

Agenda Item No:	6	
Committee:	Audit and Risk Management Committee	
Date:	19 September 2022	
Report Title:	Statement of Accounts 2021/22	

Cover sheet:

1 Purpose / Summary

The purpose of this report is for members to review and note the draft Statement of Accounts for 2021/22.

2 Key issues

- The annual accounts are prepared in accordance with the Code of Practice on Local Authority Accounting (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and based on International Financial Reporting Standards (IFRS).
- The Accounts are presented in draft subject to External Audit.
- The Council's Statement of Accounts 2021/22 (subject to external audit) was signed off by the Corporate Director and Chief Finance Officer on 28 July 2022 as required by the Accounts and Audit (Amendment) Regulations 2021 and the Council's external auditors, Ernst & Young (EY) are scheduled to begin their detailed audit work on 31 October 2022.
- EY's Audit Results Report is currently scheduled to be presented to Audit and Risk Management Committee on 19 December 2022 with the final audited accounts being published soon after, following receipt of the auditor's opinion.

3 Recommendations

- It is recommended that the contents of the draft Statement of Accounts for the financial year ended 31 March 2022 be noted.

Wards Affected	All
Forward Plan Reference	
Portfolio Holder(s)	Cllr Chris Boden, Leader & Portfolio Holder, Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	Closure of accounts working papers 2021/22

Report:

1 BACKGROUND

- 1.1 The annual accounts of local authorities are prepared in accordance with the Code of Practice on Local Authority Accounting (The Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and on other relevant guidance relating to accounting and reporting standards. The Code, based on International Financial Reporting Standards (IFRS), is highly prescriptive both in terms of the main financial statements and the notes that accompany them.
- 1.2 The Accounts and Audit Regulations 2015 require that the Council's Statement of Accounts be signed off by the Corporate Director and Chief Finance Officer by the end of May following the financial year ended 2020/21 and for the final audited Statement of Accounts to be published by the end of July.
- 1.3 The Accounts and Audit (Amendment) Regulations 2021 extends these deadlines for the 2020/21 and 2021/22 accounts. For these years, the draft accounts must be signed off by 31 July following the year-end by the Corporate Director and Chief Finance Officer and the publication of the final audited accounts has moved to 30 September for the 2020/21 accounts. The Accounts and Audit (Amendment) Regulations 2022 extends the publication deadline to 30 November 2022 for the 2021/22 accounts.
- 1.4 To meet the agreed timetables, the draft Statement of Accounts for 2021/22 was signed off by the Corporate Director and Chief Finance Officer on 28 July 2022. These draft accounts, which are subject to external audit, have been published on the Council's website along with the required notice of the Exercise of Public Rights to inspect the accounts (30 working days from 29 July 2022).
- 1.5 The figures presented are all provisional pending audit by the Council's external auditors EY (Ernst & Young), who are scheduled to begin their work on 31 October 2022. EY's Audit Results Report is currently scheduled to be presented to Audit and Risk Management Committee on 19 December 2022, where the Committee will also be presented with the final Statement of Accounts. Following receipt of the external auditor's opinion, the final audited Statement of Accounts 2021/22 will be published on the Council's website.
- 1.6 As a result of EY's scheduled timescale for completing the audit, the publication of the final audited accounts for 2021/22 will be later than the 30 November date specified in the regulations. EY's Audit Plan for the 2021/22 accounts is due to be presented at an earlier agenda item, where they will explain their reporting timetable and the reasons for not meeting the 30 November date. There are no consequences to the Council of these revised audit dates.
- 1.7 The timetable for production of the Council's draft accounts has been achieved once again this year. The production of accounts under IFRS remains a complex task and requires a significant and concentrated staff commitment to meet the statutory deadlines.

2 STATEMENT OF ACCOUNTS AND AUDIT ARRANGEMENTS

- 2.1 The draft Statement of Accounts is attached for review and at Appendix A is a brief summary giving explanations of the contents of the accounts.
- 2.2 The 2021/22 audit of accounts will be undertaken by Ernst & Young (EY) and they are scheduled to commence detailed work on the audit on 31 October 2022. Should any material changes to the draft Statement of Accounts be required at the conclusion of their work, these will be incorporated into the final version for approval at the meeting of this Committee on 19 December 2022.
- 2.3 The accounts are available for a statutory period of public inspection of 30 working days, which started on 29 July 2022. Notice of the dates and times of availability have been published on the Council's website. In addition, local government electors of the district may question the auditor or make objections to the accounts for the year ended 31 March 2022, during the inspection period.
- 2.4 It is anticipated that the audit of the accounts will be concluded in mid-December. At the meeting of this Committee scheduled for 19 December 2022, members will receive a formal report of the Audit Opinion, known as the Audit Results Report (ISA 260). Members will then be asked to approve the Statement of Accounts 2021/22.

STATEMENT OF ACCOUNTS 2021/22

1. Narrative Report

This Section gives summary information for the financial year.

2. Statement of Responsibilities

Sets out both this Council's and the Corporate Director and Chief Finance Officer's responsibilities.

Core Financial Statements:-

3. Movement in Reserves Statement

This statement shows the movement in the year 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 reserves.

4. Comprehensive Income and Expenditure Statement

This Section gives detailed information about total expenditure on the services provided by the Council. Income for each service is matched against expenditure to show the net cost of services. The account also shows how much is received from council tax payers and from general government grants to help meet the cost of services. In addition, the statement shows the movements in the revaluation reserve and actuarial gains and losses on the pension scheme.

5. Balance Sheet

The balance sheet provides a snapshot of the Council's financial position as at 31 March 2022. It sets out what the Council owns and what the Council owes at this point in time.

6. The Cash Flow Statement

This statement summarises the total cash movements during the year for both capital and revenue purposes.

7. Expenditure and Funding Analysis

This analysis details the adjustments between the funding and accounting basis across the Council's services and other operating income and expenditure. The accounting adjustments do not impact on the Council's General Fund balance (and hence Council Tax levels). They are therefore not reported as part of outturn.

8. Notes to the Core Financial Statements

There are 42 notes to the Core Financial Statements and these provide additional information regarding the Council's financial activities during 2021/22. They include at Note 1 the Council's Accounting Policies.

Additional Financial Statements:-

9. The Collection Fund

The Council is legally obliged to maintain this fund separately from all other funds and accounts. It shows the transactions that have arisen because the Council is a billing authority, responsible for collecting non-domestic rates and council tax on behalf of the precepting authorities (the police, fire authority, county council, town and parish councils) and central government as well as for itself. The collection fund records the income we receive from local council taxpayers and business ratepayers and the money that is distributed to other public bodies.

FENLAND DISTRICT COUNCIL
STATEMENT OF ACCOUNTS

2021-22

DRAFT
(SUBJECT TO AUDIT)

FENLAND DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2021/22

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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. 102,500 people live in the district (Census 2021), which covers 211 square miles within North Cambridgeshire. 75% of residents live within our four market towns of Chatteris, March, Whittlesey and Wisbech. Our beautiful rural landscape is home to 29 villages and attracts visitors from nationwide.

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 12% to 115,140. We have plans in place to maximise the positive opportunities that growth brings.

Our population is also getting older. 29% of our population are aged 60 or over; above average compared to Cambridgeshire (24%) and the UK as a whole (24% - Census 2021). 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

3. ABOUT FENLAND DISTRICT COUNCIL

Fenland District Council has 362 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 (2022), 87% 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 £10.36million, and must make a further £0.97million between 2022/23 and 2026/27. 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 partnership with Freedom Leisure has already enabled improvements to be made to our leisure centre facilities.

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. This strategy enabled us to establish Fenland Future Ltd (in June 2020), a wholly owned subsidiary, to take forward the development of Council owned landholdings. In addition, the Council has acquired an industrial property in Wisbech (in March 2021) which is leased to the private sector and a residential property in March which is currently being utilised by our homelessness service. 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, under our 'Council for the Future' agenda, spanning across a variety of service areas, are also changing the way we work to meet emerging needs.

With the cost of living skyrocketing across the board and energy, fuel, food, national insurance, mortgage rates and rents all rising, it might have been expected that the Council would raise our element of Council Tax too. However, the Council determinedly froze Fenland's portion of the Council Tax in 2022/23 for the fourth consecutive year.

Here, as we outline our achievements for 2021/22, we're proud to have maintained excellent public services and pushed forward with ambitious plans for the future, while consistently offering our residents a year-on-year, real-terms cut in their Council Tax.

Despite many national and global challenges in recent years, and resulting strains on our finances, the Council has remained innovative, resilient, and steadfast in its determination to improve the lives of Fenland residents. We have continued to ensure the needs of our residents and communities are recognised and responded to, put arrangements in place to secure on-going improvement, delivered vital public services to the highest of standards and, with reduced budgets, provided better value for money each year.

We have supported vulnerable members of our community; led emergency responses and built resilience; prevented and tackled homelessness; helped people to live in good quality, safe housing; worked with the police to prevent and tackle crime and anti-social behaviour; encouraged our residents to live healthier, more active lifestyles; protected and enhanced our parks and green spaces; cleaned streets and dealt with the district's waste and recycling; promoted and lobbied for infrastructure improvements; improved our air quality; secured investment in the district and held numerous community events all across Fenland.

Our Annual Report gives a summary of this work, outlines what we have achieved in the past year and how we have spent the money we receive, and charts progress made against the ambitions and commitments set out in our Business Plan 2021/22.

Key highlights include progress on numerous regeneration programmes such as our Railway Stations Masterplans, Wisbech High Street Project and March Future High Streets Fund work, the launch of several new online service request forms to make it even easier for people to access council services, tackling more rogue landlords who breached housing and safety legislation, expanding the district's air quality monitoring network, distributing more coronavirus business grants, and playing a key role in the Government's Homes for Ukraine scheme by supporting Ukrainians seeking refuge from war.

We hope the report demonstrates the huge breadth of work we undertake with partners and the voluntary sector to make a positive difference to the lives of Fenland residents, and to ensure the district is well prepared for the future.

Covid-19 and Fenland District Council

We've come a long way in our battle with coronavirus. At the start of 2021 we were in our second period of national lockdown, with fears about the impact it would have on jobs, businesses, and the economy, as well as people's mental health and wellbeing, at the forefront of our minds.

As a Council, meeting the demands of the Covid-19 pandemic have been vast. Whilst delivering business as usual, we have responded to, and delivered, changes in legislation within days, created new services to respond to residents' needs and communicated the latest guidance effectively with communities, businesses, and our workforce.

At the same time, we've accelerated the pace of our customer services transformation. Work to provide more modern, efficient, and flexible ways to access our services has been a Council priority for some time, but the rapid uptake of digital technologies during the pandemic meant we had to fast-track years of progress in a matter of months.

Not only have we significantly improved our online access, but we have increased the automation of our digital services and developed faster and more streamlined processes to make it even easier for people to interact with us, whilst ensuring that face-to-face services remain available for those that need them.

Meeting the challenges of Covid has also enabled even closer working with our partners, stakeholders and communities, and a greater pooling of our combined resources.

Now, as we continue to recover from the crisis, there is a great deal we can learn from our pandemic response. We have an opportunity to harness the innovation, collaboration and creativity which has flourished so much during the past almost two years and use it to evolve even further.

Partnership Investment in Fenland

We're working hard to attract the crucial external funding needed to unlock Fenland's potential and bolster its prosperity and resilience in the coming years.

The diagram below shows some of the projects currently in progress across the district thanks to millions of pounds worth of inward investment already secured.

The projects include development and regeneration of key sites, investment to improve transport and digital connectivity, and innovation and technology centres.

The opportunities will help to accelerate Fenland's Covid-19 recovery, boost our economy, support new skills opportunities, and create much-needed new jobs.

Although many of these funding schemes are focused on our four market towns, our local villages will also benefit, as will neighbouring communities across Cambridgeshire, Norfolk and Lincolnshire. Improvements to our rural communities are equally as important and are included in our investment work.

Extract from the Council's 2022/23 Business Plan - Key Projects in Fenland



* Project delivered in collaboration with local partners

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.

Currently, 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.

5. OUR PRIORITIES

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

These priorities have been developed to address the most important needs of our communities.

Our priorities are split into three headings: Communities, Environment and Economy. These priorities primarily focus on the statutory and wide variety of core services that we provide day-to-day.

The fourth priority, Quality Organisation, sits alongside everything we do. It aims to ensure that the Council runs effectively, transparently and sustainably. We invest in and support our workforce to ensure they have the skills and resources they need to work to the best of their ability.

Our unique 'one- team' culture enables officers, elected members and partners to work effectively together without the constraints of traditional department silos. This approach results in excellent staff satisfaction, with 87% of staff saying they were proud to work for us in our latest Staff Survey (2022).

Each priority is underpinned by a series of performance indicators, which is reported to all Members at our Council meetings.

We also have a fifth cross cutting priority: Council for the Future. This priority is formed from a selection of transformative projects which aim to address the future needs of residents and our organisation as a whole.

Summary of Corporate Priorities 2021/22:

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

6. COUNCIL FOR THE FUTURE

Our Cabinet members have selected a number of projects to contribute towards our 'Council for the Future' agenda. These projects have a variety of aims; from tackling areas of particular need within Fenland, to sustainably transforming services and our organisation to be fit for the future. Although these are influenced by external factors, the aim is to have a programme of projects completed by the end of the current Council leadership term in 2023. Projects vary in scope and complexity, with some requiring close partnership working with external organisations and changes in policies before their aims can be delivered.

Modernising council services

- ❶ Over 63,000 answered phone calls to contact centre and 99.5% of customer queries resolved at first point of contact in 2021.
- ❷ Our My Fenland team has transformed, bringing together 5 admin services, 29 staff have new roles, including technical officers to answer more detailed queries.
- ❸ Our Transformation team have completed 136 process maps, including redesigning 333 processes. These benefit either staff, our customers or both.

Safer homes for tenants

- ❶ 277 properties where positive action from the team helped resolve issues.
- ❷ £122,252 fines given to landlords not complying with housing and safety legislation.
- ❸ Proactive support given to tackle Covid regulations in HMO (Houses of Multiple Occupation) accommodation.

CCTV service

- ① Business continuity maintained 24/7, 365 days a year, for the CCTV service during the pandemic.
- ② 1,233 incidents captured on CCTV to support police outcomes, leading to 105 arrests being made.
- ③ 4,633 (13 per day) pro-active camera controls completed, supporting early detection of community issues and crime reduction.

Planning for the future

- ① Completion of “call for sites” appraisal to inform consultation on the Local Plan in 2022/23.
- ② Development of Local Plan Policies to inform Local Plan consultation in 2022/23.
- ③ Development of the evidence base to inform Local Plan consultation in 2022/23.

Better online services

- ① Launch back-office integrated Missed Bins and Environmental Service requests forms, enabling real-time notifications of issues and reducing processing time.
- ② New Digital Journeys back office integrated forms launched for 17 licensing processes, enabling residents to apply for certain Taxi and Premises licenses online for the first time.
- ③ 1,300 successful Covid business grant applications were made through our online forms resulting in over £7million of payments made to local businesses.

Clamping down on poor parking

- ① Completed on-street site surveys of all existing Traffic Regulation Orders in the district. This will identify works needed surrounding sign and line discrepancies.
- ② Working with Cambridgeshire County Council, we have prepared a draft application for the Department of Transport for the implementation of Civil Parking Enforcement.
- ③ We wrote to all statutory consultees to find out any comments or objections in relation to the above draft application. Responses will inform the final application.

Competitive trade waste service

- ① Modernisation of the service by introducing the ‘Bartec’ system to manage invoicing and collection schedules. Ensuring all collections are recorded accurately for invoicing, which is produced automatically via a direct connection with the finance system.
- ② 50 new customers joined our service from other providers.
- ③ Increased income year on year; income in 2021/22 was £369,000 – up 12% from 2019/20.

Bringing empty homes back into use

- ① Implementation of new empty homes premium suspension scheme to encourage homes back into use. 8 suspensions awarded since September 2021 with 2 renovations completed, bringing properties back into use, and 2 due to complete by the end of May 2022.
- ② 77 homes brought back into use.

- ③ £93,099 benefit from New Homes Bonus.

Protecting our environment

- ① Successfully prosecuted a dark smoke offence and resolved a contaminated land incident caused by a leaking oil tank.
- ② 720 cleansing inspections undertaken to audit the cleanliness of the district.
- ③ Undertook 14 interviews under Caution with individuals who we believe may help us/have been responsible for fly-tipped waste. Issued 12 Fixed Penalty Notices for Fly-tipping or Duty of Care offenses (allowing fly-tipping to happen).

Better railways for Fenland

- ① The Platform 1 building project at March Station is complete. This has redeveloped the entire station to create an open-plan ticket hall and waiting area, accessible modern toilet facilities and retail outlets.
- ② Significant progress has been made on the construction of a car park for Manea Station.
- ③ The existing car park refurbishment and extension at March Station is complete.

Healthy You

- ① Re-start, continuation and new launches of Active Fenland sessions post lockdowns and Covid-19 restrictions. Fifteen different programmes in total.
- ② Creation and delivery of two multi-day social media campaigns as a digital offer for health and wellbeing providing key national messages and resources.
- ③ Delivery of healthy eating workshops by Active Fenland across Key Stage 1&2 as part of Health and Wellbeing school days in various Fenland primary schools.

A more commercial outlook

- ① Received a full year's rent (£230,000) from the Wisbech property investment acquired in March 2021.
- ② Progress being made towards gaining outline planning permission for two Council owned development sites.
- ③ Strategically purchased a property in March to support the Council's commercial investment strategy.

7. OUR COMMUNITIES

Support vulnerable members of our community

- Since its launch in March 2020, our **Covid-19 Community Hub** has provided a lifeline to those most at risk during the outbreak. Co-ordinating the support available from over **80 different organisations**, the Hub supported vulnerable residents with food shopping, medicine collection, general errands and money and employment advice. Since the Hub's launch, **over 2,300 requests for support** have been received.
- Our Housing Options team received **1,905 requests for homeless advice and assistance**; 1,200 of these approaches were resolved through the advice provided. **335 households were prevented from becoming homeless**. Supported by our Housing Enforcement Policy, we issued a significant number of civil penalty notices to landlords

choosing to flout regulations and legislation. We continue to support the increasing number of proactive landlords who request help from us to ensure their properties meet appropriate standards before being let. Hosting bi-annual landlord forums, detailing legislative amendments relevant to the private rented sector, also provides useful support to landlords.

- Through our Disabled Facilities Grants scheme, the Council provides **adaption works for elderly and disabled householders** to remain safe, secure and protected in their own homes. Last year **we assisted 119 households with adaption works**. These included the **installation of walk-in showers, stairlifts, ramped access facilities and specialist equipment such as person hoists**.
- The **14th annual Pride in Fenland awards** took place in November to celebrate the incredible contributions of unsung heroes from across the district. Organised by Fenland District Council and the Fenland Citizen newspaper, this year's online awards were **dedicated to those who went above and beyond during the pandemic**. Judges heard many inspiring stories of kindness and selfless support across five categories: Community Group, Young Person in the Community, Good Friend, Special Judges' award and the Community Covid awards.
- The **Whittlesey Big Bash** took place on September 12th at Whittlesey Manor Leisure Centre. The Golden Age team and 17 partners took part in the event, with a **great turnout of over 200 people** visiting in the space of 2 hours. As the event was not just a Golden Age fair, many partners commented on the great opportunities they had to speak with family members of older residents who were going to pass vital information on.
- As the terrible events in Ukraine unfolded in February 2022, we **pledged to provide support for Ukrainian refugees** as soon as the Government's extended safe routes opened. As part of the Cambridgeshire and Peterborough Ukraine Refugee Response group, we arranged for property checks to be undertaken at sponsors' homes, support sponsors to undertake the DBS process and developed a welcome pack with information about essential and local services.

Promote health and wellbeing for all

- The Freedom team have worked exceptionally hard to encourage people back into Fenland's leisure centres following the pandemic. There has been considerable success with **growth in the Swimming Lesson programme** now at almost double the number of participants compared with pre-pandemic. Casual swimming and membership levels are back above 90% of the pre-pandemic levels. The pandemic did allow people time to reassess their health and **the four leisure centres in Fenland are playing a significant role in helping people become healthier**.
- **Health and Wellbeing support** for Fenland residents continued to focus on **Covid-19**. Businesses were offered guidance surrounding Covid secure practices in the workplace, access testing for staff, risk assessments and wellbeing visits by public health staff to discuss vaccination concerns and broader issues such as long covid. This has helped deliver businesses continuity; especially for many of our larger food/product producers and packers. **Self-isolation support through the pilot Enduring Transmission project** was provided to over 200 Fenland residents (where Covid-19 rates remained stubbornly high), with a total allocation of over £57,000. We also continued to provide support for vaccination centres including agreeing locations, monitoring uptake and accessibility.

- The pandemic made clear to our community how important open spaces are to having a happy and healthy life. Together with our contractor Tivoli, we've **continued to provide excellent open spaces across Fenland**. Work in the past year has included the improvement of several play areas with resulting increases in use by children and their families.

Work with partners to promote Fenland through culture and heritage

- Following financial support from Arts Council England, we have appointed an officer **to work with local cultural and creative organisations and individuals to develop an action plan to amplify creativity and cultural opportunities in Fenland**, raising the profile of the many activities already taking place.

- We worked hard to **support the community by promptly re-establishing Fenland's Four Seasons events** providing opportunities for businesses to trade again. Christmas Markets were delivered in Wisbech and March, followed by March St George's Fayre. This had a bumper turn out and received extremely positive feedback. We also made use of **Government Welcome Back funding to bolster re-opening of Fenland's high streets** through a series of additional pop-up events, business support, shop local marketing and town centre aesthetic improvements including floral displays and enhanced cleaning.

Performance	Target 2021/22	Performance
Total number of private rented homes where positive action has been taken to address safety issues	250	277
Proportion (%) of households presenting to the Council as homeless whose housing circumstances were resolved through Housing Options work	New PI	57%
Number of empty properties brought back into use	70	77
New Homes Bonus achieved as a result of bringing empty homes back into use	£50,000	£93,099
Number of Active Health local sessions per year that improve community health	225	504
Customer feedback across Freedom Leisure facilities in Fenland	90%	85%*

* Performance/service impacted by COVID-19 restrictions

8. OUR ENVIRONMENT

Deliver a high performing refuse, recycling and street cleansing service

- Core services continued without issue this year with over **2.9million bin collections** made across the district. Customers continued to recycle their waste well, generating £475,000 of income to support services as a result. Customer satisfaction with our Refuse and Recycling and Garden Waste (Brown Bin) services remains high at 96% and 97% respectively. The Garden Waste service has continued to grow with subscriptions at an all-time high of over 23,000 in 2021/22.

- Our trained **'Getting It Sorted' volunteers supported recycling in Fenland** with events, activities, education packs for schools to use, videos and online training courses. They also kept the Council's multi-lingual recycling website, 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 1,200 service requests**: 95% on the same or next day. Over **1,300 quality inspections** were made in areas of high footfall – 99% met cleansing standards first time.

Work with partners and the community on projects that improve the environment and our street scene

- As Covid restrictions gradually eased we continued to **work with community environmental volunteering groups** as permitted, with many smaller litter picks still able to take place. This year saw Gorefield Street Pride celebrate their 10th anniversary and a growth in Street Pride group numbers, now totalling 18. **Over £37,000 was awarded** to community groups living within the vicinity of wind turbines to improve their local environment. Projects included switching to LED lighting, solar powered mobile vehicle activated signs and enhancements to green spaces.

- Our Street Scene team spent **3,400 hours on patrol**. They work closely with the community to help protect our environment with a focus on preventing fly-tipping, littering and dog fouling. Over the past year they have visited over **600 sites of reported fly-tipping** to try and gather evidence that will help identify who's responsible. They investigated **241 reports of abandoned vehicles**, undertook **352 dog related actions** (including speaking to dog owners, refreshing signs in reported areas for dog fouling and working with the Green Dog Walkers volunteers), made **3015 memorial safety inspections and investigated 137 matters relating to litter**.

Work with partners to help keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion

- Our **shared CCTV service** with Peterborough City Council maintained its 100% service function 24 hours a day, 365 days a year. 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 the district safer.

- Working with internal and external partners, our Community Safety team have been involved in the **investigation of 211 reports of anti-social behaviour**, nuisance and other quality of life concerns. Examples include youth anti-social behaviour and crime in Wisbech and Chatteris, vehicle related nuisance in a public car park in Chatteris and concerns linked to highway obstruction and hoarding in Wisbech. The team is also part of the Fenland Community Safety Partnership, which have undertaken projects raising awareness of illegal money lending, loan sharks, domestic abuse and coercive control, modern day slavery, child exploitation and road safety. As well as engaging the community, training sessions were delivered to support the development of frontline professionals who work within the Fenland community surrounding domestic abuse, hate crime, cybercrime and substance abuse.

Performance	Target 2021/22	Performance
Rapid or Village Response requests actioned the same or next day	90%	95%
% of inspected streets meeting our cleansing standards (including graffiti and flyposting)	93%	99%
% of collected household waste recycled through the Blue Bin service	28%	28%
Customer satisfaction with Refuse and Recycling services	90%	96%
Customer satisfaction with Garden Waste service	85%	97%
Number of Street Pride, Green Dog Walkers and Friends of Community environmental events supported	204	191*
% of local businesses who thought they were supported and treated fairly	90%	100%
% of those asked who are satisfied with Fenland District Council's events	90%	N/A

* The number of events held is significantly less than in previous years due to the pandemic. Restrictions were in place at the beginning of April 2021 which either prohibited groups meeting at all or meant that only groups of 6 or 30 volunteers could meet.

9. OUR ECONOMY

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

- Our Finance and Business teams worked together to distribute **£7.094million in Government coronavirus business grants** in 2021/22. These have been paid to help businesses impacted by trading restrictions and the emerging Omicron variant. During this period over **1,300 grant payments** were made.
- We continued to **support businesses with COVID-19 guidance**, including reducing the risk of infection spreading in the workplace and compliance with the NHS COVID Pass regulations introduced in December 2021.
- **Following the closure of major employer** Alan Bartlett and Sons in Chatteris in June 2021, our Economic Growth team worked to ensure the site was reoccupied as soon as possible. It also helped new tenants, The Turmeric Co., with access to grant funding, recruitment, and business support opportunities.
- Our **Economic Growth Strategic Refresh** was approved by Cabinet in February. This sets out how our Economic Growth team, partners and wider Council teams will support local businesses to grow, local people to start a business and other businesses to relocate to the area. The **Start & Grow programme** is also underway, estimated to deliver around **£650,000 worth of business support and grants into Fenland** through a number of sources. The 'Start' programme is for individuals wanting to explore enterprise and offers intensive pre-start business information sessions, online learning, mentoring, networking and peer support. The 'Grow' programme aims to support existing early-stage micro-businesses to expand into new markets, create new jobs or increase profitability and productivity. The programme will run until July 2022.

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

- Our **Planning team determined over 750 planning applications** - between 72% and 92% of these were decided on time, depending on application type. Whilst not all internal performance targets have been met, we have continued to exceed national performance targets. We lost no major planning appeals over the last 24 months, and for non-major planning appeals our performance has not exceeded 0.5% (performance cannot exceed 10%). Our team dealt with nearly 900 other types of application (such as discharge of condition, general enquiries, pre-application and licensing requests) in addition to 'traditional' planning applications. **We investigated and resolved 218 cases of unauthorised development** reported to us.

- Work continues on projects outlined in our **Growing Fenland masterplans**, part of the CPCA's (Cambridgeshire and Peterborough Combined Authority) strategic Market Town Masterplans, including:

- Installation of interactive highways flooding signs in Whittlesey
- Progress on the Whittlesey Heritage Walk
- Improvements to Wisbech Market Place
- Funding for local skills development in Chatteris
- Match funding to progress the March Future High Streets Fund project

- Work continues on the £8.4million **March Future High Streets Fund** project, funded by the Government and the CPCA. Together with the March Area Transport Study (MATS), the project will transform March town centre through pedestrian, public realm and traffic flow changes to the Broad Street, Riverside and Market Place areas.

- Our **Wisbech High Street Project**, funded by the National Lottery Heritage Fund, continues to make progress. Highlights from 2021/22 include:

- Major regeneration works completed at 13-17 High Street with grant funding
- Extensive repairs carried out at 18 High Street with grant funding
- Series of free online traditional construction and heritage skills training sessions launched
- Local heritage book, 'Lost Images of Wisbech' published

Promote and lobby for infrastructure improvements across the district

- Supported by CPCA funding, work continues to improve transport connectivity in Fenland. Progress is being made on the:

- £32million Kings Dyke Crossing Project, due to open by the end of 2022
- £25million A47 Guyhirn roundabout
- Fenland Railway Station Masterplans project, aiming to improve stations at March, Manea and Whittlesey and provide better railways for Fenland
- March Area Transport Study (MATS) infrastructure improvements

Performance	Target 2021/22	Performance
% of major planning applications determined in 13 weeks (or with extension of time)	75%	92%
% of minor applications determined in 8 weeks (or with extension of time)	80%	72%*
% of other applications determined in 8 weeks (or with extension of time)	90%	84%*
% occupancy of our Business Premises estate	92%	91%**
% occupancy Wisbech Yacht Harbour	85%	94%
Number of local businesses supported and treated fairly	90%	100%

* The reduced performance was as a result of rising workloads and resource challenges. It should be noted that performance remains above the national performance target of 70%
 ** Business unit occupancy has fluctuated during Covid. However, as we emerge from Covid we continue to see a steady uptake in occupancy.

10. QUALITY ORGANISATION

- We collected over **£61million in Council Tax and £21million in Business Rates**. This plays a major part in funding the key services we provide to the community. A large share of this money is also passed onto the Police, Fire Service, County and Parish Councils.
- Our My Fenland team has been transformed, bringing together **5 admin services and 29 members of staff** have new roles, including the development of technical officer roles to answer specialised, more detailed queries. In addition to the team answering more than **63,000 phone calls and resolving 99.5% of customer queries at first point of call**, the transformation team have also **completed 136 process mapping tasks**, including redesigning 33 processes. These benefit either the staff, our customers, or both. We have had **15,450 payments** made via PayPoint, with over £1.84m in payments.
- Our website received **849,000 hits** and a record number of **23,000 online form submissions** across 48 different topics. As part of our ongoing work to improve our digital services and user journeys, we launched a suite of improved online forms. Our **new missed bin and environmental service request forms** (covering issues including dog fouling, fly-tipping, litter, abandoned vehicles and graffiti) are now easier to use and automatically transfer information received directly to teams on the ground and into back-office systems. This gives teams real-time notification of issues so that they can respond quickly and save hours of resource in processing time. Six new online forms have also been developed as part of our licensing service, enabling residents to be able to complete new tasks online including applying for a taxi license and premises licence.
- Our **Social Media** channels remain popular, with **8,768 Twitter followers and 5,800 Facebook followers**. Over the past year we have used our social media channels to quickly publicise and signpost the latest Covid information, including changing restrictions and availability of business grants and support. We have also increased our use of video on our social media channels to develop our online engagement with residents.
- The Licensing team **issued 461 licenses** for a variety of services including Taxi, Premises, Alcohol, Scrap Metal and Animal Licensing, to help ensure such businesses are well managed and operating safely and legally. They also worked closely with partners during the pandemic through a variety of channels to support businesses to operate safely and take enforcement action when required.

- We **consulted with residents, stakeholders and partners about a wide range of topics** to help us understand local people’s priorities and shape our service. Consultations included the concept of a Broad Concept Plan to shape future development in West March, development of a heritage walk in Whittlesey, plans for a new Community Hub in Wisbech Park and improvements to cycling, walking and mobility access across the district.

- **We were reaccredited with the Customer Service Excellence (CSE) award** last year. This is a Government standard that recognises the high quality, customer focused services that we provide. The independent assessor said the Council had continued to meet the **‘gold standard’ for customer service delivery** and that our ongoing transformation programme is clearly delivering significant benefits to customers.

- As Covid restrictions started to lift, our **Environmental Health** team focused their Public Health role to **support the Covid vaccination programme** reaching communities. As businesses could get back to normal, they supported the registration of new food businesses and the inspection of existing food businesses, whilst catching up on postponed inspections. They also visited and risk assessed all of Fenland’s high risk food premises (Approved Premises). All Environmental Permitted sites were also inspected, and new operators supported through the application process. In addition, all skin piercing businesses – including tattooing, acupuncture, botox and eyebrow blading – were inspected and licensed. The team continues to deal with a wide range of **statutory nuisance and public health issues**, from noise and pest control to infectious diseases.

Performance	Target 2021/22	Performance
% of customer queries resolved at the first point of contact	85%	99.5%
% of customers satisfied by our service	90%	91.3%
% of contact centre calls answered within 20 seconds	46.5%	30.45%*
% of contact centre calls handled	80%	75.94%**
Days taken to process Council Tax Support new claims and changes	8.0 days	5.6 days
% of Council tax collected	96.77%	96.7%
Council Tax net collection fund receipts	£61,172,317	£61,692,720
% of NNDR Collected	97.25%	96.04%***
NNDR net collection fund receipts	£18,341,776	£22,579,308
Number of visits to our website	825,000	849,000

*The dip in performance was anticipated due to the implementation of a major change initiative resulting in a new structure with new job roles, more efficient processes and more effective use of technology. The Team were also adversely affected by the COVID pandemic as this resulted in higher than predicted call volumes but also an increase in staff absence due to Covid. The new working practices are now well established and performance is consistently improving.

**Performance in relation to the percentage of contact centre calls handled was achieved within 5% of the target figure, which is testament to the hard work of the team when dealing with both the direct impact (in terms of staff absence) and indirect impact (in relation to higher than predicted call volumes) of the COVID pandemic.

*** Whilst the NNDR Collection fund continues to meet targets, the in-year collection rate is below target due to the backdated large assessment which created a large debt to be collected within the last quarter of the year.

11. FINANCIAL PERFORMANCE

The 2021/22 Revenue Budget Process

The Revenue Budget for 2021/22 was prepared against a background of meeting the Council's Corporate Plan objectives whilst continuing to face significant financial pressures from the continuing impact of the Covid-19 pandemic. A balanced budget was produced that included a deliverable level of savings and income, provided for investment in key services and funding from general reserves. 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;
- recognising cost pressures and making decisions on budget changes where necessary; and
- strategic use of general reserves

The budget included savings or additional income of £0.295m. This compared to £0.157m included within the 2020/21 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 2021/22. 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 2024/25 onwards. The budget also included £0.842m of funding from general reserves.

Council approved a net revenue budget for 2021/22 of £13.757m at its meeting on 23 February 2021. 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 2021/22- 2023/24.

Council Tax

At its meeting on 23 February 2021 Council resolved not to increase Council Tax in the 2021/22 financial year. The Cambridgeshire Police and Crime Commissioner increased their element of Council Tax by 6.42% and the Fire Authority increased theirs by 2.00%. Cambridgeshire County Council increased their Council Tax by 2.99%. On average Parish Councils reduced their precepts by -0.84%.

The calculation of the 2021/22 Tax-Base resulted in an increase of 328 in Band D equivalent properties (as shown in the table below). This produced a net increase in Council Tax income of £85,430 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 2019/20 to 2021/22 is shown below:

Band D Council Tax by authority	2019/20 £	2020/21 £	2021/22 £
Fenland District Council	260.46	260.46	260.46
Cambs. County Council	1,312.11	1,359.18	1,399.77
Cambs. Police & Crime Commissioner	222.66	232.65	247.59
Cambs. Fire Authority	70.74	72.09	73.53
	1,865.97	1,924.38	1,981.35
Parish Councils (Average)	46.41	48.46	48.05
Total average Band D Council Tax	1,912.38	1,972.84	2,029.40
Total average increase	87.64 (4.8%)	60.46 (3.16%)	56.56 (2.87%)
Council Tax Base			
Number of Band D equivalent dwellings	29,380	29,815	30,143

Revenue Spending

For 2021/22, the Council agreed an original budget of net spending on services of £13.757m. 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 2021/22 was set at £260.46 for Band D properties. The precept on the Collection Fund (£7.851m) is the amount due to the Council net of Parish Precepts (£1.448m). 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 Net Spend	13,757	13,166	12,339	(827)
Financed by:				
Business Rates	(5,312)	(6,735)	(6,607)	128
Transfer from Business Rates Reserve	(3,417)	(2,002)	(2,130)	(128)
Business Rates Collection Fund Deficit	3,621	3,621	3,621	0
Precept on Collection Fund	(7,851)	(7,851)	(7,851)	0
Council Tax Collection Fund Deficit	44	44	44	0
Total Financing	(12,915)	(12,923)	(12,923)	0
Net Deficit/(Surplus) – Transferred from/(to) General Balance/Budget Equalisation Reserve	842	243	(584)	(827)
General Fund Balance	2,000	2,000	2,000	
	31 March 2021		31 March 2022	

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 £584,010 returned in the 2021/22 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 £0.827m on the revised budget due principally to the following reasons:

Service Area	Description	Over(+) / Under spend (-)	
		£000	£000
<u>One-Off Variations</u>			
Fees and Charges	Income variations across a variety of services		
	Enforcement Fees (Housing Standards)	-17	
	Marine Services	-18	
	Planning & Pre-App Fees	-102	
	Court Costs raised	-30	
	Waste Services - bulky waste and recycling	-19	
	Trade Waste	-11	
	Search Fees	-17	
	Cemeteries	-20	
	Economic Estates	-53	
	Other services	-45	
			-332
Other Income/Costs			
	Additional Government New Burdens - Business Grants administration, Test & Trace, Licensing, Transparency etc		-99
	HM Courts & Tribunals Service - Refund of overcharged magistrate court fees paid for Council Tax liability orders		-57
	Investment Income/RTB/VAT Sharing arrangement with Clarion		-14
	Leisure Contract - Management Fee received from Freedom Leisure		-202
	Sub-Total One-Off Variations		-704
<u>Service Base Variations</u>			
Employee Costs	Variance across a variety of services mainly resulting from vacancies	-125	
Premises Costs	Lower costs across a variety of services	-18	
Transport Costs	Lower car allowance & mileage costs across a variety of services	-24	
	Higher vehicles/vessel maintenance costs	68	
Supplies and Services	Lower ICT costs - Telephones/Software/Maintenance	-78	
	Homelessness & Rough Sleepers - lower accommodation costs	-55	
	Lower costs across all services	-63	
Third Party Payments	Net impact of Housing Benefit subsidy claim and overpayments	127	
	Other costs across services	45	
	Sub-Total Service Base Variations		-123
Overall improvement in outturn position since revised budget			-827
Projected Deficit 2021-22 at Revised Estimate (Cabinet/Council February 2022)			243
Net Surplus 2021-22 Transferred to Budget Equalisation Reserve			-584

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 £11.258m 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 £17.970m and a revised budget of £12.486m. In addition, £0.325m was spent on Commercial and Investment Strategy schemes.

The main items of capital expenditure in the year were the roofing works at Hudson Leisure Centre (£229k), investment in Wisbech Port facilities and infrastructure (£369k), replacement of Council vehicles (£320k), investment in ICT infrastructure and software linked to the Council's transformation agenda (£306k), investment in Social Housing Decarbonisation in conjunction with Clarion Housing Association (£4.492m), replacement of Sewage Treatment Works (£223k), investment in Regeneration programmes (£3.492m including High Street, Wisbech (£457k), Railway Station improvements at March and Manea (£2.375m), March Future High Street works (£325k) and Growing Fenland Grants in Wisbech and Whittlesey (£287k). A further £325k was spent on acquiring a property as part of the Council's Commercial and Investment Strategy. This expenditure was financed by capital grants, capital receipts and revenue contributions. Capital receipts of £100k (net of costs) were realised in 2021/22 (2020/21: £43k).

Grants of £1.363m were paid to individuals in the District who qualified for a Private Sector Renewal Grant/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 2022, the Council's uncommitted General Fund Balance stood at £2m and the total Earmarked Reserves balance stood at £12.339m.

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 2021/22 and earlier financial years in their proportionate share. Therefore, a provision of £2.274m (Fenland's share) has been recognised for the best estimate of the amount that businesses are potentially due a refund, as at 31 March 2022.

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 2021/22. No new borrowing was undertaken in 2021/22 and all investment activities were undertaken in accordance with the approved strategy.

The total external 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 £10m (£5m at 31st March 2021).

Pension Liabilities

At 31 March 2022, the Council's share of the assets and liabilities of the Cambridgeshire LGPS show an estimated net liability of £54.057m. 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 reduced by £12.113m during the year, from £66.170m at 31 March 2021 to £54.057m at 31 March 2022. 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 £1.874m to the Pension Fund in April 2020 reflecting the lump sum payments due in respect of the 2020/21, 2021/22 and 2022/23 financial years. Collectively the changes in assumptions offset by the lump sum payment reduced the Council's pension liability by £6.578m.

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 £5.535m. 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 £3.899m being recognised in the revaluation reserve. These gains were offset by downward movements in the value of other assets totalling £0.963m leading to a net credit to the revaluation reserve of £2.936m.

12. MEDIUM TERM FINANCIAL STRATEGY 2022/23 – 2026/27

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.

There is still considerable uncertainty around the estimates for 2022/23 and the forecasts for the medium term. Currently there are a number of 'unknowns' which could both positively and negatively impact on the forecasts including:

Risks associated with the MTFS forecasts:

- The ongoing impact of the Finance Settlement announcements on 2023/24 and the medium term;
- Impact of potential changes to the New Home Bonus methodology and allocations from April 2023;
- Impact of the potential business rates baseline reset from April 2023 and longer-term changes to the Business Rates Retention system;
- Impact of potential additional income in 2024/25 from the Extended Producer Responsibility scheme for managing packaging waste;
- Impact on income streams being greater than anticipated due to external factors such as Search Fees (transfer to Land Registry) and Port Income (sale of Port Sutton Bridge);
- Continuing impact of homelessness temporary accommodation costs in 2022/23 and the medium term and the impact on recovery of housing benefit subsidy;
- Potential for additional support for the Leisure Management contractor in 2022/23. A full year's Management Fee income from the Leisure Contractor has currently been included in the 2022/23 estimates and each subsequent year of the MTFS;
- Impact of service developments e.g. Marine Services future structure and Car Parking Enforcement (CPE);
- Revenue impact of funding new capital schemes not currently included in the capital programme;
- Potential impact of the My Fenland transformation programme Phases 3 and 4 with associated savings. Further detailed work is required to quantify the scope of these phases, associated savings and timing implications. £192k of savings are included in 2022/23 for Phase 3, rising to £384k per annum from 2023/24 onwards;

- Potential net benefits from Fenland Future Ltd of loan interest and dividends from future developments over and above already included in the MTFS generating revenue income;
- Commercial and Investment Strategy and future potential positive returns to the Council;

Whatever impact the above issues may have however, there will remain a significant structural deficit for the Council to address.

The forecasts for the years 2023/24 – 2026/27 are provisional at this stage and should be considered with extreme caution. Future announcements and consultation outcomes will also determine government policy and therefore the funding in the future years. In addition, the forecasts are dependent on permanently maintaining the savings identified through the My Fenland transformation initiative.

Business Rates Retention Reform, Fair Funding Review and changes to the New Homes Bonus could have a significant impact on the Council's forecast resources over term of the MTFS. Further to the risks associated with these externally determined funding streams the Council should also ensure that income budgets are achieved and new income streams considered and implemented for medium to long term sustainability in combination with any operational and transformational benefits that the Council realises. The use of general reserves to support revenue expenditure adds to the overall risks to the Council as such reserves can only be used once but the cumulative impact of such use will continue to be felt into the future.

Business Rates Baseline Funding normally increases by CPI inflation. The medium-term projections detailed below exemplify this position although the government froze the business rate multiplier for 2022/23 for which the Council receives compensation from the government. There is a significant business rates deficit in 2022/23 arising from the awarding of reliefs linked to Covid 19 in 2021/22. The impact of this deficit is offset by a transfer from a reserve containing sums received from government in 2021/22 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 2022/23 and over the medium term.

The Medium Term Financial Strategy (MTFS) as presented to Council on 24 February 2022, shows that the Council faces a continuing budget gap over the five years from April 2022. The following table summarises the position, showing a cumulative gap over the period to 2026/27 of £0.973m.

**Medium Term Financial Strategy
(February 2022)**

	Estimate 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000
Expenditure					
Service Expenditure/Income					
Gross Service Expenditure	23,047	23,253	23,661	24,165	24,586
Fees and Charges	-6,442	-6,467	-6,533	-6,598	-6,665
Grants and Contributions	-2,081	-1,730	-1,715	-1,698	-1,685
Recycling Credits	-1,120	-1,140	-1,155	-1,170	-1,185
Total Net Service Expenditure	13,404	13,916	14,258	14,699	15,051
Corporate Items					
Corporate Expenditure/Savings					
Drainage Board Levies	1,722	1,860	1,897	1,935	1,974
Financing Charges - Interest on External Borrowing	623	700	700	700	700
Financing Charges - Current Capital Programme - MRP	440	550	550	550	550
Vacancy Factor (1.5%)	-181	-187	-191	-196	-201
A14 Upgrade - contribution	74	74	74	74	74
CFF Transformation Savings identified not yet implemented	-192	-384	-384	-384	-384
	2,486	2,613	2,646	2,679	2,713
Corporate Income Items					
Contribution to(+)/from(-) Earmarked Reserves	-101	-30	60	60	60
RTB/VAT Sharing Income	-70	-20	-20	-20	-20
Investment and Property Fund Income	-250	-200	-200	-210	-210
New Homes Bonus	-824	-800	-800	-800	-800
Lower Tier Services Grant	-169	-169	-169	-169	-169
Services Grant	-255	-255	-255	-255	-255
FFL - Officer Time Recharge/Net Loan Interest	-161	-475	-800	-825	-675
Contribution from Budget Equalisation Reserve	-203	0	0	0	0
	-2,033	-1,949	-2,184	-2,219	-2,069
Total Corporate Items	453	664	462	460	644
Gross Service/Corporate Expenditure	25,533	25,866	26,307	26,844	27,299
Gross Service/Corporate Income	-11,676	-11,286	-11,587	-11,685	-11,604
Net Budget Requirement	13,857	14,580	14,720	15,159	15,695
Funding - NNDR/CT					
Business Rates Funding (NNDR)					
Business Rates Baseline Funding/RSG	-3,702	-3,787	-3,859	-3,925	-3,991
Contribution to(+)/from(-) Business Rates Reserve	-1,415	0	0	0	0
Business Rates Collection Fund Deficit	1,836	184	0	0	0
Business Rates - net additional income above baseline	-604	-1,276	-1,305	-1,332	-1,360
Business Rates - renewable energy rates retained	-970	-896	-913	-929	-944
Business Rates - reimbursement of additional Covid-19 reliefs	-621	0	0	0	0
Business Rates Pool - FDC Share of Benefit	-350	0	0	0	0
Council Tax Funding					
Council Tax Collection Fund Surplus(-)/Deficit	-44	0	-50	-50	-50
Council Tax (<i>increases of 0% in 22/23 onwards</i>)	-7,987	-8,084	-8,182	-8,280	-8,377
Total Funding - NNDR/CT	-13,857	-13,859	-14,309	-14,516	-14,722
Surplus(-)/Shortfall(+)	0	+721	+411	+643	+973
Summary					
Total Gross Expenditure	25,533	25,866	26,307	26,844	27,299
Funded by:					
Fees and Charges	-6,442	-6,467	-6,533	-6,598	-6,665
Grants and Contributions	-2,081	-1,730	-1,715	-1,698	-1,685
Recycling Credits	-1,120	-1,140	-1,155	-1,170	-1,185
New Homes Bonus	-824	-800	-800	-800	-800
Investment Income, VAT/RTB	-320	-220	-220	-230	-230
Contribution to(+)/from(-) Earmarked Reserves	-101	-30	60	60	60
Lower Tier Services Grant and Services Grant	-424	-424	-424	-424	-424
FFL - Officer Time Recharge/Net Loan Interest	-161	-475	-800	-825	-675
Retained Business Rates	-4,411	-5,775	-6,077	-6,186	-6,295
Contribution to(+)/from(-) Business Rates Reserve	-1,415	0	0	0	0
Council Tax	-8,031	-8,084	-8,232	-8,330	-8,427
Contribution from Budget Equalisation Reserve	-203	0	0	0	0
Total Funding	-25,533	-25,145	-25,896	-26,201	-26,326
Surplus(-)/Shortfall(+)	0	+721	+411	+643	+973

Fair Funding Review and Future Changes to the Business Rates Retention System

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 when the Government will be in a position to adhere to its earlier commitment to implement the Fair Funding Review and Business Rates funding changes.

The government announced on 28 June 2022, that a '2-year financial settlement' will be introduced 'next year', which is expected to cover 2023/24 and 2024/25. A consultation will be launched 'shortly'. This announcement suggests that there will be rollover settlements in both 2023/24 and 2024/25. That is, financial settlements that are broadly similar to the 2022/23 settlement. The Fair Funding Review, business rates baseline reset and other funding reforms now look set to be pushed back to 2025/26. It also suggests that the 2021 Census might not be reflected in funding allocations until 2025/26.

Pushing these major changes back to 2025/26 means that they can be aligned with the next spending review period (the current spending review runs to 2024/25) and they will follow the next General Election (no later than January 2025). However, this would mean 2025/26 would be a very significant financial year, incorporating a new spending review, the 2021 Census and funding reforms. The difficulties of these challenges might result in scaled-down changes.

The future changes to the Business Rates Retention system, New Homes Bonus 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.

During 2021/22, our Cabinet members have selected a number of projects to contribute towards our 'Council for the Future' agenda. These projects have a variety of aims; from tackling areas of particular need within Fenland, to sustainably transforming services and our organisation to be fit for the future. Although these are influenced by external factors, the aim is to have a programme of projects completed by the end of the current Council leadership term in 2023. Projects vary in scope and complexity, with some requiring close partnership working with external organisations and changes in policies before their aims can be delivered. Progress of these projects to date are detailed in Section 6 above of this narrative report.

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 2021/22 financial year, following the production of masterplans for each of the four market towns (completed in 2020/21 and funded by the Combined Authority), capital projects in each market town have progressed with £1m from the Combined Authority having been committed for each market town. Work on the March and Manea Stations Regeneration Programme, to enhance transport infrastructure across the District, progressed well with both schemes due for completion in 2022/23. The Combined Authority has also committed funding towards the further expansion of the South Fens Business Park in Chatteris, the implementation of Civil Parking Enforcement across the District, the March Future High Street project and the regeneration of properties in High Street, Wisbech. All these schemes are expected to make significant progress during 2022/23.

Covid 19

In common with all local authorities the Council's finances have been impacted by the Covid 19 pandemic. In the 2021/22 financial year the pandemic has resulted in additional expenditure across a range of services, mainly homelessness and led to reductions in income from the management fee due from the Leisure contractor. 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 2022, which is referred to above, will be subject to significant and frequent revision, particularly when the government proceeds to take key decisions regarding the future financing of local authorities.

13. EXPLANATION OF THE FINANCIAL STATEMENTS

The Council's financial statements for the year 2021/22 are set out on pages 29 to 114. 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 2022;
- 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. CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the financial statements set out on pages 29 to 114 present a true and fair view of the financial position of Fenland District Council at 31 March 2022 and its income and expenditure for the year then ended.

Signed:

28 July 2022

Peter Catchpole

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

The Chief Finance Officer's Responsibilities

The 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 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 Chief Finance Officer has also:

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

Signed:

28 July 2022

Peter Catchpole
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.

2020/21	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020	2,000	6,763	0	275	9,038	(311)	8,727
Movement in reserves							
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	(15,090)	(15,090)
Total Comprehensive Expenditure and Income	4,295	0	0	0	4,295	(15,090)	(10,795)
Adjustments between accounting basis and funding basis under regulation (note 8)	1,014	0	6	5,616	6,636	(6,636)	0
Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves	5,309	0	6	5,616	10,931	(21,726)	(10,795)
Transfers to / (from) Earmarked Reserves (note 9)	(5,309)	5,309	0	0	0	0	0
Increase/(Decrease) in 2020/21	0	5,309	6	5,616	10,931	(21,726)	(10,795)
Balance at 31 March 2021 carried forward	2,000	12,072	6	5,891	19,969	(22,037)	(2,068)

2021/22							
	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
Balance at 31 March 2021	2,000	12,072	6	5,891	19,969	(22,037)	(2,068)
Movement in reserves							
Surplus on Provision of Services	5,746	0	0	0	5,746	0	5,746
Other Comprehensive Expenditure and Income	0	0	0	0	0	19,549	19,549
Total Comprehensive Expenditure and Income	5,746	0	0	0	5,746	19,549	25,295
Adjustments between accounting basis and funding basis under regulation (note 8)	(5,479)	0	(6)	3,388	(2,097)	2,097	0
Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves	267	0	(6)	3,388	3,649	21,646	25,295
Transfers to / (from) Earmarked Reserves (note 9)	(267)	267	0	0	0	0	0
Increase/(Decrease) in 2021/22	0	267	(6)	3,388	3,649	21,646	25,295
Balance at 31 March 2022 carried forward	2,000	12,339	0	9,279	23,618	(391)	23,227

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.

2020/21			2021/22			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
2,500	(969)	1,531	Growth and Infrastructure	4,809	(7,151)	(2,342)
15,357	(8,135)	7,222	Communities, Environment, Leisure and Planning	20,923	(8,327)	12,596
33,396	(28,476)	4,920	Resources and Customer Services	32,024	(24,946)	7,078
51,253	(37,580)	13,673	Cost of Services	57,756	(40,424)	17,332
		2,900	Other operating expenditure (note 10)			2,943
		2,773	Financing and investment income and expenditure (note 11)			930
		(23,641)	Taxation and non-specific grant income (note 12)			(26,951)
		(4,295)	(Surplus)/Deficit on Provision of Services			(5,746)
		(2,114)	(Surplus)/Deficit on revaluation of property, plant and equipment assets (note 27)			(2,938)
		17,204	Re-measurement of net defined benefit liability/ (asset) (note 39)			(16,611)
		15,090	Other Comprehensive Income and Expenditure			(19,549)
		10,795	Total Comprehensive Income and Expenditure			(25,295)

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'.

31 March 2021		Note	31 March 2022
£000			£000
51,778	Property, Plant and Equipment	13	55,895
4,954	Investment Property	14	6,658
14	Intangible Assets	15	77
0	Long Term Investments	17	4,066
387	Long Term Debtors	16	379
57,133	Long Term Assets		67,075
5,002	Short Term Investments	17	10,006
65	Inventories	20	98
9,975	Short Term Debtors	21	9,816
17,965	Cash and Cash Equivalents	22	20,935
33,007	Current Assets		40,855
(36)	Short Term Borrowing	17	(36)
(137)	Short Term Finance Lease Liability	38	(83)
(13,779)	Short Term Creditors	23	(10,941)
(1,828)	Receipts in Advance	24	(9,471)
(2,352)	Provisions	25	(2,292)
(18,132)	Current Liabilities		(22,823)
(7,800)	Long Term Borrowing	19	(7,800)
(106)	Finance Lease Liability	38	(23)
(66,170)	Defined Benefit Pension Liability	39	(54,057)
(74,076)	Long Term Liabilities		(61,880)
(2,068)	Net Assets/(Liabilities)		23,227
19,969	Usable Reserves	26	23,618
(22,037)	Unusable Reserves	27	(391)
(2,068)	Total Reserves		23,227

The notes on page 37 to 114 form part of the financial statements.

Signed:

Chief Finance Officer 28 July 2022

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.

2020/21 £000		2021/22 £000
4,295	Net (deficit)/surplus on the provision of services	5,746
9,970	Adjust net deficit on the provision of services for non-cash movements (note 28)	9,665
(7,299)	Adjust for items included in the net deficit on the provision of services that are investing and financing activities (note 28)	(12,735)
6,966	Net cash flows from Operating Activities	2,676
6,093	Investing Activities (note 29)	(62)
(5,363)	Financing Activities (note 30)	356
7,696	Net increase/(decrease) in cash and cash equivalents	2,970
10,269	Cash and cash equivalents at the beginning of the reporting period (note 22)	17,965
17,965	Cash and cash equivalents at the end of the reporting period (note 22)	20,935

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.

2020/21			2021/22			
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
1,175	356	1,531	Growth and Infrastructure	1,194	(3,536)	(2,342)
4,315	2,907	7,222	Communities, Environment, Leisure and Planning	3,821	8,775	12,596
6,264	(1,344)	4,920	Resources and Customer Services	8,362	(1,284)	7,078
11,754	1,919	13,673	Net Cost of Services	13,377	3,955	17,332
(11,754)	(6,214)	(17,968)	Other Income and Expenditure	(13,377)	(9,701)	(23,078)
0	(4,295)	(4,295)	(Surplus) or Deficit	0	(5,746)	(5,746)
2,000			Opening General Fund Balance	2,000		
0			Add/(Less) Surplus/(Deficit) on General Fund in Year	0		
2,000			Closing General Fund Balance at 31st March	2,000		

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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 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 and Service Reporting Code of Practice 2021/22, 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 2.7% (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)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost with the exception of the Council's investment in pooled property funds which is measured at fair value through profit or loss. Further detail is provided below.

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.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price; and
- Other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains or losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. Where fair value cannot be measured reliably, the instrument is measured at cost (less any impairment 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 is 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 Fenland District Council Statement of Accounts 2021/22

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 2022/23 Code:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

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 2021/22 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 2022. 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 2022. The Council's share of the balance of business rate appeals provisions held at this date amounted to £2.274m. This has increased by £0.112m 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.

Group Accounts

The Council established a wholly-owned subsidiary, Fenland Future Limited (‘the company’) in June 2020. The Council owns 100% of the company’s share capital. During the 2021/22 financial year the company incurred expenditure as part of work to prepare its business plan for consideration and approval by the Council’s Investment Board in July 2022. This expenditure was not deemed to be material based on a consideration of both quantitative and qualitative criteria. The company did not generate any turnover from its activities during 2021/22.

As at 31 March 2022 the company had no assets. Its liabilities comprised solely short-term creditors representing amounts owed to the Council in respect of services the Council has provided where the balances owed by the company have not yet been settled. Details of the total creditor balance are provided as part of the related party transactions note to these financial statements (Note 36).

Based upon the information above regarding 2021/22 transactions recognised by the company and its Balance Sheet as at 31 March 2022 the Council has assessed that Fenland Future Limited is not a material component. On this basis Group Accounts have not been prepared.

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 2022 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</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 £11k for every year that useful life is reduced.</p> <p>A reduction of 10% in the value of assets valued on</p>

	<p>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>the basis of Existing-Use-Value and Fair Value would reduce the carrying value of Investment Property by £666,000 and the value of Property, Plant Equipment by £2.576m. An increase would result in an upward increase by the same amount.</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 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £3.015m</p> <p>(ii) a 1 year increase in member life expectancy would result in an increase in the pension liability of £6.032m</p> <p>(iii) a 0.1% increase in the salary increase rate would result in an increase in the pension liability of £0.284m</p> <p>(iv) a 0.1% increase in the pension increase rate would result in an increase in the pension liability of £2.708m</p> <p>However, the assumptions interact in complex ways, so care should be taken when looking at changes in one variable in isolation.</p>

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

During the 2021/22 financial year the Council received a distribution of funds in the form of two grants with a total value of £3,891,500 from Cambridgeshire Horizons Limited, a company controlled by Cambridgeshire County Council. Whilst the amount received has been recognised as part of gross income in the Growth and Infrastructure Directorate, £3,669,679 has been transferred to an earmarked reserve at the end of the year. Further details can be found in Note 9.

6. EXPENDITURE AND FUNDING ADJUSTMENTS ANALYSIS

Adjustments between Funding and Accounting Basis 2021/22	Adjustments for Capital Purposes (Note i) £000	Net Change for the Pensions Adjustment (Note ii) £000	Other Differences (Note iii) £000	Total Adjustments £000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts				
Growth and Infrastructure	600	110	(4,246)	(3,536)
Communities, Environment, Leisure and Planning	5,830	1,428	1,517	8,775
Resources and Customer Services	128	524	(1,936)	(1,284)
Net Cost of Services	6,558	2,062	(4,665)	3,955
Other Income and Expenditure from the Expenditure and Funding Analysis	(11,024)	1,540	(217)	(9,701)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Surplus on the Provision of Services	(4,466)	3,602	(4,882)	(5,746)

Adjustments between Funding and Accounting Basis 2020/21	Adjustments for Capital Purposes (Note i) £000	Net Change for the Pensions Adjustment (Note ii) £000	Other Differences (Note iii) £000	Total Adjustments £000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts				
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)
Net Cost of Services	1,651	519	(251)	1,919
Other Income and Expenditure from the Expenditure and Funding Analysis	(5,299)	1,206	(2,121)	(6,214)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Surplus on the Provision of Services	(3,648)	1,725	(2,372)	(4,295)

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:

This includes changes relating to the Taxation and Non-Specific Grant Income and Expenditure line in the Comprehensive Income and Expenditure Account. This includes 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.

Entries included in this column of the above note also identify the impact of internal recharges which are recognised in the year-end position, in accordance with relevant guidance, but do not form part of the outturn position which is presented to management during the year and at the year-end.

Segmental Income

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

Services	2021/22 Income from Services £000	2020/21 Income from Services £000
Growth and Infrastructure	(457)	(202)
Communities, Environment, Leisure and Planning	(5,043)	(4,367)
Resources and Customer Services	(763)	(241)
Financing and Investment Income	(2,262)	(1,955)
Total Fees, charges and other service income	(8,525)	(6,765)

7. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

<u>Expenditure/Income</u>	2021/22 £000	2020/21 £000
<u>Expenditure</u>		
Employee Benefits Expenses	17,076	14,911
Other Service Expenses	42,279	37,976
Depreciation, Revaluation, Amortisation and Impairment	245	2,349
Interest Payments	491	497
Precepts and Levies	3,363	3,177
Gain on the Disposal of Assets	(100)	(43)
Total Expenditure	63,354	58,867
Fees, Charges and Other Service Income	(8,563)	(6,765)
Interest and Investment Income	(132)	(70)
Income from Council Tax and Non-Domestic Rates	(13,754)	(9,375)
Government Grants, Reimbursements and Other Contributions	(46,651)	(46,952)
Total Income	(69,100)	(63,162)
Surplus on Provision of Services	(5,746)	(4,295)

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.

2021/22	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation of non-current assets	1,834	0	0	(1,834)
Deficit arising from revaluation and impairment of Property, Plant and Equipment	106	0	0	(106)
Movements in the market value of Investment Properties	(1,704)	0	0	1,704
Amortisation of intangible assets	9	0	0	(9)
Capital grants and contributions that have been applied to capital financing	(4,539)	0	0	4,539
Revenue expenditure funded from capital under statute	8,391	0	0	(8,391)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(366)	0	0	366
Capital expenditure charged against General Fund Balance	(584)	0	0	584
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(100)	100	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(106)	0	106
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(8,097)	0	8,097	0
Capital Grants Unapplied applied to Financing of Capital Expenditure	0	0	(4,709)	4,709

2021/22	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Pooled Investments Fund Adjustment Account:				
Movement in the fair value of Pooled Funds credited to the Comprehensive Income and Expenditure Statement	(65)	0	0	65
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in	(15)	0	0	15
Adjustments primarily involving the LGPS Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	6,037	0	0	(6,037)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,435)	0	0	2,435
Adjustments primarily involving the Collection Fund Adjustment Account:				
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	(3,892)	0	0	3,892
Adjustments primarily involving the Accumulated Absences Account:				
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 requirement	(59)	0	0	59
Total Adjustments	(5,479)	(6)	3,388	2,097

2020/21	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
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)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment Capital expenditure charged against General Fund Balance	(349)	0	0	349
Adjustments primarily involving the Capital Receipts Reserve:	(760)	0	0	760
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
Adjustments primarily involving the Capital Grants Unapplied Account:				
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
Adjustments primarily involving the LGPS Pensions Reserve:				
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
Adjustments primarily involving the Collection Fund Adjustment Account:				
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)
Adjustments primarily involving the Accumulated Absences Account:				
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)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
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
Total Adjustments	1,014	6	5,616	(6,636)

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 2021/22.

	Note	Balance at 1 April 2020	Movements in year		Balance at 31 March 2021	Movements in year		Balance at 31 March 2022
			Receipts	Applied		Receipts	Applied	
		£000	£000	£000	£000	£000	£000	£000
Travellers Sites	1	322	4	0	326	62	0	388
Maintenance -Station Road, Whittlesey	2	2	3	0	5	3	0	8
CCTV	3	48	10	(37)	21	10	0	31
Invest to Save	4	84	32	(13)	103	0	(103)	0
Management of Change Reserve	5	948	0	(146)	802	0	(307)	495
Specific Grants Reserve	6	1,070	1,408	(244)	2,234	183	(1,178)	1,239
Local Government Resource Review	7	721	3,433	(7)	4,147	1,287	(3,418)	2,016
Capital Contribution Reserve	8	341	463	(489)	315	0	(180)	135
Port – Buoy Maintenance	9	147	0	0	147	0	0	147
Repairs & Maintenance Reserve	10	637		(74)	563	80	(98)	545
Wisbech High St HLF Reserve	11	114	0	(33)	81	0	(29)	52
Solid Wall Remediation	12	100	0	0	100	0	0	100
Street Lighting	13	24	6	0	30	17	0	47
Investment Strategy Reserve	14	1,350	0	(10)	1,340	0	0	1,340
Budget Equalisation Reserve	15	315	167	0	482	584	0	1,066
Planning Reserve	16	497	0	(106)	391	10	(118)	283
Covid 19	17	43	0	(43)	0	0	0	0
Election Reserve	18	0	30	0	30	30	0	60
Covid Local Authority Support Grants	19	0	741	0	741	0	(298)	443
Council Tax Hardship Fund	20	0	36	0	36	0	(32)	4
Pilots Development Training	21	0	24	0	24	0	0	24
National Leisure Recovery Plan	22	0	154	0	154	0	(154)	0
Council Tax Energy Rebate	23	0	0	0	0	217	0	217
Cambridgeshire Horizons Reserve	24	0	0	0	0	3,891	(192)	3,699
Total		6,763	6,511	(1,202)	12,072	6,374	(6,107)	12,339

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 Management of Change Reserve was established for the effective management of any organisational changes required to meet the Council’s future priorities.
6. Specific grants received in year but not spent. Balance available to fund specific spending commitments in future years.
7. 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 and from this reserve in 2020/21 and 2021/22 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 is reflected in the Collection Fund. The balance on this reserve has been used to mitigate the impact of recognising the Council’s share of the Collection Fund deficit in the General Fund.
8. The Capital Contributions Reserve was set-up to provide funding for future capital schemes.
9. The Port Buoy Maintenance Reserve was established to provide funding for future buoy maintenance to windfarms.
10. 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.
11. 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.
12. The Solid Wall Remediation Reserve has been established in 2018/19 to fund potential costs linked to solid wall installations in the District.
13. The Street Lighting Reserve has been established in 2018/9 to fund future repairs and maintenance relating to street lighting.
14. 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.
15. 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.

16. The Planning Reserve was established in January 2020 using balances held previously in the Local Plan Reserve and the Neighbourhood Planning Reserve.
17. 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. The Council has been notified that funds held in this reserve can continue to be used during the 2022/23 financial year providing funds are deployed in line with the relevant grant determinations published by government.
18. The Elections Reserve was established in 2020/21 to fund the cost of future District Council elections.
19. The Covid Local Authority Support Grants reserve held money received from government to support local business which had not been paid out as at 31 March 2021. The balance was paid out over the course of the 2021/22 financial year.
20. The Council Tax Hardship Fund reserve holds money received from government to assist Council Taxpayers experiencing hardship linked to the Covid 19 pandemic. Most of the balance carried forward at 1 April 2021 was distributed by the Council during the 2021/22 financial year. There is a small balance which is due to be distributed in the 2022/23 financial year.
21. 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.
22. 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 was utilised during the 2021/22 financial year.
23. The Council Tax Energy Rebate reserve was set up in the 2021/22 financial year. It contains funds received from government for the purpose of making payments, on a discretionary basis, to households impacted by the increase in energy prices in accordance with a policy introduced by central government in February 2022. The Council expects to utilise this reserve in full during the 2022/23 financial year.
24. The Cambridgeshire Horizons reserve was set up in the 2021/22 after the Council received a distribution from Cambridgeshire Horizons Limited. The funds received are to be used to make a contribution towards the cost of improvements to the A14 and to contribute to sustainable development and infrastructure improvements in Fenland.

10. OTHER OPERATING EXPENDITURE

	2021/22	2020/21
	£000	£000
Parish Council Precepts	1,449	1,444
Drainage Board Levies	1,594	1,499
Loss/(Gain) on the Disposal of Non-Current Assets	(100)	(43)
Total	2,943	2,900

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2021/22	2020/21
	£000	£000
Deficit on Trading Accounts	1,212	1,001
Interest payable and similar charges	491	497
Interest on the net defined pension liability	1,356	1,147
Interest receivable and similar income	(131)	(70)
Income and expenditure in relation to investment properties and changes in their fair value	(1,998)	198
Total	930	2,773

12. TAXATION AND NON-SPECIFIC GRANT INCOME

	2021/22	2020/21
	£000	£000
Council Tax income	(9,393)	(9,159)
Net share of business rate income	(4,101)	(38)
Non-ring-fenced Government grants	(4,394)	(8,452)
Capital grants and contributions	(9,063)	(5,992)
Total	(26,951)	(23,641)

13. PROPERTY, PLANT AND EQUIPMENT

Movements in 2021/22:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Asset Under Construction	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2021	38,008	18,098	212	8,598	1,477	3,497	69,890
Additions	612	768	1,072	669	0	0	3,121
Revaluation Surplus/(Deficit) recognised in the Revaluation Reserve	1,905	0	0	0	0	256	2,161
Revaluation Surplus/(Deficit) recognised in the Deficit on the Provision of Services	(76)	0	0	0	0	37	(39)
Transfers	(160)	0	160	0	0	0	0
At 31 March 2022	40,289	18,866	1,444	9,267	1,477	3,790	75,133
Accumulated Depreciation and Impairment							
At 1 April 2021	(947)	(13,543)	0	(3,534)	(88)	0	(18,112)
Depreciation charge	(354)	(1,025)	0	(294)	0	0	(1,673)
Impairments	(68)	0	0	0	0	0	(68)
Depreciation charge to the Revaluation Reserve	(160)	0	0	0	0	0	(160)
Depreciation charge written out to the Revaluation Reserve	775	0	0	0	0	0	775
At 31 March 2022	(754)	(14,568)	0	(3,828)	(88)	0	(19,238)
Net Book Value							
At 31 March 2022	39,535	4,298	1,444	5,439	1,389	3,790	55,895
At 31 March 2021	37,061	4,555	212	5,064	1,389	3,497	51,778

Comparative 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
Cost or Valuation							
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	(19)	0	0	0	0	0	(19)
At 31 March 2021	38,008	18,098	212	8,598	1,477	3,497	69,890
Accumulated Depreciation and Impairment							
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
At 31 March 2021	(947)	(13,543)	0	(3,534)	(88)	0	(18,112)
Net Book Value							
At 31 March 2021	37,061	4,555	212	5,064	1,389	3,497	51,778
At 31 March 2020	35,594	4,592	200	4,957	1,389	3,437	50,169

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 1 April 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. Management obtained a market review from Wilks Head & Eve in April 2022. This indicated that relevant market data indicated that the value of the Council's Investment Properties was likely to have increased by a material amount between 1 April 2021 on 31 March 2022. Management has reviewed in detail the valuations provided in respect of the investment properties recognised in the Council's Balance Sheet and made an appropriate allowance to reflect anticipated changes in the value of each asset. The increases applied range from 0% to 15%.

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 2022 the Council had contractual capital commitments of £1.036m (31 March 2021 £0.683m).

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. The Council also instructs its valuers to undertake an annual valuation, as at 1st April each year of all assets considered to be materially significant in the context of the Council's overall property portfolio. This includes all assets valued on the basis of fair value in accordance with IFRS13.

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.

Additionally, 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.

In April 2022, having considered the market review provided by the Council's valuers, management determined that some adjustments to the valuations provided as at 1 April 2021 would be required to ensure the valuation of land and property owned by the Council as at 31 March 2022 would not be materially misstated. The following approach was adopted:

- The market review indicated that movement in the relevant industry indices meant the Council's four leisure centres had potentially increased in value by a material amount between 1 April 2021 and 31 March 2022. Updated valuations, reflecting the value as at 31 March 2022, were obtained from the Council's external valuer. The valuations provided were incorporated into the Council's Balance Sheet
- The market review observed that there had been significant increases in the value of industrial assets and developable land between 1 April 2021 and 31 March 20122. Management has reviewed in detail the valuations provided in respect of the assets it holds in this category and made an appropriate allowance to reflect anticipated changes in the value of each asset. The increases applied range from 0% to 15%.

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.

	Land & Buildings £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Total £000
Valued at historical cost	0	5,439	1,389	4,298	0	11,126
Valued at current/fair value as at:						
31 March 2021	2,796	0	0	0	0	2,796
31 March 2022	36,739	0	0	0	3,790	40,529
Total	39,535	5,439	1,389	4,298	3,790	54,451

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:

	2021/22 £000	2020/21 £000
Rental income from investment property	(294)	(66)
Loss/(Gain) on revaluation of investment property	(1,704)	264
Net (Gain)/Loss	(1,998)	198

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:

	2021/22 £000	2020/21 £000
Balance at start of the year	4,954	1,402
Transfers from Property, Plant and Equipment	0	117
Additions	0	3,699
Net gain/(loss) from fair value adjustments	1,704	(264)
Balance at end of the year	6,658	4,954

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 2021/22 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:

	2021/22	2020/21
	£000	£000
Balance at start of year		
Gross Carrying amount	1,498	1,498
Accumulated amortisation	(1,484)	(1,474)
Net carrying amount at start of year	14	24
Additions	72	0
Amortisation for the year	(9)	(10)
Net carrying amount at end of year	77	14
Comprising:		
Gross carrying amounts	1,570	1,498
Accumulated amortisation	(1,493)	(1,484)

16. LONG TERM DEBTORS

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

	31 March 2022	31 March 2021
	£000	£000
Mortgages	48	49
Private sector housing improvement loans	228	217
Employee car loans	103	104
Other	0	17
Total	379	387

17. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Carrying amount	
	31 March 2022 £000	31 March 2021 £000
Financial liabilities (Measured at Amortised Cost)		
Long Term Liabilities	(7,800)	(7,800)
Short Term Borrowings	(36)	(36)
Creditors	(6,996)	(5,056)
	14,832	(12,892)

Financial Assets (Fair Value Through Profit & loss)		
Long Term Investments	4,066	0
(Measured at Amortised Cost)		
Debtors	6,903	3,303
Cash & Cash Equivalents	20,935	17,965
Investments	10,006	5,002
	41,910	26,270

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:

	Financial Liabilities	Financial Assets	Total
	31 March 2022 £000	31 March 2022 £000	31 March 2022 £000
Gains on Investments			
Fair value through profit and loss	0	(65)	(65)
Amortised Cost			
Interest Income – soft loans	0	(11)	(11)
Interest and Investment Income	0	(55)	(55)
Increase in allowance for expected credit losses	0	318	318
Interest payable and similar charges	491	0	491
Net loss for year	491	187	678

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

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

Units held within pooled investment funds are measured at fair value in the balance sheet on a recurring basis with reference to unadjusted quoted prices in active markets for identical units.

For financial liabilities and financial assets (loans and receivables) which 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 2022 the Council held £37.844m financial assets and £14.832m liabilities for which level 3 valuations will not apply. All the financial assets, excluding investments in pooled funds, 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 2022	Fair Value 31 March 2022	Carrying Amount 31 March 2021	Fair Value 31 March 2021
	£000	£000	£000	£000
Financial liabilities				
Long Term Liabilities	(7,800)	(11,072)	(7,800)	(12,012)
Short Term Borrowing	(36)	(36)	(36)	(36)
Creditors	(6,996)	(6,996)	(5,056)	(5,056)
	<u>(14,832)</u>	<u>(18,104)</u>	<u>(12,892)</u>	<u>(17,104)</u>
Financial Assets				
Long Term Investment	4,066	4,066	0	0
Total Debtors	6,903	6,903	3,303	3,303
Cash & Cash	20,935	20,935	17,965	17,965
Equivalents				
Investments	10,006	10,006	5,002	5,002
	<u>41,910</u>	<u>41,910</u>	<u>26,270</u>	<u>26,270</u>
Total	<u>27,078</u>	<u>23,806</u>	<u>13,378</u>	<u>9,166</u>

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 £6.250m. 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 £2.130m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £6.662m.

This redemption charge is a supplementary measure of the fair value of the PWLB loans of £6.662m. 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 2022 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 2022 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.

31 March 2022	Maturity Bands			Total £000
	Less than 3 Months £000	3 Months to 6 Months £000	6 Months to 1 year £000	
	Banks	5,050	7,000	
Building Societies	16,800	0	0	16,800
Local Authorities	0	0	0	0
	21,850	7,000	3,000	31,850

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

In addition to the above, the Council has investments in financial assets held at fair value through profit and loss, as detailed at note 18, which do not have a defined maturity date.

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:

	12-Month Expected Credit Losses	Lifetime Expected Credit Losses – Not Credit Impaired	Lifetime Expected Credit Losses – Simplified Approach	Total
	£000	£000	£000	£000
Opening Balance at 1 April 2021	421	200	82	703
New Financial Assets Originated or Purchased	179	0	0	179
Amounts Written Off	0	0	(40)	(40)
Changes in Model/ Risk Parameters	16	0	145	161
As at 31 March 2022	616	200	187	1,003

	12-Month Expected Credit Losses	Lifetime Expected Credit Losses – Not Credit Impaired	Lifetime Expected Credit Losses – Simplified Approach	Total
	£000	£000	£000	£000
Opening Balance at 1 April 2020	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
As at 31 March 2021	421	200	82	703

The Council has the following exposure to credit risk at 31 March 2022

Basis for Calculation of Expected Credit Loss	Gross Carrying Amount 31 March 2022 £000	Gross Carrying Amount 31 March 2021 £000
12-Month Expected Credit Losses	4,796	1,797
Lifetime Expected Credit Losses – Not Credit Impaired	200	200
Lifetime Expected Credit Losses – Simplified Approach	1,907	1,306

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.

The Council recognises that if it were to sell the units it holds in property funds typically there would be a delay before the Council was able to receive the associated cash as it would usually be necessary to identify a purchaser on the secondary markets. This has not been assessed as a significant risk as the Council considers its investment in property funds to be a long-term investment and, as explained above, the Council has ready access to PWLB to fund its immediate liquidity needs.

All financial liabilities as at 31 March 2022 are due within one year, apart from long term borrowings and finance lease liabilities. The maturity analysis of long-term borrowing is as follows:

	31 March 2022 £000	31 March 2021 £000
Between 5 and 10 years	4,500	2,000
Between 10 and 15 years	0	2,500
Between 30 and 35 years	3,300	3,300
Total	7,800	7,800

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

Market Risk

The Council has placed funds in two pooled property funds. The valuation of each property fund is updated at least quarterly in accordance with independent professional valuations of the property assets held by each fund. The valuation of property depends on market conditions and consequently the value of the Council's holding is subject to increase or decrease. The value of the fund does not necessarily impact on the returns the Council receives as returns are based on rents collected by managers of the property fund. Those rents reflect lease agreements and the terms on which rent reviews and/or early termination of leases are available to tenants will vary according to the detail set out in each lease agreement. The fund manager has responsibility for balancing the level of risk to which its investors are exposed taking account of a range of considerations including

the degree of exposure to different sectors of the property market, types of tenants and the length of unexpired leases.

The Council intends to retain its investment in pooled property funds over the long-term. This reduces the risk that the Council might receive a smaller amount than it originally invested when the units held are sold as the Council has sufficient flexibility to determine when to exit the market based on forecast market conditions and advice from its external treasury advisors.

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 2021/22 would have been an increase in income of £14,000 (£90,000 increase in 2020/21).

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 2021/22 suggests a sensitivity analysis of one percentage point.

20. INVENTORIES

	Total (General & Vehicle)	
	2021/22 £000	2020/21 £000
Balance outstanding at start of year	65	53
Purchases	427	343
Recognised as an expense in the year	(394)	(331)
Balance outstanding at year-end	98	65

21. SHORT TERM DEBTORS

	31 March 2022	31 March 2021
	£000	£000
Central Government bodies	1,695	4,386
Trade Receivables	1,420	914
Other	6,701	4,675
Total	9,816	9,975

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:

	31 March 2022	31 March 2021
	£000	£000
Cash held by the Council	21,861	19,002
Bank Current Accounts	(926)	(1,037)
Total Cash and Cash Equivalents	20,935	17,965

23. SHORT TERM CREDITORS

	31 March 2022	31 March 2021
	£000	£000
Central Government bodies	3,739	8,556
Trade	3,088	2,200
Other entities and individuals	4,114	3,023
Total	10,941	13,779

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 £2,049,981 (2020/21 £1,927,291).

24. RECEIPTS IN ADVANCE

	31 March 2022	31 March 2021
	£000	£000
Central Government Bodies	8,120	618
Council Tax receipts in advance	235	262
Business Rates receipts in advance	285	141
Trade	77	78
Garden Waste receipts in advance	753	699
Other	1	30
Total	9,471	1,828

25. PROVISIONS

	31 March 2022	31 March 2021
	£000	£000
Balance at 1 April	2,352	1,671
Additional Provision	599	952
Utilised in Year	(659)	(271)
Balance at 31 March	2,292	2,352

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 2022.

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 2022	31 March 2021
	£000	£000
Revaluation Reserve	21,834	19,058
Capital Adjustment Account	33,716	31,887
Financial Instruments Adjustment Account	(270)	(285)
Pensions Reserve LGPS	(55,035)	(68,044)
Collection Fund Adjustment Account	(271)	(4,162)
Accumulated Absences Account	(430)	(491)
Pooled Funds Adjustment Account	65	0
Total	(391)	(22,037)

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.

	2021/22	2020/21
	£000	£000
Balance at 1 April	19,058	17,082
Upward revaluation of assets	3,899	3,732
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(963)	(1,618)
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Services	2,936	2,114
Difference between fair value depreciation and historical cost depreciation	(160)	(134)
Accumulated gains on assets transferred, sold or scrapped	0	(4)
Amount written off to the Capital Adjustment Account	(160)	(138)
Balance at 31 March	21,834	19,058

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.

	2021/22 £000	2020/21 £000
Balance at 1 April	31,887	32,613
Charges for depreciation of non-current assets	(1,834)	(1,743)
(Deficit)/Surplus arising from revaluation and impairment of Property, Plant and Equipment	(106)	(332)
Amortisation of intangible assets	(9)	(10)
Revenue expenditure funded from capital under statute	(8,391)	(1,289)
Adjusting amounts written out of the Revaluation Reserve	160	134
Use of the Capital Receipts Reserve to finance new capital expenditure	106	37
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	4,539	1,621
Application of grants to capital financing from the Capital Grants Unapplied Account	4,709	7
Transfer from Revaluation Reserve in respect of Non-Current assets transfers and assets sold or scrapped	0	4
Statutory provision for the financing of capital investment charged against the General Fund Balance	367	349
Capital expenditure charged against the General Fund Balance	584	760
Movements in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement	1,704	(264)
Balance at 31 March	33,716	31,887

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.

	2021/22 £000	2020/21 £000
Balance at 1 April	(285)	(303)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	15	19
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	0	(1)
Balance at 31 March	(270)	(285)

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.

	2021/22 £000	2020/21 £000
Balance at 1 April	(68,044)	(49,115)
Re-measurements of the net defined benefit liability	16,611	(17,204)
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	(6,037)	(4,110)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,435	2,385
Balance at 31 March	(55,035)	(68,044)

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.

	2021/22 £000	2020/21 £000
Balance at 1 April	(4,162)	(376)
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	3,891	(3,786)
Balance at 31 March	(271)	(4,162)

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.

	2021/22 £000	£000	2020/21 £000	£000
Balance at 1 April	(491)		(212)	
Settlement or cancellation of accrual made at the end of the preceding year	491		212	
Amounts accrued at the end of the current year	(430)		(491)	
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		(430)		(491)
Balance at 31 March		(430)		(491)

Pooled Fund Adjustment Account

In accordance with accounting standards, movements in the fair value of the Council's interest in pooled investment funds are required to be recognised in the Council's Comprehensive Income and Expenditure Account. However, statutory requirements mean that any increase or decrease in the fair value cannot be recognised as part of the General Fund balance. Consequently, the Pooled Fund Adjustment Account balance reflects the difference between the cost to the Council of acquiring its interest in pooled investment funds and their fair value as reflected in the Council's Balance Sheet.

	2021/22 £000	2020/21 £000
Balance at 1 April	0	0
Increases/(decreases) in fair value recognised in the Comprehensive Income and Expenditure reversed to the Pooled Fund Adjustment Account in accordance with statutory requirements	65	0
Balance at 31 March	65	0

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.

	2021/22 £000	2020/21 £000
Depreciation	1,834	1,743
Impairment & downward/upward revaluations	106	332
Amortisation	9	9
Increase/(decrease) in impairment for bad debts (operational debtors)	640	86
Increase/(decrease) in Creditors	2,747	8,232
(Increase)/decrease in Debtors	1,708	(3,573)
Decrease/(Increase) in inventories	(33)	(12)
Movement in pension liability	4,497	1,725
Contribution to/(from) provisions	(60)	681
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	0	0
Movement in fair value of investment properties	(1,704)	264
Other non-cash transactions	(79)	483
	9,665	9,970

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

	2021/22 £000	2020/21 £000
Capital grants credited to the deficit on the provisions of services	(12,635)	(7,256)
Proceeds from the sale of property, plant and equipment and repayment of loans	(100)	(43)
	(12,735)	(7,299)

- c) Interest received and interest paid included in cash flow from operating activities

	2021/22 £000	2020/21 £000
Interest received	52	71
Interest paid	(491)	(496)
	(439)	(425)

29. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2021/22 £000	2020/21 £000
Purchase of property, plant and equipment, investment property and intangible assets	(1,133)	(5,295)
Purchase of short-term investments	(30,500)	(14,000)
Purchase of long-term investments	(4,001)	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets and repayment of grants and loans	35	75
Proceeds from short-term investments	25,500	18,000
Other payments for investing activities	0	(2)
Other receipts from investing activities	10,037	7,315
Net cash (outflow)/inflows from investing activities	(62)	6,093

30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2021/22 £000	2020/21 £000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(137)	(163)
Other (payments)/receipts for financing activities	493	(5,200)
Net cash (outflow)/inflows from investing activities	356	(5,363)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2021 £000	Financing Cash Flows £000	31 March 2022 £000
Long Term Borrowing	7,800	0	7,800
Lease Liabilities	243	(137)	106
Total Liabilities from financing activities	8,043	(137)	7,906

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.

	2021/22 £000	2020/21 £000
Expenditure	101	93
Income	(23)	(18)
Deficit Before Capital Charges	78	75
Capital Charges	4	4
Deficit Taken to General Fund	82	79

Port Undertaking

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

	2021/22 £000	2020/21 £000
Expenditure	1,351	1,053
Income	(768)	(865)
Deficit Before Capital Charges	583	188
Capital Charges	235	282
Deficit Taken to General Fund	818	470

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:

	2021/22 £000	2020/21 £000
Expenditure	1,205	1,082
Income	(730)	(719)
Deficit Before Capital Charges	475	363
Capital Charges	(30)	184
Deficit Taken to General Fund	445	547

Trade Waste

The financial results for Trade Waste were as follows:

	2021/22 £000	2020/21 £000
Expenditure	314	247
Income	(447)	(342)
(Surplus) taken to General Fund	(133)	(95)

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.

	2021/22	2020/21
	£000	£000
Allowances	347	334
Expenses	5	2
Total	352	336

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		2021/22	152,304	2,000	154,304	26,501	180,805
		2020/21	150,053	2,000	152,053	26,109	178,162
Corporate Director and Chief Finance Officer		2021/22	91,508	9,450	100,958	14,000	114,958
		2020/21	90,156	9,450	99,606	15,687	115,293
Corporate Director and Monitoring Officer	1	2021/22	73,216	9,450	82,666	15,916	98,582
		2020/21	90,156	9,450	99,606	15,687	115,293
Corporate Director	2	2021/22	0	0	0	0	0
		2020/21	26,960	1,773	28,733	3,560	32,293

Note 1: The post holder commenced maternity leave on 12th December 2021. The annualised salary was £91,508.

Note 2: The Corporate Director position remains in the Council's Corporate Management Team structure, but as at 31 March 2022 the Council had not recruited to the position. The previous postholder retired from their position on 16 June 2020. The annualised salary was £90,156.

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	
	2021/22 Total	2020/21 Total
£50,000 - £54,999	5	6
£55,000 - £59,999	7	11
£60,000 - £64,999	7	6
£65,000 - £69,999	4	4
£70,000 - £74,999	4	0
£80,000 - £84,999	2	0
£95,000 - £99,999	0	2
£100,000 - £104,999	1	0
£150,000 - £154,999	1	1

The band changes from 2020/21 to 2021/22 are due to pay progression within individual's terms and conditions, and the nationally agreed cost of living increases.

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	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £000	2021/22 £000
£0 - £20,000	0	1	11	1	11	2	106	23
£20,001-£40,000	0	0	2	0	2	0	68	0
£40,001-£60,000	0	0	0	0	0	0	0	0
Total	0	2	13	0	13	2	174	23
Total cost included in Comprehensive Income and Expenditure							174	23

34. EXTERNAL AUDIT COSTS

In 2021/22 Fenland District Council incurred the following fees relating to external audit and inspection:

	2021/22 £000	2020/21 £000
Fees payable with regard to external audit services carried out by the appointed auditor	80	65
Fees payable for the certification of grant claims and returns	18	15
Total Audit Costs	98	80

The final fees for external audit services and grant certification work undertaken in relation to the 2020-21 and 2019-20 financial year were agreed after the 2020-21 accounts had been published. The amounts disclosed in the 2021/22 column above include additional fees of £15,184 in respect of external audit services relating to 2020/21 and a reduction of £5,974 in respect of external services relating to the 2019/20 financial year. The total amount disclosed in respect of fees payable for the certification of grant claims includes £3,292 in respect of fees relating to the 2020/21 financial year which were confirmed after the 2020/21 financial statements had been published.

35. GRANT INCOME

The Council credited the following significant grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22:

	2021/22 £000	2020/21 Restated £000
Credited to Taxation and Non-Specific Grant Income	£000	£000
Net Share of Business Rate Income	4,101	38
New Homes Bonus Grant	875	1,119
Capital Grants and Contributions	9,063	5,992
Business Rate Reliefs Funded by Government	2,639	4,806
Taxation Income Guarantee – Council Tax	0	2
Taxation Income Guarantee – NNDR	0	313
Lower Tier Services Grant	158	0
Government Income Compensation-Sales Fees and Charges	88	418
Covid-19 Non-Ring-Fenced Grant	634	1,794
Total	17,558	14,482
Credited to Services		
Housing Benefit Subsidy	20,384	21,358
Capital Grants and Contributions	3,551	1,174
Housing Benefits/Local Council Tax Support Admin	393	429
NNDR Cost of Collection	120	120
Homelessness Prevention	744	605
New Burdens Grant	98	262
Covid-19	1,977	6,468
Cambridgeshire Horizons	3,892	0
Other	768	1,460
Total	31,927	31,876

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 1st 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 2021/22 was 13.51%. This Council's share of partnership transactions and balances are included within the relevant lines within the accounts.

The Council established a wholly-owned subsidiary, trading as Fenland Future Limited, in June 2020. Arrangements exist whereby the Council provides services to Fenland Future Limited which enable Fenland Future Limited to undertake activities connected to its business plan and the Council's Commercial and Investment Strategy. During the 2021/22 financial year the Council has recognised income of £250,145 in respect of transactions between Fenland Future Limited and the Council. As at 31 March 2022 Fenland Future Limited owed the Council £253,070.

The Council did not owe any monies to Fenland Future Limited as at 31 March 2022. There is no expenditure recognised in the Council's accounts in respect of amounts paid to Fenland Future Limited.

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.

	2021/22	2020/21
	£000	£000
Opening Capital Financing Requirement	6,177	2,274
<i>Capital investment (as reported in notes 13-15)</i>		
Property, Plant and Equipment and Intangibles	3,192	1,688
Investment Properties	0	3,699
<i>Capital expenditure charged to Comprehensive Income and Expenditure Statement</i>		
Revenue Expenditure Funded from Capital under Statute	8,391	1,289
Private Sector Housing Loans	0	2
Sources of finance		
Capital receipts	(106)	(37)
Government grants and other contributions	(9,248)	(1,629)
Sums set aside from revenue:		
Direct revenue contributions	(584)	(760)
Minimum Revenue Provision (MRP)	(366)	(349)
Closing Capital Financing Requirement	7,456	6,177
Explanation of movements in year		
Capital Expenditure Funded from Internal Borrowing	1,645	4,252
MRP charge to Revenue	(366)	(349)
Increase/(decrease) in Capital Financing Requirement	1,279	3,903

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 with a carrying value of £113,882 as at 31 March 2022 (31 March 2021: £273,801).

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:

	2021/22	2020/21
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
• current	83	137
• non –current	23	106
Finance costs payable in future years	4	12
Minimum lease payments	110	255

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Not later than one year	86	145	83	137
Later than one year and not later than five years	24	110	23	106
Later Than 5 Years	0	0	0	0
	110	255	106	243

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:

	31 March 2022	31 March 2021
	£000	£000
Not later than one year	32	52
Later than one year and not later than five years	0	0
	32	52

Lease payments for 2021/22 amounted to £51,953 (202/21: £51,225).

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 2022 £000	31 March 2021 £000
Not later than one year	308	312
Later than one year and not later than five years	978	978
Later than five years	4,741	4,986
	6,027	6,276

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

The Council recognises 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.

	Local Government Pension Scheme	
Comprehensive Income and Expenditure Statement	2021/22	2020/21
	£000	£000
<i>Cost of Services:</i>		
• Current service cost	4,624	2,963
• Past Service Cost (including curtailments)	57	0
• Effect of settlements	0	0
<i>Financing and Investment Income and Expenditure</i>		
• Interest income on scheme assets	(1,807)	(1,628)
• Interest cost on defined benefit obligation	3,163	2,775
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	6,037	4,110
<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)	(5,132)	(16,550)
• Actuarial gains and losses arising on changes in demographic assumptions	(735)	1,776
• Actuarial gains and losses arising on changes in financial assumptions	(11,026)	33,221
• Other	282	(1,243)
<i>Total Remeasurement (Gains)/Losses</i>	(16,611)	17,204
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	(10,574)	21,314
<i>Movement in Reserves Statement:</i>		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(3,602)	(1,725)
Actual amount charged against General Fund Balance for pensions in the year:		
• Employers' contributions payable to scheme	1,539	4,259

Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme	
	2021/22	2020/21
	£000	£000
Present value of funded liabilities	(149,727)	(156,215)
Present value of unfunded liabilities	(1,072)	(1,162)
Fair value of plan assets	96,742	91,207
Net liability arising from defined benefit obligation	(54,057)	(66,170)

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

	Local Government Pension Scheme	
	2021/22	2020/21
	£000	£000
Opening fair value of scheme assets	91,207	71,477
Effect of Settlements	0	0
Interest income	1,807	1,628
Remeasurement gain/(loss):		
• The return on plan assets, excluding the amount included in the net interest expense	5,132	16,550
Contributions from employer	1,539	4,259
Contributions from employees into the scheme	576	565
Benefits paid	(3,519)	(3,272)
Closing fair value of scheme assets	96,742	91,207

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2021/22	2020/21
	£000	£000
Opening balance at 1 April	(157,377)	(120,592)
Current service cost	(4,624)	(2,963)
Past service cost (including curtailments)	(57)	0
Effect of Settlements	0	0
Interest cost	(3,163)	(2,775)
Contributions from scheme participants	(576)	(565)
Re-measurement gains and (losses):		
• Actuarial gains/losses arising from changes in demographic assumptions	735	(1,776)
• Actuarial gains/losses arising from changes in financial assumptions	11,026	(33,221)
• Other experience	(282)	1,243
Benefits paid	3,519	3,272
Closing balance at 31 March	(150,799)	(157,377)

Local Government Pension Scheme assets comprised:

Asset Category	Fair Value of Scheme Assets							
	Quoted prices in active markets £000	2021/22 Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	2020/21 Quoted prices not in active markets £000	Total £000	% of Total Assets
Equity Securities:								
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%
Debt Securities:								
UK Government	0	4,748	4,748	5%	0	3,677	3,677	4%
Private Equity:								
All	0	10,325	10,325	11%	0	8,481	8,481	9%
Real Estate:								
UK Property	0	6,794	6,794	7%	0	5,556	5,556	6%
Overseas Property	0	0	0	0%	0	1	1	0%
Investment Funds and Unit Trusts:								
Equities	0	55,775	55,775	58%	0	54,237	54,237	60%
Bonds	0	10,283	10,283	11%	0	10,083	10,083	11%
Infrastructure	0	7,687	7,687	8%	0	7,644	7,644	8%
Other	0	0	0	0%	0	0	0	0%
Derivatives:								
Other	0	196	196	0%	0	(1,078)	(1,078)	(1%)
Cash and Cash Equivalents:								
All	935	0	935	1%	2,503	0	2,503	3%
TOTALS	935	95,808	96,743	100%	2,503	88,601	91,106	100%

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:

	Local Government Pension Scheme	
	2021/22	2020/21
<i>Longevity at 65 for current pensioners</i>		
Men	22.0 years	22.2 years
Women	24.2 years	24.4 years
<i>Longevity at 65 for future pensioners</i>		
Men	22.9 years	23.2 years
Women	26.0 years	26.2 years
Rate of increase in pensions	3.20%	2.85%
Rate of increase in salaries	3.70%	3.35%
Rate for discounting scheme liabilities	2.70%	2.00%

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 2020/21.

Change in assumptions at 31 March 2022	Approximate % increase to Employer Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	3,015
1 year increase in member life expectancy	4%	6,032
0.1% increase in the salary increase rate	0%	284
0.1% increase in the pension increase rate	2%	2,708

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 and 31 March 2022.

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £54.057m 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 £1.637m contributions to the scheme in 2022/23. 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, 1 Angel Square, Angel Street, Northampton, NN1 1ED.

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 accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis. In carrying out its assessment that this basis is appropriate for the going concern period to 31 July 2023, management of the Council has undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting. Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31 March 2022	£2.000m	£12.339m

Based on current estimates our expected General Fund and Earmarked Reserve position has a predicted balance of £2.000 million and £10.532 million respectively as at 31 March 2023. The General Fund balance is forecast to remain at our target balance of £2 million. In addition, the Council has significant earmarked reserves as set out in the table. These reserves could be utilised if there was a short-term deterioration in the Council's financial health. Reserve balances are subject to regular review and where no longer required for their original purpose Cabinet can re-designate reserves as necessary. If the General Fund balance did fall below the minimum level set, that balance would be directly increased from Earmarked Reserves from the 1 April 2023.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing other than to support the capital programme which is consistent with our plans and normal practice.

The key assumptions within this forecast included the achievement of savings of £192,000 as part of a corporate-wide transformation programme, a full years' worth of Management Fee being received from the Leisure Management contractor in 2022/23 following two years of pandemic related support from the Council and additional provision to recognise the continuing high demand for the homelessness and rough sleeper's service. The transformation work programme is ongoing, and Management's judgment is that the savings can be realised before the end of this financial year. We have, however, developed an alternative scenario whereby the savings are not achieved and/or additional costs relating to Leisure and homelessness are incurred. If these scenarios were to transpire, management's view is that the above projections would not be materially affected although some re-designation of uncommitted earmarked reserves might be required. Detailed cash-flow forecasting indicates that liquidity would be maintained in all conceivable scenarios.

On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

42. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 28 July 2022. This is the date up to which events after the balance sheet have been considered. Management has assessed whether any events have occurred after the Balance Sheet date which might need to be disclosed as non-adjusting events within the notes to the financial statements. No such events have been identified.

THE COLLECTION FUND

Total 2020/21 £000		N o t e	Council Tax 2021/22 £000	NNDR 2021/22 £000	Total 2021/22 £000
INCOME					
58,536	Council Tax Receivable	2	62,474	0	62,474
871	S13A1C transfer from General Fund		32	0	32
17,377	Business Rates Receivable	3	0	26,777	26,777
76,784	Total Income		62,506	26,777	89,283
EXPENDITURE					
Precepts, Demands and Shares:					
12,289	Central Government		0	12,420	12,420
19,042	Fenland District Council		9,300	9,936	19,236
42,736	Cambridgeshire County Council		42,193	2,236	44,429
6,936	Cambs. Police & Crime Commissioner		7,463	0	7,463
2,395	Cambridgeshire Fire Authority		2,216	248	2,464
83,398			61,172	24,840	86,012
Apportionment of Previous Year Surplus / (Deficit):					
(389)	Central Government		0	(4,526)	(4,526)
(183)	Fenland District Council		(44)	(3,621)	(3,665)
478	Cambridgeshire County Council		(192)	(815)	(1,007)
93	Cambs. Police & Crime Commissioner		(33)	0	(33)
22	Cambridgeshire Fire Authority		(10)	(90)	(100)
21			(279)	(9,052)	(9,331)
Charges to Collection Fund:					
120	Cost of Collection Allowance		0	120	120
1,120	Increase in Bad Debts Provision	4	693	1,759	2,452
1,907	Increase/(Reduction) in Provision for Appeals	5	0	1,499	1,499
319	Renewable Energy Retention		0	1,715	1,715
3,466			693	5,093	5,786
86,885	Total Expenditure		61,586	20,881	82,467
10,101	(Surplus)/Deficit for the Year		(920)	(5,896)	(6,816)
COLLECTION FUND BALANCE					
371	(Surplus)/Deficit b/fwd at 1 April		295	10,177	10,472
10,101	(Surplus)/Deficit for the year (as above)		(920)	(5,896)	(6,816)
10,472	(Surplus)/Deficit c/fwd at 31 March	6	(625)	4,281	3,656

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 30,143 in 2021/22 (2020/21: 29,815). The increase in Council Tax base in 2021/22 is a result of a combination of new builds and lower numbers of Council Tax Support claimants.

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 £2,029.40 for 2021/22 compared to £1,972.84 for 2020/21) 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	7,772
Band B	7	7,804
Band C	8	6,663
Band D	9	4,201
Band E	11	2,587
Band F	13	838
Band G	15	251
Band H	18	27
		<hr/>
		30,143
		<hr/>

Income receivable from Council Taxpayers in 2021/22 was £62.474m (£58.536m in 2020/21).

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 share payable for 2021/22 were estimated before the start of the financial year as £12.420m to Central Government, £2.236m to Cambridgeshire County Council, £0.248m to Cambridgeshire Fire Authority and £9.936m to Fenland District Council. These sums have been paid in 2021/22 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 2021/22 (£6.027m in 2020/21) 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 2022. As such, authorities are required to make a provision for these amounts. The total provision charged to the Collection Fund for 2021/22 has been calculated at £1.499m.

The lower NNDR income due in 2020/21 compared to 2021/22 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 in 2020/21 as a result of these specific measures was £8.603m which reduced the total NNDR income due by the same amount. In 2021/22 further reliefs were provided for these properties but at a reduced level. In addition, relief was available to those businesses affected by the pandemic but not able to access other government business rates support. Total relief given in 2021/22 as a result of these specific measures was £2.769m.

The government has reimbursed local authorities for their share of the additional relief given in 2021/22 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 2021/22.

Business Rates Pooling Arrangement 2021/22

The Council joined with the County Council, Peterborough City Council, Fire Authority, East Cambridgeshire and South Cambridgeshire District Councils became part of a pooling arrangement for business rates for the first time in 2020/21. This continued in 2021/22.

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 2021/22, the combined levy payments amounted to £6,726,124 (Fenland's levy was £619,757) and this Council's pool share was £359,646. 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 2022/23.

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

2020/21 £000		2021/22 £000
2,704	Balance at 1 April	3,465
(141)	Write-offs during year for previous years	(597)
902	Increase in provision during year	693
3,465	Balance at 31 March	3,561

The Council's proportion of this provision at 31 March 2022 is £521,173 (£526,699 at 31 March 2021).

Non- Domestic Rates Bad Debts Provision

2020/21 £000		2021/22 £000
1,177	Balance at 1 April	1,211
(184)	Write-offs during year for previous years	(243)
218	Increase in provision during year	1,759
1,211	Balance at 31 March	2,727

The Council's proportion of this provision at 31 March 2022 is £1,090,777 (£484,177 at 31 March 2021).

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 2022.

2020/21 £000		2021/22 £000
4,177	Balance at 1 April	5,406
(678)	Write-offs during year for previous years	(1,221)
1,907	Increase/(Reduction) in provision during year	1,499
5,406	Balance at 31 March	5,684

The Council's proportion of this provision at 31 March 2022 is £2,273,567 (£2,162,395 at 31 March 2021).

6. DEFICIT/ (SURPLUS) ON COLLECTION FUND

Council Tax Collection Fund

The surplus of £625,442 at 31 March 2022 (£295,200 deficit at 31 March 2021), which related to Council Tax, will be reimbursed in subsequent financial years to 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 surplus, £88,790 is reported within the Collection Fund Adjustment Account.

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

	31 March 2022 £000	31 March 2021 £000
Fenland District Council	(89)	49
Cambridgeshire County Council	(436)	203
Cambridgeshire Police & Crime Commissioner	(78)	32
Cambridgeshire Fire Authority	(22)	11
Total Deficit/(Surplus)	(625)	295

Non-Domestic Rates Collection Fund

The deficit of £4,281,018 at 31 March 2022 (deficit of £10,176,514 at 31 March 2021), 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 (£1,712,407) is reported within the Collection Fund Adjustment Account.

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

	31 March 2022	31 March 2021
	£000	£000
Fenland District Council	1,712	4,071
Cambridgeshire County Council	385	916
Cambridgeshire Fire Authority	43	102
Central Government	2,141	5,088
Total Deficit	4,281	10,177

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
IMD	Index of Multiple Deprivations
LEP	Local Enterprise Partnership
MRP	Minimum Revenue Provision
MTEFF	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