Yorkshire	5,000,000	0.80	01/04/2020
19/12/2019	Staffordshire County Council	3,000,000	0.84	01/05/2020
20/01/2020	Greater London Authority	3,000,000	0.88	01/05/2020
19/02/2020	Northern Ireland Housing Executive	2,500,000	0.90	19/05/2020
19/02/2020	South Derbyshire District Council	2,000,000	0.90	04/05/2020
19/03/2020	South Cambridgeshire District Council	2,500,000	1.07	27/04/2020
19/03/2020	Blaby District Council	2,000,000	1.05	15/04/2020
19/03/2020	North Tyneside Council	2,000,000	0.65	01/05/2020
Total		24,500,000		

18.2 Long-term Borrowing

The long term borrowing consists of two elements; borrowing for the Housing Revenue Account and for the Council's subsidiary, Aspire (CRP) LTD, for the investment in Chesterford Research Park.

The Department for Communities and Local Government (DCLG) abolished the HRA subsidy system in March 2012, under the Localism Act, with Local Authorities taking control of the housing expenditure and income. This will enable the effective long term planning of housing stock at a local level.

The Council was required to borrow £88.407million on 28 March 2012 to buy itself out of the subsidy regime; this financial year was the third year of principal repayment at £2million per year leaving a balance as at 31 March 2020 of £82.407million. The Housing revenue Account maintains a 30 years rolling business plan as part of the Council's financial planning. This gives details of income, expenditure, financing and repayments.

The Council has set up a subsidiary company (Aspire (CRP) Ltd) to undertake an investment in Chesterford Research Park; to enable the investment the Council has committed to a forward starting loan totalling £37million. In 2017-18 the first element of the loan was drawn down totalling £10million. The remaining borrowing will be drawn down to reduce internal cash balances loaned to Aspire (CRP) Ltd over a three year period with the second draw down in 2020-21 of £12million and the final element of £15million in 2021-22.

The maturity profile of the debt is detailed in Note 18.5.3 Financial Instruments.

18.3 Financial Instruments – Gains and Losses

The gains and losses recognised in the CIES in relation to financial instruments consist of the following items:

2018/19		2019/20			
£'000		Financial Assets at Amortised Cost £'000	Financial Assets at Fair Value through Profit & Loss £'000	Financial Liabilities at Amortised Cost £'000	Total £'000
3,412	Interest Expenses	-	-	3,424	3,424
397	Impairment Losses	657	-	-	657
3,810	Interest Payable and Similar Charges	657	-	3,424	4,081
(2,009)	Interest and Investment Income	(2,163)	(16)	-	(2,179)
(18)	Impairment Loss reversals	(11)	-	-	(11)
(2,027)	Interest Receivable and Similar Income	(2,174)	(16)	-	(2,190)
1,783	Net (Gains)/Loss for the Year	(1,517)	(16)	3,424	1,891

18.4 Financial Instruments – Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms-length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holders perspective.

Financial instruments, except those classified as amortised cost, are carried on the balance sheet at fair value. For most assets including money market funds, the fair value is taken from the market price.

Financial instruments classified as 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 2020, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of the PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA corporate bond yield.
- 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.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities e.g. bond prices
- Level 2 – fair value is calculated from 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

Fair Value Level	Balance Sheet 31 March 2019	Fair Value 31 March 2019		Fair Value Level	Balance Sheet 31 March 2020	Fair Value 31 March 2020
	£'000	£'000			£'000	£'000
			Financial Liabilities held at amortised cost:			
2	(84,407)	(96,957)	Long-term loans from PWLB	2	(82,407)	(95,760)
2	(12,500)	(11,015)	Other long-term loans	2	(10,000)	(11,302)
2	(4,620)	(7,447)	PFI scheme liabilities	2	(4,488)	(6,749)
	(101,527)	(115,419)	Total		(96,895)	(113,811)
			Liabilities for which fair value is not disclosed*			
	(2,430)	-	- Creditors (Contractual)		(891)	-
	(19,000)	-	- Short-term borrowing		(24,638)	-
	(21,430)	- Total			(25,529)	-
			Financial Assets held at fair value:			
1	1,000	1,000	Money Market Funds	1	2,000	2,000
	1,000	1,000	Total		2,000	2,000
			Financial assets held at amortised cost:			
2	49,601	53,325	Long-term investment	2	51,946	66,980
	49,601	53,325	Total		51,946	66,980
			Assets for which fair value is not disclosed*			
	11,000	-	- Short-term investments		9,922	-
	2,525	-	- Cash and cash equivalents		396	-
	1,325	-	- Long term Debtors (Contractual)		1,242	-
	480	-	- Debtors (Contractual)		569	-
	15,330	- Total			12,129	-

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

18.5 Financial Instruments - Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities (both revised in December 2017).

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government guidance on Local Government Investments. This guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- *Credit Risk*: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk*: The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk*: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

18.5.1 Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of BBB+, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures when selecting commercial entities for investment.

A limit of £1million was placed on the money that can be invested with a single counterparty (other than UK government and local authorities). A limit of £3m was placed on UK local authorities per authority and a limit of £1m per Money Market Fund. All of the council's investments during 2019/20 were placed with UK Central Government, UK Local Government and Money Market Funds.

The amount of money that can be invested with a single counterparty or same counterparty group is bound by the Council's Treasury Management Strategy, reviewed annually.

Credit risk is minimised through the annual investment strategy (details of which are available on the Council's website) which requires the Council to maintain a counterparty list that follows the criteria set out in the Treasury Management Practices. Credit worthiness is assessed by the use of credit ratings provided by a selection

of external rating agencies to assess an institutions long and short term financial strength along with its individual and support ratings. Other information provided by brokers, advisers and financial and economic reports are also collated and assessed to monitor each individual institution against the Council's criteria.

Any counterparty whose ratings fall to the extent that they no longer meet the credit criteria are immediately removed from the lending list. Only highly rated counterparties are included on the lending list.

The Council holds all of its short term investments with central government and local authorities so no loss allowances have been calculated.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

	Short-Term	
	As at 31st March 2019	As at 31st March 2020
	£'000	£'000
Unrated Local Authorities	11,000	8,000
Credit Risk not applicable	1,000	2,000
Total Investments	12,000	10,000

* Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

18.5.2 Credit Risk: Trade Receivables and Contract Assets

Payments for services are either required in advance or due at the time of the service is provided. Please see table 18.4, Debtors (Contractual), for the total amount due to the Council from its customers as at 31 March 2020.

Note: the debtor (contractual) excludes payments in advance as these are technically not debts. Government grants due are also excluded as they will be received in full. In line with "The Code" statutory debt (Council Tax, NNDR, and Housing Benefit Overpayment arrears) are excluded from the analysis. In order to recover all debts effectively the Council will concentrate on debt management and ensure efficient use of debt management information.

The following analysis summarises the Councils trade receivables (excluding HRA debt which is not reported by age), by due date.

	31 March 2019 Trade Receivables £'000	31 March 2020 Trade Receivables £'000
Neither past due nor impaired	215	449
Past due < 3 months	144	41
Past due 3-6 months	8	1
Past due 6-12 months	2	1
Past due 12+ months	28	28
Total receivables	397	520

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default.

Receivables are collectively assessed for credit risk in the following groupings:

31 March 2019		Range of Allowances set aside	31 March 2020		
Gross Receivable £'000	Loss Allowance £'000		Gross Receivable £'000	Loss Allowance £'000	
328	209	HRA Tenants	20% - 95%	280	198
156	35	Private Sector	5% - 80%	148	38
241	-	Public Sector	0%	372	0
725	244	Total		800	236

Receivables are written off to the surplus or deficit on the provision of services when they are deemed no longer collectable. Steps are taken to collect all outstanding amounts until this point.

18.5.3 Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loans Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. The risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 25% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

31 March 2019			Time to Maturity	31 March 2020		
Liabilities £'000	Assets £'000	Net £'000		Liabilities £'000	Assets £'000	Net £'000
21,000	(12,000)	9,000	Under 1 year	26,500	(10,000)	16,500
13,030	-	13,030	1 to 5 years	12,173	-	12,173
18,405	-	18,405	6 to 10 years	19,503	-	19,503
23,925	-	23,925	11 to 15 years	24,038	-	24,038
27,524	-	27,524	16 to 20 years	28,654	(3,000)	25,654
20,621	-	20,621	21 to 25 years	15,771	-	15,771
6,009	-	6,009	26 to 30 years	6,182	-	6,182
6,926	-	6,926	31 to 35 years	7,125	-	7,125
5,468	-	5,468	36 to 40 years	3,961	-	3,961
-	(49,991)	(49,991)	Over 40 years	-	(49,991)	(49,991)
142,908	(61,991)	80,917		143,907	(62,991)	80,916

18.5.4 Interest Rate Risk

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

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the CIES. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of £250,000 on the 12 month revenue impact of a 1% fall and rise in interest rates. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	31 March 2019 £'000	31 March 2020 £'000
Increase in interest payable on variable rate borrowings	186	244
Increase in interest receivable on variable rate investments	(117)	(81)
Decrease in fair value of investments held at FVPL	2	3
Impact on Surplus or Deficit on the Provision of Services	71	166

18.6 Financial Instruments – Collateral

The Council holds collateral in relation to the following loans, see Note 3.3 for details

Debt Outstanding 31 March 2019 £'000		Debt Outstanding 31 March 2020 £'000
1,250	Rents to mortgages	1,146
1,250	Total	1,146

19.0 Supplementary Notes

19.1 Events after the Reporting Period

The Draft Statement of Accounts was authorised for issue by the Director of Finance and Corporate Services on 19 June 2020. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date, provided information about conditions that existed as at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The below events occurred after the 31 March 2020.

Uttlesford Norse Limited – Joint venture

In November 2019 Cabinet approved a Joint Venture (JV) between Uttlesford District Council and the Norse Group for the provision of planned and responsive repairs for Housing along with facilities and cleaning services, the JV became fully operational on the 1 April 2020. The Norse Group, a wholly owned subsidiary of Norfolk County Council is the largest local authority trading company in the UK.

The total budget for the joint venture is £7.4million with a forecast profit of £139k created a net reduction to Uttlesford District Council of £30k

Covid-19

The impact from the Covid-19 pandemic on the council is on-going and can not be quantified to date, the Council continues to assess the impact on the Council's financial situation but is certain significant financial losses will occur.

The affect of Covid-19 after the 31 March is explained in more detail in the narrative statement

Commercial Strategy

In February 2020 Full Council approved the Commercial Strategy for the following four years. Included in the strategy was the provisional allocation of £300 million of borrowing for commercial investment. This sum includes all commercial borrowing already undertaken in respect of the loan to Aspire (CRP) Ltd for the 50% ownership of Chesterford Research Park. Since the start of 2020/21 the Council Investment Board has approved further investments totalling circa £240 million, including a further loan of £2.6 million to Aspire (CRP) Ltd. Two of the agreed acquisitions have completed and a further five are at various legal stages. Two of the larger investments are on a forward funding basis and will not start to deliver income until 2022/23. Providing all seven investments complete, and depending upon the cost of borrowing at the time, the net contribution to the annual budget, once all investments are online, is forecast to be in the region of £7 million.

19.2 Contingent Liabilities

- The Council has one potential legal claim the details of which are commercially sensitive. At the Balance Sheet date it is not possible to determine whether the Council has a possible obligation and the amount of the obligation cannot be measured reliably.
- In 2015, the Council received a grant from an external body towards a community project within the district. The grant was paid to the relevant community organisation, however the project has not proceeded as expected. Discussion with the grant funder has raised the prospect of repayment of the grant amount in full from Uttlesford District Council as the original recipient of the grant, minus the proper expenditure incurred relating directly to the project.

A further extension has been given to progress the project but in the event the project does not meet agreed milestones, the Council will recover the grant sum, minus the proper expenditure incurred relating directly to the project. However if the Council fails to recover the money it will remain liable for the repayment to the external funder.

- MMI is an insurance company established by a group of Local Authorities and incorporated in 1903. The Company suffered substantial losses between 1990 and 1992. These losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI ceased to write new or to renew general insurance business and a contingent Scheme of Arrangement became effective in 1994.

The Council is a scheme Creditor, under the scheme MMI will continue to pay agreed claims arising from incidents that occurred prior to September 1992, as long as their funds remain sufficient to meet obligations. If MMI funds become insufficient to meet the cost of agreed claims, it is possible that MMI will seek to recover monies from the Scheme Creditors.

As at 31 March 2019 the maximum possible liability for the Council under the Scheme is £60,477 due to the impact of Covid-19 the Council has not received a position for 31 March 2020, but it is believed this will not be materially different to the £60,447. It is unlikely the Council will be required to honour this amount, therefore it has not been recognised in the accounts. This liability could increase in the event new claims arise relating to incidents that occurred prior to September 1992. Details of the scheme can be found at www.mminsurace.co.uk

19.3 Grant Income – Revenue

The Council receives a number of grants and donations which are credited to the service lines of the CIES. In 2019/20 the Council received £13.830million in grants and donations (2018/19 £15.940million) made up of £5.363million relating to Housing Benefits Allowance Subsidy, £6.721million Housing Benefits Rent Rebates Subsidy and a remaining balance of other items totalling £1.746million (all of which were individually below £0.500million in value).

It should be noted that the above analysis excludes government funding which is credited to the Taxation and Non-Specific Grant Income line in the CIES.

19.4 Accounting Standard issued but not yet adopted

At the balance sheet date the following amendments to accounting standards have been published but not yet adopted by the Code of Practise of Local Authority Accounting in United Kingdom:

- IFRS 16 Leases – Local authorities will be required to recognise most leases, on the balance sheet as right-of-use assets with a corresponding lease liability (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred the implementation of IFRS 16 to 1 April 2021. The Council has identified immaterial impact on the accounts due to the assessment of most leases currently being held as either being exempt or immaterial.
- IFRS 19 Employee Benefits – Will require re-measurement of net pension asset/liability following plan amendments, curtailments or settlement to be used to determine current service costs and net interest for the remainder of the year after the change to the plan. The updating of these applies after 1 April 2020 and as the result of this could be positive, negative or equal, currently the impact can not be predicted.

19.5 Critical Judgements in Accounting Policies

In applying the accounting policies the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close the facilities and reduce levels of provision.
- Critical judgements are made on the treatment of Grants and Contribution around whether terms attached are judged as conditions and/or restrictions and whether any conditions are met. If the Council views that conditions are met, the income is taken through the Comprehensive Income and Expenditure Statement the same treatment as those without conditions. If conditions are not met the grant will be held within Creditors on the Balance Sheet
- The Council has interest in 4 subsidiaries of which 3 have been determined not material for consolidation due to the level of activities in the companies for 2019/20.
- The Council has made significant judgements on the impact of the Covid-19 pandemic to assess the need for any adjusting events, the Council has judged most events as a result of the impact are non-adjusting events as the effects started to be seen after the end of the accounting period.

19.6 Assumptions made about the Future and Other Sources of Estimation

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 taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible Assets respectively. This enables the assets to be written down over their estimated useful lives and show an appropriate cost of the asset in the Comprehensive Income and Expenditure Statement. Management judgment based on independent external advice is used to determine the useful economic lives of the Council's Property.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.</p> <p>The net book value of the Authority's property, plant and equipment assets is £349m as at 31 March; of this, £102m relates to land which is not subject to depreciation and is considered to have an infinite life. Vehicle, plant and equipment assets account for £4.2m with asset lives between 5 and 15 years. If the asset lives are reduced by 1 year across vehicle, plant and equipment it is estimated that depreciation would increase by £237k.</p> <p>For buildings, the asset life is up to 60 years unless the asset has major components which are depreciated separately. It is estimated that if the asset life for buildings reduced by 1 year, depreciation would increase by £60k.</p>
Property, Plant and Equipment	Property, Plant and Equipment are reviewed for both economic and price impairment on an annual basis. As at 1 April each year the Council's valuers carry out a valuation review of the Council's assets. In addition a year-end review is also undertaken. The recoverable amount is then estimated having regard to the application of the concept of materiality.	<p>If an asset is impaired the carrying amount of the asset is reduced. Land and Buildings are subject to market value movements all other assets are held at depreciated historic cost. The HRA housing stock (Dwellings) are valued at Existing Use Value for Social Housing. If the assets held at revalued amounts a valuation impairment of 1% would equate to a reduction in the Council's net worth of £3.4m.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase in the long term, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are completed by the Essex County Council Fund Actuaries.	The effect on net pensions of changes in individual assumptions can be measured. For instance: <ul style="list-style-type: none"> - A decrease in the discount rate assumption would result in an increase in pension liability. - An increase in member life expectancy would result in an increase in pension liability. - An increase in salaries would result in an increase in pension liability. - An increase in the pension rate would result in an increase in pension liability. Please reference table 17.4 for the affect on the scheme obligations.
Impairment for doubtful debts	At 31 March 2020, the Council had a balance of £3.7m for debtors. A review of balances suggested that an impairment of doubtful debts of £1.6m was appropriate	If collection rates were to deteriorate and sundry debt increased with the same debt profile, an additional contribution would be required to be set aside as an allowance. This is deemed non material for the Council's accounts.
NNDR Appeals	At 31 March 2020, the Council recognised a provision of £4.393m representing the total of expected liabilities in respect of business rates appeals lodged at the balance sheet date, the Council's share of this is £1.757m.	The value of appeals recognised in the provision are based on a calculation provided by our external valuers Analyse Local. This determines the likely effect of appeals in terms of effect on rateable value (RV), the timing of the losses expected and the overall percentage reduction in RV. Whilst the figure provided in the accounts is expected to be materially accurate a small variance in actual appeal costs incurred may arise.

SECTION G – SUPPLEMENTARY FINANCIAL STATEMENTS – HOUSING REVENUE ACCOUNT (HRA)

Comprehensive Income and Expenditure Statement (CIES)

For the Year ended 31st March 2020

2018/19 £'000		2019/20 £'000
	Income	
(14,124)	Dwelling Rents	(14,348)
(212)	Non-Dwelling Rents	(229)
(919)	Charges for services and facilities	(1,358)
(24)	Contributions towards expenditure	(3)
(15,279)	Total Income	(15,938)
	Expenditure	
2,696	Repairs and maintenance	2,969
1,977	Supervision and management	1,992
64	Rents, rates, taxes and other charges	108
1,946	Overheads	2,019
4,138	- Dwellings	4,187
159	- Other Non-current Assets	168
(1,051)	Change in Valuation of Non-current Assets	10,142
32	Revenue Expenditure Funded from Capital Under Statute (REFFCUS)	27
9,961	Total Expenditure	21,612
(5,318)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	5,674
(5,318)	Net Expenditure/(Income) on HRA Services	5,674
(114)	Loss/(Gain) on Sale of HRA Non-current Assets	(691)
2,638	Interest payable and similar charges	2,624
(43)	Interest and Investment Income	(24)
152	IAS19 Pensions - Net Interest on Defined Assets/Liabilities	126
(143)	Capital Grant and Contributions	(342)
(2,828)	(Surplus)/Deficit for the year on HRA Services	7,367

20.0 Housing Revenue Account

20.1 Movement in HRA Reserves

2018/19 £'000	2019/20 £'000
524 Balance on the HRA working balance at the end of the previous year	490
2,830 Surplus for the year on the HRA CIES	(7,368)
(5,577) Adjustments between accounting basis and funding basis under statute (as per 20.2)	4,607
(2,747) Net increase or (decrease) in the year on the HRA	(2,761)
2,713 Transfers to/from Earmarked Reserves	2,787
(34) Increase or (decrease) in the year on the HRA Working Balance	26
490 Balance on the HRA at the end of the current year	516

20.2 HRA – Adjustments between Accounting Basis and Funding Basis under Statute

2018/19 £'000	2019/20 £'000
Items included in the HRA CIES but excluded from the movement on the HRA Balance for the year	
114 Gain/(loss) on Sale of HRA Non-current Assets and Right to Buy Pooling	691
1,037 Impairment of Non-Current Assets	(10,142)
(32) Amounts treated as revenue expenditure in accordance with the 'Code' but which are classified as capital expenditure by statute	(27)
2,000 HRA Loan Repayment	2,000
143 Reversal of Non Specific Grants	342
(362) Net Charges made for Retirement Benefits in accordance with IAS 19	(348)
Items not included in the HRA CIES but included in the movement on the HRA Balance for the year	
2,692 Capital Expenditure funded by the HRA	2,891
(14) Right to Buy Administration Cost Allowance	(14)
5,578 Adjustments between accounting basis and funding basis under statute	(4,607)

21.0 Notes to the HRA

21.1 Introduction

The Housing Revenue Account (HRA) is a record of revenue income and expenditure relating the Council's housing stock.

The items charged to the HRA are prescribed by statute and are funded by the rent collected. The HRA is ring fenced from the General Fund, the Council has no general discretion to transfer sums between the Housing Revenue and General Fund accounts. Selected housing services (e.g. homelessness) are charged to the General Fund account under direction from Government.

21.2 Gross Rental Income

Gross rent income is the total rent income due after allowances is made for void properties. At the end of 2019/20 an average of 1.69% of properties were vacant (2.4% 2018/19) a decrease over the year due to previous void properties being rentable. The actual average rent for all stock was £98.44 per week in 2019/20 (£97.26 in 2018/19) leading to an actual gross rental income for dwelling rents of £14.34million for 2019/20 (£14.12million in 2018/19).

21.3 Housing Revenue Account Self-Financing Transactions

With effect from April 2012 Housing Subsidy arrangements ceased for Uttlesford District Council and were replaced by a self-financing system giving local authorities greater autonomy and flexibility with its finances for the provision of council housing. At the outset of self-financing the council took on a loan of £88.407million, for which the 2019/20 accounts reflect related interest costs payable of £2.624million (£2.638million in 2018/19) and a principle repayment of £2million.

21.4 Housing Stock

The dwellings held on the balance sheet can be broken down into the categories below:

31 March 2019		31 March 2020
No. of Properties		No. of Properties
713	Flats	714
764	Bungalows	763
1,330	Houses	1,333
2,807	Total Properties	2,810

The movement between 2018/19 and 2019/20 housing stock include the following:

- 1 Sale of Flats under Right to Buy
- 1 Sale of Bungalows under Right to Buy
- 9 Sale of Houses under Right to Buy
- 14 Dwelling Completions

21.5 Rent Arrears

2018/19		2019/20
£'000		£'000
	Arrears due from:	
286	- Current Tenants	251
43	- Former Tenants	28
329	Total Rent Arrears	279
2.3%	Total as a % of Gross Debt	1.9%

21.6 Balance Sheet Value of Housing Revenue Assets

31 March 2019		31 March 2020	
£'000		£'000	
332,926	Dwellings*	304,851	
1,659	Garages	1,673	
1,080	Temporary Accommodation	1,054	
138	Vehicles, Plant, Equipment and Intangibles	97	
284	Other Land and Buildings	454	
2,388	Assets Under Construction	5,932	
338,475	Total HRA Asset Value	314,061	

*The vacant possession value of dwellings within the HRA as at 31 March 2020 was £802.24million (£876.12million as at 31 March 2019). The difference of £497.39million between the vacant possession value and the balance sheet value of the dwellings represents the economic cost of providing council housing at less than open market value.

21.7 Major Repairs Reserve

The Major Repairs Reserve receives a credit transfer from the Housing Revenue Account (HRA) under the item 8 determination; this is an accounting adjustment in relation to capital charges on assets held within the HRA. The reserve can be used to finance capital expenditure.

2018/19		2019/20	
£'000		£'000	
(147)	Opening Balance as at 1 April	(473)	
(4,296)	Transfer In	(4,357)	
3,970	Capital Expenditure funded from reserve	4,614	
(473)	Closing Balance as at 31 March	(216)	

21.8 Capital Financing

2018/19 £'000		2019/20 £'000
8,125	Total HRA Capital Expenditure	9,372
	Financed by:	
(3,514)	Revenue Contributions	(3,541)
(3,970)	Contribution from Major Repairs Reserve	(4,614)
(498)	Capital Receipts	(1,217)
(143)	Capital Grants	-
(8,125)	Total Financing	(9,372)

21.9 HRA Contribution to Pension Fund

Under IAS19, the cost of retirement benefits is recognised in the net cost of service when employees earn them rather than when the benefits are eventually paid; this principle is applied to the HRA. In addition the HRA has been charged with its share of the net interest on the defined benefit liability/asset and related administrative costs. All of these costs together have been matched by a transfer to the pension reserve.

SECTION H – SUPPLEMENTARY FINANCIAL STATEMENTS – COLLECTION FUND

Collection Fund Summary

Uttlesford District Council is the authority responsible for the billing, collection and recovery of Council Tax and Business Rates. The Council is required to maintain a separate income and expenditure account to reflect the transactions relating to the Collection Fund. The Collection Fund is an income and expenditure account which holds the transactions of the Council in relation to the collection from taxpayers of Council tax and Non Domestic Rates and its distribution to Central Government and its preceptors (Essex County Council, Essex Fire Authority and Essex Police Authority).

The Local Government Finance Act 2012 introduced a Business Rates Retention Scheme which enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013.

Collection Fund Income and Expenditure Account

2018/19			Collection Fund	2019/20		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
-	(61,850)	(61,850)	Council Tax Payers	-	(66,733)	(66,733)
(44,804)	-	(44,804)	Business Rates Payers	(44,490)	-	(44,490)
(44,804)	(61,850)	(106,654)	Total Income	(44,490)	(66,733)	(111,223)
3,840	44,241	48,081	Essex County Council	3,917	47,404	51,321
-	6,120	6,120	Essex Police Authority	-	7,200	7,200
427	2,548	2,975	Essex Fire Authority	435	2,703	3,138
17,066	8,486	25,552	Uttlesford District Council/Parish	17,411	9,071	26,482
21,333	-	21,333	Central Government	21,764	-	21,764
42,666	61,395	104,061	Total Precept and Demand	43,527	66,378	109,905
(86)	71	(15)	Essex County Council	237	350	587
-	10	10	Essex Police Authority	-	48	48
(10)	4	(6)	Essex Fire Authority	26	20	46
(384)	13	(371)	Uttlesford District Council	1,052	67	1,119
(480)	-	(480)	Central Government	1,315	-	1,315
(960)	98	(862)	Total Distributions of Previous Years Surplus/(Deficit)	2,630	485	3,115
(121)	252	131	Provision for Doubtful Debts Adjustment	214	122	336
375	-	375	Transitional Protection Payments due to Central Government	(373)	-	(373)
127	-	127	Business Rates:- Renewable Energy to General Fund	122	-	122
138	-	138	Business Rates:- Cost of Collection Allowance to General Fund	140	-	140
1,360	-	1,360	Business Rates:- Provision created in year	2,917	-	2,917
(2,726)	-	(2,726)	Business Rates:- Provision released into Collection Fund	(1,370)	-	(1,370)
(847)	252	(595)	Total Other Expenditure	1,650	122	1,772
40,859	61,745	102,604	Total Expenditure	47,807	66,985	114,792
1,006	(423)	583	(Surplus)/Deficit as at 1 April	(2,939)	(528)	(3,467)
(3,945)	(105)	(4,050)	(Surplus)/Deficit for the year	3,317	252	3,569
(2,939)	(528)	(3,467)	(Surplus)/Deficit as at 31 March	378	(276)	102

22.0 Notes to the Collection Fund

22.1 Council Tax Introduction

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Essex County Council, Essex Police Authority, Essex Fire Authority and the Council, and dividing this by the Council Tax base to give an average Band D Council Tax rate.

The average amount for a Band D property in 2019/20 was £1,687.46 (2018/19 was £1,608.36), this is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any parish precept.

The average Band D Council Tax bill including Parish Precepts in 2019/20 was £1,778.96 (2018/19 was £1,695.49).

22.2 Council Tax Base

2018/19 Council Tax Base		2019/20
35,538	Total Dwellings	36,221
33,693	Net Chargeable Dwellings	34,569
38,391	Band D Equivalent	39,428
(1,948)	Local Council Tax Support Discounts	(1,873)
36,443	Total Band D Equivalent	37,555
36,006	Collection Rate 98.8% / 98.8%	37,104
205	M.O.D Properties	209
36,211	Council Tax Base	37,313

22.3 Council Tax Income Analysis

2018/19 £'000		2019/20 £'000
70,972	Gross Council Tax Collectable	76,592
(1,279)	Less:- Exemptions	(1,647)
(4,692)	Less:- Discounts	(5,021)
(3,153)	Less:- Local Council Tax Support	(3,191)
	2 Transitional Relief	-
61,850	Income from Council Tax Payers	66,733

22.4 Council Tax Collection Fund Balance

31 March 2019 £'000		31 March 2020 £'000
(377)	Essex County Council	(197)
(57)	Essex Police Authority	(30)
(22)	Essex Fire Authority	(11)
(72)	Uttlesford District Council	(38)
(528)	Total Surplus Apportioned	(276)

22.5 Business Rates Introduction

Business Rates are derived from rates due for business premises. The rateable value payable by businesses is set by the valuation office and is outside the control of the Council. The Council acts as a billing agent for central government and its preceptors (Essex County Council, Fire Authority and the Police Authority).

The National Non Domestic Rateable value in the Council's area as at 1 April 2019 was £106.691million (at 1 April 2018 was £106.752million) and the multipliers, as specified by Central Government were 49.1p excluding small business surcharge (48.0p 2018/19) and 50.4p including small business surcharge (49.3p 2018/19). Based on the lower rate this produced an approximate yield of £52.385million (£51.241million 2018/19). The difference between the approximate yield and the actual value of rate payers' income (as reported in the collection fund summary) is explained by the application of reliefs, discounts, void properties and movement on the bad debt provision.

The Local Government Finance Act 2012 introduced a Business Rates Retention Scheme which enabled local authorities to retain a proportion of the business rates generated in their area. This came into effect on 1 April 2013.

Under the Business Rates Retention Scheme, local authorities are able to come together on a voluntary basis to pool their business rates receipts and then agree collectively how they will be distributed among pool members. The benefit of this is that the authorities within the pool are treated as one body. By combining the authority figures in the calculation of the safety net/levy position, the levy rate of the combined figures should be lower than the sum of the individual authorities combined so it enables income that would otherwise be paid to Government as a levy to be retained within the pool. However, the protection each Authority receives under the safety net arrangements in the event of a shortfall is removed, with the 7.5% safety net only applying to the overall pool.

In 2019/20 Uttlesford was one of nine District Councils in Essex in a pooling agreement along with the County Council and the Fire Authority. Based on provisional outturn information provided by members of the pool, Uttlesford is due to pay a levy of £0.968million but will receive £0.484million benefit share from the pool thus reducing the levy payable to £0.484million.

22.6 Business Rates Income Analysis

2018/19 £'000		2019/20 £'000
51,883	Gross Business Rate Collectable	53,029
(3,457)	Small Business Rate Relief	(3,796)
(2,105)	Mandatory Relief	(2,242)
(947)	Property Relief	(1,259)
(570)	Discretionary Relief	(1,242)
44,804	Income from Business Rates Payers	44,490

22.7 Business Rates Fund Balance

31 March 2019 £'000		31 March 2020 £'000
(1,470)	Central Government	189
(264)	Essex County Council	34
(29)	Essex Fire Authority	4
(1,176)	Uttlesford District Council	151
(2,939)	Total (Surplus)/Deficit Apportioned	378



Supplementary Financial Statements

Uttlesford District Council



Address:
Uttlesford District Council
London Road
Saffron Walden
Essex

STATEMENT OF ACCOUNTING POLICIES

P1. GENERAL PRINCIPLES

The general principles adopted in compiling the Accounts summarises the Council's financial transactions for the 2019/20 financial year and its position at the year-end of 31st March 2020.

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and this requires the preparation to be in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

IAS 1 'Presentation of Financial Statements' specifies the information to be included in the financial statements but not the format. In addition the standard specifies the information to be disclosed within the financial statements on the face of the statements or in the associated notes.

It is not the policy of the Council to adjust for rounding across the annual accounts.

P2. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not when 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.
- Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the financial year is recognised in the Accounts to the extent that employees are permitted to carry forward the leave entitlement.
- Goods and Services are recorded as expenditure when they are consumed, and where there is a gap between the date supplies are received and their consumption, they are carried as stock on the balance sheet where the stock category value is more than £10,000.
- A minimum transaction value of £1,000 has been applied in determining whether to accrue for income and expenditure in line with the first and third bullet points above.
- Capital works are charged as expenditure when the asset is under construction. They are carried as Assets under Construction on the Balance Sheet before being completed.
- Interest receivable on investments is accounted for on the cash flows fixed 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.

Where the council is acting as an agent for another party (for example collection of NNDR and Council Tax), income and expenditure are recognised only for the Council's share of the income and as well as any administration costs that the Council is entitled to recover for the agency services performed.

P3. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that has a high probability of a settlement being required by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the agreement of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes more likely that a transfer of economic benefits will not now be required, (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party, (e.g. from an insurance claim) this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation which will only be confirmed by the occurrence of an uncertain future event/s which is not wholly in the control of the Council. Contingent liabilities also arise where the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised in the Balance Sheet, but disclosed in a note to the Accounts.

P4. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund Balance into the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves (Unusable reserves) are held to manage the accounting processes for long-term assets, financial instruments, collection fund and retirement benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies below.

P5. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant/contribution, and there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Conditions specify the future use of the asset. For example Disabled Facilities Grant is given to the Council to finance disabled adaptations within the community and if the grant is not spent on these items it has to be returned.

Government Grants and Contributions (Revenue)

Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Revenue Grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grants or contributions are credited to the Service line of the Comprehensive Income and Expenditure Statement.

Grants to cover general expenditure are credited to the Corporate Items section of the Comprehensive Income and Expenditure Statement after the Net Cost of Services.

Government Grants and Contributions (Capital)

Capital grants and contributions without conditions are credited to the Comprehensive Income and Expenditure Statement, and reversed out of the General Fund/Housing Revenue Account in the Movement in Reserves Statement. Where related expenditure is to be incurred after the end of the financial year the monies are credited to the Capital Grants Unapplied Account (usable reserve) in the Balance Sheet. Grants and Contributions in the Capital Grants Unapplied Account should eventually be transferred to the Capital Adjustment Account.

For Capital Grants and Contributions with conditions, if the conditions remain to be met, the monies are credited to Capital Grants Receipts in Advance Account (Creditor) and reviewed annually to determine whether the Grant or Contribution should be repaid. Where the Grant/Contribution can be applied, it is posted to the Capital Adjustment Account.

P6. RETIREMENT BENEFITS

Employees and Councillors of the Council are members of The Local Government Pension Scheme, administered by Essex County Council. The Scheme provides defined benefits to members of the scheme (retirement lump sums and pensions), earned as employees/councillors work for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Essex County Council Pension Scheme 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 a discount rate of 3.5% (based on the indicative rate of return on high quality corporate bonds).
- The assets of the Essex County Council Pension Fund attributable to the Council are included in the balance sheet at their fair value as follows:
 - quoted securities – current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value

The change in the net pension liability is analysed into the following components:

- Current Service Cost - the increase in liabilities as a result of years of service earned this year, allocated to the service line of the Comprehensive Income and Expenditure Statement.
- Past Service Costs - the increase in liabilities arising from current year decisions whose effect relates to years of service in earlier years charged to the Surplus/Deficit on provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net Interest on the defined benefit liability – this is the net interest expense for the Council. It represents the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income & Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the financial period whilst taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Re-measurements comprising:-
 - Return on Plan Assets – excluding the amounts included in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - Contributions paid to the Essex County Council Pension Fund – the cash paid by the Council as employer's contributions to the pension fund; which is not treated as an expense in the Council's Accounts.

In relation to retirement benefits, statutory provisions required the General Fund balance to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and any amounts payable to the fund but unpaid at the year end.

The negative balance that arises on the Pension Reserve at the end of the relevant accounting period reflects the beneficial impact to the General Fund of being required to account for retirements on a cash basis rather than as benefits as earned by the employee.

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.

P7. TERMINATION PAYMENTS

Termination payments are amounts payable as a result of the Council's decision to terminate an employee's employment before the normal contractual (fixed term contract) or retirement date or an employee's decision to accept voluntary redundancy.

Termination payments are charged to the Comprehensive Income and Expenditure Statement on an accruals basis, on demonstration of the commitment to the termination arrangements.

For termination payments involving enhanced pension payments, statutory legislation requires that the General Fund balances are charged with the amount payable by the Council to the Pension Fund, not the amount calculated according to relevant accounting standards. In line with the Pension Fund accounting policy, arrangements are made through the Movement in Reserves Statement to replace the accounting arrangements with regulatory requirements.

P8. VALUE ADDED TAX

Income and expenditure within the Comprehensive Income and Expenditure Statement excludes any amount related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

P9. INTANGIBLE FIXED ASSETS

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the appropriate revenue account over either a five or seven year period, to reflect the assets consumption.

A de-minimis amount of £10,000 is applied to all intangible assets.

Internally generated assets are capitalised where it is demonstrated that the project is technically feasible and is intended to be completed, the costs are directly attributable to bringing the asset into operation and the costs can be reliably measured.

Since Intangible assets have short useful lives and are low in value, the council has elected to adopt a depreciated historic cost valuation for these assets.

P10. PROPERTY, PLANT AND EQUIPMENT

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

Plant and Equipment includes all vehicles but excludes all miscellaneous furniture and equipment with an individual value of less than £10,000, unless part of a larger project.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets (e.g. repairs and maintenance) is charged to revenue as it is incurred.

A de-minimis amount of £10,000 is applied to all property, plant and equipment.

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. The Council does not capitalise borrowing costs.

Donated assets are measured at fair value. Any difference between the fair value and the consideration paid is credited to the Taxation and Non Specific Grants line of the Comprehensive Income and Expenditure Statement, unless there is a condition on the donation. Should there be a condition, the gain is held in the Donated Assets Account until the condition is met or the asset is returned. Gains credited to the Comprehensive Income and Expenditure Statement is reversed out of the General Fund Balance to the Capital Adjustment account in the Movement in Reserves Statement.

Assets are then carried in the balance sheet using the following measurement basis:

- Dwellings- fair value, determined using the basis of existing use value for social housing (EUV/ SH).
- Infrastructure assets and community assets at depreciated historical cost.
- Assets under construction are held at historic cost.
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- All other property assets – fair value, determined by the amount that would be paid for the asset in its EUV.
- The council has elected to use the depreciated historic cost, as a proxy to fair value, for non-property assets with low value and short useful lives; for example furniture and equipment assets.
- It is assumed all assets are fully expended at the end of their useful life and therefore it is assumed there is no residual value.

- Where there is no market-based evidence of fair value because of the specialist nature (for example Leisure Centre, Day Centre's etc.) depreciated replacement cost (DRC) is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where there is a decrease in valuation, which is due to a price decrease and is directly attributable to one particular asset; the revaluation loss is accounted for as follows:

- Where there is a revaluation gain balance for the asset in the Revaluation Reserve, the loss is written against the balance up to the amount of the accumulated gain.
- Where there is no revaluation gain against the asset in the Revaluation Reserve or insufficient balance; the loss is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

Valuation

Asset valuations were carried out as at 1 April 2019 by Wilks, Head and Eve LLP and an end of year market review is undertaken as at 31 March 2020.

Valuations of General Fund Land and Buildings are carried out on an annual basis. Council dwellings will continue to be valued annually by assessing the value of Beacon properties. A number of Beacon properties have been identified as being typical for a particular size and type of dwelling. These properties are valued and the assessed value is applied to all properties of a similar size and type. This is the accepted method of valuation for Council dwellings under 'The Code'.

Impairment

Assets are assessed at each year end as to whether there is an indication of impairment. Where impairment exists and differences in value are estimated to be material, an impairment loss is recognised.

Impairment losses are accounted for as follows:

- Where there is a balance on the Revaluation Reserve against the asset, the loss is written down against the balance up to the amount of the accumulated gains.
- Where there is no balance in the Revaluation Reserve or insufficient balance, the loss is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where a previous impairment loss is reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusting for depreciation that would have been charged had the loss not been recognised.

Where the impairment is permanent the treatment is the same as disposal of asset at nil value.

Disposals – Assets Held for Sale

When it becomes probable that an asset will be disposed of or decommissioned, the asset is reclassified as an Asset Held for Sale – a current asset within the Balance Sheet. In order to be classified as an Asset Held for Sale, the following conditions need to be met:

- The asset must be available for immediate sale and the sale must be highly probable.
- An active marketing plan is being followed and supported by management.
- The asset should be marketed for sale at a price that is reasonable, relative to its fair value.
- The sale is expected to be concluded within 12 months.

If these conditions are not fulfilled the asset should be classified as a Surplus Asset.

The asset is revalued before reclassification and carried at fair value less the cost of disposal. On disposal, any loss is recorded in the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement.

Assets which are abandoned or scrapped are not reclassified as Assets Held for Sale. The book value of such assets is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement; with receipts from the asset, if any, being credited to the same line. Any accumulated gains held in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £10,000 are categorised as capital receipts.

A proportion of receipts relating to dwelling disposals are required to be credited to the Capital Receipts Reserve net of statutory deductions and allowances and up to a cap set by Central Government. An element of these receipts can only be used for capital investment in new social housing up to a maximum of 30% of total capital costs.

All other housing receipts and the remaining balance of the dwelling receipts are appropriated to the Capital Receipts Reserve within the Movement in Reserves Statement and are ring fenced to the Housing Revenue Account.

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 within the Movement in Reserves Statement.

The Council will use the Net Book Value at the start of the year of disposal rather than revaluing the asset at the time of disposal to determine the profit or loss on the sale.

Depreciation:

Depreciation is provided for on all Property, Plant and Equipment with a determinable finite life by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. The estimated useful life of each asset is determined at the start of the year after the asset is brought in to use.

Assets that are not yet available for operational use, e.g. Assets under Construction, are not depreciated.

Depreciation is calculated on the following basis:

- Dwellings – straight line allocation over the life of the dwelling as estimated by the valuer no longer than 60 years.
- Other buildings – straight line allocation over the life of the property as estimated by the valuer no longer than 35 years.
- Vehicles, Plant and Equipment – straight line allocation over the life of the asset of between 5 and 7 years.
- Infrastructure – straight line allocation over a minimum of 20 years.

Where an item of Property, Plant and Equipment has major components with different estimated useful lives, these are depreciated separately (refer to policy on Componentisation).

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

Componentisation

A component is a part of an asset, which has to be separately identified for the purposes of assisting more accurate financial reporting and asset management.

A component must have the following factors:

- A significantly different useful life from the parent asset.
- A significantly different cost to the parent asset.
- Provide an economic or service benefit to the Council's services, which is materially different to the rest of the asset.

Taking into account the above, the following guidelines have been applied in order to implement the accounting requirements efficiently and effectively:

- A de-minimis value of £150,000, or 25% or more of the value of the parent building component.
- Componentisation must take place at the valuation, acquisition and enhancement of the parent asset.

Under the 'Code' componentisation is not retrospective and effective from 1 April 2010. The application of componentisation will result in a change in the accounting estimate under the 'Code'.

In line with the above policy, the following assets have been componentised as a result of the full revaluation of the Council's asset base:

- Dunmow Sports Centre.
- Lord Butler Fitness and Leisure Centre.
- London Road Offices Saffron Walden.
- Oakwood Park.

Each asset has been split into at least 2 material components.

P11. CHARGES TO REVENUE FOR FIXED ASSETS

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

- Depreciation attributable to the assets used by the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits on Property, Plant and Equipment used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (This is calculated using 'option 3' the Asset Life Method). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

P12. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure that may be capitalised under statutory provisions but does not result in the creation of fixed assets for the Council (for example Disabled Facilities Grants) has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer to the Capital Adjustment Account from the General Fund Balance, within the Movement in Reserves Statement, then reverses out the amounts charged so there is no impact on the level of Council Tax.

P13. HERITAGE ASSETS

The Council's Heritage Assets are held for the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. Under the SORP, Heritage Assets are to be recognised and measured at historic cost plus subsequent expenditure in accordance with the Council's accounting policies on Property, Plant and Equipment (P101, above). However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's collections of heritage assets are accounted for as follows:

Property Heritage Assets: Saffron Walden Motte and Bailey Castle

This asset is held on the balance sheet at historic cost plus any capital expenditure incurred since April 2007 as the Council considers that the cost of obtaining a robust valuation would be disproportionate to the benefit of the user of the financial statements. The carrying value of the property assets will be reviewed annually for evidence of impairment in relation to physical damage.

Heritage Assets held on Balance Sheet: Saffron Walden Museum Artefacts

The remaining heritage assets are not included on the balance sheet because the Council considers that obtaining reliable valuations of such items, which are large in number and are mostly unique and specialist in nature, is not straightforward and it would be disproportionately expensive to obtain accurate accounting valuations for the purpose of including these asset values on the Council's balance sheet. The collection of heritage assets will be annually reviewed for impairment as a result of damage or doubts over authenticity and be accounted for in line with the Council's impairment arrangements. The collection of artefacts is relatively static, acquisitions and disposals are rare. Donations to the collection where material will be valued and accounted for accordingly.

In general, heritage assets are deemed to have indeterminate lives and a high residual value, hence the Council does not consider it appropriate to charge depreciation.

P14. LEASES

The Council as lessee

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Where the lease covers land and buildings, each element is considered separately. Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with Property, Plant or Equipment, valued at fair value) the liability is written down as the rent becomes payable), and
- a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable)

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to these assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise Council Tax to cover depreciation, revaluation or impairment losses on leased assets. These charges are therefore replaced by a revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Operating Leases

Leases where no risks or rewards are transferred to the Council are accounted for as operating leases. Rentals payable are charged to the relevant service line within the Comprehensive Income and Expenditure Statement on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over Property, Plant and Equipment (for example the lease of Turpin's Bowling Hall), 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. These credits are based on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

P15. CASH AND CASH EQUIVALENTS

Cash and bank balances are recorded at the current value of these balances in the Council's cash book. Cash equivalents are investments, excluding Fixed Term Deposits; that can be converted to cash within 3 months, for known amounts, with insignificant risk of a change in value. Fixed Term Deposits have been classified as Short Term Investments, as by their very nature they cannot be called in earlier than the date of their maturity.

P16. FINANCIAL INSTRUMENTS

Financial Liabilities

Financial Liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to 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.

Financial Assets

The classification of contractual financial assets depends on two main tests: whether the cash flows are solely payments of principal and interest; and if yes, the authority's business model for managing the assets.

This gives rise to three methods of accounting:

- Amortised cost – cashflows are solely payments of principal and interest and the authority’s business model for managing the assets is to collect those cash flows.
- Fair value through other comprehensive income – cash flows are solely payments of principal and interest and the authority’s business model for managing the assets is to collect those cashflows and to sell the assets
- Fair value through profit and loss – applies in all other circumstances

Of the three methods above, the Council does not hold any financial assets at fair value through other comprehensive income.

Amortised Cost

Financial assets are initially measured at fair value plus any transaction costs. Annual credits to 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 (EIR) for the instrument. For all the loans the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Allowances for impairment losses have been calculated applying the expected credit loss model. Changes in loss allowances are debited/credited to the Financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Fair value through profit and loss

Financial assets are initially measured and carried at their fair value. All gains and losses including changes in fair value are shown in the Comprehensive Income and Expenditure Statement on the Financing and investment Income and Expenditure line.

P17. INVENTORIES

A de-minimis level of £10,000 has been set for the recognition of stock in the Council’s balance sheet. The various stock categories are valued as follows:

- Housing stores: valued at the latest purchase price paid*.
- Building Maintenance: work in progress is valued at cost, which includes an element of the Council’s cost of supervision and management.

*Whilst this is a departure from IAS2 which requires stocks to be shown at the lower of cost and net realisable value, the effect of the different treatment is not material.

P18. INTERESTS IN COMPANIES AND OTHER ENTITIES

Material entities over which the Council has the power to exercise control/significant influence, or joint influence, to obtain economic or other benefit, are classified as a subsidiary/associate or joint venture relationship. Where material, such transactions will result in the preparation of Group Accounts and specific disclosures.

The Council participates in a joint operation which is not performed through a separate entity. The Parking Partnership is a joint committee arrangement (refer to note 15.2) where the Council records its share of the joint committee arrangement's income and expenditure, gains and losses, assets and liabilities and cash flows within its statutory accounts.

In 2019/20 the Council has produced Group Accounts resulting from material transactions from one of the wholly owned subsidiaries, Aspire (CRP) Ltd.

P19. PRIVATE FINANCE INITIATIVE (PFI)

The Council has a sports PFI scheme, which falls under the arrangements of the International reporting Standard – IFRIC 12 'Service Concession Arrangements'.

PFI and similar contracts are agreements to receive services, where the responsibility for making available Property, Plant and Equipment needed to provide the service passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the assets will pass to the Council at the end of the contract period for no additional charge, the Council carries the assets used under the contract on the Balance Sheet.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets over the life of the contract.

For details of how the related Long Term Assets are recognised and valued on the Balance Sheet, please refer to section P11.

The amount payable to the PFI operator each year is analysed into five elements:

- Fair value of the services during the year – debited to the relevant service line in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Lifecycle replacement costs – debited to the relevant service in the Comprehensive income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance sheet liability towards the PFI operator.

P20. LONG-TERM DEBTORS

These are amortised by an annual amount equalling the annual repayments of principal paid by borrowers.

P21. COUNCIL TAX

The Council as 'billing' authority acts as agent with regards to the collection and distribution of Council Tax on behalf of itself and Essex County Council, Essex Police Authority, Essex Fire Service and the various town and parish councils. In line with these agency arrangements, in order to reflect the risks and rewards accurately within the Council's accounts, the following transactions need to be reported:

- The agency share of Council Tax income is not included in the Council's Comprehensive Income and Expenditure Statement, as it is not part of the council's operating activities.
- A debtor/creditor to reflect the difference between the various preceptors share of the cash collected in the year and the cash paid to the preceptors on account in line with the appropriate regulations will be included in the Council's balance sheet.
- The council's cash flow statement only includes the council's share of council tax, net of cash collected and precepts paid to it.

P22. NATIONAL NON DOMESTIC RATES (NNDR)

The accounting treatment for NNDR is based on the principle that the Council is the 'billing' authority, acting as the agent for Central Government and its Preceptors in the collection of NNDR. The following accounting arrangements have been put in place:

- The agency share of NNDR income is not included in the Council's Comprehensive Income and Expenditure Statement, as it is not part of the council's operating activities.
- The cost of collection received by the Council is reported as income in the Comprehensive Income and Expenditure Statement.
- The agency share of NNDR debtors, creditors and impairment losses are not the assets or liabilities of the Council and are replaced in the balance sheet by a net debtor/creditor for Central Government and each of the Preceptors.

P23. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

The Council has made no material changes to the accounting policies apart from those required under the 'Code'.

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 Authority'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.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Where a change is made to an accounting policy it is applied retrospectively by adjusting opening 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.

P24. EVENTS AFTER THE REPORTING PERIOD

Such events can be both favourable and unfavourable, occurring between the end of the reporting period and the date when the Statement of Accounts are authorised for issue. Where the event is material to the content of the Accounts and there is evidence that the event existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect the impact of the event. Events arising after the reporting period are not adjusted in the Accounts for. A disclosure is made detailing the nature of the event and the estimated financial impact.

P25. FAIR VALUE MEASUREMENT

The authority measures some of its non-financial assets such as surplus assets and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

1 SCOPE OF RESPONSIBILITY

- 1.1 Uttlesford District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Uttlesford District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Uttlesford District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Uttlesford District Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016). A copy of the authority's Code of Corporate Governance is on our website at www.uttlesford.gov.uk or can be obtained from the Council Offices, London Road, Saffron Walden, Essex, CB11 4ER. This statement explains how Uttlesford District Council has complied with the code and also meets the requirements of Accounts and Audit Regulations 2015, regulation 6(1)(a) and (b), which requires all relevant bodies to conduct a review of the effectiveness of the system of internal control required by regulation 3; and prepare an annual governance statement. The Code of Corporate Governance is currently under review and will be updated in 2020/21.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Uttlesford District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Uttlesford District Council for the year ended 31 March 2020 and up to the date of approval of the annual statement of accounts.

3 THE GOVERNANCE FRAMEWORK

- 3.1 Some of the key features of the governance framework are set out in the following paragraphs.

- 3.2 The Uttlesford District Council Corporate Plan 2019/2023 outlines the aims and four priority areas and three new underpinning themes (summarised as environmental impact, use of digital and diversity and inclusion) and it is complemented by the Medium Term Financial Strategy and together these represent the key planning documents for the Council. This was again underpinned by an annual delivery plan setting out the specific projects/activities that would contribute to the Council's priorities. The Corporate Plan is reviewed annually and takes account of feedback from public consultation as well as data and analysis relating to the residents, communities and businesses in the District. The significantly revised Corporate Plan 2020/2024 was approved by members at the Council Meeting held in February 2020 and was informed by conversations during the election in May 2019 and subsequent workshops with members of the Residents for Uttlesford party.
- 3.3 Delivery of the Council's Corporate Plan was supported by the Corporate Plan Delivery Plan 2019/20 approved by the previous Administration in February 2019, and service plans in which the corporate objectives are translated into more specific aims and objectives. These are then cascaded down into individual performance development reviews through the council's U-Perform system. These all include targets and, where appropriate, service standards against which service quality and improvement can be judged. Performance against the delivery plan is monitored by the Corporate Management Team (CMT) and Cabinet, while service plans are monitored by individual services and formally reviewed quarterly by the CMT. In addition, the Council's key performance indicators are monitored quarterly by the Governance, Audit & Performance Committee. Satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction. The Local Government Ombudsman's annual review letter is presented to the Governance, Audit & Performance Committee each September, along with an annual summary of complaints resolved through the Council's own complaints system.
- 3.4 Uttlesford District Council has adopted a Constitution which establishes the roles and responsibilities for members of the executive (the Cabinet), Governance, Audit & Performance, Scrutiny, and Standards Committees, together with officer functions. It includes details of delegation arrangements, the Members' Codes of Conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose. A Code of Conduct for Staff was approved and published during 2019/20. There is a guide to disciplinary standards; conduct of officers is directed by Human Resource Policies (HRP) and through the values and behaviours which are part of the Council's individual performance review system known as 'U-Perform'.
- 3.5 The Constitution contains procedure rules, standing orders and financial regulations that clearly define how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Corporate Management Team. The Constitution also contains a Statutory Officers Protocol.
- 3.6 During 2019/20 the following amendment to the Constitution has been made:
- The Council has revised its scheme for public participation at Planning Committee meetings to promote greater involvement by members of the public and parish councils. It also provided for the Youth Council to have a permanent nonvoting representative at Full Council meetings in order to participate in debates. In July 2019 the Council set up a Governance Working Group to consider whether the Council should revert to the committee system of decision making or should introduce changes to the current Leader and Cabinet model. The Working Group has yet to report.

- 3.7 In 2016 CIPFA published its Statement on the Role of the Chief Financial Officer in local government, setting out core principles and standards relating to the role of CFO and how it fits into the organisation’s governance arrangements. The Council complied with the CIPFA statement in 2018/19.
- 3.8 In 2019 CIPFA published its Statement on the Role of the Head of Internal Audit, setting out core principles and standards relating to the role of the Head of Internal Audit and how it fits into the organisation’s governance arrangements. The Council complied with the CIPFA statement in 2019/20
- 3.9 The primary counterbalance to the Executive is the Scrutiny Committee. The role of this committee is to provide a robust challenge to the Cabinet. A Memorandum of Understanding has been developed to set out the relationship between the scrutiny and executive functions to address some of the recommendations from the Centre for Public Scrutiny review of the council’s scrutiny processes and practices. This Memorandum of Understanding was approved by Scrutiny Committee and by Cabinet, through an executive decision, in March 2019. It follows recommended good practice and will assist in ensuring the two functions work effectively together.
- 3.10 The Governance, Audit & Performance Committee monitors the performance of the Council, fulfilling the Council’s Audit Committee core functions, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2018), in respect of External Audit, Internal Audit and Risk Management and Performance Management. The Committee can, and does, request assurance from the relevant Cabinet member and/or senior manager when there is consistent underperformance in a particular service area/indicator.
- 3.11 The Council has a formal complaints procedure which allows the public or other stakeholders to make a complaint regarding the service received from the Council or on the conduct of Members. The Standards Committee has responsibility for overseeing the investigation of complaints against members.

For the period 01 April 2019 to 31 March 2020, there were 9 allegations received of a breach of the Code of Conduct. These broke down as follows:

- Three complaints against parish councillors, which were not passed for investigation. Two allegations did not fall within the scope of the Code of Conduct and the third was dealt with by “words of advice” as the matter complained of was insufficiently serious to warrant an investigation.
- One complaint against a parish councillor was not pursued by the complainant when asked for further information.
- One complaint against a number of parish councillors was not pursued when they ceased to be councillors in May 2019.
- One complaint against a parish councillor is currently under formal investigation.
- One complaint against a parish councillor and a district councillor was passed for formal investigation. The investigation found no breach of the Code.
- Two complaints, involving two district councillors are in the process of being passed for formal investigation.

In addition, there are also a number of connected complaints relating to one parish council which need analysis and resolution.

- 3.12 The Council has policies to protect both itself and its staff when making decisions. A Counter Fraud and Corruption Strategy and Policies have been developed in accordance with the Code of Practices on Managing the Risk of Fraud and Corruption (CIPFA 2014), and include the Council’s Fraud Response Plan, Whistleblowing and Bribery Act 2010 Policies which have been developed and communicated to all staff via the internet and as part of the Induction process. Reviewed and updated Counter Fraud and Corruption Strategy and Policies were published in April 2019.

- 3.13 The Council has embedded Risk Management throughout its activities with the Corporate Risk Register reflecting the key threats to achieving its corporate aims and objectives. The Council's Corporate Risk Register is reviewed and updated by CMT and reported twice a year to the Governance, Audit and Performance Committee.
- 3.14 Performance Management is monitored through quarterly reporting to CMT and the Governance, Audit and Performance Committee on 16 Key Performance Indicators and more than 20 other PIs. Areas of concern are discussed by the Committee and follow-up reports are requested if necessary. Among issues discussed during 2019/20 were planning applications processing times and recycling rates.
- 3.15 All Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications are in place for all posts to ensure that the best candidates are appointed into each position. A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost. Training needs are identified through the U-Perform appraisal system, including ILM training for supervisors and managers.
- 3.16 The individual performance review system known as U-Perform has been operated in the council for ten years. Staff are measured against operational objectives that are linked through to service plans and the Corporate Plan and are also provided with behaviour statements against which they can demonstrate how they go about their roles. U-Perform also identifies developmental and training needs, through which training is made available to staff to ensure that individuals are able to undertake their present role effectively. In 2019/20 the Council achieved a completion rate for U-Perform in excess of 90 percent. The moderation process through which the council's Chief Executive and Directors review U-Perform ratings for all staff to ensure consistency across all departments continued to operate.
- 3.17 During the year 2019/20 the Council undertook a more extensive Member training and induction programme than usual, in view of the change of administration and the large number of new councillors. Training was arranged in these areas:
- Welcome and Induction Session, Part 1: How the Council works, Who's Who and Code of Conduct
 - Welcome and Induction Session, Part 2: Data Protection and Safeguarding, Effective Decision-Making and Mock Council Meeting
 - Introduction to Scrutiny (Scrutiny Committee)
 - Introduction to Scrutiny (All Members)
 - Planning Committee Training
 - Licensing and Environmental Health Committee Training
 - Governance, Audit and Performance Committee Training
 - Standards Committee Training
 - Environmental Health
 - Police and the Council for Volunteer Services – Uttlesford
 - Council Finance and the Budget
 - Museum and Castle Tour
 - The Council's Interaction with Business
 - Charing Skills
 - Housing

- Communities, Health and Wellbeing
- Development Management (Non-Planning Committee members)

3.18 The Council continues to ensure it is open and accessible to the community. In 2019/20 it has:

- Continued to regularly survey the views of residents through targeted consultation
- Launched a sub-site for council jobs to better promote the wide range of employment opportunities available at Uttlesford District Council
- Continued to develop the councils websites to follow Government Digital Service design principles
- Continued to meet guidelines on the publication of transparency information on its website, including publishing Gender Pay Gap information
- Published an accessibility statement setting out our commitment to making our online services accessible to as many users as possible and complying with the requirements of the new Public Sector Bodies Website and Mobile Applications Accessibility Regulations 2018
- Continued audio streaming and recording of meetings of the Planning Committee, Full Council and Cabinet and, latterly, all committees including the Scrutiny Committee
- Conducted a major survey of all council tenants and leaseholders using the recognised HouseMark STAR questions in order to provide data to benchmark our services against national criteria
- Continued to support the Uttlesford Youth Council
- Continued to deliver the Keep Me Posted email news service for residents and grew the subscriber base to in excess of 8,000 people

All Committee meetings are open to the public except where personal or confidential matters are discussed. All agendas and minutes are placed on-line, along with the Council's policies and strategies. These items are also available by directly contacting the Council. When identifying the priorities and objectives for the Corporate Plan the views of stakeholders and the wider community are sought through a number of consultation mechanisms, and are taken into account. The Corporate Plan is made available to all via the Council's website.

3.19 During 2019/20 membership of the Council's Scrutiny Committee changed, including the appointment of a new Chair and Vice-Chair. Training was offered to all members of the committee. During the course of the year the committee has established task and finish groups on planning obligations and airport-related fly-parking and discussed reports on various topics including the council's commercial strategy, corporate plan and medium term financial strategy. A summary of the Committee's work for the year can be found on the agenda of the Full Council meeting of 22 April 2020.

3.20 There are terms of reference and constitutions set up for key partnerships which ensure that all members of the partnership act lawfully throughout the decision making process. Uttlesford Futures has a comprehensive Governance Handbook and the terms of reference for all of the working groups are regularly reviewed to ensure they comply with the overarching document. Key partnerships include the Local Strategic Partnership - Uttlesford Futures; the Public Law Partnership and the North Essex Parking Partnership. The Council also works closely with neighbouring authorities to promote sustainable economic growth and on strategic planning issues in the context of the duty to cooperate under the Planning Acts. It also works with Braintree and Epping Forest Councils for shared provision of energy efficiency advice and building control. Insurance claims handling was provide by Epping Forest Council until January 2020 when this was brought back in house.

- 3.21 From 1 April 2020 the Council entered into a limited company joint venture partnership with Norse, known as UNL, to provide housing planned and responsive repairs, stewarding and cleaning. The Director of Operations and the Deputy Leader are Directors of the new company.
- 3.22 A Corporate Peer Challenge was conducted in November 2016; the report and action plan was approved at Council in July 2017 and update reports on progress against the action plan have been regularly reported to GAP. Following the last report in October 2018 it was anticipated that the council would submit itself for an LGA progress review. However the change in administration and associated work supporting the new members meant this was not programmed before Parliamentary General Election was called, which further diverted staff resources.
- 3.23 The Council's Draft Statement of Accounts for 2018/19 was completed by 31 May 2019. The audited Statement of Accounts for 2018/19 was published on 30 July 2019. The Council received an unqualified opinion on its accounts for the tenth successive year.
- 3.24 On 15 May 2017, Aspire (CRP) Ltd (a wholly owned company of the council) purchased a 50% share in Chesterford Research Park (which is part of the South Cambridgeshire Biotech Cluster) in a joint venture with Aviva Ltd. The company has three Directors all of which are council employees and are members of the Corporate Management Team. The company also engages the services of two Non-Executive Directors to complement the skills of the directors in determining the company's activities, which are the subject of audit processes separate to the council. Members of the Cabinet form the shareholder board. The Council resolved to fund 50% of the refurbishment and refit costs of Newnham Building and this work commenced in early 2019. The expected completion date is early 2021.
- 3.25 The Council has appointed a Data Protection Officer to lead on compliance with the Council's data protection and other information governance obligations.
- 3.26 The Council continued to make preparations for a no-deal exit from the European Union, the original deadline of March 29 having been postponed to initially October 31 2019 and then December 31 2019. The Council's response to the risks and uncertainties associated with EU Exit has been coordinated through an Officer Working Group which is chaired by the Assistant Director of Housing Health and Communities. The Group has reviewed detailed arrangements for services, the implications for business continuity and emergency planning, provided information to the public and stakeholders and promoted the EU Settlement scheme. The effects of EU exit on legislation and how it affects the Council will be monitored by the Group and appropriate action taken to ensure continuing compliance and preparedness.

4 REVIEW OF EFFECTIVENESS

- 4.1 Uttlesford District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

- 4.2 The Council's Monitoring Officer has responsibility for overseeing the implementation and monitoring the operation of the Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, considering any changes that may be necessary to maintain it and ensure its effectiveness in practice. All reports to Cabinet, Committees and Council are seen by the Monitoring Officer to ensure compliance with legal requirements.
- 4.3 The Council's Section 151 Officer has responsibility for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations to ensure they remain fit for purpose, and submitting any additions or changes necessary to the full Council for approval. The Section 151 Officer is also responsible for reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council. All reports to Cabinet, Committees and Council are seen by the Section 151 Officer to ensure compliance with financial requirements.
- 4.4 The Council's Internal Audit Service, via a specific responsibility assigned to the Internal Audit Manager, is required to provide an annual independent and objective opinion to the Authority on its risk management, governance and control environment. The Covid-19 emergency has affected the completion of work on the Internal Audit Programme 2019/20 however the Internal Audit Manager is satisfied that sufficient internal audit work has been undertaken to allow a reasonable conclusion to be drawn as to the adequacy and effectiveness of the Council's risk management, control and governance processes. The Internal Audit Manager's Annual Report and Opinion for 2019/20 was published in July 2020. Based upon the results of work undertaken during the year, it is the Internal Audit Manager's overall opinion that the Council has in place satisfactory and effective governance, risk management arrangements and control processes. Where there have been significant issues these have been accepted by Management and promptly corrected.
- 4.5 Twenty out of the planned twenty-seven Audits from the 2019/20 Internal Audit Programme have been completed; due to the Covid-19 emergency, work on the remaining seven audits has been suspended and these audits will be included in the 2020/21 Internal Audit Programme . Of the twenty completed 2019/20 audits, four audits were given an Internal Audit opinion of either Little or Limited Assurance:
- The Audit of Corporate Equality and Diversity was given the opinion of Little Assurance. Nine recommendations were made - seven at risk level 3 and two at risk level 2; all recommendations are expected to be implemented by their agreed due dates in 2020/21.
 - The Audit of Business Continuity & Emergency Planning was given the opinion of Little Assurance. Nine recommendations were made – two at risk level 4; six at risk level 3 and one at risk level 2; all recommendations are expected to be implemented by their agreed due dates in 2020/21.
 - The Audit of HR & Payroll was given the opinion of Limited Assurance. Nine recommendations were made – two at risk level 4; six at risk level 3 and one at risk level 2; all recommendations are expected to be implemented by their agreed due dates in 2020/21.
 - The Audit of Licensing was given the opinion of Limited Assurance. Eight recommendations were made – three at risk level 3 and five at risk level 2; all recommendations are expected to be implemented by their agreed due dates in 2020/21.

- 4.6 In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all Corporate and Senior Management Team members on the effectiveness of the internal control environment. A review of the returns concluded that based on this self-assessment, effective controls were in place.
- 4.7 The work of the Council’s Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) 2019. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), additional requirements and interpretations for the UK public sector have been inserted in such a way as to preserve the integrity of the text of the mandatory elements of the IPPF. The PSIAS are mandatory for all internal auditors working in the UK public sector. An External Quality Assessment of the performance of Internal Audit and its conformance with the PSIAS was undertaken in September 2017. An essential element of this assessment was to ensure that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance. The External Assessment concluded that the Internal Audit service generally conforms to the expectations of the PSIAS and made 15 recommendations to reflect that there are areas in which the service can be further improved and enhanced. At 31 March 2020, 13 of the recommendations have been fully implemented and 1 partially implemented; the remaining recommendations are expected to be fully implemented during 2020/21.
- 4.8 Through the Council’s Performance Management Framework the quality of service can be measured by performance indicators. Most indicators are monitored on a quarterly basis; some are bi-annual or annual. All are discussed by the Corporate Management Team and the top two of three layers of indicators are reported to Committee.
- 4.9 Public Sector Audit Appointments (PSAA) is specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For audits of the accounts from 2018/19, PSAA appoints an auditor to relevant principal local government authorities that have opted into its national scheme. Appointments are made for the duration of a five-year appointing period. The current appointing period covers the audits of the accounts for 2018/19 to 2022/23.
- 4.10 In December 2017 BDO LLP were confirmed by PSAA as the Councils new External Auditors for the period 2018/19 to 2022/23

5 SIGNIFICANT GOVERNANCE ISSUES**5.1 Significant Issue from 2018/19**

In the 2018/19 Annual Governance Statement the following issue was identified:

Equality & Diversity

The Audit of Corporate Equality and Diversity identified significant issues that needed to be addressed to improve governance, monitoring reporting and compliance to equality legislation. This was reported to GAP in November 2018. Resources have been identified to implement the recommendations made and further updates on progress will be given to GAP during 2019/20.

A further Audit of Corporate Equality and Diversity was carried out as part of the 2019/20 Internal Audit programme to review progress on the recommendation made in the previous audit. The audit identified that considerable progress had been made towards improving the Council's level of achievement measured against the Equality Framework for Local Government. Further recommendations have been made aimed at assisting the Council in this which will be reviewed during 2020/21 with further updates on progress will be given to GAP during the year.

5.2 Significant Control and Governance Issues identified 2019/20**1. COVID 19 PANDEMIC**

The council began to consider the implications of the spread of coronavirus in January 2020 by reviewing its corporate business continuity plan and the Stansted Airport Health Plan; the first message to its staff regarding advice and guidance was sent on 11 February and included reference to dedicated intranet pages. The implications for work at Stansted Airport was considered with scenario planning and regular calls regarding imported food and all managers reviewed their business continuity plans with a health epidemic in mind.

An internal working group was also established in February, which then became the tactical coordinating group once a formal incident was declared in March and a command structure initiated. The council was (and remains) fully engaged with the Essex Resilience Forum. All expenditure associated with managing the virus was recorded (and continues to be so). Businesses were rebilled following the Chancellor's budget statement on 10 March to reflect further reliefs. The council moved quickly to enable staff to work from home, where possible, once the 'lockdown' was announced by the Prime Minister on 23 March and by mid-April had nearly 150 people working from home.

2. COVID 19 PANDEMIC – RISK TO 2020/21 BUDGET

The Covid-19 pandemic is putting significant pressure on the 2020/21 budget, mainly around lost income rather than direct cost of fighting the disease. Whilst the Government has provided the Council with approximately £930,000 of additional funding this is currently expected to fall short of the actual impact on our finances. Government has indicated that the money provided is sufficient to meet our needs and no additional money will be forthcoming. Government has also requested details of available Reserves we hold, that could be used if necessary.

The announced delay in the reviews of Fair Funding, Business Rates and New Homes Bonus will likely lead to another one year settlement. This generally results in Uttlesford receiving a favourable settlement, mainly down to the amount of New Homes Bonus received. However, due to the pandemic it is unlikely that housing delivery will be on a similar level as previous years and, if the award is calculated in the same way as previous years, this will have a significant impact on the allocation we receive in 2021/22.

3. EUROPEAN PARLIAMENTARY AND PARLIAMENTARY GENERAL ELECTIONS

The late confirmation of the planned European Parliamentary Election in May 2019 and unscheduled Parliamentary General Election in December 2019 substantially impacted on the council's ability to progress work of the new administration (specifically working groups) and to hold formal meetings but this was well managed and communicated.

It is proposed over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

The Council considers its Corporate Governance and Internal Control arrangements to be fundamentally sound.

Signed: _____

Dawn French
Chief Executive

Signed: _____

John Lodge
Leader of the Council

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