

**FENLAND DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS**

**(SUBJECT TO AUDIT)**

**2020-21**

# **FENLAND DISTRICT COUNCIL**

## **STATEMENT OF ACCOUNTS**

**2020/21**

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# NARRATIVE REPORT

## 1. INTRODUCTION

This report explains how we've worked with residents, partners and community groups over the past year to achieve the priorities in our Business Plan. Our priorities focus on our communities, our environment and our economy.

## 2. ABOUT FENLAND

Fenland has strong community spirit and pride in its heritage. 102,080 people live in the district (ONS: 2020), which covers 211 square miles within North Cambridgeshire. 75% of people live in our four market towns of Chatteris, March, Whittlesey and Wisbech. Our beautiful rural landscape is home to 29 villages and attracts visitors from around the country.

Fenland has the lowest house prices in Cambridgeshire and plentiful availability of commercial land. As a result, our population is growing quickly. By 2036, it is predicted that the population will have increased by over 9% to 110,700. We have plans in place to maximise the positive opportunities that growth brings.

Our population is also getting older. 30% of our population are aged 60 or over; above average compared to Cambridgeshire and the UK as a whole (ONS: 2020). Alongside partners, we are working to enable residents to access the support they need to live happily, healthily and independently.

We also face some challenges around deprivation, particularly around education and health. We are the 80th (out of 326) most deprived area in the country, with some wards within the top 10% most deprived (IMD: 2019). Nevertheless, we continue to work closely with other organisations to positively overcome these challenges.

Further details can be found in our Annual Report at: [www.fenland.gov.uk/annualreport](http://www.fenland.gov.uk/annualreport)

## 3. ABOUT FENLAND DISTRICT COUNCIL

Fenland District Council has 342 employees. As an organisation, our unique 'one-team' culture supports the effective delivery of our priorities. It enables officers, elected members and partners to effectively work together without the constraints of traditional department silos. We support and invest in our workforce to give them the skills they need to work effectively in their roles, which has been recognised by continued Customer Service Excellence (CSE) re-accreditations. In our latest Staff Survey (2020), 95% of staff said they were proud to work for us.

Public sector austerity has now continued for over a decade. Since 2010, we have made savings of £10.06million, and must make a further £1.67million between 2021/22 and 2024/25. The challenge remains to deliver good quality services that our residents need, whilst investing in services and projects that help the district to grow. We continue to work closely with partners, with well-established arrangements in place for a number of our key services including Revenues and Benefits and Planning Policy. Our recent partnership with Freedom Leisure has already enabled improvements to be made to our leisure centre facilities, whilst saving £351,000 per year.

As an organisation, work is underway to ensure we are operating as effectively as possible – not only to meet current needs, but to meet future ones too. During this financial year we have taken forward the Commercial and Investment Strategy approved in early 2020 and this strategy has enabled us to establish Fenland Future Ltd, a wholly-owned subsidiary and to acquire an industrial property in Wisbech which is leased to the private sector. Our 'My Fenland' Customer Services project is enabling us to transform our processing of customer enquiries by utilising technology to enable residents to access services 24/7. A number of transformation projects, spanning across a variety of service areas, are also changing the way we work to meet emerging needs.

The outbreak of the Covid 19 pandemic in March 2020 presented the organisation with numerous challenges. Immediately staff found themselves required to work from home and new teams needed to be established within the Council to take forward the various work-streams linked to the Council's response. When restrictions linked to the virus were first introduced the Council established a Covid-19 community hub. Working alongside 80 other organisations the Council was able to assist local residents in a range of ways including food shopping, medicine collection and general errands, as well as money and employment advice. This service has so far received more than 2,200 requests for support.

The Council has always been proud to work collaboratively with partner organisations in the public, private and voluntary sectors. The Council's response to the pandemic built on existing relationships as the Council contributed to the development of a Local Outbreak Management Plan to set out to government how Councils in the area would respond collectively to prevent and reduce transmission of Covid-19. Close working with the Ferry Project and Change Grow Live (CGL) enabled the Council to provide emergency accommodation to 57 rough sleepers as part the government's 'Everyone In' initiative and collaboration with Anglia Revenues Partnership facilitated the awarding of business rate relief and business grants totalling £29.84m to businesses impacted by the pandemic.

Despite the pandemic we have been able to take forward ambitious investment programmes which will help the District as it continues to recover from the impact of the pandemic. In Wisbech High Street work has commenced on one of the three high-priority buildings where substantial renovation works are being taken forward as part of a project part-funded by a grant of £1.8m from the National Heritage Lottery Fund. Work on the remaining two high-priority properties is set to commence shortly. In Whittlesey, Manea and March work has been ongoing to utilise funding from the Cambridgeshire and Peterborough Combined Authority ('CPCA') to improve railway infrastructure in the District including improvements to station premises and additional car parking.

In December 2020 the Council was delighted to be advised by government that it had been successful in securing £6.4M in funding from central government following a bid submitted to the Future High Streets Fund. Combined with match-funding from the CPCA this project will see March town centre transformed through pedestrian, public realm and traffic flow changes to Broad Street, the Market Place and Acre Road area. The Council is continuing to engage with government as part of its 'levelling-up' agenda and it is hoped that the Council will be able to access more funding to further develop our market towns.

The Council does not underestimate the challenges ahead as both the District and the country seek to recover from the impact of the pandemic. Whilst the vaccination programme has been highly successful and take-up in Fenland has been strong, there are still considerable uncertainties ahead. The impact of the pandemic on businesses and individuals has been considerable. Member and Officers recognise that successfully

delivering against the Council's Covid-recovery plan will be critical if the Council to realise its strategic priorities.

#### **4. GOVERNANCE**

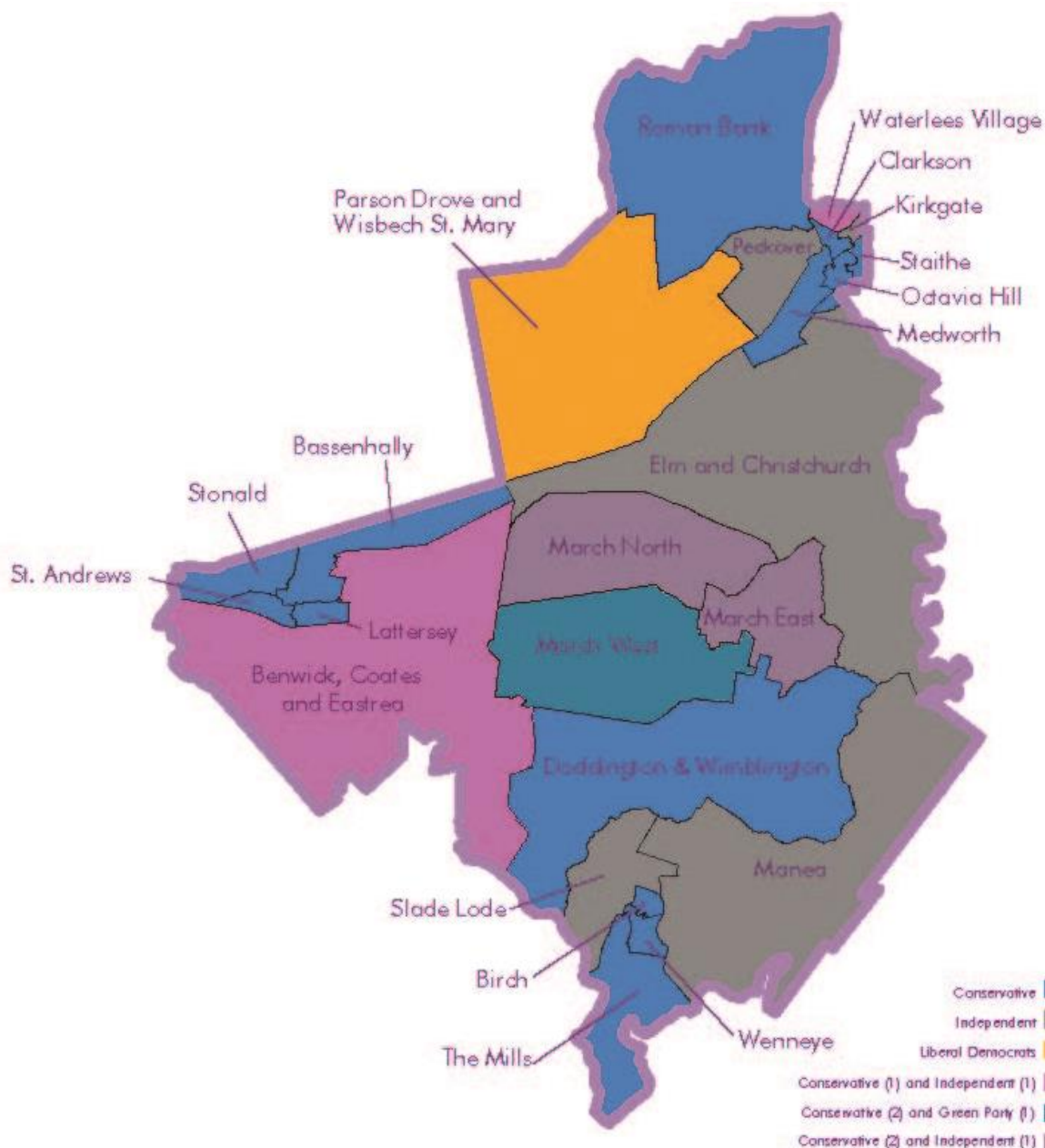
Fenland District Council is made up of 39 Councillors, representing 24 wards.

Councillors are elected every four years by local residents to represent their area, make decisions and set priorities for the district.

We operate a Leader and Cabinet style of governance. This involves a Cabinet of 10 Councillors, each with specific responsibilities.

The Conservative group holds the majority with 27 seats. The remaining 12 seats are made up of 9 Independent Councillors, 2 Liberal Democrat Councillors and 1 Green Party Councillor.

The map on the following page shows the District split into wards.



## 5. OUR PRIORITIES

**Our mission as a Council is 'To improve the quality of life for people living in Fenland'**

To do this, we have developed a series of priorities to deliver over the next year. These aim to address the social, environmental and economic needs for residents to live happy, fulfilled lives and are summarised in the table below.

Partnership working is at the heart of these priorities. This includes working with the Combined Authority to seek investment and support for improvements to transport, infrastructure, skills and employment.

The Council's priorities and sub-priorities for 2020/21 are summarised in the table below.

**Summary of Corporate Priorities 2020/21:**

Quality Organisation	Communities	<ul style="list-style-type: none"> <li>• Support vulnerable members of our community</li> <li>• Promote health and wellbeing for all</li> <li>• Work with partners to promote Fenland through culture and heritage</li> </ul>
	Environment	<ul style="list-style-type: none"> <li>• Deliver a high performing refuse, recycling and street cleansing service</li> <li>• Work with partners and the community on projects that improve the environment and our street scene</li> <li>• Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion</li> </ul>
	Economy	<ul style="list-style-type: none"> <li>• Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland</li> <li>• Promote and enable housing growth, economic growth and regeneration across Fenland</li> <li>• Promote and lobby for infrastructure improvements across the District</li> </ul>

## **Communities**

The Council's response to the pandemic formed a central part of the Council's achievements against our priorities relating to our communities. There were numerous successes to celebrate including developments not directly linked to Covid 19.

### **Support vulnerable members of our community**

- In December 2020 government announced the Council had been awarded funding to take forward a project with Clarion Housing as part of a national project to improve the energy efficiency of social housing and reduce its carbon footprints. This project will help reduce residents' utility bills and ensure they benefit from the latest insulation technology.
- Due to the pandemic, the annual Pride in Fenland awards was postponed in March 2020. With ongoing restrictions into 2021, we took the event online to ensure the achievements of local unsung heroes didn't go unrecognised. To date the event has received over 700 views on YouTube.
- The Council has secured £1.4million of funding for a joint project with Clarion Housing, the Ferry Project and Amicus Trust which will provide long-term places and support for 40 rough sleepers. Our Housing Options team also prevented 242 households from becoming homeless.

### **Promote Health and Wellbeing for all**

- We expanded our work with community groups to support those most at risk from Covid-19. Supported by £97,000 of Government funding, our Community Champions scheme continues to deliver a range of measures to help support at-risk groups including older people, disabled people, and those from ethnic minority backgrounds. Measures include language and translation support, additional Covid-19 advice and guidance, telephone support for those who are digitally excluded, as well as the delivery of food and medical supplies to harder to reach communities.
- It has been a difficult year for our leisure provider Freedom Leisure, with forced leisure centre closures and reduced capacity when open to adhere to Covid-19 guidance. We agreed an emergency financial package to support them through the lockdowns and secured £224,500 from Sport England's National Leisure Recovery Fund to help ensure our leisure centres could provide a full range of activities to residents once again as coronavirus restrictions are lifted.
- Our Active Fenland team moved their activity online to help people of all ages stay active during lockdown. Online exercise videos received over 2,500 views on YouTube and there were 67 live exercise sessions on Zoom. As restrictions eased, in-person activity sessions recommenced across the district. The team also created Rainbow Activity Packs for families during the summer holidays, as part of their Fit and Fed programme. The packs contained a pre-prepared lunch, a cookbook, a physical activity games pack and a children's book from Wisbech Reads.
- Our parks and open spaces have played an even larger role in people's lives than normal this year, providing places to be active and socialise while under lockdown restrictions. Tivoli, our grounds maintenance contractor, maintained an excellent level of service, with maintenance work continuing throughout the year, uninterrupted by the pandemic, so they can be enjoyed by all.



	Target	Performance	Variance
Days taken to process new claims and changes for Council Tax support	8 days	7.06 days	+11.62%
Days taken to process new claims and changes for Council Tax benefit	8 days	4.28 days	+41.88%
Total number of private rented homes where positive action has been taken to address safety issues	400	226	-43.50%*
Number of people prevented from becoming homeless	300	242	-19.3%*
Number of empty properties brought back into use	New PI	87	N/A*
Amount of New Homes Bonus achieved as a result of bringing empty homes back into use	New PI	£79,217	N/A*
% of attendees satisfied with Golden Age events	96%	N/A	N/A*
Number of active health sessions per year that improve community health	400	N/A	N/A*
% of those asked satisfied with our leisure centres (Net Promoter Score)	39	N/A	N/A*

\*Performance/service impacted by Covid-19 restrictions

## Environment

### Deliver a high performing refuse, recycling and street cleansing service

- Core services continued throughout the pandemic with more than 2.9million bin collections made across the district. Waste tonnages collected increased significantly due to people staying at home, and customers continued to recycle their waste well, generating £490,000 of recycling credits to support services as a result. Customer satisfaction with our Refuse and Recycling, and Garden Waste (Brown Bin) services remains high at 96% and 99% respectively. The Garden Waste service was also maintained throughout the pandemic and proved popular as a result, with subscriptions at an all-time high of more than 22,900 in 2020/21.
- Our trained 'Getting It Sorted' volunteers adapted how they volunteered this year, producing home schooling packs and teacher packs for schools to use, videos and online tutorials. They also kept the Council's multi-lingual recycling website, [www.gettingitsorted.org](http://www.gettingitsorted.org), up-to-date and regularly posted recycling messages on social media, to help residents recycle right at home.
- Our Cleansing and Rapid Response team continued to provide the usual seven-day street sweeping, litter picking and fly-tipping removal service in our towns and villages. Last year they responded to over 1,400 service requests; 96% on the same or next day. Over 1,000 quality inspections were made in areas of footfall and more than 99% met cleansing standards first time

### Work with partners and the community on projects to improve the environment and streetscene

- We successfully secured £943,000 from Cambridgeshire County Council's Communities Capital Fund for eight community facility improvements across March, Wisbech, Gorefield, Christchurch and Friday Bridge. These schemes will be delivered by the Council or partner

organisations. The funding included £240,000 for the Wisbech Pavilion project in Wisbech Park and £75,000 for improvements to West End Park, March, including an enhanced junior play area, a skate park fence and improved Park Run surface. With significant community involvement and considerable support from the Amey Cespa community fund, the brand new West End Skate Park officially opened in December. It is larger than the old park, suitable for all users (from beginner to expert) and is made of concrete so should last for many years.

- Our Street Scene team spent over 3,200 hours on patrol. They work closely with the community to tackle environmental and anti-social behaviour concerns, with a focus on preventing fly-tipping, littering and dog fouling. Four people were issued with a £400 Fixed Penalty Notice for fly-tipping, and one business received a £300 fine for failing to dispose of trade waste properly.
- Over £164,000 was awarded to community groups living within the vicinity of wind turbines to improve their local environment. Projects included electric vehicle charging points, solar panels and air source heat pumps for community buildings, environmental education in schools, switching to LED lighting and enhancements to green spaces.

### **Work with partners to keep people safe in their neighbourhoods by reducing crime and antisocial behaviour and promoting social cohesion**

- Our shared CCTV service with Peterborough City Council maintained its 100% service function, 24 hours a day, 365 a year, despite the pressures of Covid-19. The service conducted over 6,000 pro-active camera patrols, detected over 1,000 incidents of crime and disorder across the district and supported our policing partners to make 86 arrests for offences, helping to make our towns and public spaces safer.
- Working alongside both internal and external partners, our Community Safety team was involved in 196 reports of anti-social behaviour or other quality of life concerns. Examples of the partnership work include the successful introduction of Closure Orders in West Park Street, Chatteris; Oil Mill Lane, Wisbech and Brancaster Court, Wisbech, due to the community impact of criminal and anti-social behaviour in the respective locations.
- The community safety team is also part of the Fenland Community Safety Partnership, which, due to the pandemic, adopted online methods to maintain its public engagement and workforce development activities. Using the Council's YouTube channel and Microsoft Teams, the partnership delivered community engagement sessions on topics including Domestic Abuse, Home Security, Scams and Cybercrime, and workforce development sessions on Domestic Abuse, Scams and Cybercrime and Substance Abuse.

	Target	Performance	Variance
Rapid or Village response requests actioned same or next day	90%	96%	+6.67%
% of inspected streets meeting our cleansing standards	93%	99.9%	+7.42%
% of collected household waste – Blue Bin recycling	28%	28%	0
Customer satisfaction with Refuse and Recycling services	90%	96%	+6.67%
Customer satisfaction with Garden Waste services	80%	98.75%	23.44%
Number of Street Pride and Friends of Community environmental events supported	204	44	-78.43%*
% of local businesses who thought they were supported and treated fairly	90%	100%	+11.1%
% of those asked who are satisfied with events	90%	N/A	N/A*

\*Performance/service impacted by Covid-19 restrictions

## **Economy**

### **Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland**

- We worked closely with businesses and partners to help enable the safe and successful reopening of the district's high streets following lockdown. Supported by £90,000 from the European Regional Development Fund, we introduced Covid signage throughout our town centres and open spaces, installed hand sanitiser points and increased town centre cleaning. Officers also supported businesses ahead of reopening with advice on Covid-secure guidance and carried out monitoring and compliance checks to ensure measures were in place to keep staff and the public safe.
- We secured a £997,000 grant from the Cambridgeshire and Peterborough Combined Authority to further extend our South Fens Business Enterprise Park in Chatteris with the construction of a new, light industrial 'move on' space.

### **Promote and enable housing growth, economic growth and regeneration across Fenland**

- Despite the challenges posed by remote working, our Planning team processed over 700 planning applications. Our performance against Government targets remains excellent (between 92% and 100% depending on application type), making us one of the top performing Councils in the country. Our success rate at appeal also remains excellent, with between 0 and 1.2% of appeals (depending on development type) allowed (as a percentage of applications determined). We have also investigated and dealt with over 300 cases of unauthorised development.
- Following approval of our 'Growing Fenland' masterplans, £1million was earmarked for each of our market towns from the CPCA. Several bids for the funding have already proved successful, helping to deliver a range of regeneration projects across all four towns, and a district-wide Civil Parking Enforcement scheme to clamp down on poor parking.
- Our Economic Growth Team assisted with the assessment applications and payment of grant funding via the Cambridgeshire Fens Leader Programme. This was awarded £1.45m from DEFRA to fund rural diversification and expansion projects. Of the funding available, 49% (£710,500) was allocated to Fenland-based businesses. Projects were funded that improved agricultural productivity, provided enhanced rural workspace, encouraged tourism and supported local heritage.

### **Promote and lobby for infrastructure improvements across Fenland**

- Supported by CPCA funding, work continues to improve transport connectivity in Fenland:
  - Construction began on the £25million A47 Guyhirn roundabout scheme.
  - Construction began on the £32million Kings Dyke Level Crossing project.
  - Three highway schemes identified in Phase 1 of the Wisbech Access Strategy are now fully funded.
  - Full business case for a March-Wisbech Railway line approved and next-stage technical studies completed. Options for future funding being explored.
  - Programme of Quick Wins in the March Area Transport Study agreed, with many of the improvement schemes either completed or under construction.

	Target	Performance	Variance
% of major planning applications determined in 13 weeks	75%	100%	+33.33%
% of minor applications determined in 8 weeks	80%	92%	+15%
% of other applications determined in 8 weeks	90%	97%	+7.77%
% occupancy of our Business Estates	87%	88%	+1.15%
% of customers satisfied with our Business Estates	92%	N/A	N/A*
% occupancy Wisbech Yacht Harbour	85%	95%	+11.76%

\*Performance/service impacted by Covid-19 restrictions

### Quality Organisation

- We collected over £57 million of Council Tax and £16 million in Business Rates. This plays a major part in funding the key services we provide to the community.
- Despite the challenges of the pandemic, we began to implement our My Fenland project, which aims to transform and significantly improve services available to residents. Key achievements to date include the creation of a new My Fenland team, with new Technical Champion roles answering more detailed enquiries to free up the capacity of specialist officers; implementing PayPoint as a more convenient way for residents to pay Council bills.
- We launched a new website ([www.fenland.gov.uk](http://www.fenland.gov.uk)) to provide residents and businesses with even better online access. The design, quality of content and search facility were improved, with more electronic forms to help more customers to self-serve. We received 969,000 visits in 2020/21 and 14,578 online form submissions (excluding Garden Waste subscriptions) across 50 different topics. Our coronavirus webpages to signpost to government support, business grant information, self-isolation support and rapid testing received over 103,000 hits.
- Following the outbreak of coronavirus in March 2020, more than 60% of the Council's workforce were enabled to work remotely. Many members of staff were also redeployed or retrained to meet essential or emerging needs.
- Our Social Media following continues to grow, with 8,655 Twitter followers and 5,246 Facebook followers, with the latter having increased by 55% in a year. Our Social Media channels have proved particularly effective in engaging with residents and businesses during the Covid-19 pandemic, offering us the ability to quickly publicise and signpost emerging information.
- The Licensing team issued 373 licences for a variety of services, including Taxi, Premises, Alcohol, Scrap Metal and Animal Licensing, to help ensure such businesses are well managed and operating in a safe and legal way. The Licensing team also played a key role in the Council's Covid response, including introducing temporary emergency procedures for the taxi trade in line with Government safer travel guidance and providing advice and support to licensed hospitality venues.
- We continue to consult with residents, stakeholders and partners about Council proposals to help us understand residents' priorities and shape our services. Although unable to hold public

consultation events last year due to the pandemic, we consulted online on a variety of topics including our Business Plan, our Council Tax Support Scheme, and the Fenland Cycling, Walking and Mobility Improvement Strategy.

- We were reaccredited with the Customer Service Excellence (CSE) award. This is a Government standard that recognises the high quality, customer focused services we provide. The independent assessor said the Council had continued to meet the 'gold standard' for customer service delivery and gone "over and above" in its efforts to maintain services during the coronavirus pandemic.
- In addition to their new public health role in managing workplace coronavirus outbreaks, supporting local businesses with Covid measures, and providing local contract tracing, our Environmental Health team continues to provide a range of regulatory services to support businesses and protect the public. This included undertaking a variety of nuisance investigations which involved monitoring notices, assessing odours, and resolving drainage issues. Many regulatory business inspections were put on hold due to lockdown closures but a recovery is in place following Government guidelines.

	Target	Performance	Variance
% of customer queries resolved at the first point of contact	85%	97.3%	+14.47%
% of customers satisfied by our service	90%	75%	-16.67%
% of contact centre calls answered within 20 seconds	46.5%	74.81%	+60.88%
% of contact centre calls handled	80%	96.44%	+20.55%
In year % of Council Tax collected	96.2%	96.76%	+0.17%
Council Tax net collection fund receipts	£57,913,203	£57,863,955	-0.08%
In year % of NNDR collected	98.3%	97.51%	+1%
NNDR net collection fund receipts	£17,069,917	£16,182,693	-5.2%
Number of visits to FDC website	781,000	969,144	+34.98%

## 6. FINANCIAL PERFORMANCE

### The 2020/21 Revenue Budget Process

The Revenue Budget for 2020/21 was prepared against a background of meeting the Council's Corporate Plan objectives whilst continuing to face significant financial pressures from the reductions in core Government funding. A balanced budget was produced that included a deliverable level of savings and income and provided for investment in key services. This was achieved through a budget strategy that resulted in:

- the delivery of savings through the service transformation review process;
- making efficiencies through specific budget reviews and contract renewals;
- maximising new and existing income streams; and
- recognising cost pressures and making decisions on budget changes where necessary.

The budget included savings or additional income of £0.157m. This compared to £0.103m included within the 2019/20 budget. The majority of the savings were based on organisational efficiency changes linked to the implementation of the first phase of the My Fenland project. In addition, higher forecast business rates growth has enabled the Council to retain more business rates in recent years, including 2020/21. However, the government is currently reviewing the system for allocating money generated from business rates to local authorities. The proposed reforms will potentially impact on the funding available to the Council from business rates from 2022/23 onwards.

Council approved a net revenue budget for 2020/21 of £11.284m at its meeting on 20 February 2020. Council also approved the Fees and Charges proposals that support delivery of the revenue budget, the Treasury Management Strategy and Capital Programme and funding for 2020/21- 2022/23.

## Council Tax

At its meeting on 20 February 2020 Council resolved not to increase Council Tax in the 2020/21 financial year. The Cambridgeshire Police and Crime Commissioner increased their element of Council Tax by 4.49% and the Fire Authority increased theirs by 1.91%. Cambridgeshire County Council increased their Council Tax by 3.59%. On average Parish Councils increased their precepts by 4.42%.

The calculation of the 2020/21 Tax-Base resulted in an increase of 435 in Band D equivalent properties (as shown in the table below). This produced a net increase in Council Tax income of £104,400 for Fenland District Council. The increase in Band D equivalent properties reflects both an increase in properties built and a reduction in the number of people claiming Council Tax Support.

The comparison of Council Tax levels and Tax Base from 2018/19 to 2020/21 is shown below:

<b>Band D Council Tax by authority</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>
Fenland District Council	260.46	260.46	260.46
Cambs. County Council	1,249.83	1,312.11	1,359.18
Cambs. Police & Crime Commissioner	198.72	222.66	£232.65
Cambs. Fire Authority	68.76	70.74	£72.09
	1,777.77	1,865.97	1,924.38
Parish Councils (Average)	46.97	46.41	48.46
Total average Band D Council Tax	1,824.74	1,912.38	1,972.84
Total average increase	80.99 (4.6%)	87.64 (4.8%)	60.46 (3.16%)
Council Tax Base			
Number of Band D equivalent dwellings	28,979	29,380	29,815

## Revenue Spending

For 2020/21, the Council agreed an original budget of net spending on services of £11.284m. This sum was to be financed in part by Government Grant together with the Council's share of Business Rates, with the remainder being raised through Council Tax. The Council Tax for 2020/21 was set at £260.46 for Band D properties. The precept on the

Collection Fund (£7.766m) is the amount due to the Council net of Parish Precepts (£1.445m). The following table summarises the final figures (outturn) with those budgeted for the year

	Original Budget £000	Revised Budget £000	Actual £000	Actual to Revised Difference £000
General Fund Spending	11,284	11,505	11,117	(388)
<b>Financed by:</b>				
Business Rates Baseline Funding	(3,702)	(3,702)	(3,702)	0
Business Rates Collection Fund Deficit	311	311	311	0
CT Collection Fund Surplus	(128)	(128)	(128)	0
Precept on Collection Fund	(7,765)	(7,765)	(7,765)	0
<b>Total</b>	<b>(11,284)</b>	<b>(11,284)</b>	<b>(11,284)</b>	<b>0</b>
<b>Net Surplus/(Deficit) – Transferred to/(from) Budget Equalisation Reserve</b>		<b>(221)</b>	<b>167</b>	<b>388</b>
<b>General Fund Balance</b>	<b>2,000</b>		<b>2,000</b>	
	31 March 2020		31 March 2021	

In January 2020 Cabinet agreed to establish a Budget Equalisation Reserve. When the Council returns a surplus it is transferred to this reserve. If an unbudgeted deficit arises when the outturn is finalised the balance held on the reserve is available to absorb the impact of that deficit without impacting on the General Fund. The surplus of £167,326 returned in the 2020/21 financial year has been transferred to the Budget Equalisation reserve.

The current General Fund Balance of £2M reflects the level approved by Cabinet as representing an adequate amount to be held in the General Fund to mitigate against the risks and adverse circumstances that the reserve is in place to address.

The Council under-spent by £1.072m (prior to additional appropriations to reserves) on the revised budget due principally to the following reasons:

<u>Income variations:</u>	£000
Enforcement Fees (Housing Standards)	-36
Marine Services	-10
Planning & Pre-App Fees	-78
Court Costs raised	-69
Waste Services - bulky waste and recycling	-54
Trade Waste	-77
Search Fees	-13
Licensing	11
Assets & Projects	-21
Other Services	-18
 <u>Additional Government Grants</u>	
New Burdens - Business Grants administration	-167
75% Tax Income Guarantee (Council Tax(-£2k) and NNDR (-£313k)	-315
 <u>Lower Government Grants</u>	
Sales, Fees & Charges Income Compensation Scheme	196
 RTB/VAT Sharing arrangement with Clarion - higher income	-137
 Leisure Contract - lower support required to Freedom Leisure	-337
 <u>Employee Costs</u>	
Variance across a variety of services mainly resulting from vacancies	-87
Higher redundancy and pension capital costs	199
 <u>Premises Costs</u>	
Lower costs across a variety of services	-77
 <u>Transport Costs</u>	
Lower car mileage costs across a variety of services	-19
Higher vehicles/vessel maintenance costs	35
 <u>Supplies and Services</u>	
Homelessness - additional Bed & Breakfast costs	17
Rough Sleepers - lower accommodation costs	-37
Lower costs across all services	-64
 <u>Third Party Payments</u>	
Net impact of Housing Benefit subsidy claim and overpayments	75
Higher Bad Debts provision required	11



Net (under)/over spend compared with revised estimate	(1,072)
<ul style="list-style-type: none"> <li>• Transfer from Business Rates Reserve Not Required</li> <li>• Funding of Short Life Assets (5-7 years) via Capital Contribution Reserve (instead of borrowing)</li> </ul>	221 463
<b>Overall Improvement in outturn position since revised budget</b>	<b>388</b>
Projected Deficit 2020-21 at Revised Estimate (Cabinet/Council February 2021)	(221)
Transfer to Budget Equalisation Reserve	167

### Budget Monitoring

Revenue and capital budget monitoring information is reported throughout the year to Corporate Management Team and Heads of Service. Cabinet Portfolio Holders are also provided financial monitoring information regularly throughout the year and provided to Cabinet at specific times during the year. In addition, treasury management performance is reported to Cabinet and Council with reviews undertaken by the Audit and Risk Management Committee.

### Capital Spending and Funding

In 2020/21 the Council spent £2.971m on capital projects, which included Revenue Expenditure Funded from Capital under Statute (grants and loans to private sector home owners and support for community development), compared with the original budget of £5.673m and a revised budget of £4.519m.

The main items of capital expenditure in the year were the replacement of street lighting (£215k), investment in the park, playground and recreation facilities in Whittlesey and March (£216k), replacement of Council vehicles including the installation of in-cab technology (£196k), investment in ICT infrastructure and software linked to the Council's transformation agenda (£325k). This expenditure was financed by capital grants, capital receipts and revenue contributions. Capital receipts of £0.043m (net of costs) were realised in 2020/21 (2019/20: £0.445m).

Grants of £1.097m were paid to individuals in the District who qualified for a Disabled Facilities Grant. These grants are funded from money the Council receives from Cambridgeshire County Council as part of the national Better Care Fund arrangements.

### Revenue Balances

Set out in notes 26 and 27 to the core financial statements are the Council's reserves. As at 31 March 2021, the Council's uncommitted General Fund Balance stood at £2m and the total Earmarked Reserves balance stood at £12.072m.

Reserves are required to cover a number of potential unforeseen eventualities and risks of additional expenditure being required over and above that allowed for within budgets.

## **Provisions and Contingencies**

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2020/21 and earlier financial years in their proportionate share. Therefore, a provision of £2.162m (Fenland's share) has been recognised for the best estimate of the amount that businesses are potentially due a refund, as at 31 March 2021.

A provision has been established to reflect the cost of exit packages linked to decisions taken by the Council prior to 31 March 2021 as part of its Council for the Future transformation programme.

## **Treasury Management**

The Local Government Act 2003 gave councils the freedom to determine how much they borrow for investment in new capital projects, subject to a regulation that such borrowing complies with the 'Prudential Code for Capital Finance in Local Authorities'. The Prudential Code looks to ensure affordability, prudence and sustainability in relation to determined borrowing limits. The Council determined the required Prudential Code indicators and Treasury Management Strategy as part of the budget process for 2020/21. No new borrowing was undertaken in 2020/21 and all investment activities were undertaken in accordance with the approved strategy.

The total loan debt was £7.8m at the year-end, unchanged from the previous year. Short-Term Investments (i.e. between 3-12 months) at the year-end amounted to £5m (£9.019m at 31<sup>st</sup> March 2020).

## **Pension Liabilities**

At 31 March 2021, the Council's share of the assets and liabilities of the Cambridgeshire LGPS show an estimated net liability of £67.310m. This liability has no impact on the level of the Council's available reserves.

An actuarial valuation was carried out as at 31 March 2019, with the employer's contribution set as a combination of a percentage of salary plus a lump sum. As explained below, an up-front payment incorporating the lump sum payments due in respect of the 2020/21, 2021/22 and 2022/23 financial year was paid in April 2020. By paying a lump sum in this manner the Council was able to obtain a discount of £0.172m in the total value of the lump sum due when compared to what the Council would have been due to pay if payment had been made in the year the lump sums fell due.

Further information relating to the assets, liabilities, income and expenditure of the Council's pension scheme is detailed at note 39 to the financial statements.

## **Significant Transactions**

The actuarial valuation of the Council's Local Government Pension Scheme liabilities and pension reserve shown on the Balance Sheet have increased by £18.195m during the year, from £49.115m at 31 March 2020 to £67.310m at 31 March 2021. This reflects the

valuation received from the Council's actuary which included updated assumptions relating to the pension increase rate, the salary increase rate and the discount rate used. The Council also made an up-front payment of £1,874,000 to the Pension Fund in April 2020 reflecting the lump sum payments due in respect of the 2021/22 and 2022/23 financial years. Collectively the changes in assumptions offset by the lump sum payment increased the Council's pension liability by £36.73m.

Pension fund assets are valued separately but form part of the net pension liability disclosed on the Balance Sheet. Pension fund assets attributable to the Council increased in value by £18.535m. The assumptions used are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 39 of the core financial statements.

The Council engages Wilks Head and Eve to undertake valuations of the Council's asset base in accordance with the requirements set out in the CIPFA Code of Accounting Practice and the professional standards of the Royal Institute of Chartered Surveyors. All assets are formally re-valued at least every five years and an annual review is undertaken to ensure there has been no significant movement in the value of the Council's assets since they were last subject to formal valuation. Further details are given in Notes 13 and 27 of the core financial statements. Increases in the value of some of the Council's assets led to revaluation gains of £3.732m being recognised in the revaluation reserve. These gains were offset by downward movements in the value of other assets totalling £1.618m leading to a net credit to the revaluation reserve of £2.114m.

## 7. MEDIUM TERM FINANCIAL STRATEGY 2021/22 – 2025/26

This Council, in common with most other local authorities, faces an ongoing difficult position in the medium term due to a range of pressures including providing statutory services, ongoing pressures caused by maintaining and developing sources of income through fees and charges whilst managing the impact on revenue and capital budget of delivering against the Council's strategic priorities. However, the most significant factor that will impact on the budget will be the level of Government funding including the ongoing uncertainty in respect of changes to financing arrangements such as the proposal for 75% localisation of business rates and changes to the New Homes Bonus.

The Medium Term Financial Strategy (MTFS) as presented to Council on 23 February 2021, shows that the Council faces a continuing budget gap over the five years from April 2021. The following table summarises the position, showing a cumulative gap over the period to 2025/26 of £1.670m.

### Summary Medium Term Financial Strategy

<b>(February 2021)</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expenditure</b>					
Net Service Expenditure	12,840	13,284	13,569	13,957	14,347
Corporate Items	(693)	(574)	(559)	(437)	(441)
Contribution from Business Rates Reserve	(3,417)	0	0	0	0
Contribution from General Reserves	(842)	0	0	0	0
<b>Net Budget Requirement</b>	<b>7,888</b>	<b>12,710</b>	<b>13,010</b>	<b>13,520</b>	<b>13,906</b>
<b>Funding</b>					
Retained Business Rates	(3,702)	(3,746)	(3,806)	(3,871)	(3,944)
Business Rates Collection Fund Deficit	3,621	184	184	0	0
Council Tax Collection Fund (Surplus)/Deficit	44	47	47	(50)	(50)
Council Tax (0% increases)	(7,851)	(7,949)	(8,046)	(8,144)	(8,242)
<b>Total Funding</b>	<b>(7,888)</b>	<b>(11,464)</b>	<b>(11,621)</b>	<b>(12,065)</b>	<b>(12,236)</b>
<b>Surplus(-)/Shortfall(+)</b>	<b>0</b>	<b>1,246</b>	<b>1,389</b>	<b>1,455</b>	<b>1,670</b>

The multi-year settlement announced in Autumn 2015 (covering the period 2016/17 – 2019/20), resulted in RSG disappearing in 2019/20 with the Business Rates Baseline Funding increasing by CPI inflation. The medium-term projections detailed above exemplify this position with an inflationary increase of 0% in 2021/22 rising to 1.2% in 2022/23 and rising to 1.9% to 2025/26. There is a significant business rates deficit in 2021/22 arising from the awarding of reliefs linked to Covid 19 in 2020/21. The impact of this deficit is offset by a transfer from a reserve containing sums received from government in 2020/21 to cover the cost of awarding Covid 19 business rate relief.

Increases in Council Tax relate only to growth in the Council Tax base. In accordance with the motion adopted by Council in July 2019, a 0% Council Tax increase has been included in the MTFS for 2021/22 and over the medium term

### **Fair Funding Review**

The implementation of a revised approach to central government's allocation of financial resources to local government has been subject to considerable delay. These delays have been further exacerbated by the Covid 19 pandemic and it remains unclear whether the Government will be in a position to adhere to its earlier commitment to implement the Fair Funding Review in April 2022. Working groups continue to develop proposals for the Fair Funding Review and MHCLG have issued consultation papers on various aspects of the review.

To date, the consultations explore what factors should be taken into account in determining the needs and resources of local authorities. This is particularly important as these elements have a major impact on what the government determines individual authorities 'spending assessment' will be. The consultation documents imply that the government in assessing relative needs, favours a simpler distribution formula with fewer indicators based largely around population projections with deprivation removed from the formula. This could have a detrimental effect on this Council's funding. However, the options around relative resources (the ability of each authority to generate council tax income) could result in a transfer of funding from high tax-base (lower-need) authorities to low tax-base (higher-need) authorities, which could benefit this Council. At the current time, there is no reasonable assessment that can be made of the potential impact on this Council of the Fair Funding Review.

### **Future Changes to the Business Rates Retention System**

The implementation of the Fair Funding Review will happen alongside the implementation of changes to arrangements for the retention of income generated from business rates by local authorities. The content and character of any new system and its effect on Fenland District Council are unknown at this stage and therefore no adjustments have been made to the business rates funding within the MTFS. Nationally, the implementation of this scheme will be fiscally neutral.

The future changes to the Business Rates Retention system and the outcome of the Fair Funding Review are very significant risk areas for this Council, for district councils in particular and the local authority sector in general, over the medium term.

### **Council for the Future (CFF)**

Through its Comprehensive Spending Review (FDC-CSR), which was established in July 2015, the Council achieved considerable success in securing savings across a number of

services. The estimated total net savings generated from the FDC-CSR proposals agreed previously at £1.667m amounted to £1.76m by the end of 2020/21. Changes implemented include the introduction of a garden waste subscription service with effect from 1 April 2017, the transfer of management of the Council's leisure centres with effect from December 2018 and the implementation of shared services model with Peterborough City Council for the delivery of CCTV.

Following all-out elections in May 2019, the new Cabinet has instigated a new programme of transformational change known as Council for the Future. During 2020/21 the first phase of the My Fenland project was implemented. This included the implementation of paypoint to enable residents to make payments for Council Tax, Business Rates and other council services across the District, an improved Council website and the re-modelling and integration of customer-facing roles within the Council. The second phase of the project was implemented in April 2021 and has resulted in further efficiencies.

### **Combined Authority**

This Council is a constituent authority of the Cambridgeshire and Peterborough Combined Authority (CPCA) which was formally established following the Mayoral election in May 2017. The devolution deal for the CPCA includes a new £20m fund for the next 30 years (£600m) to support economic growth, development of local infrastructure and jobs. In addition, a new £100m housing fund is to be invested over the next five years to build more homes in Cambridgeshire and Peterborough including affordable, rent and shared ownership.

The Council has continued to work closely with Combined Authority to secure investment in the District. During the 2019/20 financial year work on the production of masterplans for each of the four market towns was completed and this work was funded by the Combined Authority. Following production of those plans a £1m has been committed to take forward capital projects in each market town. The Council continues to work with the Combined Authority on a Stations Regeneration Programme which aims to enhance transport infrastructure across the District and funding of £0.997m has been awarded to increase the number of industrial units at the South Fens Business Centre drawing on grant funding allocated by the Combined Authority.

### **Covid 19**

In common with all local authorities the Council's finances have been significantly impacted by the Covid 19 pandemic. In the 2020/21 financial year the pandemic has resulted in additional expenditure across a range of services and led to reductions in income with regard to both individual services and income collected through local taxation, as reflected in the Collection Fund. Whilst much of the in-year impact has been offset by the receipt of additional government funding, there have been no commitments from government that it will provide funding to local authorities to offset the longer term impact on the economy. The historically high levels of public debt may also have a substantial impact on future funding for public services. As explained in Note 41 to the financial statements, management has concluded that the Council remains a going concern. However, in the context of this narrative report it is important to note that the Medium Term Financial Strategy approved in February 2021, which is referred to above, will be subject to significant and frequent revision, particularly if restrictions linked to the pandemic need to be re-introduced and whenever the government proceeds to take key decisions regarding the future financing of local authorities.

## 8. EXPLANATION OF THE FINANCIAL STATEMENTS

The Council's financial statements for the year 2020/21 are set out on pages 24 to 107. They consist of:

- the **Movement in Reserves Statement** – shows how the movement in reserves in the Balance Sheet is reconciled to the Comprehensive Income and Expenditure Account Deficit and what adjustments are required to be charged to the General Fund Balance for Council Tax setting purposes;
- the **Comprehensive Income and Expenditure Statement** (CIES)– a summary of the resources generated and consumed by the Council;
- the **Balance Sheet** - setting out the Council's financial position as at 31 March 2021;
- the **Cash Flow Statement** - which summarises the Council's inflows and outflows of cash for revenue and capital transactions for the year with third parties;
- the **Expenditure and Funding Analysis** – a summary of annual expenditure used and funded by the Council together with the adjustments required between funding and accounting basis to reconcile with the CIES;
- the **Collection Fund** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non – Domestic Rates (NNDR) and its distribution to precepting bodies.

The accounts referred to above are supported by **Accounting Policies**, which are in note 1 to the financial statements.

## 9. FURTHER INFORMATION

Further information about these accounts is available from the Chief Accountant, Fenland Hall, County Road, March, Cambridgeshire, PE15 8NQ, (☎ 01354 622486).

This document forms part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts.

## 10. CORPORATE DIRECTOR AND CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the financial statements set out on pages 24 to 107 present a true and fair view of the financial position of Fenland District Council at 31 March 2021 and its income and expenditure for the year then ended

**Signed:**

29 July 2021

**Peter Catchpole**

**Corporate Director and Chief Finance 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 Corporate Director and Chief Finance Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the statement of accounts.

### **The Chief Finance Officer's Responsibilities**

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

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

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Local Authority Code.

The Corporate Director and Chief Finance Officer has also:

- kept proper accounting records which were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

**Signed:**

29 July 2021

**Peter Catchpole**

**Corporate Director and Chief Finance Officer**



## CORE FINANCIAL STATEMENTS MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

<b>2019/20</b>	<b>General Fund Balance</b>	<b>Earmarked Reserves</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Council Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31 March 2019</b>	<b>2,622</b>	<b>7,681</b>	<b>0</b>	<b>425</b>	<b>10,728</b>	<b>(16,370)</b>	<b>(5,642)</b>
<b>Movement in reserves</b>							
Deficit on Provision of Services	(4,207)	0	0	0	(4,207)	0	(4,207)
Other Comprehensive Expenditure and Income	0	0	0	0	0	18,576	18,576
<b>Total Comprehensive Expenditure and Income</b>	<b>(4,207)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,207)</b>	<b>18,576</b>	<b>14,369</b>
Adjustments between accounting basis and funding basis under regulation (note 8)	2,667	0	0	(150)	2,517	(2,517)	0
<b>Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves</b>	<b>(1,540)</b>	<b>0</b>	<b>0</b>	<b>(150)</b>	<b>(1,690)</b>	<b>16,059</b>	<b>(14,369)</b>
Transfers to / (from) Earmarked Reserves (note 9)	918	(918)	0	0	0	0	0
<b>Increase/(Decrease) in 2019/20</b>	<b>(622)</b>	<b>(918)</b>	<b>0</b>	<b>(150)</b>	<b>(1,690)</b>	<b>16,059</b>	<b>(14,369)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>2,000</b>	<b>6,763</b>	<b>0</b>	<b>275</b>	<b>9,038</b>	<b>(311)</b>	<b>8,727</b>

2020/21							
	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<b>Balance at 31 March 2020</b>	<b>2,000</b>	<b>6,763</b>	<b>0</b>	<b>275</b>	<b>9,038</b>	<b>(311)</b>	<b>8,727</b>
<b>Movement in reserves</b>							
Surplus on Provision of Services	4,295	0	0	0	4,295	0	4,295
Other Comprehensive Expenditure and Income	0	0	0	0	0	(16,230)	(16,230)
<b>Total Comprehensive Expenditure and Income</b>	<b>4,295</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,295</b>	<b>(16,230)</b>	<b>(11,935)</b>
Adjustments between accounting basis and funding basis under regulation (note 8)	1,014	0	6	5,616	6,636	(6,636)	0
<b>Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves</b>	<b>5,309</b>	<b>0</b>	<b>6</b>	<b>5,616</b>	<b>10,931</b>	<b>(22,866)</b>	<b>(11,935)</b>
Transfers to / (from) Earmarked Reserves (note 9)	(5,309)	5,309	0	0	0	0	0
<b>Increase/(Decrease) in 2020/21</b>	<b>0</b>	<b>5,309</b>	<b>6</b>	<b>5,616</b>	<b>10,931</b>	<b>(22,866)</b>	<b>(11,935)</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>2,000</b>	<b>12,072</b>	<b>6</b>	<b>5,891</b>	<b>19,969</b>	<b>(23,177)</b>	<b>(3,208)</b>

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2019/20 Restated			2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000				
2,201	(1,189)	1,012	Growth and Infrastructure	2,500	(969)	1,531
14,580	(6,716)	7,864	Communities, Environment, Leisure and Planning	15,357	(8,135)	7,222
29,922	(24,457)	5,465	Resources and Customer Services	33,396	(28,476)	4,920
<b>46,703</b>	<b>(32,362)</b>	<b>14,341</b>	<b>Cost of Services</b>	<b>51,253</b>	<b>(37,580)</b>	<b>13,673</b>
		2,567	Other operating expenditure (note 10)			2,900
		2,469	Financing and investment income and expenditure (note 11)			2,773
		(15,170)	Taxation and non-specific grant income (note 12)			(23,641)
		<b>4,207</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>(4,295)</b>
		476	(Surplus)/Deficit on revaluation of property, plant and equipment assets (note 27)			(2,114)
		(19,052)	Re-measurement of net defined benefit liability/ (asset) (note 39)			18,344
		<b>(18,576)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>16,230</b>
		<b>(14,369)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>11,935</b>

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

<b>31 March 2020</b>		<b>Note</b>	<b>31 March 2021</b>
<b>£000</b>			<b>£000</b>
50,169	Property, Plant and Equipment	13	51,778
1,402	Investment Property	14	4,954
24	Intangible Assets	15	14
404	Long Term Debtors	16	387
<b>51,999</b>	<b>Long Term Assets</b>		<b>57,133</b>
9,019	Short Term Investments	17	5,002
53	Inventories	20	65
5,148	Short Term Debtors	21	9,975
10,269	Cash and Cash Equivalents	22	17,965
<b>24,489</b>	<b>Current Assets</b>		<b>33,007</b>
(36)	Short Term Borrowing	17	(36)
(163)	Short Term Finance Lease Liability	38	(137)
(6,199)	Short Term Creditors	23	(13,779)
(2,534)	Receipts in Advance	24	(1,828)
(1,671)	Provisions	25	(2,352)
<b>(10,603)</b>	<b>Current Liabilities</b>		<b>(18,132)</b>
(7,800)	Long Term Borrowing	19	(7,800)
(243)	Finance Lease Liability	38	(106)
(49,115)	Defined Benefit Pension Liability	39	(67,310)
<b>(57,158)</b>	<b>Long Term Liabilities</b>		<b>(75,216)</b>
<b>8,727</b>	<b>Net Assets/(Liabilities)</b>		<b>(3,208)</b>
9,038	Usable Reserves	26	19,969
(311)	Unusable Reserves	27	(23,177)
<b>8,727</b>	<b>Total Reserves</b>		<b>(3,208)</b>

The notes on page 32 to 107 form part of the financial statements.

**Signed:** **Corporate Director and Chief Finance Officer** 29 July 2021

## THE CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

<b>2019/20 £000</b>		<b>2020/21 £000</b>
<b>(4,207)</b>	<b>Net (deficit)/surplus on the provision of services</b>	<b>4,295</b>
4,519	Adjust net deficit on the provision of services for non-cash movements (note 28)	9,970
(1,917)	Adjust for items included in the net deficit on the provision of services that are investing and financing activities (note 28)	<b>(7,299)</b>
<b>(1,605)</b>	<b>Net cash flows from Operating Activities</b>	<b>6,966</b>
2,164	Investing Activities (note 29)	6,093
1,596	Financing Activities (note 30)	(5,363)
<b>2,155</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,696</b>
8,114	Cash and cash equivalents at the beginning of the reporting period (note 22)	10,269
<b>10,269</b>	<b>Cash and cash equivalents at the end of the reporting period (note 22)</b>	<b>17,965</b>

## EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Council's Outturn Report to the CIES. The EFA shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by Local Council's in comparison with those resources consumed or earned by Council's in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20				2020/21		
Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis (Note 6)	Net Expenditure in the CIES		Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis (Note 6)	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
1,210	(198)	1,012	Growth and Infrastructure	1,175	356	1,531
4,370	3,494	7,864	Communities, Environment, Leisure and Planning	4,315	2,907	7,222
7,715	(2,250)	5,465	Resources and Customer Services	6,264	(1,344)	4,920
13,295	1,046	14,341	<b>Net Cost of Services</b>	11,754	1,919	13,673
(12,673)	2,539	(10,134)	Other Income and Expenditure	(11,754)	(6,214)	(17,968)
<b>622</b>	<b>3,585</b>	<b>4,207</b>	<b>(Surplus) or Deficit</b>	<b>0</b>	<b>(4,295)</b>	<b>(4,295)</b>
<b>2,622</b>			<b>Opening General Fund Balance</b>	<b>2,000</b>		
<b>(622)</b>			<b>Add/(Less) Surplus/(Deficit) on General Fund in Year</b>	<b>0</b>		
<b>2,000</b>			<b>Closing General Fund Balance at 31<sup>st</sup> March</b>	<b>2,000</b>		

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## **NOTES TO THE CORE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

#### **i. GENERAL PRINCIPLES**

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS). Policies have been consistently applied except for the policy in relation to heritage assets where some of the measurement rules are relaxed (details are provided in paragraph xi below).

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

#### **ii. ACCRUALS OF INCOME AND EXPENDITURE**

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplied, received and their consumption, they are carried as inventories on the Balance Sheet. Exceptions to this principle include utility bills, maintenance contracts and other similar quarterly payments, which are charged at the date of billing rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Grants paid or payable to third parties by the Council are recognised in the Comprehensive Income and Expenditure account if the Council is acting as principal to the transaction. Where the Council is acting as the agent of another organisation when paying a grant, the Council does not account for the grant paid or payable or the funding received to award the grant in the Comprehensive Income and Expenditure account.
- Where revenue and expenditure have 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **iii. CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown that are repayable on demand and form an integral part of the Council's cash management.

### **iv. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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 Council'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.

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

### **v. CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

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

- Depreciation/amortisation attributable to the assets used by the relevant service.
- Revaluation and Impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written-off.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision

from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by guidance). Depreciation, revaluation and impairment losses and amortisation 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.

## **vi. COUNCIL TAX AND NON – DOMESTIC RATES**

The Council as billing authority, act as an agent, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principal, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## **vii. EMPLOYEE BENEFITS**

### Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave, paid sick leave and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of these benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or the pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post-Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Cambridgeshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

### **The Local Government Pension Scheme**

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

- The liabilities of the Cambridgeshire 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 2% (based on the yields of the constituents of the IBoxx £ Corporates AA index and the Council's weighted average duration).
- The assets of Cambridgeshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

**quoted securities** – current bid price

**unquoted securities** – professional estimate

**unitised securities** – current bid price

**property** – market value

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

Service cost comprising:

**current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

**past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

**net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council** – the change during the period in the net defined

benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and 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 period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

**the return on plan assets** – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as other Comprehensive Income and Expenditure.

**actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pension Reserves as Other Comprehensive Income and expenditure.

Contributions paid to the Cambridgeshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the Council to raising Council Tax to cover the amounts payable by the Council to the pension fund or directly to pensioners 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 Pension 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 pensioners and any such amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **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.

## **viii. FAIR VALUE MEASUREMENT**

The Council measures some of its non- financial assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability 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 Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council 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 Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets: Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council 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.

## **ix. FINANCIAL INSTRUMENTS**

A financial asset or liability is recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the instrument. This will normally be the date that a contract is entered into but may be later if there are conditions that need to be satisfied.

Financial assets are recognised by the Council on the Balance Sheet only when goods or services have been provided or rendered to a third party. Financial liabilities are recognised when the goods or services ordered from a third party have been received by the Council and the third party has performed its contractual obligations.

### **Financial Liabilities**

Financial liabilities are initially measured at fair value and are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in 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. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) [separate accounting policy is required where an authority holds financial instruments at fair value through other comprehensive income].

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

## **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to private individuals at nil interest and the loans form a charge on the individual's properties. This means that market rates of interest have not been charged and these loans are classed as "soft loans". When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at the real effective rate of interest with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains or losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

### **Expected Credit Loss Model**

The authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

## **x. GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or condition is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.



## **xi. HERITAGE ASSETS**

Heritage assets are held by the Council principally for their contribution to knowledge or culture. The heritage assets held by this Council are monuments, war memorials, public clocks, civic regalia and operational historic buildings in cemeteries.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The historical cemetery buildings are operational assets accounted for at depreciated replacement cost within Property, Plant and Equipment in the Balance Sheet.

The remaining heritage assets are not recognised in the financial statements as no information is available on the cost.

The Council is of the view that obtaining valuations for these assets would involve a disproportionate cost in comparison to the benefits that would be provided to the users of the Council's financial statement.

These assets are recorded in the asset register of the Council and detailed records are kept on each asset.

## **xii. INTANGIBLE ASSETS**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are initially measured at cost. Amounts are only revalued where the current value of the assets held by the Council can be determined by reference to an active market. In practice no intangible assets held by the Council meet this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired; any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **xiii. INVENTORIES**

Inventories are valued at latest price, with an allowance made for obsolete and slow moving items. While this is a departure from the requirements of the Code of Practice on Local Authority Accounting and IAS 2, which require inventories to be shown at the lower of cost and net realisable value, the effect of the different treatment is not material.

### **xiv. INVESTMENT PROPERTY**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **xv. LEASES**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings element are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### The Council as Lessee

##### **Finance Leases**

Property, plant and equipment held under a finance lease are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to the lessor. Indirect costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation, revaluation or impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution 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.

### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life 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 a property or an item of plant or equipment, 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. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **xvi. OVERHEADS AND SUPPORT SERVICES**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

## **xvii. PROPERTY, PLANT AND EQUIPMENT**

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

## Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred. Assets valued at less than £10,000 are not normally recognised in the Balance Sheet. The exception to this principal relates to land holdings which may have a current value of less than £10,000 but where they meet the Assets Held for Sale criteria. The total value of such assets does not materially affect the Property, Plant and Equipment disclosure note.

## Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Surplus assets – the current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialised nature of an asset, depreciated replacement cost is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, 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 Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, the loss is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service revenue line(s) 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.

## **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

Depreciation is provided on Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the balance sheet, as advised by a suitably qualified officer.
- Infrastructure – straight – line allocation up to 40 years.

Where an item of Property, Plant and Equipment has major components with different estimated useful lives and whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less cost to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Disposal proceeds in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **xviii. PROVISIONS**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits

or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not 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.

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 if it is virtually certain that reimbursement will be received if the obligation is settled.

#### **xix. CONTINGENT LIABILITIES**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognized in the Balance Sheet but disclosed in a note to the accounts.

#### **xx. CONTINGENT ASSETS**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

#### **xxi. RESERVES**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision 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 are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

**xxii. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset (e.g. renovation grants) has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax.

**xxiii. VALUE ADDED TAX (VAT)**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

The Council has complied with the Code of Practice on Local Authority Accounting, with the exception of its inventory policy as stated above. Despite this departure from the code, management has concluded that the accounts present a true and fair view of the Council's financial position, financial performance and cash flows.



## **2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

Under the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) the Council is required to disclose information setting out the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2021/22 Code:

- Definition of a Business: Amendments to IFRS 3 Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS; and
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Council does not anticipate these changes will have a material impact on its financial statements.

### **3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in note 1 to the financial statements, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the financial statements are:

#### **Business Rates**

Since the introduction of the Business Rates Retention Scheme effective from 1st April 2013, the Council is liable for successful appeals against business rates charged to businesses in 2020/21 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31st March 2021. The estimate has been calculated using the latest Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31st March 2021. The Council's share of the balance of business rate appeals provisions held at this date amounted to £2.162m. This has increased by £0.491m from the previous year.

#### **Investment Properties**

The Council acquired a commercial property in Wisbech during the 2020/21 financial year. The property is leased to a commercial tenant on a long-term lease. Having obtained and reviewed an independent valuation of the property, the Council is satisfied that the property should be accounted for as an investment property as the Council's residual interest in the property exceeds the value of the Council's net investment in the lease. Had this not been the case the property would have been de-recognised as at 31 March 2021 and a long-term debtor reflecting the value of the Council's net investment in the lease would have been reflected in the Balance Sheet instead.

#### **Grants payable as a consequence of Covid 19**

The Council has administered a range of grant schemes linked to the pandemic at the request of government. These schemes have resulted in the Council making payments to both residents living in Fenland and businesses operating in the District. The eligibility criteria relating to each grant scheme vary, as does the extent to which the Council is responsible for determining that eligibility criteria.

Several schemes have a discretionary element where the Council is able to decide the eligibility criteria without requiring approval from government. Where the Council is responsible for determining the eligibility criteria the grants paid out, together with the funding received from government to enable those payments to be made, have been recognised in the Comprehensive Income and Expenditure Account and the associated notes as the Council has determined it is acting as Principal in accordance with the requirements of IFRS 15 and the CIPFA Code of Practice on Local Authority Accounting.

Where the Council has made payments to residents and businesses in accordance with eligibility criteria determined by government, the Council's judgment is that it is acting as an agent. Consequently, the grants paid out, together with the funding received from government to enable those payments to be made, are excluded from the Comprehensive Income and Expenditure Account and the associated notes.

Within the Balance Sheet amounts owed to or by government where the Council is acting as an agent are disclosed as a creditor and debtor respectively. Amounts received from

government for those schemes where the Council is acting as principal where the full allocation had not been spent as at 31 March 2021 are included as part of earmarked reserves.

#### 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The financial statements contain 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.

The following items in the Council's Balance Sheet as at 31 March 2021 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible assets respectively. This enables the assets to be written down to their residual value over their estimated useful lives and show an appropriate cost of the use of the asset in the Comprehensive Income and Expenditure Statement.</p> <p>Management judgement is used to determine the useful economic lives of the Plant and Equipment. The Council's valuers provide estimates for the useful life of property assets.</p> <p>The methodology for valuing properties at Depreciated Replacement Cost (DRC), e.g. Leisure Centres, includes an adjustment for obsolescence as deemed reasonable by the Council's valuers and management</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £23k for every year that useful life is reduced.</p> <p>A reduction of 10% in the value of assets valued on the basis of Existing-Use-Value and Fair Value would reduce the carrying value of Investment Property by £495,000 and the value of Property, Plant Equipment by £2.34m</p>
Pensions Liability	<p>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, changes in retirement ages and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. For example:</p> <p>(i) a 0.5% decrease in the real discount rate assumption would result in an increase in the pension liability of £16.302m</p>

		<p>(ii) a 0.5% increase in the salary increase rate would result in an increase in the pension liability of £1.551m</p> <p>(iii) a 0.5% increase in the pension increase rate would result in an increase in the pension liability of £14.412m</p> <p>However, the assumptions interact in complex ways, so care should be taken when looking at changes in one variable in isolation.</p>
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## 5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are no material items of income and expenditure which are not otherwise disclosed on the face of the Core Financial Statements or accompanying notes.

## 6. EXPENDITURE AND FUNDING ADJUSTMENTS ANALYSIS

Adjustments between Funding and Accounting Basis 2020/21	Adjustments for Capital Purposes (Note i) £000	Net Change for the Pensions the Pensions Adjustment (Note ii) £000	Other Differences (Note iii) £000	Total Adjustments £000
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>				
Growth and Infrastructure	353	27	(24)	356
Communities, Environment, Leisure and Planning	1,239	440	1,228	2,907
Resources and Customer Services	59	52	(1,455)	(1,344)
<b>Net Cost of Services</b>	<b>1,651</b>	<b>519</b>	<b>(251)</b>	<b>1,919</b>
<b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>	<b>(5,299)</b>	<b>1,206</b>	<b>(2,121)</b>	<b>(6,214)</b>
<b>Difference between General Fund Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(3,648)</b>	<b>1,725</b>	<b>(2,372)</b>	<b>(4,295)</b>

<b>Adjustments between Funding and Accounting Basis 2019/20</b>	<b>Adjustments for Capital Purposes (Note i) £000</b>	<b>Net Change for the Pensions Adjustment (Note ii) £000</b>	<b>Other Differences (Note iii) £000</b>	<b>Total Adjustments £000</b>
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>				
Growth and Infrastructure	164	(197)	(165)	(198)
Communities, Environment, Leisure and Planning	1,187	840	1,467	3,494
Resources and Customer Services	318	315	(2,883)	(2,250)
<b>Net Cost of Services</b>	<b>1,669</b>	<b>958</b>	<b>(1,581)</b>	<b>1,046</b>
<b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>	<b>(282)</b>	<b>1,977</b>	<b>844</b>	<b>2,539</b>
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>1,387</b>	<b>2,935</b>	<b>(737)</b>	<b>3,585</b>

**Note (i): Adjustments for Capital Purposes**

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

**Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

**Financing and Investment Income and Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

**Taxation and Non-Specific Grant Income and Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions of for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or where conditions attached to the grant were satisfied in the year.

## Note (ii): Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

**For Services** – this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

For **Financing and Investment Income and Expenditure** – the net interest on the defined benefit liability is charged to the CIES.

## Note (iii): Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

The charge under **Taxation and Non-Specific Grant Income and Expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

## Segmental Income

Fees, charges and other service income is analysed by segment as follows:

<b>Services</b>	<b>2020/21 Income from Services £000</b>	<b>Restated 2019/20 Income from Services £000</b>
Growth and Infrastructure	(202)	(212)
Communities, Environment, Leisure and Planning	(4,367)	(4,278)
Resources and Customer Services	(241)	(543)
Financing and Investment Income	(1,955)	(2,146)
<b>Total Fees, charges and other service income</b>	<b>(6,765)</b>	<b>(7,179)</b>

## 7. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

<b><u>Expenditure/Income</u></b>	<b>2020/21 £000</b>	<b>Restated 2019/20 £000</b>
<b><u>Expenditure</u></b>		
Employee Benefits Expenses	14,911	15,495
Other Service Expenses	37,976	33,897
Depreciation, Revaluation, Amortisation and Impairment	2,349	1,462
Interest Payments	497	500
Precepts and Levies	3,177	3,291
Gain on the Disposal of Assets	(43)	(261)
<b>Total Expenditure</b>	<b>58,867</b>	<b>54,384</b>
Fees, Charges and Other Service Income	(6,765)	(7,179)
Interest and Investment Income	(70)	(212)
Income from Council Tax and Non-Domestic Rates	(9,375)	(12,623)
Government Grants and Other Contributions	(46,952)	(30,163)
<b>Total Income</b>	<b>(63,162)</b>	<b>(50,177)</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(4,295)</b>	<b>4,207</b>

The restatement referred to above and in Note 6 concerns an adjustment relating to the treatment of recharges. There is no impact on the underlying (Surplus)/Deficit for the year.



## **8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

### **General Fund Balance**

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### **Capital Grants Unapplied Account**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/ or the financial year in which this can take place.

2020/21	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>				
Charges for depreciation and impairment of non-current assets	1,743	0	0	(1,743)
Revaluation Surplus on Property, Plant and Equipment	332	0	0	(332)
Movements in the market value of Investment Properties	264	0	0	(264)
Amortisation of intangible assets	9	0	0	(9)
Capital grants and contributions that have been applied to capital financing	(1,621)	0	0	1,621
Revenue expenditure funded from capital under statute	1,289	0	0	(1,289)
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>				
Statutory provision for the financing of capital investment	(349)	0	0	349
Capital expenditure charged against General Fund Balance	(760)	0	0	760
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	(43)	43	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(37)	0	37

2020/21	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(5,623)	0	5,623	0
Capital Grants Unapplied applied to Financing of Capital Expenditure	0	0	(7)	7
<b>Adjustments primarily involving the LGPS Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	4,110	0	0	(4,110)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,384)	0	0	2,384
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax and non-domestic rating income calculated for the year in accordance with statutory requirements	3,786	0	0	(3,786)
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	279	0	0	(279)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are Different from finance costs chargeable in the year in accordance with statutory requirements	(18)	0	0	18
<b>Total Adjustments</b>	<b>1,014</b>	<b>6</b>	<b>5,616</b>	<b>(6,636)</b>

2019/20	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>				
Charges for depreciation and impairment of non-current assets	1,595	0	0	(1,595)
Revaluation Surplus on Property, Plant and Equipment	(58)	0	0	58
Movements in the market value of Investment Properties	(97)	0	0	97
Amortisation of intangible assets	21	0	0	(21)
Capital grants and contributions that have been applied to capital financing	(1,472)	0	0	1,472
Revenue expenditure funded from capital under statute	1,673	0	0	(1,673)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	185	0	0	(185)
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>				
Statutory provision for the financing of capital investment	(242)	0	0	242
Capital expenditure charged against General Fund Balance	(1,539)	0	0	1,539
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(445)	445	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(445)	0	445
	0	0	0	0

2019/20	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(15)	0	15	0
Capital Grants Unapplied applied to Financing of Capital Expenditure	0	0	(165)	165
<b>Adjustments primarily involving the LGPS Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,240	0	0	(5,240)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,304)	0	0	2,304
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax and non-domestic rating income calculated for the year in accordance with statutory requirements	111	0	0	(111)
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	14	0	0	(14)
<b>Total Adjustments</b>	<b>2,667</b>	<b>0</b>	<b>(150)</b>	<b>(2,517)</b>

## 9. TRANSFERS (TO)/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund Balance in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2020/21.

	Note	Balance at 1 April 2019	Movements in year		Balance at 31 March 2020	Movements in year		Balance at 31 March 2021
			Receipts	Applied		Receipts	Applied	
		£000	£000	£000	£000	£000	£000	£000
Travellers Sites	1	305	41	(24)	322	4	0	326
Maintenance -Station Road, Whittlesey	2	12	3	(13)	2	3	0	5
CCTV	3	101	10	(63)	48	10	(37)	21
Invest to Save	4	120	0	(36)	84	32	(13)	103
Conservation	5	4	0	(4)	0	0	0	0
Management of Change Reserve	6	1,203	0	(255)	948	0	(146)	802
Neighbourhood Planning Reserve	7	185	0	(185)	0	0	0	0
Specific Grants Reserve	8	1,637	55	(622)	1,070	1,408	(244)	2,234
Personal Search Fees	9	115	0	(115)	0	0	0	0
Community Projects	10	12	0	(12)	0	0	0	0
Local Government Resource Review	11	1,056	0	(335)	721	3,433	(7)	4,147
Capital Contribution Reserve	12	420	1,054	(1,133)	341	463	(489)	315
Port – Buoy Maintenance	13	147	0	0	147	0	0	147
Repairs & Maintenance Reserve	14	643	51	(57)	637		(74)	563
Development Fund	15	1,000	0	(1,000)	0	0	0	0
Wisbech High St HLF Reserve	16	152	0	(38)	114	0	(33)	81
Local Plan Reserve	17	451	0	(451)	0	0	0	0
Solid Wall Remediation	18	100	0	0	100	0	0	100
Street Lighting	19	18	6	0	24	6	0	30
Investment Strategy Reserve	20	0	1,350	0	1,350	0	(10)	1,340
Budget Equalisation Reserve	21	0	315	0	315	167	0	482
Planning Reserve	22	0	636	(139)	497	0	(106)	391
Covid 19	23	0	43	0	43	0	(43)	0
Election Reserve	24	0	0	0	0	30	0	30
Covid Local Authority Support Grants	25	0	0	0	0	741	0	741
Council Tax Hardship Fund	26	0	0	0	0	36	0	36
Pilots Development Training	27	0	0	0	0	24	0	24
National Leisure Recovery Plan	28	0	0	0	0	154	0	154
<b>Total</b>		<b>7,681</b>	<b>3,564</b>	<b>(4,482)</b>	<b>6,763</b>	<b>6,511</b>	<b>(1,202)</b>	<b>12,072</b>

## **Notes**

1. The Travellers Sites Reserve is used to fund future maintenance programmes.
2. The Station Road, Whittlesey Reserve was set up in 2004/05 to finance future maintenance costs in relation to the un-adopted estate road. Contributions are received annually from the Companies who have purchased the freehold of individual sites.
3. CCTV Reserve is to provide for future plant and equipment requirements.
4. The Invest to Save Reserve was set up for services to “borrow” from in order to finance ways of producing savings.
5. The Conservation Reserve was set up to purchase, renovate and subsequently re-sell difficult properties of local importance where intervention by this Council is seen as the only solution. Following a review of reserves by Cabinet in January 2020 it was determined that this reserve was no longer required and the balance was re-allocated.
6. The Management of Change Reserve was established for the effective management of any organisational changes required to meet the Council’s future priorities.
7. The Neighbourhood Planning Reserve was created to assist the Council with delivering the ‘Neighbourhood Planning’ objective and delivery of the new Development Plan. Following a review of reserves by Cabinet in January 2020 it was determined the balance should be transferred to a new Planning Reserve.
8. Specific grants received in year but not spent. Balance available to fund specific spending commitments in future years.
9. Available to off-set potential restitution claims associated with the revocation of the personal search fees of the local land charges register.
10. Available to assist local community projects.
11. The Local Government Resource Review Reserve was established to assist the Council in delivering the localisation of council tax support and business rates retention from 2013/14. Transfers to the reserve in 2020/21 reflect the impact of the significant grants received by the Council to fund the award of business rate relief to businesses impacted by the Coronavirus. The impact of awarding this relief will be reflected in the Collection Fund from 2021/22 onwards and the balance on this reserve will be used to mitigate the impact of recognising the Council’s share of the Collection Fund deficit in the General Fund
12. The Capital Contributions Reserve was set-up to provide funding for future capital schemes.
13. The Port Buoy Maintenance Reserve was established to provide funding for future buoy maintenance to windfarms.
14. The Repairs and Maintenance Reserve was established in 2016/17 to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.
15. A Development Fund was established in 2016/17 to enable progression of future development and property schemes. Following a review of reserves by Cabinet in January

2020 it was determined that this reserve was no longer required. Following the approval of a Commercial and Investment Strategy by the Council Cabinet approved the transfer of the balance held in this reserve to an Investment Strategy Reserve in January 2020.

16. The Wisbech High Street Heritage Lottery Fund Reserve was established in 2017/18 to facilitate work on grant-funded projects on buildings located in Wisbech High Street.
17. The Local Plan Reserve has been established in 2018/19 to fund the costs of preparing an updated local plan. Following a review of reserves by Cabinet in January 2020 it was determined that the balance should be transferred to a new Planning Reserve.
18. The Solid Wall Remediation Reserve has been established in 2018/19 to fund potential costs linked to solid wall installations in the District.
19. The Street Lighting Reserve has been established in 2018/9 to fund future repairs and maintenance relating to street lighting.
20. The Investment Strategy Reserve was established following a meeting of Cabinet held in January 2020. The purpose of the reserve is to enable the Council to take forward projects approved in accordance with the Council's Commercial and Investment Strategy.
21. The Budget Equalisation Reserve was established in January 2020. The purpose of the reserve is hold surpluses achieved in previous financial years so that these are available to cover deficits returned in future years should the Council wish to do so.
22. The Planning Reserve was established in January 2020 using balances held previously in the Local Plan Reserve and the Neighbourhood Planning Reserve.
23. The Covid 19 Reserve was established in March 2020 to hold ring-fenced funding received from central government and the County Council from March 2020 onwards to cover some of the costs associated with the Council's response to the Covid 19 pandemic.
24. The Elections Reserve was established in 2020/21 to fund the cost of future District Council elections.
25. The Covid Local Authority Support Grants reserve holds money received from government to support local business which had not been paid out as at 31 March 2021. The balance is due to be paid out over the course of the 2021/22 financial year.
26. The Council Tax Hardship Fund reserve holds money received from government to assist Council Taxpayers experiencing hardship linked to the Covid 19 pandemic. The balance is due to be paid out over the course of the 2021/22 financial year.
27. The Pilots Development Training reserve holds money to be utilised in future years to fund the training of maritime pilots to fulfil the authority's statutory functions.
28. The National Leisure Recovery Plan reserve holds the balance of funding the Council received to assist its leisure operator with costs linked to the re-opening of its leisure centres when restrictions linked to the Covid 19 pandemic were eased. The balance is due to be utilised during the 2021/22 financial year.



## 10. OTHER OPERATING EXPENDITURE

	2020/21 £000	2019/20 £000
Parish Council Precepts	1,444	1,364
Drainage Board Levies	1,499	1,464
Loss/(Gain) on the Disposal of Non-Current Assets	(43)	(261)
<b>Total</b>	<b>2,900</b>	<b>2,567</b>

## 11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2020/21 £000	2019/20 £000
Deficit on Trading Accounts	1,001	771
Interest payable and similar charges	497	502
Interest on the net defined pension liability	1,147	1,576
Interest receivable and similar income	(70)	(215)
Income and expenditure in relation to investment properties and changes in their fair value	198	(165)
<b>Total</b>	<b>2,773</b>	<b>2,469</b>

## 12. TAXATION AND NON-SPECIFIC GRANT INCOME

	2020/21 £000	2019/20 £000
Council Tax income	(9,159)	(9,123)
Net share of business rate income	(38)	(3,076)
Non-ring-fenced Government grants	(8,452)	(2,780)
Capital grants and contributions	(5,992)	(191)
<b>Total</b>	<b>(23,641)</b>	<b>(15,170)</b>

### 13. PROPERTY, PLANT AND EQUIPMENT

Movements in 2020/21:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Asset Under Construction	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 April 2020	35,995	17,187	200	8,197	1,477	3,437	66,493
Additions	364	911	12	401	0	0	1,688
Revaluation Surplus/(Deficit) recognised in the Revaluation Reserve	1,411	0	0	0	0	455	1,866
Revaluation Surplus/(Deficit) recognised in the Deficit on the Provision of Services	(36)	0	0	0	0	15	(21)
Transfers	293	0	0	0	0	(410)	(117)
Disposals and Derecognitions	(19)	0	0	0	0	0	(19)
<b>At 31 March 2021</b>	<b>38,008</b>	<b>18,098</b>	<b>212</b>	<b>8,598</b>	<b>1,477</b>	<b>3,497</b>	<b>69,890</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2020	(401)	(12,595)	0	(3,240)	(88)	0	(16,324)
Depreciation charge	(367)	(948)	0	(294)	0	0	(1,609)
Impairments	(305)	0	0	0	0	0	(305)
Depreciation charge to the Revaluation Reserve	(134)	0	0	0	0	0	(134)
Depreciation charge written out to the Revaluation Reserve	260	0	0	0	0	0	260
Depreciation charge written out in respect of Disposals	0	0	0	0	0	0	0
<b>At 31 March 2021</b>	<b>(947)</b>	<b>(13,543)</b>	<b>0</b>	<b>(3,534)</b>	<b>(88)</b>	<b>0</b>	<b>(18,112)</b>
<b>Net Book Value</b>							
<b>At 31 March 2021</b>	<b>37,061</b>	<b>4,555</b>	<b>212</b>	<b>5,064</b>	<b>1,389</b>	<b>3,497</b>	<b>51,778</b>
<b>At 31 March 2020</b>	<b>35,594</b>	<b>4,592</b>	<b>200</b>	<b>4,957</b>	<b>1,389</b>	<b>3,437</b>	<b>50,169</b>

Comparative Movements in 2019/20:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Asset Under Construction	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 April 2019	<b>34,148</b>	<b>15,978</b>	<b>124</b>	<b>7,917</b>	<b>1,492</b>	<b>5,097</b>	<b>64,756</b>
Additions	1,270	1,599	76	280	0	0	3,225
Revaluation Surplus/(Deficit) recognised in the Revaluation Reserve	419	0	0	0	0	(1,406)	(987)
Revaluation Surplus/(Deficit) recognised in the Deficit on the Provision of Services	158	0	0	0	(15)	(85)	58
Transfers	0	0	0	0	0	16	16
Disposals	0	(390)	0	0	0	(185)	(575)
<b>At 31 March 2020</b>	<b>35,995</b>	<b>17,187</b>	<b>200</b>	<b>8,197</b>	<b>1,477</b>	<b>3,437</b>	<b>66,493</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2019	<b>(382)</b>	<b>(12,214)</b>	<b>0</b>	<b>(2,952)</b>	<b>(88)</b>	<b>0</b>	<b>(15,636)</b>
Depreciation charge	(364)	(772)	0	(288)	0	0	(1,424)
Depreciation charge to the Revaluation Reserve	(171)	0	0	0	0	0	(171)
Depreciation charge written out to the Revaluation Reserve	516	0	0	0	0	0	516
Depreciation charge written out in respect of Disposals	0	391	0	0	0	0	391
<b>At 31 March 2020</b>	<b>(401)</b>	<b>(12,595)</b>	<b>0</b>	<b>(3,240)</b>	<b>(88)</b>	<b>0</b>	<b>(16,324)</b>
Net Book Value							
<b>At 31 March 2020</b>	<b>35,594</b>	<b>4,592</b>	<b>200</b>	<b>4,957</b>	<b>1,389</b>	<b>3,437</b>	<b>50,169</b>

## **Fair Value Hierarchy**

All the Council's surplus assets and investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes (see accounting policy note 1 viii for an explanation of the fair value levels).

## **Valuation Techniques Used to Determine Level 2 Fair Values for Surplus Assets and Investment Properties**

The fair value of surplus assets and investment properties have been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for surplus assets or investment properties

## **Highest and Best Use**

In ascertaining the fair value of the Council's surplus assets and investment properties the ultimate aim is to arrive at the notional 'Highest and Best use value' for the asset either as a stand-alone asset or in combination with other assets within the principal market whilst ensuring that any alternative use is physically, legally and financially possible.

This has been achieved, for these purposes, by comparing the 'current use' of the asset to the notional 'alternative use' based on potential redevelopment on a land value basis for the site(s).

## **Valuation Process for Investment Properties**

The Council's investment properties have been valued as at 31 March 2021 by Wilks Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## **Depreciation**

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – Up to 50 years
- Vehicles, Plant, Furniture & Equipment – 5-20 years
- Infrastructure – Up to 40 years

## **Capital Commitments**

At 31 March 2021 the Council had contractual capital commitments of £0.683m (31 March 2020 £0.723m).

## Revaluations

A full re-valuation of all assets valued at current value or fair value was undertaken as at 1 April 2020. All assets required to be valued at current value are re-valued at least every 5 years.

In addition, the Council instructs its valuers annually to undertake a market review of all land and property assets, to ensure that the carrying value of those assets is not materially different from their fair value at the end of the reporting period. For the purpose of these financial statements the annual market review enabled the Council to conclude that valuations provided which reflected the position as at 1 April 2020 were a materially accurate reflection of the value of assets as at 31 March 2021.

All valuations were carried out externally by Wilks Head & Eve in accordance with the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuations is set out in the accounting policies, Note 1 of the financial statements.

The following table analyses the Council's Property, Plant and Equipment according to when it was last revalued. It includes those assets held at historical cost valuation in accordance with the requirements of the CIPFA Code of Accounting Practice. All other assets have been revalued in accordance with the process explained above.

	<b>Land &amp; Buildings £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Vehicles, Plant &amp; Equipment £000</b>	<b>Surplus Assets £000</b>	<b>Total £000</b>
Valued at historical cost	0	5,064	1,389	4,555	0	11,008
Valued at current/fair value as at:						
31 March 2021	37,062	0	0	0	3,497	40,559
<b>Total</b>	<b>37,062</b>	<b>5,064</b>	<b>1,389</b>	<b>4,555</b>	<b>3,497</b>	<b>51,567</b>

## 14. INVESTMENT PROPERTY

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Rental income from investment property	(66)	(69)
Loss/(Gain) on revaluation of investment property	264	(96)
<b>Net (Gain)/Loss</b>	<b>198</b>	<b>(165)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds

of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or carry out repairs, maintenance or enhancement.

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

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Balance at start of the year	1,402	1,306
Transfers from Property, Plant and Equipment	117	0
Additions	3,699	0
Net gain/(loss) from fair value adjustments	(264)	96
Balance at end of the year	<b>4,954</b>	<b>1,402</b>

### Fair Value Hierarchy

All the Council's investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes (see accounting policy note 1 viii and note 13 to the core financial statements for an explanation of the fair value levels).

## 15. INTANGIBLE ASSETS

Purchased software licences are held for a variety of IT systems. All software is given a 5 year finite useful life, based on assessments of the period that the software is expected to be used by the Council and to be consistent with the general policy for all capitalised IT purchases.

The carrying amount of intangible assets is amortised on a straight-line basis in line with the Council's general depreciation/amortisation policy. The amortisation of £9,564 charged to revenue in 2020/21 is charged to the IT cost centre and then absorbed as an overhead across all service headings in the Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at start of year</b>		
Gross Carrying amount	<b>1,498</b>	<b>1,498</b>
Accumulated amortisation	(1,474)	(1,453)
<b>Net carrying amount at start of year</b>	<b>24</b>	<b>45</b>
Additions	0	0
Amortisation for the year	(10)	(21)
<b>Net carrying amount at end of year</b>	<b>14</b>	<b>24</b>
<b>Comprising:</b>		
Gross carrying amounts	1,498	1,498
Accumulated amortisation	(1,483)	(1,474)

## 16. LONG TERM DEBTORS

Long term debtors which fall due after a period of at least one year:

	31 March 2021 £000	31 March 2020 £000
Mortgages	49	51
Private sector housing improvement loans	217	213
Employee car loans	104	140
Other	17	0
<b>Total</b>	<b>387</b>	<b>404</b>

## 17. FINANCIAL INSTRUMENTS

### Categories of financial instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Carrying amount	
	31 March 2021 £000	31 March 2020 £000
<b>Financial liabilities (Measured at Amortised Cost)</b>		
Long Term Liabilities	(7,800)	(7,800)
Short Term Borrowings	(36)	(36)
Creditors	(5,056)	(3,601)
	<b>(12,892)</b>	<b>(11,437)</b>

<b>Financial Assets (Measured at Amortised Cost)</b>		
Debtors	3,303	2,627
Cash & Cash Equivalents	17,965	10,269
Investments	5,002	9,019
	<b>26,270</b>	<b>21,915</b>

## Income, expense, gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	<b>Financial Liabilities</b>	<b>Financial Assets</b>	<b>Total</b>
	<b>31 March 2021 £000</b>	<b>31 March 2021 £000</b>	<b>31 March 2021 £000</b>
Interest Income – soft loans	0	(15)	<b>(15)</b>
Interest and Investment Income	0	(55)	<b>(55)</b>
Increase in allowance for expected credit losses	0	532	<b>532</b>
Interest payable and similar charges	497	0	<b>497</b>
Net loss for year	<b>497</b>	<b>462</b>	<b>959</b>

	<b>Financial Liabilities</b>	<b>Financial Assets</b>	<b>Total</b>
	<b>31 March 2020 £000</b>	<b>31 March 2020 £000</b>	<b>31 March 2020 £000</b>
Interest Income – soft loans	0	(10)	<b>(10)</b>
Interest and Investment Income	0	(205)	<b>(205)</b>
Increase in allowance for expected credit losses	0	79	<b>79</b>
Interest payable and similar charges	521	0	<b>521</b>
Net loss for year	<b>521</b>	<b>(136)</b>	<b>385</b>

Realised and unrealised gains and losses, interest and other items of income and expense are accounted for in the financial year to which they relate and are shown at actual value paid or received.

The increase in the allowance for expected credit losses reflects the additional amount required in the year which is chargeable to the Comprehensive Income and Expenditure Statement.

## 18. FAIR VALUE OF ASSETS AND LIABILITIES

Financial liabilities and financial assets (loans and receivables) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (level 2 on the fair value hierarchy, see accounting policy note 1 viii ), using the following assumptions:

- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to the fair value



- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- For loans from the Public Works Loan Board (PWLB), new borrowing rates have been applied from the PWLB to provide fair value disclosures at the balance sheet date. As an alternative, the Debt Management Office provides a fair value valuation under PWLB debt redemption procedures calculated without undertaking a repayment or transfer.
- For other market debt, PWLB (new certainty) prevailing market rates have been applied to provide the fair value disclosures at the balance sheet date.

As at 31 March 2021 the Council held £26.270m financial assets and £12.892m liabilities for which level 3 valuations will not apply. All the financial assets are classed as loans and receivables and held within Notice Accounts. The financial liabilities are held with PWLB and market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, for all long-term liabilities we have used a financial model valuation provided by Link Asset Services. This valuation applies the net present value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses new borrowing rates to discount the future cash flows.

In accordance with advice received from Link Asset Services the fair value of all financial instruments classified as being short-term in the balance sheet has been assumed to be the same as the book value.

	Carrying Amount 31 March 2021	Fair Value 31 March 2021	Carrying Amount 31 March 2020	Fair Value 31 March 2020
			£000	£000
<b>Financial liabilities</b>				
Long Term Liabilities	(7,800)	(12,012)	(7,800)	(11,863)
Short Term Borrowing	(36)	(36)	(36)	(36)
Creditors	(5,056)	(5,056)	(3,601)	(3,601)
	(12,892)	(17,104)	(11,437)	(15,500)
<b>Loans &amp; Receivables</b>				
Total Debtors	3,303	3,303	2,627	2,627
Cash & Cash Equivalents	17,965	17,965	10,269	10,269
Investments	5,002	5,002	9,019	9,019
	26,270	26,270	21,915	21,915
<b>Total</b>	13,378	9,166	10,478	6,415

The fair value of long-term liabilities are greater than the carrying amount due to the Council's portfolio of loans consisting of a number of fixed rate loans, where the interest payable is higher than the rates available for similar loans at the Balance Sheet date. The fair value of creditors is taken to be the invoiced amount.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. As a result of its PWLB commitments for fixed rate loans a comparison of the terms of these loans with the new borrowing rates available from the PWLB has been used to calculate the fair value. If a value is calculated on this basis, the carrying amount of £4.532m would be valued at £6.769m. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £2.745m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £7.276m.

This redemption charge is a supplementary measure of the fair value of the PWLB loans of £7.276m. It measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value, measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

## 19. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a result of factors such as changes in interest rates movements.

### How the Council Manages These Risks

The Council's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

#### ***Credit Risk***

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. In addition, the Investment strategy also limits maximum amounts and time limits to be deposited in respect of each financial institution. Additional selection criteria are also applied after this initial criteria is applied. Full details of the Investment Strategy can be found on the Council's website.

Deposits are not made with banks and financial institutions unless they meet the minimum criteria laid out within the creditworthiness service provided by Capita Asset Services (see Annual Investment Strategy). A maximum of £5m is allowed to be invested (£10m with the Council's approved bank) within any one approved institution for up to 5 years. Unlimited overnight investments levels are allowed with the Council's approved bank.

At 31 March 2021 there was a maximum of £5m with approved counterparties and a maximum of 2 times this limit may be invested in total with counterparties belonging to the same group.

In light of the above investment strategy, the Council considers that it has taken all reasonable steps to reduce to a minimum any exposure to credit risks in relation to investments at 31 March 2021 and that any residual risk cannot be quantified.

The following table shows the original sums of investments at 31 March analysed by the nature of financial institution and remaining period to maturity.

<b>31 March 2021</b>	<b>Maturity Bands</b>			<b>Total</b>
	<b>Less than 3 Months</b>	<b>3 Months to 6 Months</b>	<b>6 Months to 1 year</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Banks	10,000	5,000	0	15,000
Building Societies	7,000	0	0	7,000
Local Authorities	2,000	0	0	2,000
	<b>19,000</b>	<b>5,000</b>	<b>0</b>	<b>24,000</b>

<b>31 March 2020</b>	<b>Maturity Bands</b>			<b>Total</b>
	<b>Less than 3 Months</b>	<b>3 Months to 6 Months</b>	<b>6 Months to 1 year</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Banks	6,300	5,000	0	11,300
Building Societies	3,000	0	0	3,000
Local Authorities	4,000	0	0	4,000
	<b>13,300</b>	<b>5,000</b>	<b>0</b>	<b>18,300</b>

The simplified approach is used to determine the provision for expected credit losses for trade debtors. A matrix is used to determine the appropriate level of provision. The likelihood of a debtor not fulfilling their obligations is assessed based on the Council's experience of securing payment in previous financial years for debt where the credit period had been exceeded adjusted to reflect the Council's understanding of how economic trends expected to prevail over the medium-term may impact on the prospect of the Council securing the payments due.

For financial assets not classified as a trade debtor, the provision for expected credit losses is based upon an assessment of the extent to which credit risk associated with individual assets has increased since initial recognition. The following factors are taken into account:

- the Council normally only allows counterparties credit of 14 days. If this period has been exceeded without contact from the counterparty this is likely to be indicative of an increase in the credit risk associated with the financial asset;
- the Council permits some customers to pay off their outstanding balance in instalments. If two or more instalments have been missed this is likely to be indicative of an increase in the credit risk associated with the financial asset; and
- the Council regularly reviews outstanding balances to determine if circumstances have arisen which make the debt eligible for write-off in accordance with the Council's policy on write-offs. Write-offs are approved promptly and arrangements are in place to ensure outstanding proposals for write-off are actioned prior to each Balance Sheet date.

The changes in the loss allowance during the year analysed according to the method using to calculate the expected credit loss is shown in the table below:

	<b>12-Month Expected Credit Losses</b>	<b>Lifetime Expected Credit Losses – Not Credit Impaired</b>	<b>Lifetime Expected Credit Losses – Simplified Approach</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Opening Balance at 1 April 2020</b>	0	293	62	355
New Financial Assets Originated or Purchased	0	0	0	0
Amounts Written Off	0	(74)	(9)	(83)
Changes in Model/ Risk Parameters	421	(19)	29	431
<b>As at 31 March 2021</b>	421	200	82	703

	<b>12-Month Expected Credit Losses</b>	<b>Lifetime Expected Credit Losses – Not Credit Impaired</b>	<b>Lifetime Expected Credit Losses – Simplified Approach</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Opening Balance at 1 April 2019</b>	0	299	62	361
New Financial Assets Originated or Purchased	0	0	0	0
Amounts Written Off	0	0	(25)	(25)
Changes in Model/ Risk Parameters	0	(6)	25	19
<b>As at 31 March 2020</b>	0	293	62	355

The Council has the following exposure to credit risk at 31 March 2021

<b>Basis for Calculation of Expected Credit Loss</b>	<b>Gross Carrying Amount 31 March 2021 £000</b>	<b>Gross Carrying Amount 31 March 2020 £000</b>
12-Month Expected Credit Losses	1,797	741
Lifetime Expected Credit Losses – Not Credit Impaired	200	293
Lifetime Expected Credit Losses – Simplified Approach	1,306	1,593

### **Liquidity Risk**

As the Council has ready access to borrowings from the PWLB, it does not face any significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All financial liabilities as at 31 March 2021 are due within one year, apart from long term borrowings and finance lease liabilities. The maturity analysis of long term borrowing is as follows:

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Between 5 and 10 years	2,000	2,000
Between 10 and 15 years	2,500	2,500
Between 30 and 35 years	3,300	3,300
<b>Total</b>	<b>7,800</b>	<b>7,800</b>

All trade and other payables are due to be paid in less than one year.

### **Market Risk – Interest Rate Risk**

The Council is exposed to minimal risk in respect of adverse interest rate movements in its investments. This is because fixed rate investments are of less than one year in duration and the changes to fair value will be minimal. The Council does, however, utilise “call accounts” for short term deposits and the interest rate on these accounts move in line with the bank base rate. In general terms, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

The Council’s treasury management officers play a pro-active role in assessing interest rate exposure that feeds into the Council’s annual budget setting process and which is used to revise budget projections as necessary during the financial year. The assessment procedures indicate that if interest rates were one percentage point higher, with all other variables held constant, the effect in 2020/21 would have been an increase in income of £90,000 (£51,000 reduction in 2019/20).

The impact of a one percentage point fall in interest rates would be the reverse of the net effect identified in the table above. The Code of Practice on Local Authority Accounting 2020/21 suggests a sensitivity analysis of one percentage point.

## 20. INVENTORIES

	<b>Total (General &amp; Vehicle)</b>	
	<b>2020/21 £000</b>	<b>2019/20 £000</b>
<b>Balance outstanding at start of year</b>	53	76
Purchases	343	332
Recognised as an expense in the year	(331)	(355)
<b>Balance outstanding at year-end</b>	<b>65</b>	<b>53</b>

## 21. SHORT TERM DEBTORS

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Central Government bodies	4,386	1,633
Trade Receivables	914	1,236
Other	4,675	2,279
<b>Total</b>	<b>9,975</b>	<b>5,148</b>

Each line item is presented net of a provision for expected credit losses. Details of the Council's approach to determining the level of provision required is explained in Note 19 to the financial statements.

## 22. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Cash held by the Council	19,002	9,308
Bank Current Accounts	(1,037)	961
<b>Total Cash and Cash Equivalents</b>	<b>17,965</b>	<b>10,269</b>

## 23. SHORT TERM CREDITORS

	31 March 2021 £000	31 March 2020 £000
Central Government bodies	8,556	1,942
Trade	2,200	1,332
Other entities and individuals	3,023	2,925
<b>Total</b>	<b>13,779</b>	<b>6,199</b>

The Council has received a number of developer's contributions that have yet to be recognised as income as they have conditions attached to them that require the monies to be returned to the giver if not used as prescribed. This liability is included within the 'Other Entities and Individuals' category in the table above at a value of £1,927,291 (2019/20 £1,787,110).

## 24. RECEIPTS IN ADVANCE

	31 March 2021 £000	31 March 2020 £000
Central Government Bodies	618	1,535
Council Tax receipts in advance	262	231
Business Rates receipts in advance	141	60
Trade	78	21
Garden Waste receipts in advance	699	640
Other	30	47
<b>Total</b>	<b>1,828</b>	<b>2,534</b>

## 25. PROVISIONS

	31 March 2021 £000	31 March 2020 £000
Balance at 1 April	1,671	1,101
Additional Provision	681	570
Utilised in Year	0	0
<b>Balance at 31 March</b>	<b>2,352</b>	<b>1,671</b>

Included within Provisions are amounts set aside to meet potential future liabilities for Business Rates Appeals and amounts set aside in respect of exit packages associated with decisions taken by the Council prior to 31 March 2021.



## 26. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes 8 and 9 of the financial statements.

## 27. UNUSABLE RESERVES

	31 March 2021 £000	31 March 2020 £000
Revaluation Reserve	19,058	17,082
Capital Adjustment Account	31,887	32,613
Financial Instruments Adjustment Account	(285)	(303)
Pensions Reserve LGPS	(69,184)	(49,115)
Collection Fund Adjustment Account	(4,162)	(376)
Accumulated Absences Account	(491)	(212)
<b>Total</b>	<b>(23,177)</b>	<b>(311)</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>17,082</b>	<b>17,894</b>
Upward revaluation of assets	3,732	1,827
Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	(1,618)	(2,303)
Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	2,114	(476)
Difference between fair value depreciation and historical cost depreciation	(134)	(171)
Accumulated gains on assets transferred, sold or scrapped	(4)	(165)
Amount written off to the Capital Adjustment Account	(138)	(336)
<b>Balance at 31 March</b>	<b>19,058</b>	<b>17,082</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 of the financial statements provide details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>32,613</b>	<b>31,732</b>
Charges for depreciation and impairment of non-current assets	(1,743)	(1,595)
Revaluation Surplus/(Deficit) on Property, Plant and Equipment	(332)	58
Amortisation of intangible assets	(10)	(21)
Revenue expenditure funded from capital under statute	(1,289)	(1,674)
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income and Expenditure Statement	0	(184)
Adjusting amounts written out of the Revaluation Reserve	134	171
Use of the Capital Receipts Reserve to finance new capital expenditure	37	445
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,621	1,472
Application of grants to capital financing from the Capital Grants Unapplied Account	7	165
Transfer from Revaluation Reserve in respect of Non-Current assets transfers and assets sold or scrapped	4	166
Statutory provision for the financing of capital investment charged against the General Fund Balance	349	242
Capital expenditure charged against the General Fund Balance	760	1,539
Movements in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement	(264)	97
<b>Balance at 31 March</b>	<b>31,887</b>	<b>32,613</b>

## Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>(303)</b>	<b>(303)</b>
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	19	14
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1)	(14)
<b>Balance at 31 March</b>	<b>(285)</b>	<b>(303)</b>

## Pension Reserve – Local Government Pension Scheme

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the 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 the costs. However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial 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.

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>(49,115)</b>	<b>(65,232)</b>
Re-measurements of the net defined benefit liability	(18,344)	19,052
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(4,110)	(5,240)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,385	2,305
<b>Balance at 31 March</b>	<b>(69,184)</b>	<b>(49,115)</b>

## Collection Fund Adjustment Account

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

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>(376)</b>	<b>(264)</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(3,786)	(112)
<b>Balance at 31 March</b>	<b>(4,162)</b>	<b>(376)</b>

## Accumulated Absences Account

The Accumulated Absences 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 by transfers to or from the Account.

	2020/21 £000	£000	2019/20 £000	£000
<b>Balance at 1 April</b>	<b>(212)</b>			<b>(197)</b>
Settlement or cancellation of accrual made at the end of the preceding year	212		197	
Amounts accrued at the end of the current year	(491)		(212)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(279)		(15)	
<b>Balance at 31 March</b>		<b>(491)</b>		<b>(212)</b>

## 28. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

a) Adjust net deficit on the provision of services for non-cash movements.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Depreciation	1,743	1,595
Impairment & downward/upward revaluations	332	(58)
Amortisation	9	21
Increase/(decrease) in impairment for bad debts	86	(21)
Increase/(decrease) in Creditors	8,232	527
(Increase)/decrease in Debtors	(3,573)	(1,166)
Decrease/(Increase) in inventories	(12)	24
Movement in pension liability	1,725	2,935
Contribution to/(from) provisions	681	570
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	0	185
Movement in fair value of investment properties	264	(97)
Other non-cash transactions	483	4
	<b>9,970</b>	<b>4,519</b>

b) Adjust for items included in the net deficit on the provision of services that are investing and financing activities.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Capital grants credited to the deficit on the provisions of services	(7,256)	(1,504)
Proceeds from the sale of property, plant and equipment and repayment of loans	(43)	(413)
	<b>(7,299)</b>	<b>(1,917)</b>

c) Interest received and interest paid.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Interest received	71	216
Interest paid	(496)	(503)
	<b>(425)</b>	<b>(287)</b>

## 29. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2020/21 £000	2019/20 £000
Purchase of property, plant and equipment, investment property and intangible assets	(5,295)	(3,053)
Purchase of short-term investments	(14,000)	(24,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets and repayment of grants and loans	75	381
Proceeds from short-term investments	18,000	27,500
Other payments for investing activities	(2)	(28)
Other receipts from investing activities	7,315	1,364
<b>Net cash flows from investing activities</b>	<b>6,093</b>	<b>2,164</b>

## 30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2020/21 £000	2019/20 £000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(163)	(157)
Other (payments)/receipts for financing activities	(5,200)	1,753
<b>Net cash flows from financing activities</b>	<b>(5,363)</b>	<b>1,596</b>

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2020 £000	Financing Cash Flows £000	31 March 2021 £000
Long Term Borrowing	7,800	0	7,800
Lease Liabilities	406	(163)	243
<b>Total Liabilities from financing activities</b>	<b>8,206</b>	<b>(163)</b>	<b>8,043</b>

## 31. TRADING OPERATIONS

Included within the expenditure figures below are capital charges (depreciation, revaluation and impairment) which are reversed out of the General Fund Balance through the Movement in Reverses Statement to ensure there is no impact on the Council's Taxpayer.

### Market Undertaking

The Council operates outdoor markets in March, Chatteris and Whittlesey.

	2020/21 £000	2019/20 £000
Expenditure	93	90
Income	(18)	(17)
<b>Deficit Before Capital Charges</b>	<b>75</b>	<b>73</b>
Capital Charges	4	4
<b>Deficit Taken to General Fund</b>	<b>79</b>	<b>77</b>

### Port Undertaking

The Council is the statutory Port Authority for the Port of Wisbech. Financial results were as follows:

	2020/21 £000	2019/20 £000
Expenditure	1,053	1,155
Income	(865)	(901)
<b>Deficit Before Capital Charges</b>	<b>188</b>	<b>254</b>
Capital Charges	282	252
<b>Deficit Taken to General Fund</b>	<b>470</b>	<b>506</b>

## Mini-factories, Estates and Office Units

The Council operates 69 mini-factory units located in March, Chatteris and Wisbech. South Fens Business Centre, Chatteris offers 45 office and 8 workspace units. The Boathouse, Wisbech offers 37 office units. Estate areas amounting to 44.5 acres are operated by the Council. Financial results were as follows:

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Expenditure	1,082	1,146
Income	(719)	(857)
<b>Deficit Before Capital Charges</b>	<b>363</b>	<b>289</b>
Capital Charges	184	16
<b>Deficit Taken to General Fund</b>	<b>547</b>	<b>305</b>

## Trade Waste

The financial results for Trade Waste were as follows:

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Expenditure	247	260
Income	(342)	(378)
<b>(Surplus) taken to General Fund</b>	<b>(95)</b>	<b>(118)</b>

There are currently no capital charges in relation to Trade Waste.

## 32. MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year. Full details can be found on the Council's website. Details of payments to individual members are published annually in a local newspaper and on the Council's website.

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Allowances	334	317
Expenses	2	16
<b>Total</b>	<b>336</b>	<b>333</b>



### 33. EMPLOYEES' REMUNERATION

The following table sets out the remuneration disclosures for senior officers who received more than £50,000 per year.

#### Senior Officers Remuneration

Name/Officer	Note	Year	Gross Salary	Benefits in Kind (e.g. car allowance)	Total Remuneration (excl. Pension contributions)	Employers Pension Contributions	Total Remuneration (incl. pension contributions)
			£	£	£	£	£
Paul Medd, Chief Executive		<b>2020/21</b>	<b>150,053</b>	<b>2,000</b>	<b>152,053</b>	<b>26,109</b>	<b>178,162</b>
		2019/20	146,037	2,000	148,037	25,410	173,447
Corporate Director and Chief Finance Officer		<b>2020/21</b>	<b>90,156</b>	<b>9,450</b>	<b>99,606</b>	<b>15,687</b>	<b>115,293</b>
		2019/20	87,743	8,400	96,143	15,267	111,410
Corporate Director and Monitoring Officer	1	<b>2020/21</b>	<b>90,156</b>	<b>9,450</b>	<b>99,606</b>	<b>15,687</b>	<b>115,293</b>
		2019/20	81,489	8,400	89,889	15,217	105,106
Corporate Director	2	<b>2020/21</b>	<b>26,960</b>	<b>1,773</b>	<b>28,733</b>	<b>3,560</b>	<b>32,293</b>
		2019/20	87,743	8,400	96,143	15,019	111,162

**Note 1:** The post holder returned from maternity leave on 29 April 2019. Whilst the postholder was on maternity leave the Council paid Peterborough City Council £6,187 for the services of an Acting Monitoring Officer for the period 1 April 2019 – 28 April 2019 on the basis of three days per week.

**Note 2:** The post holder retired from their position on 18 June 2020. The position remains in the Council's Corporate Management Team structure but as at 31 March 2021 the Council had not recruited to the position.

The numbers of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 are shown in the table below.

Remuneration Band	Number of Employees	
	2020/21 Total	2019/20 Total
£50,000 - £54,999	6	9
£55,000 - £59,999	11	8
£60,000 - £64,999	6	4
£65,000 - £69,999	4	2
£85,000 - £89,999	0	1
£95,000 - £99,999	2	2
£145,000 - £149,999	0	1
£150,000 - £154,999	1	0

The band changes from 2019/20 to 2020/21 are due to pay progression within individual's terms and conditions, the nationally agreed cost of living increases and a severance payment to one post made redundant during 2019/20.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The exit packages arose from a programme of service staffing reviews.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £000	2020/21 £000
£0 - £20,000	0	3	3	11	3	14	34	134
£20,001-£40,000	0	0	0	2	0	2	0	68
£40,001-£60,000	0	0	0	0	0	0	0	0
Total	0	3	3	13	3	16	34	202
Total cost included in Comprehensive Income and Expenditure							34	202

### 34. EXTERNAL AUDIT COSTS

In 2020/21 Fenland District Council incurred the following fees relating to external audit and inspection:

	2020/21 £000	2019/20 £000
Fees payable with regard to external audit services carried out by the appointed auditor	56	56
Fees payable for the certification of grant claims and returns	16	20
<b>Total Audit Costs</b>	<b>72</b>	<b>76</b>

In the interests of providing a fair comparison fees relating to the previous financial year have been restated as the external auditor confirmed the total fee due after the 2019/20 accounts had been authorised for issue.

### 35. GRANT INCOME

The Council credited the following significant grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/21:

	2020/21 £000	2019/20 £000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
Net Share of Business Rate Income	38	3,076
New Homes Bonus Grant	1,119	1,293
Capital Grants and Contributions	5,992	191
Business Rate Reliefs Funded by Government	4,806	1,486
Taxation Income Guarantee – Council Tax	2	0
Taxation Income Guarantee - NNDR	313	0
Government Income Compensation - Sales Fees and Charges	418	0
Covid-19 Non-Ring-Fenced Grant	1,794	0
<b>Total</b>	<b>14,482</b>	<b>6,046</b>
<b>Credited to Services</b>		
Housing Benefit Subsidy	186	22,706
Capital Grants and Contributions	1,174	1,172
Housing Benefits/Local Council Tax Support Admin	21,600	410
NNDR Cost of Collection	120	122
Homelessness Prevention	605	398
Controlling Migration	0	408
New Burdens Grant	262	117
Covid-19	5,249	73
Other	1,214	439
<b>Total</b>	<b>30,410</b>	<b>25,845</b>

## 36. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. No material related party transaction balances remain outstanding at year end.

### **Central Government**

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from Government departments are set out in note 7 Expenditure and Income Analysed by Nature, to the core financial statements.

### **Members**

A number of elected members are also members of Cambridgeshire County Council, Town and Parish Councils and have an interest in voluntary organisations that are grant aided by the Council.

### **Entities Controlled or Significantly Influenced by the Council**

The Anglia Revenue Partnership (ARP) Joint Committee was set up to deliver the Housing Benefit, Council Tax and Business Rates service for Breckland Council and Forest Heath District Council. East Cambridgeshire District Council joined the partnership on 1 April 2007 and formally joined the Joint Committee in October 2010. St Edmundsbury Council joined the new Joint Committee on 1 April 2011. Waveney District Council, Fenland District Council and Suffolk Coastal joined the partnership on 1 April 2014. With effect from 1<sup>st</sup> April 2019, following the mergers of Forest Heath and St Edmundsbury Councils (to form West Suffolk) and Waveney and Suffolk Coastal Councils (East Suffolk), ARP now consists of 5 partner authorities. The five authorities hold equal voting rights but shares in costs and surpluses arising from the arrangement are based on an agreed share which is reviewed annually.

This Council's share for 2020/21 was 13.53%. This Council's share of partnership transactions and balances are included within the relevant lines within the accounts.

### 37. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2020/21 £000	2019/20 £000
<b>Opening Capital Financing Requirement</b>	<b>2,274</b>	<b>1,211</b>
<i>Capital investment (as reported in notes 13-15)</i>		
Property, Plant and Equipment	1,688	3,226
Investment Properties	3,699	0
<i>Capital expenditure charged to Comprehensive Income and Expenditure Statement</i>		
Revenue Expenditure Funded from Capital under Statute	1,289	1,673
Private Sector Housing Loans	2	27
<b>Sources of finance</b>		
Capital receipts	(37)	(445)
Government grants and other contributions	(1,629)	(1,637)
Sums set aside from revenue:		
Direct revenue contributions	(760)	(1,539)
Minimum Revenue Provision (MRP)	(349)	(242)
<b>Closing Capital Financing Requirement</b>	<b>6,177</b>	<b>2,274</b>
<b>Explanation of movements in year</b>		
Capital Expenditure Funded from Internal Borrowing	4,252	1,305
MRP charge to Revenue	(349)	(242)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>3,903</b>	<b>1,063</b>

### 38. LEASES

#### Council as Lessee

##### Finance Leases

The Council leases a number of vehicles under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment (Vehicles, Plant, Furniture and Equipment) in the Balance Sheet at £273,801 (2019/20: £432,280).

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the assets acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

The minimum lease payments are made up of the following amounts:

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Finance lease liabilities (net present value of minimum lease payments):		
• current	137	163
• non –current	106	243
Finance costs payable in future years	12	25
Minimum lease payments	<b>255</b>	<b>431</b>

The minimum lease payments will be payable over the following periods:

	<b>Minimum Lease Payments</b>		<b>Finance Lease Liabilities</b>	
	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Not later than one year	145	176	137	163
Later than one year and not later than five years	110	255	106	243
Later Than 5 Years	0	0	0	0
	<b>255</b>	<b>431</b>	<b>243</b>	<b>406</b>

#### *Operating Leases - Land and Buildings*

The Council leases nine properties for homeless families.

The future minimum lease payments due under non-cancellable leases in future years are:

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Not later than one year	52	51
Later than one year and not later than five years	0	0
	<b>52</b>	<b>51</b>

Lease payments for 2020/21 amounted to £51,225 (2019/20: £50,336).

### **Council as Lessor**

#### *Operating Leases*

The Council leases out land and property under operating leases for the purposes of provision of community (sports facilities) and economic development services.

Additionally, the Council entered into a long-term lease with a commercial tenant during the 2020/21 financial year.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2021 £000	31 March 2020 £000
Not later than one year	312	81
Later than one year and not later than five years	978	44
Later than five years	4,986	411
	<b>6,276</b>	<b>536</b>

### 39. **DEFINED BENEFIT PENSION SCHEMES** **(i) The Local Government Pension Scheme**

#### **Participation in pension scheme**

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Council participates in the following pension scheme:

- The Local Government Pension Scheme for civilian employees, administered by Cambridgeshire County Council – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

#### **Transactions Relating to Post-Employment Benefits**

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions are charged across all service headings in the Net Cost of Services in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	<b>Local Government Pension Scheme</b>	
<b>Comprehensive Income and Expenditure Statement</b>	<b>2020/21 £000</b>	<b>2019/20 £000</b>
<i>Cost of Services:</i>		
• Current service cost	2,963	3,589
• Past Service Cost (including curtailments)	0	75
• Effect of settlements	0	0
<i>Financing and Investment Income and Expenditure</i>		
• Interest income on scheme assets	(1,628)	(1,861)
• Interest cost on defined benefit obligation	2,775	3,437

<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	<b>4,110</b>	<b>5,240</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	<b>(15,410)</b>	<b>7,147</b>
• Actuarial gains and losses arising on changes in demographic assumptions	<b>1,776</b>	<b>(3,062)</b>
• Actuarial gains and losses arising on changes in financial assumptions	<b>33,221</b>	<b>(11,383)</b>
• Other	<b>(1,243)</b>	<b>(11,754)</b>
<i>Total Remeasurement (Gains)/Losses</i>	<b>18,344</b>	<b>(19,052)</b>
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	<b>22,454</b>	<b>(13,812)</b>
Movement in Reserves Statement:		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	<b>(1,725)</b>	<b>(2,935)</b>
Actual amount charged against General Fund Balance for pensions in the year:		
• Employers' contributions payable to scheme	<b>4,259</b>	<b>1,474</b>

## Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme	
	2020/21	2019/20
	£000	£000
Present value of funded liabilities	<b>(156,215)</b>	<b>(119,545)</b>
Present value of unfunded liabilities	<b>(1,162)</b>	<b>(1,047)</b>
Fair value of plan assets	<b>90,067</b>	<b>71,477</b>
<b>Net liability arising from defined benefit obligation</b>	<b>(67,310)</b>	<b>(49,115)</b>

## Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme	
	2020/21	2019/20
	£000	£000
Opening fair value of scheme assets	<b>71,477</b>	<b>78,120</b>
Effect of Settlements	<b>0</b>	<b>0</b>
Interest income	<b>1,628</b>	<b>1,861</b>
Remeasurement gain/(loss):		
• The return on plan assets, excluding the amount included in the net interest expense	<b>15,410</b>	<b>(7,147)</b>



Contributions from employer	4,259	1,474
Contributions from employees into the scheme	565	543
Benefits paid	(3,272)	(3,374)
<b>Closing fair value of scheme assets</b>	<b>90,067</b>	<b>71,477</b>

## Reconciliation of Present Value of the Scheme Liabilities

Local Government Pension Scheme		
	2020/21	2019/20
	£000	£000
Opening balance at 1 April	(120,592)	(142,521)
Current service cost	(2,963)	(3,589)
Past service cost (including curtailments)	0	(75)
Effect of Settlements	0	0
Interest cost	(2,775)	(3,437)
Contributions from scheme participants	(565)	(543)
Re-measurement gains and (losses):		
• Actuarial gains/losses arising from changes in demographic assumptions	(1,776)	3,062
• Actuarial gains/losses arising from changes in financial assumptions	(33,221)	11,383
• Other experience	1,243	11,754
Benefits paid	3,272	3,374
<b>Closing balance at 31 March</b>	<b>(157,377)</b>	<b>(120,592)</b>

## Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets								
Asset Category	2020/21				2019/20			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
<b>Equity Securities:</b>								
Consumer	0	0	0	0%	0	0	0	0%
Manufacturing	0	0	0	0%	0	0	0	0%
Energy and Utilities	0	0	0	0%	0	0	0	0%
Financial Institutions	0	0	0	0%	0	0	0	0%
Health and Care	0	0	0	0%	0	0	0	0%
Information and Technology	0	0	0	0%	0	0	0	0%
<b>Debt Securities:</b>								
UK Government	0	4,016	4,016	4%	0	3,698	3,698	5%
<b>Private Equity:</b>								
All	0	6,777	6,777	8%	0	5,858	5,858	8%

<b>Real Estate:</b>								
UK Property	0	5,534	5,534	6%	0	5,344	5,344	7%
Overseas Property	0	1	1	0%	0	1	1	0%
<b>Investment Funds and Unit Trusts:</b>								
Equities	0	54,035	54,035	60%	0	43,295	43,295	61%
Bonds	0	10,439	10,439	12%	0	4,844	4,844	7%
Infrastructure	0	8,144	8,144	9%	0	6,440	6,440	9%
Other	0	0	0	0%	0	0	0	0%
<b>Derivatives:</b>								
Other	0	(371)	(371)	0%	0	870	870	1%
<b>Cash and Cash Equivalents:</b>								
All	1,388	0	1,388	2%	1,078	0	1,078	2%
<b>TOTALS</b>	<b>1,388</b>	<b>88,575</b>	<b>89,963</b>	<b>100%</b>	<b>1,078</b>	<b>70,350</b>	<b>71,428</b>	<b>100%</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund's liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary have been:

	<b>Local Government Pension Scheme</b>	
	<b>2020/21</b>	<b>2019/20</b>
<i>Longevity at 65 for current pensioners</i>		
Men	<b>22.2 years</b>	22.0 years
Women	<b>24.4 years</b>	24.0 years
<i>Longevity at 65 for future pensioners</i>		
Men	<b>23.2 years</b>	22.7 years
Women	<b>26.2 years</b>	25.5 years
Rate of increase in pensions	<b>2.85%</b>	1.90%
Rate of increase in salaries	<b>3.35%</b>	2.40%
Rate for discounting scheme liabilities	<b>2.00%</b>	2.30%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2019/20.

<b>Change in assumptions at 31 March 2021</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate Monetary Amount £000</b>
0.5% decrease in real discount rate	10%	16,302
0.5% increase in the salary increase rate	1%	1,551
0.5% increase in the pension increase rate	9%	14,412

### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has arranged a strategy with the scheme's actuary to achieve an appropriate funding level over the period until 31 March 2023.

The latest triennial valuation has been completed as at 31 March 2019. The next triennial valuation is due as at 31 March 2022 and will be reported in the autumn of 2022.

The scheme has taken into account the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

Allowances for full Guaranteed Minimum Pensions (GMP) indexation and for the potential impact of the McCloud judgement were included by the actuary in the closing balance sheet position as at 31 March 2020 and these have been rolled forward and included in the liabilities as at 31 March 2021.

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £67.310m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The Council anticipates paying £1.604m contributions to the scheme in 2021/22. In addition, an up-front payment of £2.687m was paid in April 2020 in respect of lump sums due for the 3-year period 2020/21 - 2022/23. This is reflected in the pension liability in the Balance Sheet in those years to take account of the up-front payment. The weighted average duration of the defined benefit obligation for scheme members is 22 years.

Further information relating to the Cambridgeshire County Council Pension Fund can be found in Cambridgeshire County Council's Pensions Fund Annual Report, which is available from the Chief Finance Officer, Local Government Shared Services, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

## **40. CONTINGENT LIABILITIES**

Material contingent liabilities are not recognised within the accounts as an item of expenditure or income but are required to be disclosed in a note to the financial statements.

### **Stock Transfer**

As part of the stock transfer agreement completed on 5 November 2007, the Council gave Roddons HA (now Clarion) certain warranties in relation to transferring staff, property and environmental pollution. This is to ensure that there are no matters in connection with the land or property transferring that could cause the housing association financial or other loss. The Council has given warranties both to the association and separately to the association's funders. This is standard practice for all stock transfers. The duration of the various warranties in the contract are up to 30 years from completion.

The potential amounts the Council could be liable for under these warranties are unquantifiable. However, the risks associated with the warranties are considered low and therefore are not expected to have a material impact on the Council's accounts.

### **Pilots' National Pension Fund (PNPF)**

In February 2018, the Council paid to the PNPF the amount due as a result of the Council triggering a Section 75 (of the Pensions Act 1995) debt whereby the Council ceased to employ any active members of the PNPF. Provision for this payment was made in the 2016/17 accounts. Following payment of this liability, the Council is not required to make any further annual deficit payments to the PNPF and the Council no longer needs to recognise any liability to the PNPF in its Balance Sheet (the deficit was written out of the balance sheet in the 2016/17 accounts).

Although the Council has repaid its S75 debt liability, it will not be released as a Participating Body under PNPF rules. The PNPF has confirmed, however, that they have no present intention of making any additional contribution demands on the Council under PNPF rules.

The potential amounts the Council could be liable for in the future are unquantifiable and the risks associated with this obligation are considered low and therefore are not expected to have a material impact on the Council's accounts.

### **Pension Contingent Liabilities**

#### **Leisure Centres Management Contract**

The Council has entered into a 15 year management contract for its leisure centres with Freedom Leisure Ltd. The contract began on 4 December 2018 and all staff involved in the operation of the centres have been TUPE transferred to Freedom Leisure. The Council has given certain guarantees in relation to the pension rights of the transferred staff for the duration of the contract.

The potential amounts the Council could be liable for under these guarantees are unquantifiable. However, the risks associated with the guarantees are considered low and therefore are not expected to have a material impact on the Council's accounts.

## 41. GOING CONCERN

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by Central Government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Council's accounts are therefore produced under the Code and assume that the Council's services will continue to operate for the foreseeable future.

The impact of COVID-19 has substantial implications for the Council's finances. Firstly, the response to the pandemic has required additional expenditure to ensure the Council could continue to deliver its statutory responsibilities, especially in Homelessness, Rough Sleepers and Leisure services. Secondly, it has lost income primarily as a result of the restrictions on public and business activity put in place since mid-March 2020. Finally, COVID-19 is having a significant detrimental impact on the wider economy, with the expectation that there will be a consequent reduction in the future income from council tax and business rates.

Central Government has sought to address these challenges through the provision of a series of ring-fenced and non-ringfenced COVID-19 grants. Ring-fenced grants are directed towards supporting particular activities, businesses or individuals, and as such can only be applied to those areas. However, the non-ringfenced COVID-19 grants are available to support the Council's general expenditure. By March 2021 these non-ringfenced grants totalled £2.52m for 2020/21, with further support estimated at £0.42m for losses in sales, fees and charges, and non-ringfenced support for 2021/22 of £0.83m already announced. This level of Central Government support together with higher than anticipated fees and charges income and other cost savings, has enabled the Council to mitigate the impact in 2020/21 of COVID-19 on its finances, with an overall surplus on its' General Fund revenue position for 2020/21. In addition, a balanced budget for 2021/22 has been set, although this budget does rely on around £0.84m of agreed use of reserves.

Our most recent year-end balances, as reported in these statements are as follows.

<b>Date</b>	<b>General Fund</b>	<b>Earmarked reserves</b>
31 March 2021	£2.00m	£12.072m

Consequently, the Council has carried out an assessment of the impact of COVID-19 on future income and expenditure and is satisfied that there is no material uncertainty relating to the Council's going concern.

The Council has also undertaken cash flow modelling for the purposes of assessing the going concern period of up to 12 months from the date of approval of these financial statements. This modelling demonstrates the Council's ability to fulfil its treasury management responsibilities and comply with the Operational Boundary approved by Full Council at its meeting on 23 February 2021. The Operational Boundary approved at that meeting for schemes not relating to the Council's Commercial and Investment Strategy was £12 million. Currently the Council has long-term borrowing of £7.8 million. These loans are not expected to be repaid in the period covered by the current Medium Term Financial Strategy. Therefore, the Council would be able to take on additional borrowing of £4.2 million without requiring a change to the Operational Boundary to be approved at a meeting of Full Council.

The Council thereby concludes that overall it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, for a period of 12 months from the date of approval of these financial statements, based on its cash flow forecasting and the resultant liquidity position of the Council. This assessment takes account of the Council's cash and short term investment balances of £31.1 million at 30 June 2021, and the facility to borrow an additional £4.2 million in accordance with its Treasury Management Policy (excluding potential new borrowing of up to £21.3 million to fund the Council's Commercial and Investment Strategy). This demonstrates that the Council has sufficient liquidity over the same period, and any borrowing that might be required is within the Operational Boundary approved by Full Council. The Council has no capital schemes financed by borrowing that would restrict access to the PWLB for financing.

## **42 EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was authorised for issue by the Corporate Director and Chief Finance Officer on 29 July 2021. This is the date up to which events after the Balance Sheet date have been considered. As part of its considerations management has assessed whether any events have occurred subsequent to the Balance Sheet date which might need to be disclosed as non-adjusting events within the notes to the financial statements.

On 7 May 2021 the Council received two grants totalling £3,891,500 from Cambridgeshire County Council. The money was received following a resolution agreed by the Board of the now dissolved Cambridgeshire Horizons Limited which required Cambridgeshire County Council to pay the above sums to Fenland District Council from funds held by Cambridgeshire Horizons Limited. There are conditions and clawback provisions attached to both grants. The Council does not foresee any practical difficulties associated with complying with those conditions nor does it anticipate being subject to the clawback provisions set out in the associated grant agreement.

## THE COLLECTION FUND

Total 2019/20 £000		N o t e	Council Tax 2020/21 £000	NNDR 2020/21 £000	Total 2020/21 £000
<b>INCOME</b>					
57,358	Council Tax Receivable	2	58,536	0	58,536
0	S13A1C transfer from General Fund		871	0	871
25,401	Business Rates Receivable	3	0	17,377	17,377
82,759	<b>Total Income</b>		59,407	17,377	76,784
<b>EXPENDITURE</b>					
<b>Precepts, Demands and Shares:</b>					
12,001	Central Government		0	12,289	12,289
18,617	Fenland District Council		9,211	9,831	19,042
40,710	Cambridgeshire County Council		40,524	2,212	42,736
6,542	Cambs. Police & Crime Commissioner		6,936	0	6,936
2,318	Cambridgeshire Fire Authority		2,149	246	2,395
80,188			58,820	24,578	83,398
<b>Apportionment of Previous Year Surplus / (Deficit):</b>					
(554)	Central Government		0	(389)	(389)
(384)	Fenland District Council		128	(311)	(183)
141	Cambridgeshire County Council		548	(70)	478
38	Cambs. Police & Crime Commissioner		93	0	93
2	Cambridgeshire Fire Authority		30	(8)	22
(757)			799	(778)	21
<b>Charges to Collection Fund:</b>					
122	Cost of Collection Allowance		0	120	120
714	Increase in Bad Debts Provision	4	902	218	1,120
1,963	Increase/(Reduction) in Provision for Appeals	5	0	1,907	1,907
314	Renewable Energy Retention		0	319	319
3,113			902	2,564	3,466
82,544	<b>Total Expenditure</b>		60,521	26,364	86,885
(215)	<b>(Surplus)/Deficit for the Year</b>		1,114	8,987	10,101
<b>COLLECTION FUND BALANCE</b>					
586	(Surplus)/Deficit b/fwd at 1 April		(819)	1,190	371
(215)	(Surplus)/Deficit for the year (as above)		1,114	8,987	10,101
371	<b>(Surplus)/Deficit c/fwd at 31 March</b>	6	295	10,177	10,472

## NOTES TO THE COLLECTION FUND ACCOUNTS

### 1. GENERAL

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government.

### 2. COUNCIL TAXPAYERS

Council Tax income is derived from charges raised according to the value of residential properties, which have been classified into 8 valuation bands using estimated valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire Authority and the Council for the forthcoming year and dividing this figure by the Council Tax base of 29,815 in 2020/21 (2019/20: 29,380). The increase in Council Tax base in 2020/21 is a result of a combination of new builds and impact of the Council Tax Reduction Scheme approved by Council at its meeting on 20 February 2020.

The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent adjusted for discounts etc. This basic amount of tax for a Band D property (average of £1,972.84 for 2020/21 compared to £1,912.38 for 2019/20) is then multiplied by the proportion specified for the particular Band (after adjusting for individual Parish Council precepts) to give an individual amount due.

Council Tax bills were based on the following proportions for Bands A to H:

	Proportion of Band D Charge (ninths)	Equated no of Chargeable Dwellings
Band A	6	7,699
Band B	7	7,747
Band C	8	6,597
Band D	9	4,143
Band E	11	2,539
Band F	13	823
Band G	15	242
Band H	18	25
		<hr/> 29,815 <hr/>

Income receivable from Council Taxpayers in 2020/21 was £58.536m (£57.358m in 2019/20)



### 3. NATIONAL NON-DOMESTIC RATES (NNDR)

The Council collects NNDR for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme, which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Fenland, the local share is 40%. The remainder is distributed to Central Government (50%), Cambridgeshire County Council (9%) and Cambridgeshire Fire Authority (1%).

The business rates shares payable for 2020/21 were estimated before the start of the financial year as £12.289m to Central Government, £2.212m to Cambridgeshire County Council, £0.246m to Cambridgeshire Fire Authority and £9.831m to Fenland District Council. These sums have been paid in 2020/21 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority, identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities and payable to Central Government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Fenland paid a tariff to the government of £6.027m in 2020/21 (£5.931m in 2019/20) which is charged to the General Fund.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates appeals outstanding as at 31 March 2021. As such, authorities are required to make a provision for these amounts. The total provision charged to the Collection Fund for 2020/21 has been calculated at £1.907m.

The reduction in total NNDR income due in 2020/21 compared to 2019/20 is a result of the government's decision to provide 100% business rate relief in 2020/21 for all retail, leisure and hospitality properties and for all nursery education properties, as part of their response to assist businesses during the coronavirus pandemic. The total relief given as a result of these specific measures was £8.603m which reduced the total NNDR income due by the same amount.

The government has reimbursed local authorities for their share of the additional relief given in 2020/21 through S31 Grant. This grant is credited to the revenue account in year, which has subsequently created a 'surplus' which has been carried forward to 2021/22, via use of an earmarked reserve, to off-set the increased deficit in the Collection Fund (see above statement and note 6 below), created by the reduced NNDR income in 2020/21.

## Business Rates Pooling Arrangement 2020/21

The Council has joined with the County Council, Peterborough City Council, Fire Authority, East Cambridgeshire and South Cambridgeshire District Councils, to become part of a pooling arrangement for business rates for 2020/21.

The benefit of being in a pool is that authorities will not be liable for levy payments to the government on their business rates growth. (The levy is set at 50% of the growth above the baseline level set by government). Instead, the combined levy payments of the pool are shared amongst the pooled authorities by a mutually agreed method. This is based on where the growth has originated from with an appropriate share allocated to the County Council and Fire Authority. The pool is administered by South Cambridgeshire District Council on behalf of the pooled authorities.

For 2020/21, the combined levy payments amounted to £5,909,564 (Fenland's levy was £535,099) and this Council's share was £356,750. The levy and pool share are charged to the revenue account and are not part of the Collection Fund.

The above pooling arrangements have continued into 2021/22.

## 4. PROVISION FOR NON-PAYMENT OF COUNCIL TAX AND NNDR

The Collection Fund account provides for bad debts on arrears on the basis of prior years' experience and current years collection rates.

### Council Tax Bad Debts Provision

2019/20 £000		2020/21 £000
2,503	Balance at 1 April	2,704
(301)	Write-offs during year for previous years	(141)
502	Increase in provision during year	902
2,704	Balance at 31 March	3,465

The Council's proportion of this provision at 31 March 2021 is £526,699 (£423,376 at 31 March 2020).

### Non- Domestic Rates Bad Debts Provision

2019/20 £000		2020/21 £000
1,141	Balance at 1 April	1,177
(176)	Write-offs during year for previous years	(184)
212	Increase in provision during year	218
1,177	Balance at 31 March	1,211

The Council's proportion of this provision at 31 March 2021 is £484,177 (£470,623 at 31 March 2020).

## 5. PROVISION FOR APPEALS – NON-DOMESTIC RATES

The Collection Fund account also provides for provision for appeals against rateable values set by the Valuation Office Agency (VOA) which has not been settled as at 31 March 2021.

2019/20		2020/21
£000		£000
2,752	Balance at 1 April	4,177
(538)	Write-offs during year for previous years	(678)
1,963	Increase/(Reduction) in provision during year	1,907
4,177	Balance at 31 March	5,406

The Council's proportion of this provision at 31 March 2021 is £2,162,395 (£1,670,695 at 31 March 2020).

## 6. DEFICIT/ (SURPLUS) ON COLLECTION FUND

### Council Tax Collection Fund

The deficit of £295,200 at 31 March 2021 (£818,779 surplus at 31 March 2020), which related to Council Tax, will be reimbursed in subsequent financial years by Cambridgeshire County Council, Cambridgeshire Police and Fire Authorities and the Council in proportion to their shares of the total Council Tax raised.

This Council's share of the deficit £48,878 is reported within the Collection Fund Adjustment Account.

The total Council Tax Collection Fund deficit/(surplus) is therefore shared as follows:

	31 March 2021	31 March 2020
	£000	£000
Fenland District Council	49	(131)
Cambridgeshire County Council	203	(562)
Cambridgeshire Police & Crime Commissioner	32	(96)
Cambridgeshire Fire Authority	11	(30)
<b>Total Deficit/(Surplus)</b>	<b>295</b>	<b>(819)</b>

### Non-Domestic Rates Collection Fund

The deficit of £10,176,514 at 31 March 2021 (deficit of £1,189,987 at 31 March 2020), which related to Business Rates, will be reimbursed in subsequent financial years by Cambridgeshire County Council, Cambridgeshire Fire Authority, Central Government and the Council in proportion to their shares of business rates income.

This Council's share of the deficit (£4,070,605) is reported within the Collection Fund Adjustment Account.

The total Non-Domestic Rates Collection Fund deficits are therefore shared as follows:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Fenland District Council	<b>4,071</b>	476
Cambridgeshire County Council	<b>916</b>	107
Cambridgeshire Fire Authority	<b>102</b>	12
Central Government	<b>5,088</b>	595
<b>Total Deficit</b>	<b>10,177</b>	<b>1,190</b>

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FENLAND DISTRICT COUNCIL**



## **GLOSSARY OF TERMS**

### **ACCOUNTING PERIOD**

The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

### **ACCOUNTING POLICIES**

Define the process whereby transactions and other events are reflected in financial statements.

### **ACCRUALS**

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the Balance Sheet date.

### **AMORTISATION**

A measure of the consumption of the value of intangible assets, based on the remaining economic life.

### **BAD DEBT**

Debts whose repayment is known to be impossible or unlikely.

### **BUDGET**

A statement defining the Council's policies over a specified period of time in terms of finance.

### **BILLING AUTHORITY**

A local authority responsible for collecting the Council Tax and non-domestic rates i.e. District Councils, Metropolitan Districts, London Boroughs, the City of London and Unitary Councils.

### **CAPITAL CHARGES**

Charges made to service revenue accounts based on the value of the assets they use and comprises depreciation over the useful life of the asset.

### **CAPITAL EXPENDITURE**

Expenditure on new assets such as land and buildings, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

### **CAPITAL FINANCING COSTS**

The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

### **CAPITAL RECEIPTS**

The proceeds from the disposal of land or other assets.

### **COLLECTION FUND**

Accounts required to be kept by the Council to record all income collected from local taxpayers, showing how this is passed on to other local authorities and Government organisations.

**COMMUNITY ASSETS**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples are parks and historic buildings.

**CONTINGENT LIABILITIES**

Potential liabilities which are either dependant on a future event or cannot be readily estimated.

**CREDITORS**

Amounts owed by the Council at 31 March for goods received or services rendered but not yet paid for.

**CURRENT ASSETS**

Assets which can be expected to be consumed or realised during the next accounting period.

**CURRENT LIABILITIES**

Amounts which will become due or could be called upon during the next accounting period.

**DEBT MANAGEMENT OFFICE**

An Executive Agency of Her Majesty's Treasury responsible for debt and cash management for the UK Government including lending to local authorities.

**DEBTORS**

Amounts owed by the Council which are collectable or outstanding at 31 March.

**DEPRECIATION**

A notional charge representing the extent to which an asset has been worn out or used up during the year.

**DERECOGNITION**

The term used for the removal of an asset or liability from the Balance Sheet.

**EFFECTIVE RATE OF INTEREST**

The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the Balance Sheet at initial measurement.

**FAIR VALUE**

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**FINANCE LEASE**

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

**FINANCIAL ASSET**

A right to future economic benefits controlled by the Council. Examples include bank deposits, investments, trade debtors and loans receivable.

**FINANCIAL LIABILITY**

An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.



**FINANCIAL INSTRUMENT**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

**GENERAL FUND**

The main revenue fund of the Council. Day to day spending on services is met from the fund.

**HERITAGE ASSETS**

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.

**GOVERNMENT GRANTS**

Payments by central Government towards Council expenditure. They may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

**IMPAIRMENT**

The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the Balance Sheet.

**INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)**

A reference to the accounting treatments that companies globally would generally be expected to apply in the preparation of their financial statements.

**MINIMUM REVENUE PROVISION**

The minimum amount which must be charged to the Council's revenue account each year and set aside for debt repayment as required by the Local Government and Housing Act 1989.

**NON-CURRENT ASSETS**

Assets which can be expected to be of use or benefit the Council in providing service for more than one accounting period.

**OPERATING LEASES**

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

**OUTTURN**

Refers to actual income and expenditure or balances as opposed to budget amounts.

**PRECEPT**

The levy made on a billing authority by a Precepting Authority, requiring collection of income from Council's Taxpayers on their behalf.

**PRECEPTING AUTHORITIES**

Those authorities which are not Billing Authorities i.e. do not collect Council Tax and non-domestic rate. County Council are "major precepting authorities" and parish, community and Town Councils are "local precepting authorities".

**PROVISIONS AND RESERVES**

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred but the amounts or the dates on which they arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or “balances”) which every authority must maintain as a matter of prudence.

**PUBLIC WORKS LOAN BOARD**

A central Government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.

**REVENUE EXPENDITURE**

Spending on day to day items including employees’ pay, premises costs and supplies and services.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year’s Council Tax.

**REVENUE SUPPORT GRANT**

A grant paid by central Government in aid of Council’s services.

**THE CODE**

The Code of Practice on Local Authority Accounting in the United Kingdom. This specifies the principals and practices of accounting required to give a ‘true and fair’ view of the financial position and transactions of a local authority.

## **ABBREVIATIONS USED IN THE ACCOUNTS**

ARP	Anglia Revenue Partnerships
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CSE	Customer Service Excellence
DWP	Department for Work and Pensions
FDC-CSR	Fenland District Council Comprehensive Spending Review
HMOs	Houses in Multiple Occupations
IFRS	International Financial Reporting Standard
IiP	Investors in People
IMD	Index of Multiple Deprivations
LEP	Local Enterprise Partnership
MRP	Minimum Revenue Provision
MTFF	Medium Term Financial Forecast
NNDR	National Non-domestic Rates
PNPF	Pilots' National Pension Fund
PWLB	Public Works Loan Board
LGA	Local Government Association
LGPS	Local Government Pension Scheme
IAS	International Accounting Standards