



Statement of Accounts 2021-22

Uttlesford District Council

NARRATIVE REPORT

Introduction

The Statement of Accounts presents the financial results of the Council's activities for the year ended 31 March 2022 and summarises the overall financial position of the Council as of 31 March 2022. This Narrative Report sets out the key issues and is intended to give the reader an insight into the Council's performance during 2021/22.

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 2021/22 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 22 February 2022, full details can be found at the following link: [Corporate Plan 2022 to 2026](#).

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**

Uttlesford District

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.

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 left 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.

Governance and Risk Management

The Annual Governance Statement is included as a key document in the Statement of Accounts and can be viewed as per the appendix, 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 in [February 2022](#).

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

Medium Term Financial Strategy

After taking into account all the above expenditure, income, funding and net reserves drawdowns the Council has achieved a balanced budget for 2022/23; in future years the strategy shows a deficit position and by the final year the deficit is £5.686m.

	2021/22 Budget £ '000	2022/23 Budget £ '000	2023/24 Forecast £ '000	2024/25 Forecast £ '000	2025/26 Forecast £ '000	2026/27 Forecast £ '000
Service Expenditure	15,736	17,341	17,328	17,152	17,757	18,317
Corporate Costs	(2,618)	(5,130)	(3,156)	(4,182)	(4,407)	(2,467)
Net Service Expenditure	13,117	12,211	14,172	12,970	13,350	15,851
Funding	(1,230)	(7,550)	(4,780)	(4,381)	(3,492)	(4,020)
Total Net Reserves (drawn)/addition	(5,729)	1,742	(337)	944	(59)	1,025
Council Tax Requirement	6,159	6,404	9,056	9,533	9,800	12,856
Council Tax Income	(6,159)	(6,404)	(6,587)	(6,776)	(6,970)	(7,170)
(Surplus) / Deficit			2,469	2,757	2,830	5,686

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 2022 – 2027 were approved at the Council meeting on the 22 February 2022. Full details of the MTFS and supporting budgets and strategies presented at the Council meeting can be viewed by following the link ([Budget 2022/23](#)). The meeting was also recorded and is available to watch via a link within the webpage.

Financial Performance – 2021/22

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 2021/22 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 were presented on the 20th October 2022.

Collection Fund (Business Rates and Council Tax)

The Collection Fund has a surplus of £0.459m made up of a business rate surplus of £1.175m and a council tax deficit of £0.716m.

General Fund Revenue Account

The net operating expenditure is £4,777,223 against a budget of £13,183,503 this shows an overall underspend on the net of all income and expenditure of £8,406,280. After adjusting for the associated use of reserves, this gives an overall net underspend of £1,019,395. It is proposed that the surplus is allocated across two reserves as below.

- Medium Term Financial Strategy £509,697
- Transformation Reserve £509,698

The following table provides a summary of the budget outturn.:

£'000	2020/21	2021/22			
	Outturn	Original Budget	Current Budget	Outturn	Variance
Communities & Partnerships	1,041	1,097	1,097	1,076	(21)
Housing & Economic Development	1,557	2,677	2,677	1,489	(1,188)
Environmental Services	4,791	4,265	4,265	3,993	(272)
Finance & Administration	5,914	7,697	7,697	5,910	(787)
Portfolio (Service) Budgets	13,303	15,736	15,736	13,468	(2,268)
Net Corporate Investment Income	(2,039)	(4,635)	(4,635)	(4,407)	229
Corporate Items	7,328	2,017	3,313	(1,023)	(4,339)
Net Direct Expenditure	18,592	13,117	14,413	8,035	(6,379)
Funding	(14,118)	(1,230)	(1,230)	(3,258)	(2,027)
Net Operating Expenditure	4,474	11,888	13,184	4,777	(8,405)
Transfers to/(from) Reserves	1,482	(5,729)	(7,025)	362	7,387
OVERALL NET POSITION	5,957	6,159	6,159	5,139	(1,019)

The forecast outturn position for quarter 3 presented to Cabinet in March was predicting a net overspend of £248,000. The final year end position is reporting an overall net underspend of £1,019,395, the changes from the quarter 3 forecast are set out in the table below.

Forecast Outturn movements Quarter 3 to Final Outturn			
	Quarter 3 variance to Budget (31 December 2021) £'000	Final Outturn variance to Budget (31 March 2022) £'000	Variance movement £'000
Normal Service Activity	(49)	(2,268)	(2,219)
Direct Services Variance	(304)	(2,268)	(1,964)
Investment Income	(933)	(1,261)	(328)
Cost of Borrowing	(556)	(471)	85
	(1,489)	(1,732)	(243)
Capital Financing	(1,031)	(2,250)	(1,219)
Net other corporate costs	3	(129)	(132)
Corporate Services Variance	(1,728)	(2,379)	(651)
Business Rates	(1,739)	(1,968)	(229)
Covid Impact funding	409	(58)	(467)
Funding Variance	(1,330)	(2,026)	(696)
Net Reduction in Reserves	4,402	7,387	2,985
Movement in Reserves Variance	4,402	7,387	2,985
General Fund net variance	248	(1,019)	(1,266)

The key factors attributing to the change in the outturn position which are not offset by a reserve transfer are:

- Increased service income and receipt of additional grants
- Increased investment income due to re-profiling on investment assets completion dates
- Capital financing reduction in revenue contributions reprofiled for investment assets completion
- Central Government funding of covid/support grant

Direct Services Net Expenditure

Where the underspends and increased income relate to ongoing activities that span more than one year, these have been carried forward and will be held in ringfenced reserves, so have a net nil impact on the bottom line forecast.

The movement in reserves which directly impacts the net cost of direct service delivery, is a net transfer to reserves of £1000,000, these are set out in the following table. This can be where reserves have been used to support direct service delivery or where a grant has been received and held in reserve to match against spend for the specified service activities or initiatives.

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 Climate Change and Economic Recovery budgets are both 3 year programmes of which each have been allocated £1m. The spend is profiled equally across 3 years, although many of the activities and initiatives in each of the plans will span more than one year. This is reflected in the underspends and any unspent sums will be held in a ringfenced reserve to be released in line with actual spend.

In addition, the unused New Burdens grant and Covid grants where the spend is expected to continue into 2022/23 have been held in the reserves to match the associated spend.

The homelessness grant has specific criteria and has been used to offset the associated current spend in the service. The grant covers responsibilities/activities for 2021/22 and 2022/23 and any remaining grant will be held in the reserve to match future spend.

The predicted outturn for the delivery of direct services is a net underspend of £2,267,927, after adjusting for the reserves movements as set out in paragraph 18 this leaves an actual direct service net underspend of £1,267,440.

£'000	Reduced Costs/Additional		Increased Costs/Reduced Income		Other Immaterial	Total Net Variance
	One off	Ongoing	One off	Ongoing		
Communities & Partnerships	(222)	(16)	222	0	(5)	(21)
Housing & Economic Development	(1,449)	(114)	361	27	(14)	(1,188)
Environmental Services	(1,546)	(969)	1,641	616	(13)	(272)
Finance & Admin	(1,898)	(1,031)	1,074	1,061	7	(787)
Direct Services	(5,115)	(2,130)	3,297	1,704	(25)	(2,268)
Net reserves transfers						1,000
Net Direct Service Expenditure	(5,115)	(2,130)	3,297	1,704	(25)	(1,267)

General Fund Reserves

The total reserves balance on 1 April 2021 was £22,441,000 and after applying the net movement to reserves, this increases reserves to a year-end balance of all reserves at £23,823,000

Housing Revenue Account (HRA)

Covid-19 Impact

27. The housing services are currently not reporting any material impact for covid related pressures. There has been a significant increase in people presenting as homeless but the resources to manage this are supported in full by the Homelessness Grant received from DLUHC (formally MHCLG).

Service Delivery

28. The HRA operating surplus is £358,000 and after adjusting for funding contributions and reserves this gives a net surplus of £112,000. The following table provides a summary of the budget, and full details are set out in HRA section.

£'000	2020/21	2021/22			
	Outturn	Original Budget	Current Budget	Forecast Outturn	Variance
Total Service Income	(16,139)	(16,170)	(16,170)	(16,056)	114
Total Service Expenditure	4,749	4,821	4,821	4,786	(34)
Total Corporate Costs	8,362	10,523	10,523	10,086	(438)
OPERATING (SURPLUS)/DEFICIT	(3,028)	(827)	(827)	(1,184)	(358)
Funding of Capital Programme from HRA	952	650	3,235	2,239	(996)
Use of Reserves	2,102	177	(2,408)	(1,166)	1,242
Total Use of Reserves/Funding	3,054	827	827	1,073	246
(SURPLUS)/DEFICIT	26	0	0	(112)	(112)

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.

Investments

27. The Council has directly purchased six commercial properties and through its wholly owned company Aspire (CRP) Ltd purchased a 50% share in Chesterford Research Park, this was in line with the requirements of the Commercial Strategy approved by Members in February 2021.

28. The direct commercial property investments are listed in the table below along with the purchase price (excluding stamp duty, Land Registry fees and insurance) and the predicted income.

Commercial Asset	Purchase Price	Income 2021/22	Income Future Years
	£'000	£'000	£'000
Skyway House - Takeley	20,000	1,142	1,170
Veterinarian Practice - Livingstone, Scotland	5,925	332	373
Waitrose Distribution Centre - Chorley	55,000	2,272	2,508
Amazon - Gloucestershire	42,514	1,088	2,270
MOOG - Tewksbury	35,000	786	1,429
Stane Retail Park (phase 1), Colchester	30,424	0	1,784
TOTAL	188,863	5,620	9,534

29. The forward funding acquisition of the new build logistics unit at Gloucester, pre-let to Amazon, the tenant took occupation of the building in November 2021.

30. The forward funding acquisition of the new build headquarters for Moog Controls Ltd is on schedule to complete in May 2022.

31. Stane Retail Park located in Colchester is an out of town retail development, phase one is forward funding of the site and two stores have been pre-let to Aldi and B&Q. Completion was scheduled for October 2021, but this is now delayed and expected completion is late November.

32. All of the tenant leases have upward only increases in their leases, which in most cases are compounded five yearly and therefore will increase the rental income in 2025/26.

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 2022 the Council held £286.1 million of loans of this £120.1million 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 2.45% and 0.31% for short term borrowing.

	31.03.21 Actual £m	2021/22 Movement £m	31.3.22 Actual £m
General Fund CFR	13.4	4.6	18
HRA CFR	82.8	-2.2	80.6
Investments CFR	164.3	60.7	225.0
Total CFR	260.5	63.1	323.6
Less: Other debt liabilities *	-4.3	0.3	-4.0
Borrowing CFR	256.2	63.4	319.6
Less: Usable reserves	-31.4	-1.7	-33.1
Less: Working capital	-7.1	-16.9	-24.0
Net borrowing	217.7	44.8	262.5

Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 31st March 2022 and the change during the year is shown in the table below.

	31.3.21 Balance £m	2021/22 Movement £m	31.3.22 Balance £m	31.3.22 Average Rate %
Long-term borrowing	120.4	-0.3	120.1	3.06
Short-term borrowing	109.5	56.5	166.0	0.31
Total borrowing	229.9	56.2	286.1	
Short-term investments	8.0	10.6	18.6	0.49
Cash and cash equivalents	4.2	0.8	5.0	0.26
Total investments	12.2	11.4	23.6	
Net borrowing	217.7	44.8	262.5	

Going Concern Assessment

The policy of the Council is to maintain a prudent level of reserves. Local authority financial statements must be prepared on a going concern basis. This is because local authorities cannot be created or dissolved without statutory prescription and so they have no ability to cease being a going concern. The Covid-19 pandemic has impacted on a number of the Council's functions, including service delivery and the way our residents interact with us.

The Council has worked hard on generating additional income and has a strong and robust portfolio of commercial assets. If it had not invested in these assets the financial situation would have been much more difficult to manage and would have generated a significant budget deficit position a number of years ago.

The Medium-Term Financial Strategy 2022/23 shows a five-year schedule of the Authority's Investment Programme in its progress on generating additional investment income.

Additional incentives to drive forward the impact of service delivery include establishing a project team with the aim of addressing the deficit position. This project is known as Uttlesford 2027 and replaces Uttlesford Moving Forward. A number of future options are currently being considered, including selling a commercial asset and using the profit generated to fund Capital Financing Costs over the life of the MTFS.

The council has set a balanced budget for 2022/23, but the financial effects of the pandemic continue to be felt as well as inflationary pressures. Based on the assumptions within the MTFP, and the recovery of the majority of the councils sales, fees and charges income streams from the 1 April 2022, the council will need to identify further efficiency savings to balance the 2023/24 budget.

The intention underpinning the 2023/24 funding gap is the use of complex capital transactions as a mechanism for balancing the budget. These proposals are still be worked on but due to their innovative nature they do carry a level of risk in their use. This is recognised in the risk assessment of reserves carried out alongside the budget setting of 2022/23.

Although there are a number of external and internal challenges for the Council to face the assessment of the council is that despite these, its financial position is compatible with the status of a going concern.

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.

Uttlesford District

- 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,

55 Baker Street

London

W1U 7EU

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 Gareth Robinson, Director of Finance, Revenues and Benefits, at Uttlesford District Council, Council Offices London Road, Saffron Walden, CB11 4ER. Email grobinson@uttlesford.gov.uk For more information visit our website. <https://www.uttlesford.gov.uk/finance>



Adrian Webb, Strategic Director of Finance, Commercialisation 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 Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer).
- 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 STRATEGIC DIRECTOR OF FINANCE, COMMERCIALISATION AND CORPORATE SERVICES – RESPONSIBILITIES

The Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) 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 Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) 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 2022.

Signature: 

Adrian Webb
Strategic Director of Finance,
Commercialisation and Corporate Services
(S151 Officer)

Date: 11th December 2024

APPROVAL OF THE ACCOUNTS

I confirm that the Statement of Accounts was approved by a resolution of the Governance, Audit and Performance Committee on 11th December 2024

Signature: 

Councillor Edward Oliver
Chairman Audit and Standards Committee
Uttlesford District Council

Date: 11th December 2024

INDEPENDENT AUDITOR'S REPORT

Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of the Authority and the group. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of Uttlesford District Council ("the Authority") and its subsidiaries ("the group") for the year ended 31 March 2022 which comprise the Authority and group Movement in Reserves Statement, the Authority and group Comprehensive Income and Expenditure Statement, the Authority and group Balance Sheet, the Authority and group Cash Flow Statement, the Housing Revenue Account Comprehensive Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Income and Expenditure Account and notes to the financial statements including material accounting information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021 /22.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2022 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The conditions created by backstop arrangements have resulted in us not being able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by the backstop date. Consequently, we have not performed any work in respect of any audit area. As a result, we are unable to conclude that the Authority's and group's financial statements for the year ended 31 March 2022 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Other information

The Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) is responsible for the other information. The other information includes all other information included in the Statement of Accounts, other than the Authority and group financial statements and our auditor's report thereon. The Code of Audit Practice 2024 requires auditors to report on whether other information published together with the financial statements is consistent with the financial statements. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to form an opinion on whether the other information published together with the financial statements is consistent with the financial statements.

Matters on which we are required to report by exception

Use of resources

We are required to report to you if, in our opinion, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Authority's arrangements for the year ended 31 March 2022:

Significant weakness in arrangements	Recommendation
The Authority contracted with an external provider to deliver a range of frontline services, including council house maintenance, repairs and cleaning services. The Authority's internal audit function performed a review of the Authority's controls in respect of this arrangement and concluded that no assurance could be provided. Internal audit subsequently made numerous recommendations to address the issues identified. This matter highlights a significant weakness in the Authority's governance arrangements.	We recommended that the Authority promptly implement internal audit's recommendations.

Other matters on which we report by exception

We are required to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters, except that because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Responsibilities of the Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) and the Authority

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) is responsible for the preparation of the financial statements and for being satisfied that the financial statements give a true and fair view and for such internal control as the Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer) is responsible for assessing the Authority's and group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's and group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Auditor's other responsibilities

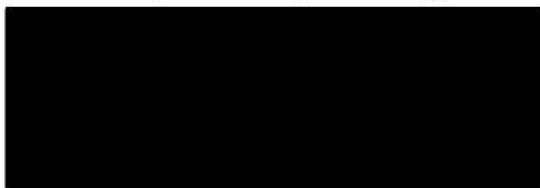
As set out in the Other matters on which we report by exception section of our report there are certain other matters which we are required to report by exception.

Certificate

We certify that we have completed the audit of the accounts of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of Uttlesford District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority members, as a body, for our audit work, for this report, or for the opinions we have formed.



Claran McLaughlin, Key Audit Partner

For and on behalf of BDO LLP, Local Auditor

Ipswich, UK

13 December 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SECTION A – Statement of Accounting Policies

1. GENERAL PRINCIPLES

The general principles adopted in compiling the Accounts summarises the Council's financial transactions for the 2021/22 financial year and its position at the year- end of 31st March 2022.

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 2021/22, 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 the 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 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 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 must 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 accrual 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 brings 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 accrual's 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 2021 by Wilks, Head and Eve LLP and an end of year market review is undertaken as at 31 March 2022.

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. Several 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's 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 assets 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. 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 than 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 because 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 a Lessee

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 payables 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 payables 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.

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 2021/22 the Council 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 paying 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, 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 councils.
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's 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 the 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 because of a change in accounting policies or to correct a material error. Where a change is made to an accounting policy it is applied retrospectively by adjusting opening and comparative amounts for the prior period as if the new policy had always been applied.

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

P24. EVENTS AFTER THE REPORTING PERIOD

Such events can be both favourable and unfavourable, occurring between the end of the reporting period and the date when the Statement of Accounts is 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 Accounts for. A disclosure is made detailing the nature of the event and the estimated financial impact.

P25. FAIR VALUE MEASUREMENT

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

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

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, if 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

Movement in Reserves Statement

For the year ended 31 March 2022

Balance as at 31 March 2021	(22,441)	(4,355)	(467)	(2,600)	(1,537)	(31,400)	(224,807)	(256,207)
(Surplus) or Deficit on Provision of Services (accounting basis)	(32,117)	(11,607)	-	-	-	(43,724)		(43,724)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(39,369)	(39,369)
Total Comprehensive Income and Expenditure	(32,117)	(11,607)	-	-	-	(43,724)	(39,369)	(83,093)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	30,734	12,661	(564)	(1,247)	344	41,929	(41,929)	-
Net (increase)/decrease before transfers to earmarked reserves	(1,382)	1,054	(564)	(1,247)	344	(1,795)	(81,298)	(83,093)
Transfers to/(from) Reserves	-	-	-	-	-	-	-	-
(Increase)/decrease in year	(1,382)	1,054	(564)	(1,247)	344	(1,795)	(81,298)	(83,093)

Movement in Reserves Statement

For the year ended 31 March 2021

Balance as at 31 March 2020	(20,958)	(2,110)	(385)	(2,235)	(1,013)	(26,702)	(227,717)	(254,419)
Reinstated Balance to Adjust for Rounding	(20,958)	(2,110)	(385)	(2,235)	(1,013)	(26,702)	(227,717)	(254,419)
(Surplus) or Deficit on Provision of Services (accounting basis)	1,624	(2,835)	-	-	-	(1,211)	-	(1,211)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(577)	(577)
Total Comprehensive Income and Expenditure	1,624	(2,835)	-	-	-	(1,211)	(577)	(1,788)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	(3,078)	760	(252)	(365)	(524)	(3,458)	3,458	-
Net (Increase)/decrease before transfers to earmarked reserves	(1,453)	(2,075)	(252)	(365)	(524)	(4,669)	2,881	(1,788)
Transfers to/(from) Reserves-Adjustments	(29)	(170)	170	-	-	(29)	29	-
(Increase)/decrease in year	(1,482)	(2,245)	(82)	(365)	(524)	(4,698)	2,910	(1,788)
Prior year adjustments	-	-	-	-	-			

Comprehensive Income and Expenditure Statement (CIES)

For the year ended 31 March 2022

2,598	(680)	1,918	Communities & Partnerships		2,861	(1,194)	1,667
16,975	(9,019)	7,956	Environmental Services		18,937	(11,614)	7,323
25,448	(22,417)	3,031	Finance & Administration		26,478	(23,169)	3,309
4,517	(2,659)	1,858	Housing & Economic Development		4,926	(3,416)	1,510
10,606	(16,401)	(5,795)	Housing Revenue Account		13,651	(27,758)	(14,107)
1,715	-	1,715	Housing Revenue Account - Overheads		137	-	137
2,411	(4,194)	(1,783)	Corporate costs		3,173	(463)	2,710
64,270	(55,370)	8,900	Cost of Services		70,163	(67,614)	2,549
4,808	(1,097)	3,711	Other Operating Expenditure	5.1	4,228	(1,205)	3,023
10,135	(4,597)	5,538	Financing & Investment Income and Expenditure	5.2	5,046	(35,283)	(30,237)
5443	(24,803)	(19,360)	Other Taxation and Non-Specific Grant Income	5.3	78	(19,137)	(19,059)
20,386	(30,497)	(1,211)	(Surplus)/Deficit on Provision of Services		9,353	(55,625)	(43,724)
1992	(6,480)	(4,488)	(Surplus)/Deficit on Revaluation of Property, Plant & Equipment Assets		1,665	(28,636)	(26,971)
26278	(22,367)	3,911	Remeasurement of the Pension net defined Liability/(Asset)		312	(12,710)	(12,398)
28,270	(28,847)	(577)	Other Comprehensive Income and Expenditure		1,977	(41,346)	(39,369)

Balance Sheet as at 31 March 2022

362,253	Property, Plant and Equipment	7.1	404,093
1,091	Heritage Assets	7.3	1,091
102,954	Investment Properties	7.4	190,475
322	Intangible Assets	6.1	347
57,778	Long Term Investment in shareholding companies	8.1	60,185
1,533	Long-term Debtors	8.2	2,650
525,931	Total Long-term Assets		658,841
10,086	Short-term Investments	18.1	20,836
33	Inventories	9.1	0
10,996	Short-term Debtors	9.2 - 9.3	5,320
2,822	Cash & Cash Equivalents	9.4	3,559
23,936	Total Current Assets		29,715
(111,881)	Short-term Borrowing		(169,112)
(19,064)	Short-term Creditors	10.1	(26,077)
(2,396)	Short-term Provisions	10.2	(2,466)
(133,341)	Total Current Liabilities		(197,655)
(118,407)	Long-term Borrowing	18.2	(117,502)
(4,192)	Other Long Term Liabilities	18.2	(4,025)
-	Grant Receipts in Advance (Revenue)	11.3	(2,294)
(1,151)	Grant Receipts in Advance (Capital)		(101)
(36,570)	Pension Scheme Liability	17.3 - 17.5	(27,679)
(160,320)	Total Long-term Liabilities		(151,601)
	Represented by:-		
(31,400)	Usable Reserves	2.1 - 2.4	(33,196)
(224,807)	Unusable Reserves	3.1 - 3.6	(306,105)

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.



Adrian Webb

**Strategic Director of
Finance, Commercialisation
and Corporate Services
(S151 Officer)**

11th December 2024

Cash Flow Statement

For year ended 31st March 2022

1,211	Net Surplus/(Deficit) on the Provision of Services		43,724
11,032	Adjustments to net Surplus/(Deficit) on the Provision of Services - non cash movements		(15,497)
(2,230)	Adjustment for items included in the Net Surplus/(Deficit) on the Provision of Services that are investing and financing activities		(3,034)
10,013	Net cash flows from operating activities	13.1	25,193
(125,788)	Net cash flows from investing activities	13.2	(86,378)
116,249	Net cash flows from financing activities	13.3	61,922
474	Net (Decrease) in cash and cash equivalents		737
2,348	Cash and cash equivalents at the beginning of the reporting period		2,822

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 2021/22

Adjustments involving the Capital Adjustment Account						
Charges for depreciation and impairment movements on non-current assets	(1,396)	(3,905)	-	-	-	5,301
Amortisation of Intangible Assets	(63)	(7)	-	-	-	70
Revenue expenditure funded from capital under statute	(282)	(9)	-	-	-	292
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-	773	-	-	-	(773)
Statutory provision for financing capital investment	1,055	2,000	-	-	-	(3,055)
Capital expenditure charges against the General Fund and HRA balances	1,618	2,239	-	-	-	(3,857)
Provision for expected credit gain/loss	1,844	-	-	-	-	(1,844)
Movements in the Market Value of Investment Properties	25,113	7,977	-	-	-	(33,090)
Other Impairment PPE	(41)	40	-	-	-	1
Adjustments involving the Capital Grants Unapplied Account		-	-	-	-	-
Application of grants to capital financing from unapplied reserves	3	-	-	-	291	(295)
Capital grants and contributions that have been credited to the CIES	290	114	-	-	52	(456)
Adjustments involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gains/losses on disposal to the CIES	-		(2,941)	-	-	2,941
Use of Capital Receipts Reserve to finance capital expenditure		242	1,248	-	-	(1,490)
Contribution from Capital Receipts Reserve towards administrative costs of non-current asset disposal				-	-	-
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool		(446)	446	-	-	-
Adjustments involving the Major Repairs Reserve						
Additions to Major Repairs Reserve to finance new capital expenditure				-	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	3,323	-	(3,323)
Transfer of Depreciation to Major Repairs Reserve		3,887	-	(3,887)	-	(0)

Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2021/22 (continued)

<u>Adjustments involving the Pension Reserve</u>						
Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(1,261)	(250)	-	-	-	1,511
Prior year adjustments 2020/21						-
Employers pension contributions and direct payments to pensioners payable in year	(1,996)		-	-	-	1,996
<u>Adjustments involving the Collection Fund Adjustment Account</u>						
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	5,668		-	-	-	(5,668)
<u>Adjustments involving the Accumulated Absences Account</u>						
Adjustments in relation to short-term compensated absences	183	8	-	-	-	(190)

Movement in Reserve Statement – Adjusting between Accounting Funding Basis under Regulations 2020/21

<u>Adjustments involving the Capital Adjustment Account</u>						
Charges for depreciation and impairment movements on non-current assets	(1,470)	(4,185)	-	-	-	5,654
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)	(833)	-	-	-	900
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
Movements in the Market Value of Investment Properties	(4,484)					4,484
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	754	6	-	-	(760)	-
<u>Adjustments involving the Capital Receipts Reserve</u>						-
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 capital expenditure	-	-	804	-	-	(804)
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	-	-	-
<u>Adjustments involving the Major Repairs Reserve</u>						
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)

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

<u>Adjustments involving the Pension Reserve</u>						-
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)
<u>Adjustments involving the Collection Fund Adjustment Account</u>						-
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
<u>Adjustments involving the Accumulated Absences Account</u>						-
Adjustments in relation to short-term compensated absences	(272)	(17)	-	-	-	289

Transfer to Earmarked Reserves

Earmarked Reserves of the General Fund					
Business Rates	(7,634)	(1,774)	4,837	(4,571)	To manage any Collection Fund deficit and/or shortfall in income.
Capital Slippage	(1,483)	(1,400)	532	(2,350)	Revenue and reserve funding for capital schemes slipped in to future years.
Development Projects	(1,781)	(160)	472	(1,470)	To support work and development for Garden Communities.
DWP	(71)			(71)	Relates to the value of benefit subsidy expected to be required to be paid back.
Economic Development	(463)	(1,021)		(1,484)	Reserve to assist economic development and businesses in the district.
Elections	(70)	(60)		(130)	The reserve funds future election costs and is drawn down in UDC election years.
Emergency Response	(540)	(794)		(1,334)	To support any resource requirement to a local emergency.
EU Exit	(513)			(513)	To manage any risks relating to EU Exit.
Funding	(1,060)	(41)		(1,102)	To manage the impact of the reduction in Government funding in future years.
Health and Wellbeing	(131)	(55)		(186)	To support the Health and Wellbeing strategy.
Homelessness	(404)		47	(357)	Set up to cover unbudgeted additional demand within the homelessness service.
Licensing	(35)	(31)		(66)	Reserve to absorb excess of costs over income in relation to taxi licensing services.
MTFS	(1,576)	(976)	371	(2,180)	Provide a contingency fund to support payments for the investments should there be an in year income shortfall.
New Homes Bonus Ward Members	(16)			(16)	An annual allocation of £2k is provided to each ward member to use subject to meeting the criteria approved at Cabinet.
Pensions	-			-	This reserve is used to support the Pension Fund Deficit and where possible support a triennial payment.
Planning Development	(891)	(10)	106	(794)	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)	(795)	-	(1,102)	Additional in-year income set aside for future year shortfalls.
Sports Rsv	(150)	(150)	195	(105)	
Strategic Initiatives	(1,863)		200	(1,663)	To support initiatives in accordance with the stated purpose approved each year at Full Council.
Transformation	(1,139)	(646)	7	(1,777)	To enable the Council to change the way it operates in order to meet the financial challenges ahead.
Waste Depot Relocation	(198)			(198)	It is proposed to purchase land and provide the necessary buildings and utilities in the South of the district.
Waste Management	(299)	(500)	586	(213)	To enable the Council to smooth fluctuations in areas such as cost of disposal and agency staffing.
Climate Change	(380)	(300)	55	(625)	
Total Earmarked Reserves	(21,003)	(8,712)	7,408	(22,306)	
Other Reserves of the General Fund					
Working Balance	(1,438)	(78)	-	(1,516)	Maintained to protect the Council's budget from unexpected risks.

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.

(22,441)	General Fund	(23,823)
(4,355)	Housing Revenue Account	(3,302)
(468)	Major Repairs Reserve	(1,031)
(2,599)	Capital Receipts Reserve	(3,846)
(1,537)	Capital Grants Unapplied Account	(1,193)

2.1 General Fund - Revenue Balances

(1,311)	Balance as at 1 April	(1,438)
(127)	Movement	(78)
(1,438)	Balance as at 31 March	(1,516)
(19,647)	Earmarked Reserves at 1 April	(21,003)
(1,356)	Movement	(1,304)
(21,003)	Earmarked Reserves at 1 April	(22,306)

2.2 Housing Revenue Account - Reserve Balances

(471)	Balance as at 1 April	(471)
-	Movement	-
(471)	Balance as at 31 March	(471)
(3,884)	Earmarked Reserves at 1 April	(3,884)
-	Movement	1,053
(3,884)	Earmarked Reserves at 1 April	(2,831)

2.3 Major Repairs Reserve

(216)	Balance as at 1 April	(468)
(252)	(Increase)/decrease in value	(563)

2.4 Capital Receipts Reserve

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

(2,235)	Balance 1 April	(2,599)
(138)	Capital Receipts - General Fund	-
(1,449)	Capital Receipts Received - Housing Revenue Account	(3,183)
408	Paid to Government Housing Receipts Pool	426
805	Capital Receipts used for Financing	1,490
10	Expenses from sales of Capital Receipts	21

2.5 Capital Grants Unapplied Account

(1,014)	Balance as at 1 April	(1,537)
(523)	Movement	344

3.0 Unusable Reserves

(103,961)	Revaluation Reserve	(128,088)
(162,048)	Capital Adjustment Account	(204,711)
(1,176)	Deferred Capital Receipts Reserve	(934)
512	Accumulated Absences Account	322
36,570	Pension Reserve	27,679
5,295	Collection Fund Adjustment Account	(373)

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.

(101,492)	Balance as at 1 April	(103,961)
(6,445)	Upward Revaluation of Assets	(28,635)
2,021	Downward Revaluation of Assets	1,665
(64)	Other Movements	-
(4,488)	In Year Surplus/(Deficit) on Revaluation of Non-Current Assets not posted to the Surplus or Deficit on Provision of Services	(26,970)
1,989	Difference between Fair Value Depreciation & Historic Cost Depreciation	1,645
1,989	In Year Amounts written out to the Capital Adjustment Account	1,645
	Accumulated gains on assets sold or scrapped	768
30	Prior year adjustments posted in 2021/22	430

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.

2020/21 £'000	Capital Adjustment Account	2021/22 £'000
(157,285)	Balance as at 1 April	(162,048)
	Prior year Adjustments posted in 2021/22	(433)
	Reversal of items relating to capital expenditure debited or credited to the CIES	
6,060	Charges for depreciation and impairment of non-current assets	5,302
(190)	Revaluation losses on Property, Plant and Equipment	(7,977)
89	Amortisation of Intangible Assets	70
264	Revenue expenditure funded from capital under statute	292
	Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal to the CIES	
1,168		1,401
926	Expected Credit Gains or Losses on Financial Instruments	(1,844)
(1,989)	Adjusting amounts written out of Revaluation Reserve	(1,645)
6,327		(4,401)
	Capital financing applied in the year	
(804)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,735)
(3,629)	Use of Major Repairs Reserve to finance new capital expenditure	(3,323)
(236)	Capital Grants and Contributions applied to capital financing	(747)
	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	
(1,035)		(3,054)
(9,416)	Capital expenditure charged against the General Fund and HRA balances	(3,857)
(455)	Difference to allocate	
(15,575)		(12,716)
	Movements in the Market Value of Investment: Properties Debited/(Credited) to the CIES	
4,484		(25,113)
(162,048)	Balance as at 31 March	(204,711)

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.

(1,146)	Balance as at 1 April	(1,176)
(29)	(Increase)/decrease in value	242

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.

223	Balance as at 1 April	512
290	In year adjustment	(190)

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.

31,867	Balance as at 1 April	36,570
3,911	Remeasurements of the net defined benefit liability/(asset)	(12,398)
(1,862)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	1,511
2,654	Employer's pension contributions and direct payments to pensioners payable	1,996
792	Subtotal	3,507

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.

115	(Surplus)/Deficit as at 1 April	5,295
227	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	(91)
4,953	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(5,577)

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.

	210	1,251	645	(254)	1,918	Community & Partnerships	1,076	246	1,322	345	-	1,667
	173	1,730	42	13	1,858	Housing & Economic Development	1,489	(7)	1,482	27	-	1,510
	2,095	6,887	642	(1,810)	7,956	Environmental Services	3,993	2,407	6,400	923	-	7,323
	(3,788)	2,126	535	3,694	3,031	Finance & Administration	6,910	(3,974)	(1,471)	252	4,528	3,309
	1,715	(9,530)	4,122	-	(4,080)	Housing Revenue Account	(11,270)	1,328	(9,995)	(3,974)	-	(13,970)
	(405)	263	-	(1,643)	(1,783)	Corporate Costs	4,653	-	91	2,618	-	2,710
	-	2,727	5,986	-	8,900	Net Cost of Service	6,851	0	(2,171)	191	4,528	2,549
		(170)	170			Prior year adjustments						
		(6,285)	(3,639)	-	(10,111)	Other Income and Expenditure			(8,812)	(32,932)	(4,528)	(46,272)

4.3 Note to the Expenditure and Funding Analysis

Community & Partnerships	345	72	-	418
Housing & Economic Development	27	399	-	427
Environmental Services	923	1,321	-	2,243
Finance & Administration	252	917	-	1,169
Housing Revenue Account	(4,095)	131	-	(3,965)
Corporate Costs	-	29	-	29
Other Income and Expenditure from the Expenditure & Funding Analysis	(26,299)	637	(7,401)	(33,063)

Community & Partnerships	643	2	-	645
Housing & Economic Development	605	37	-	642
Environmental Services	514	21	-	535
Finance & Administration	33	9	-	42
Housing Revenue Account	4,212	(90)	-	4,122
Corporate Costs	-	-	-	-
Other Income and Expenditure from the Expenditure & Funding Analysis	(3,523)	813	(759)	(3,469)

4.4 Expenditure and Income Analysed by Nature

Expenditure		
Employee Benefit Expenses	15,424	17,610
Other Service Expenses	34,643	26,546
Support Service Recharges	15,140	20,168
Depreciation , Amortisation and REFCUS	10,526	5,673
Payments to Housing Receipts Capital Pool	408	426
Interest Payments	4,809	5,046
Precepts and Levies	3,706	3,803
Revaluation Losses	-	165
NNDR Payments	-	78
Income		
Fees, Charges and other Service Income	(32,587)	(45,686)
Support Service Recharge Income	(15,140)	(20,168)
Interest and Investment Income	(4,630)	(3,809)
Income from Council Tax and Non-Domestic Rates	(12,993)	(11,225)
Gain or loss on Disposal of Assets	(692)	(773)
Other income non specific grants	-	(260)
Revaluation Gains	-	(33,255)
Government Grants and Contributions	(19,825)	(8,063)

5.0 Notes to the Comprehensive Income and Expenditure Statement

5.1 Total Other Operating Expenditure

3,706	Parish Council Precepts	3,803
408	Payments to the Government Housing Capital Receipts Pool	426
(692)	(Gain)/Loss on the Disposal of Non-Current Assets	(773)
290	Other Non-Service Specific Expenditure	(432)

5.2 Total Financing and Investment Income and Expenditure

3,763	Interest Payable and Similar Charges	4,278
926	Allowance for Expected Credit Losses/(Gains)	(1,844)
120	Other Bad Debt Provisions Debtors	12
813	Pensions - Net Interest on the Defined Benefit Liability (Asset)	768
(2,347)	Interest Receivable and Similar Income	(3,808)
2,263	Income & Expenditure in relation to Investment properties & changes in Fair Value	(29,641)

5.3 Total Taxation and Non Specific Grants

	Council Tax Income	
(5,957)	- District Council element	(6,159)
(3,705)	- Town/Parish Councils element	(3,803)
	Business Rates Retention	
(2,475)	- District Council element of NNDR income in year	(1,112)
380	- Safety Net reimbursement/Levy payment due	989
(6,298)	- Section 31 funding from Central Government	(3,827)
	Collection Fund	
207	- Council Tax - Net value of estimated/actual income recognised in CIES	(36)
4,856	- NNDR - Net value of estimated/actual income recognised in CIES	(875)
	Non Ring Fenced Government Grants	
(3,635)	- New Homes Bonus	(2,823)
(279)	- Supplementary Grants	(728)
(1,694)	- Other covid related funding from Central Government	(513)
(759)	- Capital Grants and Contributions	(171)

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 2021/22 are detailed below.

6.1 Intangible Assets

Gross Balance at 1 April	662	584
Additions	141	127
Assets written out in year	(219)	
Reclassification of assets	-	(131)
Gross Balance carried forward 31 March	584	579
Amortisation as at 1 April	(392)	(261)
Amortisation in year	(89)	(70)
Amortisation write out	219	-
Reclassification of assets	-	100
Amortisation Balance carried forward 31 March	(261)	(232)
Net Book Value at at 31 March	322	347

7.0 Property, Plant and Equipment

7.1 Analysis of Property, Plant and Equipment

Cost or Valuation						
Adjustments to opening balance	20	(20)	175	-	-	175
Brought Forward 1 April 2021	312,848	31,661	12,004	986	12,846	370,345
Additions	3,325	429	787	-	9,793	14,335
Revaluation increase/(decrease) recognised in the Revaluation Reserve	18,740	520	-	-	-	19,260
Revaluation increase/(decrease) recognised in the Surplus/(Deficit) on the Provision of Services	7,768	(69)	-	-	-	7,699
Derecognition - disposals	(2,217)	-	(304)	-	-	(2,521)
Derecognition - other	-	-	(806)	-	-	(806)
Reclassification - within PPE	2,720	3,911	(3,911)	-	(2,720)	(0)
Reclassification - outside PPE	-	82	131	-	-	213
Balance carried forward 31 March 2022	343,205	36,515	8,076	986	19,919	408,700
Accumulated Depreciation & Impairment						
Adjustments to opening balance	(20)	20	(175)	-	-	(175)
Brought Forward 1 April 2021	20	(20)	(8,351)	(112)	-	(8,463)
Depreciation for year	(3,775)	(545)	(940)	(15)	-	(5,275)
Depreciation written out to the Revaluation Reserve	3,500	4,211	-	-	-	7,711
Depreciation written out to the Surplus/Deficit on Provision of Services	226	71	-	-	-	297
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	-	(19)	-	-	(19)
Derecognition - disposals	50	-	304	-	-	354
Derecognition - other	-	-	806	-	-	806
Reclassification - within PPE	-	(3,807)	3,608	-	-	(198)
Reclassification -outside PPE	-	-	99	-	-	99
Balance carried forward 31 March 2022	(0)	(69)	(4,668)	(127)	-	(4,864)
Net Book Value as at 31 March 2021	312,868	31,641	3,653	874	12,846	361,882

Cost or Valuation						
Brought Forward 1 April 2020	306,591	33,384	13,063	986	4,427	358,451
Additions	3,379	115	204	-	10,737	14,435
Revaluation increase/(decrease) recognised in the Revaluation Reserve	1,939	(1,758)	-	-	-	181
Revaluation increase/(decrease) recognised in the Surplus/(Deficit) on the Provision of Services	281	(80)	-	-	-	201
De-recognition - disposals	(838)	-	(823)	-	-	(1,661)
De-recognition - Other	-	-	-	-	-	-
Derecognition - other	(822)	-	(440)	-	-	(1,262)
Reclassification - within PPE	2,318	-	-	-	(2,318)	-
Balance carried forward 31 March 2021	312,848	31,661	12,004	986	12,846	370,345
Accumulated Depreciation & Impairment						
Brought Forward 1 April 2020	-	-	(8,874)	(97)	-	(8,971)
Depreciation for year	(3,709)	(762)	(740)	(15)	-	(5,226)
Depreciation written out to the Revaluation Reserve	3,501	742	-	-	-	4,243
Depreciation written out to the Surplus/Deficit on Provision of Services	204	-	-	-	-	204
Derecognition - disposals	9	-	823	-	-	832
Derecognition - other	15	-	440	-	-	455
Reclassification	-	-	-	-	-	-
Balance carried forward 31 March 2021	20	(20)	(8,351)	(112)	-	(8,463)
Net Book Value as at 31 March 2020	306,591	33,386	4,188	889	4,427	349,481

Valuations

The Council undertakes an annual valuation programme on Council Dwellings and Other Land and Buildings. The valuation exercise was undertaken by an external valuer, Wilks Head and Eve LLP, a regulated firm of Chartered Surveyors. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuations are as at 31 March 2022.

Historic Cost	-	-	3,410	859	19,919	252	24,440
Valued at Current Value:							
2021/22	343,205	36,445	-	-	-	-	379,650

At 31 March 2022, the authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years. The major commitments are:

The Moors News Homes Development	693	-
Thaxted Road New Homes Development	2,909	1,447
Great Chesterford New Homes Development		981

Infrastructure Assets – Movement on Balances

In accordance with the temporary relief granted by the Code relating to Infrastructure Assets this note does not include disclosure of Gross Book Value and Accumulated Depreciation for Infrastructure Assets because historical data and information deficits held by the Council means that the data would not faithfully represent the asset position of the Financial Statements. The Council has opted not to disclose such information as the previous reported practices and resultant information deficits implies that the Gross Book Value and Accumulated Depreciation are not measured accurately and would not enable users of the Financial Statements to make informed decisions relating to Infrastructure Assets.

Net Book Value (Modified Historical Cost) at 1 April	396	368
Reclassification within PPE	-	(82)
Depreciation	(28)	(28)
Other Adjustment	-	(6)
Net Book Value at 31 March	368	252

Reconciling Note PPE Assets

Infrastructure Assets	368	252
Other PPE Assets	361,882	403,838
Net Book Value at 31 March	362,250	404,090

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.

145,597	Opening Capital Financing Requirement as at 1 April	261,524
145,597	Restated Opening Capital Financing Requirement as at 1 April	261,524
	<u>Capital Expenditure</u>	
14,436	Property Plant and Equipment	14,253
141	Intangible Assets	127
-	Heritage Assets	-
107,438	Investment Properties	62,408
6,826	Aspire Investment	780
264	Revenue Expenditure Funded from Capital Under Statute	292
129,105	Total Capital Expenditure	77,859
(18)	Increase in non-dwelling HRA assets not reversed to unusable reserves	(232)
926	Expected Credit Gains or Losses on Financial Instruments	(1,844)
908	Sub Total	(2,076)
	<u>Financed By</u>	
(805)	Usable Capital Receipts	(1,735)
(236)	Government Grants and Other Contributions	(747)
(9,416)	Capital Expenditure Financed from Revenue Contributions	(3,857)
(3,629)	Major Repairs Reserve	(3,323)
(14,086)	Total Capital Financing	(9,663)
261,524	Closing Capital Financing Requirement as at 31 March	327,644
	<u>Explanation of Movement</u>	
115,927	Increase in underlying need to borrow	68,196
(1,035)	Minimum Revenue Provision	(3,055)

7.3 Heritage Assets

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

Saffron Walden Motte and Bailey	936	936
Museum Artefacts - Fine Arts Collection	155	155
Total	1,091	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 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:

Rental Income from Investment Property	(2,221)	(4,528)
Direct Operating Expenses/(Income) Arising from Investment Property		
Direct cost of Investment Properties		
Total	(2,221)	(4,528)

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

Balance 1 April	-	102,954
Additions	107,438	62,408
Disposals		
Net gains/(losses) from the fair value adjustments	(4,484)	25,113
Transfers -		
To/from Property, Plant and Equipment		
Balance at 31 March	102,954	190,475

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:

Office Units	-	2	-	25,250
Industrial Units	-	3	-	134,250
Retail Warehouse	-	1	-	30,975
Balance at 31 March	-	6	-	190,475
Office Units	-	2	-	24,475
Industrial Units	-	3	-	70,504
Retail Warehouse	-	1	-	7,975
Balance at 31 March	-	6	-	102,954

8.0 Other Long Term Assets

8.1 Long Term Investments

The Council has one long-term investment 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 2021/22 estimated additional credit loss adjustment has been actioned 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.

59,750	Long term investment	60,313
(1,972)	Cumulative expected credit loss adjustment	(128)

8.2 Long Term Debtors

The Council has long term debtors of £2.65million which includes:

- 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 2021/22 the value held for the % of the property the charge is against is £1.418million (2020/21 £1.176million).

Other long term debtors held include:

- 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
- Lease adjustment related to investment property leasing arrangements

9.0 Current Assets

9.1 Inventories (Stock)

Housing Stores	33	-

9.2 Debtors

9.2

6,914	Central Government Bodies	548
1,521	Other Local Authorities	702
5,135	Other Entities and Individuals	6,917

9.3

(988)	Non Domestic Rates	(1,172)
(333)	Council Tax	(434)
(311)	Housing Rents	(310)
(897)	Overpaid Benefit	(873)
(45)	Sundry Debtors	(57)

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

(128)	Cash	1,109
2,950	Cash Equivalents	2,450

10 Current Liabilities

10.4 Creditors

11,385	Central Government Bodies	15,979
1,468	Other Local Authorities	5,604
6,211	Other Entities and Individuals	4,494

10.5 Provisions

245	Legal	-	-	245
49	New Homes Bonus - Parish Councils	-	(11)	38
2,102	Business Rates Appeals	312	(231)	2,183

The total provision available for NNDR appeals at 31st March 2022 is £5.457 million; the above table reflects the Council's share of the provision at a value of £2.183 million.

11.0 Grant Income

11.1 Grants credited to Tax and Non-specific Grant Income

Revenue Support Grant		
New Homes Bonus Grant	(3,635)	(2,823)
NNDR Section 31 Grant	(6,298)	(3,827)
Covid 19 Tranches Support Grant	(1,694)	(513)
Fees and Charges Compensation Grant		
Supplementary Grants	(279)	(728)
75% Council Tax and NNDR Guarantee Grant		
Furlough Grant		
Capital Grants and Contributions:		
Miscellaneous Government Grants		
Other Grants and Contributions	(759)	(171)

11.2 Grants credited to Services

Local Council Tax Support Scheme Grant	(4)	(4)
Rent Allowances	(6,503)	(6,137)
Rent Rebates	(5,169)	(5,034)
Benefit Administration Grant	(102)	(141)
Discretionary Housing Benefit	(118)	(112)
Grant towards Revenue Funded from Capital under Statute	(242)	(260)
PFI Grant	(450)	(450)
Miscellaneous Grants	(3,071)	(3,515)

11.3 Grants Long Term Liabilities

Grants Receipts in Advance - Capital Grants		
s106 Developers Contributions	(1,151)	(101)
Community Infrastructure Levy		
Grants Receipts in Advance - Revenue Grants	-	(2,294)
Grants received from Government Departments		

12.0 Long Term Liabilities

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.

Deferred Liabilities

<u>Leisure - PFI</u>						
4,488	Opening Balance	4,912	4,745	4,745	3,927	1,740
(154)	Short Term Creditor *	(167)	-			
(142)	Principle Repayment	-	-	(818)	(1,467)	(1,740)
4,192	Closing Balance	4,745	4,192	3,927	2,460	-

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

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.

Tax Payers Equity**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.

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

	Net Surplus/(Deficit) on the Provision of Services	
	Adjustments to net Surplus/(Deficit) on the Provision of Services for non-cash movements	
5,253	Depreciation	5,233
5,136	Impairment and downward valuations	-
89	Amortisation	70
-	Adjustments for effective interest rates	
5,591	Increase/(Decrease) in creditors	4,777
(7,747)	(Increase)/Decrease in debtors	5,935
-	(Increase)/Decrease in inventories	33
792	Pension liability	3,507
345	Contribution to provisions	
602	Carrying amount of non-current assets sold	1,736
971	Other non-cash items charged to the net surplus or deficit on the provision of services	(36,788)

-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,678)
(2,230)	Any other items for which the cash effects are investing or financing cash flows	(356)

13.2 Cash Flow Statement – Investing Activities

(120,152)	Purchase of property, plant and equipment, investment property and intangible assets	(76,415)
(178,889)	Purchase of short-term and long-term investments	(94,813)
-	Other payments for investing activities	(2,168)
170,950	Proceeds from short-term and long-term investments	83,500
1,509	Proceeds from sale of property, plant and equipment	3,162
794	Other receipts from investing activities	356

13.3 Cash Flow Statement – Financing Activities

184,500	Cash receipts of short- and long-term borrowing	187,000
(71,500)	Repayments of short- and long-term borrowing	(130,797)
3,544	Other payments for financing activities	5,885
(295)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(166)

13.4 Cash Flow Statement - Interest

2,306	Interest Received	5,640
(2,595)	Interest Paid	(5,999)
3	Dividends Received	1

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.

1,121	Leisure PFI - Unitary charge	1,121	1,218	5,282	6,737	4,568
142	Capital Repayment	154	167	818	1,467	1,739
372	Interest Expense	360	348	1,240	1,106	360
328	Contingent Rent	328	335	1,532	2,497	1,045
279	Services	279	368	1,692	1,667	1,424

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 2021/22. The total Members allowances paid in 2021/22 was £280,017 (£280,276 for 2020/21), these are detailed below.

197	Basic Allowances	203
12	Group Leaders Allowances	10
71	Special Responsibilities Allowances	65
1	Travel and Subsistence	2

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 Strategic Director of Finance, Commercialisation and Corporate Services (S151 Officer), 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 was Director of Uttlesford Norse Services Limited a Joint Venture with Norse Commercial Services Ltd until resignation in February 2022. The Assistant Director Resources is Director of Uttlesford Norse 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 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	2021/22 - £24,290
	2020/21 - £22,669

- **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	2021/22 - £344,967
	2020/21 - £334,520

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.

- **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.

(52) Balance at 1 April	(62)
(17) Income in Year	(12)
7 Expenditure in Year	4

15.2.6 Parking Partnership

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

The Partnerships' on street parking activities is funded by income from pay and display, resident parking and penalties across the area. The On Street partners are jointly liable (except Essex County Council) for any deficit in the On Street Fund, and any surpluses are reinvested back into the partnership.

- 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:

Chief Executive	2020/21	122,006	-	-	-	-	122,006	24,645	146,651
	2021/22	51,725	-	-	-	-	51,725	10,449	62,174
	2021/22	59,874	-	-	-	-	59,874	12,094	71,968
Director of Public Services	2020/21	96,094	-	-	-	-	96,094	19,411	115,505
	2021/22	63,112	-	-	-	-	63,112	12,348	75,460
Director of Finance and Corporate Services	2020/21	96,094	-	-	-	-	96,094	19,411	115,505
	2021/22	97,775	-	-	-	-	97,775	19,751	117,526
Assistant Director - Corporate Services	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
	2021/22	75,804	-	-	-	-	75,804	15,312	91,116
Assistant Director - Housing, Health and Communities	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
	2021/22	75,804	-	-	-	-	75,804	15,312	91,116
Assistant Director - Planning and Building Control	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
	2021/22	51,855	15,000	-	-	-	66,855	7,524	74,379
Assistant Director - Resources	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
	2021/22	75,804	-	-	-	-	75,804	15,312	91,116
Assistant Director - ICT and Facilities	2020/21	74,500	-	-	-	-	74,500	15,049	89,549
	2021/22	75,804	-	-	-	-	75,804	15,312	91,116
Assistant Director - Governance and Legal(*)	2020/21	21,324	-	-	-	-	21,324	4,268	25,592
	2021/22	41,914	-	-	-	-	41,914	8,467	50,381
Assistant Director - Environmental Services	2020/21	72,339	-	-	-	-	72,339	14,613	86,952
	2021/22	73,605	-	-	-	-	73,605	14,868	88,473

(1) Chief Executive post vacant from 1 September 2021, new appointment commenced 1 October 2021 at an annualised salary of £121,944.

(2) Director of Public Services post vacant from 20 November 2021.

(3) Assistant Director - Planning and Building control post vacant from 1 October 2021 .

(4) Assistant Director - Governance and Legal post vacant from 18 July 2020, new appointment commenced 6 September 2021 at an annualised salary of £74,705.

To support vacancies within the corporate management team an interim Chief Executive and an interim Director of Planning were provided by Solace and an Assistance Director

- Governance and Legal was provided by Sellick Partnership.

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.

6	£50,000 - £54,999	8
7	£55,000 - £59,999	9
-	£60,000 - £64,999	1
-	£65,000 - £69,999	1
6	£70,000 - £74,999	1
-	£75,000 - £79,999	4
2	£95,000 - £99,999	1
1	£120,000 - £124,999	-

The number of employees shown above includes the senior officers shown in the preceding senior officers' note (15.3)

The table reflects actual payments made during the year; Assistant Director - Governance and Legal post vacant from 18 July 2020 until 5 September 2021 and therefore does not meet the criteria to be included in this table.

15.5 Termination Benefits

The Council terminated the contracts of 6 employees in 2021/22 (0 in 2020/21) incurring liabilities of £42,363 (£0 in 2020/21). The table below identifies the number of exit packages in bands of £20,000.

-	-	-	£0 - £20,000	5	-	5
-	-	-	£20,001 - £40,000	-	1	1

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

Aspire (CRP) Limited

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

Long Term Assets			
	Investments	71,040	106,297
Current Assets			
	Debtors: amounts falling due within one year	623	668
	Cash in bank	1,438	1,379
TOTAL ASSETS		2,061	2,047
Current Liabilities			
	Creditors: amounts falling due within one year	(2,298)	(2,268)
	Loans	(59,750)	(60,501)
TOTAL LIABILITIES		(62,048)	(62,769)
NET CURRENT LIABILITIES		(59,987)	(60,722)
Long Term Liabilities			
	Deferred tax	(2,078)	(11,595)
TOTAL LIABILITIES		(2,078)	(11,595)
TOTAL NET ASSETS		8,975	33,980
Capital and Reserves			
	Share Capital	1	1
	Retained earnings	8,974	33,979
TOTAL RESERVES		8,975	33,980

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.

Cleaning and Corporate facilities services	134	379
Housing Revenue Accounts Services (Revenue)	3,283	3,370
Housing Revenue Accounts Services (Capital)	3,189	3,303
Share of Joint venture profits	(70)	(69)

16.0 Fees Payable

16.1 External Audit Fees Payable

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

Fees payable in relation to External Audit Services carried out by the 55 appointed auditor*	41
18 Fees payable in relation to Certification of Grant Claims and returns ** 2 Pooled Housing Capital Receipts Return	
0 Fees payable in relation to other Audit Services	14

* 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'

** The Grant claims is not yet complete, this is an estimated figure for both 19/20 and 20/21

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. This valuation of the fund was last carried out as at 31 March 2020 and sets the contributions for the period 1 April 2020 to 31 March 2023.

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

The assumptions have 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 as calculated during their previous review.

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).

2,633	Cost of Services:	
766	Current service cost	4,735
57	Net interest on the Defined Liability/Asset	712
	Administration Cost	56
3,456	Total Post Employment Benefit Charged to the Surplus or Deficit on Provision of Services	5,503
	Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	
	Remeasurement of the net defined liability comprising:	
19,809	Return on Plan Assets (excluding the amount in the net interest expense)	7,039
1,208	Actuarial gains and losses arising on changes in demographic assumptions	-
(26,278)	Actuarial gains and losses arising on changes in financial assumptions	5,671
-	Other Actuarial Gains and Losses	-
1,350	Other Experience	(312)
(3,911)	Total remeasurements recognised in Other Comprehensive Income & Expenditure	12,398
(3,456)	Reversal of net charges made to the Surplus or Deficit on Provision of Services for post-employment benefits in accordance with the Code	(5,503)
	Actual amount charged against the General Fund for Pensions in the year:	
2,654	Employer contributions payable to the Scheme	1,996
(802)	Payments to the Pension Fund During the Year	(3,507)

17.3 Pension Assets and Liabilities – Recognised in the Balance Sheet

Present value of the defined benefit obligation	(131,336)	(130,016)
Fair value of plan assets	94,757	102,338
Adjustments	9	(1)

Reconciliation of the movements in the Fair Value of Scheme (Plan) Assets

Opening Fair Value of Scheme Assets 1 April	75,283	94,757
Interest Income	1,610	1,882
Return on Assets less Interest	19,809	7,039
Other Actuarial Gains/(Losses)	-	-
Admin Expenses	(57)	(46)
Contributions by Employer including Unfunded	2,654	1,996
Contributions by Employees paid into the Scheme	618	642
Estimated benefits paid plus unfunded net of transfers in	(2,851)	(3,932)
Settlement prices received/(paid)	(2,309)	-

17.4 Reconciliation of present value of Scheme Liabilities (Defined Benefit Obligation)

Opening defined benefit obligation	107,149	131,336
Current service cost	3,440	4,711
Interest cost	2,376	2,594
Contributions by scheme participants & other Employers	618	642
Remeasurement (gains) and losses:		
Changes in financial assumptions	26,278	(5,671)
Changes in demographic assumptions	(1,208)	-
Experience loss/(gain) on defined benefit obligation	(1,350)	312
Estimated benefits paid net of transfers in	(2,747)	(3,834)
Past service costs including curtailments	-	24
Unfunded pension payments	(104)	(98)
Liabilities extinguished on settlements	(3,116)	-

17.6 Local Government Pension Scheme Assets comprised

17.6.1 Fair Value of Scheme Assets Note 1

Equities	59,941	63.00%	61,448	60.00%
Gilts	2,414	3.00%	2,443	3.00%
Other bonds	4,609	5.00%	4,481	4.00%
Property	6,678	7.00%	8,393	8.00%
Cash/temporary investments	2,387	3.00%	2,597	3.00%
Alternative assets	10,891	11.00%	12,646	12.00%
Other managed funds	7,837	8.00%	10,330	10.00%

17.6.2 Fair Value of Scheme Assets Note 2

Equity Instruments		
- UK and Overseas	64.5%	35.5%

17.7 Financial Assumptions

Longevity at 65 for current pensioners:		
- Men	21.6	21.6
- Women	23.6	23.7
Longevity at 65 for future pensioners in 20 years:		
- Men	22.9	23.0
- Women	25.1	25.1
Discount rate %	2.0	2.6
Pension Increases (CPI)	2.8	3.2
Rate of increase in salaries %	3.8	4.2

17.8 Sensitivity Analysis

Adjustment to discount rate	+0.1%	+0.0%
Present value of total obligation	130,016	127,629
Projected service cost	4,372	4,229
Adjustment to long term salary increase	+0.1%	+0.0%
Present value of total obligation	130,016	130,232
Projected service cost	4,372	4,374
Adjustment to pension increases & deferred revaluation	+0.1%	+0.0%
Present value of total obligation	130,016	132,218
Projected service cost	4,372	4,518
Adjustment to life expectancy assumptions	None	+1yr
Present value of total obligation	130,016	135,768
Projected service cost	4,372	4,551

18 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 Assets

Note 18.1 Financial Assets

	Non-Current					
	Investments		Debtors		Totals	
Financial Assets						
Amortised Cost	-	-	1,533	2,650	1,533	2,650
Fair Value through Profit and Loss						
Fair Value through other comprehensive income						
Total financial Assets	-	-	1,533	2,650	1,533	2,650
Non-Financial Assets	58,704	58,341			58,704	58,341
Non-Financial Assets - Expected Credit Gains /(Losses)	(926)	1,844			(926)	1,844
Total financial Assets	57,778	60,185	1,533	2,650	59,311	62,835

Note 18.1 Financial Assets

	Current					
	Investments		Debtors		Totals	
Financial Assets						
Amortised Cost	13,036	24,395	747	385	13,783	24,780
Fair Value through Profit and Loss						
Fair Value through other comprehensive income						
Total financial Assets	13,036	24,395	747	385	13,783	24,780
Non-Financial Assets						
Total	13,036	24,395	747	385	13,783	24,780

18.2 Financial Liabilities

	Current			
	Creditors		Total	
Financial Liabilities				
Amortised Cost	111,881	169,111	111,881	169,111
Total financial Liabilities	111,881	169,111	111,881	169,111
	Non-Current			
	Creditors		Total	
Financial Liabilities				
Amortised Cost	122,599	121,527	122,599	121,527
Total financial Liabilities	122,599	121,527	122,599	121,527
Total financial Liabilities	234,480	290,638	234,480	290,638

18.3 Fair Value Disclosures of Financial Assets and Liabilities

18.3.1 Fair Value Disclosure of Financial Assets and Liabilities

Financial Liabilities	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long Term Borrowing	118,407	134,954	117,502	138,492
PFI Creditor	4,192	4,192	4,025	4,025
Short Term Borrowing	111,881	111,881	169,111	169,111
Total Financial Liabilities	234,480	251,027	290,638	311,628

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets held at amortised cost	13,036	13,036	24,395	24,395
Short Term Debtors	747	747	385	385
Long Term investments in Shareholding Companies	57,778	65,681	60,185	63,121
Other Long Term Investments	-	-	-	-
Other Long Term Debtors	1,533	1,533	2,650	2,650
Total financial Assets	73,094	80,997	87,615	90,551

18.3.2 Fair Value of Financial Assets

Equity in Shareholding Companies - Aspire Ltd	Level 3	65,681	63,121

18.4 Income, Expense, Gains and Losses

	Total	Financial Assets at Amortised Cost	Financial Assets at Fair Value through Profit & Loss	Financial Liabilities at Amortised Cost	Total
Income, Expense, Gains and Losses					
Interest Revenue:	3,763			4,278	4,278
Financial Assets measured at amortised cost	1,046	(3,806)	(2)	-	(3,808)
Investment income	(2,307)	(1,833)	-	-	(1,833)
Total Interest Revenue	2,502	(5,639)	(2)	4,278	(1,363)

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 28th March 2012 to buy itself out of the subsidy regime; this financial year was the fifth year of principal repayment at £2million per year leaving a balance as at 31 March 2022 of £78.407million. 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 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. The final element of £15million was drawn down in 2021-22.

£5 million 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 18.3.3 Financial Instruments.

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 shown above 18.3.2 , 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

*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 2021.

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 2021/22 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:

Unrated Local Authorities	8,000	5,000
UK Debt Management Office	-	13,600
Credit Risk not applicable	2,950	2,450

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

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.

The following analysis summarises the Council's trade receivables (excluding HRA debt which is not reported by age)

Neither past due nor impaired	607	199
Past due< 3 months	21	77
Past due 3-6 months	1	0
Past due 6-12 months	8	5
Past due 12+ months	27	32

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:

416	311 HRA Tenants	20% - 95%	419	310
156	45 Private Sector	5% - 80%	192	57
508	- Public Sector	0%	121	-

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.

18.5.2 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 70% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

111,797	(11,167)	100,630	Under 1 year	168,607	(21,050)	147,557
31,537	(1,395)	12,142	1 to 5 years	20,310	(1,492)	18,818
20,604	(2,127)	18,477	6 to 10 years	21,815	(2,287)	19,528
24,154	(2,650)	21,504	11 to 15 years	25,397	(2,850)	22,547
29,788	(3,180)	26,608	16 to 20 years	30,475	(3,429)	27,046
10,925	(190)	10,737	21 to 25 years	5,841	(264)	5,577
6,360	-	6,360	26 to 30 years	6,732	-	6,732
7,331	-	7,331	31 to 35 years	6,933	-	6,933
2,410	-	2,410	36 to 40 years	-	-	-
-	(49,991)	(49,991)	Over 40 years	-	(49,991)	(49,991)

18.5.3 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 £200,000 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:

Increase in interest payable on variable rate borrowings	291	1,070
Increase in interest receivable on variable rate investments	(106)	(176)
Decrease in fair value of investments held at FVPL	4	3

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

1,175 Rents to mortgages	-
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19 Supplementary Notes

19.1 Events after the Reporting Period

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 2022, 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 2022.

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 2021/22 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 dependent 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 2022 there was a maximum possible liability for the Council under the Scheme. 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.mmininsurance.co.uk

19.3 Accounting Standard issued but not yet adopted

The standards introduced by the 2022/23 Code where disclosures are required in the 2021/22 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- IFRS 16 *Leases* (but **only** for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
 - Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards: • IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

Note that this is based on the current position as agreed by CIPFA/LASAAC but the Code has not yet been subject to full due process so this might be subject to change. Updates will be provided on the CIPFA Bulletins pages.

19.4 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.

19.5 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.

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 £404m as at 31 March 2022; of this, £114m relates to land which is not subject to depreciation and is considered to have an indefinite life. Vehicle, plant and equipment assets account for £3.4m 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 £220k.</p> <p>For buildings, the asset life is up to 30 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 £56k.</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 as 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 £3.6m.</p> <p>An increase or decrease in the value of operational buildings 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 subsequent year charged to the Comprehensive Income and Expenditure Statement.</p>

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

Comprehensive Income and Expenditure Statement (CIES)

For the Year ended 31st March 2022

	Expenditure	
3,148	Repairs and maintenance	2,689
1,606	Supervision and management	2,105
68	Rents, rates, taxes and other charges	104
1,309	Overheads	137
3,817	Depreciation - Dwellings & Amortisation	3,782
65	Depreciation - Other Non-current Assets	132
314	Change in Valuation of Non-current Assets	(8,018)
17	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	9
	Share of Corporate Core	-
10,343	Total Expenditure	941
	Income	
(15,204)	Dwelling Rents	(14,815)
(225)	Non-Dwelling Rents	(223)
(628)	Charges for services and facilities	(10)
(82)	Contributions towards expenditure	(1)
(16,139)	Total Income	(15,048)
	Net Cost of HRA Services as included in the Comprehensive Income & Expenditure Statement	(14,107)
(5,796)		
405	HRA Services share of non-distributed costs	137
(5,391)	Net Cost of HRA Services	(13,970)
(214)	(Gain) or loss on disposal of HRA Non-Current Assets & Pooling	(589)
2,584	Interest payable and similar charges	2,575
(66)	Interest and Investment Income	(3)
138	IAS19 Pensions - Net Interest on Defined Assets/Liabilities	131
113	Anticipated Credit loss	(9)
-	Capital Grants and Contributions	(114)

(344)	Balance on the HRA working balance at the end of the previous year Roundings adjusted from previous years	(471)
(344)	Restated Balance on the HRA at the end of the previous year	(471)
(2,836) 760	(Surplus)/Deficit for the year on the HRA Income & Expenditure Statement Adjustments between accounting basis and funding basis under statute	(11,979) 10,926
(2,076)	Net increase or (decrease) in the year on the HRA before transfers to reserves	(1,053)
1,948	Transfers to/(from) Earmarked Reserves	1,054
(127)	Increase or (decrease) in the year on the HRA	1

(2,110) (2,245)	Balance on the HRA working balance at the end of the previous year Earmarked Reserves Transfers to/From	(4,355) 1,054
(4,355)	Total Balance on the HRA at the end of the previous year	(3,301)

Cost or Valuation	
Adjustments to opening balance	20
Brought Forward 1 April 2021	312,848
Additions	3,325
Revaluation increase/(decrease) recognised in the Revaluation Reserve	18,740
Revaluation increase/(decrease) recognised in the Surplus/(Deficit) on the Provision of Services	7,768
Derecognition - disposals	(2,217)
Derecognition - other	-
Reclassification - within PPE	2,720
Reclassification - outside PPE	-
Balance carried forward 31 March 2022	343,205
Accumulated Depreciation & Impairment	
Adjustments to opening balance	(20)
Brought Forward 1 April 2021	20
Depreciation for year	(3,775)
Depreciation written out to the Revaluation Reserve	3,500
Depreciation written out to the Surplus/Deficit on Provision of Services	226
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-
Derecognition - disposals	50
Derecognition - other	-
Reclassification - within PPE	-
Reclassification -outside PPE	-
Balance carried forward 31 March 2022	(0)
Net Book Value as at 31 March 2021	312,868

Cost or Valuation	
Brought Forward 1 April 2020	306,591
Additions	3,379
Revaluation increase/(decrease) recognised in the Revaluation Reserve	1,939
Revaluation increase/(decrease) recognised in the Surplus/(Deficit) on the Provision of Services	281
De-recognition - disposals	(838)
De-recognition - Other	-
Derecognition - other	(822)
Reclassification - within PPE	2,318
Balance carried forward 31 March 2021	312,848
Accumulated Depreciation & Impairment	
Brought Forward 1 April 2020	-
Depreciation for year	(3,709)
Depreciation written out to the Revaluation Reserve	3,501
Depreciation written out to the Surplus/Deficit on Provision of Services	204
Derecognition - disposals	9
Derecognition - other	15
Reclassification	-
Balance carried forward 31 March 2021	20
Net Book Value as at 31 March 2020	306,591

Housing Revenue Account

20.1 Housing Stock

715	Flats		719
762	Bungalows		750
1,333	Houses		1,324
10	Houses	1	10
212		2	214
1,056		3	1,046
54		4	53
1		5	1
	Flats		
15		0	15
415		1	422
264		2	261
21		3	21
	Bungalows		
141		1	135
614		2	608
7		3	7
	Shared Ownership		
2,810			2,793

312,868	Council Dwellings	343,205
1,614	Other Land & Buildings-Garages	2,936
1,467	Other Land & Buildings-Temporary Accommodation	1,225
52	Vehicles, plant & Equipment	13
-	Community Assets	34
-	Intangibles	15
-	Infrastructure	12
3,686	Assets under Construction	5,011

20.2 Rent Arrears

383	Arrears due from:	391
32	- Current Tenants	28
415	- Former Tenants	419
	Total Rent Arrears	

20.3 Movements on the HRA Reserve

(385)	Opening Balance as at 1 April	(467)
(3,711)	Transfer In	(3,887)
3,629	Capital Expenditure funded from reserve	3,323

20.4 HRA Capital Expenditure and Financing

5,225	Total HRA Capital Expenditure	7,378
(952)	Financed by: Revenue Contributions	(2,239)
(3,629)	Contribution from Major Repairs Reserve	(3,323)
(644)	Capital Receipts	(1,360)
-	Capital Grants	(456)

20.5 HRA Capital Receipts Reserve

(1,789)	Balance 1 April	(2,176)
408	Paid to Government Housing Receipts Pool	426
(1,449)	Capital Receipts received	(2,941)
-	Notional Capital receipts received	(242)
644	Capital Receipts used for Financing	1,360
10	Expenses from sales of Capital Receipts	21

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. An average of 2.29% of properties were vacant during 2021/22 (1.95% 2020/21) an increase over the year due to increased numbers held for redevelopment.

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.

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. This is due to the impact of the Covid-19 pandemic on business rates and council tax collection. The business rates element 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

-	(70,003)	(70,003) Council Tax Payers	-	(71,977)	(71,977)
(35,106)	-	(35,106) Business Rates Payers	(44,174)	-	(44,174)
(35,106)	(70,003)	(105,109) Total Income	(44,174)	(71,977)	(116,151)
4,034	50,250	54,284 Essex County Council	3,727	51,100	54,827
-	7,555	7,555 Essex Police Authority	-	7,947	7,947
448	2,810	3,258 Essex Fire Authority	414	2,816	3,230
17,928	9,663	27,591 Uttlesford District Council/Parish	16,566	9,961	26,527
22,411	-	22,411 Central Government	20,707	-	20,707
44,821	70,278	115,099 Total Precept and Demand	41,414	71,824	113,238
(2)	105	103 Essex County Council	(1,088)	(285)	(1,373)
-	16	16 Essex Police Authority	-	(43)	(43)
-	6	6 Essex Fire Authority	(121)	(16)	(137)
(8)	20	12 Uttlesford District Council	(4,837)	(55)	(4,892)
(10)	-	(10) Central Government	(6,046)	-	(6,046)
(20)	147	127 Total Distributions of Previous Years Surplus/(Deficit)	(12,092)	(399)	(12,491)
1,701	1,227	2,928 Provision for Doubtful Debts Adjustment	474	(104)	370
(76)	-	(76) Transitional Protection Payments due to Central Government	(80)	-	(80)
134	-	134 Business Rates:- Renewable Energy to General Fund	108	-	108
139	-	139 Business Rates:- Cost of Collection Allowance to General Fund	140	-	140
1,979	-	1,979 Business Rates:- Provision created in year	779	-	779
(1,116)	-	(1,116) Business Rates:- Provision released into Collection Fund	(577)	-	(577)
2,761	1,227	3,988 Total Other Expenditure	844	(104)	740
47,562	71,652	119,214 Total Expenditure	30,166	71,321	101,487
378	(276)	102 (Surplus)/Deficit as at 1 April	12,834	1,373	14,207
12,456	1,649	14,105 (Surplus)/Deficit for the year	(14,009)	(657)	(14,666)

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 2021/22 was £1,784.94 (2020/21 was £1,750.24), 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 2021/22 was £1884.72 (20/21 was £1,847.67).

22.2 Council Tax Base

37,790	Total Dwellings	38,595
37,002	Net Chargeable Dwellings	37,719
40,091	Band D Equivalents	40,658
(1,833)	Local Council Tax Support Discounts	(2,013)
38,258	Total Band D Equivalents	38,645
37,799	Collection Rate 98.8% / 98.8%	37,871
237	M.O.D Properties	237

22.3 Council Tax Income Analysis

80,623	Gross Council Tax Collectable	83,041
(1,576)	Less:- Exemptions	(1,527)
(5,585)	Less:- Discounts	(5,659)
(3,729)	Less:- Local Council Tax Support	(3,917)
1	Transitional Relief	2

22.4 Council Tax Collection Fund Balance

982	Essex County Council	514
147	Essex Police Authority	74
55	Essex Fire Authority	30
189	Uttlesford District Council	98

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 and Essex Fire Authority).

The National Non Domestic Rateable value in the council's area as at 1st April 2021 was £108.685million (1st April 2020 was £107.546million) and the multipliers, as specified by Central Government were 49.9p excluding small business surcharge (49.9p 2020/21) and 51.2p including small business surcharge (51.2p 2020/21). Based on the lower rate this produced an approximate yield of £54.234million (£53.665 million 2020/21). 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 1st 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 2021/22 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 £1.860million but is estimated to receive £0.837million benefit share from the pool thus reducing the levy payable to £1.023million.

22.6 Business Rates Income Analysis

53,402	Gross Business Rate Collectable	57,449
(3,796)	Small Business Rate Relief	(4,384)
(2,242)	Mandatory Relief	(2,234)
(1,259)	Property Relief	(1,154)
(1,242)	Discretionary Relief	(5,423)
(373)	Transitional Relief	(80)

22.7 Business Rates Fund Balance

6,417	Central Government	(587)
1,155	Essex County Council	(106)
128	Essex Fire Authority	(12)
5,134	Uttlesford District Council	(470)

SECTION I – GROUP FINANCE STATEMENTS

Group CIES

2,598	(680)	1,918	Communities & Partnerships		2,861	(1,194)	1,667
16,975	(9,019)	7,956	Environmental Services		18,937	(11,614)	7,323
25,448	(22,417)	3,031	Finance & Administration		26,478	(23,169)	3,309
4,517	(2,659)	1,858	Housing & Economic Development		4,926	(3,416)	1,510
10,606	(16,401)	(5,795)	Housing Revenue Account		13,651	(27,758)	(14,107)
1,715	-	1,715	Housing Revenue Account - Overheads		137	-	137
2,431	(6,052)	(3,621)	Corporate costs		611	(437)	174
64,290	(57,228)	7,062	Cost of Services		67,601	(67,588)	13
4,808	(1,097)	3,711	Other Operating Expenditure	5.1	4,228	(1,205)	3,023
10,135	(15,562)	(5,427)	Financing & Investment Income and Expenditure	5.2	5,046	(65,614)	(60,568)
5443	(24,803)	(19,360)	Other Taxation and Non-Specific Grant Income	5.3	78	(19,137)	(19,059)
20,386	(41,462)	(14,014)	(Surplus)/Deficit on Provision of Services		9,353	(85,956)	(76,591)
1992	(6,480)	(4,488)	(Surplus)/Deficit on Revaluation of Property, Plant & Equipment Assets		1,665	(28,636)	(26,971)
26278	(22,367)	3,911	Remeasurement of the Pension net defined Liability/(Asset)		312	(12,710)	(12,398)
28,270	(28,847)	(577)	Other Comprehensive Income and Expenditure		1,977	(41,346)	(39,369)

Group Balance Sheet

362,253	Property, Plant and Equipment	7.1	404,093
1,091	Heritage Assets	7.3	1,091
102,954	Investment Properties		190,475
322	Intangible Assets	6.1	347
71,039	Long-term Investments in shareholding companies	8.1	106,297
1,533	Long-term Debtors	8.2	2,650
539,192	Total Long-term Assets		704,953
10,086	Short-term Investments	18.1	20,836
33	Inventories	9.1	0
11,591	Short-term Debtors	9.2 - 9.3	5,988
4,260	Cash & Cash Equivalents	9.4	4,938
25,969	Total Current Assets		31,762
(111,881)	Short-term Borrowing		(169,112)
(21,334)	Short-term Creditors	10.1	(28,345)
(2,396)	Short-term Provisions	10.2	(2,466)
(135,611)	Total Current Liabilities		(199,923)
(118,407)	Long-term Borrowing	18.2	(117,502)
(4,192)	Other Long Term Liabilities	11.2	(4,025)
-	Grant Receipts in Advance (Revenue)	11.3 - 11.4	(2,294)
(1,151)	Grant Receipts in Advance (Capital)		(101)
(36,570)	Pension Scheme Liability	17.3 - 17.5	(27,679)
(160,320)	Total Long-term Liabilities		(151,601)
	Represented by:-		
(31,887)	Usable Reserves	2.1 - 2.4	(32,073)
(237,344)	Unusable Reserves	3.1 - 3.6	(353,119)

Group Movement in Reserves

Balance as at 31 March 2021	(22,927)	(4,355)	(467)	(2,601)	(1,537)	(31,887)	(237,344)	(269,231)
Movement in Reserves during 2021/22								
(Surplus) or Deficit on Provision of Services (accounting basis)	(32,117)	(11,607)				(43,724)		(43,724)
Adjustments between Group & Entity Accounts	Grp1	(32,867)				(32,867)	-	(32,867)
Other Comprehensive Income and Expenditure						-	(39,369)	(39,369)
Total Comprehensive Income and Expenditure	(64,984)	(11,607)	-	-	-	(76,591)	(39,369)	(115,960)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	65,211	12,661	(564)	(1,247)	344	76,406	(76,406)	-
Net (increase)/decrease before transfers to earmarked reserves	228	1,054	(564)	(1,247)	344	(185)	(115,775)	(115,960)
Transfers to/(from) Reserves	-	-	-	-	-	-	-	-
(Increase)/decrease in year	228	1,054	(564)	(1,247)	344	(185)	(115,775)	(115,960)

Balance as at 31 March 2020	(20,134)	(2,110)	(385)	(2,235)	(1,013)	(25,878)	(228,762)	(254,640)
Total Balance for the Group as at 31 March 2020	(20,134)	(2,110)	(385)	(2,235)	(1,013)	(25,878)	(228,762)	(254,640)
Movement in Reserves during 2020/21								
(Surplus) or Deficit on Provision of Services (accounting basis)	1,624	(2,835)	-	-	-	(1,211)	-	(1,211)
Adjustments between Group & Entity Accounts	Grp1 (12,803)					(12,803)		(12,803)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(577)	(577)
Total Comprehensive Income and Expenditure	(11,179)	(2,835)	-	-	-	(14,014)	(577)	(14,591)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	8,414	760	(252)	(365)	(524)	8,034	(8,034)	-
Net (increase)/decrease before transfers to earmarked reserves	(2,764)	(2,075)	(252)	(365)	(524)	(5,980)	(8,611)	(14,591)
Transfers to/(from) Reserves-Adjustments	(29)	(170)	170	-	-	(29)	29	-
(Increase)/decrease in year	(2,793)	(2,245)	(82)	(365)	(524)	(6,009)	(8,582)	(14,591)
						-	-	-

Group Cashflow

14,014	Net Surplus/(Deficit) on the Provision of Services		76,591
9,754	Adjustments to net Surplus/(Deficit) on the Provision of Services - non cash movements		(48,423)
(14,385)	Adjustment for items included in the Net Surplus/(Deficit) on the Provision of Services that are investing and financing activities		(3,034)
9,383	Net cash flows from operating activities	13.1	25,134
(126,170)	Net cash flows from investing activities	13.2	(86,378)
116,249	Net cash flows from financing activities	13.3	61,922
(538)	Net (Decrease) in cash and cash equivalents		678
4,798	Cash and cash equivalents at the beginning of the reporting period		4,260

ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31st MARCH 2022

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 2022.

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 2021/22
Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<ul style="list-style-type: none">✓ 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 <u>Uttlesford Equality, Inclusion and Diversity Policy</u> 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.✓ 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.✓ Member Training in relation to Standards Committee was undertaken during 2021/22. Code of Conduct training will follow in 2022/23.✓ The Governance Review Working Group's recommendations were considered by Council in October 2021. The Group was disbanded and did not recommend a change in governance systems. Council also resolved for the Monitoring Officer to review the Scheme of Delegation and to report to GAP. The review is ongoing.✓ Declarations of Interest remain a standing item on all Committee, Cabinet and Full Council agendas.✓ The Council's approach to Counter Fraud was refreshed in 2021/22 to ensure it is in line with best practice, CIPFA's guidance on Managing the Risk of Fraud and Fighting Fraud and Corruption Locally. The 2022 Counter Fraud Strategy encompasses key principles such as acknowledging the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud

Good Governance Principle	Uttlesford Council Key Elements 2021/22
	<p>and corruption. Supplementing the Strategy is an action plan which sets out how Counter Fraud Strategy will be delivered over the next year to March 2023, and by whom. A key part of this governance and delivery will be the Council's Counter Fraud Working Group who will provide operational oversight of the Council's counter-fraud activities across all areas of the Council, including those specifically recognised as high-risk areas i.e. Revenues, Benefits, Internal Audit, HR, Cyber Security/Information Governance, Democratic Services, Finance, Procurement, Housing, Insurance and Risk.</p> <p>✓ The <u>annual review letter</u> from the Local Government Ombudsman and an annual summary of complaints and compliments relating to the Council's services, was presented to GAP Committee in September 2021. This information is also reviewed quarterly by the Council's Corporate Management Team, in order to share any lessons learnt.</p> <p>✓ 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 will be presented in June 2022.</p> <p>✓ <u>Ethical Investment Policy</u> was adopted by Full Council at its meeting in December 2021.</p>
<p>Principle B Ensuring openness and comprehensive stakeholder engagement</p>	<p>✓ The Council publishes information in line with Local Government Transparency Code 2015, including:</p> <ul style="list-style-type: none"> • <u>Business Rates Transparency Information</u> • <u>Councillor Allowances</u> • <u>Decision Records and Notices</u> • <u>Expenditure Data</u> <p>✓ The Council sets out its <u>Access to Information</u> policy on its website.</p> <p>✓ Comprehensive information relating to the <u>Council's Finance and Accounts</u>, including Statement of Accounts, Budget 2022/23, Fees and Charges 2022/23, Spend over £250, Council Investments etc. is available online.</p> <p>✓ The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 that gave provision for remote meetings were not renewed by Government and Council, Cabinet and Committee meetings have been required to be conducted in-person since May 2021. A Covid-19 meeting protocol was implemented to ensure compliance with statutory requirements of the decision-making process, as well as the Council's own risk assessment.</p> <p>✓ Council Cabinet and Committee meetings are open to the public, both in terms of limited in-person attendance in line with the Council's risk assessment and via Zoom, and guidance on attending and speaking at public meetings is available online. As speaking rules differ</p>

Good Governance Principle	Uttlesford Council Key Elements 2021/22
	<p>for a number of meetings, specific instructions are provided in the agenda papers for each public meeting.</p> <ul style="list-style-type: none"> ✓ 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 Decisions, Executive Decisions and Urgent Decisions are issued in advance/made available online as appropriate. ✓ In June 2022, the Council announced a new timetable for the Local Plan that envisages moving to the next milestone [launch of the Regulation 18 consultation] in November 2022 instead of May 2022, with completion of the whole process some nine months later than originally planned in April 2025 rather than July 2024. The main reason for this substantial change is the emergence of a potentially significant major site that may, once assessed, potentially be included in the site allocation element of the Local Plan. This new site did not come forward in the earlier 'call for sites' stage, but it is good practice for Councils even after that stage to continue in discussion with major local landowners, and to potentially include sites into consideration at a late stage if the landowners' intentions or appetites for development change. The decision to change the timetable this significantly reflects a balanced judgment between whether a potentially very different ultimate site allocation of houses to be built over a twenty year period but some nine months later than originally planned is worth the cost and risks associated with the additional time taken. This decision was taken following extensive officer assessment, and in discussion with members gained widespread cross-party support. ✓ The Council has throughout the latter part of the 2021/22 year been focusing extensively on making improvements to systems and processes in its development management function, both across officer and elected member level activity. This has led to a long and detailed implementation plan, which was drawn up (having drafted in additional expert capacity to support existing officers) following the external peer review carried out earlier by consultants brought in at the Council's request from the East of England Local Government Association [EELGA]. That EELGA review alongside internal management information showed a range of systemic problems with the authority's approach and the results it was generating. The analysis in the EELGA review, and the understanding amongst officers and members alike of both the specifics of the challenges and the right solutions to adopt were therefore already in place by the time that the Government decided to 'designate' Uttlesford, having considered certain specific and more narrow elements of performance that are essentially a subset of the existing focus provided by the EELGA review and which were already being actioned in the implementation plan that followed. The impact of the DLUHC decision to 'designate' Uttlesford in this way is

Good Governance Principle	Uttlesford Council Key Elements 2021/22
	<p>that individuals submitting major applications could from that date [February 2022] choose whether or not to submit their application to be considered by the authority in the usual way, or else instead submit it directly to the Planning Inspectorate. As of June 2022, only two major applications have been submitted directly to the Planning Inspectorate instead of to the authority. Financial provision was made by the authority in respect of potential lost income from this choice open to major developers to the tune of £500,000 a year for the coming two financial years, although the early indications are, because of the small proportion of applicants availing themselves of the opportunity, that this financial provision will be largely unneeded. 'Designation' by Government is not a punitive action, it is one intended to focus minds on improvement, and has in Uttlesford's case triggered additional priority support from the Planning Advisory Service [PAS]. This priority support from PAS is most welcome, and is complementing existing efforts through the implementation plan to the EELGA review, which as it covers the same ground, is also essentially serving as the action plan required in response to the 'designation'.</p>
<p>Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> ✓ The Council approved a <u>Climate Change Strategy and Action Plan</u> in 2021/22 to set a clear direction for tackling climate change and its key priorities. ✓ The <u>Health and Wellbeing strategy</u> is in place and partner agencies deliver projects under the priorities that have been identified. The <u>Uttlesford Health and Wellbeing Board</u> met during 2021/22 to discuss the projects that have been able to be delivered whilst keeping a watchful brief on any emerging health issues for the district. There is continued representation on the County Wide Health and Wellbeing Board and the Essex Health Protection Board officer's meetings. The strategy will be renewed in 2022/23. ✓ <u>Uttlesford Community Safety Partnership</u> 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. 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 the Council to have both a County and District wide view of emerging issues. ✓ The Council's Safeguarding policy will be updated in 2022 to reflect Government legislation. Online safeguarding training has been included in the induction process for all staff. An internal Safeguarding Group has been established to ensure a corporate approach to the Safeguarding agenda.

Good Governance Principle	Uttlesford Council Key Elements 2021/22
	<p>✓ The <u>Children's and Families Group</u> is linked to the Children's Partnership Board at County level. The TOR has been updated to include the facilitation of the Essex Child and Family Wellbeing Service 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.</p> <p>✓ The Council carries out <u>equality and health impact assessments</u> 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 October 2020, the GAP Committee approved on behalf of the Council, the conduct of a full Community Governance Review of all its parishes under the Local Government and Public Involvement and Health Act 2007. This Review commenced in June 2021 and involved public consultation stages in accordance with the review timetable, as set out in the initial report to the GAP Committee. There is a duty on the Council, as a "principal authority" under the relevant legislation to have regard to the need to secure that any community governance for the area under review reflects the identities and interests of the local community in that area, and that it is effective and convenient. These were the guiding principles of the review. This has led to several revisions including the re-naming of a parish, re-aligning of some parish boundaries and a reduction in the membership size of two parish councils. These proposals were endorsed by the GAP Committee in November 2021 and the Legal Order enacting the changes was made in February 2022. Changes took effect from 1 March 2022, except the changes in the membership of parishes, as this takes effect at the next scheduled elections in May 2023.</p>
<p>Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>✓ The Council's <u>Medium-Term Financial Strategy (MTFS)</u> sets out the predicted financial position for the next 5 years 2021 -2026; this was approved by Council in February 2021. The impact of Covid 19 reduced during 2021/22 and subsequently the impact on the Council's financial position. A review of the MTFS and the Council's Commercial Strategy was carried out in October 2021 to incorporate the updated guidance set out in the Prudential Code. The Code required Councils to incorporate a more robust risk-based approach to their borrowing for commercial assets, the key impacts of this were to increase our Minimum Revenue Provision (MRP) to 4% and hold a reserve to support any significant expenditure required to maintain the assets.</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 enabled officers to distribute the funds to support the local economy in line with the Government</p>

Good Governance Principle	Uttlesford Council Key Elements 2021/22
	<p>guidance; the committee timetable did not allow for these to be approved through the normal process.</p> <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 were 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 <u>Cabinet Working Groups</u> were set up by the Cabinet in 2021/22 to gather information and advise on various matters of importance in the district, including:</p> <ul style="list-style-type: none"> • Community Achievement Panel • Community Services Review Working Group • Energy and Climate Change Working Group • Housing Board • Investment Board • Museum Management Working Group • Local Plan Leadership Group • Stansted Airport Advisory Panel • Strategic Infrastructure Delivery Group <p>✓ The <u>Highways Panel</u> 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>✓ Stansted Airport Ltd [STAL] appeal over their major planning application:</p> <ul style="list-style-type: none"> • The Authority's application for Judicial Review was denied on 1st October 2021. Full Council agreed to the recommendations in a report from the Chief Executive on 6th October 2021 not to seek leave to appeal that decision, and to accept that this legal challenge was at an end. The authority has now settled its own costs of that High Court challenge, and as ordered, those of the two other interested parties, STAL and the Government. These costs were relatively modest, at under £100,000 • The Planning Inspectors found at the end of STAL's original appeal in favour of STAL and also ordered that the Council pays STALs reasonable costs thereof. Those costs have been the subject of exchanges and negotiation between the Council and STAL since the High Court challenge mentioned in 1 above was ended. On 15th June 2022, full Council agreed to recommendations in a report from the Chief Executive to offer STAL £1.4 million in settlement of their costs, and to pay £1

Good Governance Principle	Uttlesford Council Key Elements 2021/22
	<p>million on account. This matter is outstanding and the negotiations are ongoing.</p> <ul style="list-style-type: none"> • The Council has, through its Scrutiny function, commissioned an independent expert to review the Stansted Appeal, and the Council's handling of this matter generally, with a view to positively learning lessons to apply for the future. That independent expert report is almost complete, and will be considered by Members in July 2022, alongside an officer action plan to start implementing the learning that will emerge from this review. <p>✓ In June 2022, the Council announced a new timetable for the Local Plan that envisages moving to the next milestone [launch of the Regulation 18 consultation] in November 2022 instead of May 2022, with completion of the whole process some nine months later than originally planned in April 2025 rather than July 2024. The main reason for this substantial change is the emergence of a potentially significant major site that may, once assessed, potentially be included in the site allocation element of the Local Plan. This new site did not come forward in the earlier 'call for sites' stage, but it is good practice for Councils even after that stage to continue in discussion with major local landowners, and to potentially include sites into consideration at a late stage if the landowners' intentions or appetites for development change. The decision to change the timetable this significantly reflects a balanced judgment between whether a potentially very different ultimate site allocation of houses to be built over a twenty year period but some nine months later than originally planned is worth the cost and risks associated with the additional time taken. This decision was taken following extensive officer assessment, and in discussion with members gained widespread cross-party support.</p> <p>✓ The Council has throughout the latter part of the 2021/22 year been focusing extensively on making improvements to systems and processes in its development management function, both across officer and elected member level activity. This has been through a long and detailed implementation plan, which was drawn up (having drafted in additional expert capacity to support existing officers) following the external peer review carried out earlier by consultants brought in at the Council's request from the East of England Local Government Association [EELGA]. That EELGA review alongside internal management information showed a range of systemic problems with the authority's approach and the results it was generating. The analysis in the EELGA review, and the understanding amongst officers and members alike of both the specifics of the challenges and the right solutions to adopt were therefore already in place by the time that the Government decided to 'designate' Uttlesford, having considered certain specific and more narrow elements of performance that are essentially a sub-set of the existing focus provided by the EELGA review and which were already being actioned in the implementation</p>

Good Governance Principle	Uttlesford Council Key Elements 2021/22
	<p>plan that followed. The impact of the DLUHC decision to 'designate' Uttlesford in this way is that individuals submitting major applications could from that date [February 2022] choose whether or not to submit their application to be considered by the authority in the usual way, or else instead submit it directly to the Planning Inspectorate. As of June 2022, only two major applications have been submitted directly to the Planning Inspectorate instead of to the authority. Financial provision was made by the authority in respect of potential lost income from this choice open to major developers to the tune of £500,000 a year for the coming two financial years, although the early indications are, because of the small proportion of applicants availing themselves of the opportunity, that this financial provision will be largely unneeded. 'Designation' by Government is not a punitive action, it is one intended to focus minds on improvement, and has in Uttlesford's case triggered additional priority support from the Planning Advisory Service [PAS]. This priority support from PAS is most welcome, and is complementing existing efforts through the implementation plan to the EELGA review, which as it covers the same ground, is also essentially serving as the action plan required in response to the 'designation'.</p> <p>✓ <u>Corporate Plan Delivery Plan</u> - Cabinet approved the 2021/22 Delivery Plan at its March 2021 meeting, after consideration by the Scrutiny Committee. The delivery plan was caveated with the message that during the year it may become necessary to divert resources away to deal with pandemic-related issues. Quarterly update reports to Cabinet were reinstated for 2021/22 and in addition, the Scrutiny Committee conducted a mid-year review in October 2021.</p> <p>✓ <u>PIs / Covid PIs</u> – The Covid-19 indicators that were introduced in the 2020/21 year continued to be monitored and reported alongside the corporate basket throughout the height of the pandemic, with this process only ceasing in January 2022. The review of these indicators strengthened the authorities understanding of how the pandemic had affected service delivery, and more broadly, how services were performing given the restricted circumstances. 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 enabled the identification of potential factors that could have affected performance. The reporting and review of data was completed through both weekly corporate officer reviews and quarterly through the authority's Governance, Audit and Performance Committee. The Performance Team review all PIs on a quarterly basis to ensure their ongoing efficiency and effectiveness in presenting informative data relating to service delivery. On the whole, and despite the pandemic, performance indicator data has identified that services overall have performed well throughout the 2021/22 year despite the continued restricted circumstances and subsequent pressure on resources.</p>

Good Governance Principle	Uttlesford Council Key Elements 2021/22
	<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. The Hub continues to help local residents post-pandemic and is a central point for hosts and Ukrainian Refugees to access appropriate services. The Hub is represented at weekly meetings with Essex County Council and Government Agencies to ensure that Government legislation is adhered to.</p> <p>✓ <u>Uttlesford Economic Recovery Plan</u> 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 update on the <u>Uttlesford Leisure PFI contract</u> for the 2021/22 financial year was presented to GAP Committee in September 2021. This regular update provides a summary of the history, structure and governance of the contract, as well as an overview of the performance of leisure facilities provided through the contract. Particular regard has been paid to the phased re-opening of facilities during 2021/22 as the Covid-19 pandemic has understandably affected the Uttlesford Leisure Centres adversely. As the new year started usage begun to increase and future reviews will focus on the actions that need to be taken to return to pre-pandemic levels of participation and attrition.</p> <p>✓ In February 2021, 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 was presented to GAP in June 2021. The audit highlighted several findings, including two high priorities relating to the Council's Grant Policy and Terms and Conditions of Funding. Following the implementation of the new Policy and award of grants for 2022/23, Internal Audit will undertake a formal follow up to assess the effectiveness of the revised process to provide independent assurance over the improvement in the control framework.</p>
Principle E Developing the Council's capacity,	<p>✓ During 2021/22, a permanent Chief Executive and Director of Planning have been recruited. A review of the CMT structure has also</p>

Good Governance Principle	Uttlesford Council Key Elements 2021/22
<p>including the capability of its leadership and the individuals within it</p>	<p>been undertaken and a CMT team building event held. Monitoring Officer appointment was confirmed by Council in July 2021.</p> <ul style="list-style-type: none"> ✓ The Council has undertaken two staff surveys during the year which has given useful feedback to plan our future way of working, balancing this against service/customer needs. ✓ 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). The process is overseen and moderated by the Chief Executive and Directors. ✓ During 2021/22, the Council held listening events to look at any barriers that may exist for residents living in the district. The events will cover all protected characteristics, and this will help to inform the District Council as to how we could work better with our residents. A staff network group is being encouraged to help ensure that Equality, Diversity and Inclusion is embedded throughout the organisation and that all staff have a voice. An online training induction training programme for all staff and Councillors has been implemented. ✓ The Council participates in a number of partnerships including the <u>Local Strategic Partnership</u>, The <u>Community Safety Partnership</u>, The Health and Wellbeing Board, The West Essex Children's Partnership Board, The Essex Children and Adult Safeguarding Boards, One Health Care Partnership etc. ✓ Blueprint Uttlesford was launched in February 2022 and is UDC's change programme focusing on the next five years and beyond. It is the mechanism to deliver the Council's bold and wide-ranging ambitions for improving outcomes for residents and delivering the best services possible as set out in the authority's annually reviewed 5 Year Corporate Plan, and to do so sustainably within available resources, as set out in the council's annually reviewed 5-year Medium Term Financial Strategy and annually set Budget. It sits alongside broader multi-agency strategies and partnerships in which the council is a participant, contributing to their delivery, reflecting their priorities and shaping their strategic direction. This includes Uttlesford's Local Strategic Partnership, Health and Wellbeing Board, Community Safety Partnership, as well as larger-area initiatives such as the London-Cambridge Innovation Corridor, the West Essex and Herts One Health and Care Partnership, and the North Essex Economic Partnership.

Good Governance Principle	Uttlesford Council Key Elements 2021/22
<p>Principle F</p> <p>Managing risks and performance through robust internal control and strong financial management</p>	<ul style="list-style-type: none"> ✓ In alignment with UDC's <u>Risk Management Policy</u>, the 2021/22 <u>Corporate Risk Register</u> was reviewed regularly by the corporate management team with particular regard being paid to those risks whereby the potential likelihood of them occurring or the impact of the pandemic could adversely affect service provision. During the 2021/22 year, new risks were introduced to manage the impact of Brexit as well as a risk relating to contract management to support the authority's governance of third-party service provision. The Corporate Risk Register is reviewed by the Governance, Audit & Performance Committee every six months. ✓ 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 took part in the mandatory 2020/21 Cabinet Office data matching NFI Exercise to prevent and detect fraud. In addition, to assess and identify the level of fraud and error in Covid 19 Grant schemes, the Council have also utilised Spotlight & NFI tools in line with Government guidance. Following the Pre and Post Payment Assurance sample (PPAS) process that the Council submitted to BEIS on the Cohort 1 Covid-19 Business Support Grant Schemes (Small Business Grant Fund, Retail Hospitality and Leisure Grant Fund, and Local Authority Discretionary Grant Fund), BEIS confirmed in March 2022 that the evidence provided had been verified and no substantive issues were identified over the eligibility of the businesses selected. PPAS will continue during 2022 for the remaining Grant schemes. ✓ 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. ✓ The Assistant Director of Resources makes regular reports to Cabinet of the financial position, this includes budget setting and monitoring medium term forecasts, the final outturn annual report and the statement of accounts, plus any other financial matters that impact the Council. CMT also review all reports quarterly. ✓ Cyber Security – the council predominantly continued to work from home through 2021/22 and managed and maintained the same level of IT access and system security for staff. Going forward, a more hybrid way of working will be developed with hot-desking being made available over our 3 sites, this will become available over the first quarter of 2022/23. With this, additional security measures will be introduced and current measures expanded to ensure the protection of Council property and data by UDC IT in line with the guidance from the National Cyber Security Centre. A number of projects have already

Good Governance Principle	Uttlesford Council Key Elements 2021/22
	<p>been undertaken to assist with the heightened threat of the cyber landscape and to maintain the high levels of cyber security.</p> <ul style="list-style-type: none"> ✓ The Information Governance Annual Report 2021/22 is in development and due to be presented to CMT and GAP in June 2022. ✓ The <u>Investment Board</u> has 11 Councillors plus 2 independent members, of which 1 was vacant for most of the year, with advertising of the vacancy scheduled for 2022/23. The Board met 3 times in 2021/22. No new acquisitions were recommended with only Chesterford Research Park and Little Canfield Business Park being the subject of funding requests. The Board received quarterly valuation reports throughout the year. ✓ The impact of Covid 19 reduced during 2021/22 and subsequently the impact to the Council's financial position. A review of the MTFS and the Council's Commercial Strategy was carried out in October 2021 to incorporate the updated guidance set out in the Prudential Code. The Code required Councils to incorporate a more robust risk-based approach to their borrowing for commercial assets, the key impacts of this was to increase our Minimum Revenue Provision (MRP) to 4% and hold a reserve to support any significant expenditure required to maintain the assets. ✓ <u>Contract Procedure Rules</u> (CPR) were updated at the beginning of the 2021/22 financial year. The CPR's have all references to the EU removed and replaced with PCR 2015 terminology, these were approved by Council in July 2021.
<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 <u>website</u>. ✓ 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 July and October 2021 respectively. ✓ 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 September 2021 GAP 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. The Information Governance Annual Report 2021/22 will be presented to GAP in June 2022.

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** ensures that senior managers and members are fully briefed on key issues, which includes regular reporting to the GAP Committee.
 - 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 4.9 below, which details areas for improvement during 2022/23.

4.4. Effectiveness of Other Organisations

Uttlesford Norse Services Ltd (UNSL) 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.

During 2021/22, Internal Audit undertook a review which focussed on UDC's internal governance arrangements with UNSL. The review identified several significant findings, including a critical risk regarding health and safety, and high priority findings relating to the Council's oversight of UNSL safeguarding arrangements, the need to define and clarify roles and responsibilities, and the need for improvement in key communication between the Council and with UNSL. A Treatment Response Plan was developed by UDC to address these issues. In March 2022, the Chief Executive reported to GAP that following management investigation into the handling of health and safety aspects, improvements have been delivered in the reporting and monitoring of health and safety requirements. Internal Audit undertook an initial follow up assessment of the implementation of the original recommendations in May 2022, and discussions have highlighted that the majority are work in progress and therefore it is not yet possible for Internal Audit to provide independent assurance that the control environment has significantly improved. A final follow up assessment will be undertaken in August

2022 and reported to GAP in September 2022. More detail is provided in the Internal Audit Annual Report 2021/22.

Uttlesford Leisure PFI - on behalf of UDC, 1Life Management Solutions Limited operate three leisure centres under the Uttlesford Leisure PFI Contract: Lord Butler Leisure Centre; Great Dunmow Leisure Centre and Mountfitchet Romeera Leisure Centre. The authority finances the PFI agreement through a Unitary Charge which is paid to the Project Company (Linteum Uttlesford Limited) in monthly instalments throughout the duration of the contract. An annual update on the contract for 2021/22 was presented to GAP Committee in September 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 2022/23 year and the remaining concession years.

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. A 2021/22 Internal Audit identified that the governance arrangements covering UDC's arrangement with NEPP are transparent, accountable and decisions taken are published on the public domain. NEPP arrangements are due for renewal in 2022.

4.5. Internal Audit Opinion

The annual opinion categories range from No Assurance, Limited Assurance, Moderate Assurance to Substantial Assurance.

The work undertaken during 2021/22 has enabled the Audit Manager to form a reasonable conclusion on the Council's control framework, risk and governance arrangements. For the year-ended 31st March 2022, the opinion is that the adequacy and effectiveness of the Council's arrangements is **Limited Assurance** – a number of control weaknesses, including one critical and several high priority, have been identified in individual assignments during 2021/22, which may put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage.

Internal Audit reached this conclusion because the medium and high risk rated weaknesses identified in individual assignments are considered to be significant in aggregate to the system of internal control, but discrete parts of the system of internal control remain unaffected. The critical rated weakness identified is also not considered to be pervasive to the system of internal control. Further detail can be found in the Internal Audit Annual Report.

4.6. External Audit

BDO were provided with 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 by a third party and once that has concluded an Uttlesford District Council investigation will be undertaken. This will be outsourced to a firm of lawyers with experience in this type of allegation. Until the whole process has concluded, the Council understands that BDO will be 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 have impacted on the 2020/21 audit sign-off as BDO cannot complete 2020/21 until the 2019/20 issue has been resolved and the auditor's opinion for that year concluded and reported to the Council. It is likely that there will also be a corresponding delay in the sign-off of the 2021/22 Statement of Accounts.

On 30 November 2020 the Section 151 Officer presented a report to Members setting out the revised draft accounts following the external audit. His comments were: "This report is written by the Director of Finance and Corporate Services who is the designated Section 151 Officer. Whilst the report has been shared with BDO they have had no input into it and the report must therefore be read in that context. Whilst no material issues, in respect of the financial element of the 2019/20 audit have been identified, the external auditors (BDO) have been unable to sign off the accounts due to concerns around an internal investigation and the impact that may have on the Annual Governance Statement, which forms part of the accounts pack. In summary, there have been two financial errors identified, totalling £125,000 which have been corrected in the revised draft (by comparison, in 2018/19 there were two errors, totalling £2.148m). In addition, there have been twelve narrative and formatting changes plus rounding and casting corrections to ensure consistency throughout the document. It is evident from the above that, in the view of the Section 151 Officer, the 2019/20 financial audit has achieved a better outcome than the 2018/19 one. The 2018/19 audit achieved an 'unmodified audit opinion', which is a new audit term for unqualified." Whilst the outstanding issue does not relate directly to the Council's finances, it does mean that the Council's last audited and approved financial balances were 2018/19. Consequently, the intervening years annual opening balances are unaudited estimates and therefore subject to change upon final external inspection.

4.7. Other Inspectorates

The Council has throughout the latter part of the 2021/22 year been focusing extensively on making improvements to systems and processes in its development management function, both across officer and elected member level activity. This has led to a long and detailed implementation plan, which was drawn up (having drafted in additional expert capacity to support existing officers) following the external peer review carried out earlier by consultants brought in at the Council's request from the East of England Local Government Association [EELGA]. That EELGA review alongside internal management information showed a range of systemic problems with the authority's approach and the results it was generating. The analysis in the EELGA review, and the understanding amongst officers and members alike of both the specifics of the challenges and the right

solutions to adopt were therefore already in place by the time that the Government decided to 'designate' Uttlesford, having considered certain specific and more narrow elements of performance that are essentially a sub-set of the existing focus provided by the EELGA review and which were already being actioned in the implementation plan that followed. The impact of the DLUHC decision to 'designate' Uttlesford in this way is that individuals submitting major applications could from that date [February 2022] choose whether or not to submit their application to be considered by the authority in the usual way, or else instead submit it directly to the Planning Inspectorate. As of June 2022, only two major applications have been submitted directly to the Planning Inspectorate instead of to the authority. Financial provision was made by the authority in respect of potential lost income from this choice open to major developers to the tune of £500,000 a year for the coming two financial years, although the early indications are, because of the small proportion of applicants availing themselves of the opportunity, that this financial provision will be largely unneeded. 'Designation' by Government is not a punitive action, it is one intended to focus minds on improvement, and has in Uttlesford's case triggered additional priority support from the Planning Advisory Service [PAS]. This priority support from PAS is most welcome, and is complementing existing efforts through the implementation plan to the EELGA review, which as it covers the same ground, is also essentially serving as the action plan required in response to the 'designation'.

4.8. Review of Actions from 2020/21 Annual Governance Statement:

2020/21 AGS	Action taken in 2020/21 to address the issue
To ensure that the Council aligns effectively and efficiently with the Fighting Fraud and Corruption Locally Framework 2020.	The Council's approach to Counter Fraud was refreshed in 2021/22 to ensure it is in line with best practice, CIPFA's guidance on Managing the Risk of Fraud and Fighting Fraud and Corruption Locally. The 2022 Counter Fraud Strategy encompasses key principles such as acknowledging the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud and corruption. Supplementing the Strategy is an action plan which sets out how Counter Fraud Strategy will be delivered over the next year to March 2023, and by whom. A key part of this governance and delivery will be the Council's Counter Fraud Working Group who will provide operational oversight of the Council's counter-fraud activities across all areas of the Council.
Implementation of recommendations from the Governance Review Working Group.	The Governance Review Working Group's recommendations were considered by Council in October 2021. The Group was disbanded and did not recommend a change in governance systems.

2020/21 AGS	Action taken in 2020/21 to address the issue
	Council also resolved for the Monitoring Officer to review the Scheme of Delegation and to report to GAP. The review is ongoing.
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.	A formal self-assessment was not completed due to resourcing constraints, however, the MTFS was reviewed against the updated Prudential Code and 2022/23 MTFS prepared in line with these changes.
Governance Arrangements relating to the Uttlesford Moving Forward Programme	Superseded by change of Chief Executive and move to Blueprint Uttlesford Programme.
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.	Member Training in relation to Standards Committee was undertaken during 2021/22. Code of Conduct training will follow in 2022/23


4.9. Areas for improvement or monitoring during 2022/23

Area	Action to be taken in 2022/23	Responsible Officer
UNSL (Uttlesford Norse)	To monitor improvements in UDC's internal governance arrangements with UNSL.	CMT
Control Environment	Ensure implementation of control improvements identified by independent assurance providers (such as Internal Audit and other inspectors) promptly and in full, to ensure that weaknesses do not persist.	CMT
Review of Corporate Risk Management	To undertake an independent assessment of the Council's approach to Corporate Risk Management, to identify any organisational improvement opportunities to ensure that the Council's risk management approach is proportionate and robust.	Audit Manager/CMT
Counter Fraud Strategy Action Plan	Monitor progress of delivery of actions in the Counter Fraud Strategy Action Plan to ensure that the Council's Counter Fraud Strategy is delivered.	Audit 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.	S151 Officer

5. Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year. We did not find any matters that needed addressing during our review other than those that were previously identified and have been progressed.

Signed 
Petrina Lees - Leader of the Council

Signed 
Peter Holt - Chief Executive

Date: 13 December 2024