



Uttlesford District Council

Chief Executive: John Mitchell

Performance and Audit

Date: Thursday, 25 September 2014
Time: 19:30
Venue: Committee Room
Address: Council Offices, London Road, Saffron Walden, CB11 4ER

Members: Councillors K Artus, A Dean, K Eden, M Felton, S Howell (Chairman), D Jones, A Ketteridge, E Oliver, J Parry, D Sadler.

AGENDA PART 1

Open to Public and Press

- 1 Apologies for absence and declarations of interest.**
To receive apologies for absence and any declarations of interest.
- 2 Minutes of meeting held on 22 July 2014** 5 - 12
To receive the minutes of the meeting held on 22 July 2014.
- 3 Matters arising.**
To consider matters arising from the Minutes.
- 4 Audit Results for the year ended 31 March 2014** 13 - 28
- 5 2013/14 Statement of Accounts** 29 - 174
- 6 Internal Audit Progress Report** 175 - 182
- 7 Quarter 1 Performance** 183 - 194
- 8 Quarter 1 Corporate Risk Register** 195 - 202

9 Chairman's urgent items.

To receive any other items which the Chairman considers urgent.

MEETINGS AND THE PUBLIC

Members of the public are welcome to attend any of the Council's Cabinet or Committee meetings and listen to the debate. All agendas, reports and minutes can be viewed on the Council's website www.uttlesford.gov.uk. For background papers in relation to this meeting please contact committee@uttlesford.gov.uk or phone 01799 510430/433

Members of the public and representatives of parish and town councils are permitted to speak or ask questions at any of these meetings. You will need to register with the Democratic Services Officer by midday two working days before the meeting.

The agenda is split into two parts. Most of the business is dealt with in Part 1 which is open to the public. Part II includes items which may be discussed in the absence of the press or public, as they deal with information which is personal or sensitive for some other reason. You will be asked to leave the meeting before Part II items are discussed.

Agenda and Minutes are available in alternative formats and/or languages. For more information please call 01799 510510.

Facilities for people with disabilities

The Council Offices has facilities for wheelchair users, including lifts and toilets. The Council Chamber has an induction loop so that those who have hearing difficulties can hear the debate.

If you are deaf or have impaired hearing and would like a signer available at a meeting, please contact committee@uttlesford.gov.uk or phone 01799 510430/433 as soon as possible prior to the meeting.

Fire/emergency evacuation procedure

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest designated fire exit. You will be directed to the nearest exit by a designated officer. It is vital you follow their instructions.

For information about this meeting

Democratic Services Officer – Rebecca Dobson
Telephone: 01799 510433 Email: Committee@uttlesford.gov.uk

General Enquiries

Council Offices, London Road, Saffron Walden, CB11 4ER
Telephone: 01799 510510
Fax: 01799 510550
Email: uconnect@uttlesford.gov.uk
Website: www.uttlesford.gov.uk

**PERFORMANCE AND AUDIT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 22 JULY 2014**

Present: Councillor S Howell – Chairman.
Councillors K Eden, M Felton, A Ketteridge, E Oliver and J Parry.

Officers in attendance: J Mitchell (Chief Executive), R Auty (Assistant Director Corporate Services), S Bronson (Internal Audit Manager), C Canbolat R Dobson (Principal Democratic Services Officer), A Knight (Acting Assistant Director – Finance), and A Webb (Director of Corporate Services).

Also present from EY – Isobelle Thomas (External Auditor).

PA13 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors K Artus, D Jones and A Dean.

PA14 MINUTES

The minutes of the meeting held on 15 May 2014 were signed by the Chairman as a correct record.

PA15 BUSINESS ARISING

i) Minute PA5 – Annual Audit and Certification Fees

The Chairman asked for an update on the qualification letter. The Director of Corporate Services said a response from the DWP was still awaited.

ii) Minute PA8 – Performance and Audit Self Assessment 2013/14

The Assistant Director Corporate Services said he was arranging the training programme for the Committee. It was agreed to schedule training for 7pm on 16 October.

iii) Minute PA12 – Urgent Business

Councillor A Ketteridge referred to the recent Council meeting. He said he wished to distance himself from Councillor D Watson's remarks about the responsibilities of the section 151 officer. He asked that the committee

also distance itself from these comments. Whilst the committee had a duty to the public purse, such comments were wrong.

Councillor Oliver said Mr Webb had been the section 151 officer before Mr Joyce joined the Council, and had played a role in resolving the difficult circumstances the Council faced at that time.

The Chairman agreed that the comments were unwarranted. He had total confidence in Mr Webb as section 151 officer.

Members expressed support for Councillor A Ketteridge's request.

PA16 **EY AUDIT COMMITTEE BRIEFING**

The Committee considered a briefing report from EY.

Councillor Eden asked what difference a significant change in interest rates would make.

The Specialist Accountant (Collection Fund and Treasury) said that of the Council's £88m borrowing for housing, £10m was on a variable rate, so a rise in interest rates would have a direct bearing on the Council's borrowing.

The Director of Corporate Services said he would circulate to members the initial modelling for this borrowing as this had addressed the implications of interest rate rises.

The Chairman asked a question about the role of fraud investigators for the local authority.

The Director of Corporate Services said that previously the Council had one officer employed in reporting on benefit fraud, who had been based within the enforcement team. Following his retirement in June that post would move to the Revenues and Benefit team.

The Committee noted the report.

PA17 **DRAFT ANNUAL GOVERNANCE STATEMENT**

The Audit Manager presented a report seeking the Committee's approval of the annual governance statement published to complement the Council's financial accounts for 2013/14.

The Chairman said the Committee played a stringent role in governance. He asked about the level of complaints against councillors.

Councillor Eden, as a member of the Standards Committee, said these figures included complaints against parish or town councillors and that this level was not a matter of concern.

The Committee noted the significant challenge in undertaking the internal auditing of the North Essex Parking Partnership. Significant control and governance issues had been identified, as responsibility for the internal audit had been outsourced to Deloitte by the lead authority for the Partnership, Colchester Borough Council, and access to internal audit work and reports to the other partners in the NEPP was restricted. Officers were working with partner internal audit teams to enter into protocols and access to the NEPP computer systems had now been given to the council's Internal Audit section.

Councillor Eden said there were issues with parking in Saffron Walden regarding parking ticket machines which were out of order, and parking officers issuing penalty tickets whilst people were trying to obtain tickets. He was concerned that sufficient local control be retained and that commercial aspects should be monitored.

The Chairman suggested that local parking issues were submitted to the Chairman of the Scrutiny Committee. He said the Performance and Audit Committee was keen to ensure the financial robustness of the NEPP.

The Director of Corporate Services said he had received an email from Saffron Walden Town Council about one of the matters Councillor Eden had raised, which he would discuss further.

The Committee noted the report.

PA18

2013/14 DRAFT STATEMENT OF ACCOUNTS

The Director of Corporate Services presented the draft statement of accounts for 2013/14. He said he wished first to thank members for their earlier comments.

On behalf of the whole team responsible for the preparation of the Draft Statement of Accounts the Director of Corporate Services said he wished to make a short statement. He said he had in 2007 been appointed section 151 officer with Angela Knight, now the Acting Assistant Director – Finance, as his deputy. They had inherited a qualified audit opinion. Ms Knight had at that time prepared the accounts almost single handed, and the accounts now before the Committee were the work of Ms Knight and her team. He thanked members for their support.

The Director of Corporate Services said the accounts published on 30 June 2014 had been sent to the auditors, and comments were awaited. The audited accounts would come to the Committee at its September meeting. The report summarised the current position.

Regarding the General Fund, there was a net favourable variance of £476,000. There were three adverse variances exceeding £100,000, details of which were set out in the report. There were five favourable variances above £100,000. A reserve of £2.5m would be held in a ringfenced reserve to be used only for business rate appeals.

Regarding the Housing Revenue Account, there was a net favourable variance of £318,000 which had been allocated to the sheltered housing reserve to fund future improvements. There was one significant adverse variance within the operating surplus of £81,000 relating to Supporting People funding, which had been written off. There were two favourable variances about £50,000 relating to rent collection and a reduction in bad debt provision.

Regarding the Capital Programme, the budget was within £2,000 on a programme of £8 million. The section 106 balance was £4.138 million, and an omission from the figures submitted to Cabinet had now been corrected, to include section 106 money regarding Sampford Road.

The Landsbanki issue had finally been resolved and would not recur.

The Director of Corporate Services said the Council had received an email last week from the Pension Fund, post-audit, stating that its figures were wrong. The error was in the Council's favour, although there was an unwelcome impact on officer time in having to change the figures. The Pension Fund would send out the re-issued figure in the week commencing 28 July.

The Chairman said any good news was welcome.

Councillor Eden asked how liabilities could have decreased.

The Acting Assistant Director – Finance said the Pension Fund had changed the way the information was presented, as it did not show separate assets and liabilities, so did not show interest net. Officers would re-present the report to members so that it was easy to compare.

Members commended the way estimated liabilities and assets were set out regarding the Pension scheme, showing the total pension cost recognised in the Movement in Reserves Statement. It was noted that whilst liabilities had decreased slightly, liabilities were significant, and that even the trustees had very limited power.

Councillor Eden asked questions regarding the balance sheet. He questioned how members were to judge the balance sheet considering the Council had net assets and asked what level of net assets was correct for a district council of this size. He asked why the Council did not leverage its assets: if the Council could borrow £88m for housing, why could it not borrow more?

The Director of Corporate Services said the Council could not use General Fund money to build Housing Revenue Account assets.

Councillor Eden asked what borrowing on the General Fund could be used for.

The Acting Assistant Director – Finance said the Council currently borrowed internally across its services, in order to buy short term assets. This was a modest level of internal borrowing. She would be cautious of committing to internal borrowing over a longer period, for example of over five years.

Councillor Eden said this policy therefore reflected caution about the future through the maintenance of substantial reserves on the balance sheet. The Director of Corporate Services said there could be serious pressure on the Medium Term Financial Strategy from government in future years.

The Chairman said it was quite right to have a prudent approach to Council finances, and this was a prudent balance sheet.

The Chairman said he was keen to understand whether the amounts the Council had in its reserves were at an appropriate level. He referred to the waste management and planning development reserves.

The Director of Corporate Services said reserves were maintained for change management and budget equalisation.

Councillor Oliver asked what the change management reserve was intended to be spent on.

The Director of Corporate Services said the change management reserve was used to pay redundancies.

The Chairman said it was sensible to maintain these reserves at this time, and he was satisfied that the right amounts were held in reserve for the right issues.

The Committee considered the reserves in the light of forthcoming large planning appeals, and in particular whether £935,000 was a sufficient sum for the appeals reserve.

Councillor Eden said that this figure was appropriate as the Council's local plan was not yet in place.

The Director of Corporate Services said the reserves figures were similar to those the Council had maintained 10 years ago. He said if any large planning appeals were lost, the cost to the Council could be £100,000 - £150,000. Members referred to the notes on the scale of liabilities on planning appeals set out at paragraph 15.2 of the draft Statement of Accounts.

The Committee noted the waste management reserve had increased quite substantially. Market prices for waste had dropped dramatically. Officers were currently pursuing an issue over the contract, but if the income disappeared it would be necessary to find efficiencies. The reserve of £300,000 would help soften the blow for one year.

Members considered the parking partnership figures and accompanying notes.

The Chairman asked as a general point that members be informed of the number of the Council's employees. He asked for a small alteration to the introduction to refer to the rural, rather than "ruralised" nature of the district. In all other respects he was satisfied that the draft Statement of Accounts should be approved for the final meeting.

The Chairman thanked officers.

RESOLVED to approve the draft Statement of Accounts.

PA19 **COMMITTEE REPORTS TIMETABLE 2014/15**

The committee reports timetable was approved.

PA20 **INTERNAL AUDIT ANNUAL REPORT AND OPINION 2013/14**

The Committee considered a report on the internal audit work carried out in 2013/14. The report gave an overall opinion on the Council's control environment for 2013/14, and showed the state of compliance with the Public Sector Internal Audit Standards which came into effect on 1 April 2013.

The Internal Audit Manager drew members' attention to the conclusion of the report that the internal audit opinion on the control environment for 2013/14 was that risks material to the achievement of the objectives for the audited areas identified by Internal Audit were, on balance, substantially managed and controlled.

The Committee welcomed this conclusion, and members asked questions about the interpretation they should give to the scores of "adequate, limited, substantial and little assurance".

The Internal Audit Manager said there were no scores of little assurance, and that the next item on the agenda gave a breakdown of these scores.

Members considered the audit opinion scores for certain areas which had scored a substantial risk opinion. The Chairman referred to house sales and the housing rent deposit scheme. The Internal Audit Manager said scores had been affected in both these cases by a need to change parameters. Regarding Right To Buy, valuation costs had not been updated so some properties had been undervalued, by approximately £8,000.

Councillor Felton asked how properties were valued.

The Internal Audit Manager said valuation was undertaken by local agents, and also depended on how long the tenants had lived there, as this fact informed the calculation of the discount to be applied. The issue had been picked up by internal audit officers and the change was implemented straightaway.

Regarding the rent deposit scheme, the Council had now withdrawn from the scheme, as had other local authorities, because of the way the scheme was being operated.

Members asked questions about the arrangement for sharing internal audit with Epping Forest District Council. Officers advised this arrangement was continuing, and that the two councils shared an employee who did fraud investigation at Epping and audit work at this council.

The Committee noted the Internal Audit coverage, the Internal Audit opinion and compliance with the Public Sector Internal Audit Standards.

PA21 INTERNAL AUDIT STRATEGY 2014-15

The Committee considered a report on the Internal Audit Strategy for 2014/15.

RESOLVED to approve the revised Internal Audit Strategy 2014/15.

PA22 INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report on details of work undertaken by Internal Audit from 3 May to 11 July 2014.

The Internal Audit Manager drew members' attention to five risk level 4 and 3 recommendations which had been implemented, and to four recommendations which had not been implemented in accordance with agreed due dates. Of the latter, two had been granted an extended date for implementation, and two had been completed since the report was issued.

The Committee noted the report.

The meeting ended at 8.30pm.

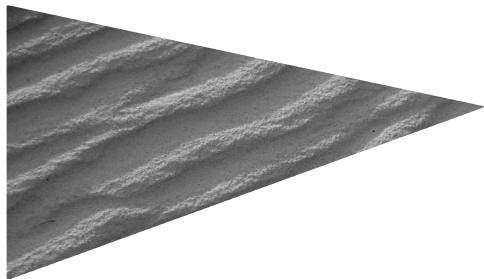
Uttlesford District Council

Audit Committee Summary

For the year ended 31 March 2014

Audit Results Report – ISA (UK & Ireland) 260

25 September 2014



Building a better
working world

Debbie Hanson, Director
dhanson@uk.ey.com

Jo Wardle, Manager
jwardle@uk.ey.com

Contents

- ▶ Executive summary
- ▶ Extent and progress of our work
- ▶ Addressing audit risk
- ▶ Financial statements audit – issues and findings
- ▶ Arrangements to secure economy, efficiency and effectiveness
- ▶ Independence and audit fees

Executive summary

Key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2013/14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

- ▶ As of 18 September 2014, we expect to issue an unqualified opinion on the financial statements. Our audit demonstrates, that although the Council has prepared its financial statements well there are a number of amendments needed to address the requirements of the Code. There were two material issues;
 - The correction of previous year entries in the Revaluation Reserve (RR) and the Capital Adjustment Account (CAA). This resulted in a prior year amendment which restated the 2012/13 figures and 2013/14 opening balances for these reserves. The adjustment is within unusable reserves and has no impact on the bottom line of the balance sheet or the Council's financial standing. Further in year adjustments between these reserves were also made.
 - The underestimation of the provision for NDR appeals. The original estimate did not include provision for appeals not yet received. This adjustment has resulted in an increase in the provision from £6,810k (Uttlesford share £2,724k) to £11,525k (Uttlesford share £4,610k).

Value for money

- ▶ We have concluded that you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources.

Whole of Government Accounts

- ▶ We expect to issue an unqualified confirmation to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

Audit certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

Extent and purpose of our work

The Council's responsibilities

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

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

Purpose of our work

Our audit was designed to:

- Express an opinion on the 2013/14 financial statements
- Report on any exception on the governance statement or other information included in the foreword
- Consider and report any matters that prevent us being satisfied that the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the Value for Money conclusion)

In addition, this report contains our findings related to the areas of audit emphasis, our views on the Council's accounting policies and judgments and significant deficiencies in internal control.

As a component auditor, we also follow the group instructions and send to the National Audit Office our group assurance certificate, audit results report and auditor's report on the consolidation schedule.

This report is intended solely for the information and use of the Council. It is not intended to be and should not be used by anyone other than the specified party.

Addressing audit risks

Significant audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p>1. There have been significant changes in the arrangements for business rate arrangements from April 2013. The detailed accounting arrangements for the new arrangement are not yet clear and this therefore presents a risk in terms of the financial statements.</p> <p>One of the main changes is that individual councils now need to provide for rating appeals. This includes not only claims from 1 April 2013 but claims that relate to earlier periods. As appeals are made to the Valuation Office, Councils may not be aware of the level of claims. Councils may also find it difficult to obtain sufficient information to establish a reliable estimate.</p>	<ul style="list-style-type: none"> We reviewed the detailed accounting for business rates to ensure the Council's accounts are materially accurate and compliant with the CIPFA Code of practice; and We reviewed the Councils provision for business rate appeals to ensure it was calculated on a reasonable basis in line with IAS37. We ensured the provision was supported by appropriate evidence and that the level of estimation uncertainty was adequately disclosed in the accounts. 	<ul style="list-style-type: none"> We can confirm that the accounting treatment adopted by the Council for business rates was appropriate and in compliance with the CIPFA Code of Practice. However, our audit work identified a number of issues with the estimation of the NDR appeals provision. We found; a number of appeals that had been settled after the draft accounts were produced at a lower RV than originally provided for and a number of high risk property categories that had not been provided for. In addition no provision had been made for appeals not yet received. These issues were discussed with the Council and it's consultants. Revised figures were produced which increased the provision from £6,810k (UDC share £2,724k) to £11,525k (UDC share £4,610k). On the basis of the work we have completed we are satisfied that the amended business rates appeals provision has been calculated on a reasonable basis in line with the requirements of IAS 37 and is materially accurate
<p>2. As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p> <p>For district council's the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override.</p>	<ul style="list-style-type: none"> We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; We reviewed accounting estimates for evidence of management bias; We evaluated the business rationale for any significant unusual transactions; and We reviewed capital expenditure on property, plant and equipment to ensure it met the relevant accounting requirements to be capitalised. 	<ul style="list-style-type: none"> We did not identify any material instances of fraud or error.

Financial statements audit

Issues and misstatements arising from the audit

Progress of our audit

- ▶ The following areas of our work programme remain in progress at the date of drafting this report (18 September). We will provide an update of progress at the Performance and Audit Committee meeting:
 - ▶ Whole of government accounts
 - ▶ Receipt of a Letter of Representation
 - ▶ Director final review of audit work and financial statements
- ▶ Subject to the satisfactory resolution of the above items, we propose to issue an unqualified audit report on the financial statements.

Uncorrected misstatements

- ▶ Our audit identified a small number of errors which management have chosen not to adjust. Further details are provided in Appendix 1

Corrected misstatements

Management have corrected a number of disclosure errors within the notes to the accounts. None of these adjustments have impacted on the Councils reported financial performance. Further details of these amendments are provided in Appendix 2.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Council's financial reporting process including the following:

- ▶ Qualitative aspects of your accounting practices; estimates and disclosures;
- ▶ Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions; and,
- ▶ Any significant difficulties encountered during the audit; and
- ▶ Other audit matters of governance interest,

We have no additional matters we wish to report.

Financial statements audit (continued)

Internal Control, Written Representations & Whole of Government Accounts

Internal Control

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have performed a substantive audit approach this year, and have therefore not tested the controls of the Council. We are not expressing an opinion on the overall effectiveness of internal control.

We have reviewed the Annual Governance Statement and can confirm that:

- ▶ It complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- ▶ It is consistent with other information that we are aware of from our audit of the financial statements.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Request for written representations

We have requested a management representation letter to gain management's confirmation in relation to a number of matters, for which we do not currently have sufficient audit evidence. There were no additional specific representations required other than the standard representations.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

We are currently concluding our work in this area and will report any matters that arise to the Performance and Audit Committee.

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that Colchester Borough Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Council's corporate performance management and financial management arrangements, we have regard to the following criteria and focus specified by the Audit Commission.

Criteria 1 - Arrangements for securing financial resilience

- ▶ *“Whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future”*
- ▶ We did not identify any significant risks in relation to this criteria.
- ▶ We have completed our work and plan to issue an unqualified value for money conclusion in relation to the Council's financial resilience. We do have some issues to report to those charged with Governance, as set out on the next page of this report.

Criteria 2 - Arrangements for securing economy, efficiency and effectiveness

- ▶ *“Whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.”*
- ▶ We did not identify any significant risks in relation to this criteria.
- ▶ We have no issues to report in relation to this criteria

Arrangements to secure economy, efficiency and effectiveness (continued)

Financial resilience

Along with many other Council's, Uttlesford is facing significant financial challenges over the next four years.

The Council's external funding sources are reducing and are subject to change and uncertainty in future years. Some of the main areas of uncertainty relate to:

- ▶ Future levels of business rates income
- ▶ Future funding through the New Homes Bonus
- ▶ Level of Government funding through the Revenue Support Grant (RSG) and Baseline Funding (business rates)

The Council is clearly aware of the challenges it faces and is developing plans to identify and deliver further savings.

The Council has a strong track record of delivering savings and meeting it's budget, with a reported General Fund underspend of £0.47 million in 2013-14. Good progress has already been made on identifying savings to bridge the budget gaps in future years.

Although the Council is currently in a sound financial position, Members need to be aware of the future financial pressures the Council is facing. In particular, they need to consider carefully the impact of any decisions regarding council tax levels or use reserves to support the Council's finances, on the ongoing sustainability of the Council's financial position and its ability to maintain service levels in future years.

The Council's financial forecasts that have been reported to Members make clear the challenge being faced. Some of the key issues reported include:

- ▶ The Council has identified annual budget gaps of around £0.4 million to £0.6 million over the next 4 years (to 2017-18). However this is based on a number of assumptions, which if changed could result in significant increases to these figures.
- ▶ The Council has included New Homes Bonus funding of between £1.9 million and £2.6 million per year, to support the base budget in each of the next 4 years. Although officers recognise the risk regarding levels of future New Homes Bonus, this funding stream has not been confirmed beyond 2016-17. If this source of funding was removed, or significantly reduced from 2017-18, the Council would have an additional base budget gap of just over £2 million to address from 2017-18.
- ▶ The Council has good levels of reserves and General Fund reserves (including earmarked reserves) are estimated to stay at between £6.5 million and £7 million over the next four years. The current financial projections include limited draw on reserves.
- ▶ In recent years, the Council has frozen or reduced its council tax and has received an annual council tax freeze grant as a result. Decisions relating to council tax increases, or decreases, have an ongoing impact on the Council's ability to raise revenue in future years due to the annual restrictions on the level of annual increases

Independence and audit fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 11 March 2014.
- ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code of Audit Practice and Standing Guidance. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.
- ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view.

If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Performance and Audit Committee on 25 September 2014.

- ▶ We confirm that we have met the reporting requirements to the Governance Committee, as 'those charged with governance' under International Standards on Auditing (UK&I) 260. Our communication plan to meet these requirements were set out in our Audit Plan of 11 March 2014.

Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2013-14	Scale fee 2013-14	Variation comments
Total audit fee – Code work	£69,654*	£69,654	See comments below
Certification of claims and returns	£21,200	£21,200	No change proposed, however claims work is only at an early stage.
Non-audit work	0	0	No non-audit work has taken place in 2013/14.

* An additional fee may be required in relation to the extra work on the revaluation reserve and CAA adjustment. We will discuss this with management once the audit is complete.

- ▶ We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

Appendix 1 - Unadjusted audit errors

- The following adjustments, which are greater than £51,050 have been identified during the course of our audit.
- These adjustments have not been made by management within the revised financial statements

Item of Account	Nature of Error	Error Type	Impact on Financial Statements
PPE/ RR	Testing of revaluation as per the Fixed Asset register to the Valuers report identified an error of £612k where sold properties had not been removed from the HRA beacon groups.	Factual	The Value of HRA properties in the balance sheet are overstated by £612k. The impact on the Council's balance sheet is not material.
IAS19 Pensions	A late adjustment by the Council's Actuary to the value of the assets in the pension fund has resulted in a £250k increase in assets.	Factual	The draft accounts were prepared on the basis of the actuaries original report. The impact on the Council's Statements is not material.
Collection Fund / Creditors	There is a balance of £145k included in Council Tax payers account and £60k in the NDR payers account. These are historic balances carried forward from previous year. The Council are still investigating how these balances should be treated.	Factual	Collection Fund creditors are overstated by £205k. The impact on the Councils Statements is not material.
Cash Flow Statement	The Council have used the CIPFA Cash Flow Model to produce the Cash Flow statement. All Figures have been agreed to the balance sheet but there remains an unresolved imbalance of £112k	Factual	The cash flow statement includes an unresolved balancing item of £112k.
Cumulative effect of misstatements			<i>Not material</i>

Appendix 2 - Adjusted audit errors

- The following adjustments, which are greater than £51,050 have been identified during the course of our audit.
- These adjustments have not been made by management within the revised financial statements

Item of Account	Nature of Error	Error Type	Impact on Financial Statements
NDR Appeals Provision	Our audit work identified a number of issues with the estimation of the NDR appeals provision. We found; a number of appeals that had been settled at a lower RV than originally provided for, and a number of high risk property categories that had not been provided for. In addition no provision had been made for appeals not yet received	Judgemental	<p>The NDR Appeals provision has increased from £6,810k (UDC share £2,724k) to £11,525k (UDC share £4,610). This adjustment impacts on the:</p> <ul style="list-style-type: none"> • Collection Fund increasing the Collection Fund deficit to £11,060k • Council's balance sheet; <ul style="list-style-type: none"> ▪ Debtors increase £4,715k (Note 9.2/3) ▪ Creditors Increase (£2,829k) (Note 10.1) ▪ Provisions increase (£1,886k) (Note 10.2) ▪ Earmarked Reserves increase £1,886k (Note 2.1) ▪ Collection Fund Adjustment Account (£1,886k) (Note 3.6) • Movement on Reserves Table amended to reflect the above • Note 1 (Adjusting between accounting and funding basis under Regulations)
Cumulative effect			nil

Appendix 2 - Adjusted audit errors

- The following adjustments, which are greater than £51,050 have been identified during the course of our audit.
- These adjustments have not been made by management within the revised financial statements

Item of Account	Nature of Error	Error Type	Impact on Financial Statements
Unusable Reserves (CAA/RR)	A number of amendments were required to address the requirements of the Code regarding capital accounting. The key item was the correction of incorrect adjustments between the CAA and the RR reserves in 2012/13. This has been corrected as a prior period amendment.	Factual	Resulting in a revised RR opening balance of £45,549k (increase) and CAA balance of £117,735 (decrease). The total movement between these two unusable reserves is £39,242k.
Unusable Reserves (CAA/RR)	A number of errors and miscalculations were identified within the calculation of the year end revaluation reserve.	Factual	In year movement between the RR and the CAA of £2,873k (decreasing the RR and increasing the CAA)
CIES	Misclassification of service expenditure	Factual	Movement of net expenditure £156k from Other Housing Services to Adult Social Care
Cumulative effect			nil

Appendix 3 - Adjusted disclosure errors

The following disclosure errors have been made by management within the revised financial statements.

Item of Account	Amendment
Cash flow statement	A number of amendments were made to the cashflow statement to bring it in line with the CIES and balance sheet movements
Movement on reserves	A number of adjustments were made to reflect the increase in the NDR Appeals provision.
Note 3.1 Revaluation reserve & note 3.2 capital adjustment account	A number of adjustments have been made to the to both the Revaluation Reserve and the CAA to bring them in line with other statements. The figures for 2012/13 have been restated to correct the prior year figures. The movements are with unusable reserves and do not impact on usable reserves or the balance sheet position
Financial Instruments	A number of amendments were made to bring the Note into line with the balance sheet and ensure compliance with the Code of Practice on Local Authority Accounting
Presentation	A small number of presentational amendments were made to ensure compliance with the Code of Practice on Local Authority Accounting

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Committee: Performance & Audit

Agenda Item

Date: 25 September 2014

5

Title: 2013/14 Statement of Accounts

**Author: Adrian Webb
Director of Finance and Corporate Services**

Item for decision

Summary

1. Enclosed with the agenda is the audited Statement of Accounts for 2013/14 which the Committee is now requested to approve for publication.
2. The approval of the accounts should be considered in the context of the External Auditor's findings, as set out in their report elsewhere on the agenda.
3. The Committee reviewed the draft accounts in July. There are no adjustments to the Council's usable reserves or outturn results approved by Cabinet. This is the sixth successive year that this has been achieved. The Balance Sheet Net Assets figure is also unchanged.
4. The key differences between the draft accounts and the audited version are as follows:
 - a) Business Rates appeals have been reassessed as per advice from our Auditors on appeals not yet lodged. The provision has been increased from £6.8m to £11.5m; this reflects an increase in the Council's liability of £1.9m and an increase to preceptors of £2.8m, if all appeals are successful.
 - b) Restatement of the Revaluation Reserve and Capital Adjustment Account (note 3.1 and 3.2). These are notional accounts and relate to the correction of an error in the 2012/13 accounts and this has no impact on the Financial Statements or the bottom line for either year 2012/13 or 2013/14.
 - c) Additional information in the Explanatory Foreword (para 5.2) relating to the Council's staffing numbers, as requested by the Committee.
 - d) Additional tables added Pension Sensitivity Analysis (note 19.4), Significant Commitments under Capital Contracts (note 7.4) and an analysis of prior period adjustments (page 7).
 - e) Minor presentational improvements, explanatory notes to tables and correction of typographical errors.

5. As at the time of issuing this report (19 September) the audit of the accounts was believed to be complete. It is possible that additional issues may arise before the Committee meeting, if so these will be verbally reported.
6. Assuming the accounts are approved by the Committee, the Chairman will be asked to sign the accounts to confirm that they have been approved. The auditor will sign the audit opinion shortly afterwards.
7. As is standard practice, the Council is required to issue a Letter of Representation to the External Auditor. The Committee is required to consider and approve the wording of this Letter. Accordingly, a draft letter is attached (Appendix A) to this report.

Recommendations

8. The Committee is recommended to
 - a) approve the Letter of Representation as attached to this report.
 - b) approve the audited 2013/14 Statement of Accounts as presented with this report.

Financial Implications

9. None.

Background Papers

10. None.

Impact

Communication/Consultation	Close working between the Council and the External Auditor.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	It is a legal requirement to publish the audited accounts by 30 September.
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Additional matters arise before the conclusion of the audit	1 (the audit is substantially complete)	2 (possible revisions and/or delays)	Close communication with the auditors Briefing of Committee members

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Debbie Hanson
Ernst & Young LLP
One Cambridge Business Park
Cambridge CB4 0WZ

25 September 2014

Your ref:

Our ref:

Please ask for Adrian Webb on 01799 510421
email: awebb@uttlesford.gov.uk

Dear Debbie

**UTTLESFORD DISTRICT COUNCIL – 2013/14 FINANCIAL YEAR
LETTER OF REPRESENTATION**

This representation letter is provided in connection with your audit of the financial statements of Uttlesford DC (“the Council”) for the year ended 31 March 2014. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Uttlesford DC as at 31 March 2014 and of its expenditure and income for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves

A. Financial Statements and Financial Records

1. The Council has fulfilled its responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the CIPFA Code of Practice on Local Authority Accounting (CIPFA Code).
2. The Council acknowledges its responsibility for the fair presentation of the financial statements. The Council believes that the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Council in accordance with the CIPFA Code and are free of material misstatements, including omissions. I have approved the financial statements.

3. The Council confirms that the Director of Finance and Corporate Services, as the Responsible Officer, has:
 - Reviewed the accounts
 - Reviewed all relevant written assurances relating to the accounts
 - Made other enquiries as appropriate.
4. The Council confirms that the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. The Council believes that it has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA Code that are free from material misstatement, whether due to fraud or error.
6. The Council believes that the effects of any unadjusted audit differences, summarized below, accumulated during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The reasons that these differences identified by and brought to the attention from the auditor have not been corrected is that the amount of work necessary to investigate, confirm and correct the differences is disproportionate to their significance in terms of improving the users' understanding of the accounts. The items will be examined in 2014/15 and if deemed necessary, appropriate adjustments will be made in the 2014/15 Statement of Accounts.
 - a) The value of HRA properties are overstated by £612k, it was agreed that the impact of this error is immaterial to the Balance Sheet and Financial Statements. The HRA properties will be corrected in the 2014/15 valuations.
 - b) The Pension assets were incorrectly calculated in the Pension Actuary Report from Essex County Council. The draft accounts were prepared using the original report, a revised Actuary Report was issued in August showing an adjustment of £250k, it was agreed to adjust this in 2014/15 accounts as the impact on the Financial Statements was immaterial.
 - c) An historical balance in the Collection Fund of £205k has been identified, £145k for Council Tax and £60k for Business Rates. We are currently investigating these balances to identify the correct treatment in the accounts, the amounts are deemed immaterial to the Financial Statements.
 - d) The CIPFA Cash Flow Model was used to prepare the cash flow statement and all figures have been agreed but an unresolved balance of £112k remains, this is not material to the Cash Flow Statement or the Financial Statements.

B. Fraud

1. The Council acknowledges that it is responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. The Council has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. The Council has no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Council's internal controls over financial reporting. In addition, the Council has no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. The Council has no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.

C. Compliance with Laws and Regulations

1. The Council has disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. The Council has provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested from us for the purpose of the audit
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. The Council confirms that all material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. The Council has made available to you all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 17 September 2014.
4. The Council confirms the completeness of information provided regarding the identification of related parties. The Council has disclosed to you the identity of the Council related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and

transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. The Council has disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. The Council has informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. The Council has recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that you have given to third parties.

F. Subsequent Events

1. The Council confirms that other than described in the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Accounting Estimates

1. The Council believes that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - The Council believes the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - That the assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Retirement benefits

On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for. Please refer to section A point 6 b.

I. Specific Representations

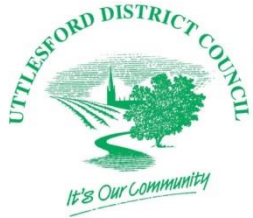
None.

Yours sincerely



Adrian Webb
Director of Finance and Corporate Services
On behalf of Uttlesford District Council

Letter approved by the Performance & Audit Committee on 25 September 2014



Statement of Accounts 2013/14

Uttlesford District Council



Contents	Page
Accounts Overview:	
Explanatory Foreword	i
Statement of Responsibilities for the Statement of Accounts	xiv
Approval of the Accounts	xv
Core Financial Statements:	
Movement in Reserves Statement	1
Comprehensive Income and Expenditure Statement	3
Balance Sheet	4
Cash Flow Statement	6
Prior Period Adjustments	7
Notes to the Core Financial Statements	10
Supplementary Financial Statements:	
Housing Revenue Account	71
Collection Fund	77
Other Statements:	
Statement of Accounting Policies	82
Annual Governance Statement	102
Independent Auditors Report	110

Index for Notes to the Core Financial Statements and Supplementary Statements	Page	Note/Table Reference
Section A – Movement in Reserves Statement	10	
<i>Movement in Reserves</i>		1.0
Adjustments between Accounting and Funding basis under Statute		1.1
<i>Usable Reserves:</i>		2.0
Revenue Balances – General Fund		2.1
Revenue Balance – Housing Revenue Account		2.2
Capital Receipts Reserve		2.3
Capital Grants and Contributions without Conditions (unapplied)		2.4
<i>Unusable Reserves:</i>		3.0
Revaluation Reserve		3.1
Capital Adjustment Account		3.2
Deferred Capital Receipts		3.3
Accumulated Compensated Absences Adjustment Account		3.4
Pension Reserve		3.5
Collection Fund Adjustment Account		3.6
Section B – Comprehensive Income and Expenditure Statement	21	
<i>Compliance to Regulations</i>		4.0
Service Reporting Code of Practice		4.1
<i>Notes to the Comprehensive Income and Expenditure Statement</i>		5.0
Total Operating Expenditure		5.1
Total Financing & Investment Income and Expenditure		5.2
Total Taxation and Non-Specific Government Grants		5.3
Subjective Analysis of Surplus or Deficit on the Net Cost of Services		5.4

Section C – Balance Sheet

25

<i>Intangible Assets</i>	6.0
Intangible Assets	6.1
<i>Property, Plant and Equipment</i>	7.0
Analysis of Fixed Assets (2013/14 and 2012/13)	7.1
Quantitative Analysis of Fixed Assets	7.2
Heritage Assets	7.3
Significant Commitments under Capital Contracts	7.4
Capital Expenditure and Financing	7.5
<i>Other Long Term Assets</i>	8.0
Long Term Debtors	8.1
<i>Current Assets</i>	9.0
Inventories (Stock)	9.1
Debtors	9.2
Provision for Bad Debts	9.3
Assets Held for Sale	9.4
Cash and Cash Equivalents	9.5
<i>Current Liabilities</i>	10.0
Creditors	10.1
Provisions	10.2
<i>Long Term Liabilities</i>	11.0
Long Term Borrowing	11.1
Deferred Liabilities	11.2
Creditor – Capital Grants and Contributions with Conditions	11.3
Creditor – Capital Grants and Contributions due to other bodies	11.4
Pensions Liability	11.5
<i>Tax Payers Equity</i>	12.0
Usable Reserves	12.1
Unusable Reserves	12.2

Section D - Cash Flow Statement	40	
<i>Cash Flow Activities</i>		13.0
Cash Flow Statement – Operating Activities		13.1
Cash Flow Statement – Investing Activities		13.2
Cash Flow Statement – Financing Activities		13.3
Cash Flow Statement – Cash and Cash Equivalents		13.4
Cash Flow Statement – Interest on Balances		13.5
Section E – Supplementary Notes to the Core Financial Statements	43	
<i>Supplementary Notes to the Comprehensive Income and Expenditure Statement</i>		14.0
General Fund Income and Expenditure Segmental Breakdown		14.1
Revenue Grant Income		14.2
<i>Supplementary Notes to the Balance Sheet</i>		15.0
Post Balance Sheet Events		15.1
Contingent Liabilities		15.2
Net Assets Employed		15.3
<i>Leasing Arrangements and Private Finance Initiatives</i>		16.0
Operating Leases		16.1
Operating Leases Income		16.2
Finance Leases Rental		16.3
Private Finance Initiative		16.4
<i>Members, Officers and Related Parties</i>		17.0
Members Allowances		17.1
Related Party Transactions		17.2
Officers Remuneration		17.3
Employees over £50,000		17.4
Termination Benefits		17.5

<i>Fees Payable</i>	18.0
External Auditors Fees	18.1
<i>Pension Scheme</i>	19.0
Pension Scheme Disclosure	19.1
Transactions Relating to the Pension Scheme	19.2
Pension Liabilities – Summary	19.3
Pension Liabilities – Sensitivity	19.4
Pension Assets	19.5
Pension Scheme History	19.6
Basis for Estimating Pension Assets and Liabilities	19.7
Analysis of Assets Held	19.8
History of experience relating to Gains and Losses	19.9
Pension Reserve	19.10
<i>Financial Instruments</i>	20.0
Financial Instruments Balances	20.1
Housing Revenue Account Self Financing Reforms	20.2
Financial Instruments Gains and Losses	20.3
Financial Instruments – Fair values	20.4
Financial Instruments – Risks	20.5
Financial Instruments – Collateral	20.6
Financial Instruments – Liquidity Risk	20.7
Financial Instruments – Market Risk	20.8
Section F – Supplementary Financial Statements – Housing Revenue Account	71
<i>Housing Revenue Account Income and Expenditure Account</i>	21.0
Comprehensive Income and Expenditure Account	21.1
Movement in Reserves	21.2
Adjustment between Accounting and Funding basis under Statute	21.3
<i>Notes to the Housing Revenue Account</i>	22.0
Introduction Statement	22.1
Gross Rental Income	22.2
Transactions relating to Self Financing Agreement	22.3

Housing Stock	22.4
Rent Arrears	22.5
Balance Sheet Value of Housing Revenue Stock	22.6
Depreciation and Impairment of Non-Current Assets charged to the Housing Revenue	
Comprehensive Income and Expenditure Statement	22.7
Major Repairs Reserve	22.8
Housing Revenue Account Capital Financing	22.9
Housing Revenue Account Contribution to the Pension Fund	22.10
Section G – Supplementary Financial Statements – Collection Fund	77
<i>Collection Fund Summary</i>	23.0
Collection Fund Income and Expenditure Account	23.1
<i>Notes to the Collection Fund</i>	24.0
Council Tax Introduction	24.1
Council Tax Base	24.2
Council Tax Income Analysis	24.3
Council Tax Collection Fund Balance	24.4
National Non Domestic Rates – Introduction	24.5
National Non Domestic Rates Income Analysis	24.6
National Non Domestic Rates Collection Fund Balance	24.7

EXPLANATORY FOREWORD

1. INTRODUCTION

- 1.1 Uttlesford District Council is a local authority providing services within the administrative district of Uttlesford, north-west Essex. The district is mainly rural and comprises the main towns of Saffron Walden, Great Dunmow, Stansted Mountfitchet and Thaxted, with 57 parishes. It is geographically the largest district in Essex, and has a population of about 80,000.
- 1.2 The key services and activities of the Council are the provision of council housing, refuse collection & recycling, litter picking, planning, building control, environmental health, housing and council tax benefits, Council Tax and Business Rates collection, off street car parking, communities and voluntary sector support, leisure centres, museum and licensing. Other key local authority services such as schools 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.
- 1.3 This Statement of Accounts presents the financial results of the Council's activities for the year ended 31 March 2014, and summarises the overall financial position of the Council as at 31 March 2014. This foreword provides a guide to the significant matters reported in these accounts.
-

2. THE ACCOUNTING STATEMENTS

- 2.1 The Council is required by law to complete its accounts in line with the CIPFA Code of Practice on Local Authority Accounting – a Statement of Recommended Practice (the 'Code').
- 2.2 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. There are many entries in the accounts, particularly within the "Comprehensive Income and Expenditure Statement", which are included as notional items for presentational purposes, and then "reversed out" via the "Statement of Movement in Reserves" so that the bottom line financial performance is consistent with statutory requirements.
- 2.3 This Explanatory Foreword sets out the key issues and is intended to give the reader an insight into the Council's financial performance during 2013/14.
- 2.4 The following are summary definitions of the core financial statements:

Movement in Reserves Statement (page 1)

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 kept 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 (see below). Adjustments between the accounting basis of measuring cost and the statutory basis are shown, to derive a net increase/decrease in usable and unusable reserves.

Comprehensive Income and Expenditure Statement (page 3)

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

Balance Sheet (page 4)

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 spend) and Unusable Reserves (accounting items, not available to spend). During the year, the Council has reanalysed the balances on two Unusable Reserves in line with best practice accounting guidance. This is a notional adjustment only and has no effect on the Council's budget, usable resources or the council tax payer.

Cash Flow Statement (page 6)

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.

Prior Period Adjustments (page 7)

This section details any prior period adjustments of a material nature and their effect on the core financial statements.

Notes to the Core Financial Statements (pages 9 to 69)

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

Housing Revenue Account (HRA) Comprehensive Income and Expenditure Account (page 70)

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

Collection Fund (page 76)

This shows the transactions of the Council as a billing authority relating to Council Tax and Business Rates, and shows how these have been distributed between precepting local authorities and Central Government.

3. SIGNIFICANT MATTERS IN THE ACCOUNTS

3.1 The Council's financial position as at 31 March

As shown on the Balance Sheet, the Council's net assets increased by £8.2 million during the year, from £145.1 million to £153.3 million. The key movements are summarised below.

£m	31 March 2013	31 March 2014	Increase / (Decrease) in Net Assets	See Note Below
Non-Current Assets	261.4	261.6	0.2	a
Long Term Assets	1.9	0.8	(1.1)	b
Current Assets	16.2	33.0	16.8	c
Current Liabilities	(6.3)	(19.9)	(13.6)	d
Long Term Liabilities	(128.1)	(122.2)	5.8	e
Net Assets	145.1	153.3	8.2	

a) Non-Current Assets

Non-Current Assets are items that the Council uses over a long period to provide services, such as land and buildings, plant, vehicles and equipment, and computer software. Also included is the value of uncompleted building projects, for example, new council houses.

Each asset is recorded on the balance sheet according to an estimate of its value. Because of variable factors like property prices or the condition of an asset, values can fluctuate.

During 2013/14, the value of the Council's non-current assets increased by £0.2 million. This small change comprises a number of larger movements. The value of existing property has increased by £1 million. Expenditure on new or enhanced fixed assets totalled £6.9 million; most of this related to new or enhanced council housing. Disposals of fixed assets reduced the value by £3.9 million (including £1.9 million of vehicles, plant and equipment, £0.8 million of Council House sales and £0.8 million of other land and buildings disposals), and the net depreciation charge was £3.9 million. Along with other smaller changes in asset values, the overall net effect was an increase of £0.2 million. Full details are set out in table 7.1 on [page 25](#).

b) Long Term Assets

The reason for the reduction in this balance sheet category is that during the year the Council sold its deposit with Landsbanki to Deutsche Bank. Accordingly the Landsbanki balance sheet value of approx. £1 million has been removed. The monies received from Deutsche Bank form part of the short term investments included within Current Assets.

c) Current Assets

Current assets are items that can be converted to cash or used to pay current liabilities within 12 months, and comprise bank balances, stock, debtors (money owed to the Council) and short term investments. The increase of £12.1 million is due to the following:

- An increase of £10.3 million in Debtors (amounts owed to the Council). This includes: £3.5 million of Safety Net funding payable by Central Government to the Council to offset losses sustained in the level of business rates retained, arising from the requirement to make provision for expected refunds to businesses; £6.6 million which reflects the share of the accounting deficit on the business rates account that is attributable to Central Government, Essex County Council and Essex Fire Authority; £0.5 million of money owed to the Council from Central Government relating to the funding of Housing Benefits, and a net reduction in other, smaller balances of £0.1 million
- An increase of £6.5 million in short term investments and cash & bank balances, due to a healthier cash flow position. This comprises: the Council selling its remaining Landsbanki deposit (approximately £1 million), which converts a long term investment into monies invested short term; increased collection of Council Tax income (£1.5 million); increased collection of business rates income (£2.6 million) and a net increase in the net debtors/creditors position of £1 million (net increase in creditors, therefore there is a cash increase). Monies are invested with secure UK financial institutions in order to minimise the risk of holding bank balances and to generate a modest amount of investment income.

d) Current Liabilities

Current Liabilities represent monies that the Council owes to other parties that are due for payment within one year. During 2013/14 the current liabilities balance has increased by £13.5 million. This comprises: £4.4 million increase in provisions for known liabilities, mostly relating to the Council's contribution towards refunds the Council expects to make to business ratepayers upon determination of their appeals against Rateable Values by the Valuation Office; £7.6 million which reflects the contribution to the business rates refunds which will be met by Central Government, Essex County Council and Essex Fire Authority; £1.5 million of business rates income paid by Stansted Airport received in advance of when the payment was due.

e) Long Term Liabilities

Long Term Liabilities decreased by £5.8 million which is due to two significant movements during the year.

Firstly the Council's share of the Essex Pension Fund deficit reduced by £5.4 million, from £31.7 million to £26.3 million.

The Pension Fund is administered by Essex County Council in accordance with the national local government pension scheme rules, working with an independent actuarial adviser. Uttlesford District Council has no control over the administration of the Fund.

The Pension Fund deficit comprises actuarial estimates of the Fund's assets and long term liabilities.

During 2013/14 the actuarial estimate of the Fund's asset values increased by £2.3 million, and the actuarial estimate of the Fund's liabilities reduced by £3.1 million. The combined effect of these changes is to reduce the deficit by £5.4 million. In general, continued strong performance of investment markets, and measures taken to reduce future liabilities on the Fund, combined with the Council making the required deficit repayments, have achieved an improvement in the reported funding position as at 31 March.

The Council is not required to set aside funds to meet this liability; instead the Council will make annual payments into the Pension Fund at a rate determined by the Fund's independent actuarial adviser. Pension scheme reforms to reduce liabilities continued to be implemented, including higher employee contributions, later retirement ages and lower pensions.

The second significant movement is the balance entitled "Capital Grants and Donations in Advance", which has decreased by £0.2 million, from £2.6 million to £2.4 million. This predominantly relates to "Section 106" funds, which are paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that provision (for example, landscaping, building a community centre, etc.). These are treated as a liability on the balance sheet because one day the Council will be obliged to pay out the money to achieve the required outcomes. During the year the Council disbursed £1.7 million from Section 106 Funds whilst receiving £1.5 million of new contributions, such that the net reduction in this total balance was £0.2 million. Further details are set out in notes 11.3 & 11.4, on pages 34 & 35.

The bulk of the Long Term Liabilities figure, £88.4 million out of £121.9 million, represents money that the Council was obliged to borrow from Government in 2011/12 as part of council housing finance reforms. The first £2 million out of the £88.4 million becomes due for repayment in 2017/18.

4. KEY RESULTS OF THE FINANCIAL YEAR

The following is a summary of the key operational financial results for 2013/14. Results are compared with the Council's budget. 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 shown in the accounts.

For further information, please see the detailed outturn report approved by the Cabinet on 25 June 2014. ([website link](#))

4.1 GENERAL FUND

Total General Fund reserves available to spend increased by £1.844 million, from £6.119 million to £7.963 million. In addition, £4.423 million of business rates income has been placed in a ring fenced reserve, to meet expected future pressures from the deficit on the collection fund adjustment account. The ring fenced reserve is solely for the purpose of meeting these liabilities, and is not available to spend on other Council services.

	31 March 2013	31 March 2014	Net increase
	£m	£m	£m
Working Balance	1.214	1.214	-
Earmarked Reserves	4.905	6.749	1.844
Subtotal – Reserves available to spend	6.119	7.963	1.844
Business Rates Ring fenced Reserve	-	4.423	4.423
Total General Fund Reserves	6.119	12.386	6.267

Net Operating Expenditure was £2.803 million, which was £1.472 million below the budget, as summarised in the table below.

General Fund	Budget	Outturn	Variance from revised budget
	£m	£m	£m
Service & corporate budgets	9.832	8.277	-1.555
Government funding	-4.201	-6.105	-1.904
Local share of business rates	-1.356	-3.792	-2.436
Set up new Business Rates Ring fenced Reserve	-	4.423	4.423
Net Operating Expenditure	4.275	2.803	-1.472
Increase in General Fund Reserves	0.372	1.368	0.996
Net Budget Requirement	4.647	4.171	-0.476

After allowing for transfers to earmarked reserves, the bottom line represented a net underspend of £0.476 million. The underspend of £0.476 million is added to reserves. This figure, along with the £1.368 million of transfers during the year, amount to an increase in General Fund earmarked reserves of £1.844 million.

Key variances from budgeted Net Operating Expenditure are set out below:

	Variance favourable(-) / adverse
	£m
Planning fees income net of consultancy costs	-0.412
Housing Benefits grant income from DWP and overpayments recovery	-0.342
Local Council Tax Support subsidy not required due to reducing demand	-0.212
Council Tax Benefit overpayment recovery	-0.179
Public Health – additional income from vegetables inspection at Stansted Airport	-0.108
Street Services management post not filled & staffing savings	-0.090
Legal Services costs recovery higher than budget	-0.081
Landsbanki accounting adjustment	-0.079
Corporate Team staffing costs underspend	-0.064
Street Cleansing staffing costs saving	-0.057
Additional dividend from Collection Fund due to good Council Tax collection	-0.054
Contribution to Essex Community Budgets initiative not required	-0.050
Leisure PFI contract underspend	-0.049
Car Parking income above budget	-0.047
Capital Financing costs – revenue contributions in lieu of borrowing	0.524
Revenues & Benefits services – use of agency staff	0.118
Financial Services – increase in insurance costs and use of agency staff	0.110
Total of minor variances and underspends (net)	-0.400
Net favourable variance	-1.472

4.2 HOUSING REVENUE ACCOUNT (HRA)

2013/14 was the second year of the new HRA self-financing arrangements, following a major reform that took place at the end of 2011/12. Under the new arrangements, the Council has a large operating surplus available to repay a share of national housing debt it was required to take on, to make investments in new council housing, and improvements to existing stock.

The HRA is governed by a Business Plan, approved and overseen by the Council's Housing Board. The Business Plan sets out priorities for improving existing housing stock, and identifies sites for redevelopment and new housing build.

During 2013/14, total HRA reserves increased by £0.409 million, from £2.963 million to £3.372 million:

	31 March 2013	31 March 2014	Net increase
	£m	£m	£m
HRA Working Balance	0.680	0.680	-
Capital projects (committed)	1.223	1.223	-
Potential development projects	0.800	0.800	-
Major Repairs	-	0.091	0.091
Sheltered Housing	-	0.318	0.318
Change Management	0.200	0.200	-
Revenue projects	0.060	0.060	-
Total HRA Reserves	2.963	3.372	0.409

The Operating Surplus was £3.180 million, which was £0.316 million higher than the budgeted surplus of £2.864 million. From the Operating Surplus of £3.180 million, £2.862 million was used to finance capital projects, leaving a bottom line surplus of £0.318 million. This was added to the Sheltered Housing Reserve, to fund future sheltered housing improvements.

Housing Revenue Account	Budget	Outturn	Variance from Revised Budget
	£m	£m	£m
Income	-14.504	-14.704	-0.200
Expenditure	11.640	11.524	-0.116
Operating Surplus	-2.864	-3.180	-0.316
Funding of capital projects	3.382	2.862	-0.520
Transfers from reserves	-0.663	-	0.663
Surplus for year	-0.145	-0.318	-0.173

Key variances from the budgeted Operating Surplus are set out below:

	Variance Favourable (-) / adverse
	£m
Rent Collection better than budgeted	-0.183
Reduction in bad debt provision	-0.162
Supporting People funding not received	0.081
Total of minor variances and underspends (net)	-0.052
Net favourable variance	-0.316

4.3 CAPITAL PROGRAMME

Total capital expenditure was £8.042 million, which was £0.002 million above the revised budget after allowing for slippages.

Capital Programme	Budget	Slippage	Revised Budget	Outturn	Variance from Revised Budget
	£m	£m	£m	£m	£m
General Fund schemes	2.908	-0.507	2.401	2.316	-0.085
Housing Revenue Account schemes	7.035	-1.396	5.639	5.726	0.087
Total Capital Expenditure	9.943	-1.903	8.040	8.042	0.002

Capital Expenditure was financed by external grants and contributions, the HRA Major Repairs Allowance, revenue contributions, capital receipts and internal borrowing.

5. MAJOR INFLUENCES ON THE COUNCIL'S INCOME, EXPENDITURE AND CASH FLOW

5.1 The following are the major influences on the Council's income:

- Government funding through the Local Government Finance Settlement (Revenue Support Grant and distribution from the National Non-Domestic Rates Pool) is determined by central government. The annual change in funding is a major factor affecting the financial health of the Council. Major reforms to this system were implemented on 1 April 2013, which involve the Council taking a greater share of the risks and opportunities arising from changes in the amount of business rates collected. The Council's share of the Local Government Finance Settlement has reduced sharply in recent years, in line with cuts in Government spending. For the four financial years from 2011/12 to 2014/15, the Council will lose approximately 26% of this funding, and the Government has indicated overall cuts in the local government budget of a further 11% will be made in 2015/16. The Council maintains a Medium Term Financial Strategy and contingency reserves so that it can adjust to the lower funding levels without significant disruption to its key services. There are no risks to the Council's financial stability in the short to medium term, but the longer term outlook is more challenging.
- Local Business Rates (LBR) Income. Under the previous system, 100% of all business rates income collected was handed over to central government. There was no interaction with the Council's General Fund. Under the new LBR system, 40% of the business rates income collected are retained by the district council, this income is now included in the base budget. In addition the government has set a level of business rates funding deemed to be applicable to each area and every Council receives a top-up (if business rates collected are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding).

During 2013/14 it was identified that the Council is exposed to significant liabilities arising from the backlog of appeals lodged by businesses against their rateable values. Appeals are determined by the Valuation Office and are outside of the Council's control. Measuring the size of the appeals refund risk is a complex task and is subject to detailed external audit.

The Council therefore commissioned an independent rating valuations expert (Wilks Head & Eve) to audit its appeals list and advise on the level of refund liability risk. This advice was that the Council should provide for liabilities totalling £11.5 million of which the 40% share impacting on UDC would be £4.6 million detailed in table 10.2 page 34.

- Government funding through other non-specific grant regimes, such as New Homes Bonus and Council Tax Freeze Grant, has potential to improve the Council's financial position. There is no continuity of such funding from year to year. Accordingly such income is difficult to predict and therefore prudent assumptions are used in the medium term financial strategy.
- In respect of Council Tax the annual precept is determined by the Council but constrained by central government referendum limits and local public opinion. The yield from Council Tax is also affected by the growth in the number of households in the district, variations to discounts payable, and collectability of unpaid debts. The Council acts as billing authority and collects Council Tax on behalf of itself, Essex County Council, Essex Police Authority, Essex Fire Authority and Town/Parish Councils. The share of the average Council Tax bill retained by the Council is approximately 10%.
- Fees & charges e.g. car park charges, garden waste income, planning fees. The amount of income received depends on market factors such as demand and price levels and effectiveness of income collections. Wider economic factors such as recessionary pressures can directly affect sources of income such as planning fees, building control fees and land charges.
- Specific government grants e.g. benefits subsidy. The amount received depends on performance and the amount of expenditure eligible for subsidy by grant.
- Rents & Service Charges (Housing Revenue Account only). The annual increase is determined by the Council within guidelines issued by central government. The amount of income depends on the number of dwellings, performance in re-letting empty properties and collectability of debt.

5.2 The following are the major influences on the Council's expenditure:

- Employee costs including salaries, national insurance and pensions costs – the level of expenditure depends on the staffing establishment, annual pay increase (determined at a national level) and the Council's employer pension contribution, determined by Essex County Council as administering pensions authority. The council employed a total of 357 employees which equated to 315.83 full time equivalents as at the 31 March 2014 (297.42 as at 31 March 2013). The cleaning service which was previously outsourced to a private company was brought back in house in 2013/14 and this is the main factor contributing to the increase in staffing.
- Premises costs including energy costs, rates and building maintenance – the level of expenditure depends on the condition of property, maintenance programmes, energy consumption and price variability.

- Transport costs including fuel and vehicle maintenance – the level of expenditure varies according to the level of service activity, condition of vehicles and price variability.
- Supplies & services expenditure varies according to contractual indexation, level of service activity, price variability and effectiveness of procurement procedures.
- Transfer payments such as Housing Benefit and Local Council Tax Support – the level of expenditure varies according to the number of people entitled to receive benefit and levels of housing benefit and council tax benefit due under government rules. Wider economic factors such as recessionary pressures have a direct effect on the number of people receiving benefit.
- Capital financing costs – the amount depends on the size of the capital programme and the methods of financing, in particular the amount of borrowing and use of finance leases.

5.3 The following are the major influences on the Council's cash flow:

- Timing of payments including length of time taken to pay suppliers' invoices.
- Receipt of income including effectiveness of debt recovery.
- Schedule of payment dates relating to amounts payable to precepting authorities and central government.

6. THE FINANCIAL NEEDS AND RESOURCES OF THE COUNCIL

6.1 The Council requires financial resources to deliver its Corporate Priorities, statutory obligations and discretionary services. For a detailed explanation of how the Council's budget is aligned to its priorities, and a forecast of the resources required over the next few years, please refer to the Council's Medium Term Financial Strategy, available on the Council's website and from the contact details given below.

7. AUDIT OF ACCOUNTS

7.1 These accounts are published following completion of the audit by the External Auditor, EY (see Auditor's Report on page109).

8. FURTHER INFORMATION

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

Website: <http://www.uttlesford.gov.uk/finance>

Adrian Webb
Director of Finance & 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 secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Assistant Chief Executive - Finance.
- 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 ASSISTANT CHIEF EXECUTIVE – FINANCE'S RESPONSIBILITIES

The Assistant Chief Executive - Finance 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 Assistant Chief Executive - Finance 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 as at 31 March 2014 and its Income and Expenditure for the year ended 31 March 2014.

Signature:

Adrian Webb
Director of Corporate Services

Date: 25th September 2014

APPROVAL OF THE ACCOUNTS

I confirm that the Statement of Accounts was approved by a resolution of the Performance & Audit Committee on 25th September 2014.

Signature:

Councillor Simon Howell
Chairman Performance & Audit Committee
Uttlesford District Council

Date: 25th September 2014

CORE FINANCIAL STATEMENTS**Movement in Reserves 2013/14**

	General Fund Balance	Earmarked GF Reserves	HRA Balance	Earmarked HRA Reserves	Major Repairs Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	(1,214)	(4,905)	(680)	(2,283)	-	(885)	(2,517)	(12,484)	(132,586)	(145,070)
(Surplus) or deficit on provision of services (accounting basis)	1,719	-	(1,971)	-	-	-	-	(252)		(252)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(8,026)	(8,026)
Total Comprehensive Income and Expenditure	1,719	-	(1,971)	-	-	-	-	(252)	(8,026)	(8,278)
Adjustments between accounting basis & funding basis under regulations (Note 1)	(8,063)	-	1,653	-	(91)	(374)	665	(6,210)	6,210	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(6,344)	-	(318)	-	(91)	(374)	665	(6,462)	(1,816)	(8,278)
Transfers to / (from) Reserves	6,344	(6,267)	318	(318)	-	-	(77)	-		-
(Increase) / Decrease in Year	-	(6,267)	-	(318)	(91)	(374)	588	(6,462)	(1,816)	(8,278)
Balance at 31 March 2014	(1,214)	(11,172)	(680)	(2,601)	(91)	(1,259)	(1,929)	(18,946)	(134,402)	(153,348)

Movement in Reserves 2012/13 (restated)

	General Fund Balance	Earmarked GF Reserves	HRA Balance	Earmarked HRA Reserves	Major Repairs Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2012	(1,181)	(4,560)	(649)	-	-	(74)	(2,483)	(8,947)	(137,034)	(145,981)
(Surplus) or deficit on provision of services (accounting basis)	2,406	-	(1,293)	-	-	-	-	1,113	-	1,113
Other Comprehensive Income and Expenditure	1	-	(1)	-	-	-	-	-	(414)	(414)
Total Comprehensive Income and Expenditure	2,407	-	(1,294)	-	-	-	-	1,113	(414)	699
Adjustments between accounting basis & funding basis under regulations (Note 1)	(2,819)	-	(1,021)	-	-	(811)	-	(4,651)	4,651	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(412)	-	(2,315)	-	-	(811)	-	(3,538)	4,237	699
Transfers to / (from) Reserves	379	(345)	2,284	(2,283)	-	-	(34)	1	211	212
(Increase) / Decrease in Year	(33)	(345)	(31)	(2,283)	-	(811)	(34)	(3,537)	4,448	911
Balance at 31 March 2013	(1,214)	(4,905)	(680)	(2,283)	-	(885)	(2,517)	(12,484)	(132,586)	(145,070)

Comprehensive Income and Expenditure Statement

Gross Expenditure (Restated) 2012/13 £'000	Gross Income (Restated) 2012/13 £'000	Net Expenditure (Restated) 2012/13 £'000		Note Reference	Gross Expenditure 2013/14 £'000	Gross Income 2013/14 £'000	Net Expenditure 2013/14 £'000
6,592	(4,641)	1,951	Central Services to the Public		2,337	(900)	1,437
3,061	(746)	2,315	Cultural and Related Services		2,851	(846)	2,005
5,573	(2,753)	2,820	Environmental & Regulatory Services		5,975	(2,899)	3,076
2,937	(1,228)	1,709	Planning Services		2,775	(1,748)	1,027
496	(972)	(476)	Highways, Roads & Transport Services		408	(1,020)	(612)
9,814	(14,095)	(4,281)	Housing Revenue Account		9,286	(14,683)	(5,397)
17,981	(17,293)	688	Other Housing Services		19,310	(17,635)	1,675
109	(10)	99	Adult Social Care		402	(140)	262
1,712	(16)	1,696	Corporate and Democratic Core		1,878	(2)	1,876
3	-	3	Non-Distributed Costs		110	-	110
48,278	(41,754)	6,524	Cost of Services		45,332	(39,873)	5,459
		2,973	Other Operating Expenditure	5.1			8,926
		4,258	Financing & Investment Income and Expenditure	5.2			4,243
		(12,642)	Taxation and Non-Specific Grant Income	5.3			(18,880)
		(5,411)	Corporate Amounts				(5,711)
		1,113	(Surplus)/Deficit on Provision of Services				(252)
		(1,480)	Surplus on Revaluation of Non-Current Assets				(1,029)
		1,066	Actuarial (Gains)/Losses on Pension Assets /Liabilities				(6,962)
		-	Other Movements in Usable/Unusable Reserves				(35)
		699	Total Comprehensive Income and Expenditure				(8,278)

The (Surplus)/Deficit on Provision of Services has been restated for 2012/13 to reflect additional costs in respect of local authority pension arrangements totalling £549k, in accordance with IAS 19 regulations. There is a contra adjustment for these pension costs within Other Comprehensive Income & Expenditure. Grants of £606k have also been reanalysed between the Central Services and Cultural Services categories.

Balance Sheet

31 March 2013 (restated) £'000	Notes	31 March 2014	
		£'000	£'000
511	Intangible Non-Current Assets		418
	Property, Plant and Equipment - Operational Assets		
228,721	Council Dwellings	230,393	
21,942	Other Land and Buildings	22,090	
7,710	Vehicles, Plant and Equipment	6,372	
449	Infrastructure Assets	495	
791	Community Assets	790	
259,613			260,140
	Property, Plant and Equipment - Non Operational		
1,037	Assets Under Construction	812	
233	Heritage Assets	278	
261,394	Total Non-Current Assets		261,648
931	Long Term Investments	-	
945	Long Term Debtors	847	
263,270	Total Long Term Assets		262,495
112	Inventories	94	
3,811	Debtors	14,179	
8,232	Short Term Investments	18,000	
-	Assets Held for Sale	-	
4,052	Cash and Cash Equivalents	764	
16,207	Total Current Assets		33,037
(5,744)	Short Term Creditors	(14,870)	
(580)	Short Term Provisions	(5,004)	
(6,324)	Current Liabilities		(19,874)
273,153	Total Assets Less Current Liabilities		275,658
(88,407)	Long Term Borrowing	(88,407)	
(5,304)	Deferred Liabilities	(5,169)	
(2,626)	Capital Grants and Donations in Advance	(2,381)	
(31,746)	Pensions Liability	(26,353)	
(128,083)	Total Long Term Liabilities		(122,310)
145,070	TOTAL NET ASSETS		153,348

31 March 2013		Notes	31 March 2014	
(restated) £'000			£'000	£'000
	Usable Reserves			
1,214	Revenue Balance - General Fund	2.1	1,214	
4,905	General Fund Earmarked Reserves	2.1	11,172	
680	Revenue Balance - Housing Revenue Account	2.2	680	
2,283	HRA Earmarked Reserves	2.2	2,692	
885	Usable Capital Receipts Reserve	2.3	1,259	
2,517	Capital Grants and Contributions Unapplied	2.4	1,929	
12,484	Total Usable Reserves			18,946
	Unusable Reserves			
45,549	Revaluation Reserve	3.1	46,889	
117,735	Capital Adjustment Account	3.2	117,250	
945	Deferred Capital Receipts	3.3	847	
(127)	Accumulated Compensated Absences Adjustment Account	3.4	(132)	
(31,746)	Pensions Reserve	3.5	(26,353)	
230	Collection Fund Adjustment Account	3.6	(4,099)	
132,586	Total - Unusable Reserves			134,402
145,070	TOTAL - TAXPAYER EQUITY			153,348

For further details of the restatements applied in respect of 2012/13 please refer to the note included with table 3.1 Revaluation Reserve.

Cash Flow Statement

2012/13 (restated) £'000		2013/14 £'000	Notes
(1,113)	Net surplus/(deficit) on the provision of services	252	
10,217	Adjustments to net surplus/(deficit) on the provision of services - non cash movements	14,716	
(1,720)	Adjust for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	(2,843)	
7,384	Net Cash flows from operating activities	12,125	13.1
(8,542)	Net Cash flows from investing activities	(12,820)	13.2
(267)	Net Cash flows from financing activities	(2,593)	13.3
(1,425)	Net (decrease) in cash and cash equivalents	(3,288)	
5,477	Cash and cash equivalents at the beginning of the reporting period	4,052	13.4
4,052	Cash and cash equivalents at the end of the reporting period	764	13.4

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

Prior Period Adjustments

Prior Period adjustments may arise as a result of a change in accounting policies or to correct a material error.

In 2012/13 there have been two material amendments.

Employee Benefits

Firstly there have been several changes made in relation to the International Accounting Standard IAS 19 Employee Benefits. The reason for these changes relate to the code's adoption of the amendments to IAS 19 for accounting periods beginning on or after 1 January 2013 (1 April 2013 for Uttlesford District Council). For further detail of these amendments please refer to the note included with accounting policy P25.

In respect of the above changes the following adjustments have been restated in the prior year figures as included in the core financial statements.

Comprehensive Income & Expenditure Account

	Net Expenditure	Net Expenditure (Restated)	Change
	2012/13 £'000	2012/13 £'000	2012/13 £'000
<i>Other Operating Expenditure</i>			
Administration Expenses	-	11	11
<i>Financing & Investment</i>			
Interest Cost	3,316	-	(3,316)
Expected return on assets in the scheme	(2,536)	-	2,536
Net interest on the defined liability	-	1,318	1,318
(Surplus)/Deficit on Provision of Services	780	1,329	549
Actuarial (Gains)/Losses on Pension Assets/Liabilities	1,615	-	(1,615)
Remeasurements of the Net Defined Pensions Liability	-	1,066	1,066
Total Comprehensive Income and Expenditure	1,615	1,066	(549)

Movement in Reserves Statement

	Total	Total	Change
	2012/13	(Restated)	
	£'000	2012/13	2012/13
		£'000	£'000
<i>Total Usable Reserves</i>			
(Surplus)/Deficit on Provision of Services	564	1,113	549
Amounts by which pension costs calculated in accordance with the code are different from the contributions due under the pension scheme regulations	(733)	(1,282)	(549)
<i>Pension Reserve</i>			
Actuarial (Gains)/Losses on Pension Assets/Liabilities	1,615	1,066	(549)
Amounts by which pension costs calculated in accordance with the code are different from the contributions due under the pension scheme regulations	733	1,282	549
Balance at 31 March 2013 carried forward	2,179	2,179	-

Cashflow Statement

	Total	Total	Change
	2012/13	(Restated)	
	£'000	2012/13	2012/13
		£'000	£'000
Net (Surplus) or Deficit on Provision of Services	(564)	(1,113)	(549)
Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	(2,269)	(1,720)	549
Net (increase) or decrease in cash & cash equivalents	(2,833)	(2,833)	-

Adjustment between the Revaluation Reserve and Capital Adjustment Account

A further adjustment to the prior period figures has been included to correctly reflect the closing balances being held for each asset in the revaluation reserve. This follows a comprehensive exercise undertaken during 2013/14 to ensure all movement on asset valuations and impairments have been accounted for in the correct unusable reserve. Further detail of this adjustment can be found in note 3.2.

This adjustment has no bottom line effect to Taxpayers Equity or the Balance Sheet core financial statement.

In respect of the above changes the following adjustments have been restated in the prior year figures as included in the core financial statements.

Balance Sheet

	Total	Total	Change
	2012/13	2012/13	2012/13
	£'000	£'000	£'000
<i>Unusable Reserves</i>			
Revaluation Reserve	6,307	45,549	39,242
Capital Adjustment Account	156,977	117,735	(39,242)
Total Unusable Reserves	163,284	163,284	-
Total Taxpayers Equity	163,284	163,284	-

SECTION A – 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

2013/14	General Fund Balance	HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Charges for depreciation and impairment on non-current assets	(1,207)	(3,809)	-	-	-	5,016
Amortisation of Intangible Assets	(119)	(17)	-	-	-	136
Revenue expenditure funded from capital under statute	(2,770)	(42)	-	-	-	2,812
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	(1,855)	(918)	-	-	-	2,773
Application of grants to capital financing	-	-	-	-	2,605	(2,605)
Capital grants and contributions that have been credited to the unapplied account	1,873	67	-	-	(1,940)	-
Statutory provision for financing capital investment	1,313	-	-	-	-	(1,313)
Capital expenditure charges against the General Fund and HRA balances	328	2,862	-	-	-	(3,190)
Transfer of sale proceeds credited as part of gains/losses on disposal to the CI&E	19	857	(876)	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	135	-	-	(135)
Contribution from Capital Receipts Reserve towards administrative costs of non-current asset disposal	-	(34)	34	-	-	-
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(346)	346	-	-	-
Additions to Major Repairs Reserve to finance new capital expenditure	-	3,291	-	(3,291)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	3,200	-	(3,200)
Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the CIES	(2,615)	(505)	-	-	-	3,120
Employers pension contributions and direct payments to pensioners payable in year	1,303	248	-	-	-	(1,551)
Amount by which collection fund income credited/debited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	(4,329)	-	-	-	-	4,329
Adjustments in relation to short term compensated absences	(4)	(1)	-	-	-	5
Other Adjustments	-	-	(13)	-	-	13
Total Adjustments	(8,063)	1,653	(374)	(91)	665	6,210

2012/13	General Fund Balance	HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Charges for depreciation and impairment on non-current assets	(1,791)	(2,994)	-	-	-	4,785
Revaluation Losses on Property, Plant and Equipment	(393)	(1,878)	-	-	-	2,271
Amortisation of Intangible Assets	(142)	-	-	-	-	142
Capital grants and contributions that have been applied to capital financing	912	238	-	-	(238)	(912)
Revenue expenditure funded from capital under statute	(1,122)	(11)	-	-	-	1,133
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	(452)	(961)	230	-	-	1,183
Statutory provision for financing capital investment	292	-	-	-	-	(292)
Capital expenditure charges against the General Fund and HRA balances	637	1,068	-	-	-	(1,705)
Transfer of sale proceeds credited as part of the gains/losses on disposal to the CI&E	322	1,047	(1,352)	-	-	(17)
Contribution from Capital Receipts Reserve towards administrative costs of non-current asset disposal	-	-	12	-	-	(12)
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(299)	299	-	-	-
Additions to the Major Repairs Reserve to finance new capital expenditure	-	2,999	-	(2,894)	-	(105)
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	2,894	-	(2,894)
Application of grants to capital financing	-	-	-	-	238	(238)
Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the CI&E	(2,351)	(450)	-	-	-	2,801
Employers pension contributions and direct payments to pensioners payable in year	1,299	220	-	-	-	(1,519)
Difference between Council Tax credited to CIES and required to be charged by statute	165	-	-	-	-	(165)
Other Adjustments	(195)	-	-	-	-	195
Total Adjustments	(2,819)	(1,021)	(811)	-	-	4,651

2.0 – Usable Reserves

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

2.1 – General Fund - Revenue Balances

General Fund	31 March 2013 £'000	Transfer In £'000	Transfer Out £'000	31 March 2014 £'000	Purpose of Reserve
Working Balance	1,214	-	-	1,214	
Working Balance Sub Total	1,214	-	-	1,214	
Budget Equalization	1,251	165	-	1,416	Usable resources set aside for equalization of pressures within the budget for the next 5 years.
Budget Slippage Reserve	-	28	-	28	Resources for programmed items requiring funding to be c/fwd to a future year.
Business Rates Reserve	-	4,423	-	4,423	Ring fenced for Business rates appeals refunds.
Change Management	587	508	(172)	923	Finances the costs of special and one-off projects.
Council Tax Freeze Reserve	124	50	-	174	Monies to enable minimisation or deferment of future council tax increases.
Economic Development	117	103	-	220	Reserve to assist economic development and businesses in the district
Elections	47	20	-	67	Contributions toward future election costs.
Emergency Response	90	50	-	140	To cover costs falling on the Council as a result of a response to civil emergency.
Hardship Fund	100	-	-	100	To fund accommodation for homeless people and to support voluntary organisations.
Homelessness	81	20	-	101	Set up to cover unbudgeted additional demand within the Homelessness service.
Landsbanki contingency	165	-	(165)	-	To cover losses against the Landsbanki investment.
Licensing	63	-	(16)	47	Reserve to absorb excess of costs over income in relation to taxi licensing services.
Local Government Resource Review	962	423	-	1,385	Contingency against funding fluctuations and cost pressures arising from the Government's review of local government funding.
Municipal Mutual Reserve	51	-	-	51	Estimated possible liabilities relating to the insolvency of Municipal Mutual Insurance.
Neighbourhood Front Runners	66	-	(9)	57	Funding for ring fenced planning expenditure.
New Homes Bonus - Community Projects	26	-	(11)	15	Monies earmarked for communities projects.
New Homes Bonus - Contingency	830	-	(40)	790	Monies that may be made available for community projects, subject to greater certainty over future Local Government funding.
Planning Development	266	678	(9)	935	Usable resources set aside for planning development issues.
Waste Management	79	221	-	300	Waste management contingency provision against unforeseen costs and to enable a managed reduction in the base budget.
Earmarked Reserves Sub Total	4,905	6,689	(422)	11,172	
Usable Reserves Total	6,119	6,689	(422)	12,386	

2.2 – Housing Revenue - Account Revenue Balances

Housing Revenue Account	31 March 2013 £'000	Transfer In £'000	Transfer Out £'000	31 March 2014 £'000	Purpose of Reserve
Working Balance	680	-	-	680	
Working Balance Sub Total	680	-	-	680	
Change Management	200	-	-	200	To fund HRA operational service improvements.
Capital Projects	1,223	-	-	1,223	Funding allocated to capital projects.
Potential Development Projects	800	-	-	800	Funding for new build schemes.
Revenue Projects	60	-	-	60	To finance outstanding revenue business plan actions.
Sheltered Housing Reserve	-	318	-	318	To finance capital redevelopment of sheltered housing in future years.
Earmarked Reserves Total	2,283	318	-	2,601	
Major Repairs Reserve	-	91	-	91	Funding for future capital expenditure.
Reserves Total	2,283	409	-	2,692	
Housing Revenue Balances Total	2,963	409	-	3,372	

2.3 – Capital Receipts Reserve

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

2012/13		2013/14	
£'000		£'000	£'000
74	Balance as at 1 April		885
	<u>Receipts</u>		
371	Capital Receipts - General Fund	20	
981	Capital Receipts - Housing Revenue Account	856	
	<u>Applied</u>		
(299)	Paid to Government housing receipts pool	(345)	
-	Capital Receipts used for financing	(135)	
(12)	Expenses from sales of Capital Assets	(22)	
(230)	Repayment of Compulsory Purchase Order funding	-	
811	Movements in Year		374
885	Balance as at 31 March		1,259

2.4 – Capital Grants and Contributions without Conditions (unapplied)

	31 March 2013 £'000	Income £'000	Interest £'000	Drawn Down £'000	31 March 2014 £'000
S106 Unapplied					
Stansted Housing Partnership	2,343		6	(722)	1,627
Dunmow Eastern Sector	18				18
Section 106 - Woodlands Park	44			(3)	41
Section 106 - Friends School	29				29
Section 106 - The Pastures	30			(30)	-
Section 106 - Priors Green	9			(1)	8
Section 106 - Rochford Nurseries	24				24
Section 106 - Lt Walden Road/Ashdon Road	-	98			98
Section 106 - Oakwood Park	-	5			5
SUB TOTAL	2,497	103	6	(756)	1,850
Capital Grants Unapplied					
ECC Waste Grants	8	-	-	-	8
Free Swimming Capital Grant	12	-	-	(10)	2
Energy Efficiency Grant	-	69	-	-	69
Bellwin Flood Grant	-	17	-	(17)	-
SUB TOTAL	20	86	-	(27)	79
Capital Grants and Contributions Unapplied Total	2,517	189	6	(783)	1,929

3.0 – Unusable Reserves

3.1– Revaluation Reserve

2012/13 (Restated) £'000		£'000	2013/14 £'000
48,062	Balance as at 1 April		45,549
43,258	Housing Revenue Account	-	41,800
(1,554)	Adjustment between the Revaluation Reserve and Capital Adjustment Account	410	
99	Net Gain/(Loss) in Valuation of Assets	98	
(3)	Revaluation Depreciation to Capital Adjustment Account	(1)	
-	Disposals of Assets	(79)	
(1,458)	Movement in year		428
41,800	Housing Revenue Account Balance 31 March		42,228
4,804	General Fund		3,749
(2,298)	Adjustment between the Revaluation Reserve and Capital Adjustment Account	62	
1,381	Net Gain/(Loss) in Valuation of Assets	931	
(138)	Revaluation Depreciation to capital Adjustment Account	(81)	
-	Disposals of Assets	-	
(1,055)	Movement in year		912
3,749	General Fund Balance 31 March		4,661
45,549	Balance at 31 March		46,889

With effect from the 1st April 2007 the Council is required to record unrealised gains and losses arising from holding fixed 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.

During the 2013/14 accounting period we have restated an adjustment between the Revaluation Reserve and the Capital Adjustment Account. This restatement reflects an assessment carried out determining each asset value held in the revaluation reserve.

The assessment was undertaken due to a previous year's adjustment that offset the component values of assets rather than holding each component at its revalued amount.

The review has resulted in the adjustment line in the Revaluation Reserve, previously presented as £43.1m, to be restated as £3.8m with the accounts now illustrating the appropriate adjustment that should have been processed.

It should be noted that both the Revaluation Reserve and the Capital Adjustment Account are unusable reserves and therefore have no material impact to the reader of the financial statements for decision making and/or assessment. The corresponding balance sheet lines have been adjusted but to reiterate this amendment does not change the balance in the unusable reserves nor have any bottom line impact on taxpayer's equity.

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 fixed assets within the Balance Sheet and therefore not available to finance capital expenditure.

2012/13 £'000		£'000	2013/14 £'000
117,450	Balance as at 1st April		117,735
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>		
(4,708)	Charges for depreciation and impairment of non-current assets	(5,527)	
(1,868)	Revaluation losses on Property, Plant and Equipment	616	
(142)	Amortisation of Intangible Assets	(137)	
(1,134)	Revenue expenditure funded from capital under statute	(2,812)	
(1,818)	Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,600)	
(9,670)			(10,460)
141	Revaluation Depreciation from the Revaluation Reserve	81	
-	Adjust in respect of Compulsory Purchase Order	(241)	
3,852	Adjusting amounts written out of Revaluation Reserve	(472)	
(5,677)	Net written out amount of the cost of non-current assets consumed in the year		(11,092)
	<u>Capital financing applied in the year</u>		
-	Use of Capital receipts Reserve to finance new capital expenditure	135	
2,894	Use of Major Repairs Reserve to finance new capital expenditure	3,095	
912	Capital grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,690	
238	Application of grants to capital financing from the Capital Grants Unapplied Account	158	
213	Statutory provision for the financing of capital investment charged against the General fund and HRA balances	1,301	
1,705	Capital expenditure charged against the General Fund and HRA balances	3,228	
5,962	Sub Total - Adjustments		10,607
117,735	Balance as at 31 March		117,250

3.3 – Deferred Capital Receipts

Deferred Capital Receipts relate to rent to mortgage arrangements for council dwellings. The balance of the receipt held reflects the redemption of the remaining proportion of the property at the discounted value (as per the Wilks Head and Eve market valuations).

2012/13 £'000		2013/14 £'000
983	Rent to Mortgage opening balance	945
(38)	Redemption of Rent to Mortgage Loan	(98)
945	Rent to mortgage closing balance	847
945	Balance as at 31 March	847

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 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised to or from the account.

2012/13 £'000		2013/14 £'000
(127)	Balance as at 1 April	(127)
-	In year adjustment	(5)
(127)	Balance as at 31 March	(132)

3.5 – Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet 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 Section E, pages 56 - 62.

2012/13 £'000		Notes	2013/14 £'000
(29,398)	Balance as at 1 April		(31,746)
(1,282)	Surplus/(Deficit) on Provision of Services in CI&E	19.2	(1,569)
(1,066)	Actuarial Gain/(Loss)	19.5	6,962
(31,746)	Balance as at 31 March	11.5	(26,353)

3.6 – Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2012/13		2013/14
£'000		£'000
(64)	(Surplus) as at 1 April	(230)
(166)	Council Tax in Year Surplus	(94)
-	Business Rates in Year Deficit	4,423
(230)	(Surplus)/Deficit as at 31 March	4,099

SECTION B – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**4.0 – Compliance with Regulations**

4.1– Service Reporting Code of Practice

The Comprehensive Income and Expenditure Statement reports and illustrates the net cost of the Council's financial activities for the year and demonstrates how that cost has been financed from the Central Government Grants and Income from Local Taxpayers.

The Service Reporting Code of Practice requires mandatory service expenditure analysis to be used by all Local Authorities to show revenue expenditure. The intention is to provide consistency and comparability of service costs between Local Authorities.

5.0 – Notes to the Comprehensive Income and Expenditure Statement

5.1– Total Operating Expenditure

2012/13 (restated) £'000		2013/14 £'000
2,298	Parish Council Precepts	2,327
299	Payments to the Government Housing Capital Receipts Pool	345
511	Loss/(Gains) on the Disposal of Non-Current Assets	1,976
(155)	Collection Fund (Surplus)/Deficit	4,269
20	Other Non-Service Specific Expenditure	8
2,973	Total Other Operating Expenditure	8,925

The 2012/13 figures have been restated to reflect £10k UDC share of budgeted collection fund income which is now presented within table 5.3. There is also an additional £11k of administration expenses in accordance with IAS 19 regulations.

5.2 – Total Financing and Investment Income and Expenditure

2012/13 (restated) £'000		2013/14 £'000
3,074	Interest Payable and Similar Charges	3,065
(43)	Impairment & Loss/(Gains) on Financial Assets	(79)
1,318	Pensions - Net Interest on the Defined Benefit Liability (Asset)	1,336
(91)	Interest Receivable & Similar Income	(79)
-	Vehicle Lease Early Termination	-
4,258	Total Financing and Investment Income and Expenditure	4,243

The 2012/13 figures have been restated to reflect additional interest chargeable of £538k in respect of pension liabilities, in accordance with IAS 19 regulations.

5.3 – Total Taxation and Non Specific Grants

2012/13 (restated) £'000		2013/14 £'000
	<i>Council Tax Income</i>	
(4,973)	- District Council element	(4,647)
(2,298)	- Town/Parish Councils element	(2,327)
	<i>Business Rates Retention</i>	
-	- UDC Share of Budgeted Income in Year	(1,857)
-	- Safety Net Reimbursement Funding	(3,497)
	<i>Non Ring fenced Government Grants</i>	
(1,208)	- New Homes Bonus	(2,042)
(124)	- Supplementary Grants	(464)
	<i>Other</i>	
(2,889)	- Formula Funding from Central Government	(2,038)
(1,150)	- Capital Grants and Contributions	(2,008)
(12,642)	Total Taxation and Non-Specific Grants Income	(18,880)

The 2012/13 figures have been restated to reflect £10k UDC share of budgeted collection fund income previously presented within table 5.1.

5.4 - Subjective Analysis of surplus/deficit on the Net Cost of Services

This reconciliation shows the portfolio income and expenditure surplus/deficit analysed by subjective on the Net Cost of Services line included in the Comprehensive Income and Expenditure Statement.

2013/14	GF Portfolio Analysis £'000	HRA Portfolio Analysis £'000	Amounts not Reported to Management* £'000	Allocation of Recharges £'000	Net Cost of Service £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Income	(7,234)	(14,682)	(104)	-	(22,020)	(2,008)	(24,028)
Interest & Miscellaneous Income	-	(22)	22	-	-	(80)	(80)
Income from Council Tax	-	-	-	-	-	(6,974)	(6,974)
Government Grants, Funding & Contributions	(17,852)	-	-	-	(17,852)	(9,898)	(27,750)
Total Income	(25,086)	(14,704)	(82)	-	(39,872)	(18,960)	(58,832)
Employee Expenses	8,774	1,883	677	-	11,334	1,344	12,678
Other Service Expenses	23,555	2,517	(198)	-	25,874	-	25,874
Support Services Recharges - Charged	-	2,483	-	10,913	13,396	-	13,396
Support Services Recharges - Allocated	-	(1,170)	-	(12,226)	(13,396)	-	(13,396)
Capital Charges	-	-	8,101	-	8,101	-	8,101
HRA Self-Financing Interest	-	2,626	(2,626)	-	-	2,626	2,626
Other Interest Payable & Capital Financing	-	2,862	(2,862)	-	-	439	439
Transfer to Reserves & Balances	-	3,185	(3,185)	-	-	-	-
Precepts & Levies	-	-	-	-	-	2,327	2,327
Share of Collection Fund	-	-	-	-	-	4,271	4,271
Impairment & Gain/Loss on Disposal of Financial Assets	-	-	-	-	-	(79)	(79)
Gain/Loss on Disposal of Non-Current Assets	-	-	22	-	22	1,976	1,998
Payment to the Housing Capital Receipts Pool	-	-	-	-	-	345	345
Total Expenditure	32,329	14,386	(71)	(1,313)	45,331	13,249	58,580
(Surplus) / Deficit on the Provision of Services	7,243	(318)	(153)	(1,313)	5,459	(5,711)	(252)

2012/13 (Restated)	GF Portfolio Analysis	HRA Portfolio Analysis	Amounts not Reported to Management*	Allocation of Recharges	Net Cost of Service	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Income	(6,142)	(14,055)	(37)	-	(20,234)	(1,150)	(21,384)
Interest & Miscellaneous Income	-	(32)	32	-	-	(91)	(91)
Income from Council Tax	-	-	-	-	-	(7,271)	(7,271)
Government Grants, Funding & Contributions	(21,481)	(40)	-	-	(21,521)	(4,221)	(25,742)
Total Income	(27,623)	(14,127)	(5)	-	(41,755)	(12,733)	(54,488)
Employee Expenses	8,430	1,671	535	-	10,636	1,329	11,965
Other Service Expenses	27,256	2,348	(974)	-	28,630	9	28,639
Support Services Recharges - Charged	-	2,000	-	9,629	11,629	-	11,629
Support Services Recharges - Allocated	-	(899)	-	(10,730)	(11,629)	-	(11,629)
Capital Charges	-	-	4,946	-	4,946	-	4,946
HRA Self-Financing Interest	-	2,625	(2,625)	-	-	2,625	2,625
Other Interest Payable & Capital Financing	-	3,352	(2,284)	-	1,068	449	1,517
Transfer to Reserves & Balances	-	2,999	-	-	2,999	-	2,999
Precepts & Levies	-	-	-	-	-	2,298	2,298
Share of Collection Fund	-	-	-	-	-	(155)	(155)
Impairment & Gain/Loss on Disposal of Financial Assets	-	-	-	-	-	(43)	(43)
Gain/Loss on Disposal of Non-Current Assets	-	-	-	-	-	511	511
Payment to the Housing Capital Receipts Pool	-	-	-	-	-	299	299
Total Expenditure	35,686	14,096	(402)	(1,101)	48,279	7,322	55,601
(Surplus) / Deficit on the Provision of Services	8,063	(31)	(407)	(1,101)	6,524	(5,411)	1,113

The 2012/13 figures have been restated to reflect the additional costs in respect of pension arrangements as mentioned in the notes within the Comprehensive Income & Expenditure Statement section, as well as with tables 5.1-5.3. Furthermore, some additional categories and restatements have been applied to the above statement to assist with transparency, some detail of which is included with note 14.1 Segmental Breakdown.

*Amounts not reported to management are accounting entries which the management have no control over e.g. capital charges.

SECTION C – 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 2013/14 are detailed below.

6.1– Intangible Assets

2012/13		2013/14
£'000		£'000
1,572	Gross Balance at 1 April	1,662
103	Additions	44
(13)	Impairment	-
1,662	Gross Balance carried forward at 31 March	1,706
(997)	Amortisation as at 1 April	(1,151)
(154)	Amortisation In Year	(137)
(1,151)	Amortisation Balance carried forward 31 March	(1,288)
511	Net Value At 31 March	418

7.0 – Property, Plant and Equipment

7.1 - Analysis of Non-Current Assets

2013/14	Council Dwellings	Other Land and Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2013	233,609	23,839	11,837	469	813	1,037	271,604
Revaluation Gain recognised in the Revaluation Reserve	513	924	-	-	-	-	1,437
Revaluation Loss recognised in the Revaluation Reserve	(261)	(160)	-	-	-	-	(421)
Revaluation gain/(losses) recognised in the surplus/deficit on the Provision of Service	85	531	-	-	-	-	616
Additions	4,766	251	870	222	-	754	6,863
Adjustment	-	-	-	-	13	-	13
Donations	-	-	-	-	-	-	-
Disposals	(846)	(794)	(1,930)	(293)	(3)	-	(3,866)
Asset write out	(407)	(30)	-	-	-	-	(437)
Reclassification	872	2	-	106	-	(980)	-
Gross Balance as at 31 March 2014	238,331	24,563	10,777	504	823	811	275,809
Accumulated Depreciation at 1 April 2013	(4,888)	(1,897)	(4,127)	(20)	(22)	-	(10,954)
Depreciation In Year	(3,081)	(652)	(1,335)	(19)	(11)	-	(5,098)
Depreciation Write Outs	31	76	1,057	30	-	-	1,194
Depreciation Balance as at 31 March 2014	(7,938)	(2,473)	(4,405)	(9)	(33)	-	(14,858)
Net Value as at 31 March 2014	230,393	22,090	6,372	495	790	811	260,951
Net Value as at 31 March 2013	228,721	21,942	7,710	449	791	1,037	260,650
Assets owned outright	230,393	10,279	4,152	495	363	811	246,493
Donated Assets	-	1,117	144	-	-	-	1,261
Finance lease on assets	-	51	28	-	427	-	506
Assets used under contractual PFI agreement	-	10,643	2,048	-	-	-	12,691
Total	230,393	22,090	6,372	495	790	811	260,951

2012/13	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	TOTAL £'000
Balance as at 31 March 2012	231,909	22,256	11,765	453	804	76	267,263
Revaluation Gain recognised in the Revaluation Reserve	325	477	-	-	-	-	802
Revaluation Loss recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Revaluation gain/(losses) recognised in the surplus/deficit on the Provision of Service	(1,868)	622	-	-	-	-	(1,246)
Additions	4,184	661	2,328	16	9	961	8,159
Adjustment	-	56	-	-	-	-	56
Donations	-	-	-	-	-	-	-
Disposals	(941)	(233)	(2,218)	-	-	-	(3,392)
Asset write out	-	-	(38)	-	-	-	(38)
Gross Balance as at 31 March 2013	233,609	23,839	11,837	469	813	1,037	271,604
Accumulated Depreciation at 1 April 2012	(2,011)	(1,219)	(4,741)	(10)	(11)	-	(7,992)
Depreciation In Year	(2,894)	(688)	(1,174)	(10)	(11)	-	(4,777)
Depreciation Write Outs	17	10	1,788	-	-	-	1,815
Depreciation Balance as at 31 March 2013	(4,888)	(1,897)	(4,127)	(20)	(22)	-	(10,954)
Net Book Value as at 31 March 2013	228,721	21,942	7,710	449	791	1,037	260,650
Net Value as at 31 March 2012	229,898	21,037	7,024	443	793	76	259,271
Assets owned outright	228,721	10,588	5,054	449	330	1,037	246,179
Donated Assets	-	1,434	165	-	-	-	1,599
Finance lease on assets	-	-	102	-	461	-	563
Assets used under contractual PFI agreement	-	9,921	2,388	-	-	-	12,309
Total	228,721	21,943	7,709	449	791	1,037	260,650

7.2 – Quantitative Analysis of Non-Current Assets

31 March 2013			31 March 2014	
Number	Value £'000		Number	Value £'000
Housing Revenue Account				
2,844	228,721	Dwellings	2,843	230,392
555	2,003	Garages	545	1,569
n/a	154	Vehicles, Plant and Equipment	n/a	380
n/a	930	Assets Under Construction	1	604
3	256	Other Land and Buildings	3	383
3,402	232,064	Total HRA	3,392	233,328
General Fund				
1	3,371	Offices- Saffron Walden	1	3,278
2	773	Depot Premises	2	521
8	3,219	Car Parks	9	3,403
4	931	Day Centres	4	1,010
1	126	Public Conveniences	1	137
10	295	Amenity Land	11	305
2	461	Community Land & Buildings	2	450
2	42	Coach Parks Infrastructures	2	42
n/a	337	Other Infrastructure	8	453
n/a	4,067	Vehicles, Plant and Equipment	n/a	2,994
7	102	Leased Assets	4	28
3	12,309	Assets Under Contractual PFI	3	12,690
n/a	361	Information Technology	n/a	359
1	310	Turpin's Bowls Hall	1	309
2	1,599	Community Halls	1	1,262
1	51	Land Leased to Town Council	1	51
1	107	Assets Under Construction	1	208
4	125	Other Assets	2	123
49	28,586	Total General Fund	53	27,623
3,451	260,650	Total Fixed Assets	3,445	260,951

7.3 – Heritage Assets

The Council has the following assets that meet the definition of ‘Heritage Assets’ under the Financial Reporting Standard (FRS) 20.

- Saffron Walden Motte and Bailey Castle
- Saffron Walden Museum Artefacts

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 has been no excavations on the site of notable interest.

For proposals of works to the Castle please refer to our 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 and therefore the artefacts are included in the Council’s 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 can be categorised as follows:

Collections	Of Particular Importance	Last professional valuation	Valuation Details	Estimated Value £'000
Archaeological	Small number of Egyptian and classical artefacts.	Not undertaken to date.	N/A	N/A
Fine Art	Oil paintings and prints of local significance.	2006	A Bowyer and Co. Banbury. Fine Arts Valuer.	155
Decorative Collection	Small number of Ceramics and Glass of high value.	N/A	J Dutton – Ceramics specialist (September 2011).	1,300
Costumes and Textiles	Small selection of important /high value items.	Not undertaken to date.	N/A	N/A
Natural Sciences	Specified rare and high value taxidermy and osteology specimens	N/A	G Lucy - Geologist. (2001).	510
World Cultures	Small number of rare objects.	Not undertaken to date.	N/A	N/A
Social History Collection	Small number of high value items.	Not undertaken to date.	N/A	N/A
Intangible Heritage Assets	Accounts for 10% of the total collection	Not undertaken to date.	N/A	N/A

The collection is on the whole of significant local importance with a small proportion of high value items. The valuations undertaken were not commissioned in line with accounting requirements and therefore the Council is unable to place reliance on the valuations for the accounts.

In 2013/14 the North-West Essex ring was acquired using grant-aid from various organisations through the Museum Society. As per FRS 30 it is considered that the cost of seeking valuations of these items would be disproportionate to the benefit gained from their recognition on the balance sheet, therefore we are only holding the fine art collection on the balance sheet.

For further information please visit our website www.uttlesford.gov.uk

The carrying value reported in the balance sheet for Heritage assets is detailed below:

2012/13 £'000		2013/14 £'000
78	Saffron Walden Motte and Bailey	123
155	Museum Artefacts	155
233	Net Value At 31 March	278

The movement in year is expenditure incurred as per proposals of work on the Saffron Walden Motte & Bailey Castle (as narrated on our website www.uttlesford.gov.uk)

7.4 – Significant Commitments under Capital Contracts

As at March 2014, the Council has the following significant future capital contracts for capital investment

	WIP 31 March 2014 £'000	Total remaining commitment £'000	Duration of commitment Years
Capital Scheme			
<u>Housing</u>			
Mead Court/Canon's Mead Development	596	3,741	3
Total	596	3,741	

7.5 – Capital Expenditure and Financing

The total amount of capital expenditure (including finance leases) incurred in the year and the sources of financing this expenditure are detailed in the table below. Where the capital expenditure is to be financed in future years for assets which are used by the council to provide services is charged to the revenue budget over the expected life of the asset. These charges result in an increase to the Capital Financing Requirement (CFR) and this represents a measure of the expenditure incurred but not yet financed.

2012/13		2013/14
£ '000		£ '000
94,798	Opening Capital Financing Requirement	98,232
	<u>Capital Expenditure</u>	
8,159	Property Plant and Equipment	6,908
103	Intangible Assets	44
1,134	Revenue Expenditure Funded from Capital Under Statute	2,812
9,396	Total Capital Expenditure:	9,764
	<u>Sources of Finance</u>	
-	Capital Receipts	135
1,150	Government Grants and Other Contributions	2,605
1,705	Capital Expenditure Financed from Revenue Contributions	3,191
2,894	Major Repairs Reserve	3,200
213	Minimum Revenue Provision	885
5,962	Total Capital Financing	10,016
98,232	Closing Capital Financing Requirement	97,980
2012/13		2013/14
£'000		£'000
	<u>Explanation of Movements</u>	
3,647	Increase in underlying need to borrow (unsupported by government financial assistance)	633
(213)	Minimum Revenue Provision	(885)
3,434	Increase / (decrease) in Capital Financing Requirement	(252)

8.0 – Other Long Term Assets

8.1 – Long Term Debtors

The council has long term debtors relating to the Rent to Mortgages, which is shown in Financial Instruments – 20.5 under collateral.

9.0 – Current Assets

9.1 – Inventories (Stock)

31 March 2013 £'000		31 March 2014 £'000
45	Housing Stores	41
44	Building Maintenance	43
10	Vehicle Fuel	-
13	Trading Stock	10
112	TOTAL	94

9.2 – Debtors

2012/13 £'000		2013/14 £'000
776	Central Government Bodies*	10,273
582	Other Local Authorities	1,549
5,117	Other Entities and Individuals	3,877
6,475	Total	15,699

*The movement in the Central Government Bodies figure relates to balances held in respect of NNDR (including £5.5m central government share of NNDR3 deficit and £3.5m safety net funding accrual).

9.3 – Provision for Bad Debts

2012/13 £'000		2013/14 £'000
1,545	Non Domestic Rates	386
143	Council Tax	190
376	Housing Rents	344
544	Overpaid Benefit	514
30	Court costs	74
26	Sundry Debtors	12
2,664	Total Provision for Bad Debt	1,520

The Debtors figure in the Balance Sheet is the total of tables 9.2 & 9.3.

9.4 – Assets Held for Sale

2012/13 £'000		2013/14 £'000
231	Balance Brought Forward	-
-	Reclassification of Assets Held for Sale	-
(231)	Disposal of Asset	-
-	Net Value At 31 March	-

9.5 – Cash and Cash Equivalents

2012/13 £'000		2013/14 £'000
3,721	Net Cash Equivalent as per Financial Instruments	486
353	Cash in Transit	312
(22)	Un-presented Cheques	(34)
4,052	Cash & Cash Equivalents 31 March	764

10.0 – Current Liabilities

10.1 – Creditors

2012/13		2013/14
£'000		£'000
271	Central Government Bodies*	6,925
1,822	Other Local Authorities	3,337
3,651	Other Entities and Individuals	4,608
5,744	Total	14,870

*The movement in the Central Government Bodies figure mainly relates to balances held in respect of NNDR (£6.5m provisions and prepayments).

10.2 – Provisions

Balance as at		In year	Provision	Balance as at
31 March 2013		Provision	Applied	31 March 2014
£'000		£'000	£'000	£'000
27	Legal Claims	-	-	27
210	Land Charges - Legal Claims on Charging Policy	8	-	218
	Expenditure commitments for New Homes Bonus			
204	- 2011/12 Parish Councils	-	(120)	84
106	- 2012/13 Ward Members / Jubilee Fund	-	(90)	16
-	- 2013/14 Ward Members	26	-	26
24	Community Halls	-	-	24
9	Municipal Mutual Insurance (MMI)	-	(9)	-
-	NNDR Appeals	4,609	-	4,609
	In year movements			
580	Balance as at 31 March	4,643	(219)	5,004

The total provision applied for NNDR appeals as at 31st March 2014 is £11.5 million. The above table only reflects the council's share of the provision at the value of £4.609 million.

11.0 – Long Term Liabilities

11.1 – Long Term Borrowing

The long term borrowing relates to the Housing Revenue Account Self Financing Loan which is detailed in Financial Instruments, reference 20.2

11.2 – Deferred Liabilities

2012/13	2013/14	1 Year	2 - 5 years	6 - 10 years	11 - 15 years	16 - 20 years	21 - 25 years
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Central Services</u>							
83	Finance leases Opening balance	82	28	10	-	-	-
(27)	Principal Payments	(28)	(18)	(10)	-	-	-
26	Adjustment to Liability	(26)	-	-	-	-	-
82	Closing balance	28	10	-	-	-	-
<u>Leisure</u>							
5,296	PFI – Opening balance	5,222	5,141	5,053	4,621	3,845	2,690
(74)	Principal repayment	(81)	(88)	(432)	(776)	(1,155)	(1,721)
5,222	Closing balance	5,141	5,053	4,621	3,845	2,690	969
5,304	Deferred Liabilities at 31 March	5,169	5,063	4,621	3,845	2,690	969

11.3 – Creditor – Capital Grants and Contributions with Conditions

	31 March 2013	Income	Drawn Down	31 March 2014
	£'000	£'000	£'000	£'000
S106 Receipts in Advance				
Section 106 - Priors Green	222	1	(122)	101
Section 106 - Felsted	10	-	-	10
Section 106 - Oakwood Park	10	-	-	10
Section 106 - Rochford Nurseries	444	346	(6)	784
Section 106 - Bell College	-	6	-	6
Section 106 - Manuden Village Hall and Sports Facilities	1,583	-	(1,308)	275
Section 106 - The Orchard, Elsenham	-	42	-	42
Section 106 - Wedow Road, Thaxted	-	64	-	64
SUB TOTAL	2,269	459	(1,436)	1,292
Capital Grants Receipts in Advance				
Heritage Quest Centre Grants	82	-	-	82
Disabled Facilities Grant	42	70	(112)	-
English Heritage Grant	-	20	(20)	-
Capital Hardware Grant	-	11	-	11
SUB TOTAL	124	101	(132)	93
Capital Grants and Contributions	2,393	560	(1,568)	1,385

11.4 – Creditor – Capital Grants and Contributions to other bodies

	31 March 2013 £'000	Income £'000	Drawn Down £'000	31 March 2014 £'000
S106 Receipts in Advance				
Section 106 - Sector 4 Woodlands Park (Helena Romanes School)	225	-	(60)	165
Section 106 - Priors Green	8	-	(7)	1
Section 106 - Wedow Road, Thaxted	-	187	-	187
Section 106 - Barnetson Court, Dunmow	-	66	(66)	-
Section 106 - Broomfields, Hatfield Heath	-	155	(155)	-
Section 106 - Rochford Nurseries	-	289	-	289
Section 106 - Sampford Road	-	354	-	354
SUB TOTAL	233	1,051	(288)	996

11.5 – Pension Liability

The pension liability is the current obligation of the future retirement benefits the council has to its members, this is calculated as a net of the fair value of assets less the current obligation, details of which can be found in table 19.3.

12.0 – Tax Payers Equity

12.1 – Usable Reserves

The usable reserves are monies that are set aside and can be used by the council to fund future projects and initiatives as directed by Members and the senior management team, that are not part of the normal running of the council services. For details please refer to section 2, page 9.

12.2 – Unusable Reserves

The unusable reserves are unrealised gains and losses of the council that relate to the financing of capital expenditure as well as timing differences between recognition of assets and liabilities under accounting rules and statutory regulations. For details please refer to section 3, page 12 – 17.

SECTION D – CASH FLOW STATEMENT**13.0 – Cash Flow Activities**

13.1 – Cash Flow Statement – Operating Activities

2012/13 £'000		2013/14 £'000
(564)	Net surplus/(deficit) on the provision of services	252
	Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	
4,778	Depreciation	5,527
1,868	Impairment and downward valuations	(616)
154	Amortisation	137
(24)	Material impairment losses/(gains) on investment debited to surplus/(deficit) on the provision of services in year	-
732	Increase in creditors	1,261
(66)	Decrease in interest and dividend debtors	-
599	(Increase)/decrease in debtors	(260)
(13)	(Increase)/Decrease in inventories	18
733	Pension Liability	1,569
(379)	Contribution to provisions	4,425
-	Unwinding the discount on deferred receipts	55
1,835	Carrying amount of non-current assets sold	2,600
10,217	Total	14,716
(2,269)	Adjustments for items included in the net (deficit) on the provision of services that are investing or financing activities	(2,843)
7,384	Net cash flows from operating activities	12,125

13.2 – Cash Flow Statement – Investing Activities

2012/13		2013/14
£'000		£'000
(8,264)	Purchase of property, plant and equipment, investment property and intangible assets	(6,975)
(4,195)	Purchase of net short term investments	(9,767)
26	Add back new finance leases	-
1,120	Proceeds from sale of property, plant and equipment	876
421	Proceeds from long term investments	1,010
2,350	Capital grants received	2,036
(8,542)	Total Cash Flows from Investing Activities	(12,820)

13.3 – Cash Flow Statement – Financing Activities

2012/13		2013/14
£'000		£'000
-	Cash Receipts from long term borrowing	-
-	Billing Authorities - Council Tax & NNDR Adjustment	(2,458)
(166)	Appropriation to/from Collection Fund Adjustment Account	-
(101)	Cash Payments for the Reduction of the outstanding Liabilities	(135)
(267)	Total Cash Flows from Financing Activities	(2,593)

13.4 – Cash Flow Statement – Cash and Cash Equivalents

2012/13		2013/14	Movement in
£'000		£'000	year
			£'000
853	Cash and Bank Balances	764	(89)
3,199	Cash Investments - Cash Equivalents	-	(3,199)
4,052	Total Cash and Cash Equivalents	764	(3,288)

13.5 – Cash Flow Statement – Interest on Balances

2012/13		2013/14
£'000		£'000
3,074	Interest paid	3,065
(91)	Interest received	(79)
2,983	Net Interest Paid	2,986

SECTION E – SUPPLEMENTARY NOTES TO THE CORE FINANCIAL STATEMENTS**14.0 – Supplementary Comprehensive Income and Expenditure Notes**

14.1 – General Fund Income and Expenditure Segmental Breakdown

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is shown as specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across service portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements.

- No charges are made in relation to capital expenditure (whereas depreciation, impairment and amortisation are charges to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits are based on cash flows (payments of employer's pension contributions) rather than the current service cost of benefits accrued in the year.

Portfolio Income and Expenditure for 2013/14

	Community Safety	Community Partnerships & Engagement	Environmental Services	Finance & Administration	Housing	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Income	(338)	(324)	(4,958)	(806)	(808)	(7,234)
Government Grants	-	(450)	-	(17,402)	-	(17,852)
Total Income	(338)	(774)	(4,958)	(18,208)	(808)	(25,086)
Employee expenses	463	971	3,659	3,150	531	8,774
Other service expenses	161	1,622	2,086	19,472	214	23,555
Total Expenditure	624	2,593	5,745	22,622	745	32,329
Net Expenditure/(Income)	286	1,819	787	4,414	(63)	7,243

Portfolio Income and Expenditure Restated for 2012/13

	Community Safety	Community Partnerships & Engagement	Environmental Services	Finance & Administration	Housing	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Income	(330)	(347)	(4,150)	(571)	(744)	(6,142)
Government Grants	-	(550)	(10)	(20,836)	(85)	(21,481)
Total Income	(330)	(897)	(4,160)	(21,407)	(829)	(27,623)
Employee expenses	433	929	3,728	2,854	486	8,430
Other service expenses	186	1,963	2,082	22,663	362	27,256
Total Expenditure	619	2,892	5,810	25,517	848	35,686
Net Expenditure	289	1,995	1,650	4,110	19	8,063

The 2012/13 figures have been restated to primarily to remove £1.208m of New Homes Bonus funding, to be consistent with table 5.4 Subjective Analysis where this income is already categorised within 'Corporate Items'.

14.2 – Grant Income – Revenue

The council receives a number of grants and donations which are credited to the service lines of the Comprehensive Income and Expenditure Statement. These are analysed below. Please note this table excludes government grants which are credited to the taxation and non-specific grant income line in the Comprehensive Income and Expenditure Statement (including new homes bonus funding).

2012/13		2013/14
£'000		£'000
(9,698)	Housing Benefits Allowance Subsidy	(9,986)
(6,674)	Housing Benefits Rent Rebate Subsidy	(6,786)
(450)	Private Finance Initiative	(450)
(328)	Benefits Administration	(293)
(138)	Non Domestic Rates Cost of Collection	(138)
(37)	S106 Contributions	(103)
(46)	Discretionary Housing Payments	(100)
(46)	Pig Market Charity	(44)
-	Local Council Tax Scheme Admin Subsidy	(36)
-	Improvement East Use of Resources	(31)
-	Gypsy and Traveller Study	(30)
(19)	Benefits Fund	(26)
(29)	Other Miscellaneous (under £10,000)	(22)
(3,966)	Council Tax Benefits Subsidy	-
(100)	Town Centre Initiative	-
(86)	Homelessness	-
(84)	Council Tax Reform	-
(40)	Community Covenant	-
(10)	Neighbourhood Planning	-
(21,751)	Total Revenue Grants	(18,045)

The 2012/13 figures have been restated to remove New Homes Bonus and include Non Domestic Rates Cost of Collection.

15.0 – Supplementary Balance Sheet Notes

15.1 – Post Balance Sheet Events

Curators House

The Curators house was held on the Councils balance sheet as at 31st March on a peppercorn lease, the carrying value being £53k.

A decision was made by the Museum Society on the 25th March 2014 to sell the Curators house, the house was marketed for Sale on the 24th April 2014 and an offer was accepted subject to contract on the 6th May. Although this asset was held on the council balance sheet the council makes no financial gain from this sale and all proceeds go to the Museum Society fund.

15.2 – Contingent Liabilities

Business Rates Appeals

Uttlesford District Council on behalf of Essex County Council, Essex Fire Authority and Central Government is required to refund ratepayers who have successful appeals against the rateable value of their properties on the 2010 rating list. It has determined a total provision of £11.5m of which £4.6m relates to UDC.

In relation to outstanding business rates appeals recorded as at 31 March 2014 with the Valuation Agency Office (VOA) the Council is able to estimate the expenditure required to settle present obligation. Furthermore, local businesses can also appeal against the Rateable Value on the 2010 Rating list until 31 March 2017. Having assessed the information available to the authority the provision made includes an element for appeals not yet recognised.

However, it is difficult to estimate the total future liability to the authority of businesses lodging an appeal in the future and being successful. The Council has made provision in the accounts for business properties where the risk of an appeal materialising is probable. Therefore, if further appeals are submitted to VOA in the future and successful, it could impact on the Council's Financial Statements.

Planning Appeals

Uttlesford District Council is expecting appeals to be lodged against previous planning decisions which were made in 2013/14. Whilst the outcome and exact financial implications of these appeals is not yet known it is estimated that the council may incur potential liabilities.

15.3 – Net Assets Employed

31 March 2013		31 March 2014	
£'000		£'000	
276	General Fund	7,508	
144,794	Housing Revenue Account	145,840	
145,070	Total	153,348	

16.0 – Leasing Arrangements and Private Finance Initiative

16.1 – Operating Leases

The Council has no significant operating lease commitments as at 31st March 2014.

16.2 – Operating Leases Income

	2012/13	2013/14	Within 1 Year	Within 2–5 Years	6-10 Years	11-15 Years
	£'000	£'000	£'000	£'000	£'000	£'000
Turpins Bowling Hall	21	21	21	84	63	-

16.3 – Finance Leases Rental

	2012/13	2013/14	1 Year	2 - 5 years
	£'000	£'000	£'000	£'000
Finance lease - amount payable	32	32	32	-
Principal repayment	26	28	28	-
Interest payable	6	4	4	-

16.4 – 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 Leisure Connection Limited who manages the 3 Leisure Centres on the Council's behalf.

The contract was operational from the financial year 2003/04 and runs for a period of 32 years (ending 2035/36) leaving 22 years outstanding. The total contract payments estimated at the time of entering into the contract were estimated at £39.9 million. Actual payments are dependent on the service provided. The remaining capital liability for 2013/14 is £5.141 million.

2012/13 (Restated)		2013/14	1 Year	2 - 5 years	6 - 10 years	11 - 15 years	16 - 20 years	21 - 25 years
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
1,018	Leisure PFI - Unitary charge	1,012	1,082	4,550	6,219	6,867	7,581	3,291
75	Capital Repayment	81	88	432	776	1,155	1,721	969
439	Interest Expense	433	426	1,626	1,797	1,418	852	102
148	Contingent Rent	158	172	875	1,393	1,899	2,515	1,519
356	Services*	340	396	1,617	2,253	2,395	2,493	701
1,018	Total Unitary Charge	1,012	1,082	4,550	6,219	6,867	7,581	3,291

*The Services charge has been restated to reflect the actual cost of the service provided.

17.0 – Members, Officers and Related Parties

17.1 – Members Allowances

The Local Government Act 2000 and the Local Government (Members Allowances) Regulation 2003 requires 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 2013/14.

The total Members allowances paid in 2013/14 was £304,238 (£308,575 for 2012/13), these are detailed below.

2012/13 £'000		2013/14 £'000
	Allowance:	
220	Basic Allowance	218
6	Group Leaders Allowances	5
56	Special Responsibility Allowances	63
18	Travel and Subsistence	12
2	Broadband	-
7	Employers Pension Contribution	6
309	Total	304

17.2 – 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.

There are no disclosures from Members of any material related party transactions.

17.2.1 - 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 and this is available for public inspection during office opening times.

17.2.2 - Senior Officers of the Council

Senior Officers of the Council have control over the day to day management of the Council, the Chief Executive and 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 during office opening hours

17.2.3 – 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 section 5 of the explanatory foreword.

17.2.4 – Companies and Organisations

- **Turpin's Indoor Bowling Club Limited**
Under the terms of a 25 year lease 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 of 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. The financial implications of the lease are detailed in the note at 16.2.
- **Stansted Area Housing Partnership**
The Partnership is comprised of four local authorities, two housing associations, the housing corporation and the BAA Stansted, its aim is to provide a significant number of new affordable homes in the Stansted area over the next ten years. BAA is funding £2.34 million approximately through a planning obligation payment under the S106 arrangements held and monitored by the Council.

- 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 its share of the net income on the basis of 66/303 split.

The Charity distributes the income it receives by way of grants to charities that work in the Saffron Walden area.

Citizens Advice Bureau – 2013/14 - £43,857

2012/13 - £45,543

- Saffron Walden Museum Society Limited

The Council rents the Saffron Walden Museum and Museum artefacts under the terms of a 99 year lease from the Museum charity at a nominal annual rent. The asset is classified as a donated asset under the International accounting rules, 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;

2013/14 - £284,336

2012/13 - £284,332

17.2.5 – 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, NHS West Essex, and Uttlesford Council for Voluntary Services, Federation of Small Businesses, Sustainable Uttlesford, Uttlesford Association of Local Councils and Learning Skills Council.

In 2013/14 the gross income of the partnership was £27,836 and expenditure £11,185 (£31,402 and £8,556 respectively for 2012/13). The Council's contribution for 2013/14 was £5,000 (£5,000 for 2012/13).

- Community Safety Partnership

Uttlesford District 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, NHS West Essex and Uttlesford Council for Voluntary Services. The Partnership reports into the Local Strategic Partnership

In 2013/14 the gross income of the partnership was £57,229 and expenditure £12,078 (£53,101 and £22,872 respectively for 2012/13). The unspent income of £45,151 has been carried forward and will contribute towards the costs of the partnership's strategic vision. The Council's contribution for 2013/14 was £5,000 (£5,000 for 2012/13).

17.2.6 – 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 with effect from the 1st April 2011. The Partnership operates the Councils' off street pay and display car parks, and administers the on street parking services on behalf of Essex County Council. The lead authority is Colchester Borough Council and they provide the support services and accommodation for the Partnership.

The Partnership is governed by a Joint Committee, on which each partner Council has a representative. The Joint Committee produces its own accounts which are summarised below.

The Partnership is funded by previously agreed contributions by each Council partner; these are expected to remain constant. In the event that the Partnership falls into deficit (costs exceed income) then an increase in the contributions may be required. The Partnership's cumulative reserves will be used as a contingency to ensure financial stability. If deemed appropriate by the Joint Committee a proportion of the reserves may be returned to the partners.

2012/13 (Restated) £'000		2013/14 £'000
2,231	Staffing Costs	2,388
715	Other running costs	640
525	Support services	557
3,471	Total expenditure	3,585
(2,173)	Income	(2,434)
1,298	Net expenditure	1,151
(145)	Partner contribution - UDC	(148)
(977)	Other partner contributions	(1,097)
(183)	Contribution from Reserves	(67)
(7)	Surplus for the year	(161)
(446)	Reserves as at 1 April	(270)
183	Use of reserves	67
(7)	Surplus for the year	(161)
(270)	Reserves as at 31 March	(364)

17.3 – Officers Remuneration

Senior Officers remuneration is detailed below

		Salary, Fees and Allowances	Bonuses	Car Allowances	Benefits in Kind	Redundancy	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
		£	£	£	£	£	£	£	£
Chief Executive	2012/13	102,151	-	445	235	-	102,831	13,280	116,111
	2013/14	102,151	-	490	-	-	102,641	13,280	115,921
Assistant Chief Executive - Legal	2012/13	69,387	-	800	-	-	70,187	9,020	79,207
	2013/14	70,841	-	490	-	-	71,331	9,209	80,540
Assistant Chief Executive - Finance	2012/13	69,387	-	-	1,602	-	70,989	9,020	80,009
	2013/14	70,841	-	94	1,428	-	72,363	9,209	81,572
Director of Public Services	2012/13	77,811	-	585	-	-	78,396	10,115	88,511
	2013/14	79,408	-	490	-	-	79,898	10,315	90,213
Director of Corporate Services	2012/13	77,811	-	-	3,203	-	81,014	10,115	91,129
	2013/14	79,345	-	375	329	-	80,049	10,315	90,364
Assistant Director - Corporate Services	2012/13	50,919	-	-	1,927	-	52,846	6,619	59,465
	2013/14	52,178	-	324	468	-	52,970	6,783	59,753
Assistant Director - Housing and Environmental Services	2012/13	50,919	-	800	-	-	51,719	6,619	58,338
	2013/14	52,241	-	490	-	-	52,731	6,783	59,514
Assistant Director - Planning and Building Control	2012/13	50,919	-	800	-	-	51,719	6,619	58,338
	2013/14	52,214	-	490	-	-	52,704	6,783	59,487

17.4 – Employees Salary over £50,000

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

No. of Employees 2012/13	Remuneration Band	No. of Employees 2013/14
6	£50,000 - £54,999	6
-	£55,000 - £59,999	-
-	£60,000 - £64,999	-
-	£65,000 - £69,999	-
2	£70,000 - £74,999	2
1	£75,000 - £79,999	1
1	£80,000 - £84,999	1
-	£85,000 - £89,999	-
-	£90,000 - £94,999	-
-	£95,000 - £99,999	-
1	£100,000 - £104,999	1
11	Total	11

The number of employees shown above includes the senior officers shown in the preceding senior officers' note (17.3)

17.5 – Termination Benefits

The Council terminated the contracts of 6 employees in 2013/14 (zero in 2012/13) incurring liabilities of £170,073 (zero in 2012/13). The table below identifies the number of exit packages in bands of £20,000.

2012/13		Exit Package Cost Band		2013/14		
Number of Compulsory Redundancies	Number of other Departures Agreed	Total Number of Exit Packages		Number of Compulsory Redundancies	Number of other Departures Agreed	Total Number of Exit Packages
-	-	-	£0 - £20,000	1	1	2
-	-	-	£20,001 - £40,000	-	3	3
-	-	-	£40,001 - £60,000	1	-	1
-	-	-	Total Number of Packages	2	4	6
-	-	-	Total Cost (£)	61,526	108,547	170,073

18.0 – Fees Payable

18.1 – External Audit Fees Payable

In 2013/14 external audit and inspection costs incurred by the Council are detailed in the following table.

2012/13		2013/14
(Restated)		
£'000		£'000
40	Fees payable in relation to External Audit Services carried out by the appointed Auditor	62
43	Fees payable in relation to Certification of Grant Claims and Returns	55
83	Total	117

The 2012/13 restated figures include transitional arrangements for external audit services in year as well as grant claims and returns costs in respect of 2011/12.

19.0 – Pension Scheme

19.1 – 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. The last review was carried out in 2013 and formally reported in January 2014 to be effective from 2014/15 until 2016/17.

The Pension Scheme has been restated based on the revised IAS19 standard. The disclosures for 2012/13 have been restated to reflect this and will enable the user to look at comparative figures. The main changes are related to the CIES, as detailed below;

- Removal of the expected return on assets, to be replaced by a 'net interest cost' comprising of income interest on the asset and interest expense on the liabilities.
- Re-presentation in the CIES; 'Service Cost' now includes what was previously described as 'Current Service Cost' plus 'Past Service Cost' plus any Curtailments and Settlements.
- Administration costs are now accounted for in the CIES where previously a deduction was made to the actual and expected return on assets.

The Council currently has 879 members enrolled in the pension scheme, of which an assumption has been made that 60% of members will exchange their commutable pension for cash at retirement.

19.2 – 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 Comprehensive Income and Expenditure Statement 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 1st April 2011 public service pensions have been up-rated in line with Consumer Price Index (CPI) rather than Retail Price Index (RPI).

2012/13 (Restated) £'000		2013/14 £'000
1,472	Current Service Cost	1,776
1,318	Net interest on the defined liability/asset	1,336
11	Administration cost	8
2,801	Net Charge to Comprehensive Income and Expenditure Statement	3,120
1,282	Reversal of Net Charge made for retirement benefits in accordance with IAS19 Actual amount charged against Council Tax for Pensions in the year:	1,569
855	Employer Contributions to the Pension Fund	909
438	Deficit Contribution Payments	457
115	Contributions to the Pension Fund in respect of Early Retirement	67
111	Added Years Discretionary Payments	118
1,519	Payments to the Pension Fund During the Year	1,551
2,801	Total	3,120

19.3 – Pension Liabilities (Summary)

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

A reconciliation of the opening and closing balances of the present value of the scheme liabilities for retirement benefits attributable to the Council as at 31st March 2014 are as follows:

2012/13 (Restated) £'000		2013/14 £'000
73,075	Present Value of Scheme Obligation at 1 April 2013	80,339
1,469	Current Cost of Service	1,666
3,316	Interest Cost	3,414
434	Contributions by Scheme participants	452
-	Past Service Cost/(Gain)	-
4,506	Change in financial assumptions	834
-	Change in demographic assumptions	(4,513)
(18)	Experience gain on defined benefit obligation	(2,544)
3	Past Service Cost and Curtailments	110
(2,446)	Benefits/Transfers paid	(2,529)
7,264		(3,110)
80,339	Present Value of Scheme Obligation as at 31 March	77,229

19.4 – Pension Liabilities (Sensitivity Analysis)

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

Adjustments made to:-	+ 1 year / + 0.1% change £'000	No change £'000	- 1 year / - 0.1% change £'000
Mortality age rating (increase/decrease by 1 year)	74,525	77,229	79,958
Rate of increase in salaries (increase/decrease by 0.1%)	77,353	77,229	77,105
Rate of increase in pensions (increase/decrease by 0.1%)	78,402	77,229	76,076
Rate for discounting scheme liabilities (increase/decrease by 0.1%)	75,974	77,229	78,506

19.5 – Pension Assets

A reconciliation of the opening and closing balances of the present value of the scheme assets for retirement benefits attributable to the Council as at 31st March 2014 are as follows:

2012/13 (Restated) £'000		2013/14 £'000
43,678	Fair Value of Scheme Assets as at 1 April	48,594
1,998	Interest on assets	2,078
3,422	Return on assets less interest	1,925
-	Other actuarial losses	(1,186)
(11)	Administration expenses	(8)
1,519	Contributions by employer including unfunded	1,551
434	Contributions by Scheme participants	452
(2,446)	Estimated benefits paid plus unfunded net of transfers in	(2,529)
4,916		2,283
48,594	Fair Value of Scheme Assets as at 31 March	50,877

19.6 – Pension Scheme History

The liabilities show the underlying commitments that the Council has in the long term to pay employment retirement benefits. The total liability of £26.3 million (£31.7 in 2012/13) has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements are in place for funding the deficit to maintain a healthy financial position of the Council, by the following;

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

	2009/10	2010/11	2011/12	2012/13 (Restated)	2013/14
	£'000	£'000	£'000	£'000	£'000
Estimated Liabilities in the Scheme	(65,840)	(61,763)	(73,075)	(80,339)	(77,229)
Estimated Assets in the Scheme	43,162	42,603	43,678	48,593	50,877
Net (Deficiency) in the Fund	(22,678)	(19,160)	(29,398)	(31,746)	(26,353)
Actuarial Gains/(Losses)	(5,983)	429	(10,078)	(1,066)	6,962
Total Pension Cost Recognised in the Movement in Reserves Statement	(5,983)	429	(10,078)	(1,066)	6,962

19.7 – Basis for Estimating the Pension Scheme Assets and Liabilities

The assets and liabilities of the fund attributable to Uttlesford District Council have been derived by Barnett Waddingham Public Sector Consulting from a full actuarial valuation of the fund undertaken by Mercer Ltd as at 31st March 2010.

The expected rate of return effectively set by the net interest cost is assumed at the current time to be 8%. The other financial assumptions used within the report are detailed below;

2012/13		2013/14
	Mortality Assumptions:	
	Longevity at 65 for future pensioners (Years)	
24.2	Men	24.9
26.9	Women	27.4
	Financial Assumptions:	
3.30%	Rate of Inflation - RPI	3.50%
2.50%	Rate of Inflation - CPI	2.70%
4.30%	Rate of Increase in Salaries (reflects long term salary growth assumptions)	4.50%
2.50%	Rate of increase in Pensions	2.70%
4.30%	Rate of Discounting Scheme Liabilities	4.40%
50%	Take Up option to convert annual pension into retirement	60%

19.8 – Analysis of Assets Held

The assets held by the fund attributable to Uttlesford District Council as at 31st March 2014 are detailed below;

2012/13			2013/14		
£'000			£'000		
31,100	64%	Equity Investments	34,088	67%	
3,402	7%	Gilts	4,070	8%	
3,887	8%	Other Bonds	4,070	8%	
5,831	12%	Property	5,596	11%	
1,944	4%	Cash	1,018	2%	
2,430	5%	Other Assets	2,035	4%	
48,594	100%	Total	50,877	100%	

19.9 – History of Experience of Gains and Losses

	2009/10		2010/11		2011/12		2012/13 (Restated)		2013/14	
	£'000	% change	£'000	% change	£'000	% change	£'000	% change	£'000	% change
Return on plan assets in excess of interest	-	0.0%	-	0.0%	-	0.0%	3,422	n/a	1,925	n/a
Asset Gain/(Loss)	9,124	21.1%	3,523	7.3%	(2,409)	5.5%	-	0.0%	(1,186)	n/a
Liability Gain/(Loss)	(15,107)	22.9%	(3,094)	5.7%	(126)	-20.0%	18	0.02%	2,544	3.2%
Change in Demographic Assumptions	n/a	n/a	n/a	n/a	n/a	n/a	-	n/a	4,513	n/a
Change in Assumptions	n/a	n/a	n/a	n/a	(7,543)	n/a	(4,506)	n/a	(834)	n/a
Net Gain/(Loss)	(5,983)		429		(10,078)		(1,066)		6,962	

19.10 – Pension Reserve

The Pension Reserve has been set up as part of the requirements to comply with IAS19 – Employee Benefits. This reserve represents the actuarially calculated deficit between the value of all pension liabilities and the assets held by the Pension Fund as at 31st March 2014. The deficit also includes the difference between the cost of statutorily required payments to the Pension Fund and the IAS19 accounting cost charged to the CIES.

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

20.0 – Financial Instruments

Financial 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 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
- finance leases detailed
- Private Finance Initiative contracts detailed

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year are held under the following two classifications. Loans and receivables (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

- fixed term deposits with banks and building societies
- loans to other local authorities
- lease receivables detailed
- trade receivables for goods and services delivered

20.1 - Financial Instruments – Balances

Long Term Financial Instruments			Short Term Financial instruments	
As at 31 March 2013 Book Value	As at 31 March 2014 Book Value		As at 31 March 2013 Book Value	As at 31 March 2014 Book Value
£'000	£'000		£'000	£'000
		Financial Assets, Loans and Receivables:		
945	847	Debtors (Contractual)	1,130	1,112
931	-	Investments (Note 1)	8,232	18,000
-	-	Cash and Cash Equivalents (Note 2)	3,721	486
1,876	847	Total	13,083	19,598
		Financial Liabilities at Amortised Cost:		
-	-	Creditors (Contractual)	(2,859)	(3,666)
(88,407)	(88,407)	Borrowing	-	-
(5,304)	(5,169)	Deferred Liabilities	-	-
(93,711)	(93,576)	Total	(2,859)	(3,666)
(91,835)	(92,729)	Net Total	10,224	15,932

Note 1: All £18m is invested with Debt Management Office (UK Treasury) as at 31 March 2014 for up to 1 month. Furthermore all relevant credit criteria ratings were met when investments were placed with relevant counterparties during the year.

Note 2: Reconciliation is shown in 9.6, which details the Cash and Cash Equivalents movements from the balance sheet values to the financial instrument book values.

Landsbanki

Landsbanki Islands HF was an Icelandic bank that became insolvent in October 2008, shortly before the Council's deposit of £2.2 million was due to be repaid.

From October 2008 to January 2014, uncertainty existed about the prospects for full recovery of the unpaid deposit. Throughout this period a legal insolvency process was being run in Iceland, in which the Local Government Association acted on behalf of local authority creditors, including the Council. As funds became available, interim payments were made to Landsbanki creditors. During this period, there were uncertainties about the prospects for recovering the remaining unpaid sums, and uncertainties over the timing of any payments. These uncertainties affected the deposit's balance sheet value. As at 31 March 2013 the balance sheet value of the remaining unpaid deposit was £0.948m.

In September 2013, the Council received a further repayment of £0.116 million from the authorities in Iceland.

In early 2014, an opportunity arose to sell the residual unpaid sum to a third party Deutsche Bank. A price was negotiated on behalf of local authority creditors by the Local Government Association's legal advisers. The Council decided to accept the offer and the balance was sold to Deutsche Bank on 3 February 2014. The Council is bound by a strict confidentiality agreement and is unable to publicly disclose the sale price; however, this was greater than the remaining balance sheet value. As at 31 March 2014 there is no longer any item relating to the Landsbanki investment on the Council's balance sheet, and all remaining risks and uncertainties are removed from the Council.

The Council had established an earmarked reserve for the purpose of financing any future adverse accounting losses that may have arisen. Since this risk no longer exists, the earmarked reserve has been closed and the balance in the reserve transferred to another reserve.

20.2 - Housing Revenue Account – Self Financing Reforms

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 £88.407 million on 28 March 2012 to buy itself out of the subsidy regime. The Housing Revenue Account maintains a 30 year rolling business plan as part of the council's financial planning, and gives details of income, expenditure, financing and repayments. The Housing Revenue account incurred interest payments on the loan portfolio of £2.6 million in 2013/14. Please refer to 20.5 which details the repayment schedule.

20.3 - Financial Instruments – Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

2012/13		2013/14	2013/14	2013/14
£'000		Financial Assets	Financial Liabilities	
		£'000	£'000	£'000
3,074	Interest Expenses	-	3,065	3,065
(44)	Impairment on Long Term Investment	-	-	-
3,030	Interest Payable and Similar Charges	-	3,065	3,065
(10)	Gain on redemption of Long Term Debtor	(79)	-	(79)
(59)	Interest and Investment Income	(79)	-	(79)
(69)	Interest Receivable and Similar Income	(158)	-	(158)
2,961	Net (gains)/loss for the Year	(158)	3,065	2,907

20.4 - Financial Instruments – Fair Values

	Balance Sheet	Fair Value
	31 March 2014	31 March 2014
	£'000	£'000
Financial Liabilities:		
Creditors (Contractual)	(3,666)	(3,666)
Finance lease payables	(29)	(29)
Long-term loans borrowed	(88,407)	(79,617)
PFI scheme liabilities	(5,140)	(7,394)
Total	(97,242)	(90,706)
Financial Assets:		
Cash & Cash Equivalents	486	486
Debtors (Contractual)	1,112	1,112
Investments	18,000	18,000
Total	19,598	19,598

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2014, using the following methods and assumptions:

- The fair values of loans from the PWLB have been discounted at the published interest rates for new PWLB certainty rate loans with an identical remaining term to maturity arranged on 31st March.
- The fair values of finance lease assets and liabilities and of 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.

The fair value of the HRA long term liability (£88.407m) is lower than the carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance sheet date. The fair value of the HRA loan would have been £89.281m if the Premature Repayment Rate had been adopted instead of the New Loan Rate.

20.5 - Financial Instruments - Risks

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

As part of the adoption of 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 main risks covered are:

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

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 £1m of the total portfolio is placed on the amount of money that can be invested with a single counterparty or same banking group (other than the UK government).

Credit Risk: Receivables

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to Council's customers.

Council's customers

Payments for services are either required in advance or due at the time of the service is provided. As at 31 March 2014 £0.945m is due to the Council from its customers, the total being past its due date and categorised as follows:

Note: the aged debtor analysis detailed above excludes payments in advance as these are technically not debts. Government grants due are also excluded as they will be received in full. In line with "The Code" statutory debt (Council Tax, NNDR arrears, and Housing Benefit Overpayment Arrears are excluded from the analysis. The Council's provision for bad debt totalling £0.356m (Housing Rent and Sundry Debtors) as at 31 March 2014 (£0.4m as at 31/3/13) is deemed sufficient. In order to recover all debts effectively the Council it will concentrate on debt management and ensure efficient use of debt management information.

Banks and financial institutions

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

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

20.6 – Financial Instruments – Collateral

The council holds collateral in relation to the following loans

Debt Outstanding 31 March 2013		Debt Outstanding 31 March 2014	
£'000		£'000	
945	Rents to Mortgages	847	
945	Total	847	

20.7 – Financial Instruments - Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

The maturity analysis of the principal sums borrowed is as follows:

	Maturity	31 March 2014	% of total
		£'000	debt
			portfolio
Long Term Borrowing			
	1 to 5 years	4,000	4.52%
	6 to 10 years	11,000	12.44%
	11 to 15 years	15,000	16.97%
	16 to 20 years	20,000	22.62%
	21 to 25 years	23,000	26.02%
	26 to 30 years	15,407	17.43%
Total Long Term Borrowing		88,407	100.00%

20.8 – Financial Instruments - Market Risks

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 credited will rise
- investments at fixed rates – the fair value of the assets will fall.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2014, £60.41m (£78.41m less £18m) of net principal borrowed (i.e. debt net of investments) was exposed to fixed rates and £10m to variable rates.

Market Risks: Price Risk

The Council has no investments in equity shares and therefore is not exposed to losses arising from movements in the price of shares.

Market Risks: Foreign Exchange Risk

The Council has no foreign financial instruments denominated in foreign currencies.

SECTION F – SUPPLEMENTARY FINANCIAL STATEMENTS – HOUSING REVENUE ACCOUNT (HRA)**21.0 – Income and Expenditure Account and Supporting Tables****21.1 – Comprehensive Income and Expenditure Statement**

2012/13 (Restated)		2013/14
£'000		£'000
	Income	
(13,069)	Dwelling Rents	(13,703)
(214)	Non-Dwelling Rents	(204)
(771)	Charges for Services and Facilities	(772)
(49)	Contributions towards Expenditure	(3)
(14,103)	Total Income	(14,682)
	Expenditure	
2,220	Repairs and Maintenance	2,680
2,375	Supervision and Management	2,341
289	Rents, Rates, Taxes and other Charges	533
	Depreciation of Non-Current Assets	
2,894	- Dwellings	3,081
105	- Other Non-Current Assets	104
1,878	Impairment of Non-Current Assets	536
52	Movement in Bad Debt Provision	(32)
11	Revenue Expenditure Funded from Capital Under Statute (REFFCUS)	42
9,824	Total Expenditure	9,285
(4,279)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	(5,397)
200	HRA Services Share of Corporate and Democratic Core	245
-	HRA Share of other amounts included in the Whole Authority Net Cost of Services but not allocated to Specific Services	2
(4,079)	HRA share of the operating income and expenditure in the Comprehensive Income and Expenditure Statement	(5,150)
218	Loss/(gain) on Sale of HRA Non-Current Assets	461
2,625	Interest payable and similar charges	2,626
(32)	Interest and Investment Income	(22)
213	IAS 19 Pensions - Net Interest on Defined Assets/Liabilities	224
(238)	Capital Grants and Contributions Receivable	(111)
(1,293)	Deficit/(Surplus) for the year on HRA Services	(1,972)

21.2 – Movement in HRA Reserves

2012/13 £'000		2013/14 £'000
649	Balance on HRA working balance at the end of the previous year	680
1,293	Surplus for the year on the HRA Comprehensive Income and Expenditure Account	1,972
1,021	Adjustments between accounting basis and funding basis under statute	(1,654)
2,314	Net increase/(decrease) in year on the HRA	318
(2,283)	Transfers to Earmarked Reserves	(318)
31	Increase/(decrease) in year on the HRA Working Balance	-
680	Balance on the HRA at the end of the current year	680

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

2012/13 £'000		2013/14 £'000
	Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the Year	
(218)	Gain/(loss) on Sale of HRA Non-Current Assets and Right to Buy Pooling	(450)
(1,878)	Impairment of Non-Current Assets	(536)
10	Insurance settlement	-
(11)	Amounts treated as revenue expenditure in accordance with the 'Code' but which are classified as capital expenditure by statute	(42)
238	Reversal of Non Specific Grants	111
(230)	Net Charges made for Retirement Benefits in accordance with IAS 19	(257)
	Items not included in the HRA Income and Expenditure Account but included in the movement on the HRA Balance for the Year	
1,068	Capital Expenditure funded by the HRA	2,862
-	Right to Buy Administration Costs Allowance	(34)
(1,021)	Adjustments between accounting basis and funding basis under statute	1,654

The 2012/13 figures have been restated in tables 21.1 – 21.3 to reflect additional costs in respect of local authority pension arrangements totalling £88k, in accordance with IAS 19 regulations.

22.0 – Notes to the HRA

22.1 – Introduction

The Housing Revenue Account (HRA) is a record of revenue income and expenditure relating to the Council's housing stock. The items to be charged to the HRA are prescribed by statute and our funded by rent collection. The HRA is ring-fenced from the Council's General Fund, the Council has no general discretion to transfer sums between the HRA and General Fund accounts. Other housing services (e.g. homelessness, lifeline) are charged to the General Fund account and through the HRA. The items to be charged to the HRA are prescribed by Statute.

22.2 – Gross Rental Income

Gross Rental Income is the total rent income due after allowance is made for void properties. At the end of 2013/14 an average of 1.49% of properties were vacant (1.2% in 2012/13). The actual average rent for all stock was £90.91 per week in 2013/14 (£88.12 in 2012/13) leading to an actual gross rental income for dwelling rents of £13.7 million for 2013/14 (£13.06 million in 2012/13).

22.3 – Housing Revenue Account Self-Financing Transactions

With effect from April 2012 Housing Subsidy arrangements ceased for Uttlesford District Council and replaced by a self-financing system giving local authorities greater autonomy and flexibility with its finances for the provision of council housing. At the outset of self-financing the council took on a loan of £88.407 million, for which the 2013/14 accounts reflect related interest costs payable of £2.625 million.

22.4 – Housing Stock

2012/13 No. of Properties		2013/14 No. of Properties
738	Flats	736
745	Bungalows	753
1,361	Houses	1,354
2,844	Total Properties	2,843

22.5 – Rent Arrears

2012/13 £'000		2013/14 £'000
	Arrears due from:	
462	- Current Tenants	423
41	- Former Tenants	26
503	Total Rent Arrears	449
3.6%	Total as a % of Gross Debt	3.2%

22.6 – Balance Sheet Value of Housing Revenue Assets

2012/13 £'000		2013/14 £'000
	Operational Assets comprising	
228,721	Dwellings	230,392
2,003	Garages	1,569
154	Vehicles, Plant and Equipment	398
930	Assets Under Construction	604
256	Other Land and Buildings	383
232,064	Total HRA Asset Value	233,346

The vacant possession value of dwellings within the HRA as at 1st April 2013 was £590.7 million (£589.1 million as at 1 April 2012). The difference of £360 million between the vacant possession value and the balance sheet value of the dwellings within the HRA represents the economic cost of providing council housing at less than open market value.

22.7 – Depreciation and Impairment of Non-Current Assets charged to the Comprehensive Income and Expenditure Account

2012/13		2013/14
£'000		£'000
2,894	Dwellings	3,081
105	Other Assets	104
2,999	Total Depreciation	3,185
10	Impairment of Fixed Assets	522
3,009	Total Depreciation and Impairment	3,707

22.8 – Major Repairs Reserve

2012/13		2013/14
£'000		£'000
-	Opening Balance	-
(2,995)	Depreciation on Fixed Assets	(3,291)
101	Transfers to HRA	-
2,894	Capital expenditure funded from the MRR	3,200
-	Closing Balance	(91)

22.9 – Capital Financing

2012/13		2013/14
£'000		£'000
5,067	Total HRA Capital Expenditure	5,724
	Financed by:	
(1,069)	Revenue Contributions	(1,977)
(2,894)	Contribution from Repairs Reserve	(3,200)
(238)	Capital Grants	-
(11)	Internal Borrowing	-
(4,212)	Total Financing	(5,177)

The difference between HRA capital expenditure in year and the amount financed relates to the element included in Assets under Construction at year-end.

22.10 – HRA Contribution to Pension Fund

Under IAS19, the cost of retirement benefits is recognised in the net cost of service when employees earn them rather than when the benefits are eventually paid, this principle is applied to the HRA. In addition the HRA has been charged with its share of the net interest on the defined benefit liability/asset and related administration cost. All of these costs together have been matched by a transfer to the pension reserve so that the net outturn on the HRA is not altered by these IAS19 adjustments.

SECTION G – SUPPLEMENTARY FINANCIAL STATEMENTS – COLLECTION FUND

23.0 – 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 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.

23.1 – Collection Fund Income and Expenditure Account

2012/13			Collection Fund	2013/14		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
-	47,689	47,689	Council Tax Payers	-	48,886	48,886
-	-	-	Historic Balance Adjustment	-	375	375
-	3,879	3,879	Council Tax Benefit	-	-	-
38,319		38,319	Business Rate Payers	40,576	-	40,576
38,319	51,568	89,887	Total Income	40,576	49,261	89,837
-	36,658	36,658	Precepts and Demands: - Essex County Council	3,598	34,601	38,199
-	4,612	4,612	Precepts and Demands: - Essex Police Authority	-	4,505	4,505
-	2,240	2,240	Precepts and Demands: - Essex Fire Authority	400	2,115	2,515
-	7,271	7,271	Precepts and Demands: - Uttlesford District Council	15,991	6,974	22,965
-	-	-	Precepts and Demands: - Central Government	19,988	-	19,988
-	50,781	50,781	Total Precept and Demand	39,977	48,195	88,172
-	(51)	(51)	Distributions of Previous Years' Surplus/(Deficit): - Essex County Council	-	300	300
-	(6)	(6)	Distributions of Previous Years' Surplus/(Deficit): - Essex Police Authority	-	38	38
-	(3)	(3)	Distributions of Previous Years' Surplus/(Deficit): - Essex Fire Authority	-	18	18
-	(10)	(10)	Distributions of Previous Years' Surplus/(Deficit): - Uttlesford District Council	-	60	60
-	(70)	(70)	Total Distributions of Previous Years Surplus/(Deficit)	-	416	416
-	(99)	(99)	Provision for Doubtful Debts	(4)	(9)	(13)
38,181	-	38,181	Business Rates: - Payments to the National Pool	-	-	-
138	-	138	Business Rates: - Cost of Collection Allowance to General Fund	138	-	138
-	-	-	Business Rates: - Provision for Appeals	11,524	-	11,524
38,319	(99)	38,220	Total Other Expenditure	11,658	(9)	11,649
38,319	50,612	88,931	Total Expenditure	51,635	48,602	100,237
-	(631)	(631)	(Surplus)/Deficit as at 1 April	-	(1,587)	(1,587)
-	(956)	(956)	(Surplus)/Deficit for the Year	11,059	(659)	10,400
-	(1,587)	(1,587)	(Surplus)/Deficit as at 31 March	11,059	(2,246)	8,813

24.0 - Notes to the Collection Fund**24.1 – Council Tax Introduction**

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

The average amount for a Band D property in 2013/14 was £1,440.62 (2012/13 £1,437.30), 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 2013/14 was £1,513.71 (2012/13 £1,505.42).

24.2 – Council Tax Base

2012/13	Council Tax Base	2013/14
32,941	Total Dwellings	33,454
29,748	Net Chargeable Dwellings	30,217
33,816	Band D Equivalentents	34,362
230	Additions (Net of Discounts/Exemptions)	293
34,046	Total Band D Equivalentents	34,655
33,535	Collection Rate for 2012/13 - 98.5%	-
-	Collection Rate for 2013/14 - 98.64%	34,184
-	LCTS Discounts	(2,550)
196	M.O.D Properties	205
33,731	COUNCIL TAX BASE	31,839

24.3 – Council Tax Income Analysis

2012/13		2013/14
£'000		£'000
57,045	Gross Council Tax Collectable	58,008
(1,584)	Less: - Exemptions	(1,081)
(3,537)	Less: - Discounts	(4,509)
(3,879)	Less: Council Tax Benefit	179
-	Less: - LCTS	(3,670)
2	Transitional Relief	2
(358)	Write-offs	(43)
47,689	Income from Council Tax Payers	48,886

24.4 – Council Tax Collection Fund Balance

2012/13		2013/14
£'000		£'000
(1,139)	Essex County Council	(1,612)
(148)	Essex Police Authority	(211)
(70)	Essex Fire Authority	(99)
(230)	Uttlesford District Council	(324)
(1,587)	Total Surplus Apportioned	(2,246)

24.5 – National Non Domestic Rates Introduction

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

The National Non Domestic Rateable value in the council's area as at 1 April 2013 was £101,804,977 (£100,216,636 as at 1 April 2012) and the multipliers, as specified by Central Government were 46.2p excluding small business surcharge (45.0p 2012/13) and 47.1p including small business surcharge (45.8p 2012/13). Based on the lower rate this produced an approximate yield of £47.034m (£45.097m 2012/13). 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.

24.6 – National Non Domestic Rates Income Analysis

2012/13		2013/14
£'000		£'000
45,030	Gross Business Rate Collectable	46,914
(1,584)	Small Business Rate Relief	(1,717)
(1,748)	Mandatory Relief	(1,838)
(1,908)	Property Relief	(2,190)
(158)	Discretionary Relief	(265)
(1,313)	Bad debt	(328)
38,319	Income from Business Rates Payers	40,576

24.7 - National Non Domestic Rates Funds Balance

2012/13		2013/14
£'000		£'000
-	Central Government	5,530
-	Essex County Council	996
-	Essex Fire Authority	110
-	Uttlesford District Council	4,423
-	Total Deficit Apportioned	11,059

STATEMENT OF ACCOUNTING POLICIES

P1. GENERAL PRINCIPLES

The general principles adopted in compiling the Accounts are consistent with The 'Code' of Practice on Local Authority Accounting in the United Kingdom (The 'Code') and the Service Reporting Code of Practice; issued by CIPFA and supported by International Financial Reporting Standards (IFRS).

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. One of the key requirements of the standard is that assets and liabilities or income and expenditure should not be offset against each other.

P2. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the financial year is recognised in the Accounts to the extent that employees are permitted to carry forward the leave entitlement.
- Goods and Services are recorded as expenditure when they are consumed, and where there is a gap between the date supplies are received and their consumption, they are carried as stock on the balance sheet where the stock category value is more than £10,000.
- A minimum transaction value of £1,000 has been applied in determining whether to accrue for income and expenditure in line with the first and third bullet points above.
- Capital works are charged as expenditure when they are completed, before which they are carried as Assets under Construction on the balance sheet.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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 to the extent that commission is receivable by the Council for the agency services or the Council incurs expenses directly on its own behalf in rendering the service.

P3. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet, but disclosed in a note to the Accounts.

Contingent Assets

A contingent asset arises where an event has taken place, which gives the Council a possible asset; which will only be confirmed by the occurrence of a future event/s not wholly within the Council's control.

Contingent Assets 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 non current assets, financial instruments, collection fund and retirement benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies below.

P5. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant/contribution, and there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate.

Conditions specify the future use of the asset. For example Disabled Facilities Grant is given to the Council to finance disabled adaptations within the community and if the grant is not spent on these items it has to be returned.

Government Grants and Contributions (Revenue)

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

Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot 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 grants and contributions expenditure remains to be incurred, the monies are credited to the Capital Grants Unapplied Account (usable reserve) in the Balance Sheet. 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. Grants and Contributions in the Capital Grants Unapplied Account should eventually be transferred 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 4.4% (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.
- Remeasurements 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 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. These powers were not used in 2012/13.

P7. TERMINATION PAYMENTS

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

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

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

P8. VALUE ADDED TAX

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

P9. OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the Service Reporting Code of Practice. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core-costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs; the costs of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in The Service Reporting Code of Practice and are accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

P10. INTANGIBLE FIXED ASSETS

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

P11. 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.

Recognition

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

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

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs.

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

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

- Dwellings- fair value, determined using the basis of existing use value for social housing (EUV/ SH).
- Infrastructure assets and community assets at depreciated historical cost.
- Assets under construction are held at historic cost.
- 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 1st April 2013 by Wilks, Head and Eve LLP.

Valuations of General Fund Land and Buildings are carried out on an annual basis, as at the 1st April. Council dwellings will continue to be valued annually by assessing the value of Beacon properties. A number of Beacon properties have been identified as being typical for a particular size and type of dwelling. These properties are valued and the assessed value is applied to all properties of a similar size and type. This is the accepted method of valuation for Council dwellings under 'The 'Code''.

Impairment

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

Impairment losses are accounted for as follows:

- Where there is a balance on the Revaluation Reserve against the asset, the loss is written down against the balance up to the amount of the accumulated gains.

- Where there is no balance in the Revaluation Reserve or insufficient balance, the loss is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

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

Disposals – Assets Held for Sale

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

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

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

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

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

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

A proportion of receipts relating to dwelling disposals (75%), net of statutory deductions and allowances and up to a cap set by Central Government, the balance of these receipts are required to be credited to the capital receipts reserve and can only be used for capital investment in new social housing to a maximum of 30% of total capital costs.

All other housing 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 - the Major Repairs Allowance is used as a proxy for depreciation in the Housing Revenue Account.
- 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.
- Oaks Wood Park.

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

Investment Properties

The definition of an Investment Property has been tightened under the application of IFRS. To be classified as an Investment Property, the asset needs to be held solely for the purpose of generating income or capital appreciation.

As a result of this tighter definition it is deemed that the Council has no Investment Properties.

P12. 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 reducing 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.

P13. 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.

P14. 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 in accordance with the Council's accounting policies on property, plant and equipment (P10, 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 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 not held on Balance Sheet: Saffron Walden Museum Artefacts

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

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

P15. LEASES

The Council as lessee

Finance Leases

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

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

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

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

Operating Leases

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

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over Property, Plant and Equipment (for example the lease of Turpin's Bowling Hall), the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. These credits are based on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

P16. 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 in a short time frame, 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.

P17. 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

Financial Assets are classified into two types:

- loans and receivables-assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and Receivables are initially measured at fair value and carried at their amortised cost. 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 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.

P18. 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:

- Vehicle fuel: valued at average cost.
- Housing stores: valued at the latest purchase price paid.

Whilst this is a departure from IAS 2 which requires stocks to be shown at the lower of cost and net realisable value, the effect of the different treatment is not material.

Work in Progress is valued at cost, which includes an element of the Council's cost of supervision and management.

P19. 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.

An annual review of the council's relationships with other entities is undertaken each year to evaluate whether there are any group arrangements.

The Council has no arrangements which would result in Group accounting and reporting for 2013/14.

The Council does however participate in a joint operation which is not performed through a separate entity. The Parking Partnership is a joint committee arrangement (Refer to Note 17.2) 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.

P20. PRIVATE FINANCE INITIATIVE (PFI)

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

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

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets over the life of the contract. For the Council's sport centre scheme the liability was written down by an initial Capital contribution of £4.035m.

Non Current Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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 of 8.29% 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.

P21. LONG-TERM DEBTORS

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

P22. COUNCIL TAX

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

- 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.

P23. NATIONAL NON DOMESTIC RATES (NNDR)

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

- 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.

- NNDR debtors and creditors and impairment losses are not the assets or liabilities of the Council and are excluded from the balance sheet.
- Any amounts charged to NNDR taxpayers over and above those to be passed to Central Government (for example costs of pursuing unpaid NNDR debts) are accounted for as income in the Council's Comprehensive Income and Expenditure Statement.

P24. CARBON REDUCTION COMMITMENT SCHEME

The Council does not participate in Central Government's Carbon Reduction Commitment Scheme as the Council's utility consumption was below the scheme's threshold.

P25. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

During the year the Council has identified a material correction required in respect of the balances held on the Revaluation Reserve and the Capital Adjustment Account. The 2012/13 closing balances have been restated to reflect the correct apportionment of balances between these two reserves as at 31/3/13, updating an adjustment previously included in the 2012/13 accounts. A further adjustment has been included in the 2013/14 movement to correctly align the closing balances on these reserves as at 31/3/14.

This adjustment follows on from work undertaken during the year to determine each asset's value held in the revaluation reserve. The resulting correction is all within unusable reserves and has no bottom line effect on the balance sheet core financial statement (for further detail please refer to note 3.2 revaluation reserve, as included in the statement of accounts).

The Council has made a material change to its accounting policy for Employee Benefits. This follows the Code's adoption of the amendments to IAS 19 Employee Benefits for accounting periods on or after 1 January 2013. The main change relates to new classes of components of defined benefit cost to be recognised in the financial statements. These relate to the net pensions liability being analysed into service cost (current and past) and remeasurements of the net defined benefit liability/asset (comprising return on scheme assets and actuarial gains/losses). Expected return on assets has been replaced with net interest on the net defined benefit liability/asset (comprising interest income on the assets and interest expense on the liabilities, which are both calculated with reference to the discount rate). The financial statements have been amended to reflect those changes, with prior year comparatives restated as included in the 'Prior Period Adjustments' section of the financial statements.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Where a change is made to an accounting policy it is applied retrospectively by adjusting opening and comparative amounts for the prior period as if the new policy had always been applied.

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

P26. EVENTS AFTER THE REPORTING PERIOD

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

P27. STANDARDS ISSUED BUT NOT ADOPTED

The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the 'Code' of a new standard that has been issued, but not yet required to be adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1st January of the financial year in question. Disclosure requirements are expected to be included in the Code of Practice issued for 2014/15

- IFRS 13 – Fair Value Measurement (May 2011) (adopted in part)
- IFRS 10 – Consolidated Financial Statements (May 2011)
- IFRS 11 – Joint Arrangements (May 2011)
- IFRS12 – Disclosure of Interests in Other Entities (May 2011)
- IAS 27 – Separate Financial Statements (as amended in May 2011)
- IAS 28 – Investments in Associates and Joint Ventures (as amended in May 2011)
- IAS 32 – Financial Instruments; Presentation – Offsetting Financial Assets and Financial Liabilities (as amended in December 2011)
- IAS1 – Presentation of Financial Statements – (as amended in May 2011)
- Annual Improvements to IFRSs 2009-2011 Cycle

P28. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY

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.

Assumptions made about the future and other major sources of uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible Assets respectively. This enables the assets to be written down over their estimated useful lives and show an appropriate cost of the asset in the Comprehensive Income and Expenditure Statement. Management judgment based on independent external advice is used to determine the useful economic lives of the Council's Property.	If the useful life of assets are reduced, depreciation increases and the carrying amount of the assets falls. No material changes are expected to depreciation levels in the short term.
Property, Plant and Equipment	Property, Plant Equipment are reviewed for both economic and price impairment on an annual basis. As at 1 April each year the Council's valuers carry out a valuation review of the Council's assets. In addition a year-end impairment review is also undertaken. The recoverable amount is then estimated having regard to the application of the concept of materiality.	If an asset is impaired the carrying amount of the asset is reduced. 8.5% of the Council's operational Property, Plant & Equipment are valued at fair (market) value. This excludes the HRA housing stock which is valued at social usage value. Of the market valued assets a valuation impairment would equate to a reduction in the Council's net worth.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase in the long term, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are completed by the Essex County Council Fund Actuaries.	The effect on net pensions of changes in individual assumptions can be measured. For instance: A decrease in the discount rate assumption would result in an increase in pension liability. An increase in member life expectancy would result in an increase in pension liability. A increase in salaries would result in an increase in pension liability. An increase in the pension rate would result in an increase in pension liability.
Arrears	At 31 March 2014, the Council had a balance of £11m for debtors. A review of balances suggested that an impairment of doubtful debts of £1.5m was appropriate.	If collection rates were to deteriorate and sundry debt increased with the same debt profile, an additional contribution would be required to be set aside as an allowance. This is deemed non material for the Council's accounts.

<p>NNDR Appeals</p>	<p>At 31 March 2014, the Council recognised a provision of £4.6m representing its share of expected liabilities in respect of business rates appeals lodged at the balance sheet date.</p>	<p>The value of appeals recognised in the provision are based on a calculation provided by our external valuers Wilks, Head & Eve LLP. 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. Furthermore, for appeals not lodged at the balance sheet date it is expected that the contingent liability disclosure (in section 15 of the notes to the core financial statements) should provide an accurate assessment of the additional uncertainties which the authority has determined as at the balance sheet date.</p>
---------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITY

- 1.1. Uttlesford District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Uttlesford District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility, Uttlesford District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3. Uttlesford District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is on our website at www.uttlesford.gov.uk or can be obtained from the Council Offices, London Road, Saffron Walden, Essex, CB11 4ER. This statement explains how Uttlesford District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

- 2.3. The governance framework has been in place at Uttlesford District Council for the year ended 31 March 2014 and up to the date of approval of the annual statement of accounts.

3. THE GOVERNANCE FRAMEWORK

- 3.1. Some of the key features of the governance framework are set out in the following paragraphs.
- 3.2. The Uttlesford District Council Corporate Plan 2013 to 2018 outlined the vision, aims and four priority areas and it is complemented by the Medium Term Financial Strategy and together these represent the key planning documents for the Council. The Corporate Plan is reviewed annually and takes account of feedback from public consultation carried out via a Citizens Panel. The Corporate Plan 2014-2019 was approved by members at the Council Meeting held in February 2014
- 3.3. Delivery of the Council's Corporate Plan is supported by directorate and service plans in which the corporate objectives are translated into more specific aims and objectives. These are then fed down into individual performance development reviews through the council's U-Perform system. These all include targets and, where appropriate, service standards against which service quality and improvement can be judged. Performance is monitored by individual services and formally reviewed quarterly by the Corporate Management Team (CMT) and the Council's Performance & Audit Committee. Satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction.
- 3.4. Uttlesford District Council has adopted a Constitution which establishes the roles and responsibilities for members of the executive (the Cabinet), Performance & Audit, Scrutiny, and Standards Committees, together with officer functions. It includes details of delegation arrangements, the Members' Codes of Conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose. The Council has adopted a new regime pursuant to the Localism Act 2011 and appointed a new Standards Committee from 01 July 2013. Conduct of officers is directed by Personnel Policy Notes and through the values and behaviours which are part of the Council's individual performance review system known as 'U-Perform'.
- 3.5. The Constitution contains procedure rules, standing orders and financial regulations that clearly define how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Corporate Management Team. The Constitution also contains a Statutory Officers Protocol.

- 3.6. In 2010 CIPFA published a statement on the role of the chief financial officer in local government, setting out core principles and standards relating to the role of CFO and how it fits into the organisation's governance arrangements. The Council complied with the CIPFA statement in 2013/14.
- 3.7. In 2010 CIPFA published a CIPFA Statement on the Role of the Head of Internal Audit, setting out core principles and standards relating to the role of the Head of Internal Audit and how it fits into the organisation's governance arrangements. The Council complied with the CIPFA statement in 2013/14
- 3.8. The primary counterbalances to our Cabinet are the Scrutiny and the Performance & Audit Committees. The role of these committees is to provide a robust challenge to the Executive.
- 3.9. The Performance & Audit Committee monitors the performance of the Council, fulfilling the Council's Audit Committee core functions in respect of External Audit, Internal Audit and Risk Management and Performance Management. The Committee can, and does, request assurance from the relevant Cabinet member when there is consistent underperformance in a particular service area/indicator.
- 3.10. The Council has formal complaints procedures which allows the public or other stakeholders to make a complaint regarding the service received from the Council or on the conduct of Members. The Standards Committee has responsibility for overseeing the investigation of complaints against members. For the period 01/04/13 to 31/03/14, there were 6 allegations received of a breach of the Code of Conduct. 2 were against parish councillors, 4 against district councillors. 1 complaint against a parish councillor and 1 complaint against a district councillor were made by members of the public. The other 4 complaints were made by district councillors. 1 complaint against a parish councillor and 2 complaints against district councillors were passed for investigation. In 1 case a district councillor was found to have breached the council's code of conduct but the committee decided that no action was necessary. In the other 2 cases no breach was found.
- 3.11. The Council has policies to safeguard both itself and its staff when making decisions. An Anti-Fraud & Corruption Strategy, Bribery Act 2010 Policy and the Council's Whistle Blowing Policy have been developed and communicated to all staff via the internet and as part of the Induction process. These Policies provide clear reporting channels and are being reviewed in May 2014.
- 3.12. The Council has embedded Risk Management throughout its activities with the Corporate Risk Register directly linking to the aims set out in the Council's Corporate Plan. Each member of CMT and the Community Partnerships, ICT and Street Services Managers provide updates to CMT, via a report collating service area developments, performance data and risk register updates thus the links between performance, risk and actions are clearly set out and closely monitored. The Corporate Risk Register is reviewed quarterly by the Performance & Audit

Committee. The Council's Corporate Risk Strategy was revised during 2012/13 and approved by the Performance and Audit Committee at its meeting on 16 August 2012

- 3.13. Performance Management is monitored through quarterly reporting to CMT and the Performance & Audit Committee on 16 Key Performance Indicators along with more than 30 other Performance Indicators. In 2013/14 the Performance & Audit Committee were particularly concerned about performance in three areas of work and sought additional assurance, including regular written and verbal updates, from the relevant senior managers and portfolio holders.
- 3.14. In order to monitor and improve the Council's Housing Department's performance in terms of meeting National Standards and Local Offers, agreed with tenants, the Council has introduced a system of co-regulation in Uttlesford. Co-regulation enables our tenants to work with us to effectively "audit" our performance. In order to co-regulate the Housing Service, we have set up a Tenant Regulatory Panel (TRP) which includes Tenant Inspectors. The TRP have a number of tools at their disposal in order to investigate our performance and make recommendations for improvements. The TRP reports directly to the Tenant Panel which is the umbrella organisation representing council tenants in Uttlesford. It also reports to our Housing Board. Tenants Inspectors report back directly to the TRP.
- 3.15. All Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications are in place for all posts to ensure that the best candidates are appointed into each position. A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost. Training needs are identified through the U-Perform appraisal system.
- 3.16. The individual performance review system known as 'U-Perform' was introduced for all officers for 2012/13, in which staff are measured against operational objectives that are linked through to the Corporate Plan via service and directorate objectives. U-Perform also identifies developmental and training needs to ensure that appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the Council's needs.
- 3.17. During 2013/14 training before Planning meetings has been carried out. Training has also been provided to Members on the new Scrap Metal Dealers Act. The Members Bulletins provide regular updates to Members on relevant corporate matters, service specific items, legislative changes etc.
- 3.18. The Council continues to ensure it is open and accessible to the community. In 2013/14 it has:

- Continued to regularly survey the view of residents through its Citizens Panel
- Published further information on the transparency section of the website to meet new guidelines
- Held further consultation exercises around the draft Local Plan.
- Trialled audio streaming and recording of meetings of the Planning Committee, Full Council and Cabinet

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

- 3.19 During 2013/14 the Council's Scrutiny Committee has looked at various areas of council decision making and service delivery, including car parks, dog fouling, the Local Plan, Housing scrutiny, septic tank collection and planning performance. It has also scrutinised the work of external organisations, including the East of England Ambulance Service in relation to response times, GP accessibility in growth areas and changes to NHS England and the West Essex CCG. A summary of the year's work can be found at Item 12 of the 29 April 2014 Scrutiny Committee.
- 3.20 There are terms of reference and constitutions set up for key partnerships which ensure that all members of the partnership act lawfully throughout the decision making process. Uttlesford Futures has a comprehensive Governance Handbook and the terms of reference for all of the working groups are being reviewed to ensure they comply with the overarching document. Key partnerships include the Local Strategic Partnership - Uttlesford Futures; the Public Law Partnership and the North Essex Parking Partnership. We also work closely with Braintree, Harlow and Epping Forest for shared provision of, insurance, energy efficiency, health and safety and communications. The Council is actively involved in the Essex Partnerships programme and has set aside £50,000 to invest on a needs basis..
- 3.21 The Council has a dedicated team responsible for change and transformation. The team use Prince2 methodology on all major projects. In addition, as necessary, specialist project teams are established for the big system changes we undertake.

4. REVIEW OF EFFECTIVENESS

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

- 4.2 The Council's Monitoring Officer (the Assistant Chief Executive – Legal) has responsibility for overseeing the implementation and monitoring the operation of the Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, considering any changes that may be necessary to maintain it and ensure its effectiveness in practice. All reports to Cabinet, Committees and Council are seen by the Assistant Chief Executive – Legal to ensure compliance with legal requirements.
- 4.3 The Council's Section 151 Officer has responsibility for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations to ensure they remain fit for purpose, and submitting any additions or changes necessary to the full Council for approval. The Section 151 Officer is also responsible for reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council. All reports to Cabinet, Committees and Council are seen by the Section 151 Officer to ensure compliance with financial requirements.
- 4.4 Uttlesford District Council's Internal Audit Service, via a specific responsibility assigned to the Internal Audit Manager, is required to provide an annual independent and objective opinion to the Authority on its risk management, governance and control environment. The Internal Audit Manager's Annual Report and Opinion for 2013/14 concluded on balance that our audit opinion on the control environment for 2013/14 is that risks material to the achievement of the objectives for the audited areas identified by Internal Audit are, on balance, substantially managed and controlled.
- 4.5 In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all CMT members on the effectiveness of the internal control environment. A review of the returns concluded that based on this self-assessment, effective controls were in place.
- 4.6 With effect from 1 April 2013, the work of Uttlesford District Council's (UDC) Internal Audit has been governed by the UK Public Sector Internal Audit Standards (PSIAS) which have replaced the CIPFA Code of Practice for Internal Audit in the UK. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), additional requirements and interpretations for the UK public sector have been inserted in such a way as to preserve the integrity of the text of the mandatory elements of the IPPF. The PSIAS are mandatory for all internal auditors working in the UK public sector. An internal assessment of the performance of Internal Audit and its conformance with the PSIAS has been undertaken and the findings of this review have been reported to Members for their consideration as part of the Internal Audit Manager's Annual Report and Opinion. An essential element of this assessment is to ensure that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance.
- 4.7 In April 2014, the Performance and Audit Committee carried out the annual review of its effectiveness as an audit committee using the CIPFA self-assessment checklist and was considered to be substantially compliant in all material respects.

- 4.8 The Council has a Performance Management Framework through which the quality of service can be measured by performance indicators. Targets are monitored on a quarterly basis, discussed by the Corporate Management Team and reported to Committee.
- 4.9 EY were appointed as the Council's External Auditor from 01 September 2012 and are responsible from reviewing the Council's Statements of Accounts. In addition to reviewing the 2012/13 Statement of Accounts, EY issued a formal opinion on the Council's arrangements for securing Value for Money concluding that the council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 Significant Issues from 2012/13

There were three significant governance issues identified in the 2012/13 Annual Governance Statement, all of which have been resolved.

1. A formal system of annual appraisal to review the performance of the Chief Executive has been introduced.
2. Directorate and Service plans have been made available to the Internal Audit Manager.
3. Each member of CMT and the Community Partnerships, ICT and Street Services Managers are required to report quarterly to CMT specifically on their own service area developments.

5.2 Significant Control and Governance issues identified 2013/14

1. Since 1 April 2011 parking in Uttlesford has been run by the North Essex Parking Partnership and is a major source of income and expenditure for the Council, but at present the Council's Internal Audit is unable to provide assurance on the systems and controls within the NEPP. Under the terms of the partnership agreement Colchester Borough Council, in their role as lead authority for the NEPP, is responsible for the internal audit arrangements for NEPP.

However, Internal Audit at Colchester BC is outsourced to Deloitte who have also been given responsibility for the internal auditing of the NEPP by Colchester BC. As a consequence of this, the NEPP internal auditors have no direct accountability to the partnership and access to internal audit work and reports to the other partners in the NEPP is restricted. It has only been through working in conjunction with the other

NEPP partner Internal Audit Managers, and only after two different Hold Harmless letters per partner authority were submitted to Colchester BC, that access to Deloitte's audit information was agreed and copies of the Deloitte's Internal Audit Reports for the NEPP finally distributed (for 2012/13 in September 2013 and for 2011/12 in May 2014).

For the first time for 2013/14, and only following a specific request from the other NEPP partner Internal Audit Managers, were these Internal Audit Managers consulted on the objectives and scope of the Internal Audit work to be undertaken by Deloitte. Unfortunately the report has not yet been finalised and therefore unavailable for consideration at this time.

Draft protocols between NEPP partner Internal Audits are under discussion, access to the NEPP computer systems has now been given to the Council's Internal Audit section. It is anticipated that the Council's Internal Audit will be able to complete its audit work during 2014/15 and as a result be able to provide assurance on the systems and controls within the NEPP.

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

Signed _____

John Mitchell
Chief Executive
Dated: 25th September 2014

Signed _____

Councillor Howard Rolfe
Leader of the Council
Dated: 25th September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTTLESFORD DISTRICT COUNCIL

Opinion on the Authority's financial statements

We have audited the financial statements of Uttlesford District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes xxx, the Housing Revenue Account and related notes xxx and the Collection Fund and related notes xxx. 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 2013/14.

This report is made solely to the members of Uttlesford District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Finance & Revenue Services and auditor

As explained more fully in the Statement of the Head of Finance & Revenue Services Responsibilities set out on page xiv, the Head of Finance & Revenue Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance & Revenue Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2013/14 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Uttlesford District Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Uttlesford District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the accounts of Uttlesford District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

*Debbie Hanson
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton
25 September 2014*

Committee: PERFORMANCE & AUDIT COMMITTEE

Agenda Item

Date: 25 September 2014

6

**Title: Internal Audit Progress Report,
12 July to 12 September 2014**

**Author: Sheila Bronson, Internal Audit Manager
01799 510610**

Item for Information

Summary

1. To report to the Performance & Audit Committee details of work undertaken by Internal Audit since the last report to the Performance & Audit Committee on 22 July 2014 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (12 July to 12 September 2014) be noted

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2014/15 referred to in this report has been approved by the Corporate Management Team and endorsed by the Performance & Audit Committee.
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none

Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. The purpose of this report is to provide management and members with:
- i) Details of the work completed by Internal Audit since the last report to the Performance and Audit Committee at its meeting 22 July 2014;
 - ii) A summary of the risk level 3 and 4 highest priority recommendations made and agreed;
 - iii) Performance against the Internal Audit Work Programme 2014/15;
 - iv) Details of risk level 3 and 4 highest priority recommendations implemented since the last report to Members;
 - v) Details of any recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 12 July to 12 September 2014

7. Since the last report to the Committee:
- i) Between 12 July to 12 September 2014, 1 audit from the 2014/15 Internal Audit Work Programme was completed and final report issued with a total of 5 recommendations made. All final audit reports have been copied to Performance & Audit Committee members and are available on the Council's Intranet. A summary of final reports issued is presented at Appendix A(i);
 - ii) Between 12 July to 12 September 2014 work has started on a further 4 audits from the 2014/15 Audit Programme; progress on the 2014/15 programme is presented at Appendix A(ii).

Audit Work Programme 2014/15

8. As of 12 September 2014, work has been undertaken on 13 out of the 32 planned audits; of these:
- i) 6 audits have been completed and Final Reports Issued
 - ii) 7 audits are currently work in progress

Recommendations Implemented 12 July to 12 September 2014

9. No risk level 3 and 4 recommendations have been implemented in this period.

Recommendations Not Implemented by due date at 12 September 2014

10. At 12 September 2014 there were no recommendations reported in Covalent as not being implemented in accordance with their agreed due dates.

Risk Analysis

11.

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	1 Action is already being taken towards the implementation of the recommendations contained in the reports.	2 There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified.	Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non compliance

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

FINAL REPORTS ISSUED	12 July to 12 September 2014
-----------------------------	-------------------------------------

ref	Audit	2014/15 potential days	Risk	Final Report Issued	Days Taken	Recommendations Made					Audit Opinion
						No.	Risk Level				
							total	4	3	2	
COR15	Health & Safety	15	3	03/09/14	12	5	0	0	5	0	adequate

PROGRESS on the 2014/15 AUDIT PROGRAMME**12 July to 12 September 2014**

ref	Audit	2014/15 potential days	qtr	IA Risk 2014/15	Started	Draft	Final	Days Taken	Status	Comment
Key Financial - Corporate										
KF01 C	Cash & Bank	5	3	3						
KF02 C	Main Accounting System (formerly General Ledger)	5	3	3						
KF03 C	Asset Management	0		2						
KF04 C	Budgets	0		2						
Key Financial - Operational										
KF05 O	Council Tax	10	3	3						
KF06 O	Creditors	10	3	3						
KF07 O	Housing Benefits	10	2	3						
KF08 O	Housing Rents	10	3	3						
KF09 O	NNDR	10	3	3						
KF10 O	Payroll & HR	10	2	3	22/07/14	10/09/14		12	draft	
KF11 O	Recovery	10	4	3						
KF12 O	Housing Repairs	0		3						
Other - Corporate										
COR13	Corporate Governance & AGS	15	1	3	20/05/14			10	testing	
COR14	Equality & Diversity	10	2	3						
COR15	Health & Safety	15	1	3	08/05/14	08/08/14	03/09/14	12	final	
COR16	Information Management	15	4	3						
COR17	Training	10	2	3	16/07/14	10/09/14		8	draft	
Other - Operational										
OP18	Building Control Service and Fees	10	1	3	14/03/14	16/06/14	16/06/14	11	final	
OP19	Car Parking Partnership (NEPP)	10	2	3						
OP20	Leisure - PFI	10	3	3	23/07/14			1	planning	
OP21	Community Safety - including A-SB	10	3	3	23/07/14			1	planning	
OP22	Disabled Facilities Grants	10	1	3	25/03/14	16/05/14	29/05/14	10	final	

Internal Audit Progress Report APPENDIX A – (ii) PERFORMANCE AGAINST the 2014/15 AUDIT PROGRAMME

PROGRESS on the 2014/15 AUDIT PROGRAMME

12 July to 12 September 2014

ref	Audit	2014/15 potential days	qtr	IA Risk 2014/15	Started	Draft	Final	Days Taken	Status	Comment
OP23	Economic Development Service	10	1	3	14/04/14	12/06/14	26/06/14	9	final	
OP24	Elections	10	2	3						
OP25	House Sales	3	1	4	20/05/14	12/06/14	20/06/14	3	final	
OP26	Housing Contract Systems	15	4	3						
OP27	Housing Rent Deposit Scheme	3	1	4	25/03/14	14/05/14	21/05/14	4	final	
OP28	Planning - Housing Strategy Local Plan	15	4	4						
OP29	Members' Allowances & Expenses	10	4	3						
OP30	Planning - Development Management (control)	25	2	4	27/05/14	12/08/14		23	draft	
OP31	<i>Planning - Support & Advice (planning fees)</i>				<i>included in audit op30</i>					
OP32	Services for Older People	10	3	3						
OP33	Street Services - Waste & Recycling	25	1	4	26/03/14	12/08/14		18	draft	
OP34	Street Services - Street Cleaning	5	4	3						
OP35	Street Services - Highway Ranger Services	5	4	3						
OP36	Street Services - Grounds Maintenance	0		3						
OP37	Street Services - Trade Waste	0		3						
OP38	Street Services - Transport & Plant Utilisation & Maintenance	0		3						
OP39	Street Services - Income Generating Services (Bulky Household Goods; Garden Waste)	0		3						
TOTAL AUDIT DAYS		331						122		

Committee: Performance and Audit

Agenda Item

Date: 25 September 2014

7

Title: Quarter 1 Performance 2014/15

Author: Richard Auty, Assistant Director Corporate Services

Item for information

Summary

1. This report presents the Quarter 1 results for all quarterly-reported Key Performance Indicators and Performance Indicators.

Recommendations

2. None

Financial Implications

3. None. There are no costs associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	None
Community Safety	None
Equalities	None beyond service improvement on the equality and diversity performance indicators
Health and Safety	None beyond service improvement on the health and safety performance indicators
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

- 6. Attached as Appendix A are the Key Performance Indicators (KPIs) and Performance Indicators (PIs) for Quarter 1 of 2014/15 (1 April to 30 June).
- 7. The KPIs have for the most part performed well, with 11 of the 15 indicators meeting or exceeding target. KPI 14 narrowly missed its target, which means only three KPIs are red.
- 8. KPI 07 – if long term sickness absence is removed from the calculation, the target would have been met. Of the six long term sickness absence cases in Quarter 1, five have now been resolved.
- 9. The latest available figures for the period from 1 July until the middle of September show the target for Quarter 2 may still be met despite the impact of the Quarter 1 result on this cumulative indicator.
- 10. KPI 09 – the four accidents have been investigated by the council’s Health and Safety Officer who is satisfied there is no consistent pattern. To summarise the four accidents, a member of Housing Services cut his arm when loading a toilet on to a vehicle, a cleaning supervisor slipped and fell on a wet floor he was cleaning, a member of staff from the Printroom sustained a cut to the hand and a loader in Street Services sprained his ankle while alighting from a vehicle.
- 11. To date in Quarter 2 there have been no RIDDOR reportable accidents.
- 12. KPI 15 – the reported figure only represents those bins reported as missed by members of the public, without any management investigation of the circumstances. Therefore it is likely that the true number of missed bins for the quarter was lower, as when missed bin reports have previously been analysed by management, it has been found that some reports have been incorrectly included, such as where a bin has been contaminated with incorrect waste, or where a bin was not in fact left out in time by the householder. Due to other work pressures it has not been possible this quarter for Street Services management to devote time to this analysis.

Risk Analysis

13.

Risk	Likelihood	Impact	Mitigating actions
That performance indicators will not meet quarterly/	2 – The majority of Performance	3 – In some areas the risk of not meeting	Performance is monitored by CMT and the committee on

annual targets	Indicators perform on or above target	targets could impact on areas such as customer satisfaction and statutory adherence to government led requirements	a quarterly basis. Inclusion of five quarters of data helps identify trends.
----------------	---------------------------------------	--------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------

1 = Little or no risk or impact

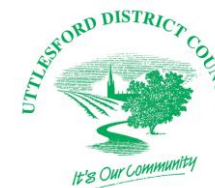
2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required






4 = Near certainty of risk occurring, catastrophic effect or failure of project.

2014/15 Quarter 1 Key Performance Indicators






Report Author: Tülay Norton
Generated on: 10 September 2014













Directorate Chief Executive						
PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
KPI 01 % of supplier invoices paid within 30 days of receipt by the Council (Max)	95.56%	92.22%	96.67%	97.78%	95.56%	Q1 2014/15 Numerator: 86 Denominator: 90 = 95.56%. Of the invoices sampled during the quarter, although four were found to be outside the required payment parameter and despite an increase in number of invoices processed through Ebuy/RSS, performance has continued to meet target. Of those sampled & payments made, 27% were made within 9 days of receipt of invoice, (56%), 52% made within 19 days of receipt, (38%) & 17% made within 30 days, (4%). Of the total payments made, 95.5% were made within 30 days.
	95.00%	95.00%	95.00%	95.00%	95.00%	
KPI 03 Percentage of Non-domestic Rates Collected (Max) *	29.67%	59.20%	87.90%	98.81%	29.72%	Q1 2014/15 Numerator: 12,835,358.44 Denominator: 43,190,990.76 = 29.72%. Strong start to this year's collection.
	29.00%	56.00%	84.00%	97.00%	29.00%	
KPI 04 Accuracy of processing - HB/CTB claims (Max)	96.86%	98.30%	100.00%	96.83%	98.91%	Q1 2014/15 366 claims checked with 4 errors giving an accuracy rate of 98.91%.
	99.00%	99.00%	99.00%	99.00%	98.00%	
KPI 05 % of Council Tax collected (Max) *	30.29%	58.54%	86.85%	98.77%	30.32%	Q1 2014/15 Numerator : 15,315,348.54 Denominator: 50,514,636.03 = 30.32%. Very good start to this year's collection.
	29.00%	57.00%	85.00%	98.00%	29.00%	
KPI 06a Time taken to process Housing Benefit/Council Tax Benefit new claims (Min)	21.7	21.2	18.6	18.4	21.6	Q1 2014/15 This quarter there were 191 new claims to Housing Benefit taking 3959 days and 268 new claims to LCTS taking 5975 days. This is a total of 459 new claims taking 9934 days which equates to an average of 21.64 days for new claims.
	20.0	20.0	20.0	20.0	22.0	































PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
KPI 06b Time taken to process Housing Benefit/Council Tax Benefit change events (Min)	5.3	6.2	5.2	4.8	6.8	Q1 2014/15 This quarter there were 3642 Housing Benefit changes of circumstance taking a total of 26593 days and 3608 LCTS changes taking a total of 22614 days. The total is 7250 changes of circumstances taking a total of 49207 days which equates to an average of 6.8 days. The complexity of the work in Benefits and the increase in electronic information coming through from the DWP means that we are taking longer to deal with the changes. Also the team are mindful of the need for accuracy and are therefore being slower to process this more difficult information to ensure that fewer mistakes are made.
						
	8.0	8.0	8.0	8.0	8.0	

Directorate Corporate Services

PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
KPI 07 Average number of sickness days per employee per annum (Min) *	.79	3.45	5.84	8.27	2.14	Q1 2014/15 Numerator: 761 Denominator: 356 = 2.14 days for the quarter. The figure for the quarter minus long term sick is 1.42 days per member of staff.
						
	1.75	3.50	5.25	7.00	1.75	

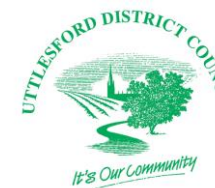
Directorate Public Services

PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
KPI 08 (GNPI 36) Average re-let time in days (General Needs only)	16.6	9.21	14.3	13	18	Q1 2014/15 Numerator: 273 Denominator: 15. Voids process constantly being reviewed to ensure we are working as efficiently as possible. Depot review introducing the concept of a dedicated voids team to co-ordinate the void process.
						
	21	21	21	21	18	
KPI 09 Number of accidents that are reportable under RIDDOR (Min)	1	4	2	5	4	Q1 2014/15 April, May and June 2014 - Total RIDDORS = 4. All are staff injured at work and then off from work more than 7 days. All are minor injuries. Operatives receive regular manual handling training. Restructure of Housing Repairs and Maintenance will ensure health and safety matters are proactively managed.
						
	0	0	0	0	0	

PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
KPI 11 Processing of planning applications: Major applications (within 13 weeks) (Max)	64.71%	63.64%	66.67%	62.50%	76.92%	Q1 2014/15 Numerator: 10 Denominator: 13 = 76.92 % including 6 agreed extensions of time. Target achieved.
						
	60.00%	60.00%	60.00%	60.00%	60.00%	
KPI 12 Processing of planning applications: Minor applications (within 8 weeks) (Max)	76.47%	84.47%	80.00%	61.90%	83.33%	Q1 2014/15 Numerator: 75 Denominator: 90 = 83.33 %. Including 1 agreed extension of time. Target achieved.
						
	80.00%	80.00%	80.00%	80.00%	80.00%	
KPI 13 Processing of planning applications: Other applications (within 8 weeks) (Max)	91.59%	90.32%	88.85%	88.58%	90.14%	Q1 2014/15 Numerator: 320 Denominator: 355 = 90.14%. Target achieved.
						
	82.00%	82.00%	82.00%	82.00%	82.00%	
KPI 14 Percentage of household waste sent for reuse, recycling and composting (LAA) (Max)	55.14%	56.72%	51.91%	54.30%	51.40%	Q1 2014/15 Final value for KPI 14 is 51.40%. Numerator 3873.81 Denominator 7538.23. Recycled and Composited tonnage divided by Total Waste Arising. Uncertainty of the actual contamination level at Bywaters is still to be resolved and might adversely affect future results. Contamination levels used for this quarter are based on analysis carried out by wyg (consultants).
						
	56.50%	59.10%	55.30%	52.40%	55.02%	
KPI 15 Number of return visits to collect bins that have been missed on the first visit (per 100,000 collections) (Min)	71	71	49	60	98	Q1 2014/15 Numerator: 898 (missed bins) Denominator: 918,000 (collections) x 100,000 = 98. During this quarter there was a high percentage of contractors employed, as well as more than desired level of sickness (including long term sick), which inevitably results in a high missed bin count.
						
	50	45	45	40	40	
KPI 16 Rent collected as percentage of rent owed (including arrears b/f) (Max) *	89.25%	94.63%	96.29%	97.52%	89.50%	Q4 2014/15 Numerator: £3,508,371.29 Denominator: £3,920,017.59 = 89.50%. Continued specific focus on rent collection activities within the Rents team has supported the performance of this PI.
						
	88.55%	93.55%	94.55%	96.30%	88.50%	

2014/15 Quarter 1 Performance Indicators

Report Author: Tülay Norton
Generated on: 10 September 2014



Directorate Chief Executive































PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
PI 02 Average time to pay supplier invoices (Min)	11.5	11.6	10.8	11.2	15.8	Q1 2014/15 Numerator: 1426 Denominator: 90 = 15.8. The above reflects the learning curve for personnel familiarising themselves with E-buy/RSS. The main issue being that of approving invoices which have not conformed to the original purchase order. Once these have been overcome, we expect return to prior quarters' efficiencies.
	12.5	12.5	12.5	12.5	12.0	
PI 03 % of sundry debt income overdue (debts over 90 days old not subject to a payment agreement) (Min)	1.4%	2.6%	3.7%	1.1%	10.3%	Q1 2014/15 As at 1 July 2014, total outstanding sundry debt was £726,363.58 of which £74,486.08 was over 90 days old and not subject to a payment agreement. This is due to one account which has again gone into arrears; this account is now being handled by legal. If this account was ignored outstanding debt would have been 1% as per previous years.
	5.0%	5.0%	5.0%	5.0%	5.0%	
PI 06 % of standard searches carried out in 10 working days (Max)	100%	100%	100%	100%	100%	Q1 2014/15 Numerator: 276 Denominator: 276. Team working well, performance maintained.
	100%	100%	100%	100%	100%	
PI 21 % of minutes from meetings made available to the public within 10 working days (Max)	100%	100%	100%	88%	100%	Q1 2014/15 Numerator: 31 Denominator: 31 = 100%. Target was met in full as a deadline for comments from lead officer is given when draft circulated, so that if no comments are received the minutes are published at the close of the 10 day period.
	95%	95%	95%	95%	95%	
PI 39 Number of written customer complaints against leisure centre usage (Min)	2	0	0	2	3	Q1 2014/15 A lot of partnership work between UDC and 1Life has taken place to resolve the issue. 1Life have increased salary payments to life guards significantly, have double shifts at weekends, cross working with another contract, employed new life guards and have an apprenticeship for life guards.
	2	2	2	2	2	


























Directorate Corporate Services

PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
PI 20 % of IT help Desk calls resolved within target (Max)	97.72%	97.01%	97.70%	96.83%	93.34%	Q1 2014/15 New structure now in place 1637 calls 1528 resolved in time.
	90.00%	90.00%	90.00%	90.00%	90.00%	
PI 22 Museum users: Total visitors to the museum building and on-site events (Max) #	5,017	4,709	4,298	3,528	3,900	Q1 2014/15 Visitor figures 22% above target because good numbers for holiday, half-term and extra activities has more than compensated for downturn due to Monday closure.
	4,300	3,300	3,400	4,000	3,200	

Directorate Public Services




PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
PI 14a Homelessness: Number of people presenting as homeless (Min)	29	24	30	14	30	Q1 2014/15 We have seen an increase in presentations due to continuing difficult economic times and the lack of affordable housing, either social or private within the district. Advice and prevention are still the main focus.
	15	15	20	25	25	
PI 14b The number of cases where positive intervention by the Council has prevented homelessness	13	23	26	18	14	Q1 2014/15 Total prevented and relieved = 14 which is down on the last 2 quarters. A lot of the homeless cases this quarter have been complex and involved debt and mental health issues and were not preventable owing to their nature. It is a very challenging time with a lack of affordable privately rented accommodation. The start of an in house rent deposit scheme in April 2014 involving the empty homes officer is providing more positive opportunities to liaise and work with local landlords.
	35	35	35	35	35	

PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
PI 15(HMPI 102) % Residents satisfied with the most recent repair	94.30%	99.30%	98.50%	98.00%	97.85%	Q1 2014/15 Numerator: 1953 Denominator: 1996. There have been recent performance issues/staffing issues with Roalco, the council's repairs contractor. A Roalco director is now attending regular contract meetings. The contract is due to be replaced in the next 6 months.
						
PI 16 Number of households living in temporary accommodation (CI 19 & NI 156) (Min)	14	19	32	15	26	Q1 2014/15 Snapshot as at 30 June 2014. Council owned and shared accommodation = 23 cases. Emergency B&B placements = 3. There have been some complex mental health and debt and domestic violence cases this quarter which have required more extensive investigations and a longer period in TA.
						
PI 17 Number of service users who are supported to establish and maintain independent living	1,247	1,241	1,244	1,213	1,205	Q1 2014/15 392 sheltered tenants and 813 lifeline units (some units will be supporting more than one person to remain independent) = 1205. The number of sheltered tenants is reducing because of the policy not to re-let vacancies on schemes that are currently under review for re-modelling/re-building. Lifeline numbers have dropped slightly despite recent promotion work. The main reason for losing customers is due to client death.
						
PI 19 Percentage of accidents that are investigated within 10 working days of the accident (Max)	100%	89%	89%	97%	100%	Q1 2014/15 Total 21 accidents reported all were investigated within 10 days. Also 9 near misses were recorded and investigated within 10 days as well.
						
PI 24a Planning appeals allowed for major applications (Min)	100%	100%	100%	100%	100%	Q1 2014/15 Numerator: 1 Denominator: 3 = 33.33 %. Appeals Allowed slightly exceeded. The one allowed case was negotiated during determination of appeal.
	.0%	.0%	.0%	40.0%	33.3%	
PI 24b Planning appeals allowed for minor applications (Min)						Q1 2014/15 Numerator: 1 Denominator: 9 = 11.11%. Target Achieved.
	30.0%	30.0%	30.0%	30.0%	30.0%	
PI 24b Planning appeals allowed for minor applications (Min)	.0%	16.6%	25.0%	28.6%	11.1%	
						
	45.0%	45.0%	45.0%	45.0%	45.0%	

PI Code & Short Name	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Latest Note
PI 24c Planning appeals allowed for other applications (Min)	50.0%	100.0%	45.5%	33.3%	40.0%	Q1 2014/15 Numerator: 2 Denominator: 5 = 40%. Target Achieved.
						
PI 24d Appeals allowed for enforcement notices (Min)	45.0%	45.0%	45.0%	45.0%	45.0%	Q1 2014/15 No enforcement appeal decisions this quarter.
	.0%	33.3%	.0%	50.0%	.0%	
PI 24d Appeals allowed for enforcement notices (Min)						Q1 2014/15 No enforcement appeal decisions this quarter.
	30.0%	30.0%	30.0%	30.0%	30.0%	
PI 30 % planning applications validated within 5 days (Max)	95%	99%	99%	99%	100%	Q1 2014/15 Numerator: 484 Denominator: 485 = 100%. Successfully achieving a majority of applications being validated within 5 working days. The team are working very well together to maintain this success.
						
PI 30 % planning applications validated within 5 days (Max)	90%	90%	90%	90%	90%	Q1 2014/15 Although the tonnage of garden waste from kerbside collections has reduced, the number of subscribers to the service stood at 4,350 households at the end of Q1 2014/15, up 20% from 3,600 at the end of Q1 2013/14. The combined tonnage from kerbside collections and the weekend village bring service increased by 6% from 802.4 t in Q1 2013/14 to 852.2t in Q1 2014/15. Data is still awaited from ECC for the green waste tonnage deposited at the Saffron Walden RCHW for these quarters.
						
PI 35 Number of tonnes of garden waste from kerbside collections sent for composting	391	420.9	216.56	50.78	340	Q1 2014/15 Although the tonnage of garden waste from kerbside collections has reduced, the number of subscribers to the service stood at 4,350 households at the end of Q1 2014/15, up 20% from 3,600 at the end of Q1 2013/14. The combined tonnage from kerbside collections and the weekend village bring service increased by 6% from 802.4 t in Q1 2013/14 to 852.2t in Q1 2014/15. Data is still awaited from ECC for the green waste tonnage deposited at the Saffron Walden RCHW for these quarters.
						
	450	540	360	100	450	

* Cumulatively monitored

Quarterly targets for these indicators have been profiled

PI Status	
	This PI is more than 10% below target.
	This PI is between 0.01 and 10% below target.
	This PI is on target.

Committee: Performance and Audit

Agenda Item

Date: 25 September 2014

8

Title: Quarter 1 Corporate Risk Register 2014/15

Author: Richard Auty, Assistant Director Corporate Services

Item for information

Summary

1. This report presents the Corporate Risk Register as at the end of quarter 1 2013/14.

Recommendations

2. None

Financial Implications

3. There are no financial implications associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	The Risk Register is discussed and updated by the Corporate Management Team at least quarterly.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

6. This is the council's new Corporate Risk Register as approved by Full Council in February alongside the Corporate Plan. It continues the approach of identifying the key risks associated with delivering the council's main strategic objectives.
7. From quarter 2 onwards it will be possible to highlight those risks which have had a change in scoring from the previous quarter, as was done in previous years..

Risk Analysis

8.

Risk	Likelihood	Impact	Mitigating actions
That the council does not effectively monitor the risks it faces in delivering its corporate aims and objectives	1 – The register was created, and regularly monitored, by the Corporate Management Team	3 – If mitigating actions are not identified and acted upon, then there could be serious consequences for the delivery of services	Each corporate action and associated risk is owned by a member of the Corporate Management Team. Colleagues provide challenge and discussion regularly to ensure steps are being taken to reduce the likelihood and/or impact of those risks.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required


4 = Near certainty of risk occurring, catastrophic effect or failure of project.




Corporate & Strategic Risk Register 2014-15 - Quarter 1




Report Type: Risks Report
Report Author: Debra Admin_Collins
Generated on: 15 September 2014






Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
14-CR 01 Insufficient progress against savings	The council does not make sufficient progress against savings targets identified in the MTFS to achieve the necessary savings.	3	1	3	1	3		4	1	The draft outturn for 2013/14 and the budget position for 2014/15 enable the risk impact to remain at 3	A Corporate Team was established in 2010. Savings achieved to date have been approx £1 million per annum	Adrian Webb
14-CR 02 External factors impact negatively on Council's finances	External factors, such as the reforms to local government finance, negatively impact on Council's finances	2	3	2	3	6		2	3	The Council's finances are sound and there is reasonable certainty for the next three financial years. Thereafter there is a lot of uncertainty which is modelled into the MTFS	Work with local government partners to share the risks and benefits of reform	Stephen Joyce; Adrian Webb





Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
14-CR 03 Key partners unable to support LSP	Key partners are unable to support the LSP because of altered priorities elsewhere in the public sector. The concept of 'Localism' may be difficult to communicate	2	2	2	2	4		2	2	Ensuring that the LSP is relevant to the day-to-day work of the Council is an emerging issue which will continue to need attention during the year.	Optimise the Localism agenda and ensure that the Council retains its commitment to supporting the voluntary sector where this provides demonstrable value for money. Ensure continued engagement with partners and the community through channels such as Citizens Panel, Community Forums and Tenant Forum. Continue to review the working of the LSP to ensure it meets the needs of the council, its partners and the community.	John Mitchell

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
14-CR 04 Local Plan	Failure to meet objectively assessed housing need and identify sites acceptable to the community	3	2	3	2	6		4	2	The Local Plan has been submitted for examination. The Examination is due to start in November 2014	Adherence to the Local Plan timetable coupled with consistent communication and community engagement. Strong political leadership to ensure adoption of Local Development Framework. Commitment to build local authority housing	Roger Harborough
14-CR 05 External contracts	Contracts with third parties do not benefit the Council & Community financially	3	3	3	3	9		3	1	Market changes mean some contracts may require alteration	Constant monitoring of contracts to ensure adequate contingency arrangements are in place	Roger Harborough
14-CR 06 Potential increase in environmental crime	Potential for more cases of environmental crime leading to increased pressures on enforcement and other service areas and possible complaints	2	2	2	2	4		2	2	Regular patrols carried out with PCSOs. No significant changes to the number of reports received.	Training for Enforcement officers and closer working with PCSO's leading to an increase in the number of fixed penalty notices issued	Michael Perry

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
14-CR 07 Failure to embed sound Equality & Diversity, H&S & Corporate Governance principles	Failure to embed sound equality & diversity, health & safety and corporate governance principles throughout the authority, which would make it difficult to then promote these ideals to the community	3	1	3	1	3		3	1	Informal peer review has given valuable pointers to "achieve" the equality standard. High priority continues to be given to health and safety. Corporate governance regularly monitored by P&A committee	Necessary information available to all staff and regular training given	John Mitchell
14-CR 08 Little money available for Highways improvements	Little money available for Highways improvements due to pressures on County Council budget	2	3	2	3	6		2	3	2014/15 budget allocated	Targeted improvements in district due to local member involvement in Highways Panel/Locality Board	Roger Harborough
14-CR 09 Inability to implement the economic strategy	Inability to implement the economic strategy which could lead to a failure to support existing businesses and attract new investment	3	1	3	1	3		3	1	The Strategy has been reviewed and updated. Additional staff resources committed.	Implement the economic strategy in conjunction with local business representatives, West Essex partners and allocate budget to support this work	Roger Harborough

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
14-CR 10 Adverse impact from reform of council tax benefits	The reform of council tax benefits will adversely impact some people currently in receipt of benefits	3	2	3	2	6		2	2	The LCTS scheme has been amended for 2014/15 and requires non-vulnerable working age people on low incomes to pay more council tax. The Council has increased its funding for exceptional hardship support.	Resource and implement the Council's Local Council Tax Support Policy approved 2012	Stephen Joyce; Adrian Webb
14-SR 01 Disruption of Council business	Disruption of council business caused by: loss of building, widespread staff absence, extreme weather conditions	4	2	4	2	8		3	2	Emergency response plans in place. Emergency BC plans and activation plans in place corporate. Individual dept plans to be tested over next 6 months starting with Finance in August 2014	Ensure that emergency plans are in place to provide frontline services. Maintain regular engagement in emergency planning activities, close liaison with county council and regular communication with residents. Ensure relevant HR policies are in place and understood	Michael Perry

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
14-SR 02 Major emergency at the airport	Major emergency at the airport e.g. due to plane crash, terrorism etc.	2	2	2	3	6		2	1	Due to unrest globally, the likelihood has increased. Robust plans are in place, good relations remain between Stansted Airport Ltd and UDC	Ensure that emergency plans are in place and that there is regular liaison with airport operator and engagement in emergency planning activities	Michael Perry

Risk Status	
	Alert
	High Risk
	Warning
	OK