



Draft Statement of Accounts 2020/21

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 2021 and summarises the overall financial position of the Council as of 31 March 2021. This Narrative Report sets out the key issues and is intended to give the reader an insight into the Council's performance during 2020/21.

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 – The 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 by fields and picturesque villages.

Uttlesford – The Council

The Council is governed by 39 elected members, with two seats being vacant during the 2020/21 year, the Pandemic safety restrictions meant the Council was unable to hold elections to appoint new members. The following table sets out the changes to the political balance over the last 12 months and includes the most up to date position following the elections on the 6 May 2021 and the member for Takeley leaving the Residents for Uttlesford and joining the Green Party.

Political Party	31 March 2020	31 March 2021	18 May 2021
Resident for Uttlesford	23	24	24
Liberal Democrats	5	5	5
Conservatives	4	4	5
Green Party	2	2	3
Independent Group for Great Chesterford	2	2	2
Independents for Thaxted and Great Easton	2	0	0
Vacant Seats	1	2	0
Total Seats	39	39	39

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

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 setting out the activities and milestones to measure 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 in the District.

The Corporate Plan was presented by the Cabinet to all members and adopted at the Full Council meeting on 23 February 2021, full details can be found at the following link: [Corporate Plan 2021 - 2025](#)

The vision is to ***'Make Uttlesford the best place to Live, Work and Play'*** 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; secure greater benefits for our community from new development; work with the airport on issues of concern to communities; nurture employment and retail areas to create jobs and retain businesses; enforce good business standards in our district; deliver more affordable homes and protect those in need in our district; promote healthy lifestyles in diverse and inclusive communities.

- **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 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. The majority of work has focussed on the pandemic and ensuring that our residents and local economy were supported, but the Council has still maintained its commitment to the priorities they set out to achieve before the public emergency.

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

Uttlesford – The Establishment

The Chief Executive, Dawn French tendered her resignation in May 2021 after just over 5 years' service and will leave the Council on the 31 August. Council members have set up an appointments panel with at least one representative from each of the elected political parties, the panel have recommended an Interim replacement whilst a full recruitment process is carried out. The appointment of Robert Tinlin was approved at the Extraordinary Council Meeting held on the 10 June 2021.

Robert Tinlin has an established career in local government and was awarded an MBE for services to Local Government in 2017. He has extensive leadership experience in transformation and Planning which will help the Council continue with the Uttlesford Moving Forward (UMF) project. He was Chief Executive of Southend-on-Sea Borough Council for 12 years and during his tenure they won the prestigious LGC Council of the Year award.

There is a requirement under the Localism Act 2011 for the Council to publish a pay policy and to review it annually. The policy sets out the pay and remuneration schemes in place and sets the criteria for the forthcoming year. We review and republish the document on an annual basis to ensure that we take a consistent and fair approach to how we pay staff at all levels.

This document aims to provide our managers and employees with clear guidance on how our pay policies should be managed and maintained in the workplace. It also outlines our Pay Multiple and Gender Pay Gap data. [Uttlesford for jobs - Pay Policy](#)

In January 2015, the Living Wage Foundation accredited the Council as a Living Wage Employer. The Living Wage commitment will see that everyone working at the council, regardless of whether they are permanent employees or third-party contractors and suppliers, receive a minimum hourly wage of at least the Living Wage. The minimum hourly rate that we pay our employees is £10.41, which is significantly higher than the National Living Wage of £8.72 per hour and the Real Living Wage of £9.30 per hour.

As of 31 March 2021, the Council employed 330 employees in established posts (296.80 full time equivalents) and 179 (52%) of these employees are women. The Council has 15 senior management posts (Grade 12 and above) of which 9 are held by women. The ethnicity of the Council workforce is predominantly white with approximately 90% white British and 3% white other, 2% choosing not to provide the information.

The Public Sector Equality Duty is made up of a general equality duty which is supported by specific duties. Under the terms of the specific duty, the Council must:

- Prepare and publish one or more objectives that will support the council in meeting the requirements of the general Equality Duty
- Ensure that those objectives are specific and measurable
- Publish those objectives in such a manner that they are accessible to the public

For more equality information and a breakdown of employees please refer to our Equalities information and Equalities Duty report which was updated in January 2021 report at the following link [Equalities and Diversity Report](#)

The Customer Charter sets out the standard of service the Council aims to provide in the day-to-day dealings with our residents. The Council will ensure equal access and opportunity to quality services to meet the needs of everyone in the community without prejudice or discrimination. Full details can be found using the following link [Customer Charter](#)

Governance and Risk Management

The Annual Governance Statement is included as a key document in the Statement of Accounts and can be viewed on pages 113 to 127, this sets out the Council's Governance Framework, reporting on its arrangements for ensuring 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 biannually and presented to the Governance, Audit and Performance Committee. This is currently under review and an updated version will be presented to the Governance, Audit and Performance Committee at the end of June 2021. [Corporate Risk Register 2021/22 \(Draft\)](#)

The immediate strategic and operational risks the Council are currently facing;

- Recovery of the economy both locally and nationally from the Covid-19 pandemic and the possibility of new variants.
- Reforms of the Government funding methodology to Local Authorities
- Government outline proposals for a comprehensive reform of the planning system.
- Government proposals to transform the way waste and recycling is collected nationally

Covid-19 Public Health Emergency

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. An internal working group was established in February, which then became the tactical coordinating group once a formal incident was declared in March 2020 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 the majority of office-based service staff working from home. These arrangements have continued throughout 2020/21 and are expected to continue for the immediate future. The Council will look to bring more staff back into the office as and when restrictions are lifted. Hybrid working (a mix of home and office working) will become the Council's preferred option with the ability to book office days as and when required, please see the section, 'Uttlesford Moving Forward (UMF)'.

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 alongside continuing to deliver essential services. The Government has provided a number of grants and funding streams to support the Council directly and to deliver specific work programmes, in addition to carrying out the administration of the grant funds to support businesses and local organisations.

Uttlesford has received a total of £1,146,918 direct covid funding to support expenditure and £546,773 to compensate for the lost sales, fees and charges income, plus other specific funding to support the Governments programme to contain the spread of the virus, these include the following;

- Contain Outbreak Management Fund (COMF)
- Track and Trace
- Health and Wellbeing of our vulnerable residents

Supporting our Local Businesses

Officers administered the Government funded Business Support Grant schemes, initially this was focused on small and medium sized 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. As the restrictions continued and all businesses and organisations were required to close or provide a limited service the impacts affected many other sectors that were not directly affected in the first wave, and additional grants were announced. In the last 12 months the council staff have administered 7 separate grant schemes directly supporting local businesses;

- £27,728,978 grant support to over 1,700 businesses and organisations in the first wave and
- over 1,350 businesses with grants of £7,918,978 when the lockdown restrictions were reimposed for the second wave.

To support businesses who could legitimately continue to provide a service but needed to do this in a different way, Essex County Council provided each Local Authority in the County with funding from the COMF they received to provide grants (Essex Business Adaption Grant – EBAF) to support businesses in purchasing equipment and supplies enabling them to adapt their business to allow them to continue trading in line with the restrictions.

The Government road map to recovery includes Restart Grants to businesses; these will provide businesses and organisations in the district with funding to support them in the initial stage of recovery.

Supporting our Residents

The Uttlesford Community Response Hub and helpline was set up by the Communities Team in partnership with the Uttlesford Council for Voluntary Services (CVSU) and Volunteer Uttlesford. This has been an essential support structure in the district and this year the team;

- supported 3,576 residents with telephone calls
- responded to 1,162 emails
- registered 330 volunteers with the hub - linking volunteers to residents who needed support.
 - ❖ Delivered shopping to 330 residents
 - ❖ Collected and delivered prescriptions to 3,500 residents
 - ❖ Provided a befriending service to 350 residents

The hub has maintained contact with all 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.

A summary of other activities the Council has supported to manage the spread of the Covid-19 virus

- Enforcing against businesses which do not obey the law where other interventions have been unsuccessful
- Administering test and trace payments for individuals who have to self-isolate
- Working with licensed premises, taxi companies etc to ensure compliance with regulations. This includes inspection visits to pubs and restaurants to ensure they are keeping customer safe.
- Running or contributing to multi-agency groups set up to manage risks posed by certain proposed events
- Running multi-agency groups for each main town in the district to address issues as they arise
- Providing assistance to the Essex and Southend Contact Tracing Service with outbreak investigations in business settings
- Supporting businesses with various initiatives such as the Click it Local service, offering free same-day delivery for independent retailers
- Disseminating Covid information to the town and parish councils in the district
- Ensuring residents are kept up to date with Covid information via social and traditional media
- Maintaining a close liaison with colleagues from other councils across Essex to ensure consistency in the application of the regulations and associated guidance
- Working with health service colleagues to identify and establish sites for testing and discuss possible sites for mass vaccination facilities

EU Exit

Contingency planning for EU Exit has remained a high priority for Uttlesford District Council.

The Council is a member of the Essex Resilience Forum (ERF), through which pan-Essex issues relating to EU Exit are discussed. The Council's Chief Executive was the district council lead chief executive for the group during 2020/21.

The Council's response to the risks and uncertainties associated with EU Exit has been coordinated through an Officer Working Group. The Group has reviewed detailed arrangements for services, the implications for business continuity and emergency planning and provided information to the public and stakeholders.

The main focus for the Group continues to be on issues arising in connection with the importation of foods of animal origin through the Border Control Point (BCP) at Stansted Airport. It is here that, should any disruption be experienced, the most serious impacts will occur. The Council successfully submitted a bid for available Government grants to cover the costs of additional resources required to deal with new clearance procedures and documentary checks, improving resilience in this area.

Key Activities in 2020/21

Climate Change

In July 2019 the Council declared a Climate Change and Ecology Emergency and committed to achieving net-zero carbon status by 2030 and protecting and enhancing biodiversity by developing and delivering a new strategy and action plan. The Climate Crisis Strategy 2021-2030 was approved by Members in February 2021 and £1million has been allocated to support the activities and initiatives over the next 3 years. An action plan is being developed by the Climate Change Working Group to implement the priorities set out in the strategy is being progressed. Full details of the Climate Strategy, the themes and priorities can be found on our website [Uttlesford District Council - Climate change strategy](#)

Airport Appeal

In July 2020 Stansted Airport Ltd (STAL) appealed against the Council's refusal of its planning application for infrastructure and increased passenger throughput. In accordance with the Council's scheme of delegation, officers instructed leading counsel to act for the district council as the Local Planning Authority (LPA). Expert witnesses were engaged to advise on the matters that were cited in the resolution of the Planning Committee in its meeting on 24 January 2020 and in the decision notice: concerns about air quality, noise and carbon emissions, informing the Statement of Case (SoC) submitted prior to the Inquiry.

The SoC stated that the Council would present expert evidence that the appeal should be dismissed unless the Panel of Inspectors were satisfied that a planning condition or conditions could ensure that the effects of concern to the LPA would remain within both existing policy and statutory thresholds and more stringent thresholds likely to be introduced by 2033. The hearing sessions closed on 12 March. In its closing submissions the LPA reiterated the position set out in its SoC. STAL

argued that the condition sought was unnecessary, and submitted a claim for its costs, based on this and other allegations of unreasonable behaviour. The claim was robustly rebutted by leading counsel in written submissions following the close of the hearings.

The main parties also responded to an invitation by the Inspectors post hearings to address the implications of the Government announcing, on 20 April 2021, to firm commitments in relation to the reduction of carbon emissions: the Government will target a reduction in carbon emissions of 78% by 2035 compared to 1990 levels and the 6th Carbon Budget will incorporate the UK's share of international aviation and shipping emissions (IAS). The Inspectors' decisions on the appeal and the costs claim were received on 26 May 2021. The appeal has been allowed and STAL's costs in full have been awarded against the Council. The Council is currently seeking leave to appeal both decisions.

Local Plan

Significant progress was made during 2020-21 on preparing a new local plan. Governance and project management was put in place and monitoring all aspects of plan making conducted on a regular basis. The capacity of the multi-disciplinary local plan and new communities' team was established which included infrastructure planning, strategic transportation and urban design resource.

By the end of the financial year, steady progress had been made with the Issues and Options Stage and formal assurance provided to MHCLG that the plan was on track for submission by December 2023. The online Community Stakeholder Forum had completed eight sessions on different local plan topics, and the Local Plan Leadership Group (LPLG) had reviewed the feedback from the Forum on an ongoing basis. Two workshops for town and parish councils were held to keep them apprised of the process and allow them to ask questions. Work began with Community Forum and the LPLG on the Local Plan Vision and Objectives, the Net Zero Carbon elements (e.g. promoting walkable neighbourhoods), and the role of Community Hubs in Rural Settlements.

Work started on procurement of the evidence base with specifications prepared for the sustainability appraisal, infrastructure development plan, landscape sensitivity study and Habitats Regulations Scoping Report. The contract for the SA was placed during Q4. Procurement capacity was enhanced to progress this work.

A call for sites across the district was initiated with a deadline for submissions by landowners and developers set for 21 April. An online forum for stakeholders was held on 11 March, which was attended by 73 participants.

Officers commenced the review of the evidence base required for the Preferred Options stage of the new plan. Of the 368 tasks identified in the project plan as of 12 March 2021, 284 had been completed and 14 had started by the end of March 2021. Further tasks are being added to the project plan all the time as the preparation of the plan continues through the stages identified in the Local Development Scheme.

Waste and Recycling

The waste and recycling service has continued to deliver service as normal throughout the past year, although the types of waste being collected has changed significantly. The collections are seeing an increase in the amount of domestic waste collected with more people being at home during the day and this is expected to continue as people continue working from home. Another noticeable change is the amount of cardboard collected, which is reflective of the restrictions and more shopping online and the associated packaging that has to be disposed of.

The Government is launching a series of consultations to overhaul the waste system, cut plastic pollution, and move towards a more circular economy, trying to provide a more standardised approach across the country. The proposed changes could impact on the way we collect our waste and the type of materials included in our current co-mingled recycling.

The service is currently trialling one vehicle which is powered by an alternative fuel source, Hydrotreated Vegetable Oil (HVO) to support the Climate Crisis Strategy by moving, where possible, to more environmentally friendly vehicles.

Economic Development Recovery Plan

The Economic Recovery Plan (ERP) was presented to Council in December 2020 alongside the revised MTFs which proposed an allocation of £1million to support the recovery of the Local Economy over the next three years, both were approved at the meeting. An action plan has been produced and is being presented to the Cabinet in July 2021 setting out specific priorities and initiatives for the next 12 months. Both these documents are available to view on our website.

[Economic Recovery Plan 2020-2022](#)

[Economic Recovery Action Plan 2021/22](#)

Housing

The Council has continued working on providing affordable social housing for its residents and work is progressing on sites at The Moors in Little Dunmow, Gold Close in Elsenham and Thaxted Road in Saffron Walden, which will provide 31 properties for local people. Planning permission to build a further 13 new council houses in Great Chesterford was granted at the Council's first Planning Zoom meeting.

Work on the redevelopment of Hatherley Court has progressed throughout lockdown and the final phase was completed for handover in January 2021. In addition, a planning application for redevelopment of Walden Place in Saffron Walden has been submitted and officers are investigating 3 new sites for development and pre-planning application advice is being sought.

The Council continues to work on the Housing Development Action Plan to deliver a continuous programme of new housing and ensuring the current housing stock is maintained and meets the good homes standard.

Uttlesford Moving Forward (UMF)

The Council has had a long-term project in place to provide staff with a more flexible and agile way of working, this included hot desking and allowing staff to split their time between office based and home working. The current health emergency requiring staff to work from home meant that the technology to enable this had to be put in place in record time, an achievement the Council can be proud of. It soon became apparent that this was not going to be a short-term issue as the virus spread and the restrictions continued.

The Council made the decision to look at options for continuing this way of working and the opportunity arose to purchase a site in Little Canfield previously owned by Winfresh, this site will be known as 'Little Canfield Business Park'. The site offered enough land to relocate the Great Dunmow and Saffron Walden Depots and provided office buildings for staff to use as hot desking plus additional units that can be let to other businesses to generate income. In addition, a building in Stansted will be leased by the Council. Along with the London Road Offices, Little Canfield Business Park and home these four locations will provide a number of options for staff to work providing greater flexibility.

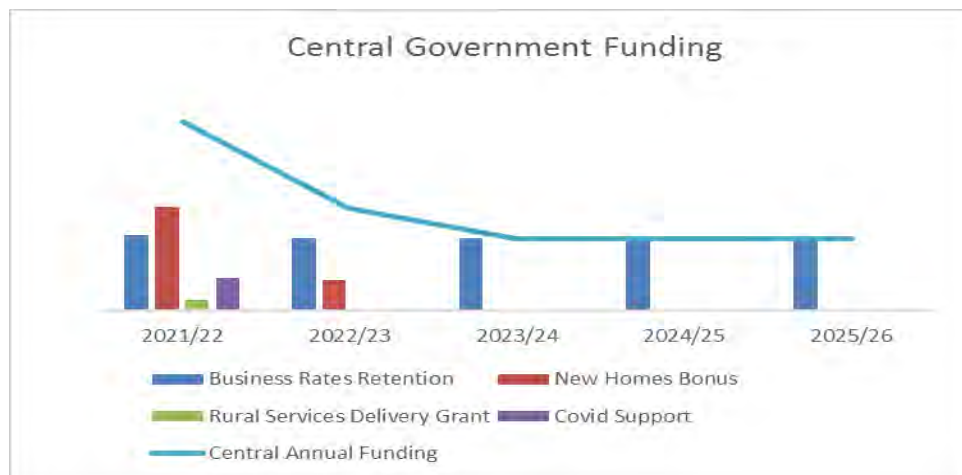
A project team has been set up to ensure that the significant gains that have been achieved throughout the last year are captured and adopted into standard working practices moving forward.

Financial Outlook 2021-2026

Medium Term Financial Strategy (MTFS)

The MTFS is the Council 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 to 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 is 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 New Homes Bonus (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 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 following table demonstrates the expected reduction in the Council's level of funding during the life of the MTFS.



The new funding methodology has been delayed for 2 years due to various issues relating to Government's other priorities around EU Exit and an unplanned General Election in December 2019 caused this to be delayed. The Pandemic has naturally brought further delays meaning that 2021/22 will be the third year were a one-year settlement was issued.

The MTFS includes the following assumptions;

- commercial investment programme of £300million completed
- implementation of the Fair Funding Review and Business Rates Reforms (inclusive of full business rates reset) from 2022/23
- transitional funding to support Councils as they re-grow their Business Rates above the new reset baseline
- cessation of the New Homes Bonus funding from 2022/23

Commercial Investments – eliminating the 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 2021. The Commercial Strategy sets out an ambitious plan of activity with a total long-term investment of £300million, this will generate revenue which will be used to underpin the delivery of core services.

The £300million includes the commercial investment already undertaken in respect of the loan to Aspire (CRP) Ltd. Since the beginning of 2020/21, the Council Investment Board has approved six further investments with a total in year cost of circa £107.4million and further loans of £6.825million to Aspire (CRP) Ltd have been approved. The investments acquired and identified for purchase to date will allocate all of the £300million and the portfolio will therefore be complete during 2021/22.

The net income generated in 2020/21 was from the investments and this is predicted to generate £5.407million in 2021/22 increasing to £8.727million by 2025/26.

The MTFs is currently showing a net surplus over the life of the MTFs of £1.154million this is reliant on the transitional funding (damping) from Government, as it is unknown how this funding will be calculated or distributed a prudent approach has been taken and only the minimum funding level expected has been included. The table on the following page is an extract from the full MTFs Strategy presented to Members as part of the annual budget setting process in February.

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Direct Service Net Expenditure	16,006	16,241	17,111	16,427	17,153
Corporate Costs	2,519	347	1,113	954	851
Net Investment Income	(5,407)	(6,158)	(8,586)	(8,742)	(8,727)
Funding	(6,070)	(2,786)	(1,960)	(1,960)	(1,960)
Collection Fund prior year deficits	4,839	438	438		
Net Operating Costs	11,888	8,083	8,116	6,680	7,317
Reserves Movements	(5,729)	(1,575)	(1,214)	(57)	(59)
Council Tax Income	(6,159)	(6,344)	(6,535)	(6,732)	(6,934)
Actual (Surplus) / Deficit	0	164	367	(109)	324
Damping	0	(475)	(475)	(475)	(475)
Adjusted (Surplus) / Deficit	0	(311)	(108)	(584)	(151)

The estimated total net draw on the reserves over the life of the MTFs will be £8.163million, £4.601million of this relates to the ring-fenced funds held in reserves to cover the cost of the additional business rates reliefs applied during 2020/21. The balance of the reserves by the end of the financial year 2025/26 after adjusting for the actual outturn position (excludes the surplus £0.161million) as of 31 March 2021 is estimated to be £14.117million. This does not take account of the award of costs to Stansted Airport Ltd following the loss of the airport appeal.

The earmarked reserves include dedicated funds to support Members priorities

- Climate Change - £1million over 3 years
- Economic Development - £1million over 3 years
- New Depot Site (Little Canfield) - £1million in 2020/21
- Emergency Response contingency - £0.5million
- Grant to support Sports Facilities in the District - £0.45million over 3 years

The Council's budget and associated strategies for 2022/23 including the Medium-Term Financial Strategy (MTFS) for the period 2021 – 2026 were approved at the Council meeting on the 23 February 2021. Full details of the MTFS and supporting budgets and strategies presented at the Council meeting can be viewed by following the link [Council Meeting MTFS and Budget Papers 2020/21](#) the meeting was also recorded and is available to watch via a link within the webpage.

Financial Performance – 2020/21

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 2020/21 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 1 July 2021; all reports will be available for the public to view on our website from 21 June 2021, these can be accessed using the following link [Cabinet 1 July - Budget Final Outturn 2020/21](#)

Collection Fund (Business Rates and Council Tax)

The Collection Fund has a deficit of £14.1million, of which the majority relates to the additional rates reliefs of £12.83million provided by Central Government and the Council will be reimbursed for the cost of these in full. The remaining deficit is non collection of income for both Council Tax and Business Rates, these will be compensated at 75% of lost income where it is a direct result of the pandemic.

General Fund Revenue Account

The final budget position for all General Fund revenue activity in 2020/21, after allowing for transfers to and from the reserves is a net underspend of £0.161million.

£'000	2020/21			
	Original Budget	Current Budget	Outturn	Variance
Portfolio (Service) Budgets	14,871	14,871	13,303	(1,568)
Investment Rental Income	3	3	(2,039)	(2,042)
Corporate Items	(1,171)	4,387	7,328	2,941
Funding	(7,251)	(7,251)	(14,118)	(6,867)
Net Operating Expenditure	6,452	12,010	4,474	(7,536)
Transfers to/(from) Reserves	(495)	(6,053)	1,322	7,375
Overall Net Position	5,957	5,957	5,796	(161)
2020/21 Underspend				(161)

The portfolio service budgets show a year end surplus of £1.568million with a net of £0.167million to be added back to reserves this leaves an actual net underspend for service delivery at £1.401million. The corporate items are reporting a year end overspend of £2.941million and the key factor is the capital financing costs of the Commercial Assets.

The key variances relating to direct service delivery and the associated reserves are set out in the table below

Full year underspend analysis	Service	Reserve	Net Service
	Variance	adjustments to	variance
	£'000	/(from)	£'000
		£'000	
Development Control Income	(127)	43	(84) Income levels exceeded budget - high levels of applications received
Airport Appeal	1,034	(1,034)	0 Cost of Airport appeal specialist consultants and legal fees - costs offset against reserve drawdown
Planning Policy/Garden Communities	(1,956)		(1,956) Realignment of the budget requirement for the Local Plan, reserves adjusted to c/fwd required funds to match MTFS future years
Local Plan support - Members Priorities	(380)	300	(80) Funds set aside to support Local Plan - redirected to Climate Change
Highways Panel	(200)	200	0 Budget c/fwd to match future spending 2 year spending plan
Disabled Facilities Grant	(27)		(27) Grant unallocated - cannot c/fwd undspent funds
Grants and Contributions	(55)		(55) Grants/Contingency not allocated as organisations not in position to operate during the year
Economic Development	(106)	116	10 ED Plan not fully allocated as per the normal programme
Public Health	(144)		(144) Increased income and net effect of staff vacancy against agency cost
Housing Benefit/Local Taxation	(274)		(274) Historic reconciliation and release of prior years accruals
Licensing	(45)		(45) Income lower than predicted for operators and vehicles
Waste services	110		110 Net of waste vehicle related cost of hire and maintenance of fleet, plus lost trade waste income not covid related
Financial Services	138		138 Treasury Management fee increases due to additional borrowing related to Commercial Investment programme
Legal Services	81		81 Legal Service cost net impact against Assistant Director vacancy
Norse Joint Venture Mgt Fees	(204)		(204) Actual Mgt Fees for UNL joint venture are reduced and the additional cost of building repairs
Establishment vacancies	(174)		(174) Communications, Customer Services and Human Resources - where there is no cost of temp or agency cover
Building Surveying	(50)		(50) Staff vacancy vs agency and establishment/post changes net saving
Net of expenditure and income losses due to Covid-19	1,041		1,041 Actual financial Impact on the direct services directly attributable to Covid-19
Net minor variances	(230)	208	(22) Reserves figure is the grant income c/fwd - homelessness, Covid grants to support Benefits and Council Tax
Totals	(1,568)	(167)	(1,735)

General Fund Reserves

The Council's total reserves have increased by a net £1.321million, the key items that attribute to the increased reserves position are the Business Rates S31 grant funding held in the ring-fenced reserves to cover the cost of the additional business rates reliefs awarded for 2020/21. If this were excluded then the true position would show a net draw on reserves to support expenditure of £3.480million, these balances also exclude the revenue outturn surplus of £0.161million; this is subject to allocation and approval by Cabinet on 1 July 2021.

£'000	31 March 2020	31 March 2021	Net Increase/ (Decrease)
Usable Reserves (available to spend)	15,384	11,619	(3,765)
Ringfenced Reserves (set aside for specific uses)	5,574	10,660	5,086
	20,958	22,279	1,321

Housing Revenue Account (HRA)

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.

Housing Revenue Account Income and Expenditure

The net operating expenditure shows a year end surplus of £0.026million

£'000	2020/21			
	Original Budget	Current Budget	Actual Outturn	Variance
Total Service Income	(15,979)	(15,979)	(16,139)	(160)
Total Service Expenditure	4,564	4,564	4,749	185
Total Corporate Items	11,202	11,202	8,362	(2,840)
Operating (Surplus) / Deficit	(213)	(213)	(3,028)	(2,815)
Use of Revenue funding and Reserves to support Capital Programme	213	213	3,054	2,841
Overall net budget position	(0)	(0)	26	26
2020/21 (Surplus) / Deficit				26

£'000	31 March 2020	31 March 2021	Net Increase/ (Decrease)
Usable Reserves (available to spend)	1,765	3,910	2,145
Ringfenced Reserves (set aside for specific uses)	514	471	(43)
Total Revenue Reserves	2,279	4,381	2,102
Capital Receipts - Right to Buy	1,739	2,157	418
Capital Receipts - Other	50	29	(21)
	1,789	2,186	397
Major Repairs Reserve	216	467	251
Total Other Reserves	2,005	2,653	648

The above reserves table excludes the revenue surplus of £0.026million which is subject to allocation and approval by Cabinet on the 1 July 2021.

Capital Programme

The total allocation for the 2020/21 Capital Programme was £14.79million with actual in year capital expenditure of £122.28million and allowing for capital slippage of £9.11million, to be carried forward to future years projects, this left a net overspend of £116.60million. The overspend is due to the commercial investments and the purchase of the new Depot and Offices at Little Canfield. The cost of the Little Canfield site is partly supported from a dedicated reserve which has been set aside as part of the Council's long-term plan to relocate the Depot from Great Dunmow.

£'000	Original Budget 2019-20	Current Budget 2019-20	Outturn	Outturn to Budget Variance	Request Slippage	Under / Over Spend (after slippage)
Investments	0	0	107,438	107,438	0	107,438
Total Community and Partnerships	125	155	83	(72)	60	(12)
Total Environmental Services	1,025	1,780	190	(1,590)	1,634	44
Total Finance & Administration	460	979	9,164	8,185	772	8,957
Total Housing and Economic Development	280	960	179	(781)	624	(157)
Total General Fund	1,890	3,874	9,616	5,742	3,090	8,832
Housing Revenue - General	3,747	3,900	3,408	(492)	488	(4)
Business Plan and New Builds (RTB 1-4-1)	3,250	5,210	1,479	(3,731)	3,806	75
Sheltered/redevelopment Schemes	0	1,811	338	(1,473)	1,727	254
Total HRA	6,997	10,921	5,225	(5,696)	6,021	325
CAPITAL PROGRAMME TOTAL	8,887	14,795	122,279	107,484	9,111	116,595

The key areas of slippage for the General Fund relates to the vehicle replacement programme which has been reprofiled to align with service needs.

The Housing Revenue Account has four main projects that have been re-profiled to future years, which is direct impact of the pandemic and the availability of resources and supplies.

- The Moors, Little Dunmow,
- Thaxted Road, Saffron Walden
- Walden Place, Saffron Walden
- Bartholemews Close, Great Chesterford

The Capital Programme is funded by a variety of sources and the following table sets out how the capital programme was financed during 2020/21.

£'000	Investments	General Fund	Housing Revenue Account
Borrowing	105,599	0	0
Grants and Contributions	1,840	235	0
Revenue Contribution (RCCO)	0	156	650
Internal Borrowing	0	3,535	0
Reserves	0	5,652	302
S106	0	0	0
Capital Receipts	0	38	644
Major Repairs Reserve	0	0	3,629
	107,439	9,616	5,224
Total Financing			122,279

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 was £10million. The average interest rate achieved for the year was 0.20%.

On 31 March 2021 the Council held £229.9million of loans of this £120.4million was for long term borrowing (more than one year), as part of its strategy for funding previous and current years' capital programmes and the commercial investments. The average interest rate over the financial year for long term borrowing was 2.24% and 0.22% for short term borrowing.

The long-term borrowing of £120.4million 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 £80.4million.
- 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 £47.25million in Aspire (CRP) Ltd. The loan profile was set to be drawn down in three separate

stages; £10million was drawn down in July 2017, a further £12million during the current financial year and the final instalment of £15million will be drawn down in 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 the future development of the Park and increase income returns.

- The remainder is made up of borrowing from other Local Authorities which will mature in 2021 and 2022, this is to minimise the risk of large amounts of borrowing maturing within the same year.

The Council is currently reviewing its strategy on borrowing to minimise its exposure to risk whilst balancing the benefit of low interest rates achieved through short term borrowing.

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. The full report can be found using the following link: [Key Performance Indicators 2020/21](#)

Key Performance Indicators for Services	2019/20	2020/21
Business Rates collected	99.54%	92.48%
Council Tax collected	98.80%	97.40%
Local Council Tax Support contribution collected	96.97%	93.83%
Rent collected as percentage of rent owed	98.64%	97.49%
Accuracy of processing Housing Benefits claims	98.97%	99.60%
Average number of days to process new Housing Benefit claims	15.5	16
Average number of days to process a change of circumstances	5.2	5.6
Domestic collections of waste and recyclables successfully made on first visit	99.97%	99.99%
Household waste sent for reuse, recycling and composting	50.26%	52.74%
Processing of Planning Applications		
Major	55.56%	93.75%
Minor	66.27%	86.49%
Other	76.74%	88.77%
Customer enquiries resolved at first point of contact	85.00%	81.00%
Supplier invoices paid within 30 days	99.26%	99.40%
Average number of days to pay supplier invoices	6.9	32.8
Sundry Debtor Income (debt older than 90 days and not subject to payment arrangement)	0.60%	1.40%

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.

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. The valuation of the fund was carried out as of 31 March 2020 and this set contributions for the period 1 April 2020 to 31 March 2023.

The Council's estimated pension deficit is £37.037million as of 31 March 2021; 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 £0.710million. The Council also paid an in-year pension contribution rate of 20.20% for all employees that are in the pension scheme. The annual contributions made for 2020/21 were £2.654million from employers and £0.618million from employees.

As a result of some members transferring into/out of the Employer over the year liabilities have been settled at a cost different to the accounting reserve. The capitalised gain of this settlement is £807k. This figure has been included within the service cost in the statement of profit and loss.

McCloud and Sergeant

The accounting results include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sergeant cases which relate to the age discrimination within the Judicial and Fire Pension schemes, respectively. The results in this report include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. Barnet and Waddington do not believe there are any material differences between the approach underlying their estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore, they have not included any further adjustment in light of the ongoing consultation.

Financial Statements and what they mean

Group Accounts

These statements and notes show the consolidated position of the Council with its wholly owned company trading as 'Aspire Ltd'. All group account information is now required to be incorporated into the main document and are shown red columns to help the reader separately identify them from the Council's accounts.

Movement in Reserves Statement

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

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

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

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

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

Housing Revenue Account (HRA) Comprehensive Income and Expenditure Account

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

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 of 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 2021.

Signature:

Adrian Webb
Director of Finance and Corporate Services

Date: 28 June 2021

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:



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 2021

	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	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2020	(1,311)	(19,648)	(514)	(1,764)	(216)	(2,235)	(1,014)	(26,702)	(227,717)	(254,419)	(254,640)
(Surplus) or Deficit on Provision of Services (accounting basis)	1,625	-	(2,836)	-	-	-	-	(1,211)	-	(1,211)	(14,014)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(577)	(577)	(577)
Total Comprehensive Income and Expenditure	1,625	-	(2,836)	-	-	-	-	(1,211)	(577)	(1,788)	(14,591)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	(3,107)	-	760	-	(252)	(364)	(524)	(3,487)	3,487	-	-
Net (increase)/decrease before transfers to earmarked reserves	(1,482)	-	(2,076)	-	(252)	(364)	(524)	(4,698)	2,910	(1,788)	(14,591)
Transfers to/(from) Reserves	1,355	(1,355)	2,119	(2,119)	-	-	-	-	-	-	-
(Increase)/decrease in year	(127)	(1,355)	43	(2,119)	(252)	(364)	(524)	(4,698)	2,910	(1,788)	(14,591)
Balance as at 31 March 2021	(1,438)	(21,003)	(471)	(3,883)	(468)	(2,599)	(1,538)	(31,400)	(224,807)	(256,207)	(269,231)

The surplus transferred to the GF reserves relates to the Business rates S31 grant received by the Council to compensate for loss of income as a result of the extended retail relief given to the retail, leisure and hospitality industry given to support them through the pandemic. The legislation that governs the collection fund accounting means the deficits as a result of the reliefs won't impact the General Fund until 2021/22 accounts, and therefore the balance will be held in usable reserve before being transferred to offset the deficit in the 2021/22 financial year.

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	Total Group Reserves
	£'000	£'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)	(25,689)	(253,030)	(278,719)	(276,412)
<i>Roundings Adjusted from Previous Years</i>	-	-	-	1	-	-	2	3	(1)	2	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)	(276,410)
(Surplus) or Deficit on Provision of Services (accounting basis)	1,403	-	8,209	-	-	-	-	9,612	-	9,612	7,087
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	14,685	14,685	14,685
Total Comprehensive Income and Expenditure	1,403	-	8,209	-	-	-	-	9,612	14,685	24,297	21,722
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	24,297
Transfers to/(from) Reserves	4,169	(3,500)	(1,458)	788	-	-	-	(1)	1	-	(2,527)
(Increase)/decrease in year	(38)	(3,500)	(26)	788	257	1,439	63	(1,017)	25,314	24,297	21,770
Balance as at 31 March 2020	(1,311)	(19,648)	(514)	(1,764)	(216)	(2,235)	(1,014)	(26,702)	(227,717)	(254,419)	(254,640)

Comprehensive Income and Expenditure Statement (CIES)

For the year ended 31 March 2021

Uttlesford DC		Net Expenditure	Group	Note	Uttlesford DC		Net Expenditure	Group
Gross Expenditure	Gross Income	of Continuing Operations			Net Expenditure	Gross Expenditure	Gross Income	
2019/20	2019/20	2019/20	2019/20	Reference	2020/21	2020/21	2020/21	2020/21
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
3,290	(785)	2,505	2,505	Communities & Partnerships	2,235	(549)	1,686	1,686
11,037	(5,945)	5,092	5,092	Environmental Services	11,256	(5,823)	5,433	5,433
21,489	(14,303)	7,145	7,186	Finance & Administration	19,851	(13,402)	6,448	6,489
2,797	(943)	1,854	1,854	Housing & Economic Development	2,548	(949)	1,559	1,599
19,765	(15,938)	3,828	3,828	Housing Revenue Account	9,017	(16,139)	(7,123)	(7,123)
2,019	-	2,020	2,019	Housing Revenue Account - Overheads	1,715	-	1,715	1,715
113	(2,019)	(1,905)	(1,905)	Corporate costs	668	(1,715)	(1,047)	(1,047)
24	(2,058)	-	(2,034)	Commercial Services	-	-	-	736
60,534	(41,991)	20,539	18,544	Cost of Services	47,290	(38,577)	8,712	9,489
		2,637	2,637	Other Operating Expenditure	5.1		3,711	3,711
		2,633	2,183	Financing & Investment Income and Expenditure	5.2		5,726	(5,279)
		(16,197)	(16,277)	Taxation and Non-Specific Grant Income	5.3		(19,360)	(19,360)
		(10,927)	(11,456)	Corporate Amounts			(9,923)	(20,928)
		9,612	7,087	(Surplus)/Deficit on Provision of Services			(1,211)	(11,439)
		16,828	16,828	(Surplus)/Deficit on Revaluation of Non-Current Assets			(4,488)	(4,488)
		(2,143)	(2,143)	Actuarial (Gains)/Losses on Pension Assets /Liabilities			3,911	3,911
		-	14,685	Other Comprehensive Income and Expenditure			(577)	(577)
		24,297	21,772	Total Comprehensive Income and Expenditure			(1,788)	(12,016)

Balance Sheet as at 31 March 2021

Uttlesford DC 31 March 2020 £'000	Group 31 March 2020 £'000		Notes	Uttlesford DC 31 March 2021 £'000	Group 30 March 2021 £'000
349,875	349,875	Property, Plant and Equipment	7.1	362,253	362,253
1,091	1,091	Heritage Assets	7.3	1,091	1,091
270	270	Intangible Assets	6.1	322	322
51,946	51,160	Investments in Subsidiary	8.1	57,778	71,039
-	-	Investment Property		102,954	102,954
1,242	1,242	Long-term Debtors	8.2	1,533	1,533
404,424	403,638	Total Long-term Assets		525,931	539,192
11,922	11,922	Short-term Investments	18.1.1	13,036	13,036
33	33	Inventories	9.1	33	33
3,724	2,282	Short-term Debtors	9.2 - 9.3	11,232	11,827
348	2,797	Cash & Cash Equivalents	9.5	1,185	2,623
16,027	17,034	Total Current Assets		25,486	27,519
(24,638)	(24,638)	Short-term Borrowing	18.1.2	(109,881)	(109,881)
(9,465)	(9,465)	Short-term Creditors	10.1	(20,613)	(22,883)
(2,051)	(2,051)	Short-term Provisions	10.2	(2,396)	(2,396)
(36,154)	(36,154)	Total Current Liabilities		(132,890)	(135,160)
(92,407)	(92,407)	Long-term Borrowing	18.2	(120,407)	(120,407)
(4,488)	(4,488)	Deferred Liabilities	11.2	(4,192)	(4,192)
(1,116)	(1,116)	Grant Receipts in Advance	11.3 - 11.4	(1,151)	(1,151)
(31,867)	(31,867)	Pension Scheme Liability	3.5	(36,570)	(36,570)
(129,878)	(129,878)	Total Long-term Liabilities		(162,320)	(162,320)
254,419	254,640	Total Net Assets		256,207	269,231
		Represented by:-			
26,702	25,878	Usable Reserves	2.1 - 2.4	31,400	30,157
227,717	228,762	Unusable Reserves	3.1 - 3.6	224,807	239,074
254,419	254,640	Total Reserves		256,207	269,231

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

Adrian Webb
Director of Finance and
Corporate Services - Section 151
28 June 2021

Cash Flow Statement

For year ended 31st March 2021

Uttlesford DC 2019/20 £'000	Group 2019/20 £'000		Notes	2020/21 £'000	Group 2020/21 £'000
(9,611)	(7,087)	Net Surplus/(Deficit) on the Provision of Services	Page 3	1,211	14,015
23,465	22,993	Adjustments to net Surplus/(Deficit) on the Provision of Services - non cash movements		11,003	9,725
(3,184)	(5,300)	Adjustment for items included in the Net Surplus/(Deficit) on the Provision of Services that are investing and financing activities		(2,230)	(14,385)
10,670	10,606	Net cash flows from operating activities	13.1	9,984	9,355
(12,585)	(12,346)	Net cash flows from investing activities	13.2	(125,396)	(125,778)
(262)	(262)	Net cash flows from financing activities	13.3	116,249	116,249
(2,177)	(2,002)	Net (Decrease) in cash and cash equivalents		837	(174)
2,525	4,799	Cash and cash equivalents at the beginning of the reporting period	13.4	348	2,797
348	2,797	Cash and cash equivalents at the end of the reporting period		1,185	2,623

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 2020/21.

2020/21	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	(5,989)	(4,185)	-	-	-	10,173
Amortisation of Intangible Assets	(78)	(10)	-	-	-	89
Revenue expenditure funded from capital under statute	(247)	(17)	-	-	-	264
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(67)	(827)	-	-	-	894
Statutory provision for financing capital investment	1,035	-	-	-	-	(1,035)
Capital expenditure charges against the General Fund and HRA balances	8,464	952	-	-	-	(9,416)
Provision for expected credit gain/loss	(926)	-	-	-	-	926
Adjustments involving the Capital Grants Unapplied Account						
Application of grants to capital financing from unapplied reserves	-	-	-	-	236	(236)
Capital grants and contributions that have been credited to the CIES	759	-	-	-	(759)	-
Adjustments involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gains/losses on disposal to the CIES	138	1,449	(1,587)	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	805	-	-	(805)
Contribution from Capital Receipts Reserve towards administrative costs of non-current asset disposal	-	(10)	10	-	-	-
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(408)	408	-	-	-

Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2020/21 (continued)

2020/21	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	-	3,881	-	(3,881)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	3,629	-	(3,629)
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	(3,205)	(241)	-	-	-	3,446
Employers pension contributions and direct payments to pensioners payable in year	2,461	193	-	-	-	(2,654)
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	(5,180)	-	-	-	-	5,180
Adjustments involving the Accumulated Absences Account						
Adjustments in relation to short-term compensated absences	(272)	(17)	-	-	-	290
Total Adjustments	(3,107)	760	(364)	(252)	(523)	3,487

Movement in Reserve Statement – Adjusting between Accounting Funding Basis under Regulations 2019/20.

2019/20	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	(1,994)	(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	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	-	4,357	-	(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

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 2020	Transfer In	Transfer Out	31 March 2021	Group 2021	Purpose of Reserve
	£'000	£'000	£'000	£'000	£'000	
Working Balance	1,311	127	-	1,438	1,438	Maintained to protect the Council's budget from unexpected risks.
Working Balance Sub Total	1,311	127	-	1,438	1,438	
Business Rates	2,833	4,801	-	7,634	7,634	To manage any Collection Fund deficit and/or shortfall in income.
Capital Slippage	1,279	351	(148)	1,482	1,482	Revenue and reserve funding for Capital Schemes slipped in to future years.
Sustainable New Communities	1,774	775	(768)	1,781	1,781	To support the master planning of strategic new communities/ neighbourhoods designed on Garden Community principles
DWP	71	-	-	71	71	Relates to the value of benefit subsidy expected to be required to be paid back.
Economic Development	247	216	-	463	463	Reserve to assist economic development and businesses in the district.
Elections	45	25	-	70	70	The reserve funds future election costs and is drawn down in UDC election years.
Emergency Response	40	500	-	540	540	To support any resource requirement to a local emergency.
Eu Exit	513	-	-	513	513	To manage any risks relating to EU Exit .
Income Protection	1,060	-	-	1,060	1,060	Provides a contingency fund to bridge any gaps in income from commercial rents in the event, for example, of void periods between tenancies
Health and Wellbeing	118	39	(26)	131	131	To support the Health and Wellbeing strategy.
Homelessness	283	150	(29)	404	404	Set up to cover unbudgeted additional demand within the homelessness service.
Licensing	80	25	(70)	35	35	Reserve to absorb excess of costs over income in relation to taxi licensing services.
MTFS	1,527	209	-	1,736	1,736	Provide a contingency fund to support payments for the investments should there be an in year income shortfall.
New Homes Bonus Ward Members	22	16	(22)	16	16	An annual allocation of £2k is provided to each ward member to use subject to meeting the criteria approved at Cabinet.
Planning Development	1,807	143	(1,059)	891	891	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	307	-	-	307	307	Additional in-year income set aside for future year shortfalls.
Strategic Initiatives	1,660	203	-	1,863	1,863	To support initiatives in accordance with the stated purpose approved each year at Full Council
Transformation	1,142	-	(3)	1,139	1,139	To enable the council to change the way it operates in order to meet the financial challenges ahead.
Waste Depot Relocation	4,590	1,000	(5,504)	86	86	It is proposed to purchase land and provide the necessary buildings and utilities in the south of the district.
Waste Management	250	-	-	250	250	To enable the Council to smooth fluctuations in areas such as cost of disposal and agency staffing.
Sports	-	150	-	150	150	Funds set aside to enable the delivery of major sports facilities in each principal area of the district
Climate Change	-	380	-	380	380	Funding of the Climate Change Action Plan to respond to the declaration of a Climate Change and Biodiversity Emergency in 2019
Subsidiary Reserves	-	-	-	-	(238)	Negative retained earnings accounts from Subsidiary
Other GF Usable Sub Total	19,648	8,984	(7,629)	21,003	20,765	
GF Usable Reserves Total	20,959	9,111	(7,629)	22,441	22,203	

2.2 Housing Revenue Account - Reserve Balances

	31 March 2020	Transfer In	Transfer Out	31 March 2021	Purpose of Reserve
	£'000	£'000	£'000	£'000	
Working Balance	514	-	(43)	471	Maintained to protect the budget from unexpected risks.
Working Balance Sub Total	514	-	(43)	471	
Transformation/Change Management	180	-	-	180	To support projects that enable the Council to operate more efficiently.
Revenue Projects	160	-	(100)	60	To finance outstanding revenue business plan actions.
Revenue Reserves Sub Total	340	-	(100)	240	
Capital Projects	-	897	-	1,019	Funding allocated to capital projects.
Potential Development Projects	122	-	-	-	Funding for new build schemes.
Slippage Reserve	1,302	1,650	(302)	2,651	Balance of projects slipped into the following financial year.
Earmarked Reserves Total	1,424	2,547	(302)	3,670	
Major Repairs	216	3,881	(3,629)	468	Funding for future capital expenditure.
Other Capital Reserves Total	216	3,881	(3,629)	468	
Capital Reserves Sub Total	1,640	6,428	(3,931)	4,138	
Housing Revenue Balances Total	2,494	6,428	(4,074)	4,849	

2.3 Capital Receipts Reserve

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

2019/20 £'000		2020/21 £'000
3,674	Balance as at 1 April	2,235
	Receipts	
80	Capital receipts - General Fund	138
2,480	Capital receipts - Housing Revenue Account	1,449
	Applied	
(426)	Paid to government housing receipts pool	(408)
(3,559)	Capital receipts used for financing	(805)
(14)	Expenses from sales of capital assets	(10)
(1,439)	Movements in year	364
2,235	Balance as at 31 March	2,599

2.4 Grants and Contributions without Conditions (Unapplied)

	31 March 2020	Income	Interest	Draw Down Capital	Draw Down Revenue	31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
S106 Unapplied						
Affordable Housing	327	-	-	-	-	327
- Land South Side of Great Chalks, Hatfield Broad Oak	-	486	-	-	-	486
Sub-Total - Affordable Housing	327	486	-	-	-	813
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	540	486	-	-	-	1,026
Capital Grants Unapplied						
Heritage England	-	-	-	-	-	-
DCLG; Parks Improvement Grant	17	-	-	-	-	17
Essex CC : Tree Planting	-	6	-	-	-	6
Homes England (The Moors)	342	-	-	-	-	342
Electric Car Charging	-	60	-	(60)	-	-
Disabled Facility Grant	116	208	-	(176)	-	148
SUB TOTAL	474	274	-	(236)	-	513
Grants and Contributions Unapplied Total	1,014	760	-	(236)	-	1,539

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.

2019/20					2020/21			
General Fund £'000	HRA £'000	Total £'000	Group £'000		General Fund £'000	HRA £'000	Total £'000	Group £'000
13,003	107,545	120,548	120,548	Balance as at 1 April	13,693	87,798	101,491	101,491
1,037	(17,761)	(16,724)	(16,274)	Net Gain/(Loss) in Valuation of Assets	(1,136)	5,594	4,459	16,245
1,037	(17,761)	(16,724)	(16,274)	In Year Surplus/(Deficit) on Revaluation of Non-Current Assets	(1,136)	5,594	4,459	16,245
(347)	(1,626)	(1,973)	(1,973)	Revaluation Depreciation to Capital Adjustment Account	(264)	(1,441)	(1,705)	-
-	(360)	(360)	(360)	Disposal of Assets	-	(499)	(499)	(1,431)
-	-	-	-	- Adjustments to Capital Adjustment Account	-	215	215	87,811
(347)	(1,986)	(2,333)	(2,333)	In Year Amounts written out to the Capital Adjustment Account	(264)	(1,725)	(1,989)	86,380
13,693	87,798	101,491	101,941	Balance as at 31 March	12,293	91,667	103,961	204,116

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.

2019/20		2020/21	
£'000		£'000	£'000
160,922	Balance as at 1 April		157,285
	Reversal of items relating to capital expenditure debited or credited to the CIES		
(6,627)	Charges for depreciation and impairment of non-current assets	(8,843)	
(10,021)	Revaluation gains on Property, Plant and Equipment	(1,546)	
(85)	Amortisation of Intangible Assets	(89)	
(409)	Revenue expenditure funded from capital under statute	(264)	
	Amounts of non-current assets written off on disposal or sale as part of gain/loss		
(1,049)	on disposal to the CIES	(669)	
(655)	Expected Credit Gains or Losses on Financial Instruments	(926)	
1,973	Adjusting amounts written out of Revaluation Reserve	1,979	
(16,873)			(10,358)
	Capital financing applied in the year		
1,517	Use of Capital Receipts Reserve to finance new capital expenditure	644	
4,614	Use of Major Repairs Reserve to finance new capital expenditure	3,629	
744	Capital Grants and Contributions applied to capital financing	397	
	Statutory provision for the financing of capital investment charged against the		
2,568	General Fund and HRA balances	1,035	
3,793	Capital expenditure charged against the General Fund and HRA balances	9,416	
13,236			15,121
157,285	Balance as at 31 March		162,048

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.

2019/20		2020/21
£'000		£'000
1,250	Balance as at 1 April	1,146
(104)	Increase/(decrease) in value	29
1,146	Balance as at 31 March	1,175

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.

2019/20		2020/21
£'000		£'000
(165)	Balance as at 1 April	(224)
(59)	In year adjustment	(290)
(224)	Balance as at 31 March	(514)

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.

2019/20 £'000	Notes	2020/21 £'000
(30,787)	Balance as at 1 April	(31,867)
(3,223)	Surplus/(Deficit) on Provision of Services in CIES	(792)
2,143	Actuarial Gain/(Loss)	(3,911)
(31,867)	Balance as at 31 March	(36,570)

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.

2019/20 £'000		2020/21 £'000
1,261	Surplus/(Deficit) as at 1 April	(115)
(46)	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	(227)
(1,330)	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(4,953)
(115)	Surplus/(Deficit) as at 31 March	(5,295)

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
2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000		2020/21 £'000	2020/21 £'000	2020/21 £'000	2020/21 £'000	2020/21 £'000	2020/21 £'000
1,221	254	1,475	1,284	(254)	2,505	Community & Partnerships	1,041	210	1,251	645	(210)	1,686
3,271	1,810	5,081	1,821	(1,810)	5,092	Environmental Services	4,791	2,095	6,886	642	(2,095)	5,433
5,912	(3,694)	2,218	1,233	3,694	7,145	Finance & Administration	5,914	(3,788)	2,126	535	3,788	6,449
1,487	(13)	1,474	367	13	1,854	Housing & Economic Development	1,557	173	1,730	42	(173)	1,599
114	(376)	(262)	-	(1,643)	(1,905)	Corporate Costs	668	(405)	263	-	(1,310)	(1,047)
12,005	(2,019)	9,986	4,705	-	14,691	General Fund Total	13,971	(1,715)	12,256	1,864	-	14,120
(11,091)	1,643	(9,448)	14,918	(1,643)	3,827	Housing Revenue Account	(11,245)	1,310	(9,935)	4,122	(1,310)	(7,123)
-	376	376	-	1,643	2,019	Housing Revenue Account - Overheads	-	405	405	-	1,310	1,715
(11,091)	2,019	(9,072)	14,918	-	5,846		(11,245)	1,715	(9,530)	4,122	-	(5,408)
914	-	914	19,623	-	20,537	Net Cost of Service	2,726	-	2,726	5,986	-	8,712
-	-	(3,691)	(7,236)	-	(10,927)	Other Income and Expenditure	-	-	(6,285)	(3,639)	-	(9,923)
		(2,777)	12,387	-	9,610	(Surplus)/Deficit	2,726	-	(3,558)	2,347	-	(1,211)
					20,461	Opening General Fund and HRA Balance						23,238
					2,777	Surplus/(Deficit) on amounts chargeable to the General Fund and HRA						3,558
					23,238	Closing General Fund and HRA Balance						26,796

4.3 Note to the Expenditure and Funding Analysis

Adjustments for Capital Purposes 2019/20 £'000	Net Pensions Adjustments 2019/20 £'000	Other Adjustments 2019/20 £'000	Net Adjustments 2019/20 £'000		Adjustments for Capital Purposes 2020/21 £'000	Net Pensions Adjustments 2020/21 £'000	Other Adjustments 2020/21 £'000	Net Adjustments 2020/21 £'000
1,211	73	-	1,284	Community & Partnerships	643	2	-	645
751	1,070	-	1,821	Environmental Services	605	37	-	642
424	809	-	1,233	Finance & Administration	514	21	-	535
61	306	-	367	Housing & Economic Development	33	9	-	42
2,447	2,258	-	4,705	General Fund Outturn	1,795	69	-	1,864
14,696	222	-	14,918	Housing Revenue Account	4,212	(90)	-	4,122
17,143	2,480	-	19,623	Net Cost of Service	6,007	(21)	-	5,986
(8,774)	742	796	(7,236)	Other Income and Expenditure	(9,162)	813	(759)	(3,639)
8,369	3,222	796	12,387	Adjustment to the (Surplus)/Deficit on Provision of Services	(3,155)	792	(759)	2,347
1,598	2,874	1,136	5,608	Adjustments to the General Fund	(4,124)	675	(759)	1,243
6,771	348	(340)	6,779	Adjustments to the Housing Revenue Account	(5,037)	138	-	(4,882)

4.4 Expenditure and Income Analysed by Nature

2019/20 £'000		2020/21 £'000
	Expenditure	
17,559	Employee benefits expenses	15,424
24,481	Other service expenses	25,461
17,143	Depreciation, amortisation and impairment	10,526
4,070	Interest payments	4,809
3,414	Precepts and levies	3,706
426	Payments to the Housing Capital Receipts Pool	408
67,093	Total Expenditure	60,334
	Income	
(24,188)	Fees, charges and other service income	(23,404)
(2,179)	Interest and investment income	(4,630)
(12,310)	Income from Council Tax, Business Rates	(12,993)
(17,592)	Government grants and contributions	(19,825)
(1,150)	Gains on the disposal of Non-current assets	(692)
(57,419)	Total Income	(61,544)
9,612	(Surplus)/Deficit on the provision of services	(1,210)

5.0 Notes to the Comprehensive Income and Expenditure Statement

5.1 Total Other Operating Expenditure

2019/20		2020/21
£'000		£'000
3,414	Parish Council Precepts	3,706
426	Payments to the Government Housing Capital Receipts Pool	408
(1,151)	(Gain)/Loss on the Disposal of Non-Current Assets	(692)
(52)	Other Non-Service Specific Expenditure	290
2,637	Total Other Operating Expenditure	3,711

5.2 Total Financing and Investment Income and Expenditure

Uttlesford DC	Group		Uttlesford DC	Group
2019/20	2019/20		2020/21	2020/21
£'000	£'000		£'000	£'000
3,424	3,424	Interest Payable and Similar Charges	3,763	3763
646	-	Interest Revenue calculated using the Effective Interest Rate	1,046	120
-	(1,886)	Income, expenditure and changes in Fair Value of investments	2,480	(10,057)
742	742	Pensions - Net Interest on the Defined Benefit Liability (Asset)	813	813
(2,179)	(97)	Interest Receivable and Similar Income	(2,306)	152
-	-	Other investment income	(70)	(70)
2,633	2,183	Total Financing and Investment Income and Expenditure	5,726	(5,279)

5.3 Total Taxation and Non Specific Grants

2019/20 £'000		2020/21 £'000
	Council Tax Income	
(5,657)	- District Council element	(5,957)
(3,414)	- Town/Parish Councils element	(3,706)
	Business Rates Retention	
(2,205)	- District Council element of NNDR income in year	(2,475)
481	- Safety Net reimbursement/Levy payment due	380
(1,646)	- Section 31 funding from Central Government	(6,298)
	Collection Fund	
(21)	- Council Tax - Net value of estimated/actual income recognised in CIES	207
153	- NNDR - Net value of estimated/actual income recognised in CIES	4,856
	Non Ring Fenced Government Grants	
(2,969)	- New Homes Bonus	(3,635)
(279)	- Supplementary Grants	(279)
	Other	
-	- Other covid related funding from Central Government	(1,694)
(640)	- Capital Grants and Contributions	(759)
(16,197)	Total Taxation and Non-Specific Grants Income	(19,360)

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 2020/21 are detailed below.

6.1 Intangible Assets

2019/20 £'000		2020/21 £'000
699	Gross Balance at 1 April	662
92	Additions	141
(129)	Asset write out	(66)
662	Gross Balance carried forward at 31 March	737
(436)	Amortisation as at 1 April	(392)
(85)	Amortisation in year	(89)
129	Amortisation write out	66
(392)	Amortisation Balance carried forward 31 March	(415)
270	Net Value at 31 March	322

7.0 Property, Plant and Equipment

7.1 Analysis of Property, Plant and Equipment

2020/21	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 2020	306,591	33,386	13,062	558	986	4,427	359,010
Revaluation Gain recognised in the Revaluation Reserve	6,057	388		-	-	-	6,445
Revaluation Loss recognised in the Revaluation Reserve	(617)	(1,404)		-	-	-	(2,021)
Revaluation recognised in the CIES	485	(80)		-	-	-	405
Revaluation - Depreciation Written Off	(3,705)	(742)		-	-	-	(4,447)
Additions	3,380	115	204	-	-	10,737	14,436
De-recognition - Disposals	(837)	-	(823)	-	-	-	(1,660)
Asset Impairment write out	(822)	-	(440)	-	-	-	(1,262)
Reclassification	2,318	-	-	-	-	(2,318)	-
Balance as at 31 March 2021	312,850	31,663	12,003	558	986	12,846	370,906
Accumulated Depreciation as at 1 April 2020	-	-	(8,874)	(164)	(97)	-	(9,135)
Depreciation in year	(3,705)	(742)	(739)	(28)	(15)	-	(5,229)
Disposal Depreciation write outs	10	-	823	-	-	-	833
Depreciation Written off on Revaluation	3,705	742	441	-	-	-	4,888
De-recognition - Other	15	-		-	-	-	15
Accumulated Depreciation as at 31 March 2021	25	-	(8,349)	(192)	(112)	-	(8,628)
Net Book Value as at 31 March 2021	312,875	31,663	3,654	366	874	12,846	362,278
Net Value as at 31 March 2020	306,591	33,386	4,188	394	889	4,427	349,875
Assets owned outright	312,875	31,663	3,654	366	448	12,846	361,852
Finance lease on assets	-	-	-	-	426	-	426
Total	312,875	31,663	3,654	366	874	12,846	362,278

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)
De-recognition - Other	-	-	-	-	-	-	-
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

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 2021. 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.

2019/20 £'000		2020/21 £'000
141,970	Opening Capital Financing Requirement as at 1 April	145,597
	<u>Capital Expenditure</u>	
12,332	Property Plant and Equipment	14,436
92	Intangible Assets	141
140	Heritage Assets	-
-	Investment Properties	107,438
3,000	Aspire Investment	6,826
409	Revenue Expenditure Funded from Capital Under Statute	264
15,973	Total Capital Expenditure	129,105
(63)	Increase in non-dwelling HRA assets not reversed to unusable reserves	(18)
655	Expected Credit Gains or Losses on Financial Instruments	926
592	Sub Total	908
	<u>Financed By</u>	
(1,259)	Usable Capital Receipts	(805)
(664)	Government Grants and Other Contributions	(236)
(3,833)	Capital Expenditure Financed from Revenue Contributions	(9,416)
(4,614)	Major Repairs Reserve	(3,629)
(2,568)	Minimum Revenue Provision	(1,035)
(12,938)	Total Capital Financing	(15,121)
145,597	Closing Capital Financing Requirement as at 31 March	260,489
	<u>Explanation of Movement</u>	
6,196	Increase in underlying need to borrow	115,927
(2,568)	Minimum Revenue Provision	(1,035)
3,628	Increase/(Decrease) in Capital Financing Requirement	114,892

7.3 Heritage Assets

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

31 March 2020 £'000	31 March 2021 £'000
936 Saffron Walden Motte and Bailey	936
155 Museum Artefacts - Fine Arts Collection	155
1,091 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 2021, the Council has the following contractual obligations for capital expenditure:

	Work in progress 31 March 2021 £'000	Total Remaining Commitment £'000
Capital Scheme		
Housing		
The Moors	1,560	693
Thaxted Road	251	2,909
Total	1,811	3,602

7.5 Investment Property

Investment properties are those that are held solely to earn rentals or for capital appreciation, or both. Investment properties are not depreciated but are revalued according to market conditions at the year-end.

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement:

31 March 2020 £'000	31 March 2021 £'000
- Rental Income from Investment Property	-
- Direct Operating Expenses / (Income) arising from Investment Property	(2,039)
- Net (Gain) / Loss	(2,039)

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

31 March 2020 £'000	31 March 2021 £'000
- Balance as at 1 April	-
- Additions	102,954
- Impairments	-
- Net Gains / (Losses) on Revaluation	-
- Balance at at 31 March	102,954

Valuation Techniques Used to Determine Fair Values for Investment Property

Investment property shall be measured initially at cost. The cost of an investment property includes its purchase price, transaction costs and directly attributable expenditure. Where an investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition. Investment properties are not depreciated but are revalued according to market conditions at the year end.

Significant observable inputs – Level 2

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

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

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2021
Offices	-	19,500	-	19,500
Veterinary Hospital	-	4,975	-	4,975
Retails Park	-	7,975	-	7,975
Distribution Centres	-	70,504	-	70,504
Net (Gain) / Loss	-	102,954	-	102,954

8.0 Other Long Term Assets

8.1 Long Term Investments

The Council has one long-term investment totalling £55.808million 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 for 2020/21 estimated additional credit loss adjustment has been actioned totalling £926k (2019/20 £655k) through the CIES reflecting potential future losses on repayments due.

In the group consolidation the Long-term investment between the Council and the subsidiary is eliminated holding the value of the investment in Chesterford Research Park by the subsidiary, this value is not subject to an expected credit loss adjustment and at the balance sheet date totals £71.039million (2019/20 £51.160million)

2019/20		2020/21	
£'000		£'000	
50,902	Long term investment	55,808	
(1,044)	Cumulative expected credit loss adjustment	(1,970)	
51,946	Total held on balance sheet	57,778	

8.2 Long Term Debtors

The Council has long term debtors relating to:

- A previous rent to mortgage scheme where the Council holds a charge on properties which would be due at the end of a mortgage term of if the property is sold, these are held at a revalued amount each year according to a value which would be expected if sale occurs for 2020/21 the value held for the % of the property the charge is against is £1.176million (2019/20 £1.15million), 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.
- Prepayments for software licenses totalling £60k.
- Lease adjustment of £222k related to investment property leasing arrangements.

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 2020 £'000	31 March 2021 £'000
33 Housing Stores	33
33 Total	33

9.2 Debtors

31 March 2020 £'000	Group 31 March 2020 £'000		31 March 2021 £'000	Group 31 March 2021 £'000
431	431	Central Government Bodies	6,914	6,914
896	896	Other Local Authorities	1,521	1,521
3,955	2,510	Other Entities and Individuals	5,371	5,966
5,282	3,837	Total	13,806	14,401
		Material items in 'Other Entities and individuals'		
695	695	NNDR	1,664	676
816	816	Ctax	648	314
281	281	Housing Rents	416	105
1,159	1,159	Housing Benefits	1,097	200
-	478	Chesterford Reseach Park (Aviva)	-	595

9.3 Impairment Allowances (for Non-Collection)

31 March 2020		31 March 2021
£'000		£'000
(307)	Business Rates	(988)
(171)	Council Tax	(333)
(198)	Housing Rents	(311)
(843)	Overpaid Benefit	(897)
(38)	Sundry Debtors	(45)
(1,557)	Total	(2,574)

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 2020	Group		31 March 2021	Group
£'000	31 March 2020		£'000	31 March 2021
	£'000			£'000
-	2,449	Cash Held by the Subsidiary	-	1,438
348	-	Bank Current Accounts	1,185	-
348	2,449	Total	1,185	1,438

10.0 Current Liabilities

10.1 Creditors

31 March 2020		31 March 2021	
£'000		£'000	
3,840	Central Government Bodies	11,385	
2,014	Other Local Authorities	1,468	
3,611	Other Entities and Individuals	7,760	
9,465	Total	20,613	

10.2 Provisions

31 March 2020		In Year Provision Created	Provision Applied	31 March 2021
£'000		£'000	£'000	£'000
245	Legal	-	-	245
49	New Homes Bonus - Parish Councils	-	-	49
1,757	Business Rates Appeals	792	(447)	2,102
2,051	Balance as at 31 March	792	(447)	2,396

The total provision available for Business Rates appeals as at 31 March 2021 is £5.255million; the above table reflects the Council's share of the provision at a value of £2.102million.

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

2019/20 £'000		2020/21 £'000	1 Year £'000	2 - 5 Years £'000	6 - 10 Years £'000	11 - 15 Years £'000
	Leisure - PFI					
4,619	Opening Balance	4,488	4,192	4,192	3,437	2,082
(131)	- Short Term Creditor *	(154)	-	-	-	-
	Principle Repayment	(142)	-	(755)	(1,355)	(2,082)
4,488	Closing Balance	4,192	4,192	3,437	2,082	-
4,488	Deferred Liabilities as at 31 March	4,192	4,192	3,437	2,082	-

*The element due within one year is now categorised as a short term debtor in the balance sheet

11.3 Creditor – Grants and Contributions with Conditions

	31 March 2020	Income	Adjustment	Drawn Down -	Drawn Down -	31 March 2021
	£'000	£'000	£'000	Capital	Revenue	£'000
				£'000	£'000	
S106 Receipts in Advance						
Priors Green, Takeley	78	-	-	-	-	78
Felsted	10	-	-	-	-	10
Rochford Nurseries/Foresthall Park, Stansted	20	-	-	-	-	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
SUB TOTAL	479	-	-	-	-	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	580	-	-	-	-	580

11.4 Creditor – Grants and Contributions to Other Bodies

	31 March 2020	Income	Adjustment	Transferred to Other Bodies	31 March 2021
	£'000	£'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	1	-	-	-	1
Ashdon Road Commercial Centre	34	-	-	-	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 at Elsenham Nurseries	14	-	-	-	14
Bury Water Lane, Newport	26	-	-	-	26
Walpole Farm, Cambridge Road, Stansted	53	-	-	-	53
14 Stortford Road, Gt Dunmow	-	35	-	-	35
Grants and Contributions to Other Bodies	536	35	-	-	571

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

Uttlesford DC 2019/20 £'000	Group 2019/20 £'000		Uttlesford DC 2020/21 £'000	Group 2020/21 £'000
(9,611)	(7,087)	Net Surplus/(Deficit) on the Provision of Services	1,211	14,022
		Adjustments to net Surplus/(Deficit) on the Provision of Services for non-cash movements		
6,627	6,627	Depreciation	5,253	5,253
10,021	10,021	Impairment and downward valuations	5,136	5,136
85	85	Amortisation	89	89
-	-	Adjustments for effective interest rates	-	-
(805)	(883)	Increase/(Decrease) in creditors	5,591	5,591
1,617	1,879	Increase/(Decrease) in debtors	(7,747)	(7,513)
12	12	(Increase)/Decrease in inventories	-	-
3,223	3,223	Pension liability	792	792
619	619	Contribution to provisions	345	345
1,411	1,411	Carrying amount of non-current assets sold	602	602
655	(2)	Other non-cash items charged to the net surplus or deficit on the provision of services	942	(576)
23,465	22,992	Total	11,003	9,718
(3,184)	(5,299)	Adjustments for items included in the net (deficit) on the provision of services that are investing of financing activities	(2,230)	(14,385)
10,670	10,606	Net cash flows from operating activities	9,984	9,355

13.2 Cash Flow Statement – Investing Activities

Uttlesford DC 2019/20 £'000	Group 2019/20 £'000		Uttlesford DC 2020/21 £'000	Group 2020/21 £'000
(12,644)	(12,644)	Purchase of property, plant and equipment, investment property and intangible assets & movement in capital creditor	(119,760)	(119,760)
(2,923)	(2,684)	Movements in net short-term investments	(7,939)	(10,034)
-	-	Other payments for investing activities	-	1,713
2,546	2,546	Proceeds from sale of property, plant and equipment	1,509	1,509
436	436	Capital grants received	794	794
(12,585)	(12,346)	Total Cash Flows from Investing Activities	(125,396)	(125,778)

13.3 Cash Flow Statement – Financing Activities

Uttlesford DC 2019/20 £'000	Group 2019/20 £'000		Uttlesford DC 2020/21 £'000	Group 2020/21 £'000
1,000	1,000	Movement in short and long-term borrowing	113,000	113,000
(1,132)	(1,132)	Billing Authorities - Council Tax & Business Rates Adjustment	3,544	3,544
(130)	(130)	Cash payments for the reduction of the outstanding liabilities	(295)	(295)
(262)	(262)	Total Cash Flows from Financing Activities	116,249	116,249

13.4 Cash Flow Statement – Cash and Cash Equivalents

Uttlesford DC 2019/20 £'000	Group 2019/20 £'000		Uttlesford DC 2020/21 £'000	Group 2020/21 £'000
348	2,797	Cash and Bank Balances	1,185	2,623
348	2,797	Total Cash and Cash Equivalents	1,185	2,623

13.5 Cash Flow Statement – Interest on Balances

Uttlesford DC 2019/20 £'000	Group 2019/20 £'000		Uttlesford DC 2020/21 £'000	Group 2020/21 £'000
3,959	(3,959)	Interest paid	(2,595)	(2,595)
(2,633)	701	Interest received	2,309	214
1,326	(3,258)	Net Interest Paid	(286)	(2,381)

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 2021 was £16.2million.

The contract was operational from the financial year 2003/04 and runs for a period of 32 years (ending 2035/36) leaving 15 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 £4.346million. 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.

2019/20 £'000		2020/21 £'000	1 year £'000	2 - 5 years £'000	6 - 10 years £'000	11 - 15 years £'000
1,064	Leisure PFI - Unitary Charge	1,121	1,122	4,865	6,467	5,502
131	Capital repayment	142	154	755	1,355	2,082
383	Interest expense	372	360	1,303	1,218	533
309	Contingent rent	328	335	1,532	2,497	1,176
241	Services	279	273	1,275	1,397	1,711
1,064	Total Unitary Charge	1,121	1,122	4,865	6,467	5,502

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 2020/21. The total Members allowances paid in 2020/21 was £280,276 (£284,402 for 2019/20), these are detailed below.

2019/20 £'000		2020/21 £'000
	Allowance:	
203	Basic Allowance	197
8	Group Leaders Allowances	12
64	Special Responsibility Allowances	71
9	Travel and Subsistence	1
284	Total	281

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 Members 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. The Director of Public Services is Director of Uttlesford Norse Services Limited, a Joint Venture with Norse Commercial Services Ltd. 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 Uttlesford Councillors 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 maintained and 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	2020/21 - £22,669
	2019/20 - £36,702

- **Saffron Walden Museum Society Limited**

The Council rents the Saffron Walden Museum and 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:

	2020/21 - £334,520
	2019/20 - £276,961

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 2020/21 was £5,080 (£5,000 for 2019/20).

- **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.

2019/20		2020/21	
£'000		£'000	
(45)	Balance at 1 April	(52)	
(21)	Income in Year	(17)	
14	Expenditure in Year	7	
(52)	Balance at 31 March	(62)	

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 Partnership's on street parking activities are 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. Previously the Partnership has had a substantial reserve to cover most eventualities, which has been useful during the COVID-19 pandemic as parking income decreased substantially.

- 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	2019/20	116,639	-	-	-	-	116,639	19,595	136,234
	2020/21	122,006	-	-	-	-	122,006	24,645	146,651
Director of Public Services	2019/20	92,471	-	-	-	-	92,471	15,535	108,006
	2020/21	96,094	-	-	-	-	96,094	19,411	115,505
Director of Finance and Corporate Services	2019/20	92,471	-	-	-	-	92,471	15,535	108,006
	2020/21	96,094	-	-	-	-	96,094	19,411	115,505
Assistant Director - Corporate Services	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
Assistant Director - Housing, Health and Communities	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
Assistant Director - Planning and Building Control	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
Assistant Director - Resources	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
Assistant Director - ICT and Facilities	2019/20	71,455	-	-	-	-	71,455	12,004	83,459
	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
Assistant Director - Governance and Legal(*)	2019/20	70,403	-	-	-	-	70,403	11,828	82,231
	2020/21	21,324	-	-	-	-	21,324	4,268	25,592
Assistant Director - Environmental Services	2019/20	69,353	-	-	-	-	69,353	11,652	81,005
	2020/21	72,339	-	-	-	-	72,339	14,613	86,952

(*)Assistant Director – Governance and Legal post vacant from 18th July 2020 at an annualised salary of £73,420.

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 2019/20	Remuneration Band	No. of Employees 2020/21
8	£50,000 - £54,999	6
-	£55,000 - £59,999	7
1	£65,000 - £69,999	-
6	£70,000 - £74,999	6
2	£90,000 - £94,999	-
-	£95,000 - £99,999	2
1	£115,000 - £119,999	-
-	£120,000 - £124,999	1
18	Total	22

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 0 employees in 2020/21 (4 in 2019/20) incurring liabilities of £0 (£39,746 in 2019/20). The table below identifies the number of exit packages in bands of £20,000.

Number of Compulsory Redundancies	2019/20 Number of other Departures Agreed	Exit Package Cost Band			2020/21 Number of other Departures Agreed	Total Number of Exit Packages
		Total Number of Exit Packages				
1	3	4	£0 - £20,000	-	-	-
1	3	4	Total Number of Packages	-	-	-
15,449	24,297	39,746	Total Cost (£)			

15.6 Interest in Subsidiaries

At the reporting date 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.

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 a minority share in Uttlesford Norse Services Limited.

Whilst the Council does have Board participation and some influence over the Company the majority share and consolidation into group accounts is held by The Norse Group a wholly owned subsidiary of Norfolk County Council.

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	Dormant
Aspire (MRH) Limited	Company No. 12283215	Subsidiary	Dormant

Aspire holdings is the parent company of the below three companies all of which are, at the reporting date, dormant.

- Aspire Rentals Ltd
- Aspire Property and Maintenance Services Limited
- Aspire Land Developments Ltd

The consolidated balance sheet at 31 March 2021 shows a balance of negative retained earnings of £238k and a fair value increase net off previous year's loss of £11.3million removing the cumulative expected credit loss adjustment in the Council's accounts of £1.97million for consolidation.

Aspire (CRP) Limited

The financial position of the company is as follows; full accounts can be found on the Companies House Website:

	As at 31 March 2020 £'000	As at 31 March 2021 £'000
Long Term Assets		
Investments	51,160	71,039
Current Assets		
Debtors: amounts falling due within one year	478	623
Cash in bank	2,449	1,438
TOTAL ASSETS	54,087	73,100
Current Liabilities		
Creditors: amounts falling due within one year	(1,920)	(2,298)
Long Term Liabilities		
Loans	(52,991)	(59,749)
TOTAL LIABILITIES	(54,911)	(62,047)
TOTAL NET ASSETS	(824)	11,053
Equity		
Retained earnings	(824)	11,053
TOTAL RESERVES	(824)	11,053

In the Consolidated accounts, the loan value and its respective transactions between the Council and the subsidiary have been eliminated, along with the recharge of officer time for accounts completion and management of the Company.

Uttlesford Norse Services Limited (UNSL)

Transactions in the accounts that relate to the joint venture set up on 1 April 2020 are shown below, these represent the cost of UNSL undertaking the housing maintenance services for the Council held housing stock, cleaning, unplanned asset maintenance and facilities services for the corporate assets.

	2020/21 £'000
Cleaning and Corporate facilities services	134
Housing Revenue Accounts Services (Revenue)	3,283
Housing Revenue Accounts Services (Capital)	3,189
Share of Joint venture profits	(70)
Total transactions related to the joint venture	6,537

16.0 Fees Payable

16.1 External Audit Fees Payable

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

2019/20 £'000		2020/21 £'000
50	Fees payable in relation to External Audit Services carried out by the appointed auditor*	55
17	Fees payable in relation to Certification of Grant Claims and returns **	18
2	Pooled Housing Capilta Receipts Return	2
(5)	Fees payable in relation to other Audit Services	-
64	Total *	75

* This is the planned fee for 2019/20 and 2020/21 due to the 2019/20 not yet being concluded, possible extra fees not included relate to 'new use of resources'

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 accounting results include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sergeant cases which relate to the age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results as 31 March 2020. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 March 2021.

As a result of some members transferring into/out of the Employer over the year liabilities have been settled at a cost different to the accounting reserve. The capitalised gain of this settlement is £807k. This figure has been included within service cost in the statement of profit and loss.

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).

2019/20 £'000		2020/21 £'000
4,190	Current service cost	2,633
718	Net interest on the Defined Liability/Asset	766
24	Administration Cost	47
4,932	Net Charge to Comprehensive Income and Expenditure Statement	3,446
3,223	Reversal of Net Charge made for retirement benefits in accordance with IAS19	792
	Actual amount charged against Council Tax for Pensions in the year:	
1,594	Employer contributions to the Pension Fund	1,830
-	- Deficit contribution payments	710
11	Contributions to the Pension Fund in respect of early retirement	10
104	Added years discretionary payments	104
1,709	Payments to the Pension Fund During the Year	2,654
4,932	Total	3,446

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 2021 are as follows:

2019/20 £'000		2020/21 £'000
110,132	Present Value of Scheme Obligation as at 1 April	107,149
3,408	Current cost of service	3,440
2,613	Interest cost	2,376
(10,269)	Change in financial assumptions	26,278
(684)	Change in demographic assumptions	(1,208)
3,680	Experience loss / (gain) on defined benefit obligation	(1,350)
-	Liabilities assumed / (extinguished) on settlements	(3,116)
(3,068)	Estimated benefits/transfers paid	(2,747)
782	Past service cost and curtailments	-
659	Contributions by scheme participants	618
(104)	Unfunded pension payments	(104)
(2,983)		24,187
107,149	Present Value of Scheme Obligation as at 31 March	131,336

17.4 Pension Liabilities - Sensitivity Analysis

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

	£'000	£'000	£'000
Adjustments to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	128,910	131,336	133,809
Projected service cost	4,496	4,647	4,803
Adjustments to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	131,564	131,336	131,109
Projected service cost	4,649	4,647	4,644
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	133,560	131,336	129,153
Projected service cost	4,801	4,647	4,497
Adjustment to life expectancy assumptions	+ 1 Year	None	- 1 Year
Present value of total obligation	138,075	131,336	124,951
Projected service cost	4,857	4,647	4,444

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 2021 are as follows:

2019/20 £'000		2020/21 £'000
79,346	Fair Value of Scheme Assets as at 1 April	75,283
1,895	Interest on assets	1,610
(5,982)	Return on assets less interest	19,809
852	Other actuarial gains/(losses)	-
(24)	Administration expenses	(47)
1,709	Contributions by employer including unfunded	2,654
659	Contributions by scheme participants	618
(3,172)	Estimated benefits paid plus unfunded net of transfers in	(2,851)
-	- Settlement prices received / (paid)	(2,309)
(4,063)		19,484
75,283	Fair Value of Scheme Assets as at 31 March	94,767

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 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.

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Estimated Liabilities in the scheme	(109,030)	(108,975)	(110,132)	(107,149)	(131,336)
Estimated Assets in the scheme	68,827	74,230	79,346	75,283	94,767
Net (deficiency) in the fund	(40,203)	(34,745)	(30,786)	(31,866)	(36,569)

17.7 Basis for Estimating the Pension Scheme Assets and Liabilities

These assumptions are set with reference to market conditions as at 31 March 2021.

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.

2019/20		2020/21
	Mortality Assumptions:	
	Longevity at 65 for future pensioners (years)	
23.2	Men	22.9
25.2	Women	25.1
	Financial Assumptions:	
2.70%	Rate of Inflation - RPI	3.15%
1.90%	Rate of Inflation - CPI	2.80%
2.90%	Rate of Increase in Salaries (reflects long-term salary growth assumptions)	3.80%
1.90%	Rate of Increase in Pensions	2.80%
2.35%	Rate of Discounting Scheme Liabilities	2.00%
50.00%	Contribution rate under new LGPS to receive 50% of benefits at retirement	50.00%

17.8 Analysis of Assets Held

The assets held by the fund attributable to Uttlesford District Council as at 31 March 2021 are detailed below;

31 March 2020			31 March 2021	
£'000	%		£'000	%
44,066	59%	Equity Investments	59,951	62%
3,245	4%	Gilts	2,414	3%
4,561	6%	Other Bonds	4,609	5%
6,770	9%	Property	6,678	7%
3,129	4%	Cash	2,387	5%
8,672	12%	Alternative Assets	10,891	12%
4,840	6%	Other Managed Funds	7,837	7%
75,283	100%	Total	94,767	100%

17.9 History of Actuarial Gains and Losses

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Return on plan assets in excess of interest	9,303	3,149	4,172	(5,982)	19,809
Asset Gain/(Loss)	238	-	-	852	-
Liability Gain/(Loss)*	(288)	-	-	(3,680)	1,350
Change in Demographic Assumptions	2,131	-	6,183	684	1,208
Change in Assumptions	(18,822)	3,935	(3,839)	10,269	(26,278)
Net Actuarial Gain/(Loss)	(7,438)	7,084	6,516	2,143	(3,911)

*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 year's 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 2021. 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 2021.

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 Financial Instruments – Balances

Long Term Financial Instruments		Short Term Financial Instruments	
As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021
Book Value	Book Value	Book Value	Book Value
£'000	£'000	£'000	£'000
			Investments at amortised cost
52,991	59,749	8,000	- Principal*
(1,045)	(1,971)	-	- Loss Allowance
-	-	1,922	- Accrued Interest
			Investments at Fair Value through Profit and Loss
-	-	2,000	- Fair value*
51,946	57,778	11,922	Total Investments**
			Cash and cash equivalents at amortised cost
-	-	396	- Principal***
-	-	396	Total Cash and cash equivalents
			Included in Debtors at amortised cost
1,242	1,533	571	- Debtors (Contractual)
-	-	(2)	- Loss Allowance
1,242	1,533	569	Included in Debtors
53,188	59,311	12,887	Total Financial Assets
			Loans at amortised cost
(92,407)	(120,407)	(24,500)	- Principal****
-	-	(138)	- Accrued Interest
(92,407)	(120,407)	(24,638)	Total Borrowing*****
			Liabilities at amortised cost
(4,488)	(4,192)	-	- Deferred liabilities - PFI
(4,488)	(4,192)	-	Total Other Long-term Liabilities
			Liabilities at amortised cost
-	-	(891)	- Creditors (Contractual)
-	-	(891)	Included in Creditors
(96,895)	(124,599)	(25,529)	Total Financial Liabilities
(43,707)	(65,288)	(12,642)	Net Total

* Outstanding short-term investments as at 31st March 2021 as detailed in Note 18.1.1.

** The total short-term investments includes £2.077million representing accrued interest on long term investments

*** Reconciliation is shown in table 9.5, which details the Cash and Cash Equivalents movements from the Balance Sheet values to the Financial Instrument book values.

**** Outstanding-short term borrowing at 31st March 2021 as detailed in Note 18.1.2.

***** The total short-term borrowing includes £0.149million representing accrued interest on long-term borrowing

18.1.1 Outstanding short-term investments

Date	Institution	Amount (£'000)		Maturity
Amounts held in Money Market Funds as at 31 March 2021			Average 1 day yield	
	CCLA	1,050	0.15%	On-going
	Federated	500	0.11%	On-going
	Invesco	500	0.07%	On-going
	Aviva	400	0.03%	On-going
	Aberdeen	5,000	0.03%	On-going
Sub total		2,950		
Short term investments with local authorities			Interest Rate	
30/06/2020	Monmouthshire County Council	3,000	0.30%	06/04/2021
20/10/2020	North Lanarkshire Council	3,000	0.10%	20/04/2021
11/03/2021	Thurrock Borough Council	2,000	0.10%	11/06/2021
Sub total		8,000		
Total		10,950		

18.1.2 Outstanding short-term borrowing

Date	Institution	Amount (£'000)	Interest Rate	Maturity
21/07/2020	Hampshire County Council	3,000	0.25%	21/04/2021
21/07/2020	Police & Crime Commissioner for Hampshire	2,500	0.25%	21/04/2021
30/07/2020	Portsmouth City Council	4,000	0.25%	30/04/2021
30/07/2020	London Borough of Newham	5,000	0.25%	30/04/2021
15/09/2020	Lancashire County Council	20,000	0.35%	14/09/2021
15/09/2020	Portsmouth City Council	10,000	0.30%	14/09/2021
09/09/2021	West of England Combined Authority	10,000	0.30%	09/09/2021
09/09/2021	Barnsley, Doncaster, Rotherham and Sheffield Combined Authority	10,000	0.30%	09/09/2021
14/09/2021	Lancashire County Council	7,000	0.30%	09/09/2021
05/03/2021	Hampshire County Council	6,000	0.23%	05/07/2021
02/06/2021	Hampshire Fire and Rescue Authority	1,000	0.23%	05/07/2021
05/03/2021	Western Isles Council	3,000	0.23%	05/07/2021
22/02/2021	Chichester District Council	4,000	0.04%	04/05/2021
05/03/2021	Liverpool City Region Combined Authority	10,000	0.10%	07/06/2021
05/03/2021	Ribble Valley Borough Council	1,500	0.10%	07/06/2021
05/03/2021	Tameside Metropolitan Borough Council	5,000	0.25%	02/06/2021
18/03/2021	Western Isles Council	2,000	0.10%	01/04/2021
22/03/2021	South Yorkshire Pension Authority	5,500	0.12%	01/06/2021
Total		109,500		

18.2 Long-term Borrowing

The long term borrowing consists of two elements; borrowing from PWLB for the Housing Revenue Account and borrowing from Phoenix life Ltd and other local authorities for spend on the investment strategy.

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 2021 of £80.407million. 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.

£18million is long term cash flow borrowing from Local authorities supporting the increase in spend on the investment strategy.

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:

2019/20		2020/21			
£'000		Financial Assets at Amortised Cost £'000	Financial Assets at Fair Value through Profit & Loss £'000	Financial Liabilities at Amortised Cost £'000	Total £'000
3,424	Interest Expenses	-	-	3,763	3,763
657	Impairment Losses	1,046	-	-	1,046
4,081	Interest Payable and Similar Charges	1,046	-	3,763	4,809
(2,179)	Interest and Investment Income	(2,301)	(6)	-	(2,307)
(11)	Impairment Loss reversals	-	-	-	-
(2,190)	Interest Receivable and Similar Income	(2,301)	(6)	-	(2,307)
1,891	Net (Gains)/Loss for the Year	(1,255)	(6)	3,763	2,502

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 2021, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 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 2020 £'000	Balance Sheet 31 March 2020 Group	Fair Value 31 March 2020 £'000		Fair Value Level	Balance Sheet 31 March 2021 £'000	Balance Sheet 31 March 2021 Group	Fair Value 31 March 2021 £'000
				Financial Liabilities held at amortised cost:				
2	(82,407)	(82,407)	(95,760)	Long-term loans from PWLB	2	(80,407)	(80,407)	(93,968)
2	(10,000)	(10,000)	(11,302)	Other long-term loans	2	(40,000)	(40,000)	(43,003)
2	(4,488)	(4,488)	(6,749)	PFI scheme liabilities	2	(4,346)	(4,346)	(6,913)
	(96,895)	(96,895)	(113,811)	Total		(124,753)	(124,753)	(143,884)
				Liabilities for which fair value is not disclosed*				
	(891)	(891)		- Creditors (Contractual)		(5,625)	(5,625)	-
	(24,638)	(24,638)		- Short-term borrowing		(109,881)	(109,881)	-
	(25,529)	(25,529)		- Total		(115,506)	(115,506)	-
				Financial Assets held at fair value:				
1	2,000	2,000	2,000	Money Market Funds	1	2,950	2,950	2,950
	2,000	2,000	2,000	Total		2,950	2,950	2,950
				Financial assets held at amortised cost:				
2	51,946	51,160	66,980	Long-term investment	2	57,778	71,039	65,681
	51,946	51,160	66,980	Total		57,778	71,039	65,681
				Assets for which fair value is not disclosed*				
	9,922	9,922		- Short-term investments		10,086	10,086	-
	396	396		- Cash and cash equivalents		1,185	1,185	-
	1,242	1,242		- Long term Debtors (Contractual)		1,533	1,533	-
	569	569		- Debtors (Contractual)		747	747	-
	12,129	12,129		- Total		13,551	13,551	-

*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 A-, 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 £2million 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 £2m per Money Market Fund. All of the Council's investments during 2020/21 were placed with UK Central Government, UK Local Government and Money Market Funds. No more than £10m in total can be invested for a period longer than 1 year.

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 institution's 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 2020	As at 31st March 2021
	£'000	£'000
Unrated Local Authorities	8,000	8,000
Credit Risk not applicable	2,000	2,950
Total Investments	10,000	10,950

* 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 2021.

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 Council's trade receivables (excluding HRA debt which is not reported by age).

	31 March 2020	31 March 2021
	Trade	Trade
	Receivables	Receivables
	£'000	£'000
Neither past due nor impaired	449	607
Past due < 3 months	41	21
Past due 3-6 months	1	1
Past due 6-12 months	1	8
Past due 12+ months	28	27
Total receivables	520	664

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default with an adjustment for current and forecast economic conditions.

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

31 March 2020		Range of Allowances set aside	31 March 2021		
Gross Receivable £'000	Loss Allowance £'000		Gross Receivable £'000	Loss Allowance £'000	
280	198		HRA Tenants	20% - 95%	416
148	38	Private Sector	5% - 80%	156	45
372	-	Public Sector	0%	508	-
800	236	Total		1,080	356

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 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. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 50% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

31 March 2020			Time to Maturity	31 March 2021		
Liabilities £'000	Assets £'000	Net £'000		Liabilities £'000	Assets £'000	Net £'000
26,500	(10,000)	16,500	Under 1 year	111,797	(11,167)	100,630
12,173	-	12,173	1 to 5 years	13,537	(1,395)	12,142
19,503	-	19,503	6 to 10 years	20,604	(2,127)	18,478
24,038	-	24,038	11 to 15 years	24,154	(2,650)	21,504
28,654	(3,000)	25,654	16 to 20 years	29,788	(3,180)	26,608
15,771	-	15,771	21 to 25 years	10,926	(189)	10,737
6,182	-	6,182	26 to 30 years	6,360	-	6,360
7,125	-	7,125	31 to 35 years	7,331	-	7,331
3,961	-	3,961	36 to 40 years	2,410	-	2,410
-	(49,991)	(49,991)	Over 40 years	-	(49,991)	(49,991)
143,907	(62,991)	80,916		226,907	(70,699)	156,209

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 2020	31 March 2021
	£'000	£'000
Increase in interest payable on variable rate borrowings	244	291
Increase in interest receivable on variable rate investments	(81)	(106)
Decrease in fair value of investments held at FVPL	3	4
Impact on Surplus or Deficit on the Provision of Services	166	189

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

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 2020 £'000		Debt Outstanding 31 March 2021 £'000
1,146	Rents to mortgages	1,175
1,146	Total	1,175

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 2021.

Head of Paid Services

The Chief Executive, Dawn French, tendered her resignation in May 2021 after just over 5 years' service and will leave the Council on the 31 August 2021. Council set up an appointments panel with at least one representative from each of the elected political parties, the panel have recommended an Interim replacement whilst a full recruitment process is carried out. The appointment of Robert Tinlin was approved at the Extraordinary Council Meeting held on the 10 June 2021.

19.2 Contingent Liabilities

- **Covid-19**

The impact from the Covid-19 pandemic on the council is on-going, the impact on income and expenditure for 2020/21 has been reflected in the financial statements. The impact over the next twelve months cannot be quantified, due to possibility of the restrictions being extended and the risk of another lockdown during the winter months. The Council continues to assess the impact on the Council's financial situation.

- **Airport Appeal**

In July 2020 Stansted Airport Ltd (STAL) appealed against the Council's refusal of its planning application for infrastructure and increased passenger throughput. In accordance with the Council's scheme of delegation, officers instructed leading counsel to act for the Local Planning Authority (LPA).

The hearing sessions closed on 12 March. In its closing submissions the LPA reiterated the position set out in its Statement of Case. STAL argued that the condition sought was unnecessary, and submitted a claim for its costs, based on this and other allegations of unreasonable behaviour. The claim was robustly rebutted by leading counsel in written submissions following the close of the hearings.

The Inspectors' decisions on the appeal and the costs claim were received on 26 May 2021. The appeal has been allowed and STAL's costs in full have been awarded against the Council. The council is currently seeking leave to appeal both decisions, the costs are unknown at this point and are dependant on the appeal being allowed and the final decision.

- **Legal Claim**

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.

- **Grant from External Body**

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.

- **Mutual Municipal Insurance**

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, if 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 2021 the maximum possible liability for the Council under the Scheme is £60,477. 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 2020/21 the Council received £13.498 million in grants and donations (2019/20 £13.830million) made up of £5.169million relating to Housing Benefits Allowance Subsidy, £6.504million Housing Benefits Rent Rebates Subsidy and a remaining balance of other items totalling £1.825million (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, where the authority is the lessee, 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 further to 1 April 2022. The Council has identified an immaterial impact to the Accounts due to the assessment of most leases currently being held as either being exempt or immaterial.

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 Contributions 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 using 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 2020/21.
- The Council has made significant judgements on the on-going impact of the Covid-19 pandemic to assess the need for additional provisions or contingent liabilities as a result of the future impacts to the economy.

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 Useful Economic Life and Depreciation	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 £362m as at 31 March 2021; of this, £104m 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 £371k.</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 £29k.</p>
Property, Plant and Equipment Valuation	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 £3.0m.</p> <p>An increase or decrease in the value of operational building's would result in an increase to the revaluation reserve or a decrease in the revaluation reserve up to the value of the balance held from previous year, and subsequently charged to the Comprehensive Income and Expenditure Statement.</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 allowance for doubtful debts	<p>At 31 March 2021, the Council had a balance of £11.2m for debtors. A review of balances suggested that an impairment of doubtful debts of £2.6m was appropriate.</p> <p>The on-going economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p>	<p>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.</p> <p>The nature of the debt and service area have been considered and further review has been carried out to reflect the uncertainty of the collection rates as a result of the on-going Covid-19 impact.</p>
Business Rates Appeals	At 31 March 2021, the Council recognised a provision of £5.255m 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 £2.102m.	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 2021

2019/20		2020/21
£'000		£'000
	Income	
(14,348)	Dwelling Rents	(14,797)
(229)	Non-Dwelling Rents	(225)
(1,358)	Charges for services and facilities	(1,074)
(3)	Contributions towards expenditure	(42)
(15,938)	Total Income	(16,138)
	Expenditure	
2,969	Repairs and maintenance	2,743
1,992	Supervision and management	1,865
108	Rents, rates, taxes and other charges	68
2,019	Overheads	1,715
4,187	- Dwellings	3,710
168	- Other Non-current Assets	171
10,142	Change in Valuation of Non-current Assets	314
27	Revenue Expenditure Funded from Capital Under Statute (REFFCUS)	17
21,612	Total Expenditure	10,603
5,674	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure	(5,535)
5,674	Net Expenditure/(Income) on HRA Services	(5,535)
(691)	Loss/(Gain) on Sale of HRA Non-current Assets	(214)
2,624	Interest payable and similar charges	2,697
(24)	Interest and Investment Income	(66)
126	IAS19 Pensions - Net Interest on Defined Assets/Liabilities	266
(342)	Capital Grant and Contributions	-
7,367	(Surplus)/Deficit for the year on HRA Services	(2,852)

20.0 Housing Revenue Account

20.1 Movement in HRA Reserves

2019/20 £'000		2020/21 £'000
490	Balance on the HRA working balance at the end of the previous year	516
(7,368)	Surplus for the year on the HRA CIES	2,853
4,607	Adjustments between accounting basis and funding basis under statute (as per 20.2)	(777)
(2,761)	Net increase or (decrease) in the year on the HRA	2,076
2,787	Transfers to/from Earmarked Reserves	(2,118)
26	Increase or (decrease) in the year on the HRA Working Balance	(42)
516	Balance on the HRA at the end of the current year	474

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

2019/20 £'000		2020/21 £'000
	Items included in the HRA CIES but excluded from the movement on the HRA Balance	
691	Gain/(loss) on Sale of HRA Non-current Assets and Right to Buy Pooling	214
(10,142)	Impairment of Non-Current Assets	(314)
(27)	Amounts treated as revenue expenditure in accordance with the 'Code' but which are classified as capital expenditure by statute	(17)
2,000	HRA Loan Repayment	-
342	Reversal of Non Specific Grants	-
(348)	Net Charges made for Retirement Benefits in accordance with IAS 19	(48)
	Items not included in the HRA CIES but included in the movement on the HRA Balance for the year	
2,891	Capital Expenditure funded by the HRA	952
(14)	Right to Buy Administration Cost Allowance	(10)
(4,607)	Adjustments between accounting basis and funding basis under statute	777

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 are made for void properties. At the end of 2020/21 an average of 1.95% of properties were vacant (1.69% 2019/20) an increase over the year due to previous void properties being rentable. The actual average rent for all stock was £101.69 per week in 2020/21 (£98.44 in 2019/20) leading to an actual gross rental income for dwelling rents of £14.78million for 2020/21 (£14.34million in 2019/20).

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 2020/21 accounts reflect related interest costs payable of £2.484million (£2.624million in 2019/20) and principal repayment of £2million.

21.4 Housing Stock

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

31 March 2020		31 March 2021	
No. of Properties		No. of Properties	
714	Flats	722	
763	Bungalows	751	
1,333	Houses	1,328	
2,810	Total Properties	2,801	

The movement between 2019/20 and 2020/21 housing stock comprises of the following:

- 11 Flat Completions
- 3 Sales of Flats under Right to Buy
- 5 Sales of Houses under Right to Buy
- 12 Bungalows Demolished

21.5 Rent Arrears

2019/20		2020/21	
£'000		£'000	
	Arrears due from:		
251	- Current Tenants	383	
28	- Former Tenants	32	
279	Total Rent Arrears	415	
1.9%	Total as a % of Gross Debt	2.8%	

21.6 Balance Sheet Value of Housing Revenue Assets

31 March 2020		31 March 2021	
£'000		£'000	
304,851	Dwellings*	312,873	
1,673	Garages	1,614	
1,054	Temporary Accomodation	1,014	
97	Vehicles, Plant, Equipment and Intangibles	52	
454	Other Land and Buildings	453	
5,932	Assets Under Construction	3,686	
314,061	Total HRA Asset Value	319,692	

*The vacant possession value of dwellings within the HRA as at 31 March 2021 was £823.35million (£802.24million as at 31 March 2020). The difference of £510.48million 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.

2019/20		2020/21	
£'000		£'000	
(473)	Opening Balance as at 1 April	(216)	
(4,357)	Transfer In	(3,881)	
4,614	Capital Expenditure funded from reserve	3,629	
(216)	Closing Balance as at 31 March	(468)	

21.8 Capital Financing

2019/20		2020/21
£'000		£'000
9,372	Total HRA Capital Expenditure	9,372
	Financed by:	
(3,540)	Revenue Contributions	952
(4,614)	Contribution from Major Repairs Reserve	3,629
(1,217)	Capital Receipts	644
-	- Capital Grants	-
(9,372)	Total Financing	5,225

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. This has been adjusted to account for the employees transferred to the Council's joint venture.

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.

As at 31st March 2021, there is a large deficit on the collection fund of £14million (£0.1m 2019/20). This is due to the impact of the Covid-19 pandemic on business rates and council tax collection. The business rates element of £12.834million is largely due to the retail, hospitality and leisure reliefs that were introduced and are being compensated in full by s31 grant from central government. The remaining business rates and the council tax deficit, as a result of the pandemic, are being compensated at 75% of lost income for 2020/21.

22.0 Collection Fund Income and Expenditure Account

2019/20			Collection Fund	2020/21		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
-	(66,733)	(66,733)	Council Tax Payers	-	(70,003)	(70,003)
(44,490)	-	(44,490)	Business Rates Payers	(35,106)	-	(35,106)
(44,490)	(66,733)	(111,223)	Total Income	(35,106)	(70,003)	(105,109)
3,917	47,404	51,321	Essex County Council	4,034	50,250	54,284
-	7,200	7,200	Essex Police Authority	-	7,555	7,555
435	2,703	3,138	Essex Fire Authority	448	2,810	3,258
17,411	9,071	26,482	Uttlesford District Council/Parish	17,928	9,663	27,591
21,764	-	21,764	Central Government	22,411	-	22,411
43,527	66,378	109,905	Total Precept and Demand	44,821	70,278	115,099
237	350	587	Essex County Council	(2)	105	103
-	48	48	Essex Police Authority	-	16	16
26	20	46	Essex Fire Authority	-	6	6
1,052	67	1,119	Uttlesford District Council	(8)	20	12
1,315	-	1,315	Central Government	(10)	-	(10)
2,630	485	3,115	Total Distributions of Previous Years Surplus/(Deficit)	(20)	147	127
214	122	336	Provision for Doubtful Debts Adjustment	1,701	1,227	2,928
(373)	-	(373)	Transitional Protection Payments due to Central Government	(76)	-	(76)
122	-	122	Business Rates:- Renewable Energy to General Fund	134	-	134
140	-	140	Business Rates:- Cost of Collection Allowance to General Fund	139	-	139
2,917	-	2,917	Business Rates:- Provision created in year	1,979	-	1,979
(1,370)	-	(1,370)	Business Rates:- Provision released into Collection Fund	(1,116)	-	(1,116)
1,650	122	1,772	Total Other Expenditure	2,761	1,227	3,988
47,807	66,985	114,792	Total Expenditure	47,562	71,652	119,214
(2,939)	(528)	(3,467)	(Surplus)/Deficit as at 1 April	378	(276)	102
3,317	252	3,569	(Surplus)/Deficit for the year	12,456	1,649	14,105
378	(276)	102	(Surplus)/Deficit as at 31 March	12,834	1,373	14,207

Notes to the Collection Fund

22.10 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 2020/21 was £1,750.24 (2019/20 was £1,687.46), 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 2020/21 was £1,847.67 (2019/20 was £1,778.96).

22.2 Council Tax Base

2019/20 Council Tax Base		2020/21
36,221	Total Dwellings	37,790
34,569	Net Chargeable Dwellings	37,002
39,428	Band D Equivalent	40,091
(1,873)	Local Council Tax Support Discounts	(1,833)
37,555	Total Band D Equivalent	38,258
37,104	Collection Rate 98.8% / 98.8%	37,799
209	M.O.D Properties	237
37,313	Council Tax Base	38,036

22.3 Council Tax Income Analysis

2019/20		2020/21
£'000		£'000
76,592	Gross Council Tax Collectable	80,623
(1,647)	Less:- Exemptions	(1,576)
(5,021)	Less:- Discounts	(5,585)
(3,191)	Less:- Local Council Tax Support	(3,792)
-	- Transitional Relief	1
66,733	Income from Council Tax Payers	69,671

22.4 Council Tax Collection Fund Balance

31 March 2020		31 March 2021
£'000		£'000
(197)	Essex County Council	982
(30)	Essex Police Authority	147
(11)	Essex Fire Authority	55
(38)	Uttlesford District Council	189
(276)	Total (Surplus)/Deficit Apportioned	1,373

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 1st April 2020 was £107.546million (1st April 2019 was £106.691million) and the multipliers, as specified by Central Government were 49.9p excluding small business surcharge (49.1p 2019/20) and 51.2p including small business surcharge (50.4p 2019/20). Based on the lower rate this produced an approximate yield of £53.665million (£52.385 million 2019/20). 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 2020/21 Uttlesford was one of thirteen 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 £0.986million but will receive £0.542million benefit share from the pool thus reducing the levy payable to £0.444million

22.6 Business Rates Income Analysis

2019/20		2020/21
£'000		£'000
53,402	Gross Business Rate Collectable	54,873
(3,796)	Small Business Rate Relief	(4,278)
(2,242)	Mandatory Relief	(2,183)
(1,259)	Property Relief	(1,541)
(1,242)	Discretionary Relief	(11,689)
(373)	Transitional Relief	(76)
44,490	Income from Business Rates Payers	35,106

22.7 Business Rates Fund Balance

31 March 2020		31 March 2021
£'000		£'000
189	Central Government	6,417
34	Essex County Council	1,155
4	Essex Fire Authority	128
151	Uttlesford District Council	5,134
378	Total (Surplus)/Deficit Apportioned	12,834



Supplementary Financial Statements

Uttlesford District Council



Address:
Uttlesford Distict Council
London Road
Saffron Wadlden
Essex

STATEMENT OF ACCOUNTING POLICIES

P1. GENERAL PRINCIPLES

The general principles adopted in compiling the Accounts summarises the Council's financial transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021.

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 2020/21, 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 2020 by Wilks, Head and Eve LLP and an end of year market review is undertaken as at 31 March 2021.

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 2020/21 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. GROUP ARRANGEMENTS AND ACCOUNTS

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 2021. 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.

P25. 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.

P26. 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 ('the Council') has a duty under the Local Government Act 1999 to make arrangements that ensure continuous improvement in the way it works in terms of economy, efficiency, and effectiveness. This includes a responsibility to ensure that Council business is conducted in accordance with the law and that public money is safeguarded and properly accounted for.
- 1.2 To fulfil this responsibility, the Council must put in place proper arrangements for the governance of its affairs and carrying out its functions, which includes arrangements for managing risk.
- 1.3 The Council has approved and adopted a Code of Corporate Governance which is consistent with the seven principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016.
- 1.4 This statement explains how the Council has complied with the Code. It also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement. In line with the CIPFA/SOLACE framework, this statement is "an open and honest self-assessment", which:
- describes key elements of the Council's governance arrangements, covering key corporate systems and the range of activities for which the Council is responsible.
 - describes processes applied in reviewing their effectiveness, and
 - lists actions proposed to deal with significant governance issues identified

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises:
- the systems, policies, processes, culture, and values by which the Council is directed and controlled; and
 - the Council's activities through which it accounts to, engages with, and leads the community.
- 2.2 The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.3 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 the Council’s policies, aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage those risks efficiently, effectively, and economically.

2.4. The governance framework outlined in this document has been in place at Uttlesford District Council for the year ended 31 March 2021 and up to the date of approval of the Statement of Accounts.

2.5. It should be noted that from March 2020, the Council was affected by the Covid-19 pandemic and the initial impact of the outbreak of Covid-19 was emerging at the time of the completion of the 2019/20 AGS. Inevitably, the pandemic continued to affect service delivery across the organisation and the subsequent responses, actions and effects on the Council are included throughout this 2020/21 statement.

3 THE GOVERNANCE FRAMEWORK

3.1 The Council’s Governance Framework has been set up over successive years and is reviewed annually to ensure its continuing effectiveness regarding the seven CIPFA/SOLACE principles of delivering good governance (as updated in 2016).

3.2. Key highlights from the Governance Framework in place at Uttlesford District Council are shown against each of the seven principles below. Further evidence of compliance with the principles can be found in the Code of Corporate Governance.

Good Governance Principle	Uttlesford Council Key Elements 2020/21
<p>Principle A</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>✓ In line with Public Sector Equality Duty and to reinforce the Council’s commitment to promoting equality and fairness among its local communities, staff and members, the Council approved a new Uttlesford Equality, Inclusion and Diversity Policy in December 2020. Uttlesford District Council has adopted the Equality Framework for Local Government as its key delivery tool. The Equality Standard Working Group is responsible for the monitoring of progress and the assessment of the attainment of the various outcomes of the equality framework. The Equality Impact Assessment has been updated to include Health Questions (EqHIA) and Equalities training has been offered to all staff and Councillors at UDC.</p>

Good Governance Principle	Uttlesford Council Key Elements 2020/21
	<ul style="list-style-type: none"> ✓ Member Code of Conduct forms part of the Council’s constitution. Code of Conduct complaints are handled by the Monitoring Officer via engagement with our Independent Persons and the Standards Committee where appropriate. During 2020, the Council has also engaged with the Local Government Association to support Member relationships. ✓ The Council is currently engaging Member’s views on training in relation to the role of the Standards Committee, Code of Conduct, and the Nolan principles in guiding those in public office. ✓ HR Policies have been reviewed during 2020/21 in response to the Covid-19 pandemic to ensure that the workforce was able to work flexibly, safely and from home whenever they could. ✓ During 2020/21, the Council’s Governance Review Working Group has been looking at the governance system in place at UDC (i.e., the Cabinet model). Recommendations from the Group are expected in 2021. ✓ The Council also commissioned the Centre for Governance and Scrutiny to conduct two short reviews during 2020/21. The first was a general review of the scrutiny function which emphasised the importance of focused scrutiny work and effective relationships between the executive and scrutiny. Separately, a review of local plan scrutiny was carried out which made recommendations about how scrutiny can add value to the process. ✓ Declarations of Interest remain a standing item on all Committee, Cabinet and Full Council agendas. ✓ The Council’s Counter Fraud and Corruption Strategy and Policies (refreshed in 2019) set out the Council’s Fraud Response Plan, Bribery Act Policy, Prevention of Money Laundering Procedures, Whistleblowing Policy, Gifts and Hospitality Guidance, and policies for specific fraud types. The manager responsible for Counter Fraud changed during 2020, and the Strategy is due to be reviewed during 2021. ✓ The annual review letter from the Local Government Ombudsman and the annual complaints and compliments annual summary of complaints relating to the Council’s services, was presented to GAP Committee in October 2020. This information is also reviewed quarterly by the Council’s Corporate Management Team, in order to share any lessons learnt. ✓ GAP also receives an annual Information Governance Report which covers data protection and information governance, including any instances of data breaches and the position with regard to Freedom of Information responses. This report was presented in September 2020. ✓ A new Monitoring Officer was appointed by Council in February 2021. ✓ Ethical Investment Policy did not proceed in 2020/21 and is an action for the new corporate plan.

Good Governance Principle	Uttlesford Council Key Elements 2020/21
<p>Principle B</p> <p>Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> ✓ The Council publishes information in line with Local Government Transparency Code 2015, including: <ul style="list-style-type: none"> • Business Rates Transparency Information 2020 • Councillor Allowances • Decision Records and Notices • Expenditure Data ✓ The Council sets out its Access to Information policy on its website. ✓ Comprehensive information relating to the Council's Finance and Accounts, including Statement of Accounts, Budget 2021/22, Fees and Charges 2021/22, Spend over £250, Council Investments etc. is available online. ✓ As a result of Covid-19, the Council moved to remote meetings in 2020/21 as provided for by The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ✓ Council Cabinet and Committee meetings are open to the public via Zoom and guidance on attending and speaking at public meetings is available online. As speaking rules differ for a number of meetings, specific instructions are provided in the agenda papers for each public meeting. ✓ The Modgov system is used by the Council to ensure that timely reports are submitted, approved, published and distributed to ensure Member's information needs and relevant statutory deadlines are met. ✓ A full record of decisions made in and supporting material presented to Committees, Cabinet and Full Council is published online. ✓ Notices of Key Decision Exec Decisions and Urge Decisions are issued in advance/made available online as appropriate. ✓ Covid-19 urgent decisions were taken by the Leader of the Council and the Director of Finance & Corporate Services (Section 151 Officer) to administer the expanded business rate reliefs and emergency grant schemes under the legislation: 'Local Authorities use their discretionary relief powers under S47 of the Local Government Finance Act 1988 (as amended) to administer the following financial support to local businesses'. All decisions applied under these powers were published online along with the associated reports giving full details of the reliefs and grants. ✓ Following receipt of a letter from the Inspectors examining the Local Plan, the Council withdrew the plan from examination following a meeting of Full Council on 30 April 2020. The Council started work on a new Local Plan during Summer 2020 which involved setting up the governance arrangements in the form of Local Plan Leadership Group and Scrutiny Committee's consideration of the process, as well as the consultation arrangements in the form of an updated Statement of Community Involvement and new Consultation and Engagement Strategy. Consultation on the first stage of the Local Plan commenced in Autumn 2020 and concluded in April 2021. This innovative consultation took the form of

Good Governance Principle	Uttlesford Council Key Elements 2020/21
	<p>asking the public and other stakeholders' views on 9 different themes, a Community Stakeholder Forum introduced each theme with a discussion around the topic. This format was intended to be accessible and allow consultees who do not normally get involved in the planning system do so more easily. It also allowed the public and others to input into the plan before any decision was made.</p>
<p>Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> ✓ In July 2020 Stansted Airport Ltd appealed against the council's refusal of its planning application for infrastructure and increased passenger throughput. In accordance with the council's scheme of delegation, officers instructed leading counsel to act for the LPA. Expert witnesses were engaged to advise on the matters that were cited in the resolution of the Planning Committee in its meeting on 24 January 2020 and in the decision notice: concerns about air quality, air noise and carbon emissions, informing the Statement of Case submitted prior to the Inquiry. The SoC stated that the council would present expert evidence that the appeal should be dismissed unless the Panel of Inspectors were satisfied that a planning condition or conditions could ensure that the effects of concern to the LPA would remain within both existing policy and statutory thresholds and more stringent thresholds likely to be introduced by 2033. The hearing sessions closed on 12 March. In its closing submissions the LPA reiterated the position set out in its SoC. STAL argued that the condition sought was unnecessary, and submitted a claim for its costs, based on this and other allegations of unreasonable behaviour. The claim was robustly rebutted by leading counsel in written submissions following the close of the hearings. The matter currently rests with the Inspectors for their decisions on the appeal and the costs claim. ✓ The Council approved a Climate Change Strategy in February 2021 to sets a clear direction for tackling climate change and its key priorities. ✓ A summary of the potential issues and risks facing the Council with regard to EU Exit was presented to GAP Committee in October 2020. UDC is a member of the Essex Resilience Forum (ERF), through which pan-Essex issues relating to EU Exit are discussed. The Council's Chief Executive sits on the ERF Board as the district council lead. The Council has been giving consideration to the issue of EU Exit since Summer 2018, initially focusing on issues arising in connection with the importation of foods of animal origin through the Border Control Point (BCP) at Stansted Airport. ✓ Uttlesford Norse is joint Venture between UDC and the Norse Group for the provision of planned and responsive repairs for Housing along with facilities and cleaning services, which 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 Health and Wellbeing strategy is in place and partner agencies deliver projects under the priorities that have been identified. Throughout the Covid-19 pandemic the Uttlesford Health and Wellbeing Board have met virtually to discuss the projects that have been able to be delivered whilst keeping a watchful brief on any immerging health issues for the district. There is continued representation on the County Wide Health and Wellbeing Board and the Local Authority Public Health officer's meetings. The strategy is due to be renewed in 2021/22.

Good Governance Principle	Uttlesford Council Key Elements 2020/21
	<p>✓ Uttlesford Community Safety Partnership has produced a Strategic assessment for the District which has informed the Delivery Plan for the coming year. The Partnership meets on a quarterly basis to review the plan and to ensure that the priorities are being met. There is a rotating partnership chairperson, voted in on an annual basis to ensure all statutory partners take responsibility. The chair for the coming year is from the probation service and we have taken this opportunity to refresh the TOR. Links are strong with the police through their tasking process and with County Wide Community Safety colleagues through the Essex Community Safety Network. There is also attendance at Safer Essex and strong links with the OFPCC allowing us to have both a County and District wide view of immersing issues. PREVENT training has taken place for all UDC employees.</p> <p>✓ Safeguarding training has taken place for all employees at UDC and the safeguarding policy has been updated to reflect current legislation. Strong links are in place with both the adult and children’s safeguarding boards. Safeguarding officer links with the licensing department to ensure safeguarding regulations for taxi drivers is adhered to.</p> <p>✓ The Children’s and Families Group is linked to the Children’s Partnership Board at County level. The TOR has been updated to include the facilitation of the Children’s Wellbeing Service (Virgin Care) Board meeting as many of the partners are involved in both meetings. A delivery plan with the identified priorities focusses the work of the group. A working group has been established to focus on data collection and analysis for the wider group.</p> <p>✓ The Council carries out equality and health impact assessments on its services, policies, functions, strategies and procedures to ensure the Council does not discriminate in the way it provides services and employment and that, where possible, it does all it can to promote equality and good relations for the community and various minority groups. Assessments accompany key decisions, and many can be found on the Council’s committee system.</p> <p>✓ In February 2020, GAP Committee requested that Internal Audit undertake a review of the Council’s governance arrangements for grants to community organisations. The outcome of this report will be presented to GAP in June 2021.</p>
<p>Principle D</p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>✓ The Council’s Medium-Term Financial Strategy (MTFS) sets out the predicted financial position for the next 5 years 2020 -2025; this was approved by Council in February 2020. Covid-19 impacted significantly on the Council’s financial position and a complete review of the MTFS was carried out in October and included the new Commercial Investments, plus support for the Climate Change agenda and the Economic Recovery Plan. The revised MTFS (2021 – 2026) was approved by Council in December 2020.</p> <p>✓ Business rates expanded reliefs and the emergency grants provided by the Government to support businesses and organisations during the pandemic were approved as urgent decisions by the Leader of the Council and the Section 151 Officer. This was to enable officers to be able to distribute the funds to support the local economy in line with the Government guidance and the committee timetable did not allow for these to be approved through the normal process.</p>

Good Governance Principle	Uttlesford Council Key Elements 2020/21
	<p>✓ The MTFS and annual budgets for the General Fund, Capital Programme and Housing Revenue Account along with the associated Strategies for Investments, Capital and Treasury Management are reviewed by Scrutiny Committee prior to approval by Council in February 2021. The Financial position and predicted outturn, for the Capital and Revenue net expenditure is reported to Cabinet on a quarterly basis.</p> <p>✓ The following Cabinet Working Groups were set up by the Cabinet in 2020/21 to gather information and advise on various matters of importance in the district, including:</p> <ul style="list-style-type: none"> • Governance Board for Garden Communities • Housing Board • Investment Board • Museum Management Working Group • Planning Policy <p>✓ The Highways Panel is made up of members of Uttlesford District Council and Essex County Council and is responsible for making recommendations and setting priorities for highway schemes in the areas.</p> <p>✓ Following receipt of a letter from the Inspectors examining the Local Plan, the Council withdrew the plan from examination following a meeting of Full Council on 30 April 2020. The Council started work on a new Local Plan during Summer 2020 which involved setting up the governance arrangements in the form of Local Plan Leadership Group and Scrutiny Committee’s consideration of the process, as well as the consultation arrangements in the form of an updated Statement of Community Involvement and new Consultation and Engagement Strategy. Consultation on the first stage of the Local Plan commenced in Autumn 2020 and concluded in April 2021. This innovative consultation took the form of asking the public and other stakeholders’ views on 9 different themes, a Community Stakeholder Forum introduced each theme with a discussion around the topic. This format was intended to be accessible and allow consultees who do not normally get involved in the planning system do so more easily. It also allowed the public and others to input into the plan before any decision was made.</p> <p>✓ Corporate Plan Delivery Plan - Cabinet were due to approve the CPDP 2020/21 at their April 2020 meeting, which was cancelled due to the outbreak of Covid-19. It was revised in light of the evolving public health emergency and limitation to essential spend only, and was approved by Cabinet in May 2020, having also been considered by the Scrutiny Committee. The CPDP was further updated due to the subsequent ongoing public health emergency and a revised version was approved by Cabinet in October 2020, having been reviewed again by Scrutiny Committee. This revised version reflected the reduced financial uncertainty arising from the Covid-19 pandemic and allocation of funding to two significant corporate projects: climate change action plan and the economic recovery plan. Quarterly reporting was not possible during 2020/21 due to the constraints on resources but a final review of progress and achievements against the CPDP was considered by Cabinet at their meeting in March 2021.</p>

Good Governance Principle	Uttlesford Council Key Elements 2020/21
	<p>✓ PIs / Covid PIs - In addition to UDC's existing corpus of quarterly performance indicators, a new set of PIs (termed Covid-19 PIs) were introduced in light of the Covid-19 pandemic in April 2020 to monitor how the pandemic has affected service delivery, and more broadly, how services are performing during the current circumstances. Indicators were selected by considering which aspects of service delivery were potentially going to be particularly affected by the pandemic. Some Covid-19 PIs were already being monitored within normal quarterly reporting, however their inclusion as Covid-19 PIs involved more frequent weekly or monthly monitoring. This regular review has enabled the identification of additional factors affecting performance. Weekly reports are prepared for UDC's Gold Command, and six data reports have also been presented to Governance, Audit & Performance Committee for review. The corpus of Covid-19 PIs has also been reviewed by the Performance Team on a quarterly basis to ensure their ongoing efficiency and effectiveness in presenting informative data relating to service delivery. Whilst year-on-year comparisons do in some instances indicate a longer-term reduction in service performance during the pandemic (e.g., in collection of NNDR), Covid-19 PI data does attest that services overall have performed well throughout the 2020/21 year despite the difficult circumstances and pressure on resources.</p> <p>✓ The Community Response Hub was set up to ensure residents had a point of contact throughout the Covid-19 pandemic. Working in partnership with the Council for Voluntary Services Uttlesford (CVSU) and Volunteer Uttlesford, the Council offered help with shopping, GP appointments, prescription deliveries etc. Shielding data for the District was received on a weekly basis from central government and acted upon accordingly. Weekly SITREPs (Situation Reports) were held at a County Level with Essex County Council and also with the NHS. Internal SITREPs were also established on a weekly basis. The Hub continues to help local residents and has strong links with the Essex Wellbeing Service.</p> <p>✓ Uttlesford Economic Recovery Plan was approved by Council in December 2020. The Plan was developed in response to the economic impact of Covid-19 and sets out the planned expenditure of £1m over three years to assist with recovery across four areas of focus: Business support; Information, advice, and guidance (to individuals as well as businesses); Skills and training; and Job creation. In addition to making its own budget provision for economic recovery, the council working with other authorities across mid and north Essex through an Economic Board has pooled a proportion of the discretionary Additional Restrictions Grant government support to fund complementary initiatives procured on behalf of the six authorities. The Council is represented on NEEB by the Portfolio Holder for Economic and Corporate strategy.</p> <p>✓ An annual update on the Uttlesford Leisure PFI contract for the 2020/21 financial year was presented to GAP Committee in February 2021. It provided a summary of the history, structure, and governance of the contract, as well as an overview of how the Covid-19 pandemic has affected the Uttlesford Leisure Centres and the future landscape of the Uttlesford Leisure PFI contract, considering the challenges for the 2021/22 year and the remaining concession years.</p>

Good Governance Principle	Uttlesford Council Key Elements 2020/21
<p>Principle E</p> <p>Developing the Council's capacity, including the capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> ✓ The Council enabled approx. 70% of their staff to work from home during the Covid-19 pandemic and for those who were unable, appropriate Covid-19 safety measures were put in place, including shielding, and redeploying vulnerable staff. No staff were furloughed. This enabled the council to not only respond to the extra challenges that the pandemic brought about but was also able to deliver the 'business as usual' services to our residents, whilst ensuring our staff remained safe and mitigating the risk of spreading the virus at work and in the community. ✓ The Council has undertaken two staff surveys during the year and held corporate and local Staff Voice sessions so that we can understand what impact the pandemic has had on our staff and devise appropriate action plans. ✓ The Council's individual performance review system is known as U-Perform. It is an ongoing process of discussion and feedback between manager and employees. It enables managers to monitor employee performance and deal with any concerns or issues the employee may be facing. It is also an opportunity to recognise an employee's efforts and support personal development and career aspirations and future plans regarding work. U-Perform outcomes are also used to determine whether an employee moves to the next spinal column within their grade and receive a salary increase (until they reach the top of their grade) ✓ A 'Listening Event' was held for the Community in March 2021 to look at any barriers that may exist due to Race and to allow ideas and discussion around how as a District Council we could work better with our residents. These events will continue to cover all protected characteristics. An independent oversight group has been initiated to have an overview of the equalities work undertaken by UDC and to comment and advise where necessary. An initial staff network group will be held in May 2021 to help ensure that Equalities is embedded throughout the organisation and that all staff have a voice. ✓ The Council participates in a number of partnerships including: Local Strategic Partnership (LSP) – Uttlesford Futures, Community Safety Partnership, North Essex Parking Partnership
<p>Principle F</p> <p>Managing risks and performance through robust internal control and strong financial management</p>	<ul style="list-style-type: none"> ✓ The Council responded to the initial Covid-19 emergency by implementing a Gold, Silver and Bronze command structure in line with the Civil Contingencies Act 2004 Framework and engaging with the Essex Resilience Forum. A lessons learned exercise was undertaken following the initial emergency and during 2020/21, the Council updated its Emergency Planning Response, Framework and Policy in November 2020 which was further updated in January 2021 following a validation exercise. The purpose of the plan is to provide procedures and guidance to enable the Council to effectively respond to and recover from an emergency event. A training programme is also developed to ensure that officers who have a response role understand what is required of them. ✓ In alignment with UDC's Risk Management Policy, the 2020/21 Corporate Risk Register was refreshed by the Corporate Management Team, and risk wording redrafted in light of the Covid-19 pandemic. Whilst this review did not involve the introduction of any new corporate risks, each risk was also reviewed by considering if previously identified current controls and further actions still remained the same. Risks scores were also revisited. This update was presented

Good Governance Principle	Uttlesford Council Key Elements 2020/21
	<p>to Governance, Audit & Performance Committee in November 2020, and the update was noted by the Committee. The 2021/22 Corporate Risk Register will be reviewed by Governance, Audit & Performance Committee in June 2021.</p> <ul style="list-style-type: none"> ✓ The management for Internal Audit and Counter Fraud changed in November 2020, with the role subsequently being shared between Chelmsford City Council and Uttlesford District Council, with the Audit Manager providing 18 hours per week to UDC. ✓ The Council conforms to the governance requirements of the 2016 CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The current year accounts have been managed and prepared in line with the updated standards and principles set out in the CIPFA financial management standards. ✓ Assistant Director of Resources makes regular reports to Cabinet of financial position, budget setting and monitoring medium term forecasts the annual report and statement of accounts and any other financial matters. CMT also review quarterly. ✓ Cyber Security – the Council were able to mobilise staff at the onset of the Covid-19 pandemic and manage and maintain the same level of IT access for staff while remote working was adopted. In the lead up to the pandemic, IT had already begun implementing Microsoft cloud solutions; Exchange Online (Email), SharePoint Online and Teams, to allow for a more flexible and modern ways of working. During the pandemic, IT were able to focus efforts on pursuing their rollout, in particular Exchange Online and Teams. Other video conferencing solutions such as Zoom, and GoTo Meeting have been adopted during this time too. IT have monitored and implemented security policies to ensure the protection of council property and data as each of these new systems have come onboard. Largely, council data has been retained in the departmental 3rd party systems, on the secure internal IT network, or in the secure Microsoft cloud, each already having the protocols and security policies in place and in-line with recommendations from Governing bodies such as the NCSC etc. Due to the nature and mobility of laptop computers, full hard disk encryption has also been enabled. Web browsing and Internet connectivity is also being protected via remote and on-site proxy servers, to ensure the same level of protection is received from wherever staff are connecting. Most staff access IT systems delivered via a pre-existing software, through one of our remote working solutions. Some staff connect over the internet via a VPN connection, giving them full network functionality as if they were based in an office location. Software and Hardware that power these remote access solutions have also been upgraded to ensure the utmost flexibility and security. Further improvements are being implemented including a new faster internet connection, a new remote / VPN solution, both together will allow for more staff to connect in via the VPN method. Security and Software updates have also been configured to be remotely managed by IT, ensuring all laptops wherever they connect from are kept safe and secure. The use of Microsoft SharePoint to further enable flexible and collaborative working has been further utilised by those services throughout the pandemic. UDC IT are in the process of raising a project to look at broadening the use of this council-wide, and ensure the correct security measures are maintained and improved where necessary. To continue to allow for this level of flexibility in the workforce and to further improve IT security, UDC IT are adopting more solutions from the Microsoft cloud suite, to fully manage mobile devices (laptops and smart phones) to deploy all applications and

Good Governance Principle	Uttlesford Council Key Elements 2020/21
	<p>security updates completely remotely and autonomously. IT are also looking to adopt the services from a 3rd party security vendor in the form of a SOC (Security Operations Centre) who will continually monitor log information and analyse network access helping prevent and detect any malicious cyber activity. Despite the changes in the way we work during the pandemic and possibly for the future, IT have been able continue achieving the high levels of cyber security as supported by various accreditations achieved and continue to maintain, including PSN.</p> <ul style="list-style-type: none"> ✓ The Information Governance Annual Report was presented to GAP Committee in September 2020, which provided assurance with regards to Data Protection and Information Governance matters. Positive steps had been taken by the Council following the introduction of the Data Protection Act 2018 specific areas for improvements were identified. ✓ The Investment Board has 11 councillors plus 2 independent members and met 3 times in 2020/21 recommending 7 investment opportunities to Cabinet. Of those, for various reasons, three did not proceed. In December 2020 the Board received the first version of the ‘quarterly’ valuation report for the portfolio, some amendments were requested to the format, and these are being incorporated into the end of year valuation report. ✓ Covid-19 impacted significantly on the Council’s financial position and a complete review of the MTFS was carried out in October and included the new Commercial Investments, plus support for the Climate Change agenda and the Economic Recovery Plan. The revised MTFS was approved by Council in December 2020. ✓ Treasury Management Practices and Financial Regulations and Contract Procedure Rules were approved by Council in April 2020.
<p>Principle G Implementing good practices in transparency, reporting, and audit, to deliver effective accountability</p>	<ul style="list-style-type: none"> ✓ As detailed above and in the Local Code of Corporate Governance, a vast array of information is accessible to the general public via the council’s website. ✓ The AGS is presented to the Leader and Chief Executive, approved by GAP, and published alongside Statement of Accounts. ✓ Annual reports summarising the work of GAP Committee and Scrutiny Committee were presented to Council in April 2020. ✓ GAP Committee receives annually the Local Government Ombudsman’s Annual Review Letter. At the same time, the committee receives an annual summary of complaints and compliments received by the council. This report went to the October 2020 Committee meeting. ✓ GAP also receives an annual Information Governance Report which covers data protection and information governance, including any instances of data breaches and the position with regard to Freedom of Information responses. This report was presented in September 2020.

4 REVIEW OF EFFECTIVENESS

4.1 The 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 Corporate Management Team who have responsibility for the development and maintenance of the governance environment
- the work of Cabinet and the Committees, including the Governance, Audit and Performance Committee and Scrutiny Committee
- the Internal Audit Annual Report
- comments made by the external auditors and other inspection agencies

4.2. As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. These include:

- A **robust Internal Audit function** where the planned work is based on identified key risk areas. The Council's Internal Audit Service arrangements should conform to Public Sector Internal Audit Standards
- An **embedded reporting system for internal audit issues** also that ensures that senior managers and members are fully briefed on key issues, which includes regular reporting to the GAP Committee
- A **comprehensive risk management process** which ensures the Corporate Risks across the Council are captured and reported to Corporate Management Team and Members
- A **comprehensive budget monitoring process** that is reported monthly to budget holders, quarterly to CMT and six-monthly to Cabinet

4.3. The outcome of the review is presented in 4.7 below, which detail areas for improvement during 2021/22.

4.4. Effectiveness of Other Organisations

Uttlesford Norse is joint Venture between UDC and the Norse Group for the provision of planned and responsive repairs for Housing along with facilities and cleaning services, which 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. Uttlesford Norse governance arrangements are subject to an internal audit review in 2021.

North Essex 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. NEPP governance arrangements are subject to an internal audit review in 2021.

4.5. Internal Audit Opinion

In giving an opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the organisation is reasonable assurance there are no major weaknesses in the Council's risk management, control, and governance processes.

In forming the opinion for 2020/21, the Audit Manager has had to consider various factors, such as the impact of resourcing changes during the year on full plan delivery, the impact of Covid-19 and limitations of historical knowledge prior to November 2020. However, on balance, whilst these factors must be taken into account when placing reliance on the opinion below, based solely on the internal audit work undertaken for the year ended 31st March 2021, it is the Audit Manager's opinion that overall, the Council's systems for control, risk and governance are generally adequate with some improvements required. Medium risk rated weaknesses identified in individual assignments are not significant in aggregate to the system of internal control, high risk rated weaknesses identified in individual assignments are isolated to specific system or processes, and none of the individual assignment reports have an overall classification of critical risk.

4.6. External Audit and Inspectorates

BDO received information that has relevance to their consideration of the Council's 2019/20 Annual Governance Statement and arrangements for use of resources (UoR). This is being investigated. Until this has concluded, they are unable to issue their opinion on the 2019/20 Statement of Accounts (because the opinion includes reference to the Annual Governance Statement) or conclusion on the Council's arrangements for use of resources. These issues could similarly impact on the 2020/21 audit considerations.

4.7. Areas for improvement or monitoring during 2021/22:

Key improvement/ review area	Action to be taken in 2021/22	Responsible Officer
To ensure that the Council aligns effectively and efficiently with the Fighting Fraud and Corruption Locally Framework.	Undertake a review of the Council's Counter Fraud Strategy and the framework for managing the risk of fraud.	Audit Manager
Implementation of recommendations from the Governance Review Working Group.	Review action plan from Governance Review Working Group	Democratic Services Manager
Financial Management Code	To complete a self-assessment against standards in the Code, develop action plan for any improvements identified and agree with Management before reporting results to Members.	Assistant Director - Resources
Governance Arrangements relating to the Uttlesford Moving Forward Programme	To consider the governance arrangements of the Uttlesford Moving Forward Programme and any impact on the Council's control framework.	Chief Executive
Member Training and Induction	Resume training for Members, including in relation to the role of the Standards Committee, Code of Conduct, and the Nolan principles in guiding those in public office.	Monitoring Officer

5. Certification

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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