



STATEMENT OF ACCOUNTS 2018/19

Uttlesford District Council



Uttlesford District Council
London Road
Saffron Walden
Essex
CB11 4ER



Contents	Page
<u>Accounts Overview</u>	
Narrative Report	i
Statement of Responsibilities for the Statement of Accounts	xi
Approval of the Accounts	xxii
<u>Group Arrangement and Accounts</u>	
Introduction	1
Movement in Reserves	3
Comprehensive Income and Expenditure Statement	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Group Accounts	8
<u>Core Financial Statements</u>	
Movement in Reserves Statement	16
Comprehensive Income and Expenditure Statement	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Core Financial Statements	21
<u>Supplementary Financial Statements</u>	
Housing Revenue Account	93
Collection Fund	99
<u>Other Statements</u>	
Statement of Accounting Policies	105
Annual Governance Statement	121
Index – Section and Table References	134

NARRATIVE REPORT

Introduction

The Statement of Accounts presents the financial results of the Council's activities for the year ended 31 March 2019, and summarises the overall financial position of the Council as at 31 March 2019. This Narrative Report sets out the key issues and is intended to give the reader an insight into the Council's performance during 2018/19.

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

Uttlesford District

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

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

Uttlesford – The Council

The Council is governed by 39 members and as at 31 March 2019 was made up of 24 Conservatives, 10 Residents for Uttlesford, 4 Liberal Democrats and 1 vacancy. District Elections were held on the 2 May 2019 and the following this the make-up changed to 26 Residents for Uttlesford, 7 Liberal Democrats, 4 Conservatives and 2 Independents who represent 22 wards made up of 60 parishes. The Council operates a Cabinet system, with The Leader having responsibility for the appointment of members to the Cabinet, allocation of portfolios and delegation of executive functions.

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

The Council employed 369 employees in established posts (319.79 full time equivalents) as at 31 March 2019. The workforce is made up of 201 women (54%), 8 of the Council's 17 senior management posts are held by women; 90% of staff declared themselves as White British with 2% of all staff declared themselves to be Black, Asian and Minority Ethnic and 2% are registered disabled of which 63% work full time.

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

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

Corporate Plan

The Corporate Plan is the key document that sets out the Council's vision and priorities for the next four years and forms part of a wider strategic planning framework directing how and where Council resources are allocated. It is accompanied by a delivery plan that sets out the outputs, outcomes and performance measured against the priorities. The Corporate Plan is reviewed annually to ensure it remains fit for purpose and reflects the needs and priorities of the residents, local communities and businesses of the District. Full details can be found at the following link: [Corporate Plan 2019-2023](#)

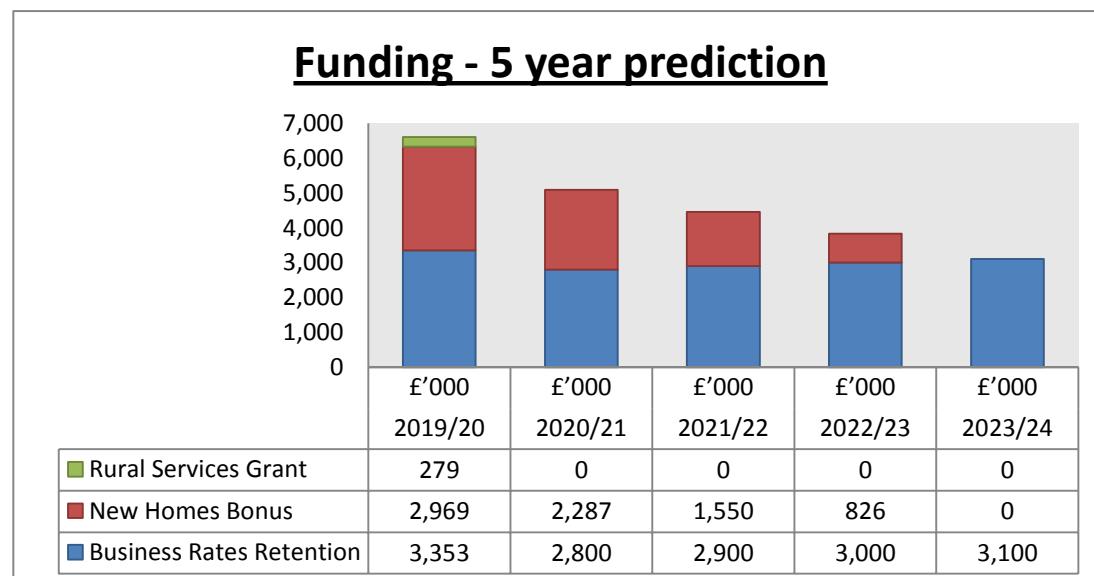


Financial Outlook

Local government funding has changed significantly over the last few years and further reforms are planned in the next two years. These changes will affect the way funding is allocated to local authorities. The mechanism for these changes is being assessed through the Fair Funding Review of Needs and Resources and this is closely linked to the reform of the Business Rates Retention Scheme, through which local authorities will move from 50% to 75% retention.

There is still uncertainty about the level of funding the Council will receive in future years and it has participated in various consultations on the Government's proposals. It is expected that an announcement will be made at the time of the 2020 autumn Budget. There are also indications that the New Homes Bonus grant will be limited to legacy only payments from 2020/21, with the final year of these payments being 2022/23.

The Medium Term Financial Strategy (MTFS) is the Council's plan to manage its financial position over a five year period, providing an overall spending position and highlighting areas of risk to ensure Members and Chief Officers can make informed decisions to set a balanced budget and maintain the Council's financial stability. The table below is an extract from the current MTFS approved by Council as part of the 2019/20 budget and sets out the Council's funding streams and demonstrates the predicted funding changes by 2023.



Business Rates Retention

The table above shows that Business Rates is a key source of income and the Council becomes more reliant on this in future years. Business Rates Retention is currently set at 50% and Uttlesford acts as a collection agent for Central Government, Essex County Council and Essex Fire Authority. The total collectable income is split as follows:

- Central Government – 50%
- Local Share (50% retained within the county)
 - Uttlesford – 40%
 - Essex County Council – 9%
 - Essex Fire Authority – 1%

The 40% income retained by the Council is then subject to a tariff and this is set by Central Government based on a calculation of our share of the retained income less our baseline funding need.

Key achievements

It has been a busy year and the Council and its partners have worked hard on initiatives, partnerships and projects to bring the Corporate Plan priorities to life. Below is a summary of some of the key achievements this year.

Police Community Support Officers

Uttlesford District Council is an active member of the Community Safety Hub which is a multi-agency group focusing on low level crime and anti-social behavioural (ASB) issues. The community policing team has grown in the year and now includes seven Police Officers and four Police Community Support Officers (PCSOs). In 2018/19 the Council fully funded two PCSOs and agreed to provide match funding (with parish councils) for two further PCSOs. Statistics show that both low level crime and ASB incidents have decreased in the district.

Health and Wellbeing

The Uttlesford Health and Wellbeing Board is the strategic partnership for the coordination, communication and commissioning of health improvement and wellbeing activities and services for the local population. Through this, the Council works closely with the following partner organisations:

- [Essex Health and Wellbeing Board](#)
- [West Essex CCG](#)
- [Essex County Fire & Rescue Service](#)
- [West Essex Mind](#)
- [Centre for Voluntary Support Uttlesford](#)

- [Uttlesford Volunteers](#)
- [Uttlesford Citizens Advice](#)
- [Alzheimer's Society](#)
- [Support 4 Sight](#)

A strategy has been developed to take into account the district's evolving communities and proposed new developments which will bring a larger and more diverse population. Full details are set out within the [Health and Wellbeing Strategy 2017-2022](#).

The five key health and wellbeing priorities identified within the district are:

- Combatting loneliness and social isolation
- Supporting people to age well in Uttlesford
- Enabling people to eat well and be active
- Alleviating winter pressures and fuel poverty
- Planning for healthy communities

A number of projects have been delivered to tackle social isolation including the introduction of a Digital Buddies service - providing home visits to set up and maintain smart and digital devices that make life in the home a little bit easier e.g. digital assistants such as Amazon Echo, smart TVs, tablets and home computers. A gardening project has seen 83 gardens cleared and tidied and there is also a winter warmth handyman service being offered in conjunction with the Council's Environmental Health department.

A Walking for Health Programme has been instigated and six Walking for Health walks now take place across the district. The My Weight Matters programme is now running in venues across the district; those completing the programme have made significant progress towards their 5% weight loss goal. There has also been a programme of seated exercise classes introduced for the elderly across the district; on average 15 people attend each class and the exercises are helping them to stay independent and build their strength.

Mind in West Essex were commissioned by the Uttlesford Health and Wellbeing Board to encourage businesses and organisations within Uttlesford to sign up to the Time to Change national campaign to end mental health discrimination. Uttlesford District Council signed its own pledge in October 2018 on World Mental Health Day. As part of this, four Mental Health First Aid courses were made available for all managers at the Council plus a mental health awareness session was made available to all staff.

Social Housing Development Programme

The Council has continued with its development of housing as detailed in the 30 year business plan providing new and updated accommodation for the elderly and replenishing its stock of general needs housing.

A development at Reynolds Court in Newport was completed in 2018/19 and provides 41 flats and communal areas for the elderly. The project attracted Homes for England funding due to its innovative design. It has been a collaborative project – the Council's Housing team, planners, architects, the parish council, the community and other key stakeholders have helped shape this stunning building.

Hatherley Court in Saffron Walden has been updated and remodelled with phase I of the sheltered scheme completed in March 2019. In total this scheme will provide 26 remodelled properties, one new build flat and new communal areas.

The council has also provided five new general needs properties, of which two are new builds and three were directly purchased on the private housing market and from a Housing Association.

Museum Lottery Fund Bid

The Council made a successful application to the National Lottery Heritage Fund's Resilient Heritage grants programme. This is the first step of the long-term development programme for Saffron Walden Museum which aims to increase visitors, community engagement and income, and make the Museum more sustainable in the future.

The award is for a grant of £51,300 with a further £10,000 contribution from Saffron Walden Museum Society Ltd; no financial contribution is required from the Council. The project will fund an audience development study, to provide an in-depth analysis of the Museum's actual and potential visitors, and a feasibility study with options appraisal and business plan, to determine the optimum way to develop the Museum and provide a costed plan. Other strands of the project include developing the fund-raising capacity of the Museum Society, which uses its charitable status to raise money for capital projects, and to support and mentor Museum staff and volunteers, who will be taking on a considerable challenge to run a major project alongside day-to-day service operations.

Grant Funding

The Council has provided a total of just under £600,000 in grants and funding during the year to local charities and voluntary organisations and this included a sum allocated to each Member to spend within their local ward. For further information on grants awarded for the 2018/19 financial year click [here](#).

Saffron Walden Business Improvement District

The Saffron Walden Business Improvement District (BID) was finalised after a formal consultation and a Board of Directors has been appointed. The BID has generated £94,000. The initial marketing campaign delivered by the BID in the first month was considered very successful with the initial feedback being:

- **Vintage Lodge's Buses** – a free bus service was provided to encourage people into the town from Audley End with 1,250 people using the buses over five Saturdays

- **Shopping prize draw** – the prize draw was organised to encourage shopping locally, with 55 independent businesses taking part. Some 1,407 shopping prize draw entries were received from visitors and residents
- **Fairy and Elf Hunt & #saffronwaldenelfieselfie** -This competition was to encourage families to explore the town by looking for a hand-made fairy or elf in a shop window and 120 competition forms were returned. People who entered came not only from Saffron Walden but also London Cambridge and even Jersey.

Local Plan

The Council successfully submitted the Local Plan before the Government's January deadline triggering the start of its examination by the Planning Inspectorate. The Council has received the Inspector's list of Matters, Issues and Questions seeking updated and clarifications on elements of the Plan and dates have already been agreed for the initial examination sessions in July. The Council will consult on main modifications arising from the examination on behalf of the Inspector, before the final decision to adopt the plan can be made.

Garden Communities

A key element to the Council's housing plan is its development strategy for three new Garden Communities which make a significant contribution to meeting Uttlesford's growth needs over the next 15 years.

The Council is strongly committed to creating communities that will offer the same quality of life as its historic towns and villages. The Council has been focusing on exploring the potential of partnerships with the individual promoters, developing models for long term stewardship, designing housing that relates to the range of business opportunities and jobs locally, sustainable transport links and commercial investment.

Councillors and officers along with members of the Youth Council have been on visits to Garden Communities outside the district. In addition, the Youth Council has also held its own forums on the future look and feel of these settlements.

The Council has attracted a grant of £750,000 capacity funding and other support available under the garden settlements programme from the Ministry of Housing, Communities and Local Government (MHCLG) and Homes England to continue to take this work forward.

Investment Strategy

The Council invested £45million in its wholly owned company, Aspire CRP Ltd, in May 2017 to purchase a 50% share in Chesterford Research Park with an annual return of 4%. The Park is not yet fully developed and the Council has approved further investments of £2.74 million for the rebuild (shell and core) of The Newnham Building. Building work began in January 2019 and a further £4.25 million was approved by Council in December 2018 at a higher interest rate of 4.5% to reflect the recent interest rate rises. The new investment will fund the fitting out of the building for prospective tenants and further details on the anticipated level of return is detailed on the following page under Aspire (CRP) Ltd.

In February as part of the budget setting process for future years, the Council approved a new investment strategy for a £100 million of future investment; £20 million to invest in the growth of Chesterford Research Park and £80 million for other investments. The £80 million of other investments will be subject to the following criteria:

- a) Preference will be given to in-area investment as for commercial acquisitions this helps to sustain jobs and generate business rates. If however suitable opportunities do not arise
- b) The Council will look within the region for investment opportunities. For clarity this means the following counties
 - Essex
 - Hertfordshire
 - Cambridgeshire
 - Suffolk
- c) If suitable opportunities do not arise the Council will look outside of the region but staying within the United Kingdom.

Aspire (CRP) Ltd

The investment in the wholly owned subsidiary delivered a net surplus for the Council in 2018/19 of £1.588million which is in line with the original business plan forecast. The refurbishment of the Newnham Building is ongoing. In addition to the refurbishment loan of £2.741million, the Council agreed to loan the company an additional £4.25million to enable the Newnham Building to be fully fitted. At the expected rental income, this will see a net yield of 10.16% being achieved. The Newnham Building is due for completion in the spring of 2020.

Apprenticeship Levy

Since 6 April 2017 the Apprenticeship Levy scheme was introduced to employers with a pay bill over £3million to help fund the delivery and development of apprenticeships. The Council paid £33,950 into the Apprenticeship Levy scheme in 2018/19 (£32,540 in 2017/18) which is 0.5% of the pay bill. The Council has been building the balance of the fund since April 2017 to offer full apprenticeship courses in the 2019/20 financial year.

Financial Performance – 2018/19

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

Income

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

Expenditure

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

A summary of the key operational financial results for 2018/19 are shown in the following tables. The figures shown are direct costs and income only, rather than the accounting basis used to produce figures for the Core Financial Statements. However the bottom line results are consistent with the movement in usable reserves as shown in the core accounting statements in the main body of this document.

Full and detailed outturn reports for the General Fund Revenue Account, Housing Revenue Account, Capital Programme and Treasury Management will be presented to members at Cabinet on the 15 July 2019. All reports will be published and will be available for the public to view on our website from 10 July 2019 and can be accessed by clicking on the following link [Cabinet Reports 2019](#)

General Fund Reserves

The Council's reserves have increased by a net £2.471 million. The key items that attribute to the increase are the year-end surplus, additional funding received from MHCLG for Garden Communities delivery, re-profiling of revenue projects funded by reserves and the financing of the Capital Programme.

£'000	31 March 2018	31 March 2019	Net Increase/ (Decrease)
Useable Reserves (available to spend)	12,053	13,866	1,813
Ringfenced Reserves (set aside for specific uses)	2,894	3,215	322
	14,947	17,082	2,135

The above reserves table excludes the surplus of £336,000 and the £14,000 restated reduction in surplus for 2017/18 which are approved at Cabinet on 15 July 2019.

General Fund Revenue Account

After allowing for transfers to and from the reserves this leaves an overall net underspend of £336,000.

£'000	2017/18 Outturn	2018/19		
		Original Budget	Current Budget	Outturn Variance
Portfolio (Service) Budgets	11,555	12,982	12,965	10,224 (2,742)
Corporate Items	(701)	(60)	4,277	(1,736) (6,013)
Funding	(6,542)	(5,145)	(5,145)	(5,614) (469)
Net Operating Expenditure	4,313	7,776	12,098	2,875 (9,224)
Transfers to/(from) Reserves	722	(2,446)	(6,767)	2,135 8,902
Overall Net Position	5,035	5,330	5,331	5,010 (322)
Restatement of 2017/18 surplus*				14
2018/19 Actual Surplus				(336)

*A prior period adjustment has been actioned due to a review of the accounts and our treatment of the forward starting loans the Council set up in 2017 to fund the investment in Aspire (CRP) Ltd. The accounting amendment required the accounts for 2017/18 to be restated and this increased the interest charge by £14,000 and reduced the actual in year surplus of £336,000 to a final net outturn of £322,000. Full details relating to the restatement can be found in note 19.7 Prior Period Adjustments on page 90.

The portfolio service budgets show a year end surplus of £2,741,578. This is due in part to various work streams and projects being carried forward to 2019/20. A total of £1,930,196 will be added to reserves and reallocated in 2019/20, which leaves an actual surplus for the delivery of services of £811,382. An analysis of the key variances and revenue allocations to reserves are detailed in the table below.

Direct Services Variance Analysis

Description	Variance (under)/over spend	Variance allocated (from)/to Reserves	
Expenditure		Total Service Variance	(2,741,578)
Housing Benefit Expenditure	(2,688,962)	Garden Communities Delivery	953,642
Salaries	(1,178,972)	Development Plan Document	550,000
Consultants	(722,758)	EU Exit Funding	127,555
Planning Policy Fees	(150,000)	Development Control (20% Fee income)	120,251
Agency Staff	880,613	Homelessness	92,263
Vehicle maintenance and hire	236,488	Citizen Access Project	70,725
Disposal Charges for waste and recycling	113,844	Economic Development	46,034
Net of other expenditure variances	<u>(110,628)</u>	Health Improvement	26,146
	(3,620,375)	Neighbourhood Grant	(23,556)
Income		Members New Homes Bonus Grant	(16,013)
Housing Benefit Subsidy Income	2,446,462	S106	<u>(16,851)</u>
MHCLG Funding for Garden Communities Delivery	(768,497)		
MHCLG Funding EU Exit	(153,846)		
MHCLG Funding Homelessness Support	(113,896)		
Trade Waste Income	(80,041)		
Car Park Income and Penalties	(78,517)		
Net of other income variances	<u>(372,868)</u>		
	878,797	Total Reserves Allocation	1,930,196
Total Service Variance	(2,741,578)	Actual Service Variance	(811,382)

Housing Revenue Account (HRA) Reserves

The HRA is governed by the 30 year Business Plan, approved and overseen by the Council's Housing Board. The Business Plan sets out priorities for improving existing housing stock and identifies sites for redevelopment and new-build council housing.

The HRA shows a reduction in total reserves of £2.022 million which has been used to fund the capital housing programme, for new homes, sheltered housing and maintenance of the existing housing stock.

£'000	31 March 2018	31 March 2019	Net Increase/ (Decrease)
Useable Reserves (available to spend)	4,853	2,540	(2,313)
Ringfenced Reserves (set aside for specific uses)	524	489	(35)
	5,377	3,029	(2,348)
Major Repairs Reserve	147	473	326
TOTAL RESERVES	5,524	3,502	(2,022)

The above reserves table excludes the surplus of £14k which is approved at Cabinet.

Housing Revenue Account Income and Expenditure

The operating deficit of £701,000 is the net effect of reduced rental income, increased cost of housing repairs and actual adjustments to the bad debt provision and depreciation.

£'000	Budget	Outturn	Variance
Income	(15,402)	(15,279)	123
Expenditure	4,204	4,509	305
Corporate Items	10,552	10,825	273
Operating (Surplus)/Deficit	(646)	55	701
Funding from Capital Receipts Reserve for HRA Loan	(413)	(413)	0
Funding of Capital Projects from the HRA	5,779	2,692	(3,087)
Transfers (to)/from reserves	(4,720)	(2,348)	2,372
(Surplus)/Deficit	0	(14)	(14)

The key variances in the Housing Revenue account relate to the following items:

Service Delivery

- Income reduction on housing rents of £209,000 which was offset by increased charges for services and facilities based on actual costs incurred.
- Housing repairs had an net increase of £281,000

Corporate Costs

- A decrease in the provision for rental income generating a reduced revenue contribution of £100,000
- The depreciation charge increased and this has increased the required contribution to the Major Repairs Reserve. The calculation for this is based on the valuation of the housing stock

Capital Programme

The budget allocated for 2018/19 was £20.091 million with total capital expenditure of £9.240 million and after allowing for capital slippage of £11.034 million, to be carried forward to future years projects, this left an overspend of £183,000.

£'000	Budget	2018/19 Slippage	Revised Budget	Outturn	Variance - Actual (under)/over spend
General Fund	9,739	7,948	1,791	1,115	(676)
Housing Revenue Account	10,352	3,086	7,266	8,125	859
Total Capital Expenditure	20,091	11,034	9,057	9,240	183

The key areas of requested slippage are detailed in the table below.

£'000	2018/19 Slippage
General Fund	
New Depot Site	4,563
Vehicle Replacement	2,174
Superfast Broadband	600
Other minor items of slippage	611
HRA	
The Moors	759
Walden Place	787
Hatherley Court	482
Other minor items of slippage	1,058
Total Capital Expenditure	11,034

The Capital Programme is funded by a variety of sources and the following table shows how this was funded in 2018/19.

£'000 Sources of Financing	General Fund	Housing Revenue Account
Revenue Contribution	592	699
Grants and Contributions	97	965
Reserves Funding	178	2,313
Internal Borrowing	249	0
Right to Buy Receipts	0	499
Capital Receipts	0	3,648
	1,116	8,124
Total Financing requirement		9,240

Treasury Management

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

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £7.5 million and £22.5 million due to timing differences between income and expenditure. The average interest rate achieved for the year was 0.45%

At 31 March 2019 the Council held £116 million of loans, a decrease of £4 million from 31 March 2018, as part of its strategy for funding previous and current years' capital programmes and investments. The average interest rate for long term borrowing was 2.82% and 0.75% for short term borrowing.

The long-term borrowing of £97 million relates to:

- The major reform of the Housing Revenue Account self-financing arrangements in 2012. The Council purchased the housing stock for £88.4 million with no repayments for five years. The HRA started making principal repayments of £2 million per annum in 2017/18; the current balance of the outstanding borrowing is £84.4 million.

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

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

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

Employee Pension Scheme

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

The Council's estimated pension deficit is £30.787million as at 31 March 2019; this is an in-year reduction of the liability of £3.959million.

An actuarial valuation is carried out every three years to set the contribution levels for the pension deficit. The last valuation was carried out in March 2016 and Essex County Council provides a breakdown of the required payments to offset the deficit. This includes various payment options and the Council took the option of paying a discounted three year upfront payment of £1.177million. The Council also paid an in-year pension contribution rate of 16.8% for all employees that are in the pension scheme. The annual contributions made for 2018/19 were £1.468million from employers and £0.599million from employees.

Performance indicators

Key performance indicators are set annually to monitor service performance. A summary of the key indicators are listed below and full details of the Council's performance was presented to the Governance, Audit and Performance Committee on 30 May 2019. The full report can be found at [Governance Audit and Performance Committee 30.05.19](#)

Income Collected as a % of amount due	2017/18	2018/19
Council Tax	99.17	99.17
Business Rates	99.47	98.85
Rent Collected	98.24	98.57
Local Council Tax Support Contributions	87.52	89.44

Key Performance Indicators for Services	2017/18	2018/19
Domestic bins collected on first visit	99.88%	99.92%
Domestic waste collected that is recycled/composted	50.65%	49.69%
Customer enquiries dealt with at first point of contact	N/A	87%
Supplier invoices paid within 30 days	93.68%	99.00%
Average number of days to pay supplier invoices	12.9	8.1
Accuracy of processing Housing Benefits claims	99.55%	98.71%
Average number of days to process new Housing Benefit claims	21.2	20.5
Average number of days to process a change of circumstances	6.0	5.7

Financial Statements and what they mean

Movement in Reserves Statement (page 16)

This statement shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves (those that can be used to fund expenditure) and Unusable Reserves (those held to manage the accounting process). The (surplus)/deficit on the Provision of Services line shows the true economic cost of providing the Council's services, details of which are shown in the Comprehensive Income and Expenditure Statement. Adjustments between the accounting basis of measuring cost and the statutory basis are shown, to derive a net increase/decrease in usable and unusable reserves.

Comprehensive Income and Expenditure Statement (page 18)

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

Balance Sheet (page 19)

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

Cash Flow Statement (page 20)

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

Group Accounts (page 1-14)

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

Notes to the Core Financial Statements (page 21)

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

Housing Revenue Account (HRA) Comprehensive Income and Expenditure Account (page 94)

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

Collection Fund (page 100)

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

Principal Risks and Uncertainties

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

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

Audit of the Accounts

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

Further Information

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

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

Adrian Webb

Director of Finance and Corporate Services

Section 151 Officer

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Corporate Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts (by delegation to the Performance and Audit Committee)

THE DIRECTOR OF FINANCE AND CORPORATE SERVICES – RESPONSIBILITIES

The Director of Finance and Corporate Services is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code').

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

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

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of Uttlesford District Council and its Income and Expenditure for the year ended 31 March 2019.

Signature:

Adrian Webb
Director of Finance and Corporate Services

Date: 25 July 2019

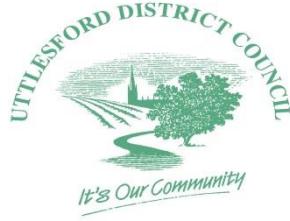
APPROVAL OF THE ACCOUNTS

I confirm that the Statement of Accounts was approved by a resolution of the Governance, Audit and Performance Committee on 30 July 2019.

Signature:

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

Date: 30 July 2019



Group Accounts 2018/19



GROUP ARRANGEMENT AND ACCOUNTS

Introduction

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

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

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

The following pages include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts

Basis of Identification of the Group Boundary

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

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

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

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

Subsidiaries**Aspire (CRP) Ltd**

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

On 3 May 2017 Uttlesford District Council loaned Aspire (CRP) Ltd the sum of £47.25million to enable it to form Chesterford Park Limited Partnership with Aviva Life and Pensions UK Limited and for the new partnership to acquire the investment property at Chesterford Research Park, Little Chesterford, CB10 1XL. In the financial year ending 31 March 2019 the Council had invested a total of £49.991million.

The final accounts of the Company for the period ending 31 March 2019 will be audited by BDO. Copies of the accounts may be obtained from Companies House or by request to the Council.

The Directors received no emoluments for services to the company for the financial period. Officer time in relation to company activities is recharged based on a cost per hour of time spent, during consolidation this amount is matched off and does not appear in the group accounts. The single entity Aspire (CRP) Ltd accounts can be viewed on the Companies House website.

Aspire (CRP) General Partner Ltd

The General Partner was set up on 30 March 2017 to enable the joint venture to be created between Aviva Life and Pensions UK Limited and Aspire (CRP) Ltd.

Based on materiality, no group accounts have been included with the Council's Statement of Accounts for 2018/19.

Aspire Holdings (UDC) Ltd

The structure of the Company is that of subsidiary. Its primary activities are the development of Council owned land and the market rent of developed properties. The company also provides a property maintenance service for the Aspire companies within the group and other businesses outside of the group. The company has three subsidiaries of which two are dormant whilst the Aspire Property and Maintenance Services Ltd (Company No. 10338675) started trading on a very small scale as from 1 April 2017, this company has traded to December 2018 but has subsequently become dormant. Based on materiality of the part-year, no group accounts have been included with the Council's Statement of Accounts for 2018/19.

Basis of consolidation

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

The Subsidiary has been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with The Code. The subsidiary has the same accounting year end to the Council's.

Group Movement in Reserves

	Group Usable Reserves £'000	Group Unusable Reserves £'000	Group Reserves £'000
2018/19			
Balance at 1 April 2018	(24,502)	(236,779)	(261,281)
(Surplus) or deficit on provision of services	(2,306)	-	(2,306)
Other Comprehensive Expenditure and Income	-	(12,824)	(12,824)
Total Comprehensive Expenditure and Income	(2,306)	(12,824)	(15,130)
Adjustments between accounting basis and funding basis under regulations	3,818	(3,818)	-
Transfers to/(from) earmarked reserves	-	-	-
(Increase) / Decrease in Year	1,511	(16,642)	(15,130)
Balance at 31 March 2019	(22,991)	(253,421)	(276,411)

Group Movement in Reserves (continued)

	Group Usable Reserves £'000	Group Unusable Reserves £'000	Group Reserves £'000
Restated 2017/18			
Restated Balance at 1 April 2017	(26,975)	(209,551)	(236,526)
(Surplus) or deficit on provision of services	(4,226)	-	(4,226)
Other Comprehensive Expenditure and Income	-	(20,528)	(20,528)
Total Comprehensive Expenditure and Income	(4,226)	(20,528)	(24,754)
Adjustments between accounting basis and funding basis under regulations	6,801	(6,801)	-
Transfers to/(from) earmarked reserves	(102)	102	-
(Increase) / Decrease in Year	2,473	(27,228)	(24,754)
Restated Balance at 31 March 2018	(24,502)	(236,779)	(261,281)

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

Group Comprehensive Income and Expenditure Statement

Gross Expenditure Restated 2017/18 £'000	Net		Note Reference	Gross		Net Expenditure 2018/19 £'000
	Gross Income Restated 2017/18 £'000	Expenditure Restated 2017/18 £'000		Expenditure 2018/19 £'000	Gross Income 2018/19 £'000	
					Expenditure 2018/19 £'000	
2,780	(710)	2,070 Comm & Partnerships		2,748	(772)	1,976
9,914	(5,147)	4,767 Environmental Serv		10,742	(6,273)	4,469
24,271	(17,453)	6,818 Finance & Admin		22,007	(15,791)	6,216
2,365	(822)	1,543 Hsg & Eco Devt		2,516	(800)	1,716
5,123	(15,307)	(10,184) HRA		8,014	(15,279)	(7,265)
1,989	-	1,989 HRA - Overheads		1,946	-	1,946
1,279	(1,989)	(710) Corporate costs		87	(1,946)	(1,859)
47	(2,691)	(2,645) Commercial Services		32	(2,106)	(2,074)
47,768	(44,119)	3,648 Cost of Services		48,092	(42,967)	5,125
		3,710 Other Operating Income and Expenditure				3,031
		4,309 Financing and Investment Income and Expenditure	A2			6,326
		(15,894) Taxation and Non-Specific Grant Income	A3			(16,788)
		(7,875) Corporate Amounts				(7,431)
		(4,227) Group (Surplus)/Deficit				(2,306)
		(13,447) Surplus on revaluation of Non-current assets				(6,314)
		(7,081) Actuarial gains / losses on pensions assets / liabilities				(6,516)
		- Other movements in Usable/Unusable Reserves				-
		(20,528) Other Comprehensive Income and Expenditure				(12,830)
		(24,754) Total Comprehensive income and Expenditure				(15,136)

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

Group Balance Sheet

31 March 2018 Restated £'000	Notes	31 March 2019 £'000
363,385 Property Plant & Equipment		372,325
935 Heritage Assets		951
219 Intangible Assets		263
46,401 Long-term Investments	A4	46,282
1,280 Long-term Debtors		1,325
412,220 Long-term Assets		421,146
10,500 Short-term Investments		12,000
48 Inventories		45
3,380 Short-term Debtors	A5	4,201
4,482 Cash and Cash Equivalents	A6	4,799
18,410 Current Assets		21,046
(23,500) Short-term borrowing		(19,000)
(6,387) Short-term Creditors	A3	(11,716)
(1,979) Provisions		(1,432)
(31,866) Current Liabilities		(32,149)
(96,407) Long-term Borrowing		(96,907)
(4,740) Deferred Liabilities		(4,620)
(1,597) Grant Receipts in Advance		(1,319)
(34,746) Pension Scheme Liabilities		(30,787)
(137,490) Long-term Liabilities		(133,632)
261,275 Net Assets		276,411
24,497 Usable Reserves	A7	22,991
236,778 Unuseable Reserves		253,420
261,275 Total Reserves		276,411

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

Group Cash Flow Statement

2017/18 Restated £'000	2018/19 £'000	Notes
4,227 Net surplus/(deficit) on the provision of services	2,306	CIES
6,726 Adjustments to net surplus/(deficit) on the provision of services - non cash movements	9,983	
(2,993) Adjust for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	(2,904)	
7,960 Net cash flows from operating activities	9,385	A8
(36,613) Net cash flows from investing activities	(7,649)	A9
32,502 Net cash flows from financing activities	(1,419)	A10
3,849 Net (decrease) in cash and cash equivalents	317	
633 Cash and cash equivalents at the beginning of the reporting period	4,482	
4,482 Cash and cash equivalents at the end of the reporting period	4,799	A11

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

SECTION A - NOTES TO THE GROUP ACCOUNTS**A1. Accounting Policies****1. General Principles**

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

2. Tax Expense

The tax expense represents the sum of the estimated tax currently payable and any adjustments from the previous years' estimate. The tax payable in respect of the year is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is an estimate based on similar transactions in the accounts to 2017/18. The final tax computation will be completed by December 2019.

3. Disclosures

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

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A2. Investment and Financing Income and Expenditure

2017/18		2018/19
Restated		
£'000		£'000
3,254 Interest payable and similar charges		3,412
1,073 Pensions - Net interest on the Defined Benefit Liability/(Asset)		896
0 Changes in the Fair Value of investments		2,119
(18) Interest Receivable and similar income		(101)
4,309 Total Investment and Financing Income and Expenditure		6,326

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

A3. Taxation

2017/18		2018/19
£'000		£'000
357 Profits chargeable to corporation tax		420
68 Taxation on ordinary activities		80

NOTES TO THE BALANCE SHEET

A4. Long-term Investments

	£'000
IAS39 balance held at 31 March 2018	46,401
Gain/(Loss) in fair value	(2,694)
IFRS 9 Balance at 1 April 2018	43,707
Additional investment	2,000
Gain/(Loss) in fair value adjusted for 18/19	576
Investment balance at 31 March 2019	46,283

Due to the transition to IFRS 9 for 2018/19 accounts, investments previously held at cost are now held at Fair Value and charged through the Comprehensive Income and Expenditure Statement. For more information detailing the transition to IFRS 9 see note 18.7 in the main accounts.

A5. Short-term Debtors

31 March 2018	31 March 2019
£'000	£'000
271 Central Government Bodies	1,029
439 Other Local Authorities	619
4,128 Other entities and Individuals	4,009
4,838 Total Debtors	5,657
(1,458) UDC impairment Allowances	(1,456)
3,380 Net Total	4,201

A6. Cash and Cash Equivalents

31 March 2018 Restated £'000	31 March 2019 £'000
2,753 UDC cash and cash equivalents	2,525
1,729 Subsidiary Cash at bank	2,274
4,482 Total	4,799

A7. Usable Reserves

31 March 2018 £'000	31 March 2019 £'000
UDC Reserves	
1,321 General Fund Working Balance	1,272
13,627 General Fund Other Usable	16,147
524 HRA Working Balance	489
5,000 HRA Other Usable	3,026
3,295 Capital Receipts	3,674
1,293 Grants	1,079
(1,726) Consolidated adjustment to UDC	(1,894)
23,333 Total UDC reserves	23,793
1,164 Profit/(Loss) from Subsidiary	(802)
24,497	22,991

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

Notes to the Cash flow

A8. Cash Flows from Operating Activities

2017/18	2018/19
Restated	£'000
4,227 Net surplus/(deficit) on the provision of services	2,306
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	(1,949)
84 Amortisation	70
(7) Adjustments for effective interest rates	-
844 Increase/(decrease) in creditors	3,136
(2) (Increase)/decrease in debtors	(820)
(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	(11)
6,726 Total	9,983
(2,993) Adjustments for items included in the net (deficit) on the provision of services that are investing or financing activities	(2,904)
7,960 Net cash flows from operating activities	9,385

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

A9. Cash Flows from Investing Activities

2017/18 Restated £'000	2018/19 £'000
Purchase of property, plant and equipment, investment	
(10,251) property and intangible assets & movement in capital creditor	(9,470)
(28,897) Movements in net short term investments	(1,194)
(75) Other payments for investing activities	-
1,804 Proceeds from sale of property, plant and equipment	1,716
806 Capital grants received	910
(36,613) Total Cash Flows from Investing Activities	(8,038)

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

A10. Cash Flows from Financing Activities

2017/18 £'000	2018/19 £'000
31,877 Movement in short and long-term borrowing	(4,000)
741 Billing Authorities - Council Tax & NNDR Adjustment	2,702
(116) Cash Payments for the Reduction of the outstanding Liabilities	(90)
32,502 Total Cash Flows from Financing Activities	(1,388)

A11. Cash and Cash Equivalents

2017/18 Restated £'000	2018/19 £'000
4,482 Cash and Bank Balances	4,799
4,482 Total Cash and Cash Equivalents	4,799

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

A12. Interest on Balances

2017/18 £'000	2018/19 £'000
3,206 Interest paid	(3,415)
(52) Interest received	12
3,154 Net interest paid	(3,403)



Uttlesford District Council

Core Financial Statements 2018/19

Movement in Reserves 2018/19

	General Fund Balance	Earmarked GF Reserves	HRA Balance	Earmarked HRA Reserves	Major Repairs Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2018	(1,321)	(13,629)	(523)	(4,853)	(147)	(3,295)	(1,296)	(25,063)	(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	Earmarked	HRA	Earmarked	Major	Usable	Capital	Total	Unusable	Total
	Fund	GF	Balance	HRA	Repairs	Capital	Grants	Usable	Reserves	Authority
	Balance	Reserves		Reserves	Reserve	Receipts	Unapplied	Reserves		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

Comprehensive Income and Expenditure Statement

Gross Expenditure Restated 2017/18 £'000	Gross Income Restated 2017/18 £'000	Net Expenditure of Continuing Operations Restated 2017/18 £'000	Note Reference	Gross Expenditure 2018/19 £'000	Gross Income 2018/19 £'000	Net Expenditure 2018/19 £'000
2,780	(710)	2,070 Communities & Partnerships		2,748	(772)	1,976
9,914	(5,147)	4,767 Environmental Services		10,742	(6,273)	4,470
24,271	(17,745)	6,526 Finance & Administration		22,007	(15,868)	6,139
2,365	(822)	1,543 Housing & Economic Development		2,516	(800)	1,716
5,123	(15,307)	(10,184) Housing Revenue Account		8,014	(15,279)	(7,266)
1,989	-	1,989 Housing Revenue Account - Overheads		1,946	-	1,946
1,279	(1,989)	(710) Corporate costs		87	(1,946)	(1,859)
47,721	(41,720)	6,002 Cost of Services		48,060	(40,938)	7,122
		2,590 Other Operating Expenditure	5.1			3,031
		2,583 Financing & Investment Income and Expenditure	5.2			2,679
		(15,962) Taxation and Non-Specific Grant Income	5.3			(16,880)
		(10,789) Corporate Amounts				(11,170)
		(4,787) (Surplus)/Deficit on Provision of Services				(4,048)
		(13,447) Surplus on Revaluation of Non-Current Assets				(6,314)
		(7,081) Actuarial (Gains)/Losses on Pension Assets /Liabilities				(6,516)
		- Other Movements in Usable/Unusable Reserves				-
(25,315) Total Comprehensive Income and Expenditure						(16,878)

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

Balance Sheet

31 March 2018		Notes	31 March 2019
Restated			
£'000			£'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	HRA	Capital	Major	Capital Grants	Movement
	Fund	Balance	Receipts	Repairs	Unapplied	Unusable
	Balance	£'000	£'000	£'000	£'000	£'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	HRA	Capital	Major	Capital Grants	Movement
	Fund	Balance	Receipts	Repairs	Unapplied	
	Balance	£'000	£'000	£'000	£'000	£'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	HRA	Capital	Major	Capital Grants	Movement
	Fund	Balance	Receipts	Repairs	Unapplied	Unusable
	Balance		Reserve	Reserve	Reserve	Reserves
<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	HRA	Capital	Major	Capital Grants	Movement
	Fund	Balance	Receipts	Repairs	Unapplied	Unusable
	Balance		Reserve	Reserve	Reserve	Reserves
<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				Purpose of Reserve
	Restated £'000	Transfer In £'000	Transfer Out £'000	31 March 2019 £'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
		In	Out		
	£'000	£'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 £'000	Income £'000	Interest £'000	Draw Down Capital £'000	Draw Down Revenue £'000	31 March 2019 £'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

S106 balances held in the reserve account above are available for use by the Council; in notes 11.3 and 11.4 there are further S106 balances which are held on behalf of other bodies or have specific conditions attached.

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	Balance as at 1 April	11,104	105,366	116,470
4,220	9,196	13,416	Net Gain/(Loss) in Valuation of Assets	3,589	4,089	7,679
4,220	9,196	13,416	In Year Surplus on Revaluation of Non-Current Assets	3,589	4,089	7,679
(277)	(33)	(310)	Revaluation Depreciation to Capital Adjustment Account	(281)	(1,630)	(1,911)
-	(358)	(358)	Disposal of Assets	0	(280)	(280)
(277)	(391)	(668)	In Year Amounts written out to the Capital Adjustment Account	(281)	(1,910)	(2,191)
-	-	-	- Write-out of asset	(1,409)	-	(1,409)
11,104	105,366	116,470	Balance as at 31 March	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		2018/19
	£'000	£'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	2018/19
£'000	£'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	2018/19
£'000	£'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 expenditure chargeable to the General Fund & HRA balances			Adjustments between Funding and Accounting Basis to arrive at the CIES			Net expenditure in the Comprehensive Income & Expenditure Statement			Reported Outturn			Net expenditure chargeable to the General Fund & HRA Balances			Adjustments between Funding and Accounting Basis to arrive at the CIES			Net expenditure in the Comprehensive Income & Expenditure Statement		
	Restated	2017/18 Restated	2017/18 Restated	2017/18 Restated	2017/18 Restated	2017/18 Restated	2017/18 Restated	2017/18 Restated	2017/18 Restated	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
854	146	1,001	1,216	(146)	2,071	Community & Partnerships	778	190	968	1,198	(190)	1,976									
3,304	1,470	4,774	1,463	(1,470)	4,767	Environmental Services	2,454	1,560	4,014	2,016	(1,560)	4,470									
5,957	(3,335)	2,622	568	3,335	6,525	Finance & Administration	5,507	(3,337)	2,170	632	3,337	6,139									
1,439	78	1,517	104	(78)	1,543	Housing & Economic Development	1,485	15	1,500	231	(15)	1,716									
-	(348)	(348)	1,279	(1,641)	(710)	Corporate Costs	87	(374)	(287)	-	(1,572)	(1,859)									
11,554	(1,989)	9,566	4,630	-	14,196	General Fund Total	10,311	(1,946)	8,365	4,077	(0)	12,442									
(10,945)	1,641	(9,304)	761		(8,543)	Housing Revenue Account	(10,753)	1,572	(9,181)	3,487	(1,572)	(7,266)									
	348	348			348	Housing Revenue Account - Overheads	-	374	374	-	1,572	1,946									
609	0	610	5,391	-	6,001	Net Cost of Service	(442)	-	(442)	7,564	(0)	7,121									
		469	(11,257)		(10,788)	Other Income and Expenditure				306	(11,475)		(11,169)								
		1,079	(5,866)	-	(4,787)	(Surplus)/Deficit			(136)	(3,911)	(0)	(4,048)									
					21,404	Opening General Fund and HRA Balance						16,617									
					(4,787)	Surplus/(Deficit) on the Provision of Services						(4,048)									
					16,617	Closing General Fund and HRA Balance						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				Net				Adjustments				Net												
for Capital Purposes	Pensions	Other	Net	for Capital Purposes	Pensions	Other	Net	for Capital Purposes	Pensions	Other	Net	Restated	Restated	Restated	Restated	2017/18	2017/18	2017/18	2017/18	2018/19	2018/19	2018/19	2018/19	
Restated	Restated	Restated	Restated	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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 Restated £'000	2018/19 £'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 £'000	2018/19 £'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	Other Land	Vehicles	Plant	Infrastructure	Community	Assets Under	Total
	Dwellings	and Buildings	and Equipment	Assets	Assets	Construction		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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	Other Land	Vehicles	Plant	Infrastructure	Community	Assets Under	Total
	Dwellings	and Buildings	and Equipment	Assets	Assets	Construction		
	£'000	£'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
Explanation of Movement	
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 £'000	31 March 2019 £'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:

Capital Scheme	Work in progress	Total Remaining Commitment
	31 March 2019	£'000
<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 £'000	31 March 2019 £'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 Restated £'000	31 March 2019 £'000
784 Central Government Bodies	3,244
966 Other Local Authorities	2,197
4,540 Other Entities and Individuals	6,178
6,290 Total	11,619

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

10.2 – Provisions

31 March 2018 £'000	In Year Provision Created £'000	Provision Applied £'000	31 March 2019 £'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

The balances held in the table below have specific conditions attached which govern the use of the grants, if the conditions are not met the Council is required to repay the balance.

	31 March 2018 £'000	Income £'000	Adjustment £'000	Drawn Down -	Drawn Down -	31 March 2019 £'000
				Capital £'000	Revenue £'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, Flitch 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

The creditor balances presented in the table below are being held on behalf of other bodies and are therefore out of control of the Council.

	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 Restated £'000	2018/19 £'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 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	2018/19
£'000	£'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	2018/19
£'000	£'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 year
£'000	£'000	£'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	(1,948)
3,152 Net Interest Paid	1,467

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 £'000	2018/19 £'000	1 year £'000	2 - 5 years £'000	6 - 10 years £'000	11 - 15 years £'000	16 - 20 years £'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 and Uttlesford Association of Local Councils.

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	Pension Contributions	Total Remuneration including Pension Contributions
			£	£	£	£	£	£	£	£
			2017/18	2018/19						
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	Total Number of Exit Packages		Number of Compulsory Redundancies	Number of other Departures	Total Number of Exit Packages
Agreed		Agreed	Agreed			
-	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 £'000	2018/19 £'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	3,839
- 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)	1,157
108,975 Present Value of Scheme Obligation as at 31 March	110,132

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	No change	- 1 year/ -0.1% change
	£'000	£'000	£'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 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'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)	(30,786)

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 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'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

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

18.1 - Financial Instruments – Balances

Long Term Financial Instruments			Short Term Financial Instruments		
As at 31 March 2018 Book Value £'000	Restated as at 31 March 2018 £'000	As at 31 March 2019 Book Value £'000	As at 31 March 2018 Book Value £'000	Restated as at 31 March 2018 £'000	As at 31 March 2019 Book Value £'000
Financial Assets available for Sale					
-	-	-	-	1,000	-
Financial Assets at Amortised Cost					
1,249	1,280	1,325	578	578	480
-	-	-	11,500	9,500	11,000
47,473	47,473	49,601	-	-	-
-	-	-	1,753	2,753	2,525
Financial assets at Fair Value through Profit and Loss					
-	-	-	-	-	1,000
48,722	48,753	50,926	13,831	13,831	15,005
Financial Liabilities at Amortised Cost:					
-	-	-	(813)	(813)	(2,430)
-	-	-	(23,500)	(23,500)	(19,000)
(96,846)	(96,407)	(96,907)	-	-	-
(4,740)	(4,740)	(4,619)	-	-	-
(101,586)	(101,147)	(101,526)	(24,313)	(24,313)	(21,430)
(52,864)	(52,394)	(50,600) Net Total	(10,482)	(10,482)	(6,425)

* The investment of £1m held in a MMF has been restated for 2017/18 into the correct category

** The long term contractual debtors figure for 2017/18 has been restated due to a typing error

*** Outstanding short-term investments as at 31 March 2019 as detailed in Note 18.1.1

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

***** Outstanding short-term borrowing at 31 March 2019 as detailed in Note 18.1.2

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 Eastleigh Borough Council	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 & Cleveland 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 18.5 Financial Instruments - Risks.

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
		Financial Assets at Amortised Cost £'000	Financial Assets at Fair Value through Profit & Loss £'000	Financial Liabilities at Amortised Cost £'000	Total £'000		
Restated							
£'000	£'000	£'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	Fair Value 31 March 2018		Fair Value	Balance Sheet 31 March 2019	Fair Value 31 March 2019
					Level		
£'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 Council's trade receivables (excluding HRA debt which is not reported by age), by due date.

	31 March 2018	31 March 2019
	Trade Receivables	Trade 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	
Receivable	Gross £'000	Loss £'000		Receivable £'000	Loss £'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 £'000	31 March 2019 £'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

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.mminsurance.co.uk

The Council has a second contingent liability; a 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.

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.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.</p> <p>The net book value of the Authority's property, plant and equipment assets is £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.</p> <p>For buildings, the asset life is up to 60 years unless the asset has major components which are depreciated separately. It is estimated that if the asset life for buildings reduced by 1 year, depreciation would increase by £25k.</p>
Property, Plant and Equipment	Property, Plant and Equipment are reviewed for both economic and price impairment on an annual basis. As at 1 April each year the Council's valuers carry out a valuation review of the Council's assets. In addition a year-end review is also undertaken. The recoverable amount is then estimated having regard to the application of the concept of materiality.	<p>If an asset is impaired the carrying amount of the asset is reduced. Land and Buildings are subject to market value movements all other assets are held at depreciated historic cost. The HRA housing stock (Dwellings) are valued at Existing Use Value for Social Housing. If the assets held at revalued amounts a valuation impairment of 1% would equate to a reduction in the Council's net worth of £3.7m.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase in the long term, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are completed by the Essex County Council Fund Actuaries.	<p>The effect on net pensions of changes in individual assumptions can be measured. For instance:</p> <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. <p>Please reference table 17.4 for the affect on the scheme obligations.</p>
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 £'000	Cashflow Hedge Accounting Adjustment to Usable £'000	Restated Usable Reserves £'000	Unusable Reserves £'000	Cashflow Hedge Accounting Adjustment to Unusable £'000	Restated Unusable Reserves £'000	Total Authority Reserves £'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	2017/18 £'000	Support Charges	Cashflow Hedge	Restated
			Adjustment	Accounting	Net Expenditure of Adjustment
			2017/18 £'000	2017/18 £'000	Continuing Operations
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:

	Cashflow Hedge Accounting Adjustment			2017/18 RESTATED £'000
	2017/18	2017/18	2017/18	
	£'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 £'000	2018/19 £'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 Provision (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 No. of Properties	31 March 2019 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 £'000	2018/19 £'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	31 March 2019
£'000	£'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	2018/19
£'000	£'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

Business Rates	2017/18			Collection Fund			2018/19		
	Council Tax	Total					Council Tax	Total	
	£'000	£'000	£'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 Equivalents	38,391
(2,011) LCTS Discounts	(1,948)
35,444 Total Band D Equivalents	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 £'000	2018/19 £'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 £'000	31 March 2019 £'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

STATEMENT OF ACCOUNTING POLICIES

P1. GENERAL PRINCIPLES

The general principles adopted in compiling the Accounts summarises the Council's financial transactions for the 2018/19 financial year and its position at the year-end of 31st March 2019. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and this requires the preparation to be in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the Service Reporting Accounting Code of Practice 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance, issued under Section 12 of the 2003 Act.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

IAS 1 'Presentation of Financial Statements' specifies the information to be included in the financial statements but not the format. In addition the standard specifies the information to be disclosed within the financial statements on the face of the statements or in the associated notes. One of the key requirements of the standard is that assets and liabilities or income and expenditure should not be offset against each other.

P2. ACCRUALS OF INCOME AND EXPENDITURE

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

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

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

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

P3. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

Contingent Liabilities

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

P4. RESERVES

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

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

P5. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

Government Grants and Contributions (Revenue)

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

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

Government Grants and Contributions (Capital)

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

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

P6. RETIREMENT BENEFITS

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

The Local Government Pension Scheme

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

- The liabilities of the Essex County Council Pension Scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.5% (based on the indicative rate of return on high quality corporate bonds).

- The assets of the Essex County Council Pension Fund attributable to the Council are included in the balance sheet at their fair value as follows:
 - quoted securities – current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value

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

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

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

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. These powers were not used in 2016/17.

P7. TERMINATION PAYMENTS

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

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

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

P8. VALUE ADDED TAX

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

P9. INTANGIBLE FIXED ASSETS

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

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

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

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

P10. PROPERTY, PLANT AND EQUIPMENT

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

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

Recognition

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

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

Measurement

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

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

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

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

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

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

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

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

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

Valuation

Asset valuations were carried out as at 1 April 2018 by Wilks, Head and Eve LLP and an end of year market review is undertaken as at 31 March 2019.

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

Impairment

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

Impairment losses are accounted for as follows:

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

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

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

Disposals – Assets Held for Sale

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

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

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

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

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

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

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

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

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account within the Movement in Reserves Statement.

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

Depreciation:

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

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

Depreciation is calculated on the following basis:

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

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

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

Componentisation

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

A component must have the following factors:

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

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

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

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

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

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

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

P11. CHARGES TO REVENUE FOR FIXED ASSETS

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

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

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

P12. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

P13. HERITAGE ASSETS

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

Property Heritage Assets: Saffron Walden Motte and Bailey Castle

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

Heritage Assets held on Balance Sheet: Saffron Walden Museum Artefacts

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

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

P14. LEASES

The Council as lessee

Finance Leases

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

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

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

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

Operating Leases

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

The Council as Lessor

Operating Leases

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

P15. CASH AND CASH EQUIVALENTS

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

P16. FINANCIAL INSTRUMENTS

Financial Liabilities

Financial Liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

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

This gives rise to three methods of accounting:

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

- Fair value through profit and loss – applies in all other circumstances

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

Amortised Cost

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

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

Fair value through profit and loss

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

P17. INVENTORIES

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

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

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

P18. INTERESTS IN COMPANIES AND OTHER ENTITIES

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

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

In 2018/19 the Council has produced Group Accounts resulting from material transactions from one of the wholly owned subsidiaries, Aspire (CRP) Ltd.

P19. PRIVATE FINANCE INITIATIVE (PFI)

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

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

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

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

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

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

P20. LONG-TERM DEBTORS

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

P21. COUNCIL TAX

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

- The agency share of Council Tax income is not included in the Council’s Comprehensive Income and Expenditure Statement, as it is not part of the council’s operating activities.

- A debtor/creditor to reflect the difference between the various preceptors share of the cash collected in the year and the cash paid to the preceptors on account in line with the appropriate regulations will be included in the Council's balance sheet.
- The council's cash flow statement only includes the council's share of council tax, net of cash collected and precepts paid to it.

P22. NATIONAL NON DOMESTIC RATES (NNDR)

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

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

P23. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

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

The main change to accounting policies in 2018/19 which has had an effect on the 2018/19 accounts is the implementation of IFRS9 Financial Instruments for more details on the changes please refer to note 18.7.

For 2018/19 the Council amended its reporting segments from that used in 2017/18 and the Code also clarifies further the requirement to exclude transactions between reporting segments from being presented in the CIES, therefore, some restatement of previous year comparators has been necessary.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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

P24. EVENTS AFTER THE REPORTING PERIOD

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

P25. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

1 SCOPE OF RESPONSIBILITY

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

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Uttlesford District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Uttlesford District Council for the year ended 31 March 2019 and up to the date of approval of the annual statement of accounts.

3 THE GOVERNANCE FRAMEWORK

- 3.1 Some of the key features of the governance framework are set out in the following paragraphs.
- 3.2 The Uttlesford District Council Corporate Plan 2018/2022 outlines the aims and four priority areas and it is complemented by the Medium Term Financial Strategy and together these represent the key planning documents for the Council. This was again underpinned by an annual delivery plan setting out the specific projects/activities that would contribute to the Council's priorities. The Corporate Plan is reviewed annually and takes account of feedback from public consultation carried out via a Citizens Panel, as well as data and analysis relating to the residents, communities and businesses in the District. The Corporate Plan 2019/2020 was approved by members at the Council Meeting held in February 2019.
- 3.3 Delivery of the Council's Corporate Plan is supported by the Corporate Plan Delivery Plan 2018/19 and service plans in which the corporate objectives are translated into more specific aims and objectives. These are then cascaded down into individual performance development reviews through the council's U-Perform system. These all include targets and, where appropriate, service standards against which service quality and improvement can be judged. Performance against the delivery plan is monitored by the Corporate Management Team (CMT) and Cabinet, while service plans are monitored by individual services and formally reviewed quarterly by the CMT. In addition, the Council's key performance indicators are monitored quarterly by the Governance, Audit & Performance Committee. Satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction
- 3.4 Uttlesford District Council has adopted a Constitution which establishes the roles and responsibilities for members of the executive (the Cabinet), Governance, Audit & Performance, Scrutiny, and Standards Committees, together with officer functions. It includes details of delegation arrangements, the Members' Codes of Conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose. A Code of Conduct for Staff is in draft form and is expected to be finalised early in 2019/20. There is a guide to disciplinary standards; conduct of officers is directed by Human Resource Policies (HRP) and through the values and behaviours which are part of the Council's individual performance review system known as 'U-Perform'.
- 3.5 The Constitution contains procedure rules, standing orders and financial regulations that clearly define how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Corporate Management Team. The Constitution also contains a Statutory Officers Protocol.
- 3.6 During 2018/19 the following amendment to the Constitution has been made:

The Council has adopted a procedure requiring notice to be given in advance of amendments to be moved at full Council meetings.

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

For the period 01/04/18 to 31/03/19, there were 16 allegations received of a breach of the Code of Conduct, of which

- 11 were against parish councillors;
- 5 were against district councillors.
- The decision was taken not to investigate 4 of the allegations;
- 5 of the allegations were not investigated as the subject member is no longer a councillor;
- An alternative resolution to investigation was applied to 1 allegation;
- 2 allegations are under investigation;
- 3 allegations are under assessment;
- 1 allegation investigation has been completed and a hearing is to be arranged.

- 3.12 The Council has policies to protect both itself and its staff when making decisions. A Counter Fraud and Corruption Strategy and Policies have been developed in accordance with the Code of Practices on Managing the Risk of Fraud and Corruption (CIPFA 2014), and include the Council's Fraud Response Plan, Whistleblowing and Bribery Act 2010 Policies which have been developed and communicated to all staff via the internet and as part of the Induction process. The Counter Fraud and Corruption Strategy and Policies have been reviewed, updated and published during 2018/19.
- 3.13 The Council has embedded Risk Management throughout its activities with the Corporate Risk Register reflecting the key threats to achieving its corporate aims and objectives. The Council's Corporate Risk Register is reviewed and updated by CMT and reported twice a year to the Governance, Audit and Performance Committee.
- 3.14 Performance Management is monitored through quarterly reporting to CMT and the Governance, Audit and Performance Committee on 16 Key Performance Indicators and more than 20 other PIs. Areas of concern are discussed by the Committee and follow-up reports are requested if necessary. Of particular concern in 2018/19 was the re-let time for void properties.
- 3.15 All Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications are in place for all posts to ensure that the best candidates are appointed into each position. A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost. Training needs are identified through the U-Perform appraisal system, including ILM training for supervisors and managers.
- 3.16 The individual performance review system known as U-Perform has been operated in the council for nine years. Staff are measured against operational objectives that are linked through to service plans and the Corporate Plan and are also provided with behaviour statements against which they can demonstrate how they go about their roles. U-Perform also identifies developmental and training needs, through which training is made available to staff to ensure that individuals are able to undertake their present role effectively. In 2018/19 the Council achieved a 100 per cent completion rate for U-Perform for the second year running. Also in 2018/19, the council moved the U-Perform system online via the iTrent HR platform and introduced a new paper-based system for manual staff. A moderation process was established in 2017/18, through which the council's Chief Executive and Directors review U-Perform ratings for all staff to ensure consistency across all departments in the way the system is applied and this process was further improved for 2018/19.
- 3.17 During the year 2018/19 specific training for Members of the following committees was also arranged: Standards Committee (in-house training covering Standards Hearings) and Planning Committee (in-house training covering Probity in Planning). Online training for all Members of the Council on General Data Protection Regulations and Data Protection Act 2018 was provided through the Local Government Association from May 2018. The monthly

Members' Bulletin has provided further information and guidance to Members for example on Cybercrime Training; Photographing of Members and Mileage and Expenses.

3.18 The Council continues to ensure it is open and accessible to the community. In 2018/19 it has:

- Continued to regularly survey the views of residents through its Citizens Panel
- Launched a new council website, following Government Digital Service design principles
- Launched a sub-site for business to provide information and support to the local economy
- Continued to meet guidelines on the publication of transparency information on its website, including publishing Gender Pay Gap information
- Continued audio streaming and recording of meetings of the Planning Committee, Full Council and Cabinet and, latterly, all committees including the Scrutiny Committee
- Conducted a major consultation exercise for the Local Council Tax Support Scheme and budget setting, which attracted the highest ever level of responses
- Established a Public Engagement Working Group, which concluded its work with a series of recommendations to improve community engagement with the council
- Continued to support the Uttlesford Youth Council
- Continued to deliver the Keep Me Posted email news service for residents and grew the subscriber base to in excess of 7,000 people.

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

3.19 During 2018/19 the Council's Scrutiny Committee has looked at various areas of Council decision making and service delivery, including the draft budget and LCTS scheme and consultation, affordable homes and waste education. In addition, the Centre for Public Scrutiny's report into the council's scrutiny processes and practices was discussed and an action plan agreed. Several key recommendations were put in place during the year, including reports being presented by Cabinet Members rather than officers and the establishment of a Memorandum of Understanding between the executive and scrutiny. A summary of the Committee's work for the year can be found on the agenda of the Full Council meeting of 9 April 2019

3.20 There are terms of reference and constitutions set up for key partnerships which ensure that all members of the partnership act lawfully throughout the decision making process. Uttlesford Futures has a comprehensive Governance Handbook and the terms of reference for all of the working groups are regularly reviewed to ensure they comply with the overarching document. Key partnerships include the Local Strategic Partnership - Uttlesford Futures;

the Public Law Partnership and the North Essex Parking Partnership. The Council also works closely with neighbouring authorities to promote sustainable economic growth and on strategic planning issues in the context of the duty to cooperate under the Planning Acts. It also works with Braintree and Epping Forest Councils for shared provision of energy efficiency advice, insurance arrangements and building control.

- 3.21 A Corporate Peer Challenge was conducted in November 2016; the report and action plan was approved at Council in July 2017 and update reports on progress against the action plan have been regularly reported to GAP, with the most recent being in October 2018
- 3.22 The Council's Draft Statement of Accounts for 2017/18 was completed by 31 May 2018. The audited Statement of Accounts for 2017/18 was published on 26 July 2018. The Council received an unqualified opinion on its accounts for the tenth successive year.
- 3.23 During 2018/19 work has continued on the development of the council's new HR and Payroll system. Phase 2 of the project, which includes appraisals and online recruitment, went live during the year.
- 3.24 On 15 May 2017, Aspire (CRP) Ltd (a wholly owned company of the council) purchased a 50% share in Chesterford Research Park (which is part of the South Cambridgeshire Biotech Cluster) in a joint venture with Aviva Ltd. The company has three Directors all of which are council employees and are members of the Corporate Management Team. The company also engages the services of two Non-Executive Directors to complement the skills of the directors in determining the company's activities, which are the subject of audit processes separate to the council. Members of the Cabinet form the shareholder board. The Council resolved to fund 50% of the refurbishment and refit costs of Newnham Building and this work commenced in early 2019. The expected completion date is summer 2020.
- 3.25 The GDPR project has been completed and arrangements are in place to ensure ongoing compliance with GDPR. Attention is being moved to wider aspects of information governance
- 3.26 During the autumn of 2018 it became clear that the risks to the Council, businesses and the community of Uttlesford of a no-deal exit from the European Union were such that the risk should be added to the corporate risk register (November Governance Audit and Performance Committee) and additional resources were allocated to the preparations for such a scenario. Bids were made to government for additional funding to provide for preparations; the council received £16k from the FSA and £35k from the DCLG. This was in addition to funding allocated to all local authorities in recognition of their preparations. Additional training was undertaken by command staff and officers participated in an Essex wide strategic command exercise.

4 REVIEW OF EFFECTIVENESS

- 4.1 Uttlesford District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The Council's Monitoring Officer has responsibility for overseeing the implementation and monitoring the operation of the Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, considering any changes that may be necessary to maintain it and ensure its effectiveness in practice. All reports to Cabinet, Committees and Council are seen by the Monitoring Officer to ensure compliance with legal requirements.
- 4.3 The Council's Section 151 Officer has responsibility for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations to ensure they remain fit for purpose, and submitting any additions or changes necessary to the full Council for approval. The Section 151 Officer is also responsible for reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council. All reports to Cabinet, Committees and Council are seen by the Section 151 Officer to ensure compliance with financial requirements.
- 4.4 The Council's Internal Audit Service, via a specific responsibility assigned to the Internal Audit Manager, is required to provide an annual independent and objective opinion to the Authority on its risk management, governance and control environment. The Internal Audit Manager's Annual Report and Opinion for 2018/19 concluded that the audit opinion on the control environment for 2018/19 is that risks material to the achievement of the objectives for the audited areas identified by Internal Audit were, on balance, satisfactorily managed and controlled.
- 4.5 Twenty-two Audits from the 2018/19 Internal Audit Programme have been completed. Of these, three audits were given an Internal Audit opinion of either Little or Limited Assurance:
 - The Audit of Corporate Equality and Diversity was given the opinion of Little Assurance. Nine recommendations were made - eight level 3 and one level 2; one recommendation has been implemented, the remaining recommendations are expected to be implemented by their agreed due dates in 2019/20.
 - The Audit of Environmental Health Enforcement was given the opinion of Limited Assurance. Five recommendations were made – four level 3 and one level 2; three recommendations have been implemented, the remaining recommendations are expected to be implemented by their agreed due dates in 2019/20

- The Audit of Housing – Planned Maintenance was given the opinion of Limited Assurance. Three recommendations were made – one level 4 and two level 3; one recommendation has been implemented, the remaining recommendations are expected to be implemented by their agreed due dates in 2019/20
- 4.6 In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all Senior Management Team (SMT) members on the effectiveness of the internal control environment. A review of the returns concluded that based on this self-assessment, effective controls were in place.
- 4.7 The work of the Council's Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) 2017. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), additional requirements and interpretations for the UK public sector have been inserted in such a way as to preserve the integrity of the text of the mandatory elements of the IPPF. The PSIAS are mandatory for all internal auditors working in the UK public sector. An External Quality Assessment of the performance of Internal Audit and its conformance with the PSIAS was undertaken in September 2017. An essential element of this assessment was to ensure that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance. The External Assessment concluded that the Internal Audit service generally conforms with the expectations of the PSIAS and made 15 recommendations to reflect that there are areas in which the service can be further improved and enhanced. Lack of resource has resulted in implementation of only 3 recommendations during 2018/19, the service will be working to implement the remaining recommendations during 2019/20.
- 4.8 The Council's Performance Management Framework through which the quality of service can be measured by performance indicators. Most indicators are monitored on a quarterly basis; some are bi-annual or annual. All are discussed by the Corporate Management Team and the top two of three layers of indicators are reported to Committee.
- 4.9 EY were appointed as the Council's External Auditor from 01 September 2012 and were responsible for reviewing the Council's Statements of Accounts. In addition to reviewing the 2017/18 Statement of Accounts, EY issued a formal opinion on the Council's arrangements for securing Value for Money concluding that the council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources. This was the final year of EY's appointment as our External Auditors.
- 4.10 Public Sector Audit Appointments (PSAA) is specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For audits of the accounts from 2018/19, PSAA appoints an auditor to relevant

principal local government authorities that have opted into its national scheme. Appointments are made for the duration of a five-year appointing period. The current appointing period covers the audits of the accounts for 2018/19 to 2022/23.

- 4.11 In December 2017 BDO LLP were confirmed by PSAA as the Council's new External Auditors for the period 2018/19 to 2022/23

5 SIGNIFICANT GOVERNANCE ISSUES

5.1 Significant Issues from 2017/18

In the 2017/18 Annual Governance Statement the following three issues were identified:

- 1 The revision of the Code of Corporate Governance has not been completed; this has been included as a Significant Control Issue identified in 2017/18

Good progress is being made with a fundamental review and redraft of the Code of Corporate Governance. The new version will be submitted for member approval in the first part of 2019/20.

- 2 Significant control weaknesses were identified by Internal Audit in the Trade Waste Service. Significant work has been undertaken within the service to ensure the implementation of the recommendations. Internal Audit will undertake further audit work to complete the audit in 2018/19.

In July 2018, Internal Audit carried out follow-up work to confirm the implementation of the recommendations made and in June 2019 completed the required testing of the controls now in place. The final Audit report was issued with a satisfactory opinion given.

- 3 Homes England has drawn the Council's attention to non-compliance with the Capital Funding Guide (CFG) and has made a recommendation that the Council update and improve internal processes to ensure compliance to the CFG and send evidence of this to Homes England by 01 August 2018, (this is subject to further discussions with Homes England).

The final grade received in a report from Homes England demonstrated a failure by the Council to meet the requirements of the Homes England Capital Funding Guide for the development at Reynolds Court. The report from Homes England confirmed that there were no other breaches in the administration of this development. The breach was awarded to the Council on the basis that the start on site claim was made in advance of the main contract being signed. The report acknowledged that eligible works had commenced, possession of the site had been achieved and that the provider was incurring eligible costs. Works were commenced under a Pre-Construction Services Agreement which was signed on the 15th December 2015, well before the first grant claim. Officers have liaised with Homes England to agree procedures for any future grant applications.

The council has changed internal procedures to ensure that a re-forecast of the start on site milestone is requested from Homes England, in order to correspond with the execution date of the main build contract, on all future schemes. This will ensure that no start on site claim is requested prior to the execution date of the main build contract. This approach has been signed off by Homes England. It has also been signed off by the Portfolio for Housing and the Council's Corporate Management Team.

5.2 Actions Identified for 2017/18

In the 2017/18 Annual Governance Statement the following five actions were identified for 2018/19:

- 1 Publication of the revised and update Counter Fraud Strategy and Policies

The Counter Fraud Strategy and Policies were revised and updated and approved for publication in March 2019

- 2 Publication of a Code of Conduct for Staff and a revised Register of Interests (in line with the Internal Audit Recommendation made following the Audit of Corporate Governance)

A Code of Conduct for staff has been drafted and this is expected to be published in the first part of 2019/20.

Work on a register of interests for staff will be undertaken in 2019/20

- 3 Completion of the GDPR Project and establishment of the processes and procedures required to ensure ongoing compliance with GDPR and the new Data Protection Act 2018

The GDPR project has been completed and arrangements are in place to ensure ongoing compliance with GDPR. Attention is being moved to wider aspects of information governance

- 4 The completion of the review and update of the Code of Corporate Governance

Good progress is being made with a fundamental review and redraft of the Code of Corporate Governance. The new version will be submitted for member approval in the first part of 2019/20.

- 5 Implementation of recommendations from

- the review of Scrutiny

Recommendations from the Centre for Public Scrutiny review of the council's scrutiny processes and practices have been put in place during 2018/19, including the establishment of a Memorandum of Understanding between the executive and scrutiny functions, which incorporates multiple recommendations in a single document.

- the Peer reviews of

- Electoral Services

The Association of Electoral Administrators (AEA) was engaged to undertake a peer review of the council's electoral services, ahead of the planned retirement of the long-standing experienced manager. Their identified a number of strengths within the service and made six recommendations, of which four have been implemented. The other two remain outstanding as they need to be implemented at a time of electoral stability.

- Licensing

In 2018/19 the council undertook a comprehensive review of the licensing system at Uttlesford District Council primarily focusing on Hackney carriage vehicles and PHV, including operator, driver and vehicle licences and the standards and conditions that govern them.

The review identified both strengths and weaknesses within the service and made recommendations for improvement to the delivery and efficiency of service and its interaction with its customers as well as changes to policies and procedures which were found to be outdated and in need of a fundamental review. Safeguarding was highlighted as a potential issue as the council has over 2,000 drivers predominantly on School contract work which puts potentially vulnerable people totally under the control of the driver.

Following the review new policies and procedures have been put in place. These were widely consulted on before being approved by Committee and Full Council. The authority is confident that the new measures it has put in place will ensure that vehicles are safe and that drivers and operators are fit and proper to hold such licences

- Planning

The Planning Peer Review was undertaken by the Planning Officers' Society in February 2018. The Review highlighted many strengths in the way we work but has indicated that if we are to provide the excellent planning service we aspire to, we need to improve our performance levels relating to the Government's key criteria. We are currently in the lower quartile's for performance targets relating to major and non-major planning applications. This is a service wide issue – not one just for

development management to address as other teams such as Conservation, Landscape, Economic Development and Planning Policy need to feed into the planning application decision-making processes in a more timely, efficient and effective way.

A Peer Review Action Plan covering all service areas has been developed and is in the process of being implemented. This needs a renewed focus on hitting the agreed targets and objectives so that the service improves across the department. A key element of this will be giving managers the time and space to manage instead of them getting too involved in detailed issues that can be dealt with by officers in their teams. This in turn, will require managers to delegate more decision-making and allow officers to make informed, professional decisions themselves based on their own experience and skills.

- The Ombudsman regarding training for Senior Managers in the handling of complaints

12 staff attended training provided by the Local Government Ombudsman regarding effective handling of complaints, primarily focused on dealing with complaints effectively at the first stage. The council's policy on complaints has subsequently been updated, in part to reflect the best practice shared at the training. In addition, the responsibility of coordinating the council's responses to complaints raised with the LGO has been taken on by the Executive Support team who have reviewed the collation and management of information, which has received very positive feedback from the LGO.

5.3 Significant Control and Governance Issues identified 2018/19

Equality & Diversity

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

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

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

Signed:_____

Dawn French
Chief Executive

Signed:_____

John Lodge
Leader of the Council

Index for Notes to the Core Financial Statements and Supplementary Statements	Page	Note/Table Reference
Section A – Notes to the Group Accounts	8	
<i>Accounting Policies</i>		A1
<i>Notes to the Comprehensive Income and Expenditure Statement</i>		
Investment and Financing Income and Expenditure		A2
Tax Expenses of Group Entities		A3
<i>Notes to the Balance Sheet</i>		
Long-term Investments		A4
Short-term Debtors		A5
Cash and Cash Equivalents		A6
Usable Reserves		A7
<i>Notes to the Cash Flow</i>		
Cash Flows from Operating Activities		A8
Cash Flows from Investing Activities		A9
Cash Flows from Financing Activities		A10
Cash and Cash Equivalents		A11
Interest on Balances		A12
Section B – Movement in Reserves Statement	21	
<i>Movement in Reserves</i>		1.0
Adjusting between Accounting and Funding Basis under Regulations 2017/18		1.1
<i>Usable Reserves:</i>		2.0
Revenue Balances – General Fund		2.1
Revenue Balances – Housing Revenue Account		2.2
Capital Receipts Reserve		2.3
Capital Grants and Contributions without Conditions (Unapplied)		2.4
<i>Unusable Reserves:</i>		3.0
Revaluation Reserve		3.1
Capital Adjustment Account		3.2
Deferred Capital Receipts		3.3
Accumulated Compensated Absences Adjustment Account		3.4
Pension Reserve		3.5

Index for Notes to the Core Financial Statements and Supplementary Statements	Page	Note/Table Reference
Collection Fund Adjustment Account		3.6
Section C – Comprehensive Income and Expenditure Statement	33	
<i>Compliance to Regulations</i>		4.0
Revenue Contracts		4.1
Expenditure and Funding Analysis		4.2
Note to the Expenditure and Funding Analysis		4.3
Expenditure and Income Analysed by Nature		4.4
<i>Notes to the Comprehensive Income and Expenditure Statement</i>		5.0
Total Other Operating Expenditure		5.1
Total Financing & Investment Income and Expenditure		5.2
Total Taxation and Non-Specific Government Grants		5.3
Section D – Balance Sheet	39	
<i>Intangible Assets</i>		6.0
Intangible Assets		6.1
<i>Property, Plant and Equipment</i>		7.0
Analysis of Property, Plant and Equipment		7.1
Capital Expenditure and Financing		7.2
Heritage Assets		7.3
Significant Commitments under Capital Contracts		7.4
<i>Other Long Term Assets</i>		8.0
Long Term Investments		8.1
Long Term Debtors		8.2
<i>Current Assets</i>		9.0
Inventories (Stock)		9.1
Debtors		9.2
Impairment Allowances (for Non-Collection)		9.3
Short Term Investments		9.4

Index for Notes to the Core Financial Statements and Supplementary Statements	Page	Note/Table Reference
Cash and Cash Equivalents		9.5
<i>Current Liabilities</i>		10.0
Creditors		10.1
Provisions		10.2
<i>Long Term Liabilities</i>		11.0
Long Term Borrowing		11.1
Deferred Liabilities		11.2
Creditor – Capital Grants and Contributions with Conditions		11.3
Creditor – Capital Grants and Contributions due to Other Bodies		11.4
Pensions Liability		11.5
<i>Tax Payers Equity</i>		12.0
Usable Reserves		12.1
Unusable Reserves		12.2
Section E - Cash Flow Statement	52	
<i>Cash Flow Activities</i>		13.0
Cash Flow Statement – Operating Activities		13.1
Cash Flow Statement – Investing Activities		13.2
Cash Flow Statement – Financing Activities		13.3
Cash Flow Statement – Cash and Cash Equivalents		13.4
Cash Flow Statement – Interest on Balances		13.5
Section F – Supplementary Notes to the Core Financial Statements	55	
<i>Leasing Arrangements and Private Finance Initiative</i>		14.0
Private Finance Initiative		14.1
<i>Members, officers and Related Parties</i>		15.0
Members Allowances		15.1
Related Party Transactions		15.2
Officers Remuneration		15.3
Employees Salary over £50,000		15.4

Index for Notes to the Core Financial Statements and Supplementary Statements	Page	Note/Table Reference
Termination Benefits		15.5
<i>Fees Payable</i>		16.0
External Audit Fees Payable		16.1
<i>Pension Scheme</i>		17.0
Pension Scheme Disclosure		17.1
Transactions Relating to the Pension Scheme		17.2
Pension Liabilities (Summary)		17.3
Pension Liabilities (Sensitivity Analysis)		17.4
Pension Assets		17.5
Pension Scheme History		17.6
Basis for Estimating the Pension Scheme Assets and Liabilities		17.7
Analysis of Assets Held		17.8
History of Actuarial Gains and Losses		17.9
Pension Reserve		17.10
<i>Financial Instruments</i>		18.0
Financial Instruments - Balances		18.1
Long-term Borrowing		18.2
Financial Instruments – Gains and Losses		18.3
Financial Instruments – Fair Values		18.4
Financial Instruments – Risks		18.5
Financial Instruments – Collateral		18.6
Financial Instruments – Transition to IFRS 9		18.7
<i>Supplementary Notes</i>		19.0
Events after the Reporting Period		19.1
Contingent Liabilities		19.2
Grant Income - Revenue		19.3
Un-adopted Accounting Policies		19.4
Critical Judgements in Accounting Policies		19.5
Assumptions made about the Future and Other Sources of Estimation		19.6
Prior Period Adjustment		19.7

Index for Notes to the Core Financial Statements and Supplementary Statements	Page	Note/Table Reference
Section G – Supplementary Financial Statements – Housing Revenue Account; <i>Housing Revenue Account Comprehensive Income and Expenditure Account;</i>	93	
Movement in HRA Reserves;	20.0	
Adjustments between Accounting and Funding basis under Statute;	20.1	
<i>Notes to the Housing Revenue Account</i>	21.0	
Introduction Statement	21.1	
Gross Rental Income	21.2	
Housing Revenue Account Self-Financing Transactions	21.3	
Housing Stock	21.4	
Rent Arrears	21.5	
Balance Sheet Value of Housing Revenue Stock	21.6	
Major Repairs Reserve	21.7	
Capital Financing	21.8	
Housing Revenue Account Contribution to the Pension Fund	21.9	
Section H – Supplementary Financial Statements – Collection Fund	99	
<i>Collection Fund Summary</i>		
Collection Fund Income and Expenditure Account		
<i>Notes to the Collection Fund</i>	22.0	
Council Tax Introduction	22.1	
Council Tax Base	22.2	
Council Tax Income Analysis	22.3	
Council Tax Collection Fund Balance	22.4	
Business Rates – Introduction	22.5	
Business Rates Income Analysis	22.6	
Business Rates Collection Fund Balance	22.7	