



STATEMENT OF ACCOUNTS

2017/18

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**South Cambridgeshire District Council**

South Cambridgeshire Hall

Cambourne Business Park

Cambourne

Cambridge

CB23 6EA

**Telephone-** 01954 713 076

[www.scambs.gov.uk](http://www.scambs.gov.uk)

# NARRATIVE REPORT

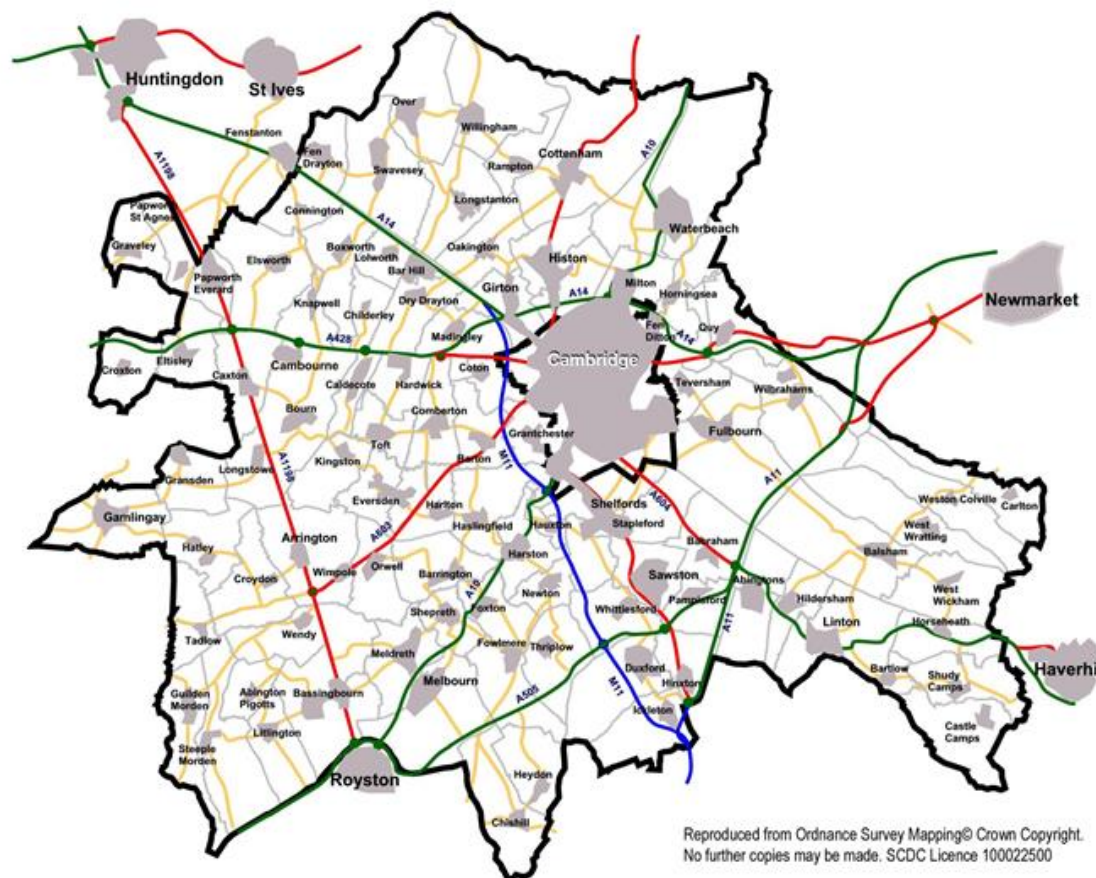
## 1. Introduction

This report has been compiled to provide a summary of the development and performance of the Council over the financial year, outline planned future developments in service delivery including revenue and capital investment plans and to provide assistance in understanding the financial statements and the Council's financial position.

## 2. Key Facts about South Cambridgeshire

South Cambridgeshire is a vibrant rural district at the heart of the rapidly growing East of England region. We are home to world-leading centres of science and technology such as Granta Park, the Babraham Institute and Genome Campus at Hinxton, to the Imperial War Museum at Duxford and some of England's oldest villages and newest and most exciting modern communities.

South Cambridgeshire is the second largest and most populous district in Cambridgeshire covering approximately 350 square miles of countryside, completely surrounding Cambridge City.



It is largely rural with most of the population of 156,000 living in small, relatively isolated, outlying rural settlements, and with larger settlements situated on strategic routes into Cambridge such as Histon, Milton and Camboorne, and Cambridge Fringe developments such as Orchard Park and Trumpington Meadows. There are currently no towns in South Cambridgeshire, although Cambridge city is expanding outwards into the district, and construction has begun on the new town of Northstowe. Camboorne, itself a new settlement begun in the late 1990s, has become the largest village in the district with approximately 9,000 people, and is still growing.

Overall, South Cambridgeshire is a prosperous area with high levels of economic activity and low levels of unemployment. The district forms part of the Cambridge Sub-Region. It is also a key location within the London-Stansted-Cambridge corridor and on the key Oxford to Cambridge Arc. The district is a key contributor to the growth that makes Greater Cambridge a major driver of UK economic prosperity, competing for inward investment on a global stage with areas such as Massachusetts, California, Europe and the Far East.

The district's population has increased by 12% since 2008 (twice the percentage for the whole of England), and it is projected to increase by a further 17.1% to 183,200 residents by 2026. This population increase has contributed to rising house prices; as such, housing affordability is a key issue, as pressure for new housing development is considerable and growing. The average house price in December 2017 was £448,457, 40% above the national average. South Cambridgeshire is a healthy area, one of the least deprived in England, with high life expectancy compared with national rates and the lowest crime rate in Cambridgeshire.

3. Key Statistics

24.4% of population aged 60+. 18.8% 14 and under (ONS March 2018)	Average house price £448,457 (December 2017) (Hometrack, Automated Valuation Model)	490 (0.5%) Residents aged 16-64 claiming job seekers' allowance (national average 2.1%) (ONS, March 2018)
Avg. Gross Weekly (Full-time) earnings £693.50 (£552.70 national average) (ONS Annual Survey of hours and earnings 2017)	85.6% economically active (78.4% nationally) (ONS, January - December 2017)	55% of resident population aged 16-64 educated to NVQ4 level and above (nationally 38.6%) (ONS Jan-Dec 2017)

4. South Cambridgeshire District Council Corporate Plan 2017-2022

The Corporate Plan 2017-2022 is the document that sets out the Council's vision and strategic objectives, providing the context for the agreement of financial strategies and subsequent departmental budgets to deliver them. The Plan contains:

- Our Vision for the district;
- Four Strategic Objectives setting out how the Vision will be achieved, delivered through 22 key Actions;
- What we will do to achieve each objective, and what success will look like;
- Key performance measures.

Our Strategic Objectives are as follows:

*Living Well* - Support our communities to remain in good health whilst continuing to protect the natural and built environment.  
*Homes For Our Future* - Secure the delivery of a wide range of housing to meet the needs of existing and future communities.  
*Connected Communities* - Work with partners to ensure new transport and digital infrastructure supports and strengthens communities and that our approach to growth sustains prosperity.  
*An Innovative and Dynamic Organisation* - Adopt a more commercial and business-like approach to ensure we can continue to deliver the best possible services at the lowest possible cost.

The Plan runs for a rolling five-year period and is refreshed annually. Performance against 2016-2021 Plan objectives was reported to Scrutiny and Overview Committee and Cabinet in July 2017, including a review of financial performance and updates on the Council's Strategic Risk Register. The reports are available to view here:

<https://www.scambs.gov.uk/content/our-performance>

5. Political and Management Structure

South Cambridgeshire District Council is split into 34 Wards, represented by a total of 57 Councillors ( until May 2018 ). During 2017/18, the breakdown of councillors by political group was as follows:

Conservative	36
Liberal Democrat	14
Independent Group	6
Labour	1

Following a boundary review, the Council held all-out elections for 45 seats in May 2018.

The Council operates a Leader and Cabinet model of governance under which the Leader of the Council, elected by the whole Council to serve a four-year term of office, appoints a Cabinet of up to ten councillors, each of which are given a Portfolio to reflect a corporate priority. The Cabinet implements the strategic policy and budgetary framework agreed by all Councillors each February. It is held to account by our two scrutiny committees:

- the Scrutiny and Overview Committee (which focusses on the Council's service delivery, performance and budget from an internal perspective) and
- the Partnerships Review Committee (which focuses on how the Council works with other bodies and organisations within the District).

Both bodies consist of 9 Members and meet a minimum of four times a year.

The Council's Executive Management Team is responsible for ensuring that the plans agreed by Council and Cabinet are delivered. At 31 March 2018, the Team consisted of the Chief Executive and Head of Paid Service (Beverly Agass), supported by:

- Executive Director (Corporate Services) and Chief Financial Officer - Alex Colyer
- Affordable Homes Director – Stephen Hills
- Health and Environmental Services Director – Mike Hill
- Planning and Economic Development Director (Joint with Cambridge City Council) – Stephen Kelly
- Head of Organisational Development – Susan Gardner Craig

The Council's three statutory officers are as follows:

- Head of Paid Service - Beverly Agass
- Executive Director (Corporate Services) and Chief Financial Officer - Alex Colyer
- Monitoring Officer – Tom Lewis

Further details about these arrangements, and how they operated during 2017/2018, are set out in the Annual Governance Statement accompanying these Accounts.

## 6. An Explanation of the Financial Statements

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom which is based on International Financial Reporting Standards.

The Statement of Accounts brings together on the following pages the major financial statements of the Council and consists of:

### Core Financial Statements

#### Responsibilities for the Financial Statements-

This statement shows the responsibilities of the Council and the Chief Financial Officer

#### Comprehensive Income and Expenditure Statement (CIES)-

This records all the Council's income and expenditure for the year. The statement analyses income and expenditure by service area as well as non-service specific or corporate transactions and funding. The format followed is provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) so that comparisons of local authority accounts can be undertaken.

#### 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 unusable reserves, which do not represent real resources available to the Council;

#### Balance Sheet-

The Balance Sheet shows the value at the year-end 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.

#### Cash Flow Statement-

This statement shows the changes in the Council's cash balances in the year. Cash flows are classified as;

- Operating –these give an indication of the extent to which services provided by the Council are funded by way of taxation, grant income or payments from recipients of services;
- Investing – how much income has been generated from resources held to contribute to future service delivery; and
- Financing activities – 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

### Notes to the Core Financial Statements including Accounting Policies.

#### Supplementary Financial Statements:

##### Housing Revenue Account-

This account summarises the transactions relating to the provision, maintenance and sale of council houses and flats. This is a ring-fenced account to prevent any cross-subsidy between general income and rents.

##### Collection Fund-

This statement shows the income received from council tax and business rates payers and how the income is distributed among authorities and the government.

##### Group Accounts-

These statements and notes show the consolidated position of the Council with two 100% owned subsidiaries , South Cambs Limited, trading as Ermine Street Housing and Shire Homes Lettings Limited . South Cambs Limited began active trading on 1 April 2014 and Shire Homes Lettings Limited was incorporated on 10 April 2017 and began trading in the months following.

#### Auditor's Report and Certificate

#### Glossary

## 7. Summary of Financial Performance

The financial year began with the setting of the budget in February 2017. The following sections describe the actual performance against this budget. The Council incurs both revenue and capital expenditure, the revenue account, known as the General Fund, bears the cost of providing day to day services. The capital account shows the net cost of transactions to buy or sell land, property or other assets, build new property, make improvements and provide grants or loans to other bodies to undertake this type of activity. The tables below show the outturn position and variances for the General Fund (services for the whole community) and the Housing Revenue Income and Expenditure Account (Council housing). The overall financial position of the Council is reflected in its Comprehensive Income & Expenditure Account and its Balance Sheet shown in these Accounts.

When the council tax for the financial year ending 31 March 2018 was set in February 2017, the surplus was estimated at £1.884m (Appropriation to General Fund Balance line). The variance of £1.596m is attributable to the following:

<u>Portfolio Area</u>	<u>Variance</u>	<u>Commentary</u>
Finance and Staffing	(612)	The saving is realised from a combination of factors; higher than budgeted government grants, staff vacancies and recharges for external secondments.
Housing General Fund	(24)	The favourable variances arises from the delay in Private Sector Leasing Scheme project, savings made in the Private Renting service and staff savings in the Visiting Support Service.
Strategic Planning and Infrastructure	(365)	Savings were made on staff vacancies and additional income received higher than budgeted pre-application fees.
Business and Customer Services	(114)	The saving is mostly due to the staff vacancies and less than budgeted expenditure on legal and consultancy costs.
Reversal of statutory accounting adj	(1,093)	This should be disregarded as is not a service transaction.
Environmental	604	The overspend is caused by high costs within the Shared Waste Service and lower than budgeted income.
Planning	194	The adverse variance is mainly driven by shortfall in income against budget.

#### Housing Revenue Account

The Housing Revenue Account (HRA) summaries the transactions relating to the provision, management and maintenance of Council houses and flats. Although this account is also included within the core financial statements it represents such a significant proportion of the services provided by the Council that it is a requirement that it has a separate account. The account has to be self-financing and there is a prohibition on cross subsidising to or from the council tax payer. The HRA statement and notes are included after the main statement notes.

<b>Housing Revenue Account (2017/18)</b>			
	<u>Budget</u>	<u>Outturn</u>	<u>Var.</u>
	<u>£000</u>	<u>£000</u>	<u>under/(over)</u>
Dwelling rents	(28,031)	(28,132)	(101)
Non-dwelling rents	(419)	(412)	7
Service charges	(813)	(2,058)	(1,245)
Other income	(465)	(150)	315
<b>Total Income</b>	<b>(29,728)</b>	<b>(30,752)</b>	<b>(1,024)</b>
Repairs & maint.	5,601	3,781	(1,820)
Supervision & Man.	5,090	6,091	1,001
Depreciation	9,757	6,260	(3,497)
Other expenditure	296	1,918	1,622
<b>Total Expenditure</b>	<b>20,744</b>	<b>18,050</b>	<b>(2,694)</b>
	<b>(8,984)</b>	<b>(12,702)</b>	<b>(3,718)</b>
Transfers (reserves)	0	0	0
Interest payable	7,178	7,193	15
Interest receivable	(588)	(546)	42
Cap. Exp. from rev.	3,007	4,951	1,944
<b>Def./(Surp.) for year</b>	<b>613</b>	<b>(1,104)</b>	<b>(1,717)</b>

The table above shows the variances against the final 2017/18 budget for the HRA with an overall variance of £1.717m (under) reported. Depreciation charged to the HRA in 2017/18 was significantly lower (£3.5m) than anticipated due to a reduction in asset values together with an extension of asset lives, recognising the impact of decent homes investment. This was offset by an increased use of revenue funding to meet the capital expenditure reported in 2017/18 as a direct result of the reduction in depreciation. Other large variances include increased income from services recharged, a reduction in repairs and maintenance costs, with savings delivered from new planned maintenance contracts. Overall the outturn position was a contribution to HRA reserves of £1.1m against a budget that assumed a contribution from reserves of £0.6m. HRA reserves stood at £10.096m at 31 March 2018.

#### Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £20.7 million. The major part of the programme involved the provision of housing; with £16.97 million being invested through the HRA in the Council's own housing stock and new build initiatives.



### Treasury management

At 31 March 2018, investments totalled £74.658 million, an increase of £6.508 million over the previous year-end. These investments produced interest of over £1.682 million, which was used towards the cost of services.

The Council has debt of £205.123 million funding Housing Revenue Account assets.

### Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £10.155 million and £10.096 million respectively as at 31 March 2018 - this compares to the proposed minimum level of balances of £2.5 million (General Fund) and £2.0 million (Housing Revenue Account). These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

### Pensions

The accounting policy relating to pensions reflects International Accounting Standard 19 Employee Benefits whereby pension liabilities incurred during the year are charged to the cost of services and then reversed out with the pension deficit being shown as a liability in the balance sheet.

South Cambridgeshire's pension deficit is estimated at £57.679 million as at 31 March 2018 on an IAS 19 basis. With 97% of the pension fund attributable to South Cambridgeshire invested in equity instruments, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2017-18 was 17%.

The triennial valuation discounts future liabilities at a rate based on the expected return from the pension fund's investments which are mainly stocks and shares. A valuation using a risk free discount rate, that is, based on Government Bonds, would give a much lower funding level and the employer's contribution rate would be substantially higher.

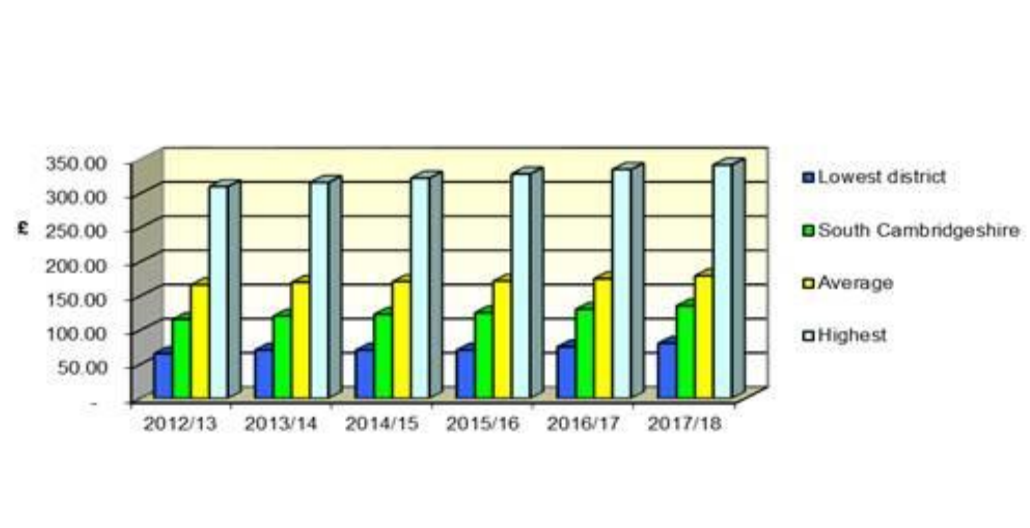
In view of the uncertainty over future pension costs, an additional lump sum has been charged against the General Fund and the Housing Revenue Account and placed in a reserve for use in future years (Notes 9 to the Financial Statements).

### Council Tax

Council tax is set in terms of a band D property which is in the valuation band from £68,001 to £88,000 at 1991 prices. For a band D property, the council tax for 2017-18 was £1,663. This compares to the average for a Shire district in England of £1,683.. This remains one of the lowest tax levels in the country and most of the money was raised on behalf of the County Council, as shown in the table below;

Council tax share 2017-18	£
Cambridgeshire County Council	1,190
South Cambridgeshire District Council	135
Police and Crime Commissioner	187
Fire Service	67
Parish Precepts	84
<b>Total Band D Council Tax 2017-18</b>	<b>1,663</b>

However, looking only at the district element of the overall tax bill, South Cambridgeshire is one of the lowest in 2017-18 at £135 (excluding parish precepts) in a range of £80 to £341.



The ranking is:

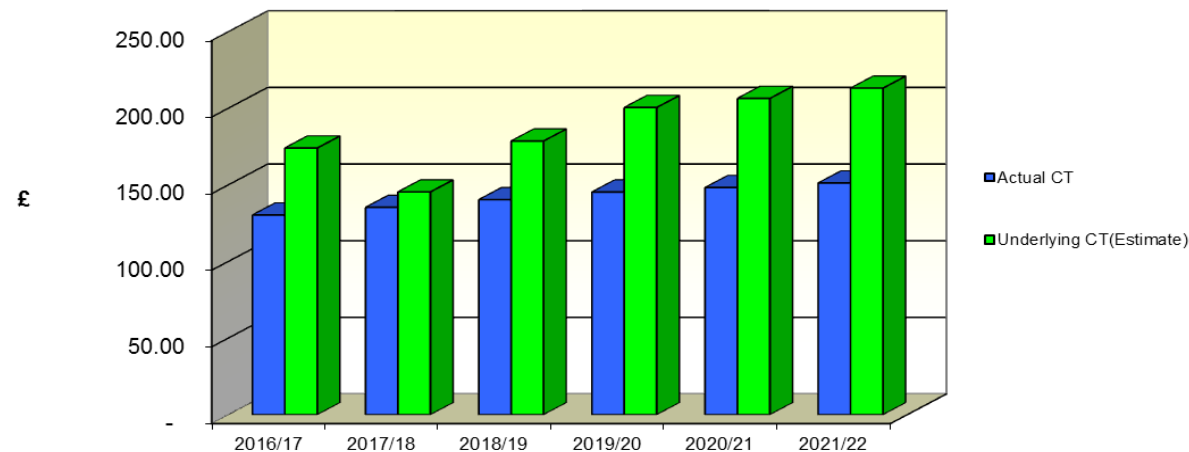
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>South Cambridgeshire</b>	13 <sup>th</sup>	15 <sup>th</sup>	17 <sup>th</sup>	20 <sup>th</sup>	22 <sup>nd</sup>	23 <sup>rd</sup>
	Lowest	Lowest	Lowest	Lowest	Lowest	Lowest
<b>Total no. shire districts</b>	201	201	201	201	201	201

The Council has to provide the same services and meet the same demands as other district councils but with substantially less council tax income and is not compensated for this lower council tax income through the system of Government grants.

## Current and Future Developments

### Council Tax

Historically, the Council Tax set by the Council is substantially below the average charged by other shire districts as the Council used a proportion of its reserves to keep down the amount of Council Tax residents would have to pay. Without the use of reserves, the Council Tax would be at its higher, underlying level. The increasing gap between the actual and underlying council tax reflects the expectation that government grant will continue to decrease in future years and that the Council's expenditure demands will increase further than projected income, requiring the continuing use of reserves and/or additional savings or income generation; this assumption



### Reporting Cycle

The General Fund and Housing Revenue Account estimates are presented to Cabinet and Council for approval every year, in February, and are published on the Council website.

During the year expenditure and income is monitored and significant variances reported to Cabinet. The Council's Forward Plan providing information on key reports is published on the Council's website

The Council regularly monitors performance against key performance indicators, this information and the Corporate Plan is available on the Council website.

### Population Growth

The District population of 156,500 people (source: 2016 ONS Mid-Year Population Estimates) is projected to increase to 194,500 by 2031 (source: Cambridgeshire Insight). This is a reflection of the development of large numbers of additional houses in the district, particularly through the creation of a new settlement at Northstowe and the development of the Cambridge fringe areas. The officer capacity to develop these policies has to be paid for now. These initial costs are not reflected in Government grants or in the Council's tax base for raising income locally. However, when new dwellings come into use, the Council now receives the New Homes Bonus government grant.

### The Current Economic Climate and Other Significant Risks

The Government's actions to reduce the fiscal deficit mainly by reducing public spending have resulted in substantial cuts for local government. The Council's medium term financial strategy is in its strategic risk register with an assessed risk of high impact / likely. The financial situation is dependent amongst other things on the continuation of New Homes Bonus and the redistribution of retained business rates.

The Homeless Reduction Act has significantly increased duties owed by the Council, this added to increased costs to meet statutory obligations mean Homelessness is a considerable risk now and in future. The Council is likely to see increased demand for the service and more in-depth support and assessment for those that do approach the Council.

#### Sale of Higher Value Vacant Council Homes

The Government has now published the Housing and Planning Act 2016. This Act sets out a number of changes to housing legislation which will impact on the current delivery of services to tenants and the resources required to do so. One of these changes relates to the sale of higher value vacant council homes. The Act enables the Government to set out a definition of 'higher value' homes and creates a duty on local authorities to consider selling homes that meet this definition when they become vacant. The Government intends to use the receipts from these sales to fund the extension of the right to buy scheme to housing association tenants and to create a Brownfield Development Fund. The Act also allows the Government to estimate the amount of money it would expect each individual authority to receive, in each financial year, from sales of higher value homes. Authorities are then required to pay this amount to the Government. Implementation has been deferred until at least April 2018 with secondary legislation required in order to implement the policy. Once full details are published the impact on the HRA Business Plan will be assessed, both in the potential number of homes that will be required to be sold and the amount due to be paid to Government under the annual calculation.

#### Affordable Housing

Following on from the Housing Revenue Account self-financing debt settlement at the end of March 2012, the Council has embarked upon a new build development programme. In 2017/18 construction was completed on 11 new homes in Waterbeach, with the new build programme continuing into 2018/19. 3 existing market homes were also acquired in 2017/18 for letting as affordable housing by the authority.

#### Ermine Street Housing

In November 2012 approval was given by Council to set up a subsidiary housing company, registered as South Cambs Ltd and trading as Ermine Street Housing with a principal activity being the management of both purchased and leased properties for the purpose of residential lettings. <http://www.erminestreethousing.co.uk/content/about-us>



Ermine Street Housing has a growing portfolio of both owned and leased market housing stock, with a year-end portfolio of 143 leased properties and 199 properties acquired for rental across Cambridgeshire, Suffolk, Northamptonshire, Leicestershire and Nottinghamshire. Further additions are planned over the next years. A full business case was reported to Council in the autumn of 2015. This was updated and presented to Council in February 2017 and February 2018.

As an independent but wholly owned subsidiary and in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy Code of Practice; the Council has prepared group accounts to show the overall financial position and results of the District Council.

Greater Cambridge Partnership (formerly known as the Greater Cambridge City Deal)

The Greater Cambridge Partnership (GCP) is (an agreement with Central Government) a partnership of local councils, including South Cambridgeshire, business and academia to deliver the City Deal. The Partnership constitutes a 15-year plan to improve the infrastructure of the area, supporting economic growth and securing long-term prosperity and quality of life for the people of Cambridge and South Cambridgeshire. The other partners to the Partnership are Cambridge City Council, Cambridgeshire County Council, the GCGP Local Enterprise Partnership and Cambridge University.

A thriving and vibrant city region, Greater Cambridge has achieved rapid growth and economic success through world-leading innovation and collaboration between entrepreneurs and academics. It has the highest cluster of technology firms in the UK and competes on a global stage as a gateway for high-tech investment into the UK. However, this success and the area's appeal as an attractive place to live and work, has resulted in significant transport congestion, a shortage of housing and access to relevant skills. These issues have to be addressed to secure future economic growth and quality of life. Through the deal, the GCP has secured powers and funding from Central Government to make vital improvements to secure future economic growth and quality of life in the city region. The GCP aims to deliver over £1 billion of investment, thousands of new homes and jobs, and improved transport links. The 15-year plan focuses on four key issues: Transport, Housing, Skills and Innovation.

Cambridgeshire and Peterborough Combined Authority- Devolution

The Cambridgeshire and Peterborough Combined Authority was formally constituted in March 2017, following a Devolution deal with government which will unlock hundreds of millions of pounds of new funding for the county, including £100 million for affordable homes. Councillor Peter Topping, Leader of the Council, represented SCDC on the Combined Authority during the 2017-18 financial year. On 23rd May 2018 Councillor Bridget Smith was appointed Leader of the Council following the elections on May 3rd 2018, in succession to Councillor Topping.

Auditor's Opinion

The Statement of Accounts has been audited and the Auditor's opinion is shown at the end of this document.

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**Peter Maddock**  
**Head of Finance as Chief Financial Officer**  
**Dated- 09-Jul-20**

**Statement of Accounts  
for the year ended 31st March 2018**

# STATEMENT OF RESPONSIBILITIES

## The Authority's Responsibilities

### The responsibilities of the Head of Finance as Chief Financial Officer

The Head of Finance as Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Head of Finance as Chief Financial Officer has:

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

The Head of Finance as Chief Financial Officer has also:

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

The Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2018 and its income and expenditure for the year then ended. These financial statements replace the unaudited financial statements signed by the previous Executive Director on 31 May 2018.

Signed .....

**Peter Maddock**

***Head of Finance as Chief Financial Officer***

**Date: 09-Jul-20**

The Authority is required to:

•

make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority it is the Head of Finance who is the Chief Financial Officer,

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets, and
- approve the Statement of Accounts.

Signed .....

**Cllr Tony Mason**

**Chairman of Audit and Corporate Governance Committee**

**Date: 09-Jul-20**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost in the year of providing services in accordance with generally accepted accounting practices. Authorities raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is reflected in the 'Revenue Purpose' column of the Movement In Reserves Statement which shows how the Total Comprehensive Income & Expenditure is allocated to each individual Reserve.

2016/17				Note	2017/18		
GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000			GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000
33,781	(30,627)	3,155	Finance and Staffing	8,1	31,384	(28,421)	2,963
8,724	(3,101)	5,623	Health, Wellbeing & Environmental Services	8,1	13,545	(7,016)	6,529
3,337	(871)	2,466	Housing (General Fund)	8,1	3,237	(1,689)	1,548
31,712	(30,749)	963	Housing Revenue Account	8,1	12,061	(31,003)	(18,943)
4,679	(2,093)	2,586	Planning	8,1	5,248	(2,398)	2,849
0	0	0	Greater Cambridgeshire City Deal	8,1	1,224	0	1,224
406	(16)	389	Leader	8,1	369	(19)	351
2,141	(524)	1,617	Business and Customer Services	8,1	4,863	(3,641)	1,223
1,453	(848)	606	Strategic Planning & Infrastructure	8,1	1,289	(917)	372
677	0	677	Other Corporate Adjustments	8,1	263	0	263
<b>86,911</b>	<b>(68,829)</b>	<b>18,082</b>	<b>Net Cost of Services</b>	8,1	<b>73,483</b>	<b>(75,105)</b>	<b>(1,622)</b>
4,775			Precepts of other Local Authorities	8	5,089		5,089
192			Internal Drainage Boards	8	193		193
0			Enterprise Zones	8	152		152
480			Payments to Housing Capital Receipts Pool	8,10c	492		492
	(2,949)		(Gains)/Losses on Disposal of Non-Current Assets	8		(1,896)	(1,896)
<b>5,447</b>	<b>(2,949)</b>	<b>2,498</b>	<b>Other Operating (Income)/Expenditure</b>		<b>5,926</b>	<b>(1,896)</b>	<b>4,029</b>
1,862			Pension interest cost and expected return on assets	8,17b	1,510		1,510
7,193			Interest Payable	8, 16	7,193		7,193
	(1,128)		Interest and Investment Income Receivable	8		(1,452)	(1,452)
<b>9,055</b>	<b>(1,128)</b>	<b>7,927</b>	<b>Financing and Investment (Income)/Expenditure</b>		<b>8,703</b>	<b>(1,452)</b>	<b>7,251</b>
	(12,767)		Income from Council Tax	8		(13,308)	(13,308)
	(5,353)		Business Rates Income & Expenditure	8		(6,669)	(6,669)
	(10,590)		Non-ringfenced Government Grants	8		(6,200)	(6,200)
<b>0</b>	<b>(28,710)</b>	<b>(28,709)</b>	<b>Taxation and Non-Specific Grant (Income)</b>		<b>0</b>	<b>(26,177)</b>	<b>(26,177)</b>
<b>101,413</b>	<b>(101,616)</b>	<b>(202)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	8	<b>88,111</b>	<b>(104,630)</b>	<b>(16,519)</b>
		17,051	(Surplus) / Deficit on Revaluation of Non-current assets				(23,662)
		3,044	Remeasurement of the Net Defined Liability/(Asset)	17b			(2,599)
		<b>20,095</b>	<b>Other Comprehensive (Income) and Expenditure</b>				<b>(26,261)</b>
		<b>19,893</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>(42,779)</b>

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The total Movement for the Year is analysed further in the Comprehensive Income and Expenditure Statement and within Note 1 to the Accounts - the Expenditure & Funding Analysis.

		Balance at 1 April 2016 £'000	Surplus /Deficit upon Provision of Services £'000	Adjustments between accounting basis and funding basis - Capital £'000	Adjustments between accounting basis and funding basis - Pensions & Other £'000	Other Comprehensive Income & Expenditure - Capital £'000	Other Comprehensive Income & Expenditure - Pensions £'000	Transfers to Earmarked Reserves £'000	Total (Increase)/ Decrease £'000	Balance at 31 March 2017 £'000
General Fund Balance		(10,587)	(6,249)	(1,357)	1,334			6,874	602	(9,985)
Earmarked Reserves- GF		(10,919)						(6,853)	(6,853)	(17,772)
Housing Revenue Account		(8,073)	6,047	(6,651)	(315)				(919)	(8,992)
Earmarked Reserves- HRA		(9,500)							-	(9,500)
Major Repairs Reserve		0							-	0
Capital Receipts Reserve		(8,490)		(2,732)	0				(2,732)	(11,222)
Capital Grants Unapplied		(433)		(53)	0				(53)	(486)
<b>Total Usable</b>		<b>(48,002)</b>	<b>(202)</b>	<b>(10,793)</b>	<b>1,019</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>(9,955)</b>	<b>(57,957)</b>
Revaluation Reserve		(104,580)		4,544	0	17,051			21,595	(82,985)
Capital Adjustment		(199,173)		6,204	0				6,204	(192,969)
Deferred Capital Receipts		(85)		2	0				2	(83)
Pensions Reserve		52,842		0	1,610		3,044		4,654	57,496
Collection Fund Adjustment		563		0	(2,617)				(2,617)	(2,054)
Accumulated Absences		243		0	11				11	254
<b>Total Un-Useable</b>		<b>(250,190)</b>	<b>-</b>	<b>10,750</b>	<b>(996)</b>	<b>17,051</b>	<b>3,044</b>	<b>-</b>	<b>29,849</b>	<b>(220,341)</b>
<b>TOTAL RESERVES</b>		<b>(298,192)</b>	<b>(202)</b>	<b>(43)</b>	<b>23</b>	<b>17,051</b>	<b>3,044</b>	<b>21</b>	<b>19,894</b>	<b>(278,298)</b>
Revenue Purposes			(202)	(8,008)	1,019	-	-	21	(7,170)	
Capital Purposes				7,965		17,051			25,016	
Other Purposes					(996)		3,044		2,048	
<b>TOTAL RESERVES</b>			<b>(202)</b>	<b>(43)</b>	<b>23</b>	<b>17,051</b>	<b>3,044</b>	<b>21</b>	<b>19,894</b>	

		Balance at 1 April 2017 £'000	Surplus /Deficit upon Provision of Services £'000	Adjustments between accounting basis and funding basis - Capital £'000	Adjustments between accounting basis and funding basis - Pensions & Other £'000	Other Comprehensive Income & Expenditure - Capital £'000	Other Comprehensive Income & Expenditure - Pensions £'000	Transfers to Earmarked Reserves £'000	Total (Increase)/ Decrease £'000	Balance at 31 March 2018 £'000
General Fund Balance	9	(9,985)	(2,524)	(1,151)	(1,096)			4,600	(170)	(10,155)
Earmarked Reserves- GF	9	(17,772)						(4,600)	(4,600)	(22,371)
Housing Revenue Account	9	(8,992)	(13,995)	13,350	(459)				(1,104)	(10,096)
Earmarked Reserves- HRA	9	(9,500)						0	0	(9,500)
Capital Receipts Reserve	10	(11,222)		1,631					1,631	(9,591)
Capital Grants Unapplied	10	(486)		(29)					(29)	(515)
<b>Total Usable</b>		<b>(57,957)</b>	<b>(16,519)</b>	<b>13,801</b>	<b>(1,555)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,273)</b>	<b>(62,229)</b>
		0								
Revaluation Reserve	10	(82,985)		2,389		(23,662)			(21,273)	(104,259)
Capital Adjustment	10	(192,969)		(16,190)					(16,190)	(209,159)
Deferred Capital Receipts	10	(83)		0					0	(83)
Pensions Reserve	17	57,496			2,782		(2,599)		183	57,679
Collection Fund Adjustment	CF	(2,054)			(1,230)			0	(1,230)	(3,284)
Accumulated Absences		254			3			0	3	257
O/ Bal Adj to match PPE										0
<b>Total Un-Useable</b>		<b>(220,341)</b>	<b>0</b>	<b>(13,801)</b>	<b>1,555</b>	<b>(23,662)</b>	<b>(2,599)</b>	<b>0</b>	<b>(38,506)</b>	<b>(258,848)</b>
<b>TOTAL RESERVES</b>		<b>(278,298)</b>	<b>(16,519)</b>	<b>0</b>	<b>0</b>	<b>(23,662)</b>	<b>(2,599)</b>	<b>0</b>	<b>(42,779)</b>	<b>(321,077)</b>
Revenue Purposes			(16,519)	12,199	(1,555)	-	-	-	(5,875)	
Capital Purposes				(12,199)		(23,662)			(35,861)	
Other Purposes					1,555		(2,599)		(1,044)	
<b>TOTAL RESERVES</b>			<b>(16,519)</b>	<b>-</b>	<b>-</b>	<b>(23,662)</b>	<b>(2,599)</b>	<b>-</b>	<b>(42,779)</b>	

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority 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 Reserves that may only be used to fund capital or repay debt). The second category of reserves is those that the authority 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.

31 Mar 17			Note	31 Mar 18	
£'000	£'000			£'000	£'000
483,509		Property, Plant and Equipment	12	521,439	
184		Intangible Assets	-	494	
9,320		Long Term Investments	13	8,765	
970		Long Term Debtors	28	970	
	<b>493,983</b>	<b>Long Term Assets</b>			<b>531,668</b>
58,830		Short Term Investments	13	65,893	
88		Inventories	-	147	
8,083		Short Term Debtors (and provision for bad debts)	14	12,549	
7,872		Cash and Cash Equivalents	16	7,426	
1,154		Assets Held for Sale	12	2,076	
	<b>76,027</b>	<b>Current Assets</b>			<b>88,091</b>
(24,434)		Short Term Creditors	15	(31,818)	
(1,578)		Cash and Cash Equivalents	16	(965)	
(3,082)		Provisions	19	(3,097)	
	<b>(29,093)</b>	<b>Current Liabilities</b>			<b>(35,880)</b>
(57,496)		Liability Related to Defined Benefit Pension Scheme	17b	(57,679)	
(205,123)		Long-term Borrowing	17a	(205,123)	
	<b>(262,619)</b>	<b>Long Term Liabilities</b>			<b>(262,802)</b>
	<b>278,299</b>	<b>Net Assets</b>			<b>321,077</b>
57,957		Usable Reserves	MIRS	62,229	
220,342		Unusable Reserves	MIRS	258,848	
	<b>278,299</b>	<b>Total Reserves</b>			<b>321,077</b>

Signed .....

Date:

09-Jul-20

Peter Maddock

*Head of Finance as Chief Financial Officer*



## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority'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 authority.

2016/17		Note	2017/18	
£000	£000		£000	£000
<b>202</b>			<b>16,519</b>	
35,170			11,208	
(14,909)			(9,009)	
	<b>20,463</b>			<b>18,717</b>
(28,045)			(22,816)	
9,081			4,265	
	<b>1,499</b>			<b>166</b>
	<b>4,795</b>			<b>6,294</b>
	<b>6,294</b>	16		<b>6,461</b>

## CASH FLOW STATEMENT

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2016/17		Note	2017/18	
£'000	£'000		£'000	£'000
	<b>202</b>			<b>16,519</b>
	<b>Net surplus/(deficit) on provision of services</b>			
16,034	Depreciation		7,679	
16,392	Impairment and valuations		(5,168)	
2,297	Increase/(decrease) in creditors		7,384	
0	Increase/(decrease) in provisions		16	
(5,172)	Increase/(decrease) in debtors		(4,466)	
(16)	Increase/(decrease) in inventories		(59)	
996	Movement on pension liability- Increase/(decrease)		2,782	
4,476	Carrying amount of non-current assets and held for sale, sold		2,848	
163	Other non-cash items charged to net surplus/deficit on provision of services		193	
	<b>35,170</b>			<b>11,209</b>
	<b>Adjustment to net surplus/deficit on provision of services for non-cash movements</b>			
(6,946)	Proceeds from the sale of PPE, Inv. Property and Intangibles		(4,745)	
2,071	Creditors relating to Section 106 etc.		224	
(11,152)	Creditors relating to Collection Fund Agencies		(4,489)	
1,118	Any other items that are investing or financing		0	
	<b>Adjustment for items included in the net surplus/deficit on provision of services that are investing and financing activities</b>			<b>(9,009)</b>
(14,909)				
<b>20,463</b>	<b>Net cash flows from Operating Activities</b>			<b>18,718</b>
(17,140)	Purchase of property, plant & equipment & intangible assets		(21,052)	
(18,621)	Net Purchase of short and long term investments		(6,508)	
6,946	Proceeds from the sale of property, plant & equipment		4,745	
770	Other receipts from investing activities			
<b>(28,045)</b>	<b>Net cash flows from Investing Activities</b>			<b>(22,816)</b>
(2,071)	Creditors relating to Section 106 etc.		(224)	
11,152	Creditors relating to Collection Fund Agencies		4,489	
<b>9,081</b>	<b>Financing Activities</b>			<b>4,265</b>
<b>1,499</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>			<b>167</b>
<b>4,795</b>	<b>Cash and Cash equivalents at the beginning of the reporting period</b>			<b>6,294</b>
<b>6,294</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	16		<b>6,461</b>

### Cash Flow Statement - Operating Activities

2016/17		Note	2017/18	
£'000	£'000		£'000	£'000
1,128	Interest received		1,446	
(7,193)	Interest paid		(7,193)	
0	Dividends received		0	
<b>(6,065)</b>				<b>(5,747)</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis is complementary to the Movement in Reserves Statement and Comprehensive Income & Expenditure Account. The overall purpose of the Expenditure and Funding Analysis is to analyse the amounts reported in the Comprehensive Income and Expenditure Account as operating reporting segment outturn totals across specific types of Reserves.

	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000
	Statutory Basis	Adjustments between Funding basis and accounting basis		Accounting Basis
	<u>General Fund and Earmarked £'000</u>	<u>Charges to Capital Reserves £'000</u>	<u>Charges to other Non General Fund Reserves</u>	<u>Total Comprehensi ve Income &amp; Expend £'000</u>
Finance and Staffing	3,155	0	0	3,155
Health, Wellbeing and Environmental Services	5,214	409	0	5,623
Housing (General Fund)	2,174	292	0	2,466
Housing Revenue Account	(6,003)	6,651	315	963
Planning	2,586	0	0	2,586
Leader	389	0	0	389
Business and Customer Services	1,617	0	0	1,617
Strategic Planning & Infrastructure	606	0	0	606
Other Corporate Adjustments	1,355	632	(1,310)	677
<b>Net Cost of Services</b>	<b>11,093</b>	<b>7,984</b>	<b>(995)</b>	<b>18,082</b>
Operating, Financing, Taxation and Grant Income & Expenditure	(18,284)	0	0	(18,284)
<b>CIES surplus/deficit on the provisions of services</b>	<b>(7,191)</b>	<b>7,984</b>	<b>(995)</b>	<b>(202)</b>
Other Income & Expenditure Items	0	17,051	3,044	20,095
<b>TOTAL Comprehensive Income &amp; Expenditure</b>	<b>(7,191)</b>	<b>25,035</b>	<b>2,049</b>	<b>19,893</b>

	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000
	Statutory Basis	Adjustments between Funding basis and accounting basis		Accounting Basis
	<u>Net Exp. Chargeable to the GF &amp; £'000</u>	<u>Charges to Capital Reserves £'000</u>	<u>Charges to other Non General Fund</u>	<u>Total Comp. Income &amp; Expend £'000</u>
Finance and Staffing	2,963	0	0	2,963
Health, Wellbeing & Environmental Services	6,038	491	0	6,529
Housing (General Fund)	1,252	296	0	1,548
Housing Revenue Account	(7,443)	(11,959)	459	(18,943)
Planning	2,849	0	0	2,849
Greater Cambridgeshire City Deal	1,224	0	0	1,224
Leader	350	0	0	351
Business and Customer Services	1,221	2	0	1,223
Strategic Planning & Infrastructure	372	0	0	372
Other Corporate Adjustments	(3,799)	1,738	2,324	263
<b>Net Cost of Services</b>	<b>5,027</b>	<b>(9,432)</b>	<b>2,783</b>	<b>(1,622)</b>
Operating, Financing, Taxation and Grant Income & Expenditure	(10,901)	(2,767)	(1,228)	(14,896)
<b>CIES surplus/deficit on the provisions of services</b>	<b>(5,874)</b>	<b>(12,199)</b>	<b>1,555</b>	<b>(16,518)</b>
Other Income & Expenditure Items	0	(23,662)	(2,599)	(26,261)
<b>TOTAL Comprehensive Income &amp; Expenditure</b>	<b>(5,874)</b>	<b>(35,861)</b>	<b>(1,044)</b>	<b>(42,779)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 2. Explanation of order of Notes to the Financial Statements

The Notes to these Financial Statements are organised in 4 distinct groups:

- (i) Note 1 - Expenditure and Funding Analysis..
- (ii) Notes 2 to 7: Introductory Notes explaining current context issues and Accounting Policies
- (iii) Notes 8 to 17: Notes directly supporting the prime Financial Statements
- (iv) Notes 18 to 29: Notes containing memorandum notes in support of the Accounts

In relation to section (iii) above, the Notes are organised as follows:

- (a) Note 8 in support of the Comprehensive Income and Expenditure Account.
- (b) Note 9 in support of the General Fund Outturn (including HRA & Earmarked).
- (c) Note 10 in support of the outturn upon Capital Purposes items.
- (d) Note 10 in support of the Movement In Reserves Statement in defining the Reserves.
- (e) Notes 11 to 17, in support of the Assets and Liabilities sections of the Balance Sheet.

### 3. Accounting Policies

The Statement of Accounts summarises the Council's transactions for the relevant financial year and its position at the Balance Sheet date of 31 March. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom (2017-18) and the Service Reporting Code of Practice (2017-18) supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

- Council being a 'going concern' – all operations continuing
- Accrual of income and expenditure – placing items in the year in which the liability is

The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the Council.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounting policies are reviewed on an annual basis to ensure that they are appropriate, compliant with accepted accounting practice and relevant to the Council's ongoing business activity.

- Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **Accruals of Income and Expenditure**

The accounts of the Council are maintained on an accruals basis, that is, sums due to the Council for goods/services provided or due from the Council for goods/services received during the year are included as income or expenditure whether or not the cash has actually been received or paid in the year. Any differences between the actual amounts and accrued amounts will be reflected in the accounts of the following year.

Exceptions to this principle relate, for example, to quarterly payments where payments are charged in the year rather than apportioning charges between financial years. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts. Grants payable to other organisations are included in the accounts on a payment basis.

Where income and expenditure has been recognised in the accounts but cash has not been received or paid, a debtor or creditor is recorded in the balance sheet.

### **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. They include deposits in constant Net Asset Value money market funds that are available for withdrawal with 24 hours' notice. Cash equivalents are 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 net of bank overdrafts that are repayable on demand and from an integral part of the Authority's cash management.

### **Changes in Accounting Policies, Prior Period Adjustments, Estimates and Errors**

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, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior year as if the new policy has always been applied.

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 year adjustment.

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

### **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:-

## NOTES TO THE CORE FINANCIAL STATEMENTS

- depreciation 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, and
- amortisation of intangible assets attributable to the service.

Any depreciation, revaluation and impairment losses and amortisation charged to the relevant accounts is reversed out in the movement in reserves statement and transferred to the capital adjustment account so that these charges are not met by council tax or rents.

The provisions for charges to revenue for non-current assets in the HRA were amended on 1 April 2012 following the introduction of self-financing. The Authority is required to charge the Housing Revenue Account a notional amount of depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvements works. The transition period will continue till 2017-18, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2018-19.

The Authority is required to charge an annual provision to revenue as a contribution towards reducing its overall borrowing requirement. This provision, known as the Minimum Revenue Provision (MRP), is an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. No minimum revenue provision is currently charged on the debt acquired in relation to Housing Revenue Account self-financing as this is outside the scope of this regime.

### **Accounting Policies in respect of Employee Benefits**

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, flexi-leave and time off in lieu for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

### **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.

Termination benefits are charged to the appropriate service line in the Comprehensive Income and Expenditure Account when the council can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the council by 31 March.



NOTES TO THE CORE FINANCIAL STATEMENTS

Post-Employment Benefits (Pensions)

Post-employment benefits are employee benefits (other than termination and short-term benefits) that are payable after the completion of employment.

Employees of the Authority are eligible to be members of the Local Government Pension Scheme, administered by Cambridgeshire County Council, which is accounted for as a defined benefit Scheme Whereby:

- The Authority's share of the liabilities of the pension fund are included in the balance sheet on an actuarial basis using the projected unit cost method, that is, 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;
- these liabilities are then discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds;
- the Authority's share of the assets of the pension fund are included in the balance sheet at their fair value being;

Quotes securities	current bid price
Unquoted securities	professional estimate
unitised securities	current bid price
property	market value;

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

- current service cost being the increase in liabilities as a result of years of service earned in the current year where the cost is allocated in the comprehensive income and expenditure statement to the services for which the employees worked.
- past service cost being the increase or decrease in liabilities arising from decisions in the current year affecting liabilities incurred in past years where the cost is charged or credited to non-distributed costs in the comprehensive income and expenditure account;
- net interest on the net defined benefit liability (asset), that is, the net interest expense for the authority being the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged where the cost is charged to financing and investment income and expenditure in the comprehensive income and expenditure statement.;
- expected return on assets being expected annual investment return on the fund assets, excluding amounts included in net interest on the defined benefit liability (asset), based on the average of the expected long term returns where the return is credited to the financing and investment section of the comprehensive income and expenditure account;
- gains or losses on settlements, being the result of actions to relieve the Authority of liabilities, and curtailments, being events that reduce the expected future service or accrual of benefits of employees, where the gain or losses are credited or charged to non-distributed costs in the comprehensive income and expenditure account;

## NOTES TO THE CORE FINANCIAL STATEMENTS

- actuarial gains and losses being changes in the net pensions liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions where the gains and losses are credited or charged to the pensions reserve; and
- contributions paid to the pension fund in the year being the payments made by the Authority as employer, that is, cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted for as an expense.

The charges and credits to the comprehensive income and expenditure account mentioned above are reversed out in the movement in reserves statement to the pensions reserve and replaced with the contributions paid.

The negative balance on the pensions reserve in the balance sheet measures the future liability in respect of benefits due to members of the fund.

### **Discretionary Benefits**

The Authority also has powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any employee are accrued in the year of the decision to make the award.

### **Events After the Balance Sheet Date**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types of events:

- those that provide evidence of conditions that existed at the end of the reporting period — the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period — the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Financial Instruments

#### Financial Liabilities

Financial liabilities 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 and carried at their amortised cost. Annual charges to the financing and investment section of the Income and Expenditure Account for interest are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that discounts estimated future cash payments over the life of the instrument to the fair value at which it was originally recognised.

The only financial liabilities for this Council are trade payables of short duration, measured at original or estimated invoice amount, and long term borrowing which is shown in the balance sheet as the outstanding principal repayable with interest charged to the comprehensive income and expenditure account being the amount payable for the year in accordance with 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 or 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 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 consist of:

- loans and receivables and
- available-for-sale assets – financial instruments

The financial assets applicable to this Council are loans and receivables which have the defining characteristics of fixed and determinable payments and are not quoted in an active market and, equity shares in the Local Capital Finance Company (Municipal Bond Agency) with no quoted market prices.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Loans and receivables 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 carried at amortised cost. Annual credits to the financing and investment section of the comprehensive income and expenditure account for interest are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans and receivables owed to the Council, the amount shown in the balance sheet is the outstanding principal or invoice amount receivable and interest credited to the comprehensive income and expenditure account is the amount receivable for the year in the loan agreement.

The Council has made a number of loans for disabled facilities and renovation of dwellings to individuals and landlords at a nil rate of interest repayable on the sale/transfer of the property. As these loans have no fixed or determinable repayment, they have not been classified as loans and receivables but have been shown as long-term debtors.

### **Government Grants and Other Contributions**

Government grants and other contributions and donations are recognised as due to the Authority when there is a reasonable assurance that:

- the Authority will comply with the conditions attached to the payment, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the comprehensive income and expenditure statement until such conditions (as distinct from a restriction) attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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, i.e. If the grant or contribution is not used as intended, then it has to be repaid.

Restrictions are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified. The key difference between a condition and a restriction is that a condition requires the grant funder or donor to have a right to the return of their monies or the donated asset (or similar equivalent compensation).

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors (receipts in advance). When conditions are satisfied, the grant or contribution is credited to the relevant service (attributable revenue grants and contributions) or to the taxation and non-specific grant income section (non-ring-fenced revenue grants and all capital grants) in the comprehensive income and expenditure statement.

When the conditions of a grant have been met and it has been reflected as income in the comprehensive income and expenditure statement, the Council still has discretion to carry the grant income forward through an earmarked reserve if it deems this appropriate. This could arise in cases where there is no condition on the timescale in which the grant can be spent, but it has not been spent at the year-end.

## NOTES TO THE CORE FINANCIAL STATEMENTS

In relation to capital grants or contributions recognised as income in the comprehensive income and expenditure statement, where the expenditure has not been incurred at the balance sheet date, the grant recognised as income is transferred to the Usable Reserve (Capital Grants Unapplied Account) representing capital resources not yet utilised.

Where capital grants are credited to the comprehensive income and expenditure statement, they are

- to the capital grants unapplied reserve if the grant has yet to be used to finance capital or
- to the capital adjustment account if the grant has been used to finance capital expenditure.

Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account when they are applied to fund capital expenditure.

### **Group Accounts**

The boundary for Group Accounts is determined by the extent of the Council's control or influence over an entity, and the materiality of the relationship to users of the Council's accounts.

A subsidiary is an entity which the Council controls through the power to govern its financial and operational activities, so as to obtain benefits from the entity. Control is deemed to exist where the Council owns more than half of the entity.

An associate is an entity where the Council has significant influence over decision making, but stopping short of control. It is normally presumed that significant influence exists where the Council owns 20% or more of the entity.

A jointly controlled entity exists where the Council is party to the contractually and binding agreed shared control of an organisation, where strategic financial and operating decisions require unanimous consent of the parties sharing control.

Group accounts have been prepared for South Cambs Ltd (trading as Ermine Street Housing) and Shire Homes Lettings Limited, both wholly owned subsidiaries of South Cambridgeshire District Council. Investments in the subsidiary companies are recognised in the Balance Sheet as unquoted equity investments at cost.

### **Intangible Assets**

Expenditure, on an accruals basis, for assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Leases

Leases are classified as financial 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 elements 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 dependant on the use of specific assets.

### The Council as a Lessee

#### Finance leases

Property, plant and equipment held under finance leases is 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 pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant and equipment applied to write down the lease liability, and
- a financing charge

Property, plant and equipment recognised under finance leases is 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 does not transfer to the Council at the end of the lease period).

#### Operating leases.

Rentals paid under operating leases are debited to the Comprehensive Income and Expenditure Statements as an expense of the service benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

### The Council as a Lessor

#### Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal whilst an appropriate debtor balance is created to reflect the amount owed.

#### Operating Leases.

Where the Council grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.



## NOTES TO THE CORE FINANCIAL STATEMENTS

### Overheads and Support Services

The costs of overheads and support services are charged to those services which benefit from the provision of the overheads and support services in accordance with the costing principles in the Service Reporting Code of Practice. The full cost of overheads and support services are charged out to users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a multi-functional, democratic organisation, and
- Non-distributed costs include pension costs, relating to past service costs and gains and losses on settlements and curtailments, and any depreciation and impairment are reversed out in the movement in reserves statement.

These two categories were defined in the Service Reporting Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, these are now reported in line with the management reporting structure of the Council in accordance with the Expenditure and Funding Analysis in the revised Code of Practice.

### 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 or 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 asset will flow to the Authority and the cost of the asset can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver future economic benefits or service potential, i.e. repairs and maintenance, is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising the purchase price and 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 the Authority.

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

- Infrastructure, community assets- historical cost
- Assets under construction- historical cost
- Dwellings- fair value, determined using the basis of existing use value for social housing
- Investment property- fair value
- Assets held for sale- current value
- Non-commercial assets held for sale- lower of carrying amount and fair value less costs to sell
- Non-property assets that have short useful lives and/or low values- depreciated historical cost basis is used as a proxy for fair value, and

## NOTES TO THE CORE FINANCIAL STATEMENTS

- All other assets- fair value, which for this purpose is interpreted as being met by provision of a market value figure which will reflect all potential uses.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets included in the balance sheet at fair value and market values are revalued sufficiently regularly (at least every five years) to ensure that their carrying amount is not materially different from their fair value at the year-end. Valuations are undertaken by a professionally qualified valuer and also carry out a material change review at year end to ensure revaluations are kept up to date. Revaluations also take place when there has been a significant change to the asset (e.g. major building works).

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.

Decreases in valuations are accounted for by writing down the balance (if any) of revaluation gains in the revaluation reserve for that asset and then charging any remaining decrease in value to the relevant service in the comprehensive income and expenditure statement.

The revaluation reserve only contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

### **Impairment**

Assets are assessed at the end of each year 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.

Impairment losses are accounted for by writing down the balance (if any) of revaluation gains in the revaluation reserve for that asset and then charging any remaining impairment to the relevant service in the comprehensive income and expenditure statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service 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 all property, plant and equipment calculated on a straight-line allocation over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, if any, and assets that are not yet available for use, i.e. assets under construction, if any.

The residual value of an item of property, plant and equipment and its useful life are reviewed at the end of each financial year and, if expectations differ from previous reviews or there has been a significant change in the consumption of economic benefits or service potential, the change is accounted for as a change in accounting estimate.

Where property, plant and equipment assets have major components whose cost is significant in relation to the total cost of the asset, depreciation on the components has been calculated and is not materially different from depreciation on the depreciable part of the whole asset. Components have not, therefore, been depreciated separately.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Revaluation gains are also depreciated by an amount equal to the difference between the current value depreciation charges on the assets and the historic cost depreciation charges on the assets, with this difference being transferred each year from the revaluation reserve to the capital adjustment account.

### **Componentisation**

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts are grouped together in determining the depreciation charge.

The Council has determined that dwellings and other property is subject to componentisation and are assessed against 2 components determined by the Council's valuer, namely land and buildings, components within buildings being assessed annually for materiality.

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

An asset is reclassified as an asset held for sale when it becomes probable that the carrying amount of the asset will be recovered principally through a sale transaction. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any subsequent decrease to fair value less costs to sell is posted to the other operating expenditure section in the comprehensive income and expenditure account but any gains in fair value are only recognised up to the amount of any previously recognised losses. Depreciation is not charged on assets held for sale.

Assets no longer meeting the criteria to be classified as assets held for sale 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, the carrying amount of the asset in the balance sheet is written off and any receipts on disposal are credited to the other operating expenditure section in the comprehensive income and expenditure account so that this section shows the net gain or loss on the disposal of non-current

Any revaluation gains in the revaluation reserve in respect of the asset are transferred to the capital adjustment account.

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

A proportion of capital receipts relating to housing disposals (75% for dwellings and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government and shown in the other operating expenditure section in the comprehensive income and expenditure.

### **Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation in the future that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service in the comprehensive income and expenditure statement in the year that the Authority 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 the relevant risks and uncertainties. Any payments eventually made are charged against the provision, provisions are reviewed at the end of each financial year and any reduction in the need for the provision is credited back to the relevant service.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Contingent Liabilities

Contingent liabilities arise where events have taken place which gives the Authority possible obligations whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise where a provision would otherwise be made but either it is not probable that a settlement will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

### Contingent Assets

Contingent assets arise where events have taken place which gives the Authority possible assets whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. 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.

### Developers' Contributions

Developers' contributions are monies received from developers under Section 106 of the Town and Country Planning Act 1990 for future expenditure on affordable housing, drainage, community costs and development etc. Any unused balances of these contributions at the Balance Sheet date are shown as receipts in advance under creditors until such time as the terms and conditions of receipt have been fully satisfied.

### Revenue Expenditure Funded from Capital Under Statute

Expenditure which is incurred during the year and which may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement. Such expenditure which is met from capital resources or from borrowing is then transferred out in the movement in reserves statement from the General Fund balance to the Capital adjustment account then reverses out the charge so that there is no impact on the council tax.

### Value Added Tax (VAT)

VAT is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from Income

### Going Concern and Covid-19

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis. The restrictions have created significant issues for many businesses and residents and as a result from April 2020, Council income was affected detrimentally as payers sought to defer payments or were unable to pay at all. The government has provided some support for lost income and additional costs borne by authorities because of the crisis and the Council has received just over £1.6 million in this regard.

Our most recent balances compared to the year end reported in these statements is as follows.

Date	General Fund	Housing Revenue Account	Earmarked Reserves
31/03/2018	£10.1m	£10.10	£31.9m
31/03/2020	£19.1m	£6.6m	£37.2m

## NOTES TO THE CORE FINANCIAL STATEMENTS

We have carried out an assessment of the impact of Covid-19 on our future finances and we are satisfied that there is no material uncertainty relating to going concern.

Through our assessment we have identified that we expect in 2020/21:

Reductions in revenue relating to:-

1. Trade Waste – where we have assumed between a reduction of 25% for the first 6 months of the year
2. Commercial Income – 12% fall relating to lost rent on commercial investments and lost revenue from the Council's wholly owned housing company on the assumption that the housing market will remain static for the first 6 months of the year
3. Planning fees – we have assumed a 20% loss for the first 6 months of the year
4. Business rates – where we have assumed losing £1 million for the year

Additional costs relating to Covid-19 assumed at £300,000 based on the expectations of the Council's Service leads and additional Waste expenditure due to falling recycling prices.

If the lockdown arrangements are to extend beyond the 6 months window into 2020 that we have set out above, we have not assumed any additional central government grants within in our assumptions and we have yet to make any assessment of further additional costs due to the uncertainty. Therefore, we would expect our 2020/21 outturn to show a revised surplus/deficit – taking into account all the above factors of £1.2 million. This would be funded from the General Fund balance – which would then have a predicted balance of £20.3 million at 31 March 2021.

We then expect that the Fair Funding Review for 2021/22 to be delayed, so we are assuming a flat rate of Government settlement for 2021/22. However, to be prudent we have left our assumption for 2021/22 in line with our previous MTFS planning, which would show a deficit in 2021/22 on the provision of services of £3.2 million. As a result we were planning to draw on reserves to that extent in that year. As a result, our GF balance at 31 March 2022 is expected to be £17.1 million, on a worst case scenario.

This still remains above our minimum level of GF balances as set by our CFO of £2.5 million.

### 4. Accounting Standards that have been issued but have not yet been adopted

The standards which have been introduced by the 2018/19 Code and will be effective from 1 April 2018 are as follows:

- IFRS 9 Financial Instruments introduces a new model for financial assets including new classifications and a new expected credit loss impairment model. It will impact on the classifications used in the Financial Assets disclosure, but due to the high credit quality adopted by the Council for its investment counterparties it is not expected to result in any material impairment charges.
- IFRS 15 Revenue from Contracts with Customers brings in new rules for the timing of the recognition of income from contracts with service recipients. This is not expected to have a material impact on the Council's financial statements.
- Amendments to IAS 7 Statements of Cash Flows: Disclosure Initiative provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This will not have a material impact on the Council's financial statements.
- The amendments to IAS 12 Income Taxes (Recognition of Deferred Tax Assets for Unrealised Losses) clarify how to account for deferred tax assets related to debt instruments measured at fair value. This will not have an impact on the Council's financial statements as the Council does not produce group accounts which incorporate companies with relevant debt instruments.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 5. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 3, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events, this includes a degree of uncertainty about the levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision or through changes to arrangements for service provision.

### 6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

#### Pension Liability:

The main item in the Council's balance sheet as at 31 March 2018 for which there is a significant risk of material adjustment is the estimation of the pension liability by a consulting Actuary engaged by the pension fund administrator, Cambridgeshire County Council.

a large effect on the liability and the Actuary has provided the following sensitivity analysis:

<i>Change in assumption</i>	2016-17 Inc. in Liability (£m)	2017-18 Inc. in Liability (£m)
<i>0.5% decrease in real discount rate</i>	14.9	15.65
<i>0.5% increase in salary increase rate</i>	2.15	2.14
<i>0.5% increase in pension increase rate</i>	12.55	13.32

#### Property, Plant and Equipment:

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council did not sustain its current spending on repairs and maintenance the useful lives currently assigned to assets may be reduced.



## NOTES TO THE CORE FINANCIAL STATEMENTS

If the useful life of assets is reduced, depreciation increased and the carrying value of the asset will decrease. The largest category of assets is Council dwellings and it is estimated that the annual depreciation charge for these would increase by approximately £600k+ for every year that useful lives had to be reduced.

### Business Rates:

Following the introduction of the business rates retention scheme which came into effect from 1 April 2013 the Authority, acting as agent on behalf of the major preceptors, central government and itself is required to make provision for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, this includes amounts relating to non-domestic rates charged to businesses in 2017-18 and earlier financial years. The Council has estimated an amount, included in the collection fund which is considered to reflect the present obligation. NHS Trusts in the District have indicated their intention to lodge an application for mandatory business relief if successful this will impact the business rate income received by the Council, the associated risk has been recognised as a contingent liability.

### Fair Value Measurements:

When the fair value of assets and liabilities cannot be measured based on quoted prices in an active market (Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observation data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities.

Where Level 1 input is not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

The most significant assets that the Authority has measured at fair value in the Balance Sheet where Level 1 inputs are not available are Investment Properties (Group Accounts) and Surplus Property, Plant and Equipment. Significant changes in any of the unobservable inputs in these valuations would result in significantly higher/lower fair value measurements.

Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities can be found in Notes 12, 28 and 40.

## **7. Material or Exceptional Items of Income and Expenditure**

There are no material items in the comprehensive income and expenditure statement in 2017-18 outside the normal course of business. There are no exceptional items in the comprehensive income and expenditure statement in 2017-18.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 8 Expenditure and Income Analysed by Nature

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

2016/17 TOTAL (Surplus)/ Deficit £'000	Subjective Analysis	2017/18 General Fund, HRA & Earmarked £'000	2017/18 Charges to Non-GF Reserves £'000	2017/18 TOTAL (Surplus)/ Deficit £'000
	<b>Expenditure</b>			
16,432	* Employee Expenses (including Benefits)	20,869	2,782	23,651
39,215	* Other Service Expenses	60,934	(12,210)	48,724
(781)	* Support Service Recharges	0	0	0
23,380	* Depreciation, Amortisation and Impairment	(1,708)	2,816	1,108
7,193	Interest Payments	7,193	0	7,193
4,967	Precepts and Levies	5,434	0	5,434
1,862	Pension interest costs and expected return on investments	1,510	0	1,510
480	Payment to Housing Capital Receipts Pool	0	492	492
<b>92,748</b>	<b>Total Expenditure</b>	<b>94,232</b>	<b>(6,120)</b>	<b>88,112</b>
	<b>Income</b>			
(33,060)	* Fees, Charges and Other Service Income	(41,797)	0	(41,797)
(27,582)	* Government Grants/Contributions (Services) {Note 8a}	(33,269)	(39)	(33,308)
(2,470)	Gain on the disposal of assets	1,125	(3,021)	(1,896)
0	Gain on the disposal of assets (Financing)	0	0	0
(10,590)	Government Grants/Contributions (Central) {Note 8a}	(5,964)	(236)	(6,200)
(1,128)	Interest and Investment Income	(1,452)	0	(1,452)
(12,767)	Income From Council Tax	(12,804)	(504)	(13,308)
(5,353)	Business Rates Income and Expenditure	(5,943)	(726)	(6,669)
<b>(92,950)</b>	<b>Total Income</b>	<b>(100,104)</b>	<b>(4,526)</b>	<b>(104,630)</b>
<b>(202)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(5,872)</b>	<b>(10,646)</b>	<b>(16,518)</b>

### 8a Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement

2016/17 £'000		2017/18 £'000
	<b>Credited To Services</b>	
	Department of Work and Pensions	
(27,057)	Housing Benefit Administration, Discretionary and Fraud	(26,708)
	Cabinet Office	
(26)	Electoral registration	(24)
	Department for Environment, Food and Rural Affairs	
0	Section 31 grant	0
	Department of Communities and Local Government	
(223)	NNDR cost of collection allowance	(230)
(51)	Council tax / Business rates	(60)
0	Improvement grant (included in "capital grants" below)	0
(283)	Other Government grants	(1,191)
	Homes and Communities Agency	
0	Growth Agenda / New Communities (included in "capital grants" below)	0
	Private Sector	
(16)	s106 contributions	(16)
0	Other (included in "capital grants" below)	0
(0)	Contributions from other Local Authorities	0
(27,655)		(28,229)
	<b>Credited To Taxation and Non-Specific Grant Income</b>	
	Department of Communities and Local Government	
(926)	Revenue Support Grant	(230)
(5,265)	New Homes Bonus	(3,932)
(3,775)	Other non-ringfenced government grants	(351)
0	BR Additional Growth	(1,451)
(616)	Capital grants and contributions	(236)
(10,582)		(6,200)
<b>(38,237)</b>	<b>Total</b>	<b>(34,429)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 9 Transfers (to)/from Earmarked Reserves & Total General Fund & HRA Balances

This note sets out the amount set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2016-17 and 2017-18 together with the aggregate Balances for the General Fund including HRA.

Balance at 01 Apr 16 £'000	Appropriations to Reserve £'000	Appropriations from Reserve £'000	Balance at 31 Mar 17 £'000		Appropriations to Reserve £'000	Appropriations from Reserve £'000	Balance at 31 Mar 18 £'000
(35)	0	0	(35)	<b>GF Capital Earmarked:</b>			
(33)	0	3	(30)	Preservation of Historic Buildings	0	29	(6)
(5)	0	0	(5)	Community Development	0	30	0
(541)	(394)	17	(918)	Sports Development	0	0	(5)
0	(10)	0	(10)	Environmental Services	(264)	17	(1,165)
(100)	0	0	(100)	Webbs Sluice (new)	0	0	(10)
				Other	0	52	(48)
(1)	0	0	(1)	<b>GF Revenue Earmarked:</b>			
0	(158)	158	0	Conservation	0	0	(1)
(24)	(8)	0	(32)	Building Control	0	0	0
(974)	(50)	49	(975)	Health & Environmental Services	(5)	0	(37)
(12)	0	11	(1)	Planning	(1,087)	37	(2,025)
0	0	0	0	Community Safety & Grants	0	0	(1)
(500)	0	0	(500)	Sports	0	0	0
(4,502)	(3,135)	0	(7,637)	Travellers	0	0	(500)
(2,181)	(3,562)	0	(5,743)	Infrastructure	0	0	(7,637)
(1,049)	(911)	1,257	(703)	Growth & Renewables	(3,152)	1,785	(7,110)
(962)	(197)	75	(1,084)	Add. Pensions	(1,436)	66	(2,073)
0	0	0	0	Other	(547)	1,432	(199)
0	0	0	0	Housing GF- Homelessness	(194)	28	(166)
0	0	0	0	Renewable Energy	(981)	0	(981)
0	0	0	0	EZ/NDD Growth	(561)	152	(409)
(1,000)	0	0	(1,000)	<b>Housing Revenue Account Earmarked</b>			
(8,500)	0	0	(8,500)	Self-insurance	0	0	(1,000)
				Investment Repayment	0	0	(8,500)
<b>(20,419)</b>	<b>(8,425)</b>	<b>1,570</b>	<b>(27,274)</b>	<b>Total Earmarked Reserves</b>	<b>(8,227)</b>	<b>3,628</b>	<b>(31,873)</b>
(714)	(404)	20	(1,098)	<b>Capital (GF)</b>	(264)	128	(1,234)
(10,205)	(8,021)	1,550	(16,676)	<b>Revenue (GF)</b>	(7,963)	3,500	(21,139)
(9,500)	0	0	(9,500)	<b>Revenue (HRA)</b>	0	0	(9,500)
<b>(20,419)</b>	<b>(8,425)</b>	<b>1,570</b>	<b>(27,274)</b>	<b>Total Earmarked Reserves</b>	<b>(8,227)</b>	<b>3,628</b>	<b>(31,873)</b>
(10,587)	0	602	(9,985)	<b>General Fund Core</b>			(10,155)
(8,073)	(919)	0	(8,992)	<b>Housing Revenue Account Core</b>			(10,095)
<b>(39,079)</b>	<b>(9,344)</b>	<b>2,172</b>	<b>(46,251)</b>	<b>Total General Fund &amp; HRA</b>			<b>(52,123)</b>

#### Earmarked reserves with material balances or movements (over £1m):

Environmental Services- Balances for future use on replacement vehicles for environmental services.

Planning- Balances for use on general planning matters plus the shared service arrangements with partner organisations starting in 2018/19.

Infrastructure- Balances for future use on A14 improvements scheme.

Growth & Renewables- Balances for future use on business improvements and in '17/18 £1.2m used on the Greater Cambridge City Deal works.

Add. Pensions- Balances for future use off-setting the pensions deficit and pension elements of exit packages.

Renewable Energy- Balances for future use on renewable energy schemes.

HRA Self-insurance- Balances for future use on unforeseen, one-off, eventualities within the HRA.

HRA Investment Repayment- Balances for future use in long term borrowing under HRA self-financing arrangements.

### 10 Capital Reserves Outturn and Adjustments between Accounting Basis and Funding Basis under Regulation

#### a The Capital Purposes Outturn for the Prior Year is as follows:

	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	
2016/17	<u>Capital Receipts Reserve</u>	<u>Capital Grants Unapplied Reserve</u>	<u>Revaluation Reserve</u>	<u>Capital Adjustments Account</u>	<u>Deferred Capital Receipts Reserve</u>	<u>TOTAL CAPITAL PURPOSES</u>	HRA	GF
Internal Contributions including those from the General Fund Balance	3,734	571	0	(16,363)	0	(12,058)	(12,241)	183
Government Grants Received	0	(624)	0	(738)	0	(1,362)	(625)	(737)
(Profit)/Loss Upon Asset Sale	(6,946)	0	941	3,535	0	(2,470)	(2,005)	(465)
Housing Pooling Payments	480	0	0	0	0	480		480
Depreciation	0	0	3,603	12,447	0	16,050	14,848	1,202
Impairment	0	0	0	7,322	0	7,322	6,771	551
<b>Total Adjustments between Accounting Basis and Funding Basis (Capital Items)</b>	(2,732)	(53)	4,544	6,204	0	7,962	6,748	1,214
Revaluation - Other Income & Expend	0	0	17,051	0	0	17,051	18,149	(1,098)
<b>TOTAL CAPITAL RESERVES OUTTURN</b>	<b>(2,732)</b>	<b>(53)</b>	<b>21,595</b>	<b>6,204</b>	<b>0</b>	<b>25,013</b>	<b>24,897</b>	<b>116</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

**b The Adjustments between Accounting Basis and Funding Basis Under Regulation are as follows:**

<b>2016/17</b>	<b>HRA £'000</b>	<b>GF £'000</b>	<b>TOTAL £'000</b>
Total Capital Items (from Section A above)	6,748	1,214	7,962
Pension Scheme Net Cost less Employers Contributions	315	1,295	1,610
Collection Fund Adjustment Account Items:			
Council Tax		(21)	(21)
Business Rates		(2,597)	(2,597)
Other Items	(97)	132	35
<b>TOTAL Adjustments between Accounting Basis &amp; Funding Basis</b>	<b>6,966</b>	<b>23</b>	<b>6,989</b>

**c The Capital Purposes Outturn for the Year is as follows:**

<b>2017/18</b>	<b>2017/18 £'000</b>	<b>2017/18 £'000</b>	<b>2017/18 £'000</b>	<b>2017/18 £'000</b>	<b>2017/18 £'000</b>	<b>2017/18 £'000</b>	<b>2017/18 £'000</b>	
	<u>Capital Receipts Reserve</u>	<u>Capital Grants Unapplied</u>	<u>Revaluation Reserve</u>	<u>Capital Adjustments</u>	<u>Deferred Capital Receipts Reserve</u>	<u>TOTAL CAPITAL PURPOSES</u>	<b>HRA</b>	<b>GF</b>
Internal Contributions including those from the General Fund Balance	7,008	N/A	N/A	(19,218)	N/A	(12,210)	(12,381)	171
Government Grants Received	N/A	(29)	N/A	(246)	N/A	(275)	(522)	247
Sale of non-current assets	(5,869)	N/A	731	2,117	0	(3,021)	(1,391)	(1,630)
Housing Pooling Payments	492	N/A	N/A	N/A	N/A	492	-	492
Depreciation	N/A	N/A	1,658	6,022	N/A	7,680	6,260	1,420
Impairment	N/A	N/A	N/A	(4,916)	N/A	(4,916)	(5,316)	400
Other	N/A	N/A	N/A	51	N/A	51	0	51
<b>Total Adjustments between Accounting Basis and Funding Basis (Capital Items)</b>	<b>1,631</b>	<b>(29)</b>	<b>2,389</b>	<b>(16,190)</b>	<b>0</b>	<b>(12,199)</b>	<b>(13,350)</b>	<b>1,151</b>
Revaluation - Other Income & Expenditure	N/A	N/A	(23,662)	N/A	N/A	(23,662)	(22,284)	(1,378)
<b>TOTAL CAPITAL RESERVES OUTTURN</b>	<b>1,631</b>	<b>(29)</b>	<b>(21,273)</b>	<b>(16,190)</b>	<b>0</b>	<b>(35,861)</b>	<b>(35,634)</b>	<b>(227)</b>

**d The Adjustments between Accounting Basis and Funding Basis Under Regulation are as follows:**

<b>2017/18</b>	<b>HRA £'000</b>	<b>GF £'000</b>	<b>TOTAL £'000</b>
Total Capital Items (from Section C above)	(13,350)	1,151	(12,199)
Pension Scheme Net Cost less Employers Contributions	672	2,110	2,782
Collection Fund Adjustment Account Items:			
Council Tax	0	(504)	(504)
Business Rates	0	(726)	(726)
Other Items	0	3	3
<b>TOTAL Adjustments between Accounting Basis &amp; Funding Basis</b>	<b>(12,678)</b>	<b>2,034</b>	<b>(10,644)</b>

The Internal Transfers & Contributions shown within the Capital Adjustment Account are made up of the following:

<b>2016/17 £'000</b>		<b>2017/18 £'000</b>
	<b>Capital expenditure financed from;</b>	
(3,751)	Capital receipts and contributions	(7,008)
(6,514)	Revenue	(6,121)
(6,452)	Major repairs funded by HRA	(6,260)
(379)	Internal financing (Minimum Revenue Provision)	(472)
733	Write out of revenue expenditure funded from capital under statute and loans repaid	643
<b>(16,363)</b>	<b>Total</b>	<b>(19,218)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 11a Definitions of Usable Capital Reserves

Movements in the Authority's Capital Usable reserves are detailed in Note 10a and 10b above.

#### a) Capital Receipts Reserve

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

#### b) Capital Grants Unapplied

The Capital Grant Unapplied Reserve holds the grants and contributions received towards capital projects where grant conditions have been fully satisfied but where the related expenditure has yet to be incurred.

### 11b Definitions of Unusable Reserves

Movements in the Authority's Capital Unusable reserves are detailed in Note 10a and 10b above.

#### a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment from the base date of 31 March 2007. The balance is reduced when the gain is lost through a downward revaluation or impairment, when used in the provision of services and the gains are consumed through depreciation or, when the assets are disposed of.

#### b) Capital Adjustment Account

The Capital Adjustment Account (together with the Revaluation Reserve) represents the Council's ownership of its Property, Plant & Equipment Assets. The Capital Adjustment Account represents all relevant items other than those resulting from Revaluations applied beyond 31 March 2007.

#### c) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority 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 benefits earned to be financed as the Authority makes employer's contributions to pension funds or, eventually pay 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 Authority 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.

See Note 18 for further details of the Reserve Balance which equates to the Liability.

#### d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account represents the amount that the Council owes itself at the year end arising from the declared Collection Fund Surplus for the year. This amount is not permitted to be allocated to the General Fund under Statute hence its inclusion within this Reserve.

See Collection Fund Accounts for further details

#### e) Deferred Capital Receipts

Deferred capital receipts are amounts derived from the sales of assets before the Balance Sheet date that will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

#### f) Accumulated Absences Reserve

The Accumulating Compensated Absences Reserve reflects the input of excess staff time utilised at the Balance Sheet Date which will be paid in kind beyond the Balance Sheet Date in the form of excess leave or flexi time carried forward.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12 Property, Plant and Equipment

Depreciation starting in the year after acquisition is provided for on non-current assets by writing down the cost (or re-valued amount) less estimated residual value, on a straight-line basis to the appropriate revenue account over the following periods:

- Council dwellings – 13 to 54 years,
- Buildings other than dwellings – 8 to 40 years,
- Vehicles, plant and equipment – 3 to 14 years.

No depreciation is charged on Heritage assets, surplus assets held for sale or freehold land in accordance with standard accounting policies. The depreciation charged on dwelling stock is reversed out at 31 March each year when the housing stock is revalued so this charge has no impact on the fair value of the housing stock as recorded in the Balance Sheet.

#### a) Movement of Property, Plant and Equipment

2016/17	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infra- £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000
<b>Cost or valuation</b>							
At 1 April 2016	476,622	26,439	7,433	1,495	3,457	151	515,597
Adjustments	37	0	0	0	0	0	37
Inter-asset transfer	0	0	0	0	0	0	0
Additions	14,249	201	1,183	56	102	0	15,791
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(32,128)	724	0	0	0	0	(31,404)
recognised in the Surplus / Deficit on the provisions of services	(7,434)	(71)	(13)	0	0	1	(7,517)
Impairment recognised in the Surplus / Deficit on the provisions of services	0	0	0	0	0	0	0
Derecognition - Disposals	(3,087)	(9)	(6)	0	0	0	(3,102)
Derecognition - Other	0	0	0	0	0	0	0
Reclass (to)/from Held for Sale	0	0	0	0	0	0	0
Other changes in cost/val.	3,440	(48)	0	0	(3,446)	0	(54)
<b>At 31 March 2017</b>	<b>451,699</b>	<b>27,236</b>	<b>8,597</b>	<b>1,551</b>	<b>113</b>	<b>152</b>	<b>489,348</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
At 1 April 2016	0	(399)	(4,528)	(114)	0	0	(5,041)
Depreciation Charge	(14,764)	(596)	(527)	(43)	0	0	(15,930)
Depreciation written out to the Revaluation Reserve	14,096	374	0	0	0	0	14,470
Depreciation written out to the surplus / deficit on the provision of services	663	11	0	0	0	0	674
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	(13)	0	0	0	(13)
Derecognition - Other	0	0	0	0	0	0	0
Other movements in depreciation and	0	0	0	0	0	0	0
<b>At 31 March 2017</b>	<b>(5)</b>	<b>(610)</b>	<b>(5,068)</b>	<b>(157)</b>	<b>0</b>	<b>0</b>	<b>(5,840)</b>
<b>Bal. Sheet 31 March 2017</b>	<b>451,694</b>	<b>26,626</b>	<b>3,529</b>	<b>1,394</b>	<b>113</b>	<b>152</b>	<b>483,508</b>
<b>Bal. Sheet 1 April 2016</b>	<b>476,622</b>	<b>26,040</b>	<b>2,905</b>	<b>1,381</b>	<b>3,457</b>	<b>151</b>	<b>510,556</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

2017/18	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipme £'000	Infra- £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000
<b>Cost or valuation</b>							
At 1 April 2017	451,699	27,236	8,597	1,551	114	152	489,349
Adjustments	103	(123)	(1,524)	(78)	0	10	(1,613)
Inter-asset transfer	0	0	(387)	0	0	0	(387)
Additions	9,201	1,653	2,453	0	7,226	0	20,533
Revaluation increases / (decreases) recognised in the Revaluation Reserve	21,117	6	0	(0)	373	0	21,496
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	354	(742)	0	0	0	0	(388)
Other adjustments	(23)	0	0	0	0	0	(23)
Derecognition - Disposals	(2,611)	(87)	(2)	0	0	(10)	(2,710)
<b>At 31 March 2018</b>	<b>479,840</b>	<b>27,943</b>	<b>9,137</b>	<b>1,473</b>	<b>7,713</b>	<b>152</b>	<b>526,258</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
At 1 April 2017	(5)	(610)	(5,068)	(157)	0	0	(5,840)
Adjustments	5	203	1,536	78	0	0	1,822
Depreciation Charge	(6,184)	(617)	(755)	(46)	0	0	(7,602)
Depreciation written out to the Revaluation Reserve	1,167	79	0	0	0	0	1,246
Depreciation written out to the surplus / deficit on the provision of services	4,938	617	0	0	0	0	5,555
Derecognition - Disposals	0	0	0	0	0	0	0
<b>At 31 March 2018</b>	<b>(79)</b>	<b>(328)</b>	<b>(4,287)</b>	<b>(125)</b>	<b>0</b>	<b>0</b>	<b>(4,819)</b>
<b>Bal. Sheet 31 March 2018</b>	<b>479,761</b>	<b>27,615</b>	<b>4,850</b>	<b>1,348</b>	<b>7,713</b>	<b>152</b>	<b>521,439</b>
<b>Bal. Sheet 1 April 2017</b>	<b>451,694</b>	<b>26,626</b>	<b>3,529</b>	<b>1,394</b>	<b>113</b>	<b>152</b>	<b>483,508</b>

### b) Assets Held For Sale

2016/17 Total £'000		2017/18 Total £'000
	<b>Cost or valuation</b>	
<b>1,751</b>	<b>At 1 April</b>	<b>1,154</b>
1,349	Additions	155
(153)	Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,027
(466)	Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(107)
0	Depreciation	0
0	Depreciation written out to the surplus / deficit on the provision of services	0
(1,374)	Derecognition - Disposals	(138)
47	Other movements in cost or valuation	(15)
<b>1,154</b>	<b>At 31 March</b>	<b>2,076</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### c) Revaluations

It is a requirement that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. The Council carries out a programme that will ensure the valuer undertakes an annual desk top revaluation review with an in depth valuation at least every five years.

Valuations, with an effective date of 31 March 2018, on the bases set out in the statement of accounting policies have been carried out for all land

- a) Council dwellings relating to the Housing Revenue Account, by Wilks, Head & Eve LLP and
- b) Non-operational assets relating to the Housing Revenue Account, by Mr Paul Gedge, MRICS, District Valuer, East of England and
- c) Other land and buildings, by Mr Paul Gedge, MRICS, District Valuer, East of England.

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 30.

The valuation of operational property was on the basis of existing use value except for specialised operational assets which are assessed on the basis of depreciated replacement cost and non-specialised valued to fair value. Further detail the basis for valuation is set out in the statement of accounting policies.

Surplus assets are valued at fair value (at level 3 of the fair value hierarchy) as at 31 March 2018. This value represents the development potential based on a value per net developable acre taking into account planning risk.

Details on investment property valuation can be found in Note 39 (Group Accounts).

Vehicles, Plant and Equipment as short life operational assets, are held at historical cost less depreciation as a proxy for fair value.

### d) Capital Commitments

Material capital commitments as at 31 March 2018 were £2.763 million on Housing and £0.117 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

### e) Capital Enhancement and Capital Financing

The total amount of capital enhancement incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital enhancement 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.

Capital expenditure was financed as follows:

2016/17		2017/18 HRA (note31)	2017/18 GF	2017/18 Total
£'000		£'000	£'000	£'000
209,610	<b>Opening Capital Financing Requirement</b>	204,429	20,938	225,367
	<b>Enhancement</b>			
15,653	Loan to Ermine Street Ltd *	0	20,260	20,260
65	Intangible Assets	0	387	387
17,140	Non-current	16,972	3,329	20,301
733	Revenue Expenditure Funded from Capital Under Statute	0	643	643
33,591		16,972	24,619	41,591
	<b>Financing</b>			
(3,751)	Capital receipts and contributions	(4,180)	(2,828)	(7,008)
(6,514)	Revenue	(6,010)	(111)	(6,121)
(738)	Grants and Reserves	(522)	276	(246)
(6,452)	Major repairs reserve	(6,260)	0	(6,260)
(379)	MRP from Capital Adjustment Account	0	(472)	(472)
(17,834)		(16,972)	(3,135)	(20,107)
225,367	<b>Closing Capital Financing Requirement</b>	204,429	42,422	246,851
	<b>Net Increase in CFR for the year</b>		21,484	

\* The loans made to South Cambs Limited, from cash balances, are recognised as capital in year, increasing the Council's underlying need to borrow.



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 13 Investments

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

The following shows the original principal sum invested at 31 March analysed by the nature of the financial institution and by maturity, these investments are fixed time and callable deposits where the deposits are redeemed for the same value as the amount invested. The deposits are with United Kingdom banks and building societies and, therefore, no provision is made for possible loss of principal.

31 Mar 17 £'000					31 Mar 18 £'000
3,001	Local Authorities				4,001
24,924	South Cambs Limited				35,913
24,610	Clearing Banks				20,584
0	Subsidiaries of Clearing Banks				0
3,004	Banks (other)				5,019
4,869	Money Market Funds				3,427
15,563	Building Societies with assets: greater than £10 billion				8,044
	Housing Association				5,047
50	Government Securities and Equity Shares				50
76,020					82,085
(7,870)	Less: cash and cash equivalents				(7,427)
<b>68,150</b>	<b>Total</b>				<b>74,658</b>
	Short Term	Long Term	<b>Principal Investment analysed by maturity</b>	Short Term	Long Term
58,386	58,386			0	0
9,270		9,270		65,289	65,289
50		50			8,715
67,706					50
			Government Securities and Equity Shares		74,054
444	444		Accrued Interest	604	604
<b>68,150</b>	<b>58,830</b>	<b>9,320</b>	<b>Total</b>	<b>65,893</b>	<b>8,765</b>
					<b>74,658</b>

### 14 Debtors - Short Term

An analysis of debtors falling due within one year is shown below:

31 Mar 17 Core Business £'000	31 Mar 17 Collection Fund £'000	31 Mar 17 TOTAL £'000		31 Mar 18 Core Business £'000	31 Mar 18 Collection Fund £'000	31 Mar 18 TOTAL £'000
4,943		4,943	Central Government Bodies	6,320	0	6,320
283		283	Local Authorities	1,911	0	1,911
55		55	NHS	129	0	129
0		0	Public Corporations	0	0	0
4,463	336	4,799	Other Entities and Individuals	6,222	469	6,691
769		769	Payments in Advance	0	0	0
10,513	336	10,849		14,582	469	15,051
(272)	(37)	(309)	Less: Provision for Bad Debts / Impairment	0	(41)	(41)
(44)	(80)	(124)	Council Tax- District Council share	0	(80)	(80)
(366)		(366)	Business Rates- District Council share	(418)	0	(418)
(1,967)		(1,967)	Housing Rents	(1,962)	0	(1,962)
(2,649)	(117)	(2,766)	Sundry Debtors	(2,380)	(121)	(2,501)
<b>7,864</b>	<b>219</b>	<b>8,083</b>	<b>Total</b>	<b>12,202</b>	<b>348</b>	<b>12,550</b>

The credit risk associated with accounts payable to the Council is reflected in the provisions made in the accounts for doubtful debts.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 15 Creditors - Short Term

An analysis of creditors falling due within one year is shown below:

31 Mar 17 Core Business £'000	31 Mar 17 Collection Fund £'000	31 Mar 17 TOTAL £'000		31 Mar 18 Core Business £'000	31 Mar 18 Collection Fund £'000	31 Mar 18 TOTAL £'000
(3,174)	(5,916)	(9,090)	Central Government Bodies	(4,445)	(8,220)	(12,666)
(2,642)	(118)	(2,760)	Other Local Authorities	(642)	(2,597)	(3,239)
0	0	0	NHS Bodies	0	0	0
0	0	0	Public Corporations and Trading Funds	0	0	0
(12,015)	0	(12,015)	Other Entities and Individuals (including Developer Contributions, see next table)	(15,111)	0	(15,111)
580	(1,149)	(569)	Receipts in Advance	0	(801)	(801)
<b>(17,251)</b>	<b>(7,183)</b>	<b>(24,434)</b>	<b>Total</b>	<b>(20,198)</b>	<b>(11,619)</b>	<b>(31,817)</b>

Developer Contributions:

Developers' contributions are monies received from developers under section 106 of the Town and Country Planning Act 1990 which contribute to the infrastructure costs for drainage and to community arts and development and are detailed below:

Balance at 31 Mar 17 £'000		Net Movement in year £'000	Balance at 31 Mar 18 £'000
	<b>Capital</b>		
(240)	Commuted sums	158	(82)
(219)	Partnership works on awarded watercourses	(16)	(235)
(27)	Drainage	27	0
(259)	Community Transport Initiative	0	(259)
(3,921)	Affordable Housing s106	(392)	(4,313)
(4,666)		(223)	(4,889)
	<b>Revenue</b>		
(54)	Sustainability s106 Orchard park	0	(54)
(50)	Public art s106 Orchard Park	0	(50)
(11)	Community development s106	(1)	(12)
(116)	Electoral arrangements	0	(116)
(116)	Waste Management	0	(116)
(347)		(1)	(348)
<b>(5,013)</b>	<b>Total</b>	<b>(224)</b>	<b>(5,237)</b>

### 16 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 Mar 17 £'000		31 Mar 18 £'000
	<b>Current Assets</b>	
0	Cash held by the Authority	0
0	Bank Current Accounts	0
7,872	Money Market funds (cash)	7,426
7,872		7,426
	<b>Current Liabilities</b>	
(1,578)	Bank overdrafts	(965)
<b>6,294</b>	<b>Total</b>	<b>6,461</b>

Payments for financing activities include annual interest of £7.193m (£7.193m 2016/17) relating to long term borrowing by the Housing Revenue Account, further details are provided in Note 17a.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 17 Long Term Liabilities

#### a Long Term Borrowing for HRA Financing

Housing Revenue Account self-financing has given the Council an obligation to pay the Government a lump sum to 'buy out' of a negative housing subsidy position, in 2012 the Council obtained 41 individual loans with maturity dates between 2037 and 2057 from the Public Works Loan Board (PWLB) to finance the one-off payment. The loans have been included in the Balance Sheet at amortised cost, administration charges where incurred are charged directly to the Housing Revenue Income and Expenditure Account. An analysis of the PWLB long term liability is provided below:

Financial Instrument- PWLB loan	31 Mar 16 £'000	31 Mar 17 £'000	31 Mar 18 £'000
Repayable within 25 years	(45,000)	(55,000)	(65,000)
Repayable within 30 years	(50,000)	(50,000)	(50,000)
Repayable within 35 years	(50,000)	(50,000)	(50,000)
Repayable within 40 years	(50,000)	(50,123)	(40,123)
Repayable within 45 years	(10,123)	0	0
	<b>(205,123)</b>	<b>(205,123)</b>	<b>(205,123)</b>

#### b Liability related to the Defined Pension Scheme

2016/17 LGPS £'000	Pension Scheme Assets	2017/18 LGPS £'000
84,833	Opening fair value of scheme assets at 1 April	100,715
2,944	(I) Interest income	2,625
	(A) Remeasurement gain/(loss):	
13,232	Return on plan assets, exc. net interest expense	(400)
3,140	(C) Contributions from employer	3,808
732	Contributions from employees into the scheme	842
(4,166)	(C) Benefits paid	(4,028)
0	Contributions in respect of unfunded benefits	0
<b>100,715</b>	<b>Closing fair value of scheme assets at 31 March</b>	<b>103,562</b>
2016/17 Funded liab. £'000	Pension Scheme Liabilities	2017/18 Funded liab. £'000
(137,675)	Opening Balance at 1 April	(158,211)
(4,806)	(I) Interest cost	(4,135)
	(A) Remeasurement (gains) and losses:	
1,350	Actuarial gains/losses on changes in demographic assumptions	0
(21,691)	Actuarial gains/losses on changes in financial assumptions	3,002
1,350	Actuarial gains/losses on changes in demographic assumptions	0
4,065	Other	(3)
(2,928)	(C) Current service costs	(5,169)
(82)	(C) Past service costs	(29)
(732)	Contributions from scheme participants	(842)
4,288	(C) Benefits paid	4,146
<b>(158,211)</b>	<b>Closing Balance at 31 March</b>	<b>(161,241)</b>
<b>(57,496)</b>	<b>Net Liability Closing Balance</b>	<b>(57,679)</b>
2016/17 Movement £'000	Net Movement in Year	2017/18 Movement £'000
1,862	(I) Expenditure	1,510
3,044	(A) Actuarial Gains / Losses to Other Income & Expenditure	(2,599)
(252)	(C) Other Items to Net Cost of Services	1,272
<b>4,654</b>	<b>TOTAL MOVEMENT IN YEAR</b>	<b>183</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 18 Defined Benefit Pension Scheme

The Council participates in the national Local Government Pension Scheme which is a funded defined benefit (final salary) scheme and which also provide historic unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council. With the funded scheme, the Council (the employer) and employees both pay contributions into the pension fund with the employer's contribution calculated every three years at a level intended to balance the scheme assets and liabilities over a twenty year period.

#### Local Government Pension Scheme assets comprised

2016/17 Quoted active market £'000	2016/17 Quoted non- active market £'000	2016/17 Total £'000		2017/18 Quoted active market £'000	2017/18 Quoted non-active market £'000	2017/18 Total £'000
2,877.2	0.0	2,877.2	Cash and cash equivalents #1	3,334.2	0.0	3,334.2
			<i>Equity instrument: by industry type #1+#2</i>			
2,703.1	0.0	2,703.1	Consumer	2,875.8	0.0	2,875.8
1,751.5	0.0	1,751.5	Manufacturing	1,859.6	0.0	1,859.6
2,324.9	0.0	2,324.9	Energy and Utilities	2,228.9	0.0	2,228.9
4,081.5	0.0	4,081.5	Financial Institutions	4,463.1	0.0	4,463.1
1,069.2	0.0	1,069.2	Health and Care	1,098.6	0.0	1,098.6
444.7	0.0	444.7	Information Technology	488.8	0.0	488.8
12,374.9	0.0	12,374.9	Sub-total equity	13,014.8	0.0	13,014.8
			<i>Debt Securities: by sector</i>			
0.0	0.0	0.0	Corporate Bonds (inv. grade)	0.0	0.0	0.0
0.0	2,714.0	2,714.0	UK Government	0.0	2,610.8	2,610.8
0.0	0.0	0.0	Other	0.0	0.0	0.0
0.0	2,714.0	2,714.0	Sub-total bonds	0.0	2,610.8	2,610.8
			<i>Property: by type</i>			
0.0	0.0	0.0	UK Property	0.0	0.0	0.0
0.0	0.0	0.0	Overseas Property	0.0	0.0	0.0
0.0	0.0	0.0	Sub-total property	0.0	0.0	0.0
			<i>Private Equity:</i>			
0.0	8,761.5	8,761.5	All (UK & Overseas) #3	0.0	9,606.0	9,606.0
0.0	0.0	0.0	Adjustment	0.0	0.0	0.0
0.0	8,761.5	8,761.5	Sub-total private equity	0.0	9,606.0	9,606.0
			<i>Investment Funds and Unit Trusts #3</i>			
0.0	56,669.7	56,669.7	Equities	0.0	57,352.9	57,352.9
0.0	10,624.4	10,624.4	Bonds	0.0	10,408.1	10,408.1
0.0	0.0	0.0	Commodities	0.0	0.0	0.0
0.0	0.0	0.0	Infrastructure	0.0	0.0	0.0
0.0	6,693.3	6,693.3	Other	0.0	7,235.2	7,235.2
0.0	0.0	0.0	Adjustment	0.0	0.0	0.0
0.0	73,987.4	73,987.4	Sub-total other investment funds	0.0	74,996.2	74,996.2
			<i>Derivatives:</i>			
0.0	0.0	0.0	Foreign exchange	0.0	0.0	0.0
0.0	0.0	0.0	Sub-total derivatives	0.0	0.0	0.0
<b>15,252.1</b>	<b>85,462.9</b>	<b>100,715.0</b>	<b>Total Assets</b>	<b>16,349.0</b>	<b>87,213.0</b>	<b>103,562.0</b>

#1 All scheme assets have quoted prices in active markets

#2 The risk relating to assets in the scheme are also analysed percentage of total assets below:

#3 Quoted prices not in active markets

2016/17		2017/18
	<b>Fair value of scheme assets:</b>	
	Equity Instruments:	
12%	Equity Securities	13%
9%	Private equity	9%
3%	Debt Securities	3%
73%	Investment funds and Unit Trusts	72%
<b>97%</b>	<b>Sub total</b>	<b>97%</b>
3%	Cash and cash equivalents	3%
<b>100%</b>	<b>Total</b>	<b>100%</b>

#### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels etc.

Both the Local Government pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full (triennial) valuation of the scheme as at 31 March 2016.

## NOTES TO THE CORE FINANCIAL STATEMENTS

The significant assumptions used by the actuary have been:

31 Mar 17		31 Mar 18
	<b>Mortality Assumptions</b>	
	Longevity at 65 for current pensioners	
22.4	• Men	22.4
24.4	• Women	24.4
	Longevity at 65 for future pensioners	
24.0	• Men	24.0
26.3	• Women	26.3
2.7%	Rate of increase in salaries	2.7%
2.4%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.7%

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 assumption in longevity, for example, assume that life expectancy increases (or decreases) for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

### Impact on the Defined Benefit Obligation in the Scheme.

	2017/18 Monetary £'000	2017/18 Employer %
Rate for discounting scheme liabilities (decrease by 0.5%)	15,652	10%
Rate of increase in salaries (increase by 0.5%)	2,142	1%
Rate of increase in pensions (increase by 0.5%)	13,322	8%

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The last triennial valuation was completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public pensions Services Act 2013. Under the Act, the local Government pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). 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.

The estimated contributions by the employer in 2018-19 are £3,773,000.

## 19 Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts, which have been netted off debtors as shown in the Balance Sheet and Note 14, and a provision for Accumulated Compensated Absences of £0.257m

New arrangements for the retention of business rates came into effect on 1 April 2013, at which time the Council assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which will include amounts that were paid over to central Government in respect of 2012-13 and prior years. A provision for these liabilities of £2.841m has been recognised in the 2017-18 accounts, and the in-year movement is shown in Note 28.



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 20 Contingent Assets and Liabilities

The Council has a potential liability of £93,791 in respect of the Non-Recyclable Material adjustment (NRMA) due to Amey CESPA.

### 21 Members' Allowances

The total of Members' allowances paid in the year was £394,401 (£387,209 in 2016-17). Further information is available upon request from the Democratic Services Manager, South Cambridgeshire District Council, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA.

### 22 Officers' Remuneration

The number of employees, excluding Senior Officers shown below, whose remuneration was £50,000 or more were:

2016/17 No. of employees	Remuneration Band		2017/18 No. of employees
4	£50,000	- £54,999	12
0	£55,000	- £59,999	1
1	£60,000	- £64,999	1
3	£65,000	- £69,999	1
	£70,000	- £74,999	1
<b>8</b>	<b>Total</b>		<b>16</b>

Remuneration for these purposes includes all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits other than in cash. As remuneration includes redundancy and compensation for loss of office, the number of employees in each salary band can vary from year to year. Pension contributions payable by either the employee or employer are excluded.

#### Exit Package:

Exit packages are those that have been agreed by the Authority, i.e. those packages for which the Authority is demonstrably committed and, have been paid in 2017-18 or are committed to be paid within 12 months. The costs included are those termination benefits defined and measured in accordance with the Code of Practice and include all relevant redundancy costs, pension contributions in respect of early retirement, ex gratia payments and other departure costs.

2016/17			Cost Band	2017/18		
Total number of compulsory redundancies	Total number of other departures	Total cost £'000 of exit packages		Total number of compulsory redundancies	Total number of other departures	Total cost £'000 of exit packages
3	1	56	0 - 20000	2	0	18
1	0	38	20001 - 40000	0	0	0
1	0	59	40001 - 60000	0	0	0
<b>5</b>	<b>1</b>	<b>153</b>	<b>Total</b>	<b>2</b>	<b>0</b>	<b>18</b>

#### Senior Officer Remuneration:

In 2017-18 Senior Officers whose salaries are less than £150,000 but equal to or more than £50,000 per year were:

2016/17	Actual Salary Paid £	Returning Officer Fees £	Election Fees £	Compensation for Loss of Office £	Total remun. Excluding Pension Contributions £	Employers Pension Contributions £	Total remun. Including Pensions Contributions £
Post							
Chief Executive	73,317	19,904	0	0	93,221	13,585	106,806
Interim Chief Executive (till Oct'16)	49,429	0	0	0	49,429	8,650	58,079
Executive Dir. (Corporate Services)	61,093	0	748	0	61,841	10,691	72,532
Director of Health/Environment Services	84,451	0	688	0	85,139	14,779	99,918
Director of Housing	84,451	0	0	0	84,451	6,158	90,609
Dir. of New Comm. & Plan. (till Jul'16)	25,463	0	0	59,281	84,744	3,973	88,717
Jnt Dir.of Plan.&Eco.Dev.(from Jun'16)	81,225	0	0	0	81,225	14,214	95,439
<b>Total</b>	<b>459,429</b>	<b>19,904</b>	<b>1,436</b>	<b>59,281</b>	<b>540,050</b>	<b>72,050</b>	<b>612,100</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

2017/18							
Post	Actual Salary Paid £	Returning Officer Fees £	Election Fees £	Compen- sation for Loss of Office £	Total remun. Excluding Pension Contributions £	Employers Pension Contributions £	Total remun. Including Pensions Contributions £
Chief Executive (from 1st July 2017)	91,566	0	0	0	91,566	15,566	107,132
Interim Chief Executive (until 30th June 2017)	29,954	20,278	0	0	50,231	6,806	57,037
Executive Dir. (Corporate Services)	82,097	0	0	0	82,097	13,957	96,054
Director of Health & Env. Services	85,296	0	698	0	85,994	14,500	100,494
Director of Housing	85,296	0	0	0	85,296	1,208	86,504
Dir.of Plan.&Eco.Dev.(from Jun'16)	105,101	0	0	0	105,101	17,867	122,968
<b>Total</b>	<b>479,310</b>	<b>20,278</b>	<b>698</b>	<b>0</b>	<b>500,285</b>	<b>69,904</b>	<b>570,189</b>

There were no benefits in kind for senior officers in either year.

### 23 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims and returns:

2016/17 £'000		2017/18 £'000
	<b>2017/18</b>	
57	Audit Fee (including group accounts audit cost)	57
14	Certification of grant claims and returns	11
	Additional Audit Fee	80
	Housing Pooling Capital Receipts	4
		<b>152</b>
	<b>2016/17</b>	
	Additional Audit Fee	34
	Housing Pooling Capital Receipts	4
<b>71</b>	<b>Total</b>	<b>189</b>

### 24 Events After the Balance Sheet Date (Post Balance Sheet Events (PBSE))

The un-audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 31st May 2018 and the audited accounts were authorised for issue by the Executive Director on 27th July 2018. The date up to which events after the balance sheet have been considered is the date the audit was completed which was March 2020.

Two legal rulings were made that will affect the future pension costs to the Council. The Pensions Transition Arrangements Age Discrimination (ruling) regarding age discrimination arising from the public sector scheme transitional arrangements and the Guaranteed Minimum Pension (GMP ruling) where a pension scheme is 'contracted out' of additional state pension arrangements. The estimated change to 'Past Service Costs' pension liabilities are an increase of £542,000. No adjustment has been made within the accounts given that the ruling occurred after the balance sheet date. These eventualities will be accounted for in future periods.

On 23rd March 2020, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were 'furloughed' on 80% of their existing salary paid by central government. The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy. As the condition did not exist at the 31 March 2018, this is therefore a non-adjusting event for which a limited estimate of its financial effect on the reporting entity can be made as at 31 March 2018, particularly with regards to financial impact for 2019/20 and future years and asset impairments, provision for impairment on receivables and pension valuations as at the balance sheet date.

### 25 Related Party Transactions

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 the reader 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.

Central Government is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties, for example Collection Fund surplus or deficit. Details of transactions with government departments and Precepting authorities are set out in the Collection Fund Statement.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2017-18 is shown in Note 21.

The Council has two subsidiary companies wholly owned by the Council, South Cambs Limited (trading as Ermine Street Housing) and Shire Homes Lettings Limited. Transactions between these companies and the Council are accounted within the Council's group accounts. Both Alex Colyer and Stephen Hills (senior officers at SCDC) were directors (unpaid) of Ermine Street Housing in 2017/18. Please see Note 41 to the Group Accounts regarding loans and investments.

In 2017-18, there were no reported material related party transactions that are not disclosed elsewhere in the accounts. Members and Senior Officers are required to ensure up-to-date disclosures with respect to related parties, through registers of interests.

Cllr John Batchelor is a Director of South Cambs Ltd.

Cllr Nigel Cathcart is a Director of the Farmland Museum which received a £8,500 SCDC grant in 2017/18.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 26 Leases

There were no finance lease agreements during 2017/18

The Council has no operating leases. Payments of £599,462 in respect of vehicle contract hire were made in 2017-18 (£676,163 in 2016-17).

The future minimum contract hire payments due under non-cancellable agreements in future years are:

31 Mar 17 £'000		31 Mar 18 £'000
40	Not later than one year	9
0	Later than one year and not later than five years	0
0	Later than 5 years	0
40	<b>Total</b>	<b>9</b>

### 27 Impairment Losses

There were no overall impairment losses in the year 2017/18

### 28 Disclosure of Nature and Extent of Risk Arising from Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Council has the following financial instruments:

- financial liabilities: trade payables and long term borrowing
- financial assets: loans and receivables comprising bank deposits, trade receivables, investments, shares and long term mortgages

The Council has given interest free loans, repayable on the sale/transfer of charged properties, which have not been classified as financial instruments. These loans are included in the balance sheet as long term debtors', the outstanding amount was £329k as at 31 March 2018 (£329k in 2016-17). No such loans have been made since 2012-13.

#### Categories of Financial Instrument

The Balance Sheet includes the following financial instruments:

Long Term 31 Mar 17 £'000	Current 31 Mar 17 £'000		Long Term 31 Mar 18 £'000	Current 31 Mar 18 £'000
9,320	58,828	<b>Investments</b>		
		Loans, shares and receivables	8,765	65,893
970	2,726	<b>Debtors</b>		
0	7,872	Loans and receivables	970	9,619
		Cash and Cash Equivalents	0	7,426
(205,123)	0	<b>Borrowing</b>		
		Financial liabilities at amortised cost	(205,123)	0
0	(1,578)	<b>Creditors</b>		
0	(6,829)	Cash and Cash Equivalents	0	(965)
		Financial liabilities at amortised cost	0	(19,684)
<b>(194,833)</b>	<b>61,019</b>	<b>Total</b>	<b>(195,388)</b>	<b>62,288</b>
<b>(133,814)</b>			<b>(133,100)</b>	

#### Income, Expense, Gains and Losses

Interest Payable and Receivable is shown in the Comprehensive Income & Expenditure Account

#### Fair Value of Assets and Liabilities

Financial liabilities and assets are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions.

For trade payables, bank deposits and trade receivables, being of short duration, and for long term mortgages, being at variable rates, the carrying value in the balance sheet is considered approximate to their fair value.

For investments, which are mainly at fixed rates, fair value is deemed to be the value of the principal sum plus any accrued interest.

Estimated ranges of interest rates at 31 March 2018 of 1.61% to 1.44% (1.65% to 1.44% at 31 March 2017) for loans from the Public Works Loans Board based on premature repayment rates at that date.

Fair value is the amount determined by knowledgeable, willing parties in an arm's length transaction. Local authorities are required to follow the fair value hierarchy prescribed by paragraphs 76-90 of IFRS13. This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value, these include:

- Level1 inputs- quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date
- Level2 inputs- inputs other than quoted prices included within level1 that are observable for the asset or liability, either directly or indirectly
- Level3 inputs- unobservable inputs for the asset or liability

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level1 inputs) and



## NOTES TO THE CORE FINANCIAL STATEMENTS

the lowest priority to unobservable inputs (Level3 inputs).

The fair values and Carrying Values are considered to be the same with the exception of the following

31 Mar 17 Carrying £'000	31 Mar 17 Fair value £'000		31 Mar 18 Carrying £'000	31 Mar 18 Fair value £'000
(205,123)	(298,515)	Long term borrowing	(205,123)	(296,854)

Equity shares, as available for sale assets are required to be valued at fair value if material. The Council has made an exception to this treatment in respect of its shareholding in the UK Municipal Bonds Agency Plc. The shares in this company are carried at cost of £50,000 and have not been valued as a fair value cannot be measured reliably. The company is only recently established and has no trading history. There is no organisation which might provide comparable market data. The Council has no current intention to dispose of the shareholding.

The fair value of the long term PWLB loans measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for a market transaction undertaken at the balance sheet date. The difference between the carrying amount and the fair value measure 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 rates.

The fair value of the loans from the PWLB has been assessed using the new loans rate. IFRS13 and the Code require that in the absence of a quoted price for a liability, fair value should be measured from the perspective of a market participant. For PWLB loans, measurement is therefore required from the perspective of the PWLB, assessing the price that they would be able to secure if they were to sell the loans in an orderly market transaction. However, it is sometimes not possible to find observable active markets.

If the Council were to seek to take advantage of the lower prevailing market rates by repaying current PWLB loans, the PWLB would charge a penalty and the Council would have to pay an early redemption rate. The exit price for PWLB loans including this penalty would be over £250m.

The fair value of the liabilities is greater than the carrying amount because the Council's loan portfolio includes fixed rate loans where the interest rate payable is greater than the prevailing rates at the balance sheet date.

### Key Risks

#### a) Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions which are included as counterparties in the Council's Investment Strategy, which regards the successful identification, monitoring and control of risk to be the prime criteria. The Council has a policy of tiered maximum investments with the up-most limit not more than £10.0 million of its surplus balances to any one institution. With no historical experience of default, the exposure to credit risk on bank deposits and investments is not considered material. The main exposure to credit risk relates to housing rents where a provision for bad debts is made.

Where sums are owed by the Council's customers and contractual debtors the Council makes provision for doubtful debt, detailed in Note 28b, based on an assessment of the risks for each type and the age of those debts, the Council does not generally extend credit beyond 21 days.

#### b) Financial assets that are either past due or impaired

The following analysis summarises the Council's analysis of its potential maximum exposure to credit risk (impairment allowance) in relation to debtors:

Provisions 2017/18	Business rates appeals £'000	Customer debt £'000	Other debtors £'000
Balance at 1 April	(2,827)	(1,966)	(800)
Additional provisions	(303)	0	(285)
Amounts used	291	3	230
Balance at 31 March	(2,839)	(1,963)	(855)

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Council does not normally extend credit beyond 21 days. At 31 March 2018, of the total debtor balance of £2.2 million (£2.7 million at 31 March 2017), the past due amount was £0.393 million and can be analysed as follows:

31 Mar 17 £'000		31 Mar 18 £'000
	<b>Customer Debts:</b>	
865	Over 21 days but less than 3 months	51
511	More than 3 months	342
<b>1,376</b>	<b>Total</b>	<b>393</b>

### c) Liquidity risk

All trade and other payables are due to be paid in less than one year. The PWLB loans have maturities of between 25 and 45 years as detailed in Note 17, interest being paid half yearly, a Repayment Reserve being used to manage the future repayment of principal.

### d) Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments as most investments are at fixed rates. Movement in interest rates can have an impact on the Council's interest receipts from investments; for example, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the assets will fall (but the carrying amount will not change)

As most investments are at fixed rates, a sensitivity analysis for interest rate changes has not been carried out.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget which is used to update the Council's medium term financial strategy periodically during the year, this allows any adverse changes to be accommodated.

Price risk and foreign exchange risk are not applicable.

## 29 Prior Period Adjustments

There are no prior period adjustments included in the statements.

## Housing Revenue Income and Expenditure Account

The HRA Income and Expenditure Statement shows the economic cost in the year for providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

31 March 2017				31 March 2018	
£000	£000		Note	£000	£000
		<b>INCOME</b>			
(28,357)		Dwelling Rents (Gross)		(28,132)	
(403)		Non-dwelling Rents (Gross)		(412)	
(1,868)		Charges for Services and Facilities		(2,058)	
		<b>Contributions towards expenditure:</b>			
(117)		* General Fund		(121)	
(5)		* Other Sources		(29)	
	<b>(30,749)</b>	<b>Total Income</b>			<b>(30,752)</b>
		<b>EXPENDITURE</b>			
3,720		Repairs and Maintenance		3,781	
		Supervision and Management:			
2,494		* General		2,819	
1,246		* Repairs and Maintenance		1,235	
1,834		* Special Services		2,037	
172		Rent, Rates and Other Charges		181	
21,603		Depreciation and Impairment of non-current assets			
		<i>Depreciation</i>	<b>10, 30</b>	6,260	
		<i>Revaluation</i>	<b>10, 32</b>	(5,316)	
17		Treasury Management Costs		0	
52		Inc./(Dec.) Prov. for Bad/Doubtful Debts		79	
	<b>31,138</b>	<b>Total Expenditure</b>			<b>11,076</b>
	<b>389</b>	Net Exp./Income of HRA Services as included in the whole Authority Income and Expenditure Account			<b>(19,676)</b>
566		HRA services share Corporate+Democratic Core		733	
(0)		Mortgage Interest		0	
	<b>566</b>				<b>733</b>
	<b>955</b>	<b>Net Exp./Income of HRA Services</b>			<b>(18,943)</b>
(2,005)		Loss/(Gain) on sale of HRA non-current assets	<b>10</b>	(1,391)	
7,195		Interest Payable on self-financing Debt	<b>8</b>	7,193	
(454)		Interest and Investment Income		(546)	
356		Pension interest cost and expected return on pension assets		213	
0		Capital grant and contributions	<b>31</b>	(522)	
	5,092				4,947
	<b>6,047</b>	<b>Deficit/(surplus) for the year on HRA services</b>			<b>(13,996)</b>

<div>Housing Revenue Income and Expenditure Account</div>
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Statement of Movement on the Housing Revenue Income & Expenditure Account

Additional items required by statute and proper practices to be taken into account in determining the movement in the Housing Revenue Account balance;

31 March 2017			31 March 2018	
£000	£000		£000	£000
6,047		(Surplus)/Deficit for the year on the HRA Income and Expenditure Account (from above)	(13,996)	
2,005		(Loss)/Gain on sale of HRA non-current assets	1,391	
(315)		HRA share of contributions to the Pensions Reserve	(459)	
(21,603)		Reversal of Depreciation & Impairment	0	
		Depreciation	(6,260)	
		Revaluation	5,316	
		Capital Grants and Contributions	522	
6,452		Transfer from Major Repairs Reserve	0	
6,496		Capital expenditure funded by the HRA	12,381	
	(919)	Net increase/(decrease) before transfers to/from res.		(1,105)
	0	Transfer to/from earmarked reserves		0
	(919)	Dec/(inc) in the HRA balance for the year		(1,105)
	(8,073)	HRA balance brought forward		(8,992)
	(8,992)	HRA balance carried forward		(10,097)

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 30 Housing Stock

The Housing Revenue Account includes all the expenditure and income associated with the following stock of Housing Revenue Account dwellings:

31 Mar 17 Number		Conversions Number	Additions Number	Disposals Number	31 Mar 18 Number
1,071.80	1 Bedroom	0.00	0.00	(24.00)	1,047.80
2,321.74	2 Bedroom	2.00	8.30	(8.00)	2,324.04
1,868.56	3 Bedroom	(1.00)	7.00	(12.00)	1,862.56
73.00	4 + Bedroom	0.00	0.00	0.00	73.00
<b>5,335.10</b>	<b>Total</b>	<b>1.00</b>	<b>15.30</b>	<b>(44.00)</b>	<b>5,307.40</b>

#### Disposals:

Right to Buy	20.00
Equity Share / Shared Ownership	0.00
Demolitions	22.00
Other	2.00
	<u>44.00</u>

#### Additions:

New Build	(14.00)
Equity Share / Shared Ownership	(1.30)
	<u>(15.30)</u>

The total balance sheet values of dwellings and other property and land within the HRA are;

31 Mar 17 Asset Value £'000	31 Mar 17 Depreciation £'000		31 Mar 18 Asset Value £'000	31 Mar 18 Depreciation £'000
		<b>Property, Plant &amp; Equipment</b>		
451,694	(14,764)	Council Dwellings (HRA only)	479,761	(6,260)
-	14,764	Depreciation adj. on revaluation	-	6,260
7,050	(89)	Other Land & Buildings	10,434	(70)
-	89	Depreciation adj. on revaluation	-	70
161	-	Surplus assets held	152	-
146	-	Infrastructure	131	-
<b>459,051</b>	<b>0</b>		<b>490,478</b>	<b>0</b>

In 2017-18, depreciation on buildings is based on the asset lives as assessed by the Council's appointed valuers, Wilks, Head and Eve. Land is not depreciated. The dwellings are valued in accordance with Guidance on Stock Valuation for Resource Accounting issued by the Office of the Deputy Prime Minister. This requires the dwellings to be valued at open market value with vacant possession, which is then adjusted to reflect tenancies at less than open market rents by using an adjustment factor based on the ratio of local authority rents to open market rents for the relevant region. The adjustment factor for the eastern region is 38%.

## NOTES TO THE HOUSING REVENUE ACCOUNT

The value of council dwellings (Housing Revenue Account) at 31 March 2018, based on vacant possession, was £479.984m.

### 31 Capital expenditure, financing and receipts

Capital expenditure and financing relating to the HRA during the financial year was:

31 Mar 17 £'000		31 Mar 18 £'000
<b>204,429</b>	<b>Opening capital financing requirement</b>	<b>204,429</b>
	Expenditure:	
38	* Acquisition and Improvement of land	156
2,254	* New build- dwellings	5,883
57	* Re-provision of existing dwellings	1,343
3,254	* Acquisition of existing dwellings	1,134
9,136	* Improvement of housing stock and other buildings	8,456
	Financing:	
(1,873)	* Capital receipts and contributions	(4,180)
(6,360)	* Revenue #	(6,010)
(54)	* Grants and Reserves	(522)
(6,452)	* Major Repairs Allowance	(6,260)
0	* GF Internal Financing	0
<b>204,429</b>	<b>Closing capital financing requirement</b>	<b>204,429</b>

# In addition, £110,918 was spent relating to HRA contribution to cap. expenditure on IT & software.

Capital receipts relating to the HRA during the financial year were:

31 Mar 17 £'000		31 Mar 18 £'000
30	Sale of Land	123
4,978	Sale of Dwelling:	
	* Right to Buy	3,535
620	* Other	292
<b>5,628</b>		<b>3,950</b>

### 32 Impairment

Impairment is a reduction in the value of non-current assets. When this occurs through the clear consumption of economic benefit or through market value reduction, it has been identified and is written off against any revaluation gains in the Revaluation Reserve for that group of assets until the gain is reduced to zero and then any balance is charged to Housing Revenue Income and Expenditure Account.

## NOTES TO THE HOUSING REVENUE ACCOUNT

31 Mar 17 £'000		31 Mar 18 £'000
6,771	<b>Operational assets</b> Net Impairment charged through HRA Income and Expenditure	(5,316)
0	<b>Non operational assets</b> Net Impairment charged through HRA Income and Expenditure	0
<b>6,771</b>	<b>Total</b>	<b>(5,316)</b>

### 33 Major Repairs Reserve

Previously, within the housing subsidy scheme, there was an annual allowance for major repairs which could only be used for expenditure on major repairs and/or improvements to Housing Revenue Account dwellings. The housing subsidy scheme and, therefore the Major Repairs Allowance, ceased at the end of 2011-12 with the advent of the Self Financing regime. In 2012-13 the Council was required to charge the Housing Revenue Account a notional amount for depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvement works. The transition period continued until the end of 2016-17, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2017-18.

31 Mar 17 £'000		31 Mar 18 £'000
0	<b>Opening balance</b>	0
(14,832)	Transfer to Capital Adjustment Account	(6,260)
8,380	Amount transferred to Statement of Movement on the HRA balance	0
6,452	HRA capital expenditure charged to Major Repairs Reserve	6,260
<b>0</b>	<b>Closing Balance</b>	<b>0</b>

### 34 HRA share of contributions to/from the Pensions Reserve

This contribution, shown in the Statement of Movement on the Housing Revenue Income and Expenditure Account, reverses out the pensions liabilities apportioned to net operating expenditure and adds back in the payments to the pension scheme so that the adoption of International Accounting Standard 19 (IAS 19) Employee Benefits has no effect on the deficit/surplus for the year. In view of the uncertainty over future pension costs, an additional percentage of pensionable pay has been charged against the Housing Revenue Account and placed in a reserve for use in future years (Note 9).

### 35 Rent arrears on dwellings

31 Mar 17 £'000		31 Mar 18 £'000
422	Arrears	530
(300)	Provision for uncollectable amounts	(352)
1.43%	Arrears as a percentage of gross rents collectable	1.80%



## COLLECTION FUND

This account reflects the statutory requirement for the Council, as the billing authority, to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (Business Rates).

2016/17				Note	2017/18		
£000	£000	£000			£000	£000	£000
<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>			<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>
-	(98,240)	(98,240)	<b>Income:</b>		0	(101,605)	(101,605)
(78,903)	-	(78,903)	Council Tax Payers		(80,348)	0	(80,348)
(78,903)	(98,240)	(177,143)	Business Rate Payers		(80,348)	(101,605)	(181,953)
			Total Income				
			<b>Expenditure:</b>				
			<i>Apportionment of previous years surplus/(deficit)</i>				
(191)	-	(191)	Central Government		1,897	0	1,897
(34)	214	180	Cambridgeshire County Council		341	255	596
(4)	12	8	Cambridgeshire & Peterborough Fire Authority		38	14	52
-	34	34	Cambridgeshire Police and Crime Commissioner		0	40	40
(153)	38	(115)	South Cambridgeshire District Council		1,518	47	1,564
(383)	298	(85)			3,794	356	4,150
			<b>Precepts, Demands and Shares</b>				
36,295	-	36,295	Central Government		34,014	0	34,014
6,533	70,327	76,860	Cambridgeshire County Council		6,160	72,444	78,604
726	3,948	4,674	Cambridgeshire & Peterborough Fire Authority		684	4,064	4,748
-	11,036	11,036	Cambridgeshire Police and Crime Commissioner		0	11,365	11,365
29,036	7,852	36,888	South Cambridgeshire District Council		27,378	8,187	35,565
-	4,775	4,775	Special Expenses- Parish Precepts		0	5,089	5,089
72,591	97,939	170,529			68,237	101,149	169,386
			<b>Charges to Collection Fund</b>				
0	0	0	Write offs of uncollectable amounts		0	20	20
142	(149)	(7)	Increase/(Decrease) in Bad Debt Provision		167	130	297
374	0	374	Increase/(Decrease) in Provision for Appeals		33	0	33
223	-	223	Cost of Collection		230	0	230
			Prior Period Adjustments		558	(90)	468
1,873	-	1,873	Disregarded Amounts		1,865	0	1,865
2,612	(149)	2,463			2,853	61	2,913
<b>(4,084)</b>	<b>(152)</b>	<b>(4,236)</b>	<b>(Increase) / Decrease in Collection Fund Balance</b>		<b>(5,464)</b>	<b>(40)</b>	<b>(5,504)</b>
1,604	(620)	984	Fund Balance - (Surplus) / Deficit at 1 April		(2,480)	(772)	(3,252)
<b>(2,480)</b>	<b>(772)</b>	<b>(3,252)</b>	<b>Fund Balance - (Surplus) / Deficit at 31 March</b>		<b>(7,944)</b>	<b>(812)</b>	<b>(8,756)</b>

### Collection Fund balances:

Attribution of (surplus) / deficit carried forward:

2016/17				Note	2017/18		
£000	£000	£000			£000	£000	£000
<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>			<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>
			<b>Proportional split:</b>				
(1,240)	0	(1,240)	Central Government		(3,972)	0	(3,972)
(223)	(555)	(778)	Cambridgeshire County Council		(715)	(581)	(1,296)
(25)	(31)	(56)	Cambridgeshire & Peterborough Fire Authority		(79)	(92)	(172)
0	(87)	(87)	Cambridgeshire Police and Crime Commissioner		0	(32)	(32)
(1,488)	(673)	(2,161)	Total		(4,767)	(706)	(5,472)
(992)	(100)	(1,091)	District Council		(3,178)	(106)	(3,284)
<b>(2,480)</b>	<b>(772)</b>	<b>(3,252)</b>	<b>Deficit / (Surplus)</b>		<b>(7,944)</b>	<b>(812)</b>	<b>(8,756)</b>



# NOTES TO THE COLLECTION FUND

## 36 General

This account represents the transactions of the Collection Fund, which have been prepared on the accruals basis.

## 37 Council Tax

The Council Tax is raised to finance local authority net expenditure which is not met from government grants, and there is one bill for each dwelling based on the valuation band in which the dwelling is placed. There is a discount scheme for dwellings with fewer than two liable persons, a benefit scheme for persons on low incomes and a reduction for people with disabilities.

The Council Tax base for tax setting purposes is calculated as:

2016/17		2017/18		
Equivalent Number of Band D Dwellings	Valuation Band	Total Chargeable Dwellings	Conversion Fraction (Proportion)	Equivalent Number of Band D Dwellings
1.5	-A Up to £40k	2.8	5/9	1.5
1,243.8	A Up to £40k	1,877.8	6/9	1,251.8
4,876.0	B £40k-£52k	6,280.0	7/9	4,884.4
16,186.7	C £52k-£68k	18,325.5	8/9	16,289.3
11,284.0	D £68k-£88k	12,224.2	9/9	12,224.2
12,492.9	E £88k-£120k	10,297.5	11/9	12,585.8
10,095.9	F £120k-£160k	7,084.5	13/9	10,233.2
6,647.0	G £160k-£320k	4,034.8	15/9	6,724.6
706.0	H More than £320k	356.5	18/9	713.0
<b>63,533.9</b>		<b>60,483.5</b>		<b>64,907.9</b>
63,170.7	Collection rate <b>99.42%</b> Tax Base for Calculation of Council Tax			64,533.2
	Add: Adjustment for changes during the year for new properties expected, contributions in lieu and Local Council Tax Support			
(2,913.7)	Scheme (LCTSS)			(3,677.8)
<b>60,257.0</b>	<b>Council Tax Base for the Year</b>			<b>60,855.4</b>

	<b>2017/18</b>
Tax base for tax setting purposes (number of Band D equivalent dwellings)	60,855.4
Tax rate for a Band D property (excluding Parishes)	1,579.27
<b>Estimated income due</b>	<b>£96,107,047</b>

### 38 Business Rates

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by Central Government. The total non-domestic rateable value as at 31 March 2018 was £190,101,161 ( VOA report 31 March 2018 ) and the standard uniform rate was 47.9 pence in the £, and the small business uniform rate 46.6 pence in the £.

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT AND MOVEMENT IN RESERVES STATEMENT

This 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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2016/17 RESTATED			GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT	Note	2017/18		
GROSS EXPEND- ITURE £000	GROSS INCOME £000	NET EXPEND- ITURE £000			GROSS EXPEND- ITURE £000	GROSS INCOME £000	NET EXPEND- ITURE £000
32,116	(28,980)	3,136	Finance and Staffing		33,401	(32,044)	1,357
50,874	(36,246)	14,628	All other reporting segments (same as the Council)		42,099	(46,683)	(4,585)
<b>82,990</b>	<b>(65,226)</b>	<b>17,764</b>	<b>Net Cost of Services</b>		<b>75,500</b>	<b>(78,727)</b>	<b>(3,228)</b>
		2,498	Other Operating (Income) and Expenditure				3,599
		7,795	Financing and Investment (Income)/Expenditure				8,264
		(28,709)	Taxation and Non-Specific Grant Income				(26,177)
		<b>(652)</b>	<b>Group (Surplus) / Deficit</b>				<b>(17,541)</b>
		<b>20,095</b>	<b>Other Comprehensive (Income) and Expenditure</b>				<b>(26,261)</b>
		<b>20,111</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>(43,802)</b>

2016/17				GROUP MOVEMENT IN RESERVES STATEMENT	Note	2017/18		
OPENING BALANCE £000	Adjust between Account Basis and Fund Basis £000	Other Income and Expend- iture £'000	CLOSING BALANCE £000			Adjust between Account Basis and Fund Basis £000	Other Income and Expend- iture £'000	CLOSING BALANCE £000
(21,469)	(23)	(5,590)	(27,105)	General Fund & Earmarked		(6,195)	0	(33,300)
(17,573)	(6,966)	6,047	(18,492)	HRA & Earmarked		(1,104)	0	(19,596)
(8,490)	(2,732)	0	(11,222)	Capital Receipts Reserve		1,631	0	(9,591)
(433)	(53)	0	(486)	Capital Grants Unapplied		(29)	0	(515)
<b>(47,965)</b>	<b>(9,774)</b>	<b>457</b>	<b>(57,305)</b>	<b>TOTAL USEABLE</b>		<b>(5,697)</b>	<b>0</b>	<b>(63,002)</b>
<b>(250,190)</b>	<b>9,774</b>	<b>19,676</b>	<b>(220,740)</b>	<b>TOTAL UN-USEABLE</b>		<b>(12,244)</b>	<b>(25,861)</b>	<b>(258,845)</b>
<b>(298,155)</b>	<b>0</b>	<b>20,133</b>	<b>(278,045)</b>	<b>TOTAL RESERVES</b>		<b>(17,941)</b>	<b>(25,861)</b>	<b>(321,847)</b>

## GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the group. The net assets of the group (assets less liabilities) are matched by the reserves held by the group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the group 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 Reserves that may only be used to fund capital or repay debt). The second category of reserves is those that the group 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 2017			Note	31 March 2018	
£000	£000			£000	£000
483,889		Property, Plant and Equipment	40	521,762	
24,412		Investment Properties		36,764	
184		Intangible Assets		494	
268		Long Term Investments		50	
970		Long Term Debtors		970	
	<b>509,723</b>	<b>Long Term Assets</b>			<b>560,040</b>
42,958		Short Term Investments		38,695	
513		Inventories		147	
7,840		Short Term Debtors		12,239	
8,136		Cash and Cash Equivalents		8,022	
1,154		Assets Held for Sale		2,076	
	<b>60,601</b>	<b>Current Assets</b>			<b>61,179</b>
(25,000)		Short Term Creditors		(32,334)	
(1,578)		Cash and Cash Equivalents		(965)	
(3,082)		Provisions		(3,270)	
	<b>(29,660)</b>	<b>Current Liabilities</b>			<b>(36,569)</b>
(57,496)		Liability Related to Defined Benefit Pension Scheme		(57,679)	
(205,123)		Long-term Borrowing		(205,123)	
	<b>(262,619)</b>	<b>Long Term Liabilities</b>			<b>(262,802)</b>
	<b>278,045</b>	<b>Net Assets</b>			<b>321,848</b>
	<b>57,305</b>	<b>Usable Reserves</b>			<b>63,001</b>
	<b>220,740</b>	<b>Unusable Reserves</b>			<b>258,847</b>
	<b>278,045</b>	<b>Total Reserves</b>			<b>321,848</b>

The Group Balance Sheet shows the Council's position at the end of the year for all activities and services, all internal transactions have been eliminated.

Dated:

**09/07/2020**

## GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the group during the reporting period. The statement shows how the group 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 group are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the group'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 group.

2016/17 Restated		Note	2017/18	
£000	£000		£000	£000
652			17,602	
33,958			10,376	
(14,909)			(9,381)	
	19,701			18,597
(27,280)			(22,362)	
9,081			4,265	
	1,502			500
	5,055			6,557
	6,557			7,057

\* Adjusted for intercompany transactions

## NOTES TO THE GROUP ACCOUNTS

### 39 Context of Group Accounts and Consolidation with the Council

The Council has 2 wholly owned subsidiaries South Cambs Limited (Ermine Street Housing) and Shire House Lettings Limited. As a result a set of Group Accounts for the Group as a whole are produced. The Accounts have been consolidated on a line by line basis, as per IFRS10.

The Assets & Liabilities of the Company's at the Balance Sheet Date are as follows:

	<b>South Cambs (Ermine Street) £'000</b>	<b>Shire Homes £'000</b>	<b>Inter Company £'000</b>	<b>31 Mar 18 £'000</b>
Property, Plant, Equipment	323	0		323
Investment Properties	36,764	0		36,764
Company Share Capital - Council	(36,248)	(32)	0	(36,280)
Debtors & Cash	634	42	0	676
Creditors	(703)	(10)		(713)
<b>TOTAL ASSETS NET OF COUNCIL</b>	<b>770</b>	<b>0</b>	<b>-</b>	<b>770</b>

# NOTES TO THE GROUP ACCOUNTS

## 40 Investment Properties

The group balance sheet includes properties which have been purchased by South Cambs Ltd for the purpose of earning rentals or for capital appreciation or both, properties for refurbishment, improvement and resale are classified as stock in hand and are included within Inventories.

The Council carries out a programme that ensures that all Investment Property are valued annually, at the end of each reporting period. Property, Plant and Equipment is required to be measured at fair value and is re-valued at least every five years.

Valuations on the bases set out in the statement of accounting policies have been carried out for:

Investment Property assets relating to South Cambs Limited as at 31 March 2018 by Wilks, Head and Eve , Professional Valuers

The following items of income and expense have been accounted for in respect of Investment Properties and have been recognised in the company Income and Expenditure Account and Group comprehensive income and expenditure account.

2016/17 (restated) £000		2017/18 £000
(1,690)	Rental Income	(2,638)
1,424	Direct Expenses	1,770
<b>(266)</b>		<b>(868)</b>

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date.

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

2016/17 £000		2017/18 £000
<b>11,669</b>	<b>As at 1st April</b>	<b>24,412</b>
(14)	Reallocation of Investment Properties to Inventories	119
12,562	Acquisitions	11,146
(255)	Disposals	(265)
467	Revaluation increase/(decrease) recognised in surplus/deficit on provision of services	1,351
<b>24,412</b>	<b>As at 31st March</b>	<b>36,763</b>
<b>11,669</b>	<b>Fair Value At 1st April</b>	<b>24,412</b>
<b>24,412</b>	<b>At 31st March</b>	<b>36,763</b>

## Fair Value Measurement of Investment Properties

within the value hierarchy as defined within IFRS13. Level 2 inputs used in valuing the properties are those which are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

The portfolio is valued in line with the accounting policy.

value basis in line with IFRS13 and in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors (RICS) Valuation-Professional Standards.

South Cambs Limited provides data to the valuer including current lease and tenant data. These valuations and the assumptions they have made have been discussed with officers representing the company. The valuation technique applied in respect of Investment Property is the market approach. The market approach is described at paragraphs B5 to B7 of IFRS13; it uses prices and other relevant information generated by market transactions involving identical or comparable assets.

There has been no change in the valuation technique used during the year for investment properties.

## **41 Loans and Investments**

The Council has undertaken fixed term investments of £35.506m (£24.662m 2016/17) with South Cambs Ltd a corresponding liability transaction has been shown on the balance sheet of South Cambs Ltd these transactions have been eliminated in the group accounts.

## **42 Leases**

There were no finance lease agreements during 2017/18

The Council has no operating leases. Payments of £599,462 in respect of vehicle contract hire were made in 2017/18 (£676,163 in 2016/17). South Cambs Ltd has operating leases with payments of £594,224 in 2017/18 (£602,175 in 2016/17) in respect of property leases. Shire Homes Lettings Limited had payments of £20,929 in 2017/18 in respect of property leases.

The future minimum contract hire payments due under non-cancellable agreements in future years are:

31 Mar 17		South Cambs Limited £'000	Shire Homes £'000	31 Mar 18
£000				£000
634	Not later than one year	600	52	652
1,473	Later than one year and not later than five years	884	0	884
0	Later than 5 years	0	0	0
<b>2,107</b>	<b>Total</b>	<b>1,484</b>	<b>52</b>	<b>1,536</b>

## **43 Related Party Transactions**

Both Alex Colyer and Stephen Hills (senior officers at SCDC) were directors (unpaid) of Ermine Street Housing in 2017/18.

Cllr John Batchelor is a Director of South Cambs Ltd.



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

### **Opinion**

We have audited the financial statements of the South Cambridgeshire District Council for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- ☐ Authority and Group Comprehensive Income and Expenditure Statement
- ☐ Authority and Group Movement in Reserves Statement,
- ☐ Authority and Group Balance Sheet,
- ☐ Authority and Group Cash Flow Statement,
- ☐ and the related notes 1 to 43.
- ☐ Collection Fund and the related notes

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- ☐ give a true and fair view of the financial position of South Cambridgeshire District Council and Group as at 31 March 2018 and of its expenditure and income for the year then ended; and
- ☐ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ☐ the Head of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ☐ the Head of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the Statement of Accounts for the year ending 31 March 2018, other than the financial statements and our auditor's report thereon. The Head of Finance is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Local Audit and Accountability Act 2014**

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are not satisfied that, in all significant respects, South Cambridgeshire District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

### **Basis for qualified conclusion**

☐ Informed decision making - Reliable and timely financial reporting that supports the delivery of strategic priorities

The 2017/18 financial year is the third successive year that the Authority has been unable to publish its statement of accounts by the target dates outlined in the Accounts and Audit Regulations 2015.

The Authority presented for audit a version of the unaudited statements on 7 June 2018, but they were not supported by adequate working papers and were subsequently found to contain a large number of errors. The key individual who prepared the statements left the employment of the Authority before the audit commenced. The Authority has struggled to put in place robust arrangements to support the preparation of its statement of accounts and respond appropriately to the external audit leading to a lack of reliable and timely financial reporting.

The issue above is evidence of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities.

### **Qualified conclusion [Except for]**

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, South Cambridgeshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018

### **Matters on which we report by exception**

We report to you if:

- ☐ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- ☐ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- ☐ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- ☐ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- ☐ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- ☐ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

### **Responsibility of the Head of Finance**

As explained more fully in the Statement of the Head of Finance's Responsibilities set out on page 9, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the C&AG in November 2017, as to whether South Cambridgeshire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether South Cambridgeshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

## **Certificate**

We certify that we have completed the audit of the accounts of South Cambridgeshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

## **Use of our report**

This report is made solely to the members of South Cambridgeshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than South Cambridgeshire District Council and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Suresh Patel (Key Audit Partner)**  
**Ernst & Young LLP (Local Auditor)**  
**Cambridge**

DATE 13/07/2020

The maintenance and integrity of the South Cambridgeshire District Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Glossary of Financial Terms and Abbreviations

## 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.

## Actuarial gains and losses

For a defined benefit pension scheme; the changes in actuarial deficit or surplus that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or
- The actuarial assumption have changed

## Capital Charges

Depreciation charges made to service revenue accounts based on the value of the assets they use.

## Capital Expenditure

The expenditure on new assets such as land, buildings, vehicles, plant or equipment, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

## Capital Receipts

Income received from the sale of capital assets such as council houses, land or other buildings.

## Cash Equivalents

Cash equivalents are investments that mature in 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## The Code

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. 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.

## Contingent Liabilities

Potential liabilities which are either dependent on a future event or cannot be reliably estimated.

## Creditors

Amounts owed by the Council at 31 March for goods 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.

## Debtors

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

## Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contributions scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

#### Depreciation

The estimated losses in value of an asset due to age, deterioration or obsolescence.

#### 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.

#### Financial Asset

Include bank deposits, investments, trade receivables and loans receivable.

#### Finance Lease

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

#### Minimum Revenue Provision

An amount that the Council is required to charge to the General Fund, to provide for the repayment of debt related to capital expenditure

#### Non-current Asset

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

#### Government Grant

Payments by central government towards local authority expenditure. Grants may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

#### Impairment

An asset is impaired when the amount at which an asset is recognised in the Balance Sheet is higher than the asset value.

#### Inventories

Stock held by the Council e.g. refuse or recycling bins

#### Operating Lease

Is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

#### Precepting Authorities

Those authorities which are not billing authorities, for example County Councils, Fire, Police, Parish and Town councils.

#### Precepts

The levy made by precepting authorities on billing authorities, for example District Councils, requiring the billing authority to collect income from council tax payers on their behalf.

#### Provisions

Monies set aside for liabilities which are likely to be incurred but where exact amounts or dates are uncertain.

### Reserves

Amounts set aside in the accounts for the purpose of meeting future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

### Revenue Expenditure

Spending on day to day items including employee's pay, premises costs and supplies and services.

### Revenue Expenditure funded from capital under statute

Capital expenditure for which there is no tangible asset, for example renovation grants.

### Revenue Support Grant

The main grant paid by central government to a local authority towards the costs of its services.

## Abbreviations used in the accounts

### CAA

Capital Adjustment Account

### CIPFA

Chartered Institute of Public Finance and Accountancy

### The Code

Code of Practice on Local Authority Accounting

### DLO

Direct Labour Organisation

### DSO

Direct Service Organisation

### HRA

Housing Revenue Account

### IFRS

International Financial Reporting Standards

### IAS

International Accounting Standards

### MRA

Major Repair Allowance

### NNDR

National Non-Domestic Rates (Business Rates)

### RR

Revaluation Reserve