

A photograph of a vast field of green wheat under a blue sky with white clouds. The wheat is in the foreground, and the field extends to the horizon. The sky is filled with fluffy white clouds. The text is centered over the image.

Uttlesford District Council
Core Financial Statements 2018/19

Movement in Reserves 2018/19

	General Fund Balance £'000	Earmarked GF Reserves £'000	HRA Balance £'000	Earmarked HRA Reserves £'000	Major Repairs Reserve £'000	Usable Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance as at 31 March 2018	(1,321)	(13,629)	(523)	(4,853)	(147)	(3,295)	(1,296)	(25,063)	(236,779)	(261,842)
(Surplus) or Deficit on Provision of Services (accounting basis)	(1,633)	-	(2,415)	-	-	-	-	(4,048)	-	(4,048)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(12,830)	(12,830)
Total Comprehensive Income and Expenditure	(1,633)	-	(2,415)	-	-	-	-	(4,048)	(12,830)	(16,878)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	(1,255)	-	5,164	-	(326)	(379)	217	3,421	(3,421)	-
Net (increase)/decrease before transfers to earmarked reserves	(2,888)	-	2,749	-	(326)	(379)	217	(627)	(16,251)	(16,878)
Transfers to/(from) Reserves	2,937	(2,519)	(2,714)	2,300	-	-	-	2	-	2
(Increase)/decrease in year	49	(2,519)	35	2,300	(326)	(379)	217	(625)	(16,251)	(16,876)
Balance as at 31 March 2019	(1,273)	(16,148)	(488)	(2,553)	(473)	(3,674)	(1,079)	(25,688)	(253,030)	(278,718)

Movement in Reserves 2017/18

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 as at 31 March 2017	(1,268)	(12,973)	(498)	(6,667)	(164)	(4,530)	(876)	(26,976)	(209,551)	(236,527)
(Surplus) or Deficit on Provision of Services (accounting basis)	1,147	-	(5,934)	-	-	-	-	(4,787)	-	(4,787)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(20,528)	(20,528)
Total Comprehensive Income and Expenditure	1,147	-	(5,934)	-	-	-	-	(4,787)	(20,528)	(25,315)
Adjustments between accounting basis & funding basis under regulations (Note 1.1)	(1,507)	-	7,373	-	17	1,235	(317)	6,801	(6,801)	-
Net (increase)/decrease before transfers to earmarked reserves	(360)	-	1,439	-	17	1,235	(317)	2,014	(27,329)	(25,315)
Transfers to/(from) Reserves	306	(656)	(1,464)	1,814	-	-	(103)	(101)	101	-
(Increase)/decrease in year	(53)	(656)	(25)	1,814	17	1,235	(420)	1,913	(27,228)	(25,315)
Balance as at 31 March 2018	(1,321)	(13,629)	(523)	(4,853)	(147)	(3,295)	(1,296)	(25,063)	(236,779)	(261,842)

For more information on the restated figures please refer to note 19.7

Balance Sheet

31 March 2018 Restated £'000	Notes	31 March 2019 £'000
363,385	Property, Plant and Equipment 7.1	372,325
935	Heritage Assets 7.3	951
219	Intangible Assets 6.1	263
47,473	Long-term Investments 8.1	49,601
1,280	Long-term Debtors 8.2	1,325
413,292	Total Long-term Assets	424,466
10,500	Short-term Investments 18.1	12,000
48	Inventories 9.1	45
4,503	Short-term Debtors 9.2 - 9.3	5,363
2,753	Cash & Cash Equivalents 9.5	2,525
17,804	Total Current Assets	19,933
(23,500)	Short-term Borrowing	(19,000)
(6,291)	Short-term Creditors 10.1	(11,619)
(1,979)	Short-term Provisions 10.2	(1,432)
(31,769)	Total Current Liabilities	(32,051)
(96,407)	Long-term Borrowing 18.2	(96,907)
(4,740)	Deferred Liabilities 11.2	(4,620)
(1,597)	Grant Receipts in Advance 11.3 - 11.4	(1,319)
(34,746)	Pension Scheme Liability 3.5	(30,787)
(137,490)	Total Long-term Liabilities	(133,632)
261,837	Total Net Assets	278,716
	Represented by:-	
25,059	Usable Reserves 2.1 - 2.4	25,685
236,778	Unusable Reserves 3.1 - 3.6	253,031
261,837	Total Reserves	278,716

For more information on the restated figures please refer to note 19.7

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

Adrian Webb
Director of Finance and Corporate Services - Section 151
25 July 2019

Cash Flow Statement

2017/18 Restated £'000		2018/19 £'000	Notes
4,787	Net Surplus/(Deficit) on the Provision of Services	4,048	Page 16
5,513	Adjustments to net Surplus/Deficit) on the Provision of Services - non cash movements	10,909	
(2,993)	Adjustment for items included in the Net Surplus/Deficit) on the Provision of Services that are investing and financing activities	(2,904)	
7,307	Net cash flows from operating activities	12,053	13.1
(37,689)	Net cash flows from investing activities	(10,862)	13.2
32,502	Net cash flows from financing activities	(1,419)	13.3
2,120	Net (Decrease) in cash and cash equivalents	(228)	
633	Cash and cash equivalents at the beginning of the reporting period	2,753	13.4
2,753	Cash and cash equivalents at the end of the reporting period	2,525	13.4

For more information on the restated figures please refer to note 19.7

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

SECTION B – NOTES TO THE CORE FINANCIAL STATEMENTS**1.0 – Movement in Reserves**

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

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

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

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

Movement in Reserve Statement – Adjusting between Accounting Funding Basis under Regulations 2017/18

2017/18	General Fund Balance £'000	HRA Balance £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Movement Unusable Reserves £'000
<u>Adjustments involving the Capital Adjustment Account</u>						
Charges for depreciation and impairment movements on non-current assets	(1,625)	(650)	-	-	-	2,275
Amortisation of Intangible Assets	(67)	(17)	-	-	-	84
Revenue expenditure funded from capital under statute	(1,170)	(32)	-	-	-	1,202
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	2	(1,083)	-	-	-	1,081
Statutory provision for financing capital investment	403	2,000	-	-	-	(2,403)
Capital expenditure charges against the General Fund and HRA balances	913	4,416	-	-	-	(5,329)
<u>Adjustments involving the Capital Grants Unapplied Account</u>						
Application of grants to capital financing from unapplied reserves	-	-	-	-	424	(424)
Capital grants and contributions that have been credited to the CI&E	1,076	83	-	-	(741)	(418)
<u>Adjustments involving the Capital Receipts Reserve</u>						
Transfer of sale proceeds credited as part of the gains/losses on disposal to the CI&E	16	1,804	(1,820)	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	(2,000)	2,612	-	-	(612)
Contribution from Capital Receipts Reserve towards administrative costs of non-current asset disposal	(1)	(14)	16	-	-	(1)
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(427)	427	-	-	-

Movement in Reserves Statement – Adjusting between Accounting and Funding Basis under Regulations 2017/18 (continued)

2017/18	General Fund Balance £'000	HRA Balance £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Movement Unusable Reserves £'000
<u>Adjustments involving the Major Repairs Reserve</u>						
Additions to Major Repairs Reserve to finance new capital expenditure	-	3,539	-	(3,539)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	3,556	-	(3,556)
<u>Adjustments involving the Pension Reserve</u>						
Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E	(3,654)	(684)	-	-	-	4,338
Employers pension contributions and direct payments to pensioners payable in year.	2,276	439	-	-	-	(2,715)
<u>Adjustments involving the Collection Fund Adjustment Account</u>						
Amount by which net Collection Fund income debited/credited to the Comprehensive Income and Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	341	-	-	-	-	(341)
<u>Adjustments involving the Accumulated Absences Account</u>						
Adjustments in relation to short-term compensated absences	(15)	-	-	-	-	15
Total adjustments	(1,505)	7,374	1,235	17	(317)	(6,804)

2.0 – Usable Reserves

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

2.1 – General Fund - Revenue Balances

	31 March 2018			31 March 2019	
	Restated	Transfer In	Transfer Out	31 March 2019	Purpose of Reserve
	£'000	£'000	£'000	£'000	
Working Balance	1,320	-	(48)	1,272	Maintained to protect the Council's budget from unexpected risks.
Working Balance Sub Total	1,320	0	(48)	1,272	
Business Rates	1,500	664	(384)	1,780	Business Rates income contingency against future years' deficits.
Capital Slippage	466	924	(219)	1,171	Balance of projects slipped into the next financial year.
DWP	71	-	-	71	To support possible clawbacks relating to the benefit subsidy audit.
Licensing	-	103	(12)	91	Reserve to absorb excess of costs over income in relation to taxi licensing services.
MTFS	1,000	336	-	1,336	To support the Council against funding reductions and financial shortfalls over the life of the MTFS.
Transformation	1,728	-	(559)	1,169	To support projects that enable the Council to operate more efficiently.
Emergency Response	40	-	-	40	To cover costs falling on the Council as a result of a response to civil emergency.
Economic Development	15	46	-	61	To assist economic growth in the district and support local businesses.
Elections	75	25	-	100	Contributions towards future election costs.
Homelessness	126	114	(22)	218	Cover unbudgeted additional demand within the homelessness service.
Planning Development	1,384	670	(303)	1,751	To fund additional expenditure relating to all planning activities.
Strategic Initiatives	2,660	-	(500)	2,160	Support initiatives in accordance with the stated purpose of the fund/key criteria.
Waste Depot Relocation	4,119	350	(69)	4,400	Project funding for the relocation of the Dunmow depot.
Waste Management	201	-	-	201	Funds held to support service in unpredicted market fluctuations.
Development Projects	-	1,152	-	1,152	To fund future development projects.
Private Finance Initiative	180	67	-	247	Supporting future years inflationary impacts relating to the leisure contract.
EU Exit	-	128	-	128	Relates to additional costs as a direct result of the EU exit planning.
Net Other Services	62	38	(28)	72	
Other GF Usable Sub Total	13,627	4,617	(2,096)	16,148	
GF Usable Reserves Total	14,947	4,617	(2,144)	17,420	

For more information on the restated figures please refer to note 19.7

2.2 – Housing Revenue Account - Reserve Balances

	31 March 2018	Transfer	Transfer	31 March 2019	Purpose of Reserve
	£'000	In	Out	£'000	
		£'000	£'000		
Working Balance	524	-	(35)	489	Maintained to protect the budget from unexpected risks.
Working Balance Sub Total	524	-	(35)	489	
Transformation/Change Management	180	-	-	180	To support projects that enable the Council to operate more efficiently.
Revenue Projects	60	-	-	60	To finance outstanding revenue business plan actions.
Revenue Reserves Sub Total	240	-	-	240	
Potential Development Projects	849	13	(849)	13	Funding for new build schemes.
Slippage Reserve	3,764	849	(2,313)	2,300	Balance of projects slipped into the following financial year.
Earmarked Reserves Total	4,613	862	(3,162)	2,313	
Major Repairs	147	4,296	(3,970)	473	Funding for future capital expenditure.
Other Capital Reserves Total	147	4,296	(3,970)	473	
Capital Reserves Sub Total	4,760	5,158	(7,132)	2,786	
Housing Revenue Balances Total	5,524	5,158	(7,167)	3,515	

2.3 – Capital Receipts Reserve

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

2017/18 £'000	2018/19 £'000
4,529 Balance as at 1 April	3,295
Receipts	
16 Capital receipts - General Fund	12
1,804 Capital receipts - Housing Revenue Account	1,718
Applied	
(427) Paid to government housing receipts pool	(426)
(2,612) Capital receipts used for financing	(911)
(16) Expenses from sales of capital assets	(14)
(1,234) Movements in year	379
3,295 Balance as at 31 March	3,674

2.4 – Grants and Contributions without Conditions (Unapplied)

	31 March 2018	Income	Interest	Draw Down Capital	Draw Down Revenue	31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000
S106 Unapplied						
Affordable Housing;	919					
-Land at the Canfield Service Station	-	262	-	-	-	
-Land adjacent to Stevens Farm, Felsted	-	54	-	-	-	
-Land at Ventnor Lodge, Cambridge Road, Quendon	-	134	-	-	-	
-Draw Down	-	-	-	(693)	-	
Sub-Total - Affordable Housing	919	450	-	(693)	-	676
Dunmow Eastern Sector	18	-	-	-	-	18
Woodlands Park, Gt Dunmow	36	-	-	-	-	36
Bell College, Saffron Walden	15	-	-	-	-	15
Priors Green, Takeley	8	-	-	-	-	8
Foresthall Park, Stansted	141	-	-	(108)	-	33
Lt Walden Road/Ashdon Road, Saffron Walden	98	-	-	-	-	98
Oakwood Park, Takeley	5	-	-	-	-	5
SUB TOTAL	1,240	450	-	(801)	-	889
Capital Grants Unapplied						
Reynolds Court	-	143	-	(143)	-	-
Heritage England	56	-	-	-	-	56
DCLG; Parks Improvement Grant	-	17	-	-	-	17
Disabled Facility Grant	-	214	-	(97)	-	117
SUB TOTAL	56	374	-	(240)	-	190
Grants and Contributions Unapplied Total	1,296	824	-	(1,041)	-	1,079

3.0 – Unusable Reserves

3.1– Revaluation Reserve

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

2017/18			2018/19		
General Fund	HRA	Total	General Fund	HRA	Total
£'000	£'000	£'000	£'000	£'000	£'000
7,161	96,561	103,722	11,104	105,366	116,470
4,220	9,196	13,416	3,589	4,089	7,679
4,220	9,196	13,416	3,589	4,089	7,679
(277)	(33)	(310)	(281)	(1,630)	(1,911)
-	(358)	(358)	0	(280)	(280)
(277)	(391)	(668)	(281)	(1,910)	(2,191)
-	-	-	(1,409)	-	(1,409)
11,104	105,366	116,470	13,003	107,545	120,549

3.2 – Capital Adjustment Account

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

2017/18 £'000	£'000	2018/19 £'000
145,675 Balance as at 1 April		154,342
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
(5,516) Charges for depreciation and impairment of non-current assets	(6,265)	
3,241 Revaluation gains on Property, Plant and Equipment	1,373	
(84) Amortisation of Intangible Assets	(70)	
(1,202) Revenue expenditure funded from capital under statute	(853)	
Amounts of non-current assets written off on disposal or sale as part of gain/loss on		
(1,081) disposal to the Comprehensive Income and Expenditure Statement	(1,280)	
- Expected Credit Gains or Losses on Financial Instruments	(390)	
668 Adjusting amounts written out of Revaluation Reserve	2,191	
(3,974)		(5,294)
Capital financing applied in the year		
612 Use of Capital Receipts Reserve to finance new capital expenditure	498	
3,556 Use of Major Repairs Reserve to finance new capital expenditure	3,970	
741 Capital Grants and Contributions applied to capital financing	1,404	
Statutory provision for the financing of capital investment charged against the		
2,403 General Fund and HRA balances	2,541	
5,329 Capital expenditure charged against the General Fund and HRA balances	3,461	
12,641		11,874
154,342 Balance as at 31 March		160,922

3.3 – Deferred Capital Receipts

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

2017/18 £'000	2018/19 £'000
1,174 Balance as at 1 April	1,205
31 Increase/(decrease) in value	45
1,205 Balance as at 31 March	1,250

3.4 – Accumulated Compensated Absences Adjustment Account

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

2017/18 £'000	2018/19 £'000
(145) Balance as at 1 April	(161)
(16) In year adjustment	(4)
(161) Balance as at 31 March	(165)

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 note 17.

2017/18 £'000	Notes	2018/19 £'000
(40,203) Balance as at 1 April		(34,745)
(1,623) Surplus/(Deficit) on Provision of Services in CI&E	17.2	(2,557)
7,081 Actuarial Gain/(Loss)	17.9	6,516
(34,745) Balance as at 31 March		(30,786)

3.6 – Collection Fund Adjustment Account

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

2017/18 £'000	2018/19 £'000
(673) Surplus/(Deficit) as at 1 April	(333)
Amount by which Council Tax income credited to the CIES is different from Council	
(111) Tax income calculated for the year in accordance with statutory requirements	15
Amount by which NNDR income credited to the CIES is different from NNDR income	
451 calculated for the year in accordance with statutory requirements	1,579
(333) Surplus/(Deficit) as at 31 March	1,261

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

The Council has undertaken a review of its income streams that meet the requirements for IFRS 15 Revenue Contracts. The impact to the accounts was approximately £200k and not material.

4.2 – Expenditure and Funding Analysis

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

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

Reported Outturn	Net Recharges	Net expenditure chargeable to the General Fund & HRA balances	Adjustments between Funding and Accounting Basis to arrive at the CIES	Other (Non-statutory) adjustments	Net expenditure in the Comprehensive Income & Expenditure Statement	Reported Outturn	Net Recharges	Net expenditure chargeable to the General Fund & HRA Balances	Adjustments between Funding and Accounting Basis to arrive at the CIES	Other (Non-statutory) adjustments	Net expenditure in the Comprehensive Income & Expenditure Statement
2017/18 Restated £'000	2017/18 Restated £'000	2017/18 Restated £'000	2017/18 Restated £'000	2017/18 Restated £'000	2017/18 Restated £'000	2018/19 £'000	2018/19 £'000	2018/19 £'000	2018/19 £'000	2018/19 £'000	2018/19 £'000
854	146	1,001	1,216	(146)	2,071	778	190	968	1,198	(190)	1,976
3,304	1,470	4,774	1,463	(1,470)	4,767	2,454	1,560	4,014	2,016	(1,560)	4,470
5,957	(3,335)	2,622	568	3,335	6,525	5,507	(3,337)	2,170	632	3,337	6,139
1,439	78	1,517	104	(78)	1,543	1,485	15	1,500	231	(15)	1,716
-	(348)	(348)	1,279	(1,641)	(710)	87	(374)	(287)	-	(1,572)	(1,859)
11,554	(1,989)	9,566	4,630	-	14,196	10,311	(1,946)	8,365	4,077	(0)	12,442
(10,945)	1,641	(9,304)	761		(8,543)	(10,753)	1,572	(9,181)	3,487	(1,572)	(7,266)
	348	348			348	-	374	374	-	1,572	1,946
609	0	610	5,391	-	6,001	(442)	-	(442)	7,564	(0)	7,121
		469	(11,257)		(10,788)			306	(11,475)		(11,169)
		1,079	(5,866)	-	(4,787)			(136)	(3,911)	(0)	(4,048)
					21,404						16,617
					(4,787)						(4,048)
					16,617						12,569

For more information on the restated figures please refer to note 19.7

4.3 – Note to the Expenditure and Funding Analysis

Adjustments for Capital Purposes 2017/18 Restated £'000	Net Pensions Adjustments 2017/18 Restated £'000	Other Adjustments 2017/18 Restated £'000	Net Adjustments 2017/18 Restated £'000		Adjustments for Capital Purposes 2018/19 £'000	Net Pensions Adjustments 2018/19 £'000	Other Adjustments 2018/19 £'000	Net Adjustments 2018/19 £'000
1,193	23	-	1,216	Community & Partnerships	1,151	47	-	1,198
1,247	215	-	1,463	Environmental Services	1,328	688	-	2,016
393	175	-	568	Finance & Administration	112	520	-	632
29	74	-	104	Housing & Economic Development	35	197	-	232
-	1,279	-	1,279	Corporate Costs	-	-	-	-
2,863	1,767	-	4,630	General Fund Outturn	2,626	1,452	-	4,078
699	62	-	761	Housing Revenue Account	3,277	210		3,487
3,562	1,829	-	5,391	Net Cost of Service	5,903	1,662	-	7,565
(10,726)	(206)	(325)	(11,257)	Other Income and Expenditure	(9,594)	896	(2,777)	(11,476)
(7,164)	1,623	(325)	(5,866)	Adjustment to the Surplus/Deficit on Provision of Services	(3,691)	2,558	(2,777)	(3,911)
1,447	695	(325)	1,817	Adjustments to the General Fund	1,692	2,195	(2,634)	1,253
(8,611)	928	-	(7,683)	Adjustments to the Housing Revenue Account	(5,384)	362	(143)	(5,164)

For more information on the restated figures please refer to note 19.7

4.4 – Expenditure and Income Analysed by Nature

2017/18	2018/19
Restated	
£'000	£'000
Expenditure	
15,973 Employee benefits expenses	16,007
27,309 Other service expenses	25,103
3,540 Depreciation, amortisation and impairment	5,903
3,269 Interest payments	3,792
2,886 Precepts and levies	3,155
427 Payments to the Housing Capital Receipts Pool	426
53,403 Total Expenditure	54,386
Income	
(22,947) Fees, charges and other service income	(23,294)
(1,759) Interest and investment income	(2,009)
(10,494) Income from Council Tax, Business Rates	(12,549)
(22,251) Government grants and contributions	(20,029)
(738) Gains on the disposal	(553)
(58,190) Total Income	(58,434)
(4,787) (Surplus)/Deficit on the provision of services	(4,048)

For more information on the restated figures please refer to note 19.7

5.0 – Notes to the Comprehensive Income and Expenditure Statement

5.1– Total Other Operating Expenditure

2017/18 Restated £'000	2018/19 £'000
2,886 Parish Council Precepts	3,155
427 Payments to the Government Housing Capital Receipts Pool	426
(738) (Gain)/Loss on the Disposal of Non-Current Assets	(553)
16 Other Non-Service Specific Expenditure	4
2,591 Total Other Operating Expenditure	3,032

For more information on the restated figures please refer to note 19.7

5.2 – Total Financing and Investment Income and Expenditure

2017/18 Restated £'000	2018/19 £'000
3,268 Interest Payable and Similar Charges	3,412
- Interest Revenue calculated using the Effective Interest Rate	379
1,073 Pensions - Net Interest on the Defined Benefit Liability (Asset)	896
(1,758) Interest Receivable and Similar Income	(2,009)
2,583 Total Financing and Investment Income and Expenditure	2,678

For more information on the restated figures please refer to note 19.7

5.3 – Total Taxation and Non Specific Grants

2017/18 Restated £'000	2018/19 £'000
<i>Council Tax Income</i>	
(5,035) - District Council element	(5,330)
(2,886) - Town/Parish Councils element	(3,155)
<i>Business Rates Retention</i>	
(2,313) - District Council element of NNDR income in year	(2,201)
141 - Safety Net reimbursement/Levy payment due	762
(1,088) - Section 31 funding from Central Government	(1,274)
<i>Collection Fund</i>	
(82) - Council Tax - Net value of estimated/actual income recognised in CI&E	(28)
768 - NNDR - Net value of estimated/actual income recognised in CI&E	(1,321)
<i>Non Ring Fenced Government Grants</i>	
(3,772) - New Homes Bonus	(2,864)
(285) - Supplementary Grants	(279)
<i>Other</i>	
(252) - Formula Funding from Central Government	-
(1,159) - Capital Grants and Contributions	(1,188)
(15,963) Total Taxation and Non-Specific Grants Income	(16,880)

For more information on the restated figures please refer to note 19.7

SECTION D – BALANCE SHEET**6.0 – Intangible Assets**

Intangible fixed assets are those items which, although the cost incurred in their acquisition is of a capital nature there is no physical tangible asset to show. The movement in intangible assets during 2018/19 are detailed below.

6.1– Intangible Assets

2017/18	2018/19
£'000	£'000
766 Gross Balance at 1 April	585
26 Additions	114
(207) Asset write out	-
585 Gross Balance carried forward at 31 March	699
(489) Amortisation as at 1 April	(366)
(84) Amortisation in year	(70)
207 Amortisation write out	-
(366) Amortisation Balance carried forward 31 March	(436)
219 Net Value at 31 March	263

7.0 – Property, Plant and Equipment

7.1 - Analysis of Property, Plant and Equipment

2018/19	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Balance as at 1 April 2018	341,111	36,340	11,208	558	866	7,132	397,215
Revaluation Gain recognised in the Revaluation Reserve	7,098	3,882	-	-	-	-	10,981
Revaluation Loss recognised in the Revaluation Reserve	(3,180)	(122)	-	-	-	-	(3,302)
Revaluation recognised in the CIES	1,038	351	-	-	-	-	1,389
Additions	4,332	82	541	-	43	3,830	8,829
De-recognition - Disposals	(1,270)	-	(163)	-	-	-	(1,432)
De-recognition - Other	-	(1,766)	-	-	-	-	(1,766)
Asset Impairment write out	-	-	-	-	-	-	-
Reclassification	8,398	-	-	-	-	(8,398)	-
Balance as at 31 March 2019	357,528	38,768	11,587	558	909	2,564	411,915
Accumulated Depreciation as at 1 April 2018	(20,553)	(5,303)	(7,793)	(108)	(74)	-	(33,831)
Depreciation in year	(4,138)	(894)	(1,197)	(28)	(11)	-	(6,268)
Disposal Depreciation write outs	91	-	164	-	-	-	255
De-recognition - Other	-	254	-	-	-	-	254
Reclassification	-	-	-	-	-	-	-
Accumulated Depreciation as at 31 March 2019	(24,600)	(5,943)	(8,826)	(136)	(85)	-	(39,590)
Net Book Value as at 31 March 2019	332,928	32,825	2,761	422	824	2,564	372,325
Net Value as at 31 March 2018	320,558	31,037	3,415	450	792	7,132	363,384
Assets owned outright	332,928	16,231	2,379	422	824	2,564	355,348
Donated Assets	-	-	41	-	-	-	41
Finance lease on assets	-	-	-	-	-	-	-
Assets used under contractual PFI agreement	-	16,594	341	-	-	-	16,935
Total	332,928	32,825	2,761	422	824	2,564	372,324

2017/18	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 1 April 2017	322,547	31,976	11,228	541	853	5,740	372,885
Revaluation Gain recognised in the Revaluation Reserve	15,774	4,671	-	-	-	-	20,445
Revaluation Loss recognised in the Revaluation Reserve	(6,531)	(498)	-	-	-	-	(7,029)
Revaluation recognised in the CIES	3,163	100	-	-	-	-	3,263
Additions	4,667	91	469	17	13	4,037	9,294
Disposals	(1,154)	-	(239)	-	-	-	(1,393)
Asset Impairment write out	-	-	(250)	-	-	-	(250)
Reclassification	2,645	-	-	-	-	(2,645)	-
Balance as at 31 March 2018	341,111	36,340	11,208	558	866	7,132	397,215
Accumulated Depreciation as at 1 April 2017	(17,268)	(4,448)	(7,014)	(82)	(64)	-	(28,876)
Depreciation in year	(3,356)	(855)	(1,278)	(26)	(10)	-	(5,525)
Disposal Depreciation write outs	71	-	241	-	-	-	312
Depreciation Impairment write outs	-	-	258	-	-	-	258
Reclassification	-	-	-	-	-	-	-
Accumulated Depreciation as at 31 March 2018	(20,553)	(5,303)	(7,793)	(108)	(74)	-	(33,831)
Net Book Value as at 31 March 2018	320,558	31,037	3,415	450	792	7,132	363,384
Net Value as at 31 March 2017	305,278	27,529	4,215	459	789	5,740	344,010
Assets owned outright	320,558	13,610	2,671	450	428	7,132	344,849
Donated Assets	-	1,512	62	-	-	-	1,574
Finance lease on assets	-	-	-	-	364	-	364
Assets used under contractual PFI agreement	-	15,915	682	-	-	-	16,597
Total	320,558	31,037	3,415	450	792	7,132	363,384

7.2 – Capital Expenditure and Financing

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

2017/18 £'000	2018/19 £'000
95,757 Opening Capital Financing Requirement as at 1 April	141,142
<u>Capital Expenditure</u>	
9,295 Property Plant and Equipment	8,828
26 Intangible Assets	114
52 Heritage Assets	16
47,473 Aspire Investment	2,518
1,202 Revenue Expenditure Funded from Capital Under Statute	853
58,048 Total Capital Expenditure	12,329
(22) Increase in non-dwelling HRA assets not reversed to unusable reserves	(17)
- Expected Credit Gains or Losses on Financial Instruments	390
(22) Sub Total	373
<u>Financed By</u>	
(612) Usable Capital Receipts	(498)
(741) Government Grants and Other Contributions	(1,404)
(5,329) Capital Expenditure Financed from Revenue Contributions	(3,461)
(3,556) Major Repairs Reserve	(3,970)
(2,403) Minimum Revenue Provision	(2,541)
(12,641) Total Capital Financing	(11,874)
141,142 Closing Capital Financing Requirement as at 31 March	141,970
<u>Explanation of Movement</u>	
47,788 Increase in underlying need to borrow	3,368
(2,403) Minimum Revenue Provision	(2,541)
45,385 Increase/(Decrease) in Capital Financing Requirement	827

7.3 – Heritage Assets

The following Council assets meet the definition of ‘Heritage Assets’ under Financial Reporting Standard (FRS) 30 and are held on the balance sheet as:

31 March 2018	31 March 2019
£'000	£'000
780 Saffron Walden Motte and Bailey	797
155 Museum Artefacts - Fine Arts Collection	155
935 Total	952

Saffron Walden Motte and Bailey Castle:

The structure and retaining wall is a Grade 1 scheduled monument which was passed to the Council’s ownership in 1979.

The castle is Norman dating from the 12th century. The wall surrounding the castle is also listed. To date there have been no excavations on the site of notable interest.

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

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

Saffron Walden Museum Artefacts

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

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

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

*As per FRS 30 it is considered that the cost of seeking valuations for the remaining artefacts would be disproportionate to the benefit gained from their recognition on the balance sheet, therefore the Council are only holding the Fine Arts Collection on the Balance Sheet.

7.4 – Significant Commitments under Capital Contracts

As at 31 March 2019, the Council has the following contractual obligations for capital expenditure:

	Work in progress 31 March 2019 £'000	Total Remaining Commitment £'000
Capital Scheme		
<u>Housing</u>		
Hatherley Court	1,305	499
Newton Grove	510	258
Frambury Lane	434	462
Total	2,249	1,219

8.0 – Other Long Term Assets

8.1 – Long Term Investments

The Council has one long-term investment totalling £49.601million over a fifty year period to Aspire (CRP) Ltd, the Council's wholly owned subsidiary, to enable an investment into Chesterford Research Park. Under IFRS 9 an estimated credit loss adjustment has been actioned totalling £389K through the Comprehensive Income and Expenditure Statement reflecting potential future losses on repayments due.

8.2 – Long Term Debtors

The Council has long term debtors relating to 'Rent to Mortgages' which is shown in Financial Instruments – 18.1 and 18.6 and a further £75k for a scheme funded by the 'Private Lease Agreements Converting Empties'(PLACE) scheme.

9.0 – Current Assets

9.1 – Inventories (Stock)

31 March 2018 £'000	31 March 2019 £'000
48 Housing Stores	42
48 Total	42

9.2 – Debtors

31 March 2018 £'000	31 March 2019 £'000
271 Central Government Bodies	1,029
439 Other Local Authorities	619
5,250 Other Entities and Individuals	5,171
5,960 Total	6,819

9.3 – Impairment Allowances (for Non-Collection)

31 March 2018 £'000	31 March 2019 £'000
(296) Business Rates	(235)
(144) Council Tax	(168)
(227) Housing Rents	(210)
(762) Overpaid Benefit	(807)
(28) Sundry Debtors	(36)
(1,457) Total	(1,456)

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

9.4 – Short-term Investments

The Council has £12million in short term investments which is detailed in Section 18 – Financial Instruments.

9.5 – Cash and Cash Equivalents

31 March 2018	31 March 2019
£'000	£'000
1,818 Net Cash Equivalent as per Balance Sheet	2,413
(59) Receipts Accounts - Cash in Transit	114
(5) Payments Accounts - Cash in Transit	(2)
1,754 Total	2,525

10.0 – Current Liabilities

10.1 – Creditors

31 March 2018	31 March 2019
Restated	
£'000	£'000
784 Central Government Bodies	3,005
966 Other Local Authorities	2,197
4,540 Other Entities and Individuals	6,178
6,290 Total	11,380

For more information on the restated figures please refer to note 19.7

10.2 – Provisions

31 March 2018	In Year Provision Created	Provision Applied	31 March 2019
£'000	£'000	£'000	£'000
245 Legal	-	-	245
49 New Homes Bonus - Parish Councils	-	-	49
1,685 Business Rates Appeals	544	(1,090)	1,138
1,979 Balance as at 31 March	544	(1,090)	1,432

The total provision available for Business Rates appeals as at 31 March 2019 is £2.846million; the above table reflects the Council's share of the provision at a value of £1.138million.

11.0 – Long Term Liabilities**11.1 – Long Term Borrowing**

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

The Council was required to borrow £88.407million on the 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 this gives details of income, expenditure, financing and repayments.

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

The maturity profile of the debt is detailed in Note 18.7 - Financial Instruments

11.2 – Deferred Liabilities

2017/18	2018/19	1 Year	2 - 5 Years	6 - 10 Years	11 - 15 Years	16 - 20 Years
£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Leisure - PFI</u>						
4,852 Opening Balance	4,740	4,619	4,488	3,844	2,689	968
(112) Principle Repayment	(121)	(131)	(644)	(1,155)	(1,721)	(968)
4,740 Closing Balance	4,619	4,488	3,844	2,689	968	-
4,740 Deferred Liabilities as at 31 March	4,619	4,488	3,844	2,689	968	-

11.3 – Creditor – Grants and Contributions with Conditions

	31 March 2018	Income	Adjustment	Drawn Down -	Drawn Down -	31 March 2019
	£'000	£'000	£'000	Capital	Revenue	£'000
				£'000	£'000	
S106 Receipts in Advance						
Priors Green, Takeley	163	-	-	(85)	-	78
Felsted	10	-	-	-	-	10
Rochford Nurseries/Foresthall Park, Stansted	316	-	-	(256)	-	60
The Orchard, Elsenham	42	-	-	-	-	42
Wedow Road, Thaxted	54	-	-	-	-	54
Sector 4 Woodlands Park, Gt Dunmow	10	-	-	-	-	10
Keers Green Nurseries, Aythorpe Roding	120	-	-	-	-	120
Land adjacent to Saffron Walden Hospital	31	-	-	-	-	31
Land at Blossom Hill Farm, Henham	33	-	-	-	-	33
Land at Webb & Hallett Road, Flich Green, Felsted	33	-	-	-	-	33
Land South side of Radwinter Road	49	-	-	-	-	49
Land at Ventnor Lodge, Cambridge Road, Quendon	-	21	-	(21)	-	-
SUB TOTAL	861	21	-	(362)	-	520
Capital Grants - Receipts in advance						
Heritage Quest Centre Grants	26	-	-	-	-	26
PLACE Scheme	75	-	-	-	-	75
SUB TOTAL	101	-	-	-	-	101
Grants and Contributions with Conditions	962	21	0	(362)	0	621

11.4 – Creditor – Grants and Contributions to Other Bodies

	31 March 2018	Income	Adjustment	Transferred to Other Bodies	31 March 2019
	£'000	£'000	£'000	£'000	£'000
S106 Receipts in Advance					
Sector 4 Woodlands Park (Helena Romanes School)	165	-	-	-	165
Brewers End, Takeley	31	-	-	-	31
Land adj Hailes Wood, Elsenham	10	-	-	-	10
Land at Flitch Green, Felsted	67	-	-	-	67
Land adjacent to S/W Hospital	16	-	-	-	16
Ashdon Road Commercial Centre	135	673	-	(782)	26
Land south of Stansted Road, Elsenham	53	-	-	-	53
Land south of Ongar Road, Gt Dunmow	17	-	-	-	17
Land at 119 Radwinter Road, adj S/W Hospital	15	-	-	-	15
Land north of Ongar Road, Gt Dunmow	21	79	-	(79)	21
Land at Bury Water Land, Newport	29	-	-	-	29
Land south side of Radwinter Road	36	-	-	-	36
Land at Elsenham Nurseries	14	-	-	-	14
Bury Water Lane, Newport	26	-	-	-	26
Land to the North of Stebbing Primary School	-	239	-	(239)	-
Land at Whiteditch Lane, Newport	-	151	-	(151)	-
Walpole Farm, Cambridge Road, Stansted	-	408	-	(355)	53
Land at Thorpe Lea, Walden Road, Gt Chesterford	-	59	-	(59)	-
Land at Little Walden Road, Saffron Walden	-	120	-	-	120
Grants and Contributions to Other Bodies	635	1,729	-	(1,665)	699

11.5 – Pension Liability

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

12.0 – Tax Payers Equity

12.1 – Usable Reserves

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

12.2 – Unusable Reserves

The unusable reserves are unrealised gains and losses of the council that relate to the financing of capital expenditure as well as timing differences between recognition of assets and liabilities under accounting rules and statutory regulations. For details please refer to Section B notes 3.1-3.7.

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

13.1 – Cash Flow Statement – Operating Activities

2017/18	2018/19
Restated	
£'000	£'000
4,787 Net Surplus/(Deficit) on the Provision of Services	4,048
Adjustments to net Surplus/(Deficit) on the Provision of Services for non-cash movements	
5,516 Depreciation	6,265
(3,241) Impairment and downward valuations	(1,373)
84 Amortisation	70
(7) Adjustments for effective interest rates	-
749 Increase/(Decrease) in creditors	3,134
(1,120) Increase/(Decrease) in debtors	(860)
(4) (Increase)/Decrease in inventories	2
1,623 Pension liability	2,557
832 Contribution to provisions	(547)
1,081 Carrying amount of non-current assets sold	1,280
- Other non-cash items charged to the net surplus or deficit on the provision of services	381
5,513 Total	10,909
Adjustments for items included in the net (deficit) on the provision of	
(2,993) services that are investing of financing activities	(2,904)
7,307 Net cash flows from operating activities	12,053

For more information on the restated figures please refer to note 19.7

13.2 – Cash Flow Statement – Investing Activities

2017/18 £'000	2018/19 £'000
(10,251) Purchase of property, plant and equipment, investment property and intangible assets & movement in capital creditor	(9,470)
(30,973) Movements in net short-term investments	(4,018)
(75) Other payments for investing activities	-
1,804 Proceeds from sale of property, plant and equipment	1,716
806 Capital grants received	910
(38,689) Total Cash Flows from Investing Activities	(10,862)

13.3 – Cash Flow Statement – Financing Activities

2017/18 £'000	2018/19 £'000
31,877 Movement in short and long-term borrowing	(4,000)
741 Billing Authorities - Council Tax & Business Rates Adjustment	2,702
(116) Cash payments for the reduction of the outstanding liabilities	(121)
32,502 Total Cash Flows from Financing Activities	(1,419)

13.4 – Cash Flow Statement – Cash and Cash Equivalents

2017/18	2018/19	Movement in
£'000	£'000	year
		£'000
1,753 Cash and Bank Balances	2,526	773
1,753 Total Cash and Cash Equivalents	2,526	773

13.5 – Cash Flow Statement – Interest on Balances

2017/18	2018/19
£'000	£'000
3,206 Interest paid	3,415
(54) Interest received	1,903
3,152 Net Interest Paid	5,318

SECTION F – SUPPLEMENTARY NOTES TO THE CORE FINANCIAL STATEMENTS**14.0 – Leasing Arrangements and Private Finance Initiative**

14.1 – Private Finance Initiative

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

The carrying value of the PFI assets as at 31 March 2019 was £16.6million.

The contract was operational from the financial year 2003/04 and runs for a period of 32 years (ending 2035/36) leaving 17 years outstanding. The total contract payments estimated at the time of entering into the contract were £39.9million. Actual payments are dependent on the service provided. The remaining capital liability as at the balance sheet date is £4.62million (Note 11.2). The figures have been updated in line with RPI.

The PFI unitary charge has been forecast to increase by an average RPI of 2.4% to the end of the PFI contract. This reflects the latest short to medium term RPI inflation forecasts.

2017/18	2018/19	1 year	2 - 5 years	6 - 10 years	11 - 15 years	16 - 20 years
£'000	£'000	£'000	£'000	£'000	£'000	£'000
1,056 Leisure PFI - Unitary Charge	1,098	1,120	4,703	6,426	7,105	3,051
112 Capital repayment	121	131	644	1,155	1,721	968
403 Interest expense	393	383	1,414	1,418	852	102
268 Contingent rent	291	309	1,379	2,225	2,876	1,674
273 Services	293	297	1,266	1,628	1,656	307
1,056 Total Unitary Charge	1,098	1,120	4,703	6,426	7,105	3,051

15.0 – Members, Officers and Related Parties

15.1 – Members Allowances

The Local Government Act 2000 and the Local Government (Members Allowances) Regulation 2003 require the council to appoint an independent remuneration panel to review its scheme for Members Allowances. The panel make recommendations to the Council regarding the scheme to be operated in 2018/19. The total Members allowances paid in 2018/19 was £282,896 (£283,808 for 2017/18), these are detailed below.

2017/18 £'000	2018/19 £'000
Allowance:	
198 Basic Allowance	199
4 Group Leaders Allowances	4
69 Special Responsibility Allowances	70
13 Travel and Subsistence	10
284 Total	283

15.2 – Related Party Transactions

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

15.2.1 - Members of the Council

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

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

15.2.2 - Senior Officers of the Council

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

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

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

15.2.3 – Central Government

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

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

15.2.4 – Companies and Organisations

- **Turpin's Indoor Bowling Club Limited**
Under the terms of a 23 year lease (a new lease was started in December 2014), Turpin's Indoor Bowling Club Limited leases property owned by the Council. The asset is leased to the company for a market rent; taking account of the covenant within the terms of the lease, 40% of the facility is for the use of community residents. To protect the Council's interest two Council Members have a seat on the organisation's board.
- **Saffron Walden Pig Market**
Uttlesford District Council is the sole trustee of the Saffron Walden Pig Market Charity. The Charity owns a proportion of a public pay and display car park and their income is derived from this asset.

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

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

Citizens Advice Bureau	2018/19 - £41,366
	2017/18 - £40,488

- Saffron Walden Museum Society Limited

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

The net costs of running the Museum are;

	2018/19 - £293,042
	2017/18 - £311,623 + £448,557 impairment to land and buildings for the Museum Store

15.2.5 – Partnership Schemes

- Local Strategic Partnership (LSP) – Uttlesford Futures

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

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

The Council's contribution for 2018/19 was £5,000 (£5,000 for 2017/18).

- Community Safety Partnership

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

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

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

2017/18	2018/19
(62) Balance at 1 April	(67)
(22) Income in Year	(16)
16 Expenditure in Year	37
(67) Balance at 31 March	(45)

15.2.6 – Parking Partnership

- The Council is a member of the North Essex Parking Partnership which was formed with Colchester Borough Council, Braintree District Council, Epping Forest District Council, Harlow District Council and Tendring District Council with effect from the 1 April 2011. The Partnership operates the Councils' off-street pay and display car parks for Colchester, Braintree, Harlow, Uttlesford 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 summarise the surplus/deficit for each year as well as the reserves held at each year-end.

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.

15.3 – Officers Remuneration

Senior Officers remuneration is detailed below

		Salary, Fees and Allowances	Bonuses	Car Allowances	Benefits in Kind	Redundancy	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
		£	£	£	£	£	£	£	£
Chief Executive	2017/18	109,080	-	-	-	-	109,080	18,325	127,405
	2018/19	112,807	-	-	-	-	112,807	18,984	131,791
Director of Public Services	2017/18	86,860	-	-	-	-	86,860	14,592	101,452
	2018/19	89,627	-	-	-	-	89,627	15,057	104,684
Director of Finance and Corporate Services	2017/18	86,860	-	-	-	-	86,860	14,592	101,452
	2018/19	89,627	-	-	-	-	89,627	15,057	104,684
Assistant Director - Corporate Services	2017/18	66,660	-	-	-	-	66,660	11,199	77,859
	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
Assistant Director - Housing, Health and Communities(*)	2017/18	66,660	-	-	-	-	66,660	11,199	77,859
	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
Assistant Director - Planning and Building Control	2017/18	66,660	-	-	-	-	66,660	11,199	77,859
	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
Assistant Director - Resources	2017/18	66,660	-	-	-	-	66,660	11,199	77,859
	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
Assistant Director - ICT and Facilities	2017/18	66,660	-	-	-	-	66,660	11,199	77,859
	2018/19	69,023	-	-	-	-	69,023	11,596	80,619
Assistant Director - Governance and Legal(**)	2017/18	11,110	-	-	-	-	11,110	1,866	12,976
	2018/19	67,993	-	-	-	-	67,993	11,423	79,416
Assistant Director - Environmental Services(***)	2017/18	-	-	-	-	-	-	-	-
	2018/19	20,288	-	-	-	-	20,288	3,408	23,696

(*) Job title change - formerly Assistant Director - Housing and Environmental Services

(**) Assistant Director - Governance and Legal post appointed 1 February 2018

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

15.4 – Employees Salary over £50,000

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

No. of Employees 2017/18	Remuneration Band	No. of Employees 2018/19
5	£50,000 - £54,999	7
5	£65,000 - £69,999	6
2	£85,000 - £89,999	2
1	£105,000 - £109,999	-
-	£110,000 - £114,999	1
13	Total	16

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

The table reflects actual payments made during the year; the Assistant Director – Environmental Services was appointed 14 December 2018 and therefore does not meet the criteria to be included in this table.

15.5 – Termination Benefits

The Council terminated the contracts of 3 employees in 2018/19 (2 in 2017/18) incurring liabilities of £28,516 (£7,077 in 2017/18). The table below identifies the number of exit packages in bands of £20,000.

Number of Compulsory Redundancies	2017/18		Exit Package Cost Band	2018/19		
	Number of other Departures Agreed	Total Number of Exit Packages		Number of Compulsory Redundancies	Number of other Departures Agreed	Total Number of Exit Packages
-	2	2	£0 - £20,000	1	2	3
-	-	-	£20,001 - £40,000	-	-	-
-	2	2	Total Number of Packages	1	2	3
-	7,077	7,077	Total Cost (£)	13,940	14,576	28,516

16.0 – Fees Payable

16.1 – External Audit Fees Payable

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

2017/18 £'000	2018/19 £'000
53 Fees payable in relation to External Audit Services carried out by the appointed auditor	41
23 Fees payable in relation to Certification of Grant Claims and returns*	-
4 Fees payable in relation to other Audit Services	8
80 Total	49

*Previously invoiced as part of the main audit fee during the financial year of the audit. The claims audit is engaged separately in 2018/19 and will be paid in year of work undertaken at £17k.

7.0 – Pension Scheme

17.1 – Pension Scheme Disclosure

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

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

The contributions are based on rates determined by the fund's professionally qualified actuaries and these are reviewed every 3 years. Under regulation the actuarial valuation of the fund is undertaken every three years the reported financial year is the third year as a result of the actuarial valuations and the next valuation of the fund will be carried out as at 31 March 2019 and will set contributions for the period 1 April 2020 to 31 March 2023.

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

The Council currently has 997 members enrolled in the pension scheme, of which an assumption has been made by the Actuary that members will exchange half of their commutable pension for cash at retirement and that the proportion of active members who opted to pay 50% of contributions for 50% of benefits at the last valuation date remains the same.

17.2 – Transactions Relating to the Pension Scheme

The Council is required to recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are actually paid. The real cost of retirement benefits are reversed out of the 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 1 April 2011 public service pensions have been up-rated in line with Consumer Price Index (CPI) rather than Retail Price Index (RPI).

2017/18 £'000	2018/19 £'000
3,265 Current service cost	3,236
1,049 Net interest on the Defined Liability/Asset	866
24 Administration Cost	30
4,338 Net Charge to Comprehensive Income and Expenditure Statement	4,132
1,623 Reversal of Net Charge made for retirement benefits in accordance with IAS19	2,557
Actual amount charged against Council Tax for Pensions in the year:	
1,425 Employer contributions to the Pension Fund	1,468
1,177 Deficit contribution payments	-
14 Contributions to the Pension Fund in respect of early retirement	-
102 Added years discretionary payments	104
2,718 Payments to the Pension Fund During the Year	1,572
4,341 Total	4,129

17.3 – Pension Liabilities - Summary

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

A reconciliation of the opening and closing balances of the present value of the scheme liabilities for retirement benefits attributable to the Council as at 31 March 2019 are as follows:

2017/18	2018/19
£'000	£'000
109,030 Present Value of Scheme Obligation as at 1 April	108,975
3,248 Current cost of service	3184
2,913 Interest cost	2747
(3,935) Change in financial assumptions	3,938
- Change in demographic assumptions	(6,183)
(2,768) Benefits/transfers paid	(2,977)
17 Past service cost and curtailments	52
572 Contributions by scheme participants	599
(102) Unfunded pension payments	(104)
(55)	1,256
108,975 Present Value of Scheme Obligation as at 31 March	110,231

17.4 – Pension Liabilities - Sensitivity Analysis

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

Adjustments made to:-	+1 year/ +0.1% change £'000	No change £'000	- 1 year/ -0.1% change £'000
Mortality age rating (increase/decrease by 1 year)	114,330	110,132	106,092
Rate of increase in salaries (increase/decrease by 0.1%)	110,307	110,132	109,959
Rate of increase in pensions (increase/decrease by 0.1%)	111,888	110,132	108,408
Rate for discounting scheme liabilities (increase/decrease by 0.1%)	108,236	110,132	112,064

17.5 – Pension Assets

A reconciliation of the opening and closing balances of the present value of the scheme assets for retirement benefits attributable to the Council as at 31 March 2019 are as follows:

2017/18 £'000	2018/19 £'000
68,827 Fair Value of Scheme Assets as at 1 April	74,230
1,864 Interest on assets	1,881
3,149 Return on assets less interest	4,172
(27) Administration expenses	(30)
2,715 Contributions by employer including unfunded	1,575
572 Contributions by scheme participants	599
(2,870) Estimated benefits paid plus unfunded net of transfers in	(3,081)
5,403	5,116
74,230 Fair Value of Scheme Assets as at 31 March	79,346

17.6 – Pension Scheme History

The liabilities show the underlying commitments that the Council has in the long term to pay employment retirement benefits. The total liability for 2018/19 of £34.745million (£34.745million in 2017/18) 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.

	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
Estimated Liabilities in the scheme	(89,708)	(89,453)	(109,030)	(108,975)	(110,132)
Estimated Assets in the scheme	58,174	58,552	68,827	74,230	79,346
Net (deficiency) in the fund	(31,535)	(30,901)	(40,203)	(34,745)	(34,745)

17.7 – Basis for Estimating the Pension Scheme Assets and Liabilities

These assumptions are set with reference to market conditions as at 31 March 2019.

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

2017/18	2018/19
Mortality Assumptions:	
Longevity at 65 for future pensioners (years)	
24.4 Men	22.9
27 Women	25.4
Financial Assumptions:	
3.35% Rate of Inflation - RPI	3.40%
2.35% Rate of Inflation - CPI	2.40%
3.85% Rate of Increase in Salaries (reflects long-term salary growth assumptions)	3.90%
2.35% Rate of Increase in Pensions	2.40%
2.55% Rate of Discounting Scheme Liabilities	2.40%
50% Contribution rate under new LGPS to receive 50% of benefits at retirement	50%

17.8 – Analysis of Assets Held

The assets held by the fund attributable to Uttlesford District Council as at 31 March 2019 are detailed below;

31 March 2018		31 March 2019	
£'000	%	£'000	%
48,446	65% Equity Investments	49,401	62%
4,938	7% Gilts	4,211	5%
2,758	4% Other Bonds	4,637	6%
7,041	9% Property	7,055	9%
2,553	3% Cash	2,090	3%
5,483	7% Alternative Assets	7,736	10%
3,011	4% Other Managed Funds	4,216	5%
74,230	100% Total	79,346	100%

17.9 – History of Actuarial Gains and Losses

	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
Return on plan assets in excess of interest	4,823	(465)	9,303	3,149	4,172
Asset Gain/(Loss)	219	-	238	-	-
Liability Gain/(Loss)	(44)	5	(288)	-	-
Change in Demographic Assumptions	-	-	2,131	-	6,183
Change in Assumptions	(9,729)	3,038	(18,822)	3,935	(3,839)
Net Actuarial Gain/(Loss)*	(4,731)	2,578	(7,438)	7,084	6,516

*This is the total pension cost as recognised in the Movement in Reserves Statement.

17.10 – Pension Reserve

The Pension Reserve has been set up as part of the requirements to comply with IAS19 – Employee Benefits. This reserve represents the actuarially calculated deficit between the value of all pension liabilities and the assets held by the Pension Fund as at 31 March 2019. The deficit also includes the difference between the cost of statutory required payments to the Pension Fund and the IAS19 accounting cost charged to the CIES. See Note 3.5 for the reserve balance as at 31 March 2019.

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

18.0 – Financial Instruments**Financial Instruments Classifications**

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

Financial Liabilities

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

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

- long-term loans from the Public Works Loan Board and commercial lenders
- short-term loans from other local authorities
- Private finance initiative contracts detailed in note 11.2
- Trade payables for goods and services received

Financial Assets

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

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

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

Fair Value through profit and loss comprising:

- Money Market Funds

18.1.1 – Outstanding short-term investments

Date	Institution	Amount	Interest Rate %
25-Apr-14	CCLA	500,000	0.66
26-Mar-15	CCLA	500,000	0.66
05-Nov-18	London Borough of Eastleigh	3,500,000	0.85
11-Dec-18	Salford City Council	2,000,000	0.92
11-Dec-18	Slough Borough Council	1,500,000	0.92
05-Dec-18	Redcar & Cleaveland Borough Council	2,000,000	1.00
29-Mar-19	DMO	2,000,000	0.52
Total		12,000,000	

18.1.2 – Outstanding short-term borrowing

Date	Institution	Amount	Interest Rate %
22-Oct-18	London Borough of Ealing	2,000,000	0.95
22-Oct-18	Ryedale District Council	1,000,000	0.95
01-Nov-18	London Borough of Newham	1,000,000	0.85
21-Jan-19	North West Leicestershire DC	1,500,000	0.92
19-Feb-19	Vale of Glamorgan	1,500,000	0.98
19-Feb-19	Broxbourne Borough Council	1,000,000	0.92
15-Feb-19	Vale of Glamorgan	1,500,000	0.92
22-Feb-19	Fareham Borough Council	1,000,000	0.92
19-Mar-19	Basildon Borough Council	1,000,000	1.00
19-Mar-19	Devon County Council	2,500,000	0.95
19-Mar-19	Middlesborough Teeside Pension Fund	3,500,000	0.88
28-Mar-19	Staffordshire County Council	1,500,000	0.90
Total		19,000,000	

18.2 - Long-term Borrowing

The long term borrowing consists of three elements; borrowing for the Housing Revenue Account, for Aspire (CRP) LTD for the investment in Chesterford Research Park and Local Authority long-term borrowing for an 18 month period at the value of £2.5m.

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

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

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

The maturity profile of the debt is detailed in Note 18.7 Financial Instruments.

18.3 - 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:

2017/18	2017/18		2018/19	2018/19	2018/19	2018/19
	Restated		Financial Assets at Amortised Cost	Financial Assets at Fair Value through Profit & Loss	Financial Liabilities at Amortised Cost	Total
£'000	£'000		£'000	£'000	£'000	£'000
3,267	3,269	Interest Expenses	-	-	3,412	3,412
-	-	- Impairment Losses	397	-	-	397
3,267	3,269	Interest Payable and Similar Charges	397	-	3,412	3,810
(1,771)	(1,759)	Interest and Investment Income	(2,002)	(7)	-	(2,009)
-	-	- Impairment Loss reversals	(18)	-	-	(18)
(1,771)	(1,759)	Interest Receivable and Similar Income	(2,020)	(7)	-	(2,027)
1,496	1,510	Net (Gains)/Loss for the Year	(1,622)	(7)	3,412	(1,783)

For more information on the restated figures please refer to note 19.7

18.4 - Financial Instruments – Fair Values

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

Financial instruments classified as amortised cost are carried in the Balance Sheet at amortised cost.

Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2019, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of the PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

Balance Sheet 31 March 2018	Fair Value 31 March 2018	Balance Sheet 31 March 2018 Restated	Fair Value 31 March 2018 Restated		Fair Value Level	Balance Sheet 31 March 2019	Fair Value 31 March 2019
£'000	£'000	£'000	£'000			£'000	£'000
Financial Liabilities held at amortised cost:							
(86,407)	(97,723)	(86,407)	(97,723)	Long-term loans from PWLB	2	(84,407)	(96,957)
(10,438)	(10,679)	(10,000)	(10,679)	Other long-term loans	2	(10,000)	(11,015)
(4,740)	(7,494)	(4,740)	(7,494)	PFI scheme liabilities	2	(4,619)	(7,447)
(101,585)	(115,896)	(101,147)	(115,896)	Total		(99,026)	(115,419)
Liabilities for which fair value is not disclosed*							
(813)	-	(813)	-	- Creditors (Contractual)		(2,430)	-
(23,500)	-	(23,500)	-	- Short-term borrowing		(19,000)	-
(24,313)	-	(24,313)	-	Total		(21,430)	-
Financial Assets held at fair value:							
-	-	1,000	-	- Money Market Funds	1	1,000	1,000
-	-	1,000	-	Total		1,000	1,000
Financial assets held at amortised cost:							
47,473	49,790	47,473	49,790	Long-term investment	2	49,601	53,325
47,473	49,790	47,473	49,790	Total		49,601	53,325
Assets for which fair value is not disclosed*							
11,500	-	9,500	-	- Short-term investments		11,000	-
1,754	-	2,753	-	- Cash and cash equivalents		2,525	-
-	-	1,280	-	- Long term Debtors (Contractual)		1,325	-
578	-	578	-	- Debtors (Contractual)		480	-
13,832	-	14,111	-	Total		15,330	-

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

18.5 - Financial Instruments - Risks

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

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments.

The main risks covered are:

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

Credit Risk: Investments

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

A limit of £1million was placed on the money that can be invested with a single counterparty (other than UK government and local authorities).

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

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

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

Credit Risk: Trade Receivables and Contract Assets

Payments for services are either required in advance or due at the time of the service is provided. Please see table 18.4, Debtors (Contractual), for the total amount due to the Council from its customers as at 31 March 2019.

Note: the debtor (contractual) excludes payments in advance as these are technically not debts. Government grants due are also excluded as they will be received in full. In line with "The Code" statutory debt (Council Tax, NNDR, and Housing Benefit Overpayment arrears) are excluded from the analysis. The Council's provision for bad debt totalling £0.255million (Housing Rent and Sundry Debtors) as at 31 March 2018 (£0.297million as at 31 March 2017) is deemed sufficient. In order to recover all debts effectively the Council will concentrate on debt management and ensure efficient use of debt management information.

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

	31 March 2018	31 March 2019
	Trade	Trade
	Receivables	Receivables
	£'000	£'000
Neither past due nor impaired	380	215
Past due < 3 months	77	144
Past due 3-6 months	7	8
Past due 6-12 months	4	2
Past due 12+ months	11	28
Total receivables	479	397

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

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

31 March 2018		Range of Allowances set aside	31 March 2019		
Gross Receivable £'000	Loss Allowance £'000		Gross Receivable £'000	Loss Allowance £'000	
331	227	HRA Tenants	20% - 95%	328	209
157	28	Private Sector	5% - 80%	156	35
322	-	Public Sector	0%	241	-
810	255	Total		725	244

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

Liquidity Risk:

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

The maturity analysis of financial instruments is as follows:

31 March 2018			Time to Maturity	31 March 2019		
Liabilities £'000	Assets £'000	Net £'000		Liabilities £'000	Assets £'000	Net £'000
34,405	(10,500)	23,905	Under 1 year	21,000	(12,000)	9,000
18,310	-	18,310	1 to 5 years	13,030	-	13,030
22,815	-	22,815	6 to 10 years	18,405	-	18,405
26,397	-	26,397	11 to 15 years	23,925	-	23,925
25,475	-	25,475	16 to 20 years	27,524	-	27,524
5,841	-	5,841	21 to 25 years	20,621	-	20,621
6,732	-	6,732	26 to 30 years	6,009	-	6,009
6,933	-	6,933	31 to 35 years	6,926	-	6,926
-	-	-	36 to 40 years	5,468	-	5,468
-	(47,473)	(47,473)	Over 40 years	-	(49,991)	(49,991)
146,908	(57,973)	88,935		142,908	(61,991)	80,917

Interest Rate Risk

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

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

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 2019, £99million (£101.5million as at 31 March 2018) of net principal borrowed i.e debt net of investments, was exposed to fixed rates and £5m (£7million as at 31 March 2018) to variable rates.

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

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	31 March 2018	31 March 2019
	£'000	£'000
Increase in interest payable on variable rate borrowings	216	186
Increase in interest receivable on variable rate investments	(97)	(117)
Decrease in fair value of investments held at FVPL	1	2
Impact on Surplus or Deficit on the Provision of Services	121	71

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

18.6 – Financial Instruments – Collateral

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

Debt Outstanding 31 March 2018 £'000	Debt Outstanding 31 March 2019 £'000
1,205 Rents to mortgages	1,250
1,205 Total	1,250

18.7 – Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS9 Financial Instruments accounting standard with effect from 1 April 2018. The main changes include the reclassification and re-measurement of financial assets and the earlier recognition of the impairment of financial assets.

The Council has made use of the transitional provisions in IFRS9 to not restate the prior year's financial statements, and the effect of the re-measurement is instead shown as an additional line in the Movement in Reserves Statement.

The changes made on transition to the balance sheet are summarised below:

	IAS 39 31 March 2018 £'000	Remeasurement £'000	Impairment £'000	IFRS 9 1 April 2018 £'000
Investments				
L&R/Amortised Cost	56,973	-	(353)	56,620
Available for Sale	1,000	(1,000)	-	-
FVPL	-	1,000	-	1,000
Total investments	57,973	-	(353)	57,620
Debtors				
L&R/Amortised Cost	1,858	-	-	1,858
Total Debtors	1,827	-	-	1,858
Cash & Cash Equivalents				
L&R/Amortised Cost	2,753	-	-	2,753
Total Cash & Cash Equivalent	2,753	-	-	2,753
Total Financial Assets	62,553	-	(353)	62,231
Borrowing				
Amortised cost	(119,907)	-	-	(119,907)
Creditors				
Amortised cost	(813)	-	-	(813)
Other Long term liabilities				
Amortised cost	(4,740)	-	-	(4,740)
Total Financial Liabilities	(125,460)	-	-	(125,460)
Net Financial Assets	(62,907)	-	(353)	(63,229)
Usable reserves				
General Fund	14,963	-	-	14,963
HRA	5,524	-	-	5,524
Other useable reserves	4,591	-	-	4,591
Total Usable reserves	25,078	-	-	25,078
Unusable reserves				
Revaluation Reserve	116,470	-	-	116,470
Capital Adjustment Account	154,342	-	353	154,695
Other unuseable reserves	(35,261)	-	-	(35,261)
Total Unusable Reserves	235,551	-	353	235,904
Total Reserves	260,629	-	353	260,982

19.0 – Supplementary Notes**19.1 – Events after the Reporting Period**

The Draft Statement of Accounts was authorised for issue by the Director of Finance and Corporate Services on 29 May 2019. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date, provided information about conditions that existed as at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

At the date of publication there were no events after the reporting period.

19.2 – Contingent Liabilities

The Council has one potential legal claim the details of which are commercially sensitive. At the Balance Sheet date it is not possible to determine whether the Council has a possible obligation and the amount of the obligation cannot be measured reliably.

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

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

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

19.3 – Grant Income – Revenue

The Council receives a number of grants and donations which are credited to the service lines of the Comprehensive Income and Expenditure Statement. In 2018/19 the Council received £15.940million in grants and donations (2017/18 £16.849million) made up of £5.936million relating to Housing Benefits Allowance Subsidy, £7.880million Housing Benefits Rent Rebates Subsidy and a remaining balance of other items totalling £2.124million (all of which were individually below £0.500million in value). It should be noted that the above analysis excludes government funding which is credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement.

19.4 – Un-adopted Accounting Policies

There are a number of changes to the following years accounting code (2019/20) these are:

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation for local government to 1 April 2020.
- Amendments to IAS 40 Investment Property: Transfers of Investment property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: prepayment Features with Negative Compensation

These have no impact to the 2018/19 accounts and it is estimated they will not have an impact on the 2019/20 accounts.

19.5 – Critical Judgements in Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close the facilities and reduce levels of provision.

19.6 – Assumptions made about the Future and Other Sources of Estimation

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible Assets respectively. This enables the assets to be written down over their estimated useful lives and show an appropriate cost of the asset in the Comprehensive Income and Expenditure Statement. Management judgment based on independent external advice is used to determine the useful economic lives of the Council's Property.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. The net book value of the Authority's property, plant and equipment assets is £372m as at 31 March; of this, £101m relates to land which is not subject to depreciation and is considered to have an infinite life. Vehicle, plant and equipment assets account for £2.8m with asset lives between 5 and 15 years. If the asset lives are reduced by 1 year across vehicle, plant and equipment it is estimated that depreciation would increase by £300k. For buildings, the asset life is up to 60 years unless the asset has major components which are depreciated separately. It is estimated that if the asset life for buildings reduced by 1 year, depreciation would increase by £25k.
Property, Plant and Equipment	Property, Plant and Equipment are reviewed for both economic and price impairment on an annual basis. As at 1 April each year the Council's valuers carry out a valuation review of the Council's assets. In addition a year-end review is also undertaken. The recoverable amount is then estimated having regard to the application of the concept of materiality.	If an asset is impaired the carrying amount of the asset is reduced. Land and Buildings are subject to market value movements all other assets are held at depreciated historic cost. The HRA housing stock (Dwellings) are valued at Existing Use Value for Social Housing. If the assets held at revalued amounts a valuation impairment of 1% would equate to a reduction in the Council's net worth of £3.7m.

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase in the long term, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are completed by the Essex County Council Fund Actuaries.	The effect on net pensions of changes in individual assumptions can be measured. For instance: <ul style="list-style-type: none"> - A decrease in the discount rate assumption would result in an increase in pension liability. - An increase in member life expectancy would result in an increase in pension liability. - An increase in salaries would result in an increase in pension liability. - An increase in the pension rate would result in an increase in pension liability. Please reference table 17.4 for the affect on the scheme obligations.
Impairment for doubtful debts	At 31 March 2019, the Council had a balance of £5.4m 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.
Business Rates Appeals	At 31 March 2019, the Council recognised a provision of £2.8m representing its share of expected liabilities in respect of business rates appeals lodged at the balance sheet date.	The value of appeals recognised in the provision are based on a calculation provided by our external valuers Analyse Local. This determines the likely effect of appeals in terms of effect on rateable value (RV), the timing of the losses expected and the overall percentage reduction in RV. Whilst the figure provided in the accounts is expected to be materially accurate a small variance in actual appeal costs incurred may arise.

19.7 – Prior Period Adjustment

A review of the Council's accounting treatments identified the following issues requiring restatement of prior periods:

- i) Due to changes in the Comprehensive Income and Expenditure Statement presentation, support service charges have been adjusted out of the portfolio segments and shown as a corporate cost, the corresponding amount was shown in a Housing Revenue Accounts overheads segment this has been actioned in the 2017/18 Comprehensive Income and Expenditure Statement and related notes.
- ii) In 2017/18 the Council took advice from its external Financial Advisors, Arlingclose, on the accounting treatment of the forward starting loans. Using the guidance the Council adopted the policy to follow the accounting for forward contracts on fixed rate debt instruments. On that basis cash flow hedge accounting was applied to remove the Profit and Loss volatility and set up a cash flow hedge reserve.

In 2018/19 the guidance for the accounting treatment of the forward starting loans was reviewed and it was established that the scenario in question, namely an agreement with a finance provider (Phoenix) to draw down a loan at a specified date in the future, at a fixed rate of interest, is specifically scoped out of IFRS 9. Consequently they should be re-classified as loan commitments and not treated as a derivative. This simpler form of accounting also removed the need for complex cash flow hedging transactions to be reflected.

This change in classification meant that the previous accounting policy adopted was no longer appropriate and the previous accounting entries were reversed and the 2017/18 accounts have been restated.

The core restatements are summarised below.

The effect on the Movement in Reserves Statement:

	Usable Reserves	Cashflow Hedge Accounting Adjustment to Usable	Restated Usable Reserves	Unusable Reserves	Cashflow Hedge Accounting Adjustment to Unusable	Restated Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017	(26,976)		(26,976)	209,551.00	-	209,551.00	(260,628)
(Surplus) or Deficit on provision of services (accounting basis)	(4,801)	14	(4,787)	-	-	-	(4,787)
Other Comprehensive Income and Expenditure	-	-	-	(19,301)	(1,227)	(20,528)	(20,528)
Total Comprehensive Income and Expenditure	(4,801)	14	(4,787)	(19,301)	(1,227)	(20,528)	(25,315)
Adjustments between accounting basis & funding basis under regulations	6,801	-	6,801	(6,801)	-	(6,801)	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	2,001	14	2,015	(26,102)	(1,227)	(27,329)	(25,314)
Transfers to / (from) Reserves	(101)	-	(101)	101	-	101	-
(Increase) / Decrease in Year	1,900	14	1,914	(26,001)	(1,227)	(27,228)	(25,316)
Balance at 31 March 2018	(25,076)	14	(25,063)	(235,552)	(1,227)	(236,779)	(261,843)

The effect on the Comprehensive Income and Expenditure Statement

	Original Net Expenditure of Continuing Operations	Support Charges Adjustment	Cashflow Hedge Accounting Adjustment	Restated Net Expenditure of Continuing Operations
	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000
Communities & Partnerships	2,217	(146)	-	2,071
Environmental Services	6,237	(1,470)	-	4,767
Finance & Administration	3,191	3,335	-	6,526
Housing & Economic Development	1,621	(78)	-	1,543
Housing Revenue Account	(8,543)	(1,641)	-	(10,184)
Housing Revenue Account - Overheads	-	1,989	-	1,989
Corporate Costs	1,279	(1,989)	-	(710)
Cost of Services	6,002	-	-	6,002
Other Operating Expenditure	2,590	-	-	2,590
Financing & Investment Income & Expenditure	2,569	-	14	2,583
Taxation & Non Specific Grants	(15,962)	-	-	(15,962)
Corporate Amounts	(10,803)	-	14	(10,789)
(Surplus)/Deficit on Provision of Services	(4,801)	-	14	(4,787)
Surplus on Revaluation of Non Current Assets	(13,447)	-	-	(13,447)
Actuarial Gains/Losses on Pension Asset Liabilities	(7,081)	-	-	(7,081)
Other Movements in Usable/Unusable Reserves	1,227	-	(1,227)	-
	(24,102)	-	(1,213)	(25,315)

The effect on the Balance Sheet

	31 March 2017 £'000	Cashflow Hedge Accounting Adjustment	31 March 2017 Restated £'000
Property, Plant and Equipment	363,385	-	363,385
Heritage Assets	935	-	935
Intangible Assets	219	-	219
Investment in Subsidiary	47,473	-	47,473
Long Term Debtors	1,280	-	1,280
Total Long Term Assets	413,292	-	413,292
Short Term Investments	11,500	(1,000)	10,500
Inventories	48	-	48
Short Term Debtors	4,503	-	4,503
Cash and Cash Equivalents	1,753	1,000	2,753
Total Current Assets	17,804	-	17,804
Short term Borrowing	(23,500)	-	(23,500)
Short Term Creditors	(7,065)	774	(6,291)
Short Term Provisions	(1,979)	-	(1,979)
Total Current Liabilities	(32,543)	774	(31,769)
Long Term Borrowing	(96,845)	438	(96,407)
Deferred Liabilities	(4,740)	-	(4,740)
Grants Receipts in Advance	(1,597)	-	(1,597)
Pension Scheme Liability	(34,746)	-	(34,746)
Total Long Term Liabilities	(137,928)	438	(137,490)
Total Net Assets	260,625	1,212	261,837
Represented by:-			
Usable Reserves	25,074	(14)	25,059
Unusable Reserves	235,551	1,227	236,778
Total Reserves	260,625	1,212	261,837

The effect on the cashflow statement is:

	2017/18	Cashflow Hedge Accounting Adjustment 2017/18	2017/18 RESTATED
	£'000	£'000	£'000
Net Surplus/(Deficit) on the Provision of Services	4,801	14	4,787
Adjustments to net Surplus/Deficit) on the Provision of Services - non cash movements	5,499	(14)	5,513
Adjustment for items included in the Net Surplus/Deficit) on the Provision of Services that are investing and financing activities	(2,993)	-	(2,993)
Net cash flows from operating activities	7,307	-	7,307
Net cash flows from investing activities	(38,689)	(1,000)	(37,689)
Net cash flows from financing activities	32,502	-	32,502
Net (Decrease) in cash and cash equivalents	1,120	(1,000)	2,120
Cash and cash equivalents at the beginning of the reporting period	633	-	633
Cash and cash equivalents at the end of the reporting period	1,753	(1,000)	2,753

The prior period adjustment has been restated in all relevant notes to the core statements.

SECTION G – SUPPLEMENTARY FINANCIAL STATEMENTS – HOUSING REVENUE ACCOUNT (HRA)**Comprehensive Income and Expenditure Statement**

2017/18	2018/19
£'000	£'000
Income	
(14,223) Dwelling Rents	(14,124)
(197) Non-Dwelling Rents	(212)
(879) Charges for services and facilities	(919)
(7) Contributions towards expenditure	(24)
(15,306) Total Income	(15,279)
Expenditure	
2,661 Repairs and maintenance	2,696
1,794 Supervision and management	1,977
74 Rents, rates, taxes and other charges	64
1,989 Overheads	1,946
3,356 - Dwellings	4,138
183 - Other Non-current Assets	159
(2,894) Impairment of Non-current Assets	(1,051)
2,000 Minimum Revenue Position (HRA Loan)	-
(48) Movement in Bad Debt Provision	-
32 Revenue Expenditure Funded from Capital Under Statute (REFFCUS)	32
9,147 Total Expenditure	9,961
(6,159) Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	(5,318)
348 HRA Services Share of Corporate and Democratic Core	-
(17) HRA Share of other amounts included in the Whole Authority Net Cost of Services but not allocated to specific services	-
(5,828) Net Expenditure/(Income) on HRA Services	(5,318)
(294) Loss/(Gain) on Sale of HRA Non-current Assets	(114)
2,619 Interest payable and similar charges	2,638
(34) Interest and Investment Income	(43)
383 IAS19 Pensions - Net Interest on Defined Assets/Liabilities	152
(83) Capital Grant and Contributions	(143)
(3,237) (Surplus)/Deficit for the year on HRA Services	(2,828)

20.0 – Movement in HRA Reserves

2017/18 £'000	2018/19 £'000
498 Balance on the HRA working balance at the end of the previous year	524
3,585 Surplus for the year on the HRA Comprehensive Income and Expenditure Account	2,830
(7,374) Adjustments between accounting basis and funding basis under statute (as per 20.1)	(5,577)
(3,789) Net increase or (decrease) in the year on the HRA	(2,747)
3,812 Transfers to/from Earmarked Reserves	2,713
26 Increase or (decrease) in the year on the HRA Working Balance	(34)
524 Balance on the HRA at the end of the current year	490

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

2017/18 £'000	2018/19 £'000
Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the year	
294 Gain/(loss) on Sale of HRA Non-current Assets and Right to Buy Pooling	114
2,872 Impairment of Non-Current Assets	1,037
(32) Amounts treated as revenue expenditure in accordance with the 'Code' but which are classified as capital expenditure by statute	(32)
- HRA Loan Repayment	2,000
83 Reversal of Non Specific Grants	143
(245) Net Charges made for Retirement Benefits in accordance with IAS 19	(362)
Items not included in the HRA Income and Expenditure Account but included in the movement on the HRA Balance for the year	
4,416 Capital Expenditure funded by the HRA	2,692
(14) Right to Buy Administration Cost Allowance	(14)
7,374 Adjustments between accounting basis and funding basis under statute	5,578

21.0 - Notes to the HRA

21.1 – Introduction

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

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

21.2 – Gross Rental Income

Gross rent income is the total rent income due after allowance is made for void properties. For the year 2018/19 an average of 2.4% of properties were vacant (1.88% 2017/18) an increase over the year due to previous void properties being rentable. The actual average rent for all stock was £97.26 per week in 2018/19 (£98.24 in 2017/18) leading to an actual gross rental income for dwelling rents of £14.12million for 2018/19 (£14.22million in 2017/18).

21.3 – Housing Revenue Account Self-Financing Transactions

With effect from April 2012 Housing Subsidy arrangements ceased for Uttlesford District Council and were replaced by a self-financing system giving local authorities greater autonomy and flexibility with its finances for the provision of council housing. At the outset of self-financing the council took on a loan of £88.407million, for which the 2018/19 accounts reflect related interest costs payable of £2.638million (£2.619million in 2017/18) and a principle repayment of £2million.

21.4 – Housing Stock

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

31 March 2018	31 March 2019
No. of Properties	No. of Properties
704 Flats	712
753 Bungalows	763
1,315 Houses	1,333
2,772 Total Properties	2,808

The movement between 2017/18 and 2018/19 housing stock include the following:

- 5 Sales of Flats under Right to Buy
- 6 Sale of Bungalows under Right to Buy
- 47 Dwelling Completions

21.5 – Rent Arrears

2017/18	2018/19
£'000	£'000
Arrears due from:	
268 - Current Tenants	286
63 - Former Tenants	43
331 Total Rent Arrears	329
2.3% Total as a % of Gross Debt	2.3%

21.6 – Balance Sheet Value of Housing Revenue Assets

31 March 2018 £'000	31 March 2019 £'000
320,558 Dwellings	332,926
1,569 Garages	1,659
1,085 Temporary Accommodation	1,080
209 Vehicles, Plant, Equipment and Intangibles	138
271 Other Land and Buildings	284
7,027 Assets Under Construction	2,388
330,720 Total HRA Asset Value	338,475

The vacant possession value of dwellings within the HRA as at 31 March 2019 was £876.12million (£843.57million as at 31 March 2018). The difference of £543.19million between the vacant possession value and the balance sheet value of the dwellings represents the economic cost of providing council housing at less than open market value.

21.7 – Major Repairs Reserve

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

2017/18 £'000	2018/19 £'000
(164) Opening Balance as at 1 April	(147)
(3,539) Transfer In	(4,296)
3,556 Capital Expenditure funded from reserve	3,970
(147) Closing Balance as at 31 March	(473)

21.8 – Capital Financing

2017/18	2018/19
£'000	£'000
8,667 Total HRA Capital Expenditure	8,125
Financed by:	
(4,416) Revenue Contributions	(3,514)
(3,556) Contribution from Major Repairs Reserve	(3,970)
(612) Capital Receipts	(498)
(83) Capital Grants	(143)
(8,667) Total Financing	(8,125)

21.9 – HRA Contribution to Pension Fund

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

SECTION H – SUPPLEMENTARY FINANCIAL STATEMENTS – COLLECTION FUND***Collection Fund Summary***

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

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

Collection Fund Income and Expenditure Account

2017/18			Collection Fund	2018/19		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
-	(57,570)	(57,570)	Council Tax Payers	-	(61,850)	(61,850)
(43,142)	-	(43,142)	Business Rates Payers	(44,804)	0	(44,804)
(43,142)	(57,570)	(100,712)	Total Income	(44,804)	(61,850)	(106,654)
3,767	40,990	44,757	Essex County Council	3,840	44,241	48,081
-	5,532	5,532	Essex Police Authority	-	6,120	6,120
419	2,431	2,850	Essex Fire Authority	427	2,548	2,975
16,744	7,920	24,664	Uttlesford District Council/Parish	17,066	8,486	25,552
20,930	-	20,930	Central Government	21,333	-	21,333
41,860	56,873	98,733	Total Precept and Demand	42,666	61,395	104,061
(309)	996	687	Essex County Council	(86)	71	(15)
-	134	134	Essex Police Authority	-	10	10
(34)	60	26	Essex Fire Authority	(10)	4	(6)
(1,372)	193	(1,179)	Uttlesford District Council	(384)	13	(371)
(1,715)	-	(1,715)	Central Government	(480)	-	(480)
(3,430)	1,383	(2,047)	Total Distributions of Previous Years Surplus/(Deficit)	(960)	98	(862)
330	116	446	Provision for Doubtful Debts Adjustment	(121)	252	131
851	-	851	Transitional Protection Payments due to Central Government	375	-	375
137	-	137	Business Rates:- Renewable Energy to General Fund	127	-	127
139	-	139	Business Rates:- Cost of Collection Allowance to General Fund	138	-	138
4,088	-	4,088	Business Rates:- Provision created in year	1,360	-	1,360
(2,000)	-	(2,000)	Business Rates:- Provision released into Collection Fund	(2,726)	-	(2,726)
3,545	116	3,661	Total Other Expenditure	(847)	252	(595)
41,975	58,372	100,347	Total Expenditure	40,859	61,745	102,604
2,173	(1,225)	948	(Surplus)/Deficit as at 1 April	1,006	(423)	583
(1,167)	802	(365)	(Surplus)/Deficit for the year	(3,945)	(105)	(4,050)
1,006	(423)	583	(Surplus)/Deficit as at 31 March	(2,939)	(528)	(3,467)

22.0 – Notes to the Collection Fund

22.1 – Council Tax Introduction

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

The average amount for a Band D property in 2018/19 was £1,608.36 (2017/18 was £1,532.71), this is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any parish precept.

The average Band D Council Tax bill including Parish Precepts in 2018/19 was £1,695.49 (2017/18 was £1,614.64).

22.2 – Council Tax Base

2017/18 Council Tax Base	2018/19
34,784 Total Dwellings	35,538
32,865 Net Chargeable Dwellings	33,693
37,455 Band D Equivalentents	38,391
(2,011) LCTS Discounts	(1,948)
35,444 Total Band D Equivalentents	36,443
35,019 Collection Rate 98.8% / 98.8%	36,006
205 M.O.D Properties	205
35,224 Council Tax Base	36,211

22.3 – Council Tax Income Analysis

2017/18 £'000	2018/19 £'000
66,164 Gross Council Tax Collectable	70,972
(1,141) Less:- Exemptions	(1,279)
(4,369) Less:- Discounts	(4,692)
(3,084) Less:- LCTS	(3,153)
- Transitional Relief	2
57,570 Income from Council Tax Payers	61,850

22.4 – Council Tax Collection Fund Balance

31 March 2018 £'000	31 March 2019 £'000
(305) Essex County Council	(377)
(42) Essex Police Authority	(57)
(17) Essex Fire Authority	(22)
(59) Uttlesford District Council	(72)
(423) Total Surplus Apportioned	(528)

22.5 – Business Rates Introduction

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

The National Non Domestic Rateable value in the Council's area as at 1 April 2018 was £106.752million (1 April 2017 was £105.019million) and the multipliers, as specified by Central Government were 48.0p excluding small business surcharge (46.6p 2017/18) and 49.3p including small business surcharge (47.9p 2017/18). Based on the lower rate this produced an approximate yield of £51.241million (£48.939million 2017/18). The difference between the approximate yield and the actual value of rate payers' income (as reported in the collection fund summary) is explained by the application of reliefs, discounts, void properties and movement on the bad debt provision.

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

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

In 2018/19 Uttlesford was one of nine District Councils in Essex in a pooling agreement along with the County Council and the Fire Authority. Based on provisional outturn information provided by members of the pool, Uttlesford is due to pay a levy of £1.54million but will receive £0.74million benefit share from the pool thus reducing the levy payable to £0.80million.

22.6 – Business Rates Income Analysis

2017/18	2018/19
£'000	£'000
50,048 Gross Business Rate Collectable	51,883
(3,172) Small Business Rate Relief	(3,457)
(2,065) Mandatory Relief	(2,105)
(1,034) Property Relief	(947)
(635) Discretionary Relief	(570)
43,142 Income from Business Rates Payers	44,804

22.7 - Business Rates Fund Balance

31 March 2018	31 March 2019
£'000	£'000
503 Central Government	1,470
91 Essex County Council	264
10 Essex Fire Authority	29
402 Uttlesford District Council	1,176
1,006 Total Deficit Apportioned	2,939