

Statement of Accounts for year ended 31 March 2009

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Explanatory Foreword

Introduction

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

- a) the Statement of Accounting Policies which sets out the basis on which the accounts have been compiled;
- b) Core financial statements:
 - i) the Income and Expenditure Account summarising revenue expenditure and income for the year on all services compiled in accordance with generally accepted accounting practice;
 - ii) the Statement of Movement on the General Fund balance which reconciles the deficit on the Income and Expenditure Account with the amount to be met from the General Fund balance/Council Tax;
 - iii) the Statement of Total Recognised Gains and Losses which shows other gains and losses which have not been included in the Income and Expenditure Account;
 - iv) the Balance Sheet setting out the financial position of the Council as at 31 March with the balances and reserves available for future use and the assets employed in its operations; and
 - v) the Cash Flow Statement which summarises the inflows and outflows of cash arising from transactions with third parties;with associated notes grouped together for all the core financial statements.
- c) Supplementary financial statements:
 - i) the Housing Revenue Account which shows revenue expenditure and income on Council housing for the year and is a ring-fenced account within the General Fund to prevent any cross-subsidy between general income and rents; and
 - ii) the Collection Fund which includes the council taxes and business rates collected by South Cambridgeshire District Council on behalf of those authorities responsible for services within the district and the way in which these monies have been distributed among the authorities to finance their expenditure.

Income and Expenditure Account

This Account records the day-to-day expenditure incurred in providing services such as salaries and wages, other running costs and financing costs and income due from fees and charges and government grants. Also included are various costs to comply with the standard accounting practice which do not impact on the level of council tax. This Account consolidates the General Fund (services for the whole community), the Housing Revenue Income and Expenditure Account (Council housing) and the Direct Service Organisation (trading activities).

The additional costs to comply with accounting practice are reversed out in the Statement of Movement on the General Fund Balance. If the Account and Statement are combined, then the position for General Fund Services and the council tax can be summarised as:

	Expenditure/(Income)
	£,000
Net cost of services in Income and Expenditure Account to comply with accounting standards	51,358
Less items included in Income and Expenditure Account but not borne by council tax, e.g. depreciation, deferred charges	(35,645)
Interest and investment income	<u>(2,081)</u>
Amount to be met from Government Grant and local taxpayers	13,632
Principal sources of finance	
District element of Council Tax	(6,217)
Government grants including redistributed business rates	(7,734)
Other items	<u>3</u>
	<u>(13,948)</u>
Surplus for the year	<u>(316)</u>

When the council tax for the financial year ending 31 March 2009 was set in February 2008, the surplus was estimated at £171,710. The variance of £144,381 is attributable to the following:

Actual to Original Estimate	Underspending or Slippage ()		
		/Overspending +	
	%	£'000	£'000
Services			
Rent Allowances	(37)	(67)	
Awarded Watercourses	(33)	(96)	
Housing Association Support	(38)	(76)	
Recharge for Service Strategy and Regulation	(76)	(80)	
Housing Futures Project	151	302	
Development Control	22	270	
Concessionary Fares	(49)	(287)	
Growth Agenda/New Communities	47	316	
Planning Policy	(22)	(186)	
Policy and Performance	(27)	(89)	
Capital grants credited to services	44	55	
Efficiency Savings allocated to services / not achieved		216	
Vacancies now credited to services		170	
Precautionary Items		<u>(75)</u>	
			373
Interest on balances	(9)		(177)
Building Control reserve not available			111
Other items individually under £50,000			<u>(451)</u>
			<u>(144)</u>

Housing Revenue Account

This Account deals with the provision, management and maintenance of Council dwellings, as summarised below:

	Expenditure/(Income)
	£'000
Repairs and maintenance	3,279
Management and services	5,794
Major Repairs Allowance	3,178
Payment to Government	11,555
Other	<u>39</u>
	23,845
Rents and charges	(22,906)
Receipt from General Fund	(262)
Interest	<u>(152)</u>
	<u>(23,320)</u>
Deficit for the year	<u>525</u>

When rents for the financial year ending 31 March 2009 were set in February 2008, the deficit was estimated at £845,390. The variance of £320,430 is attributable to the following:

Actual to Original Estimate	Underspending or slippage() /Overspending +	
	%	£'000
Total repairs and maintenance	11	1,061
less increase in expenditure charged to capital	(10)	<u>(648)</u>
Repairs and maintenance financed from revenue	15	413
Administration	7	141
Sheltered housing	(36)	(249)
Tenant participation	64	87
Payment to Government	(3)	(298)
Unused provision for unanticipated expenditure	(100)	(120)
Housing Futures Project	(19)	(61)
Corporate management	30	93
Gross rent income	(1)	(254)
Other items individually under £50,000		<u>(72)</u>
		<u>(320)</u>

Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £11.04 million. The major part of the programme involved the provision of housing, with £9.3 million being invested in improving the Council's own housing stock.

Treasury Management

At the 31 March 2009, investments (excluding accrued interest) totalled £23.36 million, a decrease of £5.98 million over the previous year-end. These investments produced interest of over £2.1 million, which was used to pay for the cost of services.

The Council has no outstanding loans and has been debt free since 1 April 1996.

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £8.1 million and £3.1 million respectively as at 31 March 2009. These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £4.3 million, consisting of the usable capital receipts reserve. The Council's capital programme allows for the planned and phased use of these reserves which are expected to be fully used in 2009/10. The capital programme reduces from an originally estimated £12.5 million in 2008/09 to £7.5 million in 2010/11 with a reduction of £0.6 million still to be identified

Pensions

The accounting policy relating to pensions reflects the full adoption of Financial Reporting Standard 17 (FRS17) Retirement 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.

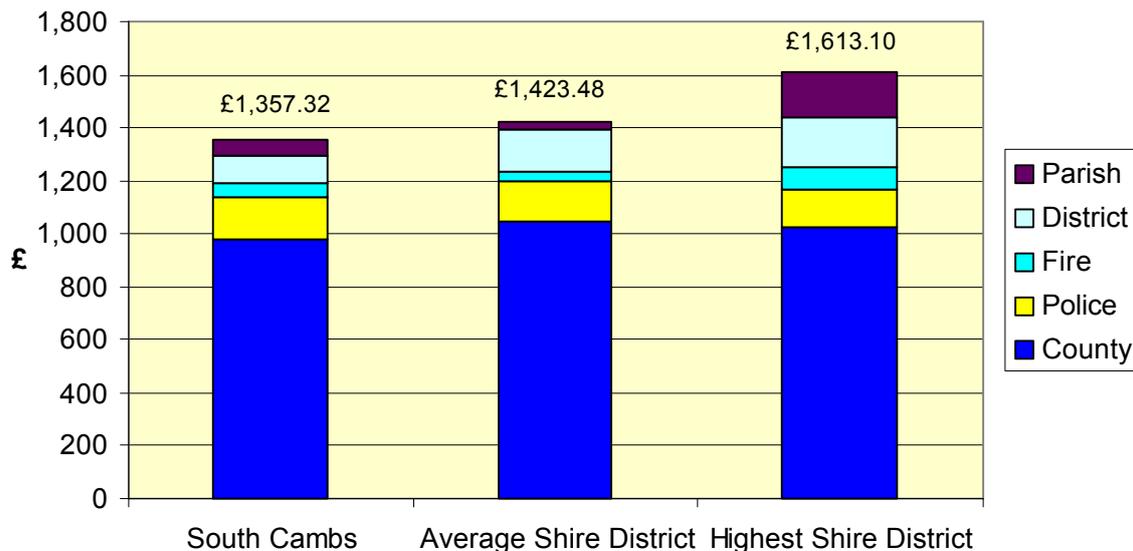
South Cambridgeshire's pension deficit is estimated at £23.6 million as at 31 March 2009 on an FRS17 basis. With 64% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2008/09 was 17.5%. The formal triennial valuation of assets and liabilities, for the purposes of determining contribution rates as at 31 March 2007 to be effective from 1 April 2008, showed an estimated funding level of 83%. In order to bring the funding level to 100%, the rate is predicted to increase by 2.1% per annum until it reaches 21.7% in 2010/11 and is predicted to remain at this rate until 2027/28. If the fund is then in balance the contribution rate is estimated to be 15.3% per annum thereafter. These predicted rates have been incorporated into the Council's five-year financial projections.

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 estimated at around 60% and the employer's contribution rate would be substantially higher.

Council Tax and Collection Fund

The 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 2008/09 was £1,357.32. This was one of the lowest tax levels in the country and most of the money was raised on behalf of the County Council as shown below:



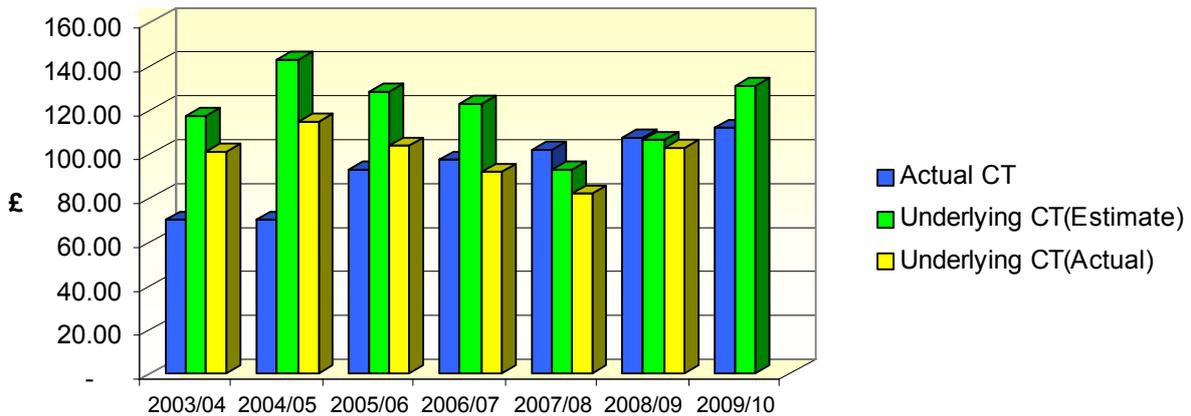
The district council figures included in the tax bills in the above table were £107.27 (South Cambridgeshire), £157.80 (average) and £190.02 (highest). However, looking only at the

district element of the overall tax bill, South Cambridgeshire is the 13th lowest at £107.27 in a range of £64.87 to £298.17, with the average being £157.80.

Current and future developments

Council Tax and capping

Council Tax was introduced in 1993/94 and since then the Council Tax set by this Council has been substantially below the average charged by other shire districts as the Council was using its reserves (savings) 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 underlying level:



The Council Tax had to rise as it could no longer be subsidised by savings. For 2005/06, the Government capped the Council’s budget such that it had to cut services by almost 20% and set a lower council tax of £92.93. The Council has, therefore, to provide the same services and meet the same demands as other district councils but with substantially less council tax income.

For the three years from 2006/07 to 2008/09, the Council only increased the Council Tax by 4.9% as the Government’s view was that increases should be substantially less than 5% and it would use its capping powers to deal with excessive increases. For 2009/10, the Council Tax increase was 4.5% to reduce the risk of being capped.

Corporate plan

The Council has published a Corporate Plan setting out its vision, aims and values for the coming year and how it intends to deliver them. This provides the blueprint for 2009/10 showing how service delivery links through approaches and actions directly to the agreed corporate aims.

Population growth

The District population of 131,000 people in 2001 is projected to increase by 33% by 2016, the figure for June 2008 being 139,224. This is a reflection of regional planning guidance and structure plan policies including 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 but is not reflected in Government grants or in the Council's tax base for raising income locally.

The Current Economic Climate

Volatile interest rates, falling asset values, including houses and possible economic recession are likely to affect adversely development in the District. The income of the Council in terms of planning and other fees, interest, council tax income and receipts from sale of assets has fallen and demand for services such as homelessness and benefits has increased. Asset values in the balance sheet have fallen but the losses are unrealised until an actual sale takes place. The current economic climate has been recognised in the Medium Term Financial Strategy, where applicable, and in the Strategic Risk Register.

The Future for Council Housing in South Cambridgeshire

In January 2008, Council resolved to develop a housing transfer proposal in consultation with its tenants. The Council recognised that housing transfer cannot proceed without the support of its tenants and wished to involve them fully in developing its proposal. In June 2009, the result of the tenant ballot was announced with 73% voting against the transfer. The Council will now be looking at how it will continue to run the best housing service possible with the limited funds available. This has been recognised in the Strategic Risk Register and an action plan is to be agreed.

Affordable housing

In last three years the Council has transferred some of its non-traditionally built dwellings, some sheltered bedsits and various land sites to housing associations for the development of affordable and supported housing. These show in the relevant year as disposals written out of the balance sheet but in most cases the disposal is at nominal consideration. These transfers are an important contribution to the Council approaches of working through partnership and making affordable housing available to local people.

Change in accounting policies

The loans for disabled facilities and renovation of dwellings referred to in the accounting policy on financial instruments were written out in 2007/08 on the basis that they might not be repaid for a considerable period. These loans have now been written back in 2008/09 as long term debtors to present more fairly the Council's financial position.

Auditor's Opinion

The Statement of Accounts has been audited with the Auditor's opinion on page 10.

A. Colyer
Executive Director and Chief Finance Officer

23 October 2009

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

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, that officer is the Executive Director and Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The responsibilities of the Chief Executive and Chief Finance Officer

The Executive Director and Chief Finance 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 Accountancy Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice ("the SORP").

In preparing this Statement of Accounts, the Executive Director and Chief Finance 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 SORP.

The Executive Director and Chief Finance 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 fairly the financial position of the Authority at 31 March 2009 and its income and expenditure for the year then ended.

A. Colyer
Executive Director and Chief Finance Officer

Dated: 23 October 2009

I confirm that these accounts were approved by the Corporate Governance Committee held on the 29 June 2009.

Chairman of the Corporate Governance Committee

Dated: 29 June 2009

**Independent auditors' report to the Members of {
name} South Cambridgeshire District Council**

Independent auditors' report to the Members of {
~~name~~} South Cambridgeshire District Council

**Independent auditors' report to the Members of {
name} South Cambridgeshire District Council**

Annual Governance Statement

1. Scope of responsibility

South Cambridgeshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility South Cambridgeshire District Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of the code is on the Council's website at www.scambs.gov.uk. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment) (England) Regulations 2006) in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and the activities through which it engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2009 and up to the date of approval of the annual report and statement of accounts.

3. The Governance Framework

South Cambridgeshire District Council has a responsibility for ensuring a sound system of governance to meet statutory requirements requiring public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control and preparing a statement on internal control. This governance statement meets that requirement and sets out brief details of the arrangements the Council has in place regarding the key systems and processes comprising the Council's governance framework. This forms part of the Council's

overall assurance framework, which incorporates the Local Code of Governance adopted by the Council covering six core principles and the accompanying supporting principles contained within the CIPFA/SOLACE Framework for delivering good governance in local government (2007).

This Council's framework makes reference to the outcomes and recommendations of the Audit Commission following the Corporate Governance Inspection ("CGI") of the Council in 2006 and the re-inspection in 2008.

Principle one: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

- The Council has continued to work towards its three corporate objectives namely:
 - Working in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future
 - Delivering high quality services that represent best value and are accessible to all our community
 - Enhancing quality of life and building a sustainable South Cambridgeshire where everyone is proud to live and work

- These corporate objectives were underpinned by 21 service priorities, which were built into the service planning process and individual objectives for all employees in the Council, thereby providing a focus for improvements being made in all areas of the Council's work. A summary of key priorities for 2008/09 is identified below, each linked to the corporate objectives.
 - Delivering and managing growth
 - Securing a sustainable future for council housing
 - Waste and recycling
 - Tackling climate change
 - Improved service delivery
 - Improved customer satisfaction
 - Develop equalities practice
 - Enhance citizen engagement
 - Develop the role of scrutiny
 - Promote economic development

- The Council has communicated these objectives internally through monthly Corporate Briefs to staff, the Chief Executive and Council Leader's joint annual presentation to staff, the internal staff magazine 'Scene' and the intranet "In-Site". They have also been communicated to South Cambridgeshire residents through its quarterly magazine "South Cambs" and via the website.

- The Council has developed its first Corporate Plan, which set out its priorities for 2008/09 and demonstrated how the Council planned to meet these challenges during the year, how it has continued to ensure improvements following the Corporate Governance Inspection and has managed resources effectively to deliver high quality services to the whole community.

- The Council has also approved new aims, approaches and actions which will replace the three current corporate objectives to form the framework for service planning, service priorities and budget setting from 2009/10 onwards. The new five aims are: -

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

- Being a listening council, providing first class services accessible to all
 - Ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family
 - Making South Cambridgeshire a place in which residents can feel proud to live
 - Assisting provision for local jobs for you and your family
 - Providing a voice for rural life
-
- In response to the CGI, an Improvement Board was set up, comprising external partners and Councillors. The Board met regularly throughout the year to track progress of the Council's improvement journey. The Leader of the Council and Chief Executive produced Improvement Update reports to the Board to inform them of the Council's progress and plans against the CGI as well as enabling the Board to comment on progress and consider where it could give support and direction to the efforts made by the Council. Cabinet was updated in April and July 2008, and was advised that the action plans were included within the new Corporate Plan and that progress was monitored alongside the review of the Corporate Plan.
 - The new service plans that came into operation in April 2008 included the majority of the improvements needed; service plans were monitored by Portfolio Holders as part of the performance monitoring process.
 - The Corporate Governance Committee has continued to take responsibility for all governance arrangements within the Council and undertakes the core functions of an Audit Committee.
 - The Council produced its first annual report for some time during 2007/08 describing the services it provided, how it worked with other Councils and Partners, what the Council was seeking to achieve, what it actually achieved against the 3 corporate objectives, how much the Council charged to provide its services and how value for money and efficiency savings were made. The annual report will continue to be produced on an annual basis and the 2008/09 annual report will be produced in the summer of 2009 after closure of the accounts.
 - The Policy and Performance service drives delivery of the Corporate Plan, working closely with services to spread best practice, track performance and strengthen performance against local targets. The performance management framework monitors delivery against targets and the Cabinet receives quarterly integrated business monitoring reports, which incorporate the Council's financial performance.
 - The Council has continued to embed the communications strategy building a positive image of the Council in the local community through clear communication with residents, partners and staff. The communications team has been working to deliver key elements of the strategy, namely varying communication styles, media relations, staff communications, communications with councillors, news media and publications.
 - Partnership working is an essential element for the Council to deliver its services effectively and assist the Council in meeting its objectives. The Partnerships Manager co-ordinates all communication with some 70 strategic and operational partnerships. In order to ensure that the Council participates in successful partnerships with robust governance arrangements, the Council has adopted a "Partnership Toolkit" that covers eight partnership standards agreed by the Corporate Governance Committee.

- The Council has developed a matrix of all its partners and has developed a partnerships register for significant partnerships, a risk management matrix and governance standards, in line with the Audit Commission's report on the governance of partnerships.
- New Terms of Reference were agreed during 2008 for the Local Strategic Partnership (LSP), which provide guidance for joint working arrangements with statutory, voluntary, business, community and faith organisations.
- The LSP provides a framework for addressing the social, economic and environmental concerns of people in South Cambridgeshire through partnership working. The Council's Sustainable Community Strategy, agreed in March 2008, outlines the LSP's long-term vision for a sustainable South Cambridgeshire as well as its three year objectives and priorities. The South Cambridgeshire Local Strategic Partnership Board has met five times during the year, with regular attendance of the Council's Partnership Manager to discuss progress against indicators and targets.
- The Council has a Medium Term Financial Strategy, which is reviewed and updated annually as part of the budget setting process to support the achievement of the Council's corporate objectives. The budget and policy framework outlines the process and timetable to be followed each year when setting the Council's budget. The financial management framework includes regular budget monitoring reports to the Senior Management Team, Executive Management Team, Executive and Portfolio Holder meetings to ensure best use of council resources.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- The Constitution was last updated in January 2009 and acts as the guide for the operations of the Council and identifies the roles and responsibilities of the Executive, Officers and Members. The Constitution also identifies the delegation of responsibilities for Council functions through Committees, the Executive, portfolio holders and officers, and sets out how decisions are made. It also sets out management and operational responsibility within the Council. All decisions are published in a weekly e-bulletin, which is distributed to all Members, staff and all parish councils within the district.
- The 'Member Toolkit', which provides a single point of reference for all Members referring to all of the various rules, procedures and guidance to help them perform their roles, was updated in July 2008
- The Toolkit contains the Code of Conduct and related guidance, together with all other related local codes and protocols governing Member behaviour, reference to the IDeA skills framework and the Member training programme.
- "New Member" information packs were issued to all Members elected at the May 2008 elections, together with an Induction Day for newly elected Members. Training programmes were delivered to Members, including sessions on Basic IT, Scrutiny and Overview, Equalities, Standards and the Code of Conduct, Planning and Licensing.
- The Constitution contains an updated Member-Officer Protocol and full job descriptions for Members, including role descriptions for Chairmen of the Council's Committees.

- The Monitoring Officer and Democratic Services team maintain up to date versions of the Constitution and ensure decision-making is fair and lawful. Advice from the Monitoring Officer and/or the Chief Finance Officer is taken on whether any decisions are outside the budget and policy framework. All Executive reports are forwarded to Legal and Finance prior to publication for input into the implications of proposed actions and strategies.
- Currently the Chief Executive is the designated Chief Finance Officer and Head of Paid Service and will ensure legality and prudence of financial decision making. He is the officer responsible for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972.
- Cabinet receives quarterly integrated business monitoring reports, covering the following areas:
 - Financial Performance
 - Corporate Plan Performance
 - CORVU – Integrated Performance Management System

Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- The Constitution acts as the guide for the operations of the Council and identifies the roles and responsibilities of the executive, officers and Members.
- The Constitution is supported by operational procedure manuals containing information on financial regulations, contract regulations, business procedures and processes to be followed in all areas of the Council.
- A tailored induction pack and induction day is provided to Members on commencement of their term of office and job descriptions for their respective roles are included within the Constitution. A Members' Code of Conduct and Members' Undertaking are also in place. Appropriate processes are in place to monitor compliance. All of these matters are referred to within the Member Toolkit.
- Members are asked to sign up to a Member Undertaking to show their commitment to abide by the codes and protocols within the Member Toolkit as a demonstration of support for the high standards of personal behaviour by Members and good working relationships with officers. Officers are bound by their own Code of Conduct.
- The Member Toolkit contains an internal disputes resolution procedure which can be used to deal with alleged breaches of the Code of Conduct.
- The Standards Committee promotes and maintains high standards of conduct within the Council and its Parish Councils through the Code of Conduct for Members. The Committee assesses, reviews and makes determinations in respect of allegations of misconduct against district and parish councillors, and makes recommendations to Council on matters such as reviews of the Code of Conduct. It currently has 19 members: 8 Council Members who are appointed by Council; 4 Parish members who are nominated by Parish Councils and there are 7 independent (lay) members whose appointment is ratified by Council.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- The Constitution acts as the guide for the operations of the council and identifies the roles and responsibilities of the executive, officers and Members. The Constitution also identifies the delegation of responsibilities for Council Functions through Committees and sets out how decisions are made. All decisions are published in a weekly e-bulletin, which is distributed to all Members, staff and the 90 parish councils within the Council's area.
- A Corporate Governance Committee has also been established with terms of reference set out in the constitution; which takes responsibility for all governance arrangements within the Council and undertakes the core functions of the Audit Committee.
- The Council has an in-house legal team supporting Members and all sections of the Council. A lawyer is always in attendance at regulatory committees to ensure that the limits of lawful activity are not breached and that decision-making is fair.
- The Scrutiny and Overview Committee is established and the Constitution provides an overview and mission statement for that committee and includes its principal objectives and terms of reference. The committee can call in for review any decision made by the Executive, Individual Portfolio Holders or by officers. A timetable for scrutiny programme planning sets out deadlines and an annual Scrutiny and Overview Committee report is produced to a meeting of Council.
- Portfolio Holder meetings are open to the public and, wherever possible, decisions are taken at these regularly scheduled meetings, in line with the Constitution. Matters decided outside of the formal meetings, for reasons of urgency, are published on pro-forma decision sheets.
- The Council has a complaints procedure in place. Complaints are reported to the Senior Management Team and Cabinet quarterly as part of the integrated business monitoring report. A report to Scrutiny and Overview in June 2008 reported the complaints received during 07/08. An updated report went to the Committee in April 2009 and the Committee decided to continue to review the complaints procedures within its work programme for 09/10.
- The Council has a Risk Management Strategy in place that was reviewed during the year and approved by the Corporate Governance Committee in September 2008. The document acknowledges the obligation to minimise risk and details the process for identifying, recording, assessing, managing and reviewing risk. A strategic risk register has been compiled and is reviewed quarterly by the Executive Management Team and Corporate Governance Committee. Project and service risk registers are also in place.
- As part of the Internal Audit plan for 2008/09 a risk maturity review was carried out to determine how embedded risk management arrangements are within the Council. The Council was deemed to be in between "Risk Defined" and "Risk Managed" which equates to a score of three to four out of five. An action plan has been agreed to further embed risk management in order to move towards a status of "Risk Enabled" which would score five out of five. The action plan was incorporated in the review of the Council's risk management strategy that was agreed by Corporate Governance Committee in September 2008. The Corporate Governance Committee will review progress of the action plan at its quarterly meetings during 2009/2010.

- The Council's "Use of Resources" score has also increased from a level 2 (performing adequately) to a level 3 (performing well overall). Under individual themes, the score for Internal Control – Managing significant business risks also went from a 2 to a 3.
- The Council has a Code of Conduct for staff incorporated in the Constitution and an Anti Theft, Fraud and Corruption Policy, Capability and Disciplinary Procedures.
- The Council's Whistleblowing policy has been promoted and communicated to staff throughout the year through "In-Site", "Scene" magazine, and display of posters throughout South Cambridgeshire Hall and at the depot. The Standards Committee received a report by the Internal Audit Manager on 11th June 08 stating that there had been no issues raised that required reporting. The 2008/09 declaration will be submitted during 2009/10.

Principle 5: Developing the capacity and capability of Members and officers to be effective.

- An Induction Pack is provided to all new and continuing Members. Members are also provided with a copy of the Member Toolkit which contains more detailed information about standards expected of councillors, and includes vital documents such as the Code of Conduct. An induction day is also held at which the Chief Executive and Corporate Managers provide brief overviews of their service areas.
- The Council has agreed a Member Development Strategy 2008 – 2011 to reflect the development needs which Members themselves identified through a self assessment process. This will assist members to build their skills to enable them to play a full part in the work of the Council and in leading their communities.
- The Council's Workforce Plan was refreshed during the year to take into account the developments during the year, new challenges facing the Council, corporate objectives and the links of service plans to the "golden thread".
- All posts within the Council have a detailed job description and person specification to ensure that staff are suitably qualified to undertake their responsibilities.
- Training needs are identified by the Council's appraisal scheme. Its objectives are to establish clear links between tangible performance objectives, targets, service plans and corporate objectives. It will enable agreed incremental progression, improve performance, identify development opportunities and improve communications and relationships.
- All staff have the option to apply for support in relation to further education and professional development leading to recognised qualifications, which meet business need, enhance or develop job performance and/or contribute to future role requirements.
- Upon appointment, new officers will attend an induction session with the Chief Executive and a formal half-day induction and a departmental induction programme with their line manager.
- The Council is developing its management training programme by reference to a competency framework and has carried out lunchtime seminars to help embed the framework in the personal development planning (PDP) process for managers.
- Executive Management Team has benefited from specific training in personal efficiency development to improve its capacity. In-house and external trainers provide training.

- Personal development plans are completed as part of the appraisal process, providing opportunities for development of officers in a variety of ways.
- The Corporate Governance Committee members received training from RSM Bentley Jennison on the role of the Committee, including links with internal and external audit, comparisons and links with audit and scrutiny and functions and activities governed by the Committee.

The Council has been awarded the Investors in People Standard by demonstrating its commitment to improving business performance through its most valuable asset – its people. This award reflects the very strong ethos of providing development and personal support for staff, a good work – life balance, open and approachable managers, excellent career and professional development, high levels of service to residents, a sound appraisal process and staff involvement in the planning process.

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

- The Council has a Scrutiny and Overview Committee and the Constitution provides an overview and mission statement for this committee and includes its principal objectives and terms of reference. The committee has no decision-making powers, but can call in for review any decision made by the Executive or by Individual Portfolio Holders.
- A timetable for scrutiny programme planning is used that sets out deadlines and an annual Scrutiny and Overview Committee report is produced to the Council. The Scrutiny and Overview Committee meetings take place at different venues across the district.
- In 2007/08 the annual scrutiny report identified areas for improvement and there has been significant progress made against the actions identified, and as recognised by the Audit Commission in their Annual Audit and Inspection Letter dated March 2009.
- There has been extensive training and development to members facilitated by the Improvement and Development Agency (IDeA) on areas such as “scrutiny vision” for the future, team working and questioning skills and finance scrutiny.
- The Council’s Planning Committee meetings include the opportunity for public speaking by applicants and objectors in accordance with a protocol.
- All committee decisions are published in a weekly e-bulletin, which is distributed to all Members, staff and all parish councils within the district. All meeting agendas, minutes and decisions are published on the Council’s website.
- The Council has an existing consultation policy. This will be updated to reflect the new Duty to Involve effective from 1st April 2009.
- The Council’s Performance Plan has been succeeded by the Corporate Plan which clearly communicates the Council’s corporate objectives to partners and the public.
- South Cambs magazine is published four times a year and delivered to every household in the district, updating residents on council news.
- Regular media releases and briefings ensure local media are used as a channel for keeping residents informed of upcoming issues and council decisions.

- The Council continues to ensure that all communications with the public are accessible to all by providing translation, large print, standard phrase descriptions and Braille.

4. Review of Effectiveness

South Cambridgeshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

This review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates, including the Audit Commission through the CGI; CPA; Use of Resources and Direction of Travel statements

The following actions and processes have been applied in maintaining and reviewing the effectiveness of the governance framework over the last twelve months:

The Council and its Senior Management Team have developed and implemented a number of policies and corporate documents as well carrying out a number of actions, as follows: -

- The Corporate Plan 2008/09 was agreed that set out the priorities for the year
- The Council has continued to meet the current 3 corporate objectives as well as planning for 09/10 by approving new aims, approaches and actions.
- The Council's Constitution has been reviewed throughout the year to reflect key changes in policy.
- The Chief Executive and Leader of the Council delivered presentations to all staff in December 2008 looking at the progress that had been made during 2008.
- A Sustainable Community Strategy has been developed that outlines the Local Strategic Partnership's long-term vision for a sustainable South Cambridgeshire as well as its corporate objectives and priorities.
- A Partnership Toolkit was introduced to ensure all partnership arrangements have been assessed and have adequate governance arrangements in place in order to meet the Council's objectives.
- The Medium Term Financial Strategy is linked to the Council's priorities and is embedded in the business planning process.
- Use of Resources 2008 has confirmed that there has been an increase in the overall score from a level 2 score of performing adequately to a level 3 score of performing well overall.
- The Capital Strategy has been developed to maximise the contribution of the capital programme towards the achievement of the Council's corporate objectives.

The Corporate Governance Committee:

- Monitored performance of the Internal Audit function through quarterly reports
- Approved the Internal Audit Strategic Plan
- Monitored the Corporate Governance Inspection Follow Up Inspection and Action Plan
- Reviewed the Assurance Framework and Annual Governance Statement
- Reviewed the Local Strategic Partnership - Governance Arrangements
- Reviewed the Strategic Risk Register on a quarterly basis
- To receive reports from the External Auditors
- Approved the Statement of Accounts for 2007/2008
- Reviewed the Risk Management Strategy and Risk Matrix
- Reviewed Contract Regulations
- Reviewed the Comprehensive Area Assessment and Use of Resources 08/09 updates
- Reviewed the Crime and Disorder Reduction Partnership – Governance Arrangements

The Scrutiny and Overview Committee:

- Was involved in an eight month review of a residential development at Arbury Park, now named Orchard Park
- Carried out a review of the Council's financial and budget setting process, making recommendations agreed by the Cabinet.
- Provided robust scrutiny and challenge on issues including annual budget, community engagement, community safety, complaints process, neighbourhood panels and the Council's response to the Pitt Review on flooding.
- Continued to hold meetings throughout the district to encourage participation by residents and partners including Parish Councillors.
- Developed a selection of scrutiny topics to ensure that programme planning was aligned to corporate objectives and local concerns.
- Made significant progress in implementing identified areas for improvement from the 07/08 Scrutiny Report, including speaking directly with Parish Clerks and local representatives to identify potential issues for scrutiny, developing a structured system of criteria to score annual work programmes and improving the communication channels of what scrutiny does.
- Carried out a training and development programme for committee members throughout the year, with attendance at various sessions and events run by IDeA and the Centre for Public Scrutiny
- Jointly arranged a conference under the Cambridgeshire Scrutiny Network to look at the role of District Councils in scrutiny of the County's Local Area Agreement

The Standards Committee:

- Received the Annual Report from the Internal Audit Manager on Whistleblowing
- Arranged for representatives to attend the 7th Annual Assembly of Standards Committee
- Appointed new Parish Members and Independent Members
- Established new arrangements to manage the local assessment of complaints following the transfer of responsibility from the Standards Board for England.
- Considered allegations of breaches of the Code of Conduct at meetings of the Assessment and Review Panels
- Monitored the handling of complaints through quarterly reports from its Assessment, Review and Hearings Panels
- Received updates on references made to Standards Board for England (SBE) and reports of Local Investigations
- Agreed a Standards Committee work programme
- Established links with Corporate Governance Committee and the Chief Executive, leader and group leaders to promote the work of the committee across the council
- Submitted quarterly reports to Standards Board for England
- Monitored the Operation of the Code of Conduct
- Provided advice and training to District and Parish Councillors in relation to the Code of Conduct
- Monitored the operation of the Council's Whistleblowing Policy
- Received the latest guidance from SBE on Determinations Guidance for Standards Committee
- Received and responded to the Communities in Local Government consultation paper on Codes of Conduct for Local Authority Members and Employees
- Approved a draft procedure for dealing with multiple and vexatious complaints
- Reviewed Membership of Standards Committee Panels

External Audit and Audit Commission's comments:

- The Council has made good progress in improving corporate governance, which has been recognised during the re-inspection. Further improvements however are needed and are recognised in section 5 of this statement.
- The Council has achieved an improved score on the overall Use of Resources going from an overall score of 2 – performing adequately to a level 3 score of performing well overall.
- The Council's direction of travel is positive.
- The Council's Statement of Accounts received an unqualified opinion from External Audit

The Council's Assurance Framework:

- The assurance framework is underpinned by the following processes and policies:
 - Corporate objectives and priority setting
 - Service planning process
 - Annual budget and budgetary control process
 - Performance management framework
 - Self assessment against the local code of governance
 - Risk Management Strategy
 - Anti Theft, Fraud and Corruption Policy
 - Whistleblowing Policy
 - Codes of Conduct / Ethical Standards
 - Financial Regulations and Contract Regulations
 - Partnership protocols
 - Constitution
- The framework is also informed by the views of Internal and External Audit and other review agencies.

Internal Audit:

- The internal audit provision is managed, independently, by the Audit Partner and operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.
- The Audit Plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk and the Council's corporate governance arrangements, including risk management.
- Regular meetings between the internal and external auditor and review of the internal audit work by external audit ensure that duplication of effort is avoided.
- All Audit reports include an audit opinion on the adequacy of internal control; direction of travel and prioritised action plans to address any areas requiring improvement. Audit reports are submitted to the Chief Executive, Executive Director and Corporate Managers as appropriate; the Corporate Governance Committee receives regular updates on progress of the plan and full reports on request.

Internal Audit Opinion

The Internal Audit Opinion in its Annual Report 2008/09 is as follows:

“We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of South Cambridgeshire District Council's arrangements for governance, risk management and control. In our opinion, based upon the work we have undertaken, for the 12 months ended 31 March 2009 South Cambridgeshire District Council has adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives.”

In reaching this opinion the Internal Auditors took into account the following particular considerations:

In relation to governance: the 2008/2009 review by Internal Audit identified that the Council can take substantial assurance that the controls upon which the organisation relies to manage governance risks are effective.

On Risk Management Internal Audit found that the Council continues to enhance its risk management arrangements, which led them to conclude that the Council is a Risk Defined/Managed organisation.

In relation to Internal Control, all Internal Audit reports issued to date have resulted in positive assurance levels i.e. either substantial or adequate assurance.

5. Improvements during the year

The Corporate Governance re-inspection made three recommendations to the Council to further improve its governance arrangements which are listed in the table below (R1, R2, R3). The Corporate Plan developed for 2008/2009 identified an action plan for dealing with the initial responses to recommendations made in the Corporate Governance Re-Inspection report – March 2008. Progress was monitored through the Improvement Board, Executive and Corporate Governance Committee. In January 2009, the Improvement Board concluded that the Council was making good progress and was able to sustain improvement through service planning and improved performance management arrangements.

This table highlights the progress made in connection with the re-inspection and further significant governance issues from the Annual Governance Statement for 2007/2008.

Previous Recommendations 2007/2008	Progress of Action in 2008/2009
<p>R1: The Council must ensure recent developments in political conduct and leadership are sustained, deepened and broadened.</p>	<p>R1: Cabinet has enhanced its leadership role; portfolio holder meetings are now open and consistent; scrutiny has improved; a member development strategy is being implemented; an all party workshop was held in December 2008 to discuss the way members could work together.</p>
<p>R2: The Council must ensure the process of improvement continues to aim for profound and sustainable change in the way the Council operates.</p>	<p>R2: Senior management has been strengthened; the workforce plan has been reviewed; management training, succession planning and numerous changes to action feedback from the staff survey are being implemented; members of Cabinet and EMT have adopted cross-cutting themes to improve leadership and capacity; a new performance management system is in place; service planning has been consolidated.</p>

<p>R3: The Council must ensure that, concurrent with improvements in processes and procedures, its policies and behaviours address the needs of, and promote the well being of all sections of the community.</p>	<p>R3: Progress was hampered by staff illness but some progress was made in relation to equality and diversity. A draft Comprehensive Equalities Scheme has been consulted upon; a draft Gender Equality Scheme has been prepared following consultation; a draft Gypsy & Traveller Scheme has been prepared; a new officer is in post and additional support has been made available to enable a full programme of Equality Impact Assessments to be carried out.</p>
<p>2) Procedures for setting up new partnerships, reviewing their governance arrangements and completing risk assessments for partnerships have not yet been formalised.</p>	<p>A “Partnerships Toolkit” was introduced during 2008, to provide guidance to officers and members to assess the health of any partnership they are involved with and highlight where action maybe required to enhance their governance arrangements in order to achieve the Council’s objectives and priorities.</p> <p>Within the toolkit, there are detailed descriptions of its purpose and objectives, the eight standards of good governance, what good governance is, the Cambridgeshire Compact, good practice checklist and the whole start to finish process for considering partnerships.</p> <p>During 2008, all significant partnerships were risk assessed against the agreed likelihood criteria, including clear standards and expectations on governance arrangements. Each partnership was then plotted on a risk matrix to determine their overall score which is reviewed quarterly.</p>
<p>3) There is a need to further improve the Council’s Scrutiny arrangements and processes.</p>	<p>The Council has one scrutiny committee – The Scrutiny and Overview Committee, which has twelve members drawn from the political groups in the same proportion as on the Council as a whole.</p> <p>Another strand of scrutiny is delivered through members of the committee who act as scrutiny monitors at Portfolio Holders’ meetings. This enables to help develop a greater knowledge in an area of the Council’s work and therefore has offered well-informed challenge and influence.</p>
<p>4) Performance management is not currently embedded throughout the Council.</p>	<p>Due to technical problems with CORVU the implementation was delayed during 2008. In Jan 2009, a report to Scrutiny and Overview Committee stated that the implementation of a new performance management system (CORVU) is planned for June 2009.</p>

6. Significant governance issues

The following issue was identified during 2008/09 as a result of the review of arrangements and by the work of external and internal audit and may be regarded as significant:

2008/2009 Recommendation	Action Planned for 2009/2010
1) Following on from recommendation 4 from 07/08 the Council to ensure that CORVU use is implemented successfully.	<i>To fully embed a performance management culture supported by a training programme for officers and members, and linking CORVU to service planning.</i>
2) To implement procedures for the reconciliation of the fixed asset register, housing maintenance database and housing rents system.	<i>Procedures will be implemented during 2009/10 involving Accountancy, Housing, Rents and Legal Services to reconcile the housing stock numbers on the fixed asset register, land terrier, housing maintenance system and housing rents system.</i>
3) To address the non-compliance of the fixed asset register with the SORP.	<i>As stated in the Audit Commission's Annual Governance Report. 'a revised fixed asset register that substantially meets the requirements has been produced' and the asset register will be linked to the reconciliation above for 2009/10.</i>

In addition, whilst not a significant governance issue, risk management has been identified as an area for further improvement recognising the continuing work to enhance the process. It is therefore proposed that steps are taken to further embed risk management across all aspects of the Council's processes and procedures in accordance with the risk management action plan.

These improvements are planned to strengthen effective corporate governance.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

Signed

Signed

Date: 23 October 2009

Date: 23 October 2009

Greg Harlock, CPFA
Chief Executive

Councillor Ray Manning
Leader of the Council

Statement of Accounting Policies

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice, and any departures from the Code have been disclosed below.

The accounting convention adopted is historical cost modified by the revaluation of certain categories of tangible fixed assets.

2. Accruals of Income and Expenditure

The accounts of the Council are maintained on an accruals basis, that is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the 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 normally included in the accounts on a payments 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.

3. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one year. Expenditure is amortised to the relevant service revenue account over the economic life of the asset to reflect benefits consumed.

4. Tangible Fixed Assets

All expenditure on the acquisition, creation or enhancement of tangible fixed assets which yield benefit to the Authority and the services it provides for a period of more than one year is capitalised on an accruals basis in the accounts. This will include expenditure on the acquisition of land, the acquisition/construction/ enhancement of buildings and the acquisition of vehicles and plant.

Expenditure on existing fixed assets has been capitalised where the expenditure relates to enhancement, which increases the useful life, market value and/or usage, or relates to a major inspection or overhaul of the fixed asset that restores the benefits of the asset that have been consumed and reflected in depreciation. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

Tangible fixed assets are included in the balance sheet on the following bases:

Operational land and property and other operational assets	The lower of net current replacement cost and net realisable value in existing use, and are then adjusted to reflect tenancies at less than open market rents (existing use value For vehicles, plant and equipment, historic cost less depreciation is used as an appropriate measure.
Non operational assets surplus to requirements	The lower of net current replacement cost and net realisable value.
Infrastructure and community assets	Historic cost, net of depreciation, where appropriate

Revaluations of fixed assets are carried out at least every five years, council dwellings reviewed annually, and any revaluation gain is normally credited to the revaluation reserve. The revaluation reserve includes revaluation gains from 1st April 2007 only. Gains arising before that date have been included in the capital adjustment account.

Expenditure on the acquisition, creation or enhancement of fixed assets has been debited in full to the fixed asset account. The expenditure on enhancement has been matched by a corresponding charge for impairment attributable to the consumption of economic benefit. Any impairment loss due to the clear consumption of economic benefits is charged to the relevant service account in the Income and Expenditure account; any other impairment loss is written off any revaluation gains in the revaluation reserve for that (group of) asset(s) with any excess being charged to the relevant service account.

Fixed assets disposed of during the year are written out of the balance sheet at their carrying value to the Income and Expenditure Account; receipts from disposals are credited to the Income and Expenditure Account; and the net position is shown as gains and losses on disposals of fixed assets.

Gains and losses on the disposal of assets are reversed out in the Statement of Movement on the General Fund balance by crediting the usable capital receipts reserve with an amount equal to the disposal proceeds and debiting the capital adjustment account with an amount equal to the book value of the disposal, with any revaluation gains in the revaluation reserve being transferred to the capital adjustment account.

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

	Years
Council dwellings	25/45
Buildings other than dwellings	10/60
Information and Communications Technology (ICT)	3
Vehicles and Plant	7/10
(Most vehicles are contract hired.)	

No depreciation is charged on freehold land and non-operational properties in accordance with standard accounting policies.

The Code has not been complied with insofar as the cumulative amount for depreciation or impairment at the beginning of the financial period and at the balance sheet date has not been disclosed in the notes to the Balance Sheet. It is considered that the amounts involved are not material to the fair presentation of the financial position of the Authority or to an understanding of the Statement of Accounts.

5. Revenue expenditure funded from capital under statute

Revenue expenditure funded from capital under statute are transactions of a capital nature where there is no fixed asset in the ownership of the Council. The main example is grants such as housing renovation grants and recreation and leisure grants where the fixed assets are owned by individuals and other organisations.

Revenue expenditure funded from capital under statute is amortised to the relevant service in the Income and Expenditure Account in the year in which it occurs and reversed out from the Statement of Movement on the General Fund Balance to the Capital Adjustment Account.

6. Leases

There were no extant or new finance or operating leases in the year. Contract hire agreements which have similar characteristics to operating leases are accounted for on a straight line accruals basis.

7. Government grants and other contributions to fixed assets

Grants and contributions are accounted for on an accruals basis with revenue grants being credited to the appropriate service account in the Income and Expenditure Account.

Capital grants and contributions are credited initially to an unapplied account and, when used to finance capital expenditure, are transferred to a deferred account. The amounts in the deferred account are released to the relevant service account over the useful life of the asset to offset the depreciation charged. Both depreciation and the amortisation of grants and contributions are reversed out in the Statement of Movement on the General Fund Balance. Any unused balance is shown in the balance sheet as government grants deferred.

8. Stock and work in progress

Stock held at the year end has been included in the accounts at the lower of cost or net realisable value. Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

9. Cost of support services

All the costs of management and administration and central support services have been fully apportioned to services. The bases of apportionment for the main costs are outlined below:

Cost	Basis of apportionment
Administrative Buildings	Area occupied and then on a per capita basis for office accommodation
Management and Administration in Central and Service Departments	Actual time spent by staff weighted by salary costs
Information and Communication Technology	The cost of specific systems and the Contact Centre are allocated on an actual or estimated usage basis to the relevant services; general systems are allocated on a per capita basis
Central Support Services and Central Expenses	Per capita basis

The costs of the corporate and democratic core are not apportioned to services.

10. Reserves and Developers' Contributions

The Council maintains certain reserves to meet future expenditure. When this expenditure arises, it is charged to the service account but the contribution to/from capital and other reserves is shown in the Statement of Movement on the General Fund Balance. The movement in the earmarked reserves is shown in a note to the Balance Sheet.

Developers contributions are monies received from developers under Section 106 of the Town and Country Planning Act 1990 for future expenditure on drainage and community costs and development and is shown in Note 19.

11. Pensions

The Authority participates in the funded Local Government Pension Scheme, which is a defined benefit scheme, and has also in the past provided unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council.

The accounts have been prepared on the basis of the full adoption of Financial Reporting Standard 17 (FRS17) Retirement Benefits whereby pension liabilities incurred during the year are charged to the cost of services. The cost of these liabilities is reversed out in the Statement of Movement on the General Fund and Housing Revenue Account balances and payments to the pension scheme are added in. The Balance Sheet shows the future liability in respect of benefits due to members of the fund.

The amounts and disclosures shown in the Income and Expenditure Account and the Balance Sheet in respect of the Authority's attributable share of the funded scheme and the Authority's unfunded scheme have been determined by the administering authority's actuary, with the funded scheme determination being in accordance with Guidance Note 36: Accounting for Retirement Benefits under FRS17 issued by the Institute and the Faculty of Actuaries.

Quoted investments are now required to be shown at fair value which is usually the bid (selling) price rather than the mid-market value. This effect of this change in accounting policy is not considered material.

12. Debt free

The Council has no outstanding debt and has complied with the statutory definition of debt free status since 1 April 1996. As a result, the Council:

has benefited from the transitional reductions on the full amount of any receipts from the sale of dwellings which have to be paid to the Government;

finances its capital requirement from capital receipts, grants and direct revenue financing so that there is no pre-emption of future revenue resources for the repayment of debt.

13. Provisions and Contingent Liabilities

The Council sets aside Provisions for specific future expenses, which are likely or certain to be incurred and which can be reliably estimated. Provisions are charged to the appropriate service revenue account and shown in the Balance Sheet.

Contingent liabilities are

- a) possible obligations which will only be confirmed by uncertain future events and which can or cannot be measured with sufficient reliability or
- b) present obligations which cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the accounting statements but are disclosed in the notes to the accounting statements.

14. VAT

VAT is excluded from the capital and revenue accounts as it is all recoverable.

15. Financial Instruments

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The Council is debt free and the only financial liabilities are trade payables of short duration measured at original or estimated invoice amount.

The only 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.

Loans and receivables are initially measured at fair value and carried at amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the 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 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.

16. Change in accounting policies

The loans for disabled facilities and renovation of dwellings referred to in the accounting policy on financial instruments were written out in 2007/08 on the basis that they might not be repaid for a considerable period. These loans have now been written back in 2008/09 as long term debtors to present more fairly the Council's financial position.

17. Prior Period Adjustments

Intangible assets are now shown under a separate heading where previously included within Vehicles, Plant and Equipment and, garages have been transferred from Council Dwellings to Other Land and Buildings as shown in the Balance Sheet and Note 11. This is a reclassification with no overall change to the total long-term assets of the Council.

A review of council dwellings and transfers in advance of sale to Registered Social Landlords has resulted in prior year asset transfers between Council Dwellings and Surplus Assets, reclassification gives a changed asset value due to dwellings reflecting tenancies at less than market rents and surplus assets at the lower of net current replacement cost and net realisable value.

Core Financial Statements

- Income and Expenditure Account
- Statement of Movement on the General Fund Balance
- Statement of Total Recognised Gains and Losses
- Balance Sheet
- Cash Flow Statement

Income and Expenditure Account

Restated 2007/08 Net Expenditure £		2008/09 Gross Expenditure £	2008/09 Gross Income £	2008/09 Net Expenditure £
	Expenditure on services			
1,911,339	Central Services	4,235,526	(669,990)	3,565,536
1,277,352	Central Services to the Public	7,681,119	(6,295,858)	1,385,261
	Cultural, Environmental and Planning Services			
1,736,001	Cultural and Related Services	1,008,276	(167,375)	840,901
4,983,140	Environmental Services	7,245,073	(1,584,343)	5,660,730
4,085,860	Planning and Development Services	7,345,311	(3,083,611)	4,261,700
620,917	Highways, Roads and Transport Services	575,153	(182,673)	392,480
	Non HRA Housing			
291,018	Personal Social Services	353,581	(65,270)	288,311
161,659	Housing Benefit and Administration	18,873,991	(18,725,033)	148,958
633,530	Private Sector Housing Renewal	526,115	(8,796)	517,319
85,248	Supporting People	375,195	(248,570)	126,625
409,040	Other Non HRA Housing Services Expenditure	1,280,110	(369,190)	910,920
211,089	Other Contributions to/from HRA	171,763	0	171,763
16,406,193	General Fund Services-Continuing operations	49,671,213	(31,400,709)	18,270,504
(980,516)	Housing Revenue Account Services	58,514,401	(23,190,361)	35,324,040
15,425,677	Net cost of services	108,185,614	(54,591,070)	53,594,544
6,432,242	(Gain) / loss on disposal of fixed assets			(824,747)
3,192,409	Precepts of Local Precepting Authorities			3,455,510
2,265,139	Payment to the Government for Housing Pooled Capital Receipts			970,814
(2,321,430)	Interest and investment income			(2,081,394)
104,000	Pensions interest cost and expected return on pension assets			992,000
25,098,037	Net operating expenditure			56,106,727
(8,989,939)	Demand on Collection Fund			(9,672,880)
(10,848)	Transfers from Collection Fund			3,098
(1,086,718)	Government Grants			(964,779)
(6,475,482)	Distribution from Non-Domestic Rate Pool			(6,768,850)
8,535,050	*Deficit for the year			38,703,316

* The Income and Expenditure Account summarises the cost of providing services and amounts due to and from the Council; all operations arise from continuing activities. The deficit includes depreciation, impairment, revenue expenditure funded from capital under statute, pension costs and payment of capital receipts to the Government – none of which are financed from the Council Tax / General Fund as shown on the next page.

Statement of Movement on the General Fund Balance

Restated 2007/08 Net Expenditure £		2008/09 Net Expenditure £
8,535,050	Deficit for the year on the Income and Expenditure Account	38,703,316
(9,810,162)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	2 (39,019,406)
(1,275,112)	Decrease/(Increase) in General Fund Balance for the year	(316,090)
(6,545,915)	General Fund Balance brought forward	(7,821,027)
(7,821,027)	General Fund Balance carried forward and available for the future use of the Council	(8,137,117)

Statement of Total Recognised Gains and Losses

2007/08 £		2008/09 £
8,535,050	Deficit on the Income and Expenditure Account for the year	38,703,316
(56,073,018)	(Surplus) or deficit arising on the revaluation of fixed assets	45,613,298
(4,760,000)	Actuarial (gains) and losses on pension fund assets and liabilities	7,630,000
534,907	Any other (gains) or losses for the year	(11,556)
0	Prior Period Adjustments	2,466,662
(51,763,061)	Total recognised (gains) and losses for the year	94,401,720

Balance Sheet

31 March 2008				31 March 2009	
£		Note	£	£	
0	Intangible Assets	11		73,422	
	Tangible Fixed Assets	11			
	Operational				
478,153,143	Council dwellings		393,869,781		
15,656,837	Other land and buildings		17,231,958		
1,592,721	Vehicles, plant and equipment		1,691,771		
84,126	Infrastructure		14,816		
0	Community assets		0	412,808,326	
	Non -operational				
310,000	Investment Properties		0		
170,327	Assets under construction		0		
2,278,320	Surplus assets, held for disposal		4,429,046	4,429,046	
498,245,474				417,310,794	
7,000,110	Long Term Investments	16		5,000,110	
140,819	Long Term Debtors-Mortgages/loans			449,841	
505,386,403	Total Long Term Assets			422,760,745	
	Current Assets				
25,492	Stocks	14	107,396		
3,629,324	Debtors	15	5,668,218		
23,229,703	Investments	16	18,849,900		
509,023	Cash and Bank		362,639	24,988,153	
27,393,542					
	Current Liabilities				
(8,706,296)	Creditors	18 & 19	(10,152,694)		
(1,839,045)	Cash overdrawn		(1,457,090)	(11,609,784)	
(10,545,341)					
16,848,201	Net Current Assets			13,378,369	
522,234,604	Total Assets less Current Liabilities			436,139,114	
(956,950)	Deferred Liabilities	19		0	
(705,796)	Deferred Credits and Grants	20		(1,050,976)	
0	Provisions	28		0	
(14,754,000)	Liability related to defined benefit pension schemes	31		(23,672,000)	
505,817,858	Net Assets	26		411,416,138	

Balance sheet: continued

31 March 2008		31 March 2009
£	Note	£
	Accounts, Balances and Reserves	
(441,121,604)	Capital Adjustment Account 24	(413,756,102)
(55,076,799)	Revaluation Reserve 23	(1,891,738)
(9,288,546)	Usable Capital Receipts Reserve 25	(4,349,916)
(3,621,522)	Earmarked Reserve 22	(3,895,081)
14,754,000	Pensions Reserve 31	23,672,000
	Revenue Balances	0
(7,821,027)	General Fund	(8,137,117)
(3,631,235)	Housing Revenue Account	(3,106,275)
(11,125)	Collection Fund	48,091
(505,817,858)	21	(411,416,138)

Signed:

A Colyer
Executive Director and Chief Finance Officer

23 October 2009

Cash Flow Statement

2007/08		2008/09	2008/09
£	Revenue Activities	£	£
	Cash Outflows		
15,327,863	Cash paid to and on behalf of employees	16,612,776	
14,875,717	Other operating cash payments	12,974,793	
10,048,066	Negative housing subsidy paid to Government	11,554,901	
7,436,243	Housing Benefit paid out	8,578,043	
51,834,938	National Non-Domestic Rate Payments to the National Pool	57,515,005	
52,931,425	Precepts paid to County Council	56,730,895	
8,480,472	Precepts paid to Police Authority	9,089,250	
2,973,311	Precepts paid to Fire Authority	3,154,844	
3,192,409	Precepts paid to Parishes	3,455,510	
2,129,583	Payment to Capital Receipts Pool	1,118,296	
1,620,063	Revenue expenditure funded from capital under statute	<u>1,108,146</u>	
			181,892,459
	Cash Inflows		
(10,029,174)	Rents (after rebates)	(9,459,762)	
(68,902,472)	Council Tax receipts (after benefits)	(73,241,211)	
(6,475,482)	National Non Domestic Rates from National Pool	(6,768,850)	
(52,852,525)	Non Domestic rate receipts	(56,804,024)	
(1,086,718)	Revenue Support Grant	(964,779)	
(21,369,962)	DWP grants for benefits	(22,742,092)	
(2,069,819)	Other Government Grants	(2,376,831)	
(8,866,073)	Cash received for goods and services	<u>(6,958,549)</u>	
			(179,316,098)
<u>(802,135)</u>	Revenue Activities Net Cash Flow		<u>2,576,361</u>
	Returns on Investment		
	Cash Inflows		
(2,111,181)	Interest received	<u>(2,085,976)</u>	
			(2,085,976)
	Capital Activities		
	Cash Outflows		
11,460,550	Purchase of Assets	9,934,287	
1,000,000	Purchase of Long Term Investments	3,000,000	
	Cash Inflows		
(4,600,563)	Sale of Fixed Assets	(3,313,985)	
(848,472)	Capital Grants received	(951,835)	
(4,403)	Other capital cash receipts	<u>(14,620)</u>	
			<u>8,653,847</u>
<u>4,093,796</u>	Net cash outflow before financing		<u>9,144,232</u>
	Management of Liquid Resources		
(2,925,000)	Net increase/(decrease) in short term deposits		(9,379,803)
<u>1,168,796</u>	Net (Increase)/ decrease in cash		<u>(235,571)</u>

Notes to Core Statements

- Notes to the Income and Expenditure Account
- Notes to the Balance Sheet
- Notes to the Cash Flow Statement

Notes to Income and Expenditure Account

1. Explanation of the significance of the Statement of Movement on the General Fund

The Income and Expenditure Account is compliant with UK Generally Accepted Accounting Practice (GAAP) which applies in both the public and private sectors. However, local authorities are also subject to statutory requirements governing expenditure and income which must be excluded and that which can be included in the General Fund and thereby financed from the Council Tax.

Note 2 shows the adjustments which have to be made to convert the GAAP compliant Income and Expenditure to the statutory General Fund.

It is the credit balance on the General Fund which is available as a working balance and/or to finance services in future years.

2. Analysis of statutory/non-statutory adjustments

Analysis of net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year:

2007/08 £	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	2008/09 £
(993,921)	Depreciation, amortisation and impairment of fixed assets (excluding depreciation charged to HRA services)	(30,829,778)
0	Excess of depreciation charged to HRA Services over the Major Repairs Allowance	(5,740,431)
206,897	Government Grants Deferred amortisation matching depreciation and impairments	179,748
(872,973)	Amounts treated as revenue expenditure in accordance with SORP but which are classified as capital expenditure by statute (i.e. capital grants)	(1,001,414)
(6,432,242)	Net (gain) / loss on sale of fixed assets	813,982
(93,000)	Amount by which pension costs calculated in accordance with the SORP (i.e. FRS 17) are different from the contributions due under the pension scheme regulations	(1,112,000)
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year	
0	Capital expenditure charged in-year to the General Fund Balance	(72,732)
(2,265,139)	Transfer from Useable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	(970,814)
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
846,221	Statutorily required transfer of the surplus or deficit for the year on the HRA calculated in accordance with statute to the HRA balance	(524,960)
(631,634)	Net transfer to or from earmarked reserves	238,993
(10,235,791)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(39,019,406)

3. Accounting for publicity

In accordance with the Local Government Act 1986 Section 5, expenditure on all publicity, including exempt categories and including publicity relating to accounts other than the General Fund was:

2007/08		2008/09
£		£
172,859	Staff recruitment	161,606
247,508	Communications	258,971
38,215	Other	65,336
458,582		485,913

4. Members allowances

The total of Members' allowances paid in the year was £346,946 (£336,939 in 2007/08). 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.

5. Employees' remuneration

The number of employees whose remuneration was £50,000 or more were:

2007/08		2008/09
5	£50,000 - £59,999	11
3	£60,000 - £69,999	4
2	£70,000 - £79,999	2
0	£80,000 - £89,999	0
1	£90,000 - £99,999	0
0	£100,000 - £109,999	1
0	£110,000 - £119,999	0
1	£120,000 - £129,999	0
0	£130,000 - £139,999	1

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. Pension contributions payable by either the employee or employer are excluded.

6. Building Control

Expenditure on fee-earning activities and associated fee income were:

2007/08		2008/09
£		£
444,951	Expenditure	463,490
<u>(457,861)</u>	Income	<u>(427,950)</u>
(12,910)	(Surplus) / Deficit	35,540
	Additional pensions liability under Financial	
12,060	Reporting Standard FRS 17	(13,929)
(850)	Total (Surplus)/Deficit	21,611

7. Trading operations

2007/08		2008/09
£		£
	Direct Labour Organisation	
	Building Maintenance	
3,210,221	Turnover	3,447,235
(20,474)	Deficit/(Surplus)	5,596
(20,474)	Total Deficit/(Surplus)	5,596
	Additional pensions liabilities under Financial	
29,143	Reporting Standard FRS 17	(28,152)
8,669	Total (Surplus)/Deficit	(22,556)

8. External Audit and Inspection costs

Expenditure during the year on audit costs was:

2007/08		2008/09
£		£
113,000	Auditing Fee	121,633
	Inspection fee payable to the	
19,943	Audit Commission	17,928
34,200	Certifying grant claims	38,172
0	Other services	0
167,143		177,733

9. Related party disclosures

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 Notes 36 and 48.

In 2008/09, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

10. Acquired and discontinued operations, exceptional items and extraordinary items

There are no transactions to report under these headings in 2008/09 or in 2007/08.

Notes to the Balance Sheet

11. Tangible and intangible fixed assets

Movements in the net fixed assets during the year were as follows:

Intangible assets:

	Purchased software Licences	Total
Gross book value as at 1 April 2008	0	0
Transfers (to)/from other categories	114,322	114,322
	114,322	114,322
Additions	7,172	7,172
Disposals	0	0
Revaluations	0	0
Impairment	0	0
Gross book value 31 March 2009	121,494	121,494
Amortisation at 1 April 2008	0	0
Prior period adjustment transfers to/(from) other categories	(9,965)	(9,965)
Amortisation	(38,107)	(38,107)
Accumulated amortisation at 31 March 2009	(48,072)	(48,072)
Net book value as at 31 March 2008	0	0
Net book value as at 31 March 2009	73,422	73,422

The gross value of assets which were previously categorised in the Balance Sheet as Vehicles, Plant and Equipment have been transferred to Intangible Assets these assets have been amortised over the useful life of the asset.

Operational Assets:

	Council Dwellings	Other land and buildings	Vehicles, Infrastructure plant and equipment		Total
Gross book value as at 1 April 2008	478,153,143	15,863,575	2,352,108	95,404	496,464,230
Prior period adjustment	(5,173,936)	(5,010)			(5,178,946)
Transfers (to)/from other categories	(3,162,081)	3,162,081	(114,322)	0	(114,322)
	469,817,126	19,020,646	2,237,786	95,404	491,170,962
Additions	9,096,549	127,812	614,666	86,371	9,925,398
Disposals	(3,953,470)	0	(11,854)	0	(3,965,324)
Revaluations gain/(impairment)	(76,482,589)	(1,830,573)	0	0	(78,313,162)
Transfer re:Completion of assets under construction	0	0	170,327	0	170,327
Impairment	(4,607,835)	(124,164)	(16,858)	(144,403)	(4,893,260)
Gross book value 31 March 2009	393,869,781	17,193,721	2,994,067	37,372	414,094,941
Depreciation at 1 April 2008	0	(206,727)	(759,388)	(11,278)	(977,393)
Prior period adjustment	(11,424)	0	9,965	0	(1,459)
Depreciation	(8,918,839)	(218,832)	(552,873)	(11,278)	(9,701,822)
Depreciation adjustment on revaluation	8,930,263	425,559	0	0	9,355,822
Accumulated depreciation at 31 March 2009	0	0	(1,302,296)	(22,556)	(1,324,852)
Net book value as at 31 March 2008	478,153,143	15,656,848	1,592,720	84,126	495,486,837
Net book value as at 31 March 2009	393,869,781	17,193,721	1,691,771	14,816	412,770,089

Non-Operational Assets:

	Investment Properties	Assets under construction	Surplus assets held for disposal	Total
Gross book value as at 1 April 2008	310,000	170,327	2,278,320	2,758,647
Prior period adjustment			2,701,189	2,701,189
Transfers to/from other categories	0	0	0	0
	310,000	170,327	4,979,509	5,459,836
Additions	0	0	1,717	1,717
Disposals	(310,000)	0	0	(310,000)
Revaluations	0	0	1,103,816	1,103,816
Transfers	0	0	1,148,086	1,148,086
Completion of assets under construction	0	(170,327)	0	(170,327)
Impairment	0	0	(2,804,082)	(2,804,082)
Gross book value 31 March 2009	0	0	4,429,046	4,429,046
Depreciation at 1 April 2008	0	0	0	0
Depreciation	0	0	0	0
Accumulated depreciation at 31 March 2009	0	0	0	0
Net book value as at 31 March 2008	310,000	170,327	2,278,320	2,758,647
Net book value as at 31 March 2009	0	0	4,429,046	4,429,046

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

- a) Council dwellings and non operational assets relating to the Housing Revenue Account as at 1 April 2005 by Mr. Cary Carter, MA, MRICS, District Valuer, East of England; Council dwellings have been valued and reviewed at 31 March 2009 on the basis of existing use for social housing by Mr Andrew Wilcox, MRICS, and
- b) Other land and buildings (excluding South Cambridgeshire Hall and car parks) and investment properties valued as at 1 April 2004 by Mr. Mark Catley, MRICS, FAAV, District Valuer, East of England.

- c) South Cambridgeshire Hall and car parks valued as at 31 March 2009 by Mr. Gary Bradbury, 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 fixed assets may not be recoverable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 38. In the event that the dwellings are transferred to a housing association, then the valuation method for such a transfer is entirely different and produces a much lower valuation.

Capital expenditure was financed as follows:

	£		£
Expenditure		Financing	
Intangible assets	7,172	Capital Receipts	7,246,627
Fixed Assets	9,927,115	Revenue	72,732
Revenue funded from capital		Grant	544,666
under statute	1,108,146	Major Repairs Allowance	3,178,408
	<u>11,042,433</u>		<u>11,042,433</u>

An analysis of fixed assets is:

31 March 2008 (Numbers)		31 March 2009 (Numbers)
5,625	Council dwellings	5,572
1	Offices	1
1	Depot and Workshop	1
0	Country Park, visitors centre and toilet block (99 year lease granted to Cambridge Sport Lakes Trust Ltd at 31 March 2008)	0
5	Car Parks	5
2	Commercial Property	0
15.25 (acres)	Land	15.25 (acres)

Capital commitments as at 31 March 2009 were £1.23 million on Housing and £1.86 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

12. Revenue expenditure funded from capital under Statute

Balance as at 1 April	0
Improvement Grants	717,060
Other	391,086
Written out	(1,108,146)
Balance as at 31 March	0

13. Leases

There were no new finance lease agreements during 2008/09.

Payments of £860,686 in respect of vehicle contract hire were made in 2008/09 (£911,003 in 2007/08).

In respect of contract hire agreements for vehicles, the Council is committed to make payments of £774,960 in the financial year 2009/10 analysed as:

2007/08		DLO/DSO	Cars	2008/09
Total		£	£	Total
£		£	£	£
198,546	commitments expiring in the year 2008/09	0		0
	commitments expiring in the year 2009/10	85,414	27,632	113,046
425,090	commitments expiring in the years 2009/13 and later	413,490	42,182	455,672
173,682	commitments expiring in the years 2013/14 and later	206,242	0	206,242
797,318		705,146	69,814	774,960

14. Stocks and works in progress

31 March		31 March
2008		2009
£		£
16,248	DSO- Recycling and refuse bins and sacks	102,260
1,333	Catering	1,842
7,911	Post	3,294
25,492		107,396

15. Debtors

31 March 2008		31 March 2009
£		£
	Debtors	
1,209,880	Government Departments	1,954,541
282,907	Non-Domestic Ratepayers	568,673
1,159,252	Council Tax	1,236,483
407,432	Housing Rents	414,991
144,326	Cambridgeshire County Council	594,198
0	Cambridgeshire Police Authority	45,204
0	Cambridgeshire Fire Authority	15,690
0	Cambridge City Council	32,000
3,952	Employee Car Loans	0
2,040,385	Sundry Debtors	2,520,648
<hr/>		
5,248,134		7,382,428
	Provision for Doubtful Debts	
(91,083)	Non-Domestic Ratepayers	(113,943)
(517,854)	Council Tax	(535,630)
(360,000)	Housing Rents	(385,800)
(649,873)	Sundry Debtors	(678,837)
<hr/>		
(1,618,810)		(1,714,210)
<hr/>		
3,629,324	Total Debtors	5,668,218
<hr/>		

The credit risk associated with accounts payable to the Council is reflected in the provisions made in the accounts for doubtful debts the methodology applied being given in Note 17.

16. Investments

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 and Irish banks and building societies and, therefore, no provision is made for possible loss of principal.

31 March 2008 £		31 March 2009 £
	Local Authorities	
3,237,756	Clearing Banks	4,041,651
0	Subsidiaries of Clearing Banks	0
3,576,123	Banks, other	1,503,493
355,065	Money Market Funds	867,063
	Building Societies with assets:	
5,107,470	greater than £10,000 million	4,154,813
4,088,206	between £5,000 million and £10,000 million	1,024,493
11,788,228	between £1,500 million and £5,000 million	11,224,235
2,076,855	between £350 million and £1,500 million	1,034,152
110	Government Securities	110
30,229,813	Total	23,850,010
	Principal Investments analysed by maturity	
884,703	2007/08	0
22,345,000	2008/09	484,900
3,000,000	2009/10	18,365,000
2,000,000	2010/11	1,000,000
1,000,000	2011/12	1,000,000
1,000,000	2012/13	1,000,000
0	2013/14	2,000,000
110	Government Securities	110
30,229,813		23,850,010

17. 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
- financial assets: loans and receivables comprising bank deposits, trade receivables, investments and long term mortgages

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 has not been calculated and the SORP has not been complied with in this respect.

Fair value is the amount determined by knowledgeable, willing parties in an arm's length transaction.

As stated in the accounting policies, 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 £384,226 as at 31 March 2009 (£407,679 in 2007/08).

The financial risks arising from financial instruments are:

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 £5 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 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) **Liquidity Risk**

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

c) **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 and the Council is debt free, 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.

18. Creditors

31 March 2008		31 March 2009
£	Note	£
(2,240,741)	Government Departments	(1,797,628)
(1,474,373)	Non-Domestic Ratepayers	(2,054,836)
(709,653)	Council Tax	(840,849)
(223,096)	Housing Rents	(228,003)
(873,226)	Cambridgeshire County Council	(962,224)
(10,480)	Cambridgeshire Police Authority	0
(3,674)	Cambridgeshire Fire Authority	0
(112,406)	Cambridge City Council	(114,366)
(4,580)	Salaries & Wages	(2,416)
(3,054,067)	Sundry Creditors	(3,089,550)
(956,950)	Developers Contributions	19 (1,062,822)
(9,663,246)	Total	(10,152,694)

19. Developers' 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.

	Balance at 31 March 2008	Movement in year	Balance at 31 March 2009
	£		£
Capital			
Commuted Sums	(65,740)	0	(65,740)
Partnership works on Awarded Watercourses	(401,525)	(42,690)	(444,215)
Affordable Housing S106	(167,336)	(92,719)	(260,055)
Revenue			
Sustainability S106 Arbury Camps	(143,397)	10,000	(133,397)
Public Art S106 Arbury Camps	(138,426)	11,753	(126,673)
Community Development S106	(40,526)	15,000	(25,526)
Electoral Arrangements	0	(7,216)	(7,216)
	(956,950)	(105,872)	(1,062,822)
Capital	(634,601)	(135,409)	(770,010)
Revenue	(322,349)	29,537	(292,812)
	(956,950)	(105,872)	(1,062,822)

20. Deferred credits and grants

31 March 2008		31 March 2009
£		£
(140,819)	Deferred Capital Receipts	(80,235)
(553,258)	Deferred Government Grants Applied	(370,272)
<hr/>		
(694,077)	Total	(450,507)
<hr/>		

Deferred capital receipts are amounts derived from the sales of assets 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.

21. Movement in Reserves

	Balance at 31 March 2008	Net movement in year	Balance at 31 March 2009	Purpose of Reserve	Note
Revaluation Reserve	(55,076,799)	53,185,061	(1,891,738)	Unrealised gains on revaluation of fixed assets	23
Capital Adjustment Account	(441,121,604)	27,365,502	(413,756,102)	Store of capital resources set aside to meet past expenditure	24
Usable Capital Receipts	(9,288,546)	4,938,630	(4,349,916)	Proceeds of fixed asset sales available to meet future capital investment	25
Pension Reserve	14,754,000	8,918,000	23,672,000	Balancing account to allow inclusion of Pensions Liability in Balance Sheet	31
Housing Revenue Account	(3,631,235)	524,960	(3,106,275)	Resources available to meet future running costs for council houses	67-68
General Fund	(7,821,027)	(316,090)	(8,137,117)	Resources available to meet future running costs for non-housing services	34-35
Earmarked Reserves	(3,621,522)	(273,559)	(3,895,081)	Resources identified for specific purposes	22
Capital Contributions -Deferred				Resources identified for specific purposes	
Other	(11,125)	59,216	48,091	Council share of Collection Fund balance	69-70
	(505,817,858)	94,401,720	(411,416,138)		

22. Reserves

	31 March 2008 £	Movement during year £	31 March 2009 £
Earmarked Reserves			
Capital			
Preservation of Historic Buildings	(54,622)	0	(54,622)
Arts Grants	(46,190)	(15,810)	(62,000)
Dual Use Recreational Facilities	(1,263,000)	50,000	(1,213,000)
Planning Projects	(74,343)	0	(74,343)
Community Development	(160,217)	21,418	(138,799)
Sports Development	(245,055)	(2,008)	(247,063)
Other	(199,173)	(16,041)	(215,214)
Revenue			
Conservation Reserve	(2,744)	0	(2,744)
Building Control Reserve	(472,883)	35,540	(437,343)
Arts Reserve	(7,500)	5,607	(1,893)
Dual Use Operational Reserve	(2,771)	2,771	0
Planning Reserve	(145,467)	(453,530)	(598,997)
Community Safety & Grants Reserve	(46,625)	(778)	(47,403)
Travellers Reserve	(668,941)	109,613	(559,328)
Other	(231,991)	(10,341)	(242,332)
	(3,621,522)	(273,559)	(3,895,081)
Total - Capital	(2,042,600)	37,559	(2,005,041)
Revenue	(1,578,922)	(311,118)	(1,890,040)
	(3,621,522)	(273,559)	(3,895,081)
Movement between capital reserves and other capital accounts		34,566	
As shown in Note 2		(238,993)	

23. Revaluation Reserve

This account shows the increase or decrease in the value of fixed assets as a result of the revaluation of those assets. The balance is written down by the net book value of disposed assets and is debited or credited with decreases or increases arising on revaluations.

31 March 2008		31 March 2009
£		£
0	Opening Balance	(55,076,799)
0	Prior year adjustments	7,441,832
(60,195,416)	Revaluation Gains during year	(1,439,018)
4,022,447	Revaluation Losses during year	46,252,660
996,170	Release of revaluation gains/losses on disposal	129,931
100,000	Impairment adjustment	0
0	Depreciation adjustment	799,656
(55,076,799)	Balance as at 31 March 2009	(1,891,738)

24. Capital Adjustment Account

This account contains the amount of capital expenditure financed from capital receipts, grants and revenue and the amount charged to revenue for depreciation/amortisation.

31 March 2008		31 March 2009
£		£
(444,176,666)	Balance at beginning of year	(441,121,604)
0	Prior year adjustment	(4,975,170)
0	Write back of revenue expenditure funded from capital under statute-renovation loans	(384,224)
0	In year inter asset transfer adjustment	(1,149,803)
(8,526,386)	Add capital expenditure financed from; capital receipts usable	(7,246,627)
(340,511)	revenue	(72,732)
(544,311)	grants and reserves	(364,810)
(206,897)	Government grants deferred amortisation	(179,748)
(3,243,933)	Major Repairs Allowance	(3,178,408)
(996,170)	Write out of revaluation gain/loss on disposal	(129,931)
11,032,805	Less disposal of assets	4,190,194
4,260,402	Less depreciation and impairment	39,748,617
1,620,063	Write out of revenue expenditure funded from capital under statute	1,108,144
(441,121,604)		(413,756,102)

25. Usable Capital Receipts Reserve

These are capital receipts which are available to finance new capital expenditure in the future.

Total 2007/08		General Fund	Housing Revenue Account	Total 2008/09
£		£	£	£
(15,565,050)	Balance at beginning of year	3,163,012	(12,451,558)	(9,288,546)
	Add			
	Capital receipts received during year			
(4,600,563)	from sale of assets	(65,769)	(3,248,215)	(3,313,984)
	Less			
8,526,386	Capital receipts applied during year	766,577	6,480,050	7,246,627
	Capital receipts transferred			
85,542	(to) /from reserves	35,173	0	35,173
2,265,139	Capital receipt payments to DCLG	0	970,814	970,814
(9,288,546)		3,898,993	(8,248,909)	(4,349,916)

26. Analysis of net assets employed

31 March 2008 £		31 March 2009 £
(7,817,779)	General Fund	(7,647,769)
(16,082,793)	Housing Revenue Account	(11,355,186)
(472,883)	Trading Operations	(437,343)
(24,373,455)		(19,440,298)
(441,121,604)	Capital Adjustment Account	(413,756,102)
(55,076,799)	Revaluation Reserve	(1,891,738)
14,754,000	Pensions Reserve	23,672,000
(505,817,858)		(411,416,138)

27. Post Balance Sheet Events

There are no known Post Balance Sheet events relating to the 2008/09 accounts.

28. Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts which have been netted off debtors.

29. Contingent liabilities

Contingent liabilities as at the balance sheet date include:

1. the Council has an equity share scheme for the elderly under which Council owns part shares in approximately 295 properties. The terms of the leases include an obligation for the Council to buy back the equity share upon surrender by the tenant or his/her executors. There are other equity share schemes covering approximately 81 properties where a similar obligation exists. The Council would then look to resell the properties under the equity share schemes so that the in and out transactions would have had an approximately nil financial effect. As a result of the introduction of the pooling of capital receipts arrangements in local government from 1 April 2004, the Council may be exposed to a liability to pay 75% of the value of any capital receipts from the resale of these properties to Central Government. Any potential liability cannot be quantified at this time; and
2. the Council has undertaken an equal pay audit; there might be claims for back-pay plus interest and legal costs together with additional pension and redundancy costs and possibly additional future payroll costs. A Single Status claim has been received and is being considered. Any potential liabilities cannot be quantified at this time.

30. General Government Grant

2007/08		2008/09
£		£
1,086,718	Revenue Support Grant	942,279
0	Area Based Grant	22,500
<u>1,086,718</u>		<u>964,779</u>

31. Pensions

The Council participates in the national Local Government Pension Scheme which is a funded defined benefit (final salary) scheme and which also provides 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.

Quoted investments held as scheme assets are now required to be valued at their fair value which is usually the bid (selling) price rather than the mid-market value used in previous years. Where material, this should be accounted for as a change in accounting policy and a prior year adjustment with a restatement of the comparative figures for 2007/08. The change is not considered material and the opening balance as at 1st April 2008 has been adjusted as shown below.

The pension costs allocated to services and shown in the revenue accounts in the Net Cost of Services section is the present value of the cost of retirement benefits earned by employees during the year, which will eventually be paid out as pensions. These costs are reversed out in the Statement of Movement with the cash contributions payable to the pension fund during the year being included as shown:

2007/08		2008/09
£'000	Transactions in the Income and Expenditure Account	£'000
	Net cost of services	
2,215	Current service cost apportioned to services	1,630
0	Past service costs (non-distributed cost)	691
(378)	Losses on curtailment (non-distributed cost)	23
	Net operating expenditure	
3,963	Interest cost	4,859
(3,859)	Expected return on assets	(3,867)
1,941		3,336
	Statement of Movement	
(1,941)	Reversal of pension costs earned in year	(3,336)
1,744	Employer's payment to pension fund	2,117
104	Employer's payment for unfunded pensions	107
(93)		(1,112)

The movement in the fair value of scheme assets is:

2007/08		2008/09
£'000		£'000
53,526	Opening balance as at 1 April	54,650
3,859	Expected return on assets	3,867
685	Contributions by Members	790
1,744	*Contributions by Employer	2,117
104	Contributions in respect of unfunded benefits	107
(2,690)	Actuarial losses	(14,294)
(104)	Unfunded benefits paid	(107)
(2,474)	Benefits paid	(2,333)
54,650	Closing balance as at 31 March	44,797

*The estimated contributions by the employer in 2009/10 is £2,474,000.

The movement on the present value of scheme liabilities is:

2007/08			2008/09	
£'000			£'000	
(73,216)	Opening balance as at 1 April		(70,075)	
(2,215)	Current service cost		(1,630)	
(3,963)	Interest cost		(4,859)	
(685)	Contributions by Members		(790)	
7,445	Actuarial gains		6,664	
0	Past service costs		(691)	
(19)	Losses on curtailment		(23)	
104	Estimated unfunded benefits paid		107	
2,474	Estimated benefits paid		2,333	
(70,075)	Closing balance as at 31 March		(68,964)	

The net position of the pension fund is:

31 March 2008			31 March 2009	
54,650	Fair value of scheme assets		44,797	
(70,075)	Present value of scheme liabilities		(68,964)	
(15,425)			(24,167)	
	Change in valuation basis of assets not shown as prior year adjustment		0	
274				
	Liability for cost of early retirement shown separately under creditors in balance sheet		495	
547				
(150)	Additional liability not included in Actuary's report		0	
(14,754)	Amount recognised in balance sheet		(23,672)	

The analysis of the fair value of scheme assets is:

31 March 2008			31 March 2009	
£'000	%		£'000	%
38,019	70%	Equities	28,709	64%
7,003	13%	Bonds	7,626	17%
6,584	12%	Property	4,486	10%
3,044	6%	Cash	4,037	9%
54,650	100%	Total	44,858	100%

The amounts recognised in the Statement of Total Recognised Gains and Losses are:

2007/08		2008/09
£'000		£'000
7,445	Actuarial gains on scheme liabilities	6,664
(2,690)	Actuarial losses on scheme assets	(14,294)
5	Adjustment	0
<u>4,760</u>	<u>Actuarial gains/(losses)</u>	<u>(7,630)</u>

The principal assumptions used by the Actuary are:

2007/08		2008/09
	Financial assumptions	
3.6%	Inflation/pensions increase rate	3.1%
5.1%	Salary increase rate	4.6%
7.0%	Expected return on assets	6.3%
6.9%	Discount rate	6.9%
	Analysis of the expected return on assets	
7.7%	Equities	7.0%
5.7%	Bonds	5.6%
5.7%	Property	4.9%
4.8%	Cash	4.0%
	Life expectancy at age 65	
	Current pensioners	
	Males	19.6 years
	Females	22.5 years
	Future pensioners	
	Males	20.7 years
	Females	23.6 years
	Employees electing to take additional tax-free lump sum	
25%	up to HMRC limits	25%

The five year scheme history is:

	2004/05	2005/06	2006/07	2007/08	2008/09
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	39,399	49,318	53,526	54,650	44,797
Present value of scheme liabilities	(59,674)	(71,820)	(73,216)	(70,075)	(68,964)
Surplus/deficit	(20,275)	(22,502)	(19,690)	(15,425)	(24,167)
Experience gains/losses on assets	4.8%	14.2%	1.0%	(4.9%)	(31.9%)
Experience gains/losses on liabilities	6.1%	0.0%	(0.1%)	6.4%	(0.1%)
*Actuarial gains/(losses)	(12,487)	(993)	4,740	4,755	(7,630)
Cumulative actuarial gains/(losses)	(12,487)	(13,480)	(8,740)	(3,985)	(11,615)

(*recognised in the Statement of Total Recognised Gains and Losses from 2006/07)

32. Date the Statement of Accounts were authorised for issue

The audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 23 October 2009. This is the date up to which events after the balance sheet date have been considered.

Notes to the Cash Flow Statement

33. Reconciliation of deficit on Income and Expenditure Account to net cash flow from revenue activities.

2007/08 £		2008/09 £	2008/09 £
8,960,679	Deficit on Income and Expenditure Account	38,703,316	
<u>(10,235,791)</u>	Note 2 Statutory/non-statutory adjustments	<u>(39,019,406)</u>	
(1,275,112)	Deficit/(Surplus) on General Fund		(316,090)
(846,221)	Deficit/(Surplus) on Housing Revenue Account	524,960	
7,463	Deficit/(Surplus) on Collection Fund	481,819	
2,129,583	Payment to Capital Receipts Pool	<u>1,118,296</u>	
			2,125,075
	Add non cash transactions		
(340,511)	Direct Revenue Financing of Capital Expenditure	(72,732)	
(3,243,933)	Major Repairs Allowance	(3,178,408)	
227,920	Contribution from/(to) Reserves	(344,258)	
	Less non cash transactions		
1,620,063	Revenue funded from capital under statute	1,108,146	
(57,942)	Movement in Bad Debt Provision	<u>33,278</u>	
			<u>(2,453,974)</u>
			(644,989)
	Changes in working capital		
23,204	Stock	81,905	
(1,081,759)	Debtors	1,695,859	
(76,071)	Revenue Creditors	<u>(642,390)</u>	
			1,135,374
2,111,181	Servicing of Financing from Cash Flow Statement		2,085,976
(802,135)	Revenue Activities Net Cash Flow		2,576,361

34. Reconciliation of balance sheet to liquid resources

	Balance Sheet 31 March 2008	Balance Sheet 31 March 2009	Movement in Liquid Resources 2008/09
Investments	(30,229,813)	(23,850,010)	6,379,803
Less time deposits	30,229,813	23,850,010	(6,379,803)
Investments repayable on demand	0	0	0
Net cash overdrawn	1,330,022	1,094,451	(235,571)
Movement	1,330,022	1,094,451	235,571

35. Reconciliation of movement in cash to net debt

2007/08		2008/09
£		£
(1,168,796)	Increase/decrease in Cash	235,571
<hr/>		<hr/>
(1,168,796)	Increase/decrease in net debt from cash flow	235,571
(161,226)	Net debt at 1 April	(1,330,022)
<hr/>		<hr/>
(1,330,022)	Net debt at 31 March	(1,094,451)

36. Management of Liquid Resources

A short-term deposit is an investment that is not intended to be held for use on a continuing basis in the activities of the authority.

37. Analysis of other Government grants

2007/08		2008/09
£		£
	Revenue	
(647,545)	Housing Benefit Administration and Fraud	(669,258)
(215,337)	NNDR Cost of Collection Allowance	(220,951)
(90,121)	Building Safer Communities	(90,120)
(104,990)	Corporate Management- Building Capacity East	0
(337,707)	Planning Delivery Grant	(890,168)
(16,492)	Elections	(3,640)
0	Habitat Regulation	(16,835)
(56,024)	Environmental Health	(10,000)
(98,079)	Supporting People	(110,493)
(35,000)	Homelessness	(50,000)
(1,512)	Improvement Grant	0
(120,347)	Refuse / Recycling	0
0	Council tax efficiency information	(5,351)
(8,475)	Travellers Issues	0
0	Air Quality/ Emissions	(27,000)
0	Housing and Council tax benefits	(79,092)
0	Economic Development	(21,250)
(68,400)	Concessionary Fares	(182,673)
(269,790)	Growth Agenda/New Communities	0
<hr/>		
(2,069,819)		(2,376,831)
	Capital	
(205,000)	Renovation Grants - net of repayments	(245,512)
0	Council tax efficiency information	(5,300)
(131,654)	Kerbside Recycling	(138,505)
(6,250)	Broadband	0
(54,000)	Air Quality/ Emissions	27,000
(20,901)	Insulation	(3,510)
(112,569)	Planning Delivery Grant	(428,600)
0	GIS/Planning	(40,108)
(180,818)	Housing Capital	(117,300)
(137,280)	Growth Agenda/ New Communities	0
<hr/>		
(848,472)		(951,835)

Supplementary Statements

- **Housing Revenue Income and Expenditure Account**
- **Collection Fund**

Housing Revenue Income and Expenditure Account

2007/08		2008/09
£	INCOME	£
(19,595,803)	Dwelling Rents(Gross)	(20,754,002)
(343,637)	Non-dwelling Rents(Gross)	(338,428)
(1,661,479)	Charges for Services and Facilities	<u>(1,813,412)</u>
		(22,905,842)
	Contributions towards expenditure	
(248,839)	General Fund	(233,763)
(35,435)	Other sources	<u>(28,200)</u>
		(261,963)
	Other Income	
0	Transfer of DLO surplus	(19,261)
<u>(21,885,193)</u>	Total Income	<u>(23,187,066)</u>
	EXPENDITURE	
2,706,663	Repairs and Maintenance	3,301,657
	Supervision and Management	
1,369,672	General	1,547,109
605,012	Repairs and Maintenance	804,054
2,840,348	Special Services	2,968,143
112,743	Rent, Rates and Other Charges	76,175
10,048,066	Payment to Government in to National Pool	11,554,901
8,669	Transfer of DLO Deficit	0
3,243,933	Depreciation and impairment of Fixed Assets	38,224,654
17,312	Treasury Management Costs	18,911
(47,741)	Increased/(Decreased) Provision for Bad or Doubtful Debt	15,502
<u>20,904,677</u>	Total Expenditure	<u>58,511,106</u>
(980,516)	Net Cost of Services as included in the whole authority	35,324,040
	Income and Expenditure Account	
	HRA services share of Corporate and	
425,629	Democratic Core	487,136
<u>(554,887)</u>	Net Cost of HRA Services	<u>35,811,176</u>
5,818,931	Gain or loss on sale of HRA assets	(787,798)
	Interest and investment income	
(6,730)	Mortgage Interest	(4,582)
(163,899)	Interest on Cash Balances	<u>(147,180)</u>
		(151,762)
	Pensions Interest Cost and Expected Return	
(865,677)	on Pension Assets	236,535
4,227,738	Deficit for the year on HRA services	35,108,151

Statement of Movement on the Housing Revenue Income and 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;

2007/08 £		2008/09 £
4,227,738	(Surplus)/deficit for the year on the HRA Income and Expenditure Account	35,108,151
0	Impairment taken to Capital Adjustment Account	(29,510,146)
(5,818,931)	Gain/(Loss) on sale of HRA fixed assets	787,798
744,972	HRA share of contributions to the Pensions Reserve	(120,412)
<u>0</u>	Transfer to Major Repairs Reserve	<u>(5,740,431)</u>
(846,221)	Decrease/(increase) in Housing Revenue Account balance for the year	524,960
(2,785,014)	Housing Revenue Account balance brought forward	(3,631,235)
<u>(3,631,235)</u>	Housing Revenue Account balance carried forward	<u>(3,106,275)</u>

The Collection Fund

2007/08			2008/09
£	INCOME		£
(68,855,013)	Income from Council Tax		(73,237,334)
	Transfers from General Fund		
(4,614,360)	Council Tax Benefits		(4,993,481)
(52,969,067)	Income collectable from Business Ratepayers		(56,486,466)
	Contribution towards previous year's estimated Collection Fund Deficit		
0	Cambridgeshire County Council	(18,223)	
0	Cambridgeshire Police Authority	(2,920)	
0	Cambridgeshire Fire Authority	(1,024)	
0	District Council	(3,098)	(25,265)
<u>(126,438,440)</u>			<u>(134,742,546)</u>
	EXPENDITURE		
	Demands and Precepts		
	Precepts		
52,866,308	Cambridgeshire County Council	56,749,118	
8,470,039	Cambridgeshire Police Authority	9,092,169	
2,969,616	Cambridgeshire Fire Authority	<u>3,155,867</u>	
			68,997,154
	Demands - District Council		
5,797,530	General Expenses	6,217,370	
<u>3,192,409</u>	Special Expenses - Parish Precepts	<u>3,455,510</u>	9,672,880
73,295,902			78,670,034
	Contribution towards previous year's estimated Collection Fund Surplus		
65,117	Cambridgeshire County Council	0	
10,433	Cambridgeshire Police Authority	0	
3,695	Cambridgeshire Fire Authority	0	
10,848	District Council	<u>0</u>	0
	Business Rate		
52,753,730	Payment to National Pool	56,265,515	
215,337	Cost of Collection	<u>220,951</u>	56,486,466
	Bad and Doubtful Debts		
101,312	Write Offs	50,088	
<u>(10,471)</u>	Provision for Bad and Doubtful Debts	<u>17,776</u>	67,864
<u>126,445,903</u>			<u>135,224,364</u>
7,463	Deficit/(Surplus) of income over expenditure		481,818
(98,153)	Fund Balance at Beginning of year		(90,690)
<u>(90,690)</u>	Fund Balance at end of year		<u>391,128</u>

Collection Fund balance:

Attribution of deficit carried forward	
Cambridgeshire County Council	282,143
Cambridgeshire Police Authority	45,204
Cambridgeshire Fire Authority	15,690
District Council	48,091
	<hr/>
	391,128
	<hr/>

Notes to Supplementary Statements

- **Notes to the Housing Revenue Income and Expenditure Account**

- **Notes to the Collection Fund**

Notes to the Housing Revenue Account (HRA)

38. Housing stock

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

	As at 31 March 2008	Prior Period Adjustment	Conversions during the year	Additions during the year	Disposals during the year	As at 31 March 2009
1 Bedroom	1,136	(15)	0	5	(6)	1,120
2 Bedrooms	2,398	(1)	1	6	(15)	2,389
3 Bedrooms	2,021	(20)	(1)	0	(15)	1,985
4 or more Bedrooms	70	9	0	0	(1)	78
	5,625	(27)	0	11	(37)	5,572

Disposals

Right to Buy	3
Equity Share	20
Other	14
	37

Prior Period Adjustments

Garages have been transferred from Council Dwellings to Other Land and Buildings as shown in the Balance Sheet and Note 11. This is a reclassification with no overall change to the total long-term assets of the Council.

A review of council dwellings and transfers in advance of sale to Registered Social Landlords has resulted in prior year asset transfers between Council Dwellings and Surplus Assets, reclassification gives a changed asset value due to dwellings reflecting tenancies at less than market rents and surplus assets at the lower of net current replacement cost and net realisable value.

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

	<u>Operational Assets</u>		<u>Non Operational Assets</u>		
	Council Dwellings	Other land and buildings	Investment Properties	Surplus assets held for disposal	Total
Gross book value as at 1 April 2008	478,153,143	0	310,000	2,278,320	480,741,463
Prior period adjustment	(5,173,936)	(5,010)		2,701,189	(2,477,757)
Transfers (to)/from other categories	(3,162,081)	3,162,081	0	0	0
	469,817,126	3,157,071	310,000	4,979,509	478,263,706
Additions	9,096,549	5,010	0	1,717	9,103,276
Disposals	(3,953,470)	0	(310,000)	0	(4,263,470)
Revaluations gain/(impairment)	(76,482,589)	(316,206)	0	1,103,816	(75,694,979)
Transfers		0	0	1,148,086	1,148,086
Impairment	(4,607,835)	(3,366)	0	(2,804,082)	(7,415,283)
Gross book value 31 March 2009	393,869,781	2,842,509	0	4,429,046	401,141,336
Depreciation at 1 April 2008	0	0	0	0	0
Prior period adjustment	(11,424)	0	0	0	(11,424)
Depreciation	(8,918,839)	(4,374)	0	0	(8,923,213)
Depreciation adjustment on revaluation	8,930,263	4,374	0	0	8,934,637
Accumulated depreciation at 31 March 2009	0	0	0	0	0
Net book value as at 31 March 2008	478,153,143	0	310,000	2,278,320	480,741,463
Net book value as at 31 March 2009	393,869,781	2,842,509	0	4,429,046	401,141,336

Vacant possession value of dwellings 31 March 2009: £865,422,839

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 46%.

39. Capital expenditure, financing and receipts

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

	£		£
Expenditure		Financing	
New Build	0	Capital receipts	6,082,395
Acquisition of existing dwellings	1,469,785	Major Repairs Allowance	3,178,408
Improvement of housing stock	<u>7,802,423</u>	Grant	<u>11,405</u>
	<u>9,272,208</u>		<u>9,272,208</u>

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

2007/08		2008/09	
£		£	
42,066	Sale of Land	0	
	Sale of dwellings		
1,528,279	Right to buy	341,874	
2,998,683	Other	2,906,341	
<u>4,569,028</u>		<u>3,248,215</u>	

40. Depreciation

In 2008/09, depreciation on buildings is based on the asset lives as assessed by the District Valuer, in 2007/08 depreciation was taken as being the Major Repairs Allowance. Land is not depreciated.

The charge for Depreciation within the HRA was:

2007/08		2008/09
£		£
	Operational assets	
0	Prior period adjustment	11,424
3,243,933	In year	8,918,839
0	Non operational	0
(3,243,933)	Depreciation adjustment on revaluation	(8,930,263)
0		0

41. Impairment

Impairment is a reduction in the value of fixed assets. When this occurs through the clear consumption of economic benefit, it has been identified and charged to the Housing Revenue Income and Expenditure Account. Any other impairment loss, for example, a reduction in market value, is written off against any revaluation gains in the Revaluation Reserve for that (group of) asset(s) until the gain is reduced to zero and then any balance is charged to Housing Revenue Income and Expenditure Account.

2007/08		2008/09
£		£
	Operational assets	
0	Clear consumption of economic benefit	4,493,950
0	Reduction in value	22,439,962
0	Charge to HRA Income & Expenditure	26,933,912
4,122,444	Reduction in value charged to Revaluation Reserve	46,024,814
4,122,444		72,958,726
	Non operational assets	
0	Reduction in value charged to HRA Income & Expenditure	2,576,237
0	Reduction in value charged to Revaluation Reserve	227,845
4,122,444	Total Impairment	(75,762,808)

42. Major Repairs Reserve

This reserve effectively shows how the Major Repairs Allowance element of housing subsidy, being considered a reasonable estimate measure of depreciation, is used to finance capital expenditure relating to the HRA.

	£
Balance at 1 April 2008	0
<hr/>	
Transfer to Capital Adjustment Account	(8,918,839)
Amount transferred to Statement of Movement on the HRA balance	5,740,431
HRA Capital expenditure charged to Major Repairs Reserve	3,178,408
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Balance at 31 March 2009	0
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43. Housing subsidy

The amount of negative housing subsidy payable to the Government from the HRA for the financial year consists of:

2007/08		2008/09	
£		£	
1,982,414	Allowance for management	2,084,524	
4,980,429	Allowance for maintenance	4,928,661	
3,243,933	Allowance for major repairs	3,178,408	
<u>8,450</u>	Other items	<u>8,670</u>	
10,215,226		10,200,263	
(20,281,557)	Rent	(22,033,848)	
(18,679)	Interest on receipts	(20,607)	
<hr/>		<hr/>	
(10,085,010)	Payable to the Government	(11,854,192)	
<hr/>		<hr/>	
36,944	Adjustment for previous year	299,291	
(10,048,066)	Payable to the Government	(11,554,901)	
<hr/>		<hr/>	

44. HRA share of contributions to or 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 Financial Reporting Standard 17 (FRS 17) Retirement Benefits has no effect on the deficit/surplus for the year.

45. Rent arrears on dwellings

As at 31 March 2008		As at 31 March 2009
£407,432	Arrears	£414,891
1.94%	Arrears as a percentage of gross rents collectable	1.89%
£360,000	Provision for uncollectable amounts	£330,000

Notes to the Collection Fund Account

46. General

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

47. 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:

Band	Valuation	Number of dwellings adjusted for discount, exemptions, etc.	Ratio to Band D	Band D equivalents
-A	Upto £40,000	7.75	5/9	4.3
A	Upto £40,000	1,733.10	6/9	1,155.4
B	£40,001 - £52,000	5,425.30	7/9	4,219.7
C	£52,001 - £68,000	16,932.85	8/9	15,051.4
D	£68,001 - £88,000	10,174.90	9/9	10,174.9
E	£88,001 - £120,000	9,579.45	11/9	11,708.2
F	£120,001 - £160,000	6,454.50	13/9	9,323.2
G	£160,001 - £320,000	3,596.15	15/9	5,993.6
H	More than £320,000	310.25	18/9	620.5
		54,214.25		58,251.1

Assumed rate of collection 99.5%

Tax base for tax setting purposes (number of Band D equivalent dwellings)	57,959.9
Tax rate for a Band D property	<u>£1,357.32</u>
Estimated income due	£78,670,131

Actual income due	
Net of write offs and provisions	£73,169,470
Council Tax Benefit net of subsidy limitation	<u>£4,993,481</u>
	£78,162,951
Difference in income due to variations in tax base and rate of collection	<u>(£507,180)</u>

48. Income from 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 2009 was £145,771,386 and the standard uniform rate was 46.2 pence in the £, and the small business uniform rate 45.8 pence in the £. The total amount, less certain reliefs and other deductions, is paid to a national pool managed by Central Government, which in turn pays back to authorities their share of the pool pro rata to Formula Grant.

49. Collection Fund deficit

The deficit relating to Council Tax transactions of £391,128 on the Collection Fund as at 31 March 2009 will be distributed in subsequent financial years to the major precepting authorities and the District Council in proportion to their respective precepts and demand.

Glossary of Financial Terms and Abbreviations

Accounting Period

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

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.

Capital Charges

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

Capital Expenditure

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 Receipt

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

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.

Depreciation

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

Finance Lease

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

Glossary of Financial Terms and Abbreviations (continued)

Fixed 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 Planning Delivery Grant, 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.

Operating Lease

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

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

CPA

Comprehensive Performance Assessment

DLO

Direct Labour Organisation

DSO

Direct Service Organisation

GAAP

Generally Accepted Accounting Practice

FRS

Financial reporting Standard

HRA

Housing Revenue Account

MRA

Major Repair Allowance

NNDR

National Non-Domestic Rates (Business Rates)

RR

Revaluation Reserve

SORP

Statement of Recommended Practice