

## Statement of Accounts for year ended 31 March 2010

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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	20,953
Less items included in Income and Expenditure Account but not borne by council tax, e.g. depreciation, deferred charges	(4,747)
Interest and investment income	(871)
Amount to be met from Government Grant and local taxpayers	<u>15,335</u>
Principal sources of finance	
District element of Council Tax	(6,530)
Formula Grant	
Revenue Support Grant	(1,453)
Distribution from Non-Domestic Rate Pool (a general government grant towards expenditure)	(6,296)
Other Government Grants	(115)
Other items	<u>47</u>
	(14,347)
Deficit for the year	<u><u>988</u></u>

When the council tax for the financial year ending 31 March 2010 was set in February 2009, the deficit was estimated at £782,000. The variance of £206,053 is attributable to the following:

Actual to Original Estimate	Underspending or Slippage ( ) /Overspending +		
	%	£'000	£'000
Services			
Corporate Management	20	166	
Land Charges	(31)	(133)	
Democratic Representation	(7)	(88)	
Housing Futures Project	(55)	(93)	
Development Control	25	344	
Growth Agenda	(31)	(346)	
Planning Policy	(25)	(193)	
Policy and Performance	(24)	(78)	
Capital grants credited to services	(44)	(133)	
Efficiency savings now allocated to services	100	325	
Reduction for vacancies now allocated to services	100	213	
Reduction in inflation now allocated to services	100	<u>262</u>	
			246
Precautionary Items	(100)		(75)
Revenue financing of capital	100		131
Interest on balances	(30)		379
Other items individually under £75,000			<u>(360)</u>
			321
Additional grants			<u>(115)</u>
			<u>206</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	3,200
Management and services	5,574
Major Repairs Allowance	3,287
Payment to Government	11,563
Capital expenditure met from revenue	399
Other	<u>14</u>
	24,037
Rents and charges	(23,300)
Receipt from General Fund	(359)
Interest	<u>(18)</u>
	<u>(23,677)</u>
Deficit for the year	360
	<u>          </u>

These figures exclude items which are subsequently reversed in or out through the Statement of Movement in Housing Revenue Account Balance

When rents for the financial year ending 31 March 2010 were set in February 2009, the deficit was estimated at £866,010. The variance of £505,829 is attributable to the following:

<b>Actual to Original Estimate</b>	<b>Underspending or slippage( ) /Overspending +</b>	
Routine repairs and maintenance	(3)	(99)
Administration	(12)	(294)
Sheltered housing	(39)	(241)
Payment to Government	(6)	(687)
Reduction for vacancies now allocated to services	100	57
Reduction in inflation now allocated to services	100	135
Gross rent income	3	548
Other items individually under £50,000		<u>75</u>
		<u>(506)</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 £10.16 million. The major part of the programme involved the provision of housing, with £7.17 million being invested in the Council's own housing stock.

## **Treasury Management**

At the 31 March 2010, investments (excluding accrued interest) totalled £19.19 million, a decrease of £4.17 million over the previous year-end. These investments produced interest of over £0.87 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 £7.1 million and £2.8 million respectively as at 31 March 2010, this compares to the proposed minimum level of balances of £1.5 million (General Fund) and £2.0 million (Housing Revenue Account). These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £1.7 million, consisting of the usable capital receipts reserve. The capital programme has had to be reduced from an original estimate £10.5 million in 2009/10 to £5.4 million in 2011/12 and then to £5.0 million in 2012/13 to take account of the reduction in available funding.

## 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.

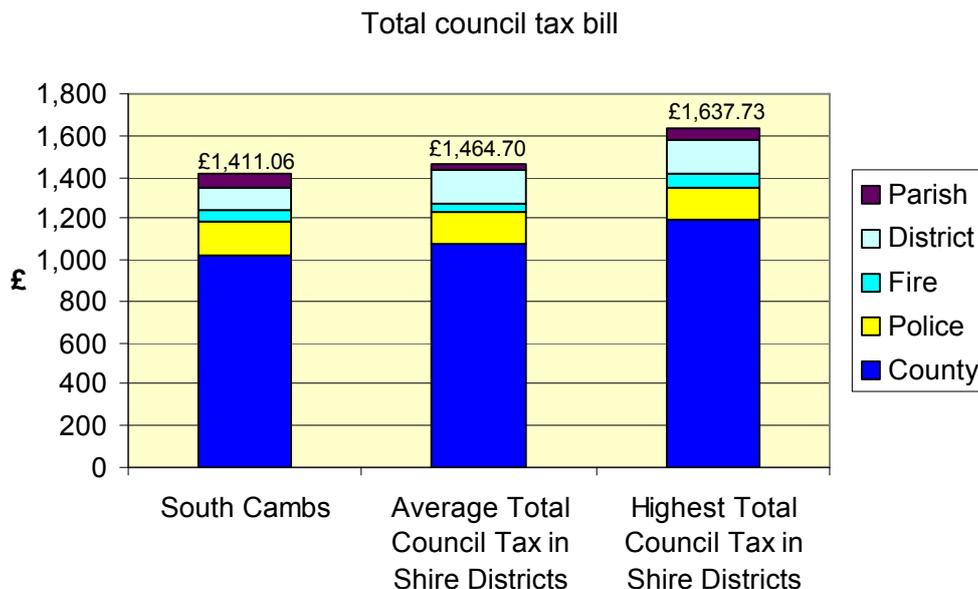
South Cambridgeshire's pension deficit is estimated at £52.3 million as at 31 March 2010 on an FRS17 basis. With 72% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2009/10 was 19.6% and will increase to 21.7% in 2010/11. The next formal triennial valuation as at 31 March 2010 of assets and liabilities, for the purposes of determining contribution rate to be effective from 1 April 2011, is expected to show a significant deficit. The Council's five-year financial projections allow for an increase in predicted rates up to a maximum of 25% in view of the Government's intention to review the long-term affordability of public sector pensions.

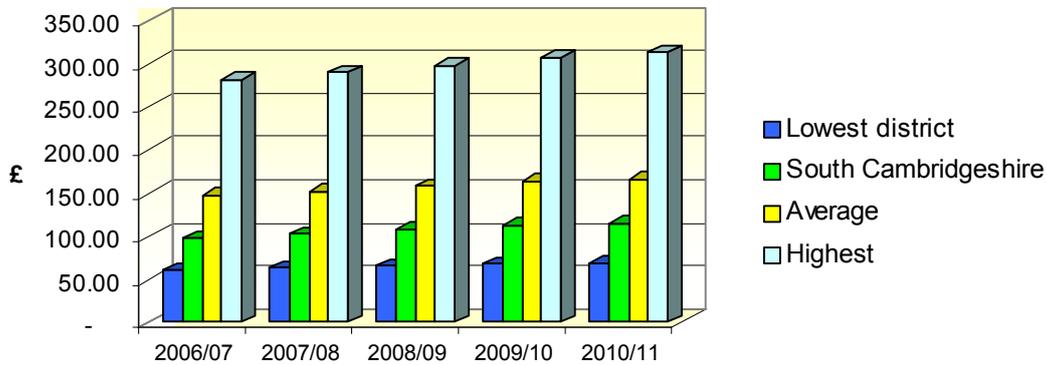
The triennial valuation discounts future liabilities at a rate based on the expected return from the pension fund's investments which are mainly stocks and shares. A valuation using a risk free discount rate, that is, based on Government Bonds, would give a much lower funding level and the employer's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

## 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 2009/10 was £1,411.06. 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:



However, looking only at the district element of the overall tax bill, South Cambridgeshire is the 12th lowest at £112.10 in a range of £67.57 to £306.90, with the average being £162.88:



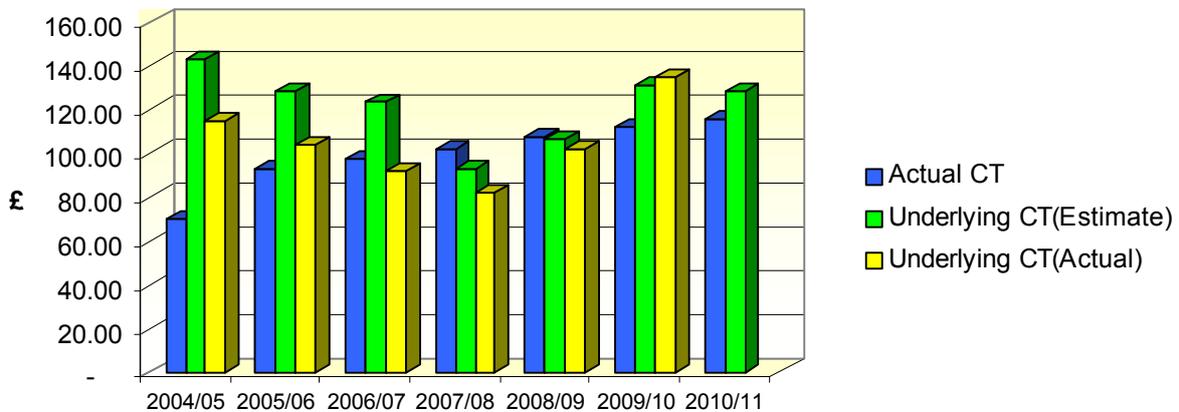
The ranking is:

	2006/07	2007/08	2008/09	2009/10	2010/11
South Cambridgeshire	9th lowest	10th lowest	13th lowest	12th lowest	13th lowest
Total number of shire districts	238	238	238	201	201

## 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 continue to be subsidised by savings. For 2005/06, the Government capped the Council's budget such that it had to cut services by

almost 20%. 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.

The Council increased the Council Tax by less than 5% for the years from 2006/07 to 2008/09, by 4.5% for 2009/10 and by just under 3% for 2010/11 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 2010/11 showing how service delivery links through approaches and actions directly to the agreed corporate aims and is available on the website at:

[http://www.scams.gov.uk/admin/documents/retrieve.asp?pk\\_document=908970](http://www.scams.gov.uk/admin/documents/retrieve.asp?pk_document=908970)

### **Population growth**

The District population of 131,000 people in 2001 is projected to increase to 169,800 by 2021, the figure for June 2009 being 140,566. 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**

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 due to the economic downturn. The Council set aside over half of its council tax increase in 2009/10 to support businesses during the economic downturn.

The Government's intention to reduce the fiscal deficit mainly by reducing spending is likely to result in substantial cuts for local government. The Council's medium term financial strategy is in its strategic risk register with an assessed risk of high impact / possible likelihood. The financial situation is dependent amongst other things on the local authority finance settlement due to be announced provisionally in December 2010.

### **The Future for Council Housing in South Cambridgeshire**

The previous Government consulted on replacing the current subsidy system whereby the Council now pays around £12 million each year to the government with a self-financing system under which the Council would take on a debt of nearly £200 million.

The coalition Government has stated that it will "review the unfair Housing Revenue Account", which is the account containing the transactions for council housing.

### **Affordable housing**

In last few 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 more available to local people.

### **Change in accounting policies**

The Council as a billing authority is now considered to be acting as an agent in the collection of council tax on behalf of the County, Police and Fire authorities and in the collection of business rates on behalf of the government.

The Council's accounts now only show this Council's share of the council tax and show business rates as a net amount owed to/from the government.

Other changes are set out in paragraph 16 of the accounting policies

### **Auditor's Opinion**

The Statement of Accounts has been audited with the Auditor's opinion on page 11.

Alex Colyer  
Executive Director and Chief Finance Officer

Dated: 24 September 2010

## 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 Executive Director 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 a true and fair view of the financial position of the Authority at 31 March 2010 and its income and expenditure for the year then ended.

Alex Colyer  
Executive Director and Chief Finance Officer

Dated:

I confirm that these accounts were approved by the Corporate Governance Committee held on the 29 June 2010.

Chairman of the Corporate Governance Committee

Dated: 29 June 2010

**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 Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework *Delivering Good Governance in Local Government*.

A copy of the code is on the Council's website at [www.scambs.gov.uk](http://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 2010 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).

**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's Vision is 'To make South Cambridgeshire a safe and healthy place where residents are proud to live and where there will be opportunities for employment, enterprise and world-leading innovation. We will be a listening Council, providing a voice for rural life and first class services accessible to all'.
- The Council has established the following aims which set out how the vision will be delivered: -
  - 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
- These aims are underpinned by approaches which provide a framework showing how the aims will be delivered and specific actions which will be undertaken to deliver the aims.
- The Council has also adopted values to guide the way it works and provides services. These are customer service, improving services, trust and mutual respect.
- The Council has communicated its vision, aims and values internally through monthly Corporate Briefs 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", via the website, and via meetings held every six months with the parish councils.
- The Council produced a Corporate Plan for 2009/10, which set out key achievements for 2008/09 and the challenges and priorities for 2009/10 and demonstrated how the Council planned to meet these challenges during the year, how it has continued to ensure improvements and managed resources effectively to deliver high quality services to the whole community. The Corporate Plan is available on the Council's website.
- The Corporate Plan is underpinned by service plans for 2009/10 setting out the actions to be taken and targets to be met. Achievement of these plans is regularly monitored by service managers.
- 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 or Portfolio Holder receives quarterly integrated business monitoring reports, which incorporate the Council's financial performance.
- During the year the Council set out a three year action plan for improving performance. A performance improvement group comprising of the Portfolio Holder (Policy and Performance) and an officer from each service has been set up to monitor progress on the

action plan. This group met monthly to highlight performance issues which can then be dealt with.

- 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.
- The achievement of efficiency savings is monitored through the efficiency savings group. Each service plan includes a value for money overview which is being further developed for 2010 by the introduction of a value for money template and an assessment of value for money for each service. The annual audit letter for 2008/09 gave an unqualified value for money conclusion.
- Partnership working is an essential element for the Council to deliver its services effectively and assist the Council in meeting its objectives. 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. Standard Terms of Reference headings based on national guidance are included in the toolkit for use in all partnerships led by the Council.
- The Council has a full list of all its partnerships and each of these has been scored to identify the key partnerships. All key partnerships are risk assessed and any scoring above the threshold would be included in the risk register which is regularly monitored. Currently none score above the threshold.
- The Local Strategic Partnership (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 meets regularly to discuss progress against indicators and targets. The Board merged with Cambridge City LSP with effect from 1 April 2010 to increase efficiency and effectiveness.

**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 2010 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 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 Constitution contains Codes of Conduct for officers and members, a protocol for member/officer relations 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.
- The roles and responsibilities of statutory officers are set out in the Constitution and job descriptions. The Chief Executive is designated Head of the Paid Service, the Executive Director (Corporate Services) is the designated Chief Finance Officer responsible for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972 and the Executive Director (Operational Services) is the Monitoring Officer. All the Council's statutory officers have the skills, knowledge, experience and resources to perform effectively in their roles and their roles are properly understood within the authority
- A remuneration panel is in place to monitor and review the remuneration of members each financial year. A local agreement covers pay and conditions for officers, a steering group has been set up to review all pay and benefits and a full job evaluation exercise is underway.
- Service delivery is monitored through 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.
- Expected standards of conduct and behaviour are set out in the Code of Conduct and other protocols contained within the Constitution. All members have also been given a Members' Toolkit which includes the Code of Conduct and all other relevant protocols and guidance for members. All members have been trained on the Code of Conduct.
- The Code of Conduct addresses the issue of members not taking part in decision-making if they have declared a prejudicial interest and about registration and declaration of personal interests. Declarations of interest are a standing item on all agendas. A register of interests for all members including co-optees on to the Standards Committee is updated annually and shown on the website.
- The Constitution also includes an Anti-theft, Fraud and Corruption Policy.
- Members are asked to sign up to a Member Undertaking to show their commitment to abide by the codes and protocols 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 which sets out guidelines for officer behaviour.
- The Member Toolkit contains an internal disputes resolution procedure which can be used to deal with alleged breaches of the Code of Conduct.
- The Council has adopted four values; customer service, improving services, trust and mutual respect which underpin the way it works and provides services. A programme is underway to embed these values throughout the organisation and they are incorporated into the staff appraisal system.
- The Standards Committee promotes and maintains high standards of conduct within the Council and its' Parish Councils. 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.
- The Standards Committee has been recognised nationally as an example of best practice and short-listed for the Local Government Chronicle awards in the Standards and Ethics category.
- Member behaviour within the Council appears to have improved over the last year as no "tit-for-tat" complaints (made by district councillors about other district councillors) have been received by the Standards Committee. In the previous year there were ten complaints made against district councillors with two upheld following hearings and this year this number was reduced, with four complaints against district councillors from members of the public, none of which were upheld. There were also no complaints received from officers against members this year (two in the previous year).

**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.
- The Council has a Scrutiny and Overview Committee with terms of reference and operating procedures set out in the Constitution. The Committee can call in for review any decision made by the Executive, Individual Portfolio Holders or by officers. The Committee uses task and finish groups to carry out specific pieces of work. A timetable for scrutiny programme planning sets out deadlines and an annual Scrutiny and Overview Committee report is produced to the annual 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. A member of the Scrutiny and Overview Committee is invited to all portfolio holders meetings.

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

- Forward plans showing all decisions coming up are produced for meetings of executive portfolio holders, the Cabinet, the Council and senior management team. These plans are published on the website.
- All agendas and reports plus relevant supporting documents are available on the website in compliance with the statutory deadline for publication of five clear working days.
- The Corporate Governance Committee takes responsibility for all governance arrangements within the Council and undertakes the core functions of an Audit Committee, as identified in CIPFA's "Audit Committee – Practical Guidance for Local Authorities".
- The Council has a complaints procedure in place. Complaints are reported to the Senior Management Team and Portfolio Holders on a quarterly basis. Complaints are also reported to the Scrutiny and Overview Committee. The complaints policy has been reviewed during 2009/10 and will now incorporate complaints, compliments and comments. A "Learning from complaints" form has also been introduced in 2009/10.
- A standard report template is used for all meetings which requires authors to cover all options, relevant background, details of consultation, key implications (financial, human resources, legal and equal opportunities) and how the matter contributes to the Council meeting its corporate objectives and service priorities.
- The Council has an in-house legal team supporting Members and all sections of the Council. The Legal and Democratic Services Manager attends all meetings of the Council and a senior 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 Council's legal team provides advice to decision makers on areas that have legal implications and financial advice is provided by the accountants. Suitably qualified staff are employed within the legal and financial teams.
- The Council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2010).
- The Council's Risk Management Strategy has been reviewed during the year for approval by the Corporate Governance Committee. The document acknowledges the obligation to minimise adverse 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, partnership and service risk registers are also in place; these are reviewed quarterly by departmental management teams and annually by the Executive Management Team on a rolling programme.
- As part of the Internal Audit plan for 2009/10 a follow up to the risk maturity audit was carried out to determine how embedded risk management arrangements are within the Council. The Council was deemed to be "Risk Managed" which equates to a score of four out of five, an improvement on the previous year's audit.
- The Council has a Code of Conduct for staff incorporated in the Constitution, an Anti-Theft, Fraud and Corruption Policy and Capability and Disciplinary Procedures.

- The Council's Whistle-Blowing 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. This policy is included as a standing item on Standards Committee agendas.

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

- An induction programme is in place for newly elected and re-elected members. An Induction Pack is also provided to all new and continuing Members. In addition, members are 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.
- The Council has agreed a Member Development Strategy 2008 – 2011 which requires all members to carry out an annual self-assessment of their training needs. The results from the self-assessment are built into the member training and development programme. 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.
- A system of one to one meetings between Committee chairs and their members is planned for 2010.
- Upon appointment, new officers attend an induction session with the Chief Executive followed by a formal half-day induction and a departmental induction programme with their line manager.
- Ongoing training needs are identified through the staff Performance and Development Review (PDR) scheme and all staff have personal development plans.
- A management competency framework has also been developed and the management competencies are reviewed through the appraisal scheme.
- 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 requirements identified within service plans.
- All posts within the Council have a detailed job description and person specification to ensure that staff are suitably qualified to undertake their responsibilities.
- All staff are subject to the Council's PDR scheme which establishes 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.
- The Executive Management Team has benefited from specific training to develop its capacity.
- The Council has been awarded the Investors in People Standard's Bronze Award 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 terms of reference for the Scrutiny and Overview Committee include consideration and implementation of mechanisms to encourage and enhance community participation in the development of policy options. Stakeholders are invited to attend meetings and contribute to the Committee's work programmes including co-option onto panels where appropriate. Most meetings are taken out to the community to encourage participation.
- During 2009/10 the Scrutiny and Overview Committee established two task and finish groups covering finance and children and young people. Evidence for these groups was provided through a focus group of residents with an interest in finance and 3 members of the Committee interviewing children and young people in schools and youth clubs.
- 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 website includes information on scrutiny and a hand out is provided to residents who attend Scrutiny meetings.
- All Council, Committee, Cabinet and Portfolio meetings are held in an open environment. The right to attend and speak at meetings is enshrined within the Constitution and guidance regarding public speaking is made available on the website. The Council's Planning Committee meetings include the opportunity for public speaking by applicants and objectors in accordance with a protocol.
- Stakeholder forums have been set up for development control and building control agents and environmental health.
- All agendas and minutes of meetings are on the website together with a forward plan and record of decisions made.
- The Council's website contains information on all Council services and provides for feedback to be given. A recent development is the inclusion of a 'Get involved' section.
- The Community Engagement Strategy to meet the new duty to involve (as set out in the Local Government and Public Involvement in Health Act 2007) was implemented in 2009.
- The South Cambs magazine is published four times a year and delivered to every household in the district, updating residents on Council news and encouraging residents to ask questions at meetings of Cabinet and Council.
- Briefings are held with the local media on average 6 times a year to enhance communications and maximise coverage on service issues.
- 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.

- The Council's Local Strategic Partnership provides a framework for addressing the social and economic concerns of people in South Cambridgeshire through partnership working. It has been agreed that the LSP will merge with Cambridge City. The first joint meeting took place on 21 April 2010.
- Other achievements include:
  - the Seldom Heard Voices project that has been carried out by Cambridgeshire Council for Voluntary Services (CCVS) with funding from partners to help us understand our hard-to-reach communities better (results to be presented to the July 2010 LSP).
  - the Community Transport Strategy and Action Plan via the Transport and Access Group.
  - input into the Cambridgeshire Inequalities Strategy via the Board and initially the Improving Health Partnership.
  - review of Neighbourhood Panels to find out if there was an appetite to expand their remit.
- During 2009/10 specific developments include a Gypsy and Traveller Community Strategy, a Community Transport Plan to engage those in rural areas and a comprehensive Equalities Policy. A Youth Participation Strategy is being consulted on.
- Liaison with Parish Councils has been improved by the introduction of 6 monthly meetings and quarterly parish planning meetings.
- The Corporate Plan published annually includes a review of performance during the last year and plans for the following year. Performance and value for money information is provided in the Council Tax leaflet which has been enhanced and improved.
- Parish Liaison work has been ongoing:
  - Notes from Cabinet and Parish Council liaison meetings can be found at <http://www.scambs.gov.uk/CommunityandLiving/Partnerships/Engaging.htm>
  - Details of the Planning Parish Forum can be found at <http://www.scambs.gov.uk/Environment/Planning/ParishForum/>
  - Cabinet attended a number of Parish Councils outside their own wards

The Council has received positive informal feedback about the liaison work that we are doing - e.g. at Wimpole Parish Annual Meeting the Chairman and clerk were both very complimentary of the planning forum, Cabinet liaison meetings, our website, easy access to helpful staff when necessary and the visit that they received from Cllr Ellington when they invited her to attend a Parish Council meeting.

#### **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 Use of Resources statement.

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 2009/10 was agreed setting out the priorities for the year and how these will be delivered.
- The Council's Constitution has been reviewed throughout the year to reflect key changes in policy.
- The Partnership Toolkit was reviewed and refined 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 has been reviewed and updated and is embedded in the business planning process.
- Under the harder Use of Resources test for 2009 the Council achieved a score of level 2 confirming that it is performing adequately.
- The Capital Strategy has been further developed to maximise the contribution of the capital programme towards the achievement of the Council's corporate objectives.
- The corporate management structure has been reviewed and an Executive Director (Corporate Services) appointed with Section 151 responsibility for finance.
- Work has been ongoing to embed the Council's values throughout the authority.
- The stock transfer ballot held in May/June 2009 resulted in the Council being retained as landlord.
- The Council's risk management strategy has been reviewed.
- Liaison with Parish Councils has been improved by the introduction of 6 monthly meetings and parish planning meetings held every 3 months.
- A Gypsy and Traveller Community Strategy has been adopted and a Gypsy and Traveller Development Plan document consulted on.

**The Corporate Governance Committee:**

- Reviewed the work of external audit and provided a suitable forum for discussion of related matters
- Monitored performance of the Internal Audit function through quarterly reports
- Approved the Internal Audit Strategic Plan
- Reviewed the Assurance Framework and Annual Governance Statement
- Reviewed the Local Strategic Partnership - Governance Arrangements – this was done by Cabinet.
- Reviewed the Strategic Risk Register on a quarterly basis and approved a revised Risk Management Strategy.
- Approved the Statement of Accounts for 2008/2009
- Reviewed the Comprehensive Area Assessment and Use of Resources updates

**The Scrutiny and Overview Committee:**

- Completed work and made recommendations to Cabinet from two task and finish groups looking at financial improvements and meeting the needs of children and young people.
- Reviewed the work of the Crime and Disorder Partnership, the Health Service and the Local Strategic Partnership.
- Scrutinised the case for providing the revenue and benefits service in partnership with Uttlesford District Council.

- Provided robust scrutiny and challenge on the financial outturn for 2008/09, the budget for 2010/11 and the medium term financial strategy.
- Examined the Council's process for determining those planning applications that are delegated to officers which resulted in the development of a revised procedure.
- Considered the implications of retaining the housing stock and challenged the methodology used for the stock condition survey.
- Monitored the progress against the action plan for supporting businesses through the economic downturn.
- Provided challenge in the Council's process of self-evaluation against the Equalities Standard for Local Government.
- Examined other issues including the Performance Improvement Strategy, Choice Based Lettings, the Corporate Plan and the draft Youth Participation Strategy.
- Provided scrutiny monitors to attend each portfolio holders' meetings acting as a bridge between Scrutiny and the Cabinet.
- Carried out training with a trainer from the Improvement and Development Agency (IDEA) to refresh monitor skills and share good practice.
- The call-in procedure was used twice during 2009/10, the first to examine a decision regarding the security of councillors' email accounts and the second relating to the decision-making process around the merger of the revenues and benefits service
- Reviewed the continuation of holding meetings at 'off-site' venues as a result of feedback and attendance figures. It was decided to continue with some off-site meetings depending on the agenda.

There are a number of specific examples of where Scrutiny has made a difference this year (specific pieces of work or particular achievements):

- Economic downturn; at the suggestion of Scrutiny and Overview Committee Hardship Rate Relief for businesses was publicised via the press, council staff and a newsletter – this has led to a marked increase in applications.
- Planning Delegation process: provided a forum for developing the improved service now being trialled
- Finance Task & Finish focus group helped to improve 2010-11 Council tax leaflet
- Finance Task and Finish group achieved several outcomes which strengthen the budget setting and financial control processes
  - \* An agreed corporate cycle now informs budget-, consultation-, service- and scrutiny-planning
  - \* There is a closer working relationship between the accountancy team and cost centre managers which has led to improved financial control
  - \* A procedure is in place for controlling budget variances of more than +/- 5% and more than +/- £2,500
  - \* The constitution has been amended so that a budget roll-over is permitted only where the budget-holder can show that the current year's budget has been fully committed and that there were no other sources of funding
  - \* The new management competencies framework provides targeted financial management training if a need is identified through a manager's performance and development review
  - \* Integrated business monitoring reports now show budget information alongside relevant performance information, enabling more accurate analysis of spending and outcomes

- \* There have been improvements to the Council's website and council tax leaflet, enabling residents to more easily understand the Council's finances: a simpler summary of accounts is also planned
- \* There was a marked increase in the number of residents responding to the budget consultation; consultation with businesses has also improved
- \* Work has begun on how to communicate the Council's 'value for money' record to residents
- \* Members have received a refresher session on financial scrutiny which informed scrutiny of the 2010/11 budget
- \* From 2010 Members will be able to attend an annual workshop for understanding and scrutinising the emerging budget and service plans
- \* Feedback from the residents focus group has been used to radically improve the 2010-11 council tax leaflet, and will further influence next year's design.

There have also been a number of specific recommendations arising from this work, namely;

- The Finance task and finish group's 2009/10 recommendations were to: improve communication regarding value for money; improve the use of benchmarking; and look at ways to work with partners when consulting about council tax; accepted by Cabinet 8th April 2010 for action in 2010-11
- Another task and finish group reviewed how effectively the Council works with partners to meet the needs of children and young people: made ten recommendations regarding issues such as transport for children and young people, effective consultation, and a more efficient approach to partnership working; accepted by Cabinet 8th April 2010 for action in 2010-11
- Partnership with Uttlesford DC revenues and benefits service: concerns explored, which influenced Cabinet recommendations ahead of debate at full Council
- Scrutiny Monitors' input at Portfolio Holder meetings:
  - a. Community clean up campaign: portfolio holder agreed with monitor that residents saw this as a district council function and parish councils might not wish to participate, but there would be benefit in working with social landlords. The portfolio holder also supported the idea of offering incentives to promote good citizenship and a sense of ownership.
  - b. Complaints Handling: the portfolio holder agreed to hold a short session for Members to hear about the updated policy

**The Standards Committee:**

- 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 the 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 Whistle-blowing Policy
- Established a Parish Liaison Working Group and issued hard copies of the Parish Council Governance Toolkit designed to help ensure good governance for town and parish councils. This was accompanied by the Standards Committee's own meeting preparation checklist for parish councils.
- Published three newsletters distributed to parish councils, district councillors and available on the Standards Committee website to raise the Committee's profile locally and provide guidance on the Code of Conduct.
- Articles about the Standards Committee have appeared in each quarterly issue of the South Cambs magazine.
- Held a seminar for officers to explain the role of the Committee and the procedure to follow if an officer made a complaint about a breach of the Code of Conduct.
- Organised training for parish councils in conjunction with the Cambridgeshire and Peterborough Association of Local Councils.
- Held workshops and training sessions for committee members before or after each regularly scheduled meeting.
- Recommended to Council changes to the Members' Allowances Scheme in respect of the effect on allowances of suspension or partial suspension.
- Representatives attended the 2009 Annual Assembly of Standards Committee
- Received national recognition in the Standards for England Annual Review of 2008/09 and short-listed for the Local Government Chronicle Awards 2010 in the Standards and Ethics category.

**External Audit and Audit Commission's comments:**

- The Council has achieved scores of 2 out of 4 on both use of resources and managing performance.
- The Council's Statement of Accounts 2008/09 received an unqualified opinion from External Audit.
- The Council's was given an unqualified value for money conclusion for 2008/09.
- The Council's internal control environment during 2008/09 was deemed to be adequate.

**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
- Data Quality Strategy

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 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 for 2009/10 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.

In our opinion, based on the work we have undertaken, for the 12 months ended 31 March 2010 South Cambridgeshire District Council has adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives."

Internal Audit reviewed the Council's risk management policy, Risk Register and the embedding of Risk Management and undertook a review of the Council's risk maturity and concluded that the Council is a "Risk Managed" organisation. This, the second-highest level achievable, is defined as the Council having an "enterprise-wide risk management approach considering risk at highest level but could be further embedded in decision making".

Only one audit, the ICT Review, had a "Limited Assurance" opinion. The Council has already put steps in place to address the findings of this audit and this action should be completed by the end of July 2010.

## 5. Improvements during the year

This table highlights the progress made on the three issues identified in the 2008/09 review as significant:

2008/2009 Recommendation	Progress in 2009/2010
1) Following on from recommendation 4 from 2007/08 the Council to ensure that CORVU use is implemented successfully.	The CORVU system has been implemented and is providing ongoing information for the monitoring of performance. Developments are ongoing to ensure that the system is used to its full capacity. Training has been provided.
2) To implement procedures for the reconciliation of the fixed asset register, housing maintenance database and housing rents system	Procedures have been 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.
3) To address the non-compliance of the fixed asset register with the Statement of Recommended Practice (SORP)	A revised fixed asset register that substantially meets the requirements of the SORP has been produced and the asset register will be linked to the reconciliation in (2) above for 2009/10.

## 6. Significant governance issues

No issues which may be regarded as significant were identified during 2009/10 as a result of the review of arrangements and by the work of external and internal audit .

Although not classed as significant, the following issues have been identified as meriting attention to further strengthen effective corporate governance:

2009/2010 Recommendation	Action Planned for 2010/2011
1) Continue to develop the CORVU system to ensure that it is used to full capacity.	<i>CorVu system is being well used throughout the authority, however a post-implementation action plan will be put in place in 2010/11 to ensure that it is easy to use and relevant, that is, being used to its full capacity and to further develop the system</i>
2) Ensure full integration between financial and performance monitoring.	<i>Good progress has been made in 2009/10 with the integrated business monitoring reports starting to make links between finance and performance when necessary. This development will continue into 2010/11 with links being highlighted where appropriate to enable policy decisions to be made.</i>

<p>3) Develop procedures to share and receive quality information in respect of partnerships and provide more systematic reporting.</p>	<p><i>It will be ensured that elected members are briefed to update cabinet meetings on key partnerships. Important information from key partnerships will also be included in CCS e-newsletter outlined in 4 below.</i></p>
<p>4) Ensure that the system of learning from complaints is implemented and information disseminated throughout the organisation.</p>	<p><i>As number 2, good progress has been made in 2009/10 but it is accepted that further development is needed. Use of the learning forms will be enhanced and learning will be made a separate section on the quarterly reports. Community and Customer Services will circulate regular e-newsletters outlining with learning from complaints, consultations etc to the rest of the organisation.</i></p>

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 Council’s 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:

Date:

Greg Harlock  
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 2009: A Statement of Recommended Practice (SORP) 2009, 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

#### Recognition

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.

#### Measurement and valuation

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. Exceptionally, gains may be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. The revaluation reserve includes revaluation gains from 1st April 2007 only. Gains arising before that date have been included in the capital adjustment account.

#### Impairment

Expenditure on the acquisition, creation or enhancement of fixed assets has been debited in full to the fixed asset account. Impairment attributable to the consumption of economic benefit has been matched in part by corresponding expenditure on enhancement. 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 against any revaluation gains in the revaluation reserve for that (group of) asset(s) with any excess being charged to the relevant service account.

#### Disposals

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

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:

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

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

Any amortisation, impairment and depreciation charged to the relevant service account is reversed out in the statement of movement so that these charges are not met by council tax or rents.

## **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 as a charge to revenue on a straight line accruals basis over the term of the agreement.

## **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 capital contributions 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:

<b>Cost</b>	<b>Basis of apportionment</b>
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. Any unused balances of these contributions are shown as receipts in advance under creditors and are listed in note 17.

## 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.

## **12. Debt free and Minimum Revenue Provision**

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.

The Council is required to charge an annual provision to revenue as a contribution towards reducing its overall borrowing requirement. This provision, known as the Minimum Revenue Provision (MRP), is an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. As the Council is debt free, no charge is made for MRP.

## **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 and prior period adjustments**

In line with the SORP 2009 and related CIPFA guidance, the Council has changed a number of accounting policies and disclosure notes. This includes the removal of the notes relating to Publicity and the Building Control Trading Account and the expansion of information relating to officer's remuneration. IFRIC 12, Service Concessions, has not been included as a policy change as none have been identified by the Council.

The SORP 2009 has determined that the Statement of Responsibilities should present a true and fair view of the financial position of the Council, previously 'presents fairly'.

In its capacity as a billing authority, the Council is now under the 2009 SORP considered to be acting as an agent in the collection of council tax on behalf of major preceptors and in the collection of national non-domestic rates on behalf of the government.

The income and expenditure account is now credited with accrued council tax income due to the billing authority with any change in the surplus or deficit being reversed out in the statement of movement.

The balance sheet now only shows debtors, creditors and provision for doubtful debts relating to the billing authority's share of council tax (together with an adjustment for any difference between cash collected for council tax and cash paid to major precepting authorities) and a net debtor or creditor with the government in respect of national non-domestic rates.

The cash flow statement shows only the billing authority's share of cash received for council tax with any balance in respect of major preceptors for council tax and any balance in respect of the government for national non-domestic rates being shown as a movement in liquid resources.

This change in accounting policy requires a prior period adjustment in 2008/09.

## **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

2008/09 Net Expenditure £		2009/10 Gross Expenditure £	2009/10 Gross Income £	2009/10 Net Expenditure £
	<b>Expenditure on services</b>			
3,593,008	Central Services	2,791,570	(115,239)	2,676,331
1,385,261	Central Services to the Public	8,176,796	(7,030,167)	1,146,629
	Cultural, Environmental and Planning Services			
840,901	Cultural and Related Services	2,140,344	(516,828)	1,623,516
5,660,730	Environmental Services	7,679,000	(1,630,993)	6,048,007
4,261,700	Planning and Development Services	7,000,476	(3,712,459)	3,288,017
392,480	Highways, Roads and Transport Services	788,109	(186,981)	601,128
	Non HRA Housing			
288,311	Personal Social Services	336,618	(47,719)	288,899
148,958	Housing Benefit and Administration	22,466,800	(22,296,225)	170,575
517,319	Private Sector Housing Renewal	1,162,800	(359,123)	803,677
126,625	Supporting People	361,239	(321,846)	39,393
910,920	Other Non HRA Housing Services Expenditure	747,919	(260,118)	487,801
171,763	Other Contributions to/from HRA	151,570	0	151,570
18,297,976	General Fund Services-Continuing operations	53,803,241	(36,477,698)	17,325,543
35,324,040	Housing Revenue Account Services	27,683,132	(23,726,775)	3,956,357
53,622,016	<b>Net cost of services</b>	81,486,373	(60,204,473)	21,281,900
(83,487)	(Gain) / loss on disposal of fixed assets			95,566
3,455,510	Precepts of Local Precepting Authorities			3,532,876
970,814	Payment to the Government for Housing Pooled Capital Receipts			1,206,679
(2,081,394)	Interest and investment income			(873,900)
992,000	Pensions interest cost and expected return on pension assets			1,896,000
56,875,459	<b>Net operating expenditure</b>			27,139,121
(9,611,996)	Income from Council Tax			(10,123,025)
3,098	Transfers from Collection Fund			46,837
(964,779)	Government Grants	Note 28		(1,568,009)
(6,768,850)	Distribution from Non-Domestic Rate Pool			(6,296,396)
39,532,932	<b>Deficit for the year</b>			9,198,528

\* 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

2008/09 Net Expenditure £	<b>STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE</b>	Note	2009/10 Net Expenditure £
39,532,932	Deficit for the year on the Income and Expenditure Account		9,198,528
(39,849,022)	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	(8,210,475)
(316,090)	Decrease/(Increase) in General Fund Balance for the year		988,053
(7,821,027)	General Fund Balance brought forward		(8,137,117)
<b>(8,137,117)</b>	General Fund Balance carried forward		<b>(7,149,064)</b>

## Statement of Total Recognised Gains and Losses

2008/09 £	<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>	2009/10 £
39,532,932	Deficit on the Income and Expenditure Account for the year	9,198,528
44,813,642	(Surplus) or deficit arising on the revaluation of fixed assets	(56,279,793)
7,630,000	Actuarial losses on pension fund assets and liabilities	27,860,000
2,466,662	Prior Period Adjustments	170,471
<b>94,443,236</b>	Total recognised gains and losses for the year	<b>(19,050,794)</b>

## Balance Sheet

Restated				31 March 2010	
31 March 2009				£	£
£		Note	£		
73,422	<b>Intangible Assets</b>	9		117,745	
	<b>Tangible Fixed Assets</b>	9			
	Operational				
393,869,781	Council dwellings		435,493,390		
17,193,721	Other land and buildings		18,544,900		
1,691,771	Vehicles, plant and equipment		1,327,960		
14,816	Infrastructure		61,569	455,427,819	
	Non -operational				
4,429,046	Surplus assets, held for disposal	9	12,902,787	3,831,837	
417,272,557				459,377,401	
5,000,110	Long Term Investments	14		7,000,110	
449,841	Long Term Debtors-Mortgages/loans			429,696	
<b>422,722,508</b>	<b>Total Long Term Assets</b>			<b>466,807,207</b>	
	Current Assets				
107,396	Stocks	12	55,688		
3,073,879	Debtors	13	2,588,989		
18,849,900	Investments	14	12,453,950		
72,794	Cash and Bank		90,952	15,189,579	
22,103,969					
	<b>Current Liabilities</b>				
(7,220,689)	Creditors	16 & 17	(6,577,408)		
(1,167,245)	Cash overdrawn		(560,667)	(7,138,075)	
(8,387,934)					
13,716,035	<b>Net Current Assets</b>			<b>8,051,504</b>	
436,438,543	<b>Total Assets less Current Liabilities</b>			<b>474,858,711</b>	
(337,666)	Deferred Liabilities	16		(211,812)	
(450,507)	Deferred Credits and Grants	18		(315,560)	
(600,469)	Capital Contributions Deferred	18		(1,123,224)	
(23,672,000)	Liability related to defined benefit pension schemes	25,29		(52,267,000)	
<b>411,377,901</b>	<b>Net Assets</b>	<b>24</b>		<b>420,941,115</b>	

**Balance sheet: continued**

<b>Restated</b>			<b>31 March 2010</b>
<b>31 March 2009</b>		Note	<b>£</b>
£			£
	<b>Accounts, Balances and Reserves</b>		
(413,717,865)	Capital Adjustment Account	22	(408,543,952)
(1,891,738)	Revaluation Reserve	21	(49,272,574)
(4,349,916)	Usable Capital Receipts Reserve	23	(1,700,335)
(3,895,081)	Earmarked Reserve	20	(3,784,145)
23,672,000	Pensions Reserve	25,29	52,267,000
	Revenue Balances		
(8,137,117)	General Fund		(7,149,064)
(3,106,275)	Housing Revenue Account		(2,746,093)
48,091	Collection Fund Adjustment Account		(11,952)
<b>(411,377,901)</b>		<b>19</b>	<b>(420,941,115)</b>

Signed:

Alex Colyer  
Executive Director and Chief Finance Officer

Dated: 24 September 2010

## Cash Flow Statement

Restated 2008/09 £	Revenue Activities	2009/10 £	2009/10 £
	<b>Cash Outflows</b>		
16,612,776	Cash paid to and on behalf of employees	17,005,733	
12,974,793	Other operating cash payments	14,425,529	
11,554,901	Negative Housing Subsidy paid to Government	11,562,826	
3,455,510	Precepts paid to Parishes	3,532,876	
1,108,146	Revenue Expenditure funded from capital under statute	2,605,677	
1,118,296	Payment to Capital Receipts Pool	1,711,144	
8,578,043	Housing Benefit paid out	<u>11,107,199</u>	
			61,950,984
	<b>Cash Inflows</b>		
(9,459,762)	Rents (after rebates)	(9,996,813)	
(4,710,346)	Council Tax receipts (net of benefits)	(4,410,146)	
(942,279)	Revenue Support Grant	(1,453,289)	
(6,768,850)	Redistributed Non Domestic Rates	(6,296,396)	
(22,742,092)	DWP grants for benefits	(26,549,188)	
(2,399,331)	Other Government grants	(3,509,388)	
(7,179,500)	Cash received for goods and services	<u>(8,126,853)</u>	
			<u>(60,342,073)</u>
<u>1,200,305</u>	<b>Revenue Activities Net Cash Flow</b>		1,608,911
	<b>Returns on Investments</b>		
	Cash Inflows		
(2,085,976)	Interest received	<u>(873,900)</u>	
			(873,900)
	<b>Capital Activities</b>		
	Cash Outflows		
9,934,287	Purchase of fixed assets	7,558,798	
3,000,000	Purchase of long term investments	2,000,000	
	Cash Inflows		
(3,313,985)	Sale of fixed assets	(3,216,580)	
(951,835)	Capital grants received	(1,004,764)	
(14,620)	Other capital cash receipts	<u>0</u>	
			<u>5,337,453</u>
<u>7,768,176</u>	<b>Net cash outflow before financing</b>		6,072,464
	<b>Management of Liquid Resources</b>		
(9,379,803)	Net (decrease) in short term deposits		(6,395,950)
1,376,056	Net increase/(decrease) in other liquid resources		(301,251)
<u>(235,571)</u>	<b>Net (increase) in cash</b>		<u>(624,736)</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:

2008/09 £	<b>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</b>	2009/10 £
(30,868,015)	Depreciation and impairment of fixed assets (excluding depreciation charged to HRA services)	(1,023,348)
(5,740,431)	Excess of depreciation charges to HRA services over the Major Repairs Allowance element of Housing Subsidy	(4,427,823)
179,748	Government Grants Deferred amortisation matching depreciation and impairments	168,509
(1,001,414)	Amounts treated as revenue expenditure in accordance with SORP but which are classified as capital expenditure by statute (i.e. deferred charges)	(878,049)
83,487	Net (gain) or loss on sale of fixed assets	(95,566)
(1,112,000)	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	(735,000)
(60,884)	Amount by which Council Tax income in the Income and Expenditure Account is different from the amount taken to the General Fund in accordance with regulations	60,043
	<b>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</b>	
(72,732)	Capital expenditure charged to General Fund Balance	398,557
(970,814)	Transfer from Useable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	(1,206,679)
	<b>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</b>	
(524,960)	Statutorily required transfer of the surplus or deficit for the year on the HRA calculated in accordance with statute to the HRA balance	(360,183)
238,993	Net transfer to or from earmarked reserves	(110,936)
<b>(39,849,022)</b>	<b>Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year</b>	<b>(8,210,475)</b>

### 3. Members allowances

The total of Members' allowances paid in the year was £366,846 (£346,946 in 2008/09). 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.

### 4. Employees' remuneration

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

2008/09		2009/10
8	£50,000 - £54,999	6
3	£55,000 - £59,999	2
2	£60,000 - £64,999	2
2	£65,000 - £69,999	3
0	£70,000 - £74,999	2
2	£75,000 - £79,999	1
0	£80,000 - £84,999	0
0	£85,000 - £89,999	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. As remuneration includes redundancy and compensation for loss of office, the number of employees in each salary band can vary from year to year. Pension contributions payable by either the employee or employer are excluded.

In 2009/10 Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year were:

	Actual Salary Paid £	Returning Officer Fees £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding pension contributions 2009/10 £	Employers Pension contributions £	Total Remuneration including pension contributions 2009/10 £
Chief Executive	123,928	205	7,220	131,353	25,676	157,029
Executive Director (Operational Services)	102,835	-	4,003	106,838	20,156	126,994
Executive Director (Corporate Services) <sup>1</sup>	47,901	-	23	47,924	9,389	57,313
	<b>274,664</b>	<b>205</b>	<b>11,246</b>	<b>286,115</b>	<b>55,221</b>	<b>341,336</b>

- <sup>1</sup> The Executive Director (Corporate Services) is a new post this year. The current post holder commenced employment on 1 October 2009 with an annualised salary of £95,803.

In 2008/09 Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year were:

	<b>Actual Salary Paid</b>	<b>Returning Officer Fees</b>	<b>Benefits in Kind (e.g. Car Allowance)</b>	<b>Total Remuneration excluding pension contributions 2008/09</b>	<b>Employers Pension contributions</b>	<b>Total Remuneration including pension contributions 2008/09</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive	119,219	7,802	7,432	134,453	23,054	157,507
Executive Director (Operational Services)	101,817	-	4,003	105,820	17,818	123,638
	<b>221,036</b>	<b>7,802</b>	<b>11,435</b>	<b>240,273</b>	<b>40,872</b>	<b>281,145</b>

## 5. Trading operations

<b>2008/09</b>		<b>2009/10</b>
<b>£</b>		<b>£</b>
	<b>Direct Labour Organisation</b>	
	Building Maintenance	
3,447,235	Turnover	3,271,428
5,596	Deficit / (Surplus)	(16,077)
(24,857)	Accounting adjustments for pensions and impairment	(50,956)
<b>(19,261)</b>	<b>Total (Surplus)</b>	<b>(67,033)</b>

## 6. External Audit and Inspection costs

Expenditure during the year on audit costs was:

<b>2008/09</b>		<b>2009/10</b>
£		£
148,112	Auditing Fee	124,000
17,928	Inspection fee payable to the Audit Commission	9,152
38,172	Certifying grant claims	44,816
<hr/>		
<b>204,212</b>		<b>177,968</b>

## 7. 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 35 and 47.

In 2009/10, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

## 8. Acquired and discontinued operations, exceptional items and extraordinary items

There are no transactions to report under these headings in 2009/10 or in 2008/09.

## Notes to the Balance Sheet

### 9. Tangible and intangible fixed assets

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

Intangible Assets:	Purchased software Licences £	Total £
<b>Gross book value as at 1 April 2009</b>	<b>121,494</b>	<b>121,494</b>
Transfers (to)/from other categories	59,675	59,675
	181,169	181,169
Additions	36,724	36,724
<b>Gross book value 31 March 2010</b>	<b>217,893</b>	<b>217,893</b>
<b>Amortisation at 1 April 2009</b>	<b>(48,072)</b>	<b>(48,072)</b>
Amortisation	(52,076)	(52,076)
<b>Accumulated amortisation and impairment at 31 March 2010</b>	<b>(100,148)</b>	<b>(100,148)</b>
<b>Net book value as at 31 March 2009</b>	<b>73,422</b>	<b>73,422</b>
<b>Net book value as at 31 March 2010</b>	<b>117,745</b>	<b>117,745</b>

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. The Tangible Asset prior period adjustment relates to a review of Council dwellings. The gross value of assets previously categorised as Council Dwellings have been transferred to Surplus Assets held for Disposal. 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.

## Operational Assets:

	Council Dwellings £	Other land and buildings £	Vehicles, plant and equipment £	Infrastructure £	Total £
<b>Gross book value as at 1 April 2009</b>	<b>398,477,616</b>	<b>17,317,885</b>	<b>2,994,067</b>	<b>37,372</b>	<b>418,826,940</b>
Prior period adjustment	(177,949)	0			(177,949)
Transfers (to)/from other categories	(1,405,709)	0	(59,675)	0	(1,465,383)
	396,893,959	17,317,885	2,934,392	37,372	417,183,608
Additions	7,075,967	63,378	343,312	38,567	7,521,225
Disposals	(1,910,191)	(339,467)	(13,518)	0	(2,263,176)
Revaluation gain	44,921,483	1,862,886	0	19,465	46,803,834
Revaluation impairment	(8,278,877)	(235,618)	(3,340)	(0)	(8,517,834)
<b>Gross book value 31 March 2010</b>	<b>438,702,342</b>	<b>18,669,064</b>	<b>3,260,847</b>	<b>95,404</b>	<b>460,727,657</b>
<b>Depreciation at 1 April 2009</b>	<b>(4,607,835)</b>	<b>(124,164)</b>	<b>(1,302,296)</b>	<b>(22,556)</b>	<b>(6,056,851)</b>
Prior year adjustment	(3,353)	0	0	0	(3,353)
Transfers to/(from) other categories	26,334	0	0	0	26,334
Depreciation	(7,710,607)	(202,620)	(630,591)	(11,279)	(8,555,096)
Depreciation adjustment on revaluation	12,289,669	202,620	0	0	12,492,289
Impairment not part of revaluation	(3,203,160)	0	0	0	(3,203,160)
<b>Accumulated depreciation at 31 March 2010</b>	<b>(3,208,952)</b>	<b>(124,164)</b>	<b>(1,932,887)</b>	<b>(33,835)</b>	<b>(5,299,838)</b>
<b>Net book value as at 31 March 2009</b>	<b>393,869,781</b>	<b>17,193,721</b>	<b>1,691,771</b>	<b>14,816</b>	<b>412,770,089</b>
<b>Net book value as at 31 March 2010</b>	<b>435,493,390</b>	<b>18,544,900</b>	<b>1,327,960</b>	<b>61,569</b>	<b>455,427,819</b>

## Non-Operational Assets:

	Surplus assets held for disposal £	Total £
<b>Gross book value as at 1 April 2009</b>	<b>4,429,046</b>	<b>4,429,046</b>
Transfers to/from other categories	1,405,709	1,405,709
	5,834,755	5,834,755
Additions	850	850
Disposals	(1,043,969)	(1,043,969)
Revaluations	1,185,445	1,185,445
Revaluation impairment	(2,145,244)	(2,145,244)
<b>Gross book value 31 March 2010</b>	<b>3,831,837</b>	<b>3,831,837</b>
<b>Depreciation at 1 April 2009</b>	<b>0</b>	<b>0</b>
Transfers to/(from) other categories	(26,334)	(26,334)
Depreciation	0	0
Depreciation adjustment on revaluation	26,334	26,334
<b>Accumulated depreciation at 31 March 2010</b>	<b>0</b>	<b>0</b>
<b>Net book value as at 31 March 2009</b>	<b>4,429,046</b>	<b>4,429,046</b>
<b>Net book value as at 31 March 2010</b>	<b>3,831,837</b>	<b>3,831,837</b>

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 31 March 2010 by Mr Andrew Wilcox, MRICS, District Valuer, East of England; and
- b) Other land and buildings and valued as at 31 March 2010 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 realisable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 36. 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:

	£		£
<b>Expenditure</b>		<b>Financing</b>	
Intangible assets	36,724	Capital Receipts	4,610,351
Fixed Assets	7,522,075	Revenue	398,557
Revenue funded from capital under statute	2,605,677	Grant and contributions	836,231
		Major Repairs Allowance	3,286,870
		Reserves	1,032,467
	<u><b>10,164,476</b></u>		<u><b>10,164,476</b></u>

An analysis of fixed assets is:

<b>31 March 2009 (numbers)</b>		<b>31 March 2010 (numbers)</b>
5,572	Council dwellings	5,539
1	Offices	1
1	Depot and workshop	1
	Country Park, visitors centre and toilet block (99 year lease granted to Cambridge Sports Lake Trust Ltd at 31 March 2008)	0
0		0
4	Car Parks	4
	Car Park, High Street, Sawston (99 year lease granted at 23 March 2010)	0
1		0
15.25 (acres)	Land	15.25 (acres)
	Land identified through a review of existing assets	14.98 (acres)
0		14.98 (acres)

Capital commitments as at 31 March 2010 were £1.63 million on Housing and £1.2 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

## 10. Revenue expenditure funded from capital under Statute

2008/09 £		2009/10 £
0	<b>Balance as at 1 April</b>	0
717,060	Improvement Grants	922,106
391,086	Other	1,683,571
(1,108,146)	Written out	(2,605,677)
<b>0</b>	<b>Balance as at 31 March</b>	<b>0</b>

## 11. Leases

There were no new finance lease agreements during 2009/10. Payments of £847,702 in respect of vehicle contract hire were made in 2009/10 (£860,686 in 2008/09).

In respect of contract hire agreements for vehicles, the Council is committed to make payments of £812,545 in the financial year 2010/11 analysed as:

2008/09 Total £		DLO/DSO £	Cars £	2009/10 Total £
113,046	commitments expiring in the year 2009/10	0	0	0
0	commitments expiring in the year 2010/11	23,366	30,406	53,772
455,672	commitments expiring in the years 2011/15 and later	597,683	23,973	621,656
206,242	commitments expiring in the years 2015/16 and later	137,118	0	137,118
<b>774,960</b>		<b>758,167</b>	<b>54,379</b>	<b>812,546</b>

## 12. Stocks and works in progress

31 March 2009 £		31 March 2010 £
102,260	DSO- Recycling and refuse bins and sacks	49,317

1,842	Catering	2,426
3,294	Post	3,945
<b>107,396</b>		<b>55,688</b>

### 13. Debtors

31 March (as restated) 2009 £		31 March 2010 £
	<b>Debtors</b>	
552,841	Government Departments-other	910,108
0	Government Departments-Business Rates	55,380
151,375	Council Tax	114,694
414,991	Housing Rents	491,979
493,267	Cambridgeshire County Council	1,168,910
28,875	Cambridgeshire Police Authority	158,193
10,099	Cambridgeshire Fire Authority	53,998
32,000	Cambridge City Council	0
2,520,643	Sundry Debtors	871,178
<b>4,204,091</b>		<b>3,824,440</b>
	<b>Provision for Doubtful Debts</b>	
(65,575)	Council Tax	(58,003)
(385,800)	Housing	(384,500)
(678,837)	Sundry Debtors	(792,948)
<b>(1,130,212)</b>		<b>(1,235,451)</b>
<b>3,073,879</b>	<b>Total Debtors</b>	<b>2,588,989</b>

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 15.

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

<b>31 March 2009</b>		<b>31 March 2010</b>
<b>£</b>		<b>£</b>
4,041,651	Clearing Banks	6,059,112
1,503,493	Banks, other	1,500,572
867,063	Money Market Funds	185,412
	Building Societies with assets:	
4,154,813	greater than £10,000 million	6,580,380
1,024,493	between £5,000 million and £10,000 million	0
11,224,235	between £1,500 million and £5,000 million	5,128,474
1,034,152	between £350 million and £1,500 million	0
110	Government Securities	110
<hr/> 23,850,010	Total	<hr/> 19,454,060

<b>Principal Investments analysed by maturity</b>		
484,900	2008/09	0
18,365,000	2009/10	453,950
1,000,000	2010/11	12,000,000
1,000,000	2011/12	1,000,000
1,000,000	2012/13	2,000,000
2,000,000	2013/14	2,000,000
0	2014/15	2,000,000
110	Government Securities	110
<hr/> 23,850,010		<hr/> 19,454,060

## 15. 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.

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 £378,788 as at 31 March 2010 (£384,226 in 2008/09).

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.

## 16. Creditors

<b>Restated 31 March 2009</b>		<b>31 March 2010</b>
£	Note	£
(198,406)	Government Departments-Business Rates	0
(1,797,628)	Government Departments-other	(1,257,987)
(102,940)	Council Tax	(95,465)
(228,003)	Housing Rents	(292,417)
(962,224)	Cambridgeshire County Council	(1,021,469)
(114,366)	Cambridge City Council	(99,773)
(2,416)	Salaries & Wages	0
(3,089,550)	Sundry Creditors	(2,894,160)
0	Provision	(156,668)
(1,062,822)	Developers Contributions	17 (971,281)
<b>(7,558,355)</b>	<b>Total</b>	<b>(6,789,220)</b>

## 17. 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.

	<b>Balance at 31 March 2009</b>	<b>Movement in year</b>	<b>Balance at 31 March 2010</b>
	£		£
<b>Capital</b>			
Commuted Sums	(65,740)	(16,249)	(81,989)
Partnership works on Awarded Watercourses	(444,215)	43,670	(400,545)
Affordable Housing S106	(260,055)	58,363	(201,692)
<b>Revenue</b>			
Sustainability S106 Arbury Camps	(133,397)	18,361	(115,036)
Public Art S106 Arbury Camps	(126,673)	(26,613)	(153,286)
Community Development S106	(25,526)	14,009	(11,517)
Electoral Arrangements	(7,216)	0	(7,216)
	<b>(1,062,822)</b>	<b>91,541</b>	<b>(971,281)</b>

Capital	(770,010)	85,784	(684,226)
Revenue	(292,812)	5,757	(287,055)
	<b>(1,062,822)</b>	<b>91,541</b>	<b>(971,281)</b>

## 18. Deferred credits and grants

31 March 2009		31 March 2010	
£		£	
(80,235)	Deferred Capital Receipts	(50,909)	
(370,272)	Deferred Government Grants Applied	(264,651)	
(600,469)	Capital Contributions Deferred	(1,123,224)	
<b>(1,050,976)</b>	<b>Total</b>	<b>(1,438,784)</b>	

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.

**19. Movement in Reserves**

	<b>Balance at 31 March 2009</b>	<b>Net movement in year</b>	<b>Balance at 31 March 2010</b>	<b>Purpose of Reserve</b>	<b>Note</b>
<b>Revaluation Reserve</b>	( 1,891,738)	( 55,617,681)	( 57,509,419)	Unrealised gains on revaluation of fixed assets	21
<b>Capital Adjustment Account</b>	( 413,717,865)	3,923,178	( 409,794,687)	Store of capital resources set aside to meet past expenditure	22
<b>Usable Capital Receipts</b>	( 4,349,916)	2,649,581	( 1,700,335)	Proceeds of fixed asset sales available to meet future capital investment	23
<b>Pension Reserve</b>	23,672,000	28,595,000	52,267,000	Balancing account to allow inclusion of Pensions Liability in Balance Sheet	29
<b>Housing Revenue Account</b>	( 3,106,275)	360,182	( 2,746,093)	Resources available to meet future running costs for council houses	pages 71-72
<b>General Fund</b>	( 8,137,117)	988,053	( 7,149,064)	Resources available to meet future running costs for non-housing services	pages 37-38
<b>Earmarked Reserves</b>	( 3,895,081)	110,936	( 3,784,145)	Resources identified for specific purposes	20
<b>Council Tax Adjustment Account</b>	48,091	( 60,043)	( 11,952)	Council share of Collection Fund balance	pages 72-73
	<b>( 411,377,901)</b>	<b>( 19,050,794)</b>	<b>( 430,428,695)</b>		

**20. Reserves**

	<b>31 March 2009</b>	<b>Movement during year</b>	<b>31 March 2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Earmarked Reserves</b>			
<b>Capital</b>			
Preservation of Historic Buildings	(54,622)	0	(54,622)
Arts Grants	(62,000)	(10,676)	(72,676)
Dual Use Recreational Facilities	(1,213,000)	895,000	(318,000)
Planning Projects	(74,343)	64,343	(10,000)
Community Development	(138,799)	(15,618)	(154,417)
Sports Development	(247,063)	(20,482)	(267,545)
Other	(215,214)	(12,620)	(227,834)
<b>Revenue</b>			
Conservation Reserve	(2,744)	1,654	(1,090)
Building Control Reserve	(437,343)	147,120	(290,223)
Arts Reserve	(1,893)	(11,302)	(13,195)
Planning Reserve	(598,997)	(716,065)	(1,315,062)
Community Safety & Grants Reserve	(47,403)	9,338	(38,065)
Sports Reserve	0	(33,748)	(33,748)
Travellers Reserve	(559,328)	10,167	(549,161)
Other	(242,332)	(196,175)	(438,507)
	<b>(3,895,081)</b>	<b>110,936</b>	<b>(3,784,145)</b>
<b>Total - Capital</b>	<b>(2,005,041)</b>	<b>899,947</b>	<b>(1,105,094)</b>
<b>Revenue</b>	<b>(1,890,040)</b>	<b>(789,011)</b>	<b>(2,679,051)</b>
	<b>(3,895,081)</b>	<b>110,936</b>	<b>(3,784,145)</b>

**21. 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.

<b>31 March 2009 £</b>		<b>31 March 2010 £</b>
<b>(55,076,799)</b>	<b>Opening balance</b>	<b>(1,891,738)</b>
0	Prior year adjustments	(3,141)
7,441,832	Prior year adjustments	18,326
(1,439,018)	Revaluation gains during the year	(48,249,395)
46,252,660	Revaluation losses during the year	206,446
129,931	Release of revaluation gains/losses on disposal	633,351
799,656	Depreciation adjustment	13,577
<b>(1,891,738)</b>	<b>Balance at 31 March 2010</b>	<b>(49,272,574)</b>

**22. 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.

<b>31 March 2009 £</b>		<b>31 March 2010 £</b>
(441,121,604)	Balance at beginning of year	(413,717,865)
(4,975,170)	Prior year adjustment	168,012
(384,224)	Write back of revenue expenditure funded from capital under statute-renovation loans	0
(7,246,627)	Add capital expenditure financed from;	
(72,732)	capital receipts	(4,613,706)
(364,810)	revenue	(398,557)
(179,748)	grants and reserves	(1,805,810)
(3,178,408)	Government grants deferred amortisation	(168,509)
(129,931)	Major Repairs Allowance	(3,286,870)
3,040,391	Write out of revaluation gain/loss on disposal	(633,351)
	Less disposal of assets	3,307,144

39,786,854	Less depreciation, amortisation and impairment	22,050,768
0	Reversal of prior year impairment on revaluation	(12,055,887)
	Write out of revenue expenditure funded from	
1,108,144	capital under statute and loans repaid	2,610,679
<b>(413,717,865)</b>		<b>(408,543,952)</b>

### 23. Usable Capital Receipts Reserve

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

<b>Total 2008/09</b>		<b>General Fund</b>	<b>Housing Revenue Account</b>	<b>Total 2009/10</b>
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
(9,288,546)	Balance at beginning of year	3,898,993	(8,248,909)	(4,349,916)
	Add			
0	Prior year adjustment	0	(14,620)	(14,620)
	Capital receipts received during year			
(3,313,984)	from sale of assets	(2,218)	(3,214,362)	(3,216,580)
	Less			
7,246,627	Capital receipts applied during year	1,194,438	3,419,268	4,613,706
	Capital receipts transferred			
35,173	to/from reserves	60,396	0	60,396
970,814	Capital receipt payments to DCLG	0	1,206,679	1,206,679
<b>(4,349,916)</b>		<b>5,151,609</b>	<b>(6,851,944)</b>	<b>(1,700,335)</b>

### 24. Analysis of net assets employed

<b>31 March 2009</b>		<b>31 March 2010</b>
<b>£</b>		<b>£</b>
(7,647,769)	General Fund	(6,194,932)
(11,355,186)	Housing Revenue Account	(8,906,434)
(437,343)	Trading Operations	(290,223)
<b>(19,440,298)</b>		<b>(15,391,589)</b>
(413,717,865)	Capital Adjustment Account	(408,543,952)
(1,891,738)	Revaluation Reserve	(49,272,574)
23,672,000	Pensions Reserve	52,267,000
<b>(411,377,901)</b>		<b>(420,941,115)</b>

### 25. Post Balance Sheet Events

There is one known post balance sheet event relating to the 2009/10 accounts. This is a non-adjusting event as it arose after the balance sheet date and the accounts have, therefore, not been adjusted.

The Coalition Government's emergency budget in June 2010 announced that from April 2011 pensions in payment would be indexed to the Consumer Prices Index (CPI) rather than the Retail Price Index (RPI) Historically, the CPI has usually been lower than the RPI and it is, therefore, likely that the Council's pensions liability under FRS17 (£52.267 million as at March 2010 as shown in the balance sheet and note 29) will be reduced by 6 - 8%, as estimated by the Actuary.

## 26. Provisions

Provisions included in the balance sheet consist of:

1. provisions for bad and doubtful debts which have been netted off debtors; and
2. provision for the costs of early redundancy and early retirement pension costs which will be incurred as part of internal restructurings. These have been estimated at £156,668 as the amounts fall due within twelve months of the balance sheet date, this provision has been included under creditors in the Balance Sheet in Note 16.

## 27. 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 282 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 also other equity share schemes covering approximately 85 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.

## 28. General Government Grant

2008/09		2009/10
£		£
942,279	Revenue Support Grant	1,453,289
0	Local Authority Business Growth Incentive Grant	91,909
22,500	Area Based Grant	22,811

**964,779****1,568,009****29. 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.

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:

<b>2008/09</b>		<b>2009/10</b>
<b>£'000</b>	<b>Transactions in the Income and Expenditure Account</b>	<b>£'000</b>
	Net cost of services	
1,630	Current service cost apportioned to services	1,382
691	Past service costs (non-distributed cost)	0
23	Losses on curtailment (non-distributed cost)	0
	Net operating expenditure	
4,859	Interest cost	4,734
(3,867)	Expected return on assets	(2,838)
3,336		3,278
	Statement of Movement	
(3,336)	Reversal of pension costs earned in year	(3,278)
2,117	Employer's payment to pension fund	2,377
107	Employer's payment for unfunded pensions	110
(1,112)		(791)
	Adjustments as shown in net position	56
		(735)

The movement in the fair value of scheme assets is:

<b>2008/09</b>		<b>2009/10</b>
<b>£'000</b>		<b>£'000</b>
54,650	Opening balance as at 1 April	44,797
3,867	Expected return on assets	2,838

790	Contributions by Members	821
2,178	*Contributions by Employer	2,377
(61)	Contributions by Employer - required adjustment	0
107	Contributions in respect of unfunded benefits	110
(14,294)	Actuarial gain / (losses)	11,777
(107)	Unfunded benefits paid	(110)
(2,333)	Benefits paid	(2,807)
<u>44,797</u>	<u>Closing balance as at 31 March</u>	<u>59,803</u>

\*The estimated contributions by the employer in 2010/11 is £2,767,000.

The movement on the present value of scheme liabilities is:

<b>2008/09</b>		<b>2009/10</b>
<b>£'000</b>		<b>£'000</b>
(70,075)	Opening balance as at 1 April	(68,964)
(1,630)	Current service cost	(1,382)
(4,859)	Interest cost	(4,734)
(790)	Contributions by Members	(821)
6,664	Actuarial gains / (losses)	(39,637)
(691)	Past service costs	0
(23)	Losses on curtailment	0
107	Estimated unfunded benefits paid	110
2,333	Estimated benefits paid	2,807
<u>(68,964)</u>	<u>Closing balance as at 31 March</u>	<u>(112,621)</u>

The net position of the pension fund is:

<b>31 March</b>		<b>31 March</b>
<b>2009</b>		<b>2010</b>
<b>£'000</b>		<b>£'000</b>
44,797	Fair value of scheme assets	59,803
<u>(68,964)</u>	<u>Present value of scheme liabilities</u>	<u>(112,621)</u>
(24,167)		(52,818)
	Liability for cost of early retirement shown separately	

495	under creditors in balance sheet	505
0	Additional liability not included in Actuary's report	(15)
	Adjustment required by auditors in 2008/09 for	
0	employer's contribution	61
<u>(23,672)</u>	<u>Amount recognised in balance sheet</u>	<u>(52,267)</u>

The analysis of the fair value of scheme assets is:

<b>31 March 2009</b>			<b>31 March 2010</b>	
<b>£'000</b>	<b>%</b>		<b>£'000</b>	<b>%</b>
28,709	64%	Equities	43,102	72%
7,626	17%	Bonds	8,980	15%
4,486	10%	Property	4,789	8%
4,037	9%	Cash	2,993	5%
<u>44,858</u>	<u>100%</u>	<u>Total</u>	<u>59,864</u>	<u>100%</u>

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

<b>2008/09</b>		<b>2009/10</b>
<b>£'000</b>		<b>£'000</b>
6,664	Actuarial (loss)/ gains on scheme liabilities	(39,637)
(14,294)	Actuarial (losses)/ gain on scheme assets	11,777
<u>(7,630)</u>	<u>Actuarial gains/(losses)</u>	<u>(27,860)</u>

The principal assumptions used by the Actuary are:

<b>2008/09</b>		<b>2009/10</b>
	Financial assumptions	
3.1%	Inflation/pensions increase rate	3.8%
4.6%	Salary increase rate	5.3%
6.3%	Expected return on assets	7.1%
6.9%	Discount rate	5.5%
	Analysis of the expected return on assets	

7.0%	Equities	7.8%
5.6%	Bonds	5.0%
4.9%	Property	5.8%
4.0%	Cash	4.8%
Life expectancy at age 65		
Current pensioners		
19.6 years	Males	20.8 years
22.5 years	Females	24.1 years
Future pensioners		
20.7 years	Males	22.3 years
23.6 years	Females	25.7 years
Employees electing to take additional tax-free lump sum		
25%	up to HMRC limits	
	pre April 2008 service	25%
	post April 2008 service	63%

The five year scheme history as stated in the Actuary's report before any accounting adjustments is:

	2005/06	2006/07	2007/08	2008/09	2009/10
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	49,318	53,526	54,650	44,858	59,864
Present value of scheme liabilities	(71,820)	(73,216)	(70,075)	(68,964)	(112,621)
Surplus/deficit	(22,502)	(19,690)	(15,425)	(24,106)	(52,787)
Experience gains/(losses) on assets	14.2%	1.0%	(4.9%)	(31.9%)	19.7%
Experience (gains)/losses on liabilities	0.0%	(0.1%)	6.4%	(0.1%)	0.1%
*Actuarial gains/(losses)	(993)	4,740	4,755	(7,630)	(27,860)
Cumulative actuarial gains/(losses)	(13,480)	(8,740)	(3,985)	(11,615)	(39,475)

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

### 30. Date the Statement of Accounts were authorised for issue

The unaudited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 24 September 2010. This is the date up to which events after the balance sheet date have been considered.

## Notes to the Cash Flow Statement

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

2008/09 (as restated)		2009/10	2009/10
£		£	£
39,472,048	Deficit on Income and Expenditure Account	9,198,528	
<u>(39,788,138)</u>	Note 2 Statutory/non-statutory adjustments	<u>(8,210,475)</u>	
(316,090)	(Surplus) / Deficit on General Fund		988,053
524,960	Deficit on Housing Revenue Account	360,182	
481,819	(Surplus) / Deficit on Collection Fund	(60,043)	
1,118,296	Payment to Capital Receipts Pool	<u>1,711,144</u>	
			2,011,283
	Add non cash transactions		
(72,732)	Direct Revenue Financing of Capital Expenditure	(398,557)	
(3,178,408)	Major Repairs Allowance	(3,286,870)	
(344,258)	Contribution to Reserves	(1,150,575)	
	Less non cash transactions		
1,108,146	Revenue expenditure funded from revenue under statute	2,605,677	
33,278	Movement in Bad Debt Provision	<u>(59,085)</u>	
			<u>(2,289,410)</u>
			709,926

	Changes in working capital		
81,905	Stock	(51,708)	
1,695,859	Debtors	(705,984)	
(642,390)	Revenue Creditors	<u>782,777</u>	
			25,085
2,085,976	Servicing of Financing from Cash Flow Statement		873,900
<b>2,576,361</b>	<b>Revenue Activities Net Cash Flow</b>		<b>1,608,911</b>

### 32. Reconciliation of balance sheet to liquid resources

	Balance Sheet 31 March 2009	Balance Sheet 31 March 2010	Movement in Liquid Resources 2009/10
Investments	(23,850,010)	(19,454,060)	4,395,950
Less time deposits	23,850,010	19,454,060	(4,395,950)
Investments repayable on demand	0	0	0
Net cash overdrawn	1,094,451	469,715	(624,736)
Movement	1,094,451	469,715	624,736

### 33. Reconciliation of movement in cash to net debt

2008/09  
£

2009/10  
£

235,571	Increase in Cash	624,736
<hr/>		<hr/>
235,571	Increase in net debt from cash flow	624,736
(1,330,022)	Net debt at 1 April	(1,094,451)
<hr/>		<hr/>
<b>(1,094,451)</b>	<b>Net debt at 31 March</b>	<b>(469,715)</b>

### 34. 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.

### 35. Analysis of other Government grants

2008/09		2009/10
£		£
	<b>Revenue</b>	
(669,258)	Housing Benefit Administration and Fraud	(687,944)
(220,951)	NNDR Cost of Collection Allowance	(220,660)
(90,120)	Building Safer Communities	(90,121)
(890,168)	Planning Delivery Grant	(1,330,474)
( 3,640)	Elections	( 1,591)
(16,835)	Habitat Regulation	(16,835)
(10,000)	Environmental Health	(22,017)
(110,493)	Supporting People	(77,167)
(50,000)	Homelessness	(39,430)
0	Improvement Grant	(336,738)
(5,351)	Council tax efficiency information	(21,020)
(27,000)	Air Quality/ Emissions	0
(79,092)	Housing and Council tax benefits	(29,293)
(21,250)	Economic Development	0
(182,673)	Concessionary Fares	(186,982)
0	Growth Agenda/New Communities	(334,396)
(22,500)	Area Based Grant	(22,811)
0	Local Authority Business Growth Incentive Grant	(91,909)

<b>(2,399,331)</b>		<b>(3,509,388)</b>
<b>Capital</b>		
(245,512)	Renovation Grants - net of repayments	0
(5,300)	Council tax efficiency information	(5,300)
(138,505)	Kerbside Recycling	(500,000)
27,000	Air Quality/ Emissions	(40,000)
(3,510)	Insulation	0
(428,600)	Planning Delivery Grant	0
(40,108)	GIS/Planning	(18,688)
(117,300)	Housing Capital	0
0	Growth Agenda/ New Communities	(440,776)
<b>(951,835)</b>		<b>(1,004,764)</b>

## Supplementary Statements

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

**Housing Revenue Income and Expenditure Account**

<b>2008/09</b>		<b>2009/10</b>
£	<b>INCOME</b>	£
(20,754,002)	Dwelling Rents(Gross)	(21,251,864)
(338,428)	Non-dwelling Rents(Gross)	(326,987)
<u>(1,813,412)</u>	Charges for Services and Facilities	<u>(1,721,556)</u>
		(23,300,407)
	<b>Contributions towards expenditure</b>	
(233,763)	General Fund	(204,936)
<u>(28,200)</u>	Other sources	<u>(154,399)</u>
		(359,335)
(19,261)	Transfer of DLO surplus	(67,033)
<u>(23,187,066)</u>	<b>Total Income</b>	<u>(23,726,775)</u>
	<b>EXPENDITURE</b>	
3,301,657	Repairs and Maintenance	3,217,017
	Supervision and Management	
1,547,109	General	1,367,649
804,054	Repairs and Maintenance	804,136
2,968,143	Special Services	2,618,782
76,175	Rent, Rates and Other Charges	93,594
11,554,901	Payment to Government in to National Pool	11,562,826

38,224,654	Depreciation and impairment of Fixed Assets	8,005,182
18,911	Treasury Management Costs	15,246
15,502	Increased/(Decreased) Provision for Bad or Doubtful Debt	(1,300)
<u>58,511,106</u>	Total Expenditure	<u>27,683,132</u>
35,324,040	<b>Net Cost of Services as included in the whole authority Income and Expenditure Account</b>	3,956,357
487,136	HRA services share of Corporate and Democratic Core	503,265
<u>35,811,176</u>	<b>Net Cost of HRA Services</b>	<u>4,459,622</u>
(98,906)	(Gain) on sale of HRA assets	(205,520)
	Interest and investment income	
(4,582)	Mortgage Interest	(2,927)
<u>(147,180)</u>	Interest on Cash Balances	<u>(15,132)</u>
		(18,059)
	Pensions Interest Cost and Expected Return on Pension Assets	407,825
236,535		
<u>35,797,043</u>	<b>Deficit for the year on HRA services</b>	<u>4,643,868</u>

## 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;

2008/09		2009/10
£		£
35,797,043	(Surplus)/deficit for the year on the HRA Income and Expenditure Account	4,643,868
(29,510,146)	Impairment taken to Capital Adjustment Account	(266,137)
98,906	Gain on sale of HRA fixed assets	205,520
(120,412)	HRA share of contributions to the Pensions Reserve	(193,803)
(5,740,431)	Transfer to Major Repairs Reserve	(4,427,823)
0	Capital expenditure funded by the Housing Revenue Account	398,557
<u>524,960</u>	Decrease/(increase) in Housing Revenue Account balance for the year	<u>360,182</u>
(3,631,235)	Housing Revenue Account balance brought forward	(3,106,275)

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<b>(3,106,275)</b>	<b>Housing Revenue Account balance carried forward</b>	<b>(2,746,093)</b>
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## The Collection Fund

2008/09		2009/10
£	INCOME	£
(73,237,334)	Income from Council Tax	(76,865,611)
	Transfers from General Fund	
(4,993,481)	Council Tax Benefits	(5,602,108)
(56,486,466)	Income collectable from Business Ratepayers	(59,859,401)
	Contribution towards previous year's estimated Collection Fund Deficit	
(18,223)	Cambridgeshire County Council	(274,784)
(2,920)	Cambridgeshire Police Authority	(44,025)
(1,024)	Cambridgeshire Fire Authority	(15,281)
(3,098)	District Council	(46,836)
<u>(134,742,546)</u>		<u>(380,926)</u>
		<u>(142,708,046)</u>
	<b>EXPENDITURE</b>	
	<b>Demands and Precepts</b>	
	Precepts	
56,749,118	Cambridgeshire County Council	59,258,521
9,092,169	Cambridgeshire Police Authority	9,594,187
3,155,867	Cambridgeshire Fire Authority	<u>3,281,918</u>
		72,134,626
	Demands - District Council	
6,217,370	General Expenses	6,530,105
3,455,510	Special Expenses - Parish Precepts	<u>3,532,876</u>
<u>78,670,034</u>		<u>10,062,981</u>
		82,197,607
	<b>Business Rate</b>	
56,265,515	Payment to National Pool	59,638,741
220,951	Cost of Collection	<u>220,660</u>
		59,859,401
	<b>Bad and Doubtful Debts</b>	
50,088	Write Offs	222,609
17,776	Provision for Bad and Doubtful Debts	<u>(60,385)</u>
<u>135,224,364</u>		<u>162,224</u>
		<u>142,219,232</u>
481,818	<b>Deficit/(Surplus) of income over expenditure</b>	(488,814)
(90,690)	Fund Balance at Beginning of year	391,128
<b>391,128</b>	<b>Fund Balance at end of year</b>	<b>(97,686)</b>

**Collection Fund balance:**

<b>Attribution of surplus</b>	<b>£</b>
Cambridgeshire County Council	(70,433)
Cambridgeshire Police Authority	(11,402)
Cambridgeshire Fire Authority	(3,899)
District Council	(11,952)
	<hr/>
	<b>(97,686)</b>
	<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)

### 36. 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 2009	Conversions/ transfers during year	Additions during year	Disposals during year	As at 31 March 2010
1 Bedroom	1,120	(1)	8	(3)	1,124
2 Bedroom	2,389	(15)	8	(13)	2,369
3 Bedroom	1,985	(5)	0	(9)	1,971
4 or more Bedrooms	78	(1)	0	(2)	75
	<b>5,572</b>	<b>(22)</b>	<b>16</b>	<b>(27)</b>	<b>5,539</b>

#### Disposals

Right to buy	6
Equity Share	9
Other	12
	<u>27</u>

Garages are included with Other Land and Buildings as shown in the Balance Sheet and Note 9.

A review of council dwellings and transfers in advance of sale to Registered Social Landlords has resulted in current 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;

	Council Dwellings £	Other land and buildings £	Infrastructure £	Surplus assets held for disposal £	Total £
<b>Gross book value as at 1 April 2009</b>	<b>398,477,616</b>	<b>2,800,905</b>	<b>(58,032)</b>	<b>4,429,046</b>	<b>405,649,535</b>
Prior period adjustment	(177,949)	3,366			(174,583)
Transfers (to)/from other categories	(1,405,709)	0	0	1,405,709	0
	396,893,959	2,804,271	(58,032)	5,834,755	405,474,952
Additions	7,075,967	53,392	38,567	850	7,168,776
Disposals	(1,910,191)	(49,682)	0	(1,043,969)	(3,003,841)
Revaluation gain	44,921,483	1,691,173	19,465	1,185,445	47,817,566
Revaluation impairment	(8,278,877)	(15,154)	(0)	(2,145,244)	(10,439,275)
<b>Gross book value 31 March 2010</b>	<b>438,702,342</b>	<b>4,484,000</b>	<b>(0)</b>	<b>3,831,837</b>	<b>447,018,179</b>
<b>Depreciation at 1 April 2009</b>	<b>(4,607,835)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,607,835)</b>
Prior year adjustment	(3,353)	0	0	0	(3,353)
Transfers to/(from) other categories	26,334	0	0	(26,334)	0
Depreciation	(7,710,607)	(4,086)	0	0	(7,714,693)
Depreciation adjustment on revaluation	12,289,669	4,086	0	26,334	12,320,089
Impairment not part of revaluation	(3,203,160)	0	0	0	(3,203,160)
<b>Accumulated depreciation at 31 March 2010</b>	<b>(3,208,952)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,208,952)</b>
<b>Net book value as at 31 March 2009</b>	<b>393,869,781</b>	<b>2,800,905</b>	<b>(58,032)</b>	<b>4,429,046</b>	<b>401,041,700</b>
<b>Net book value as at 31 March 2010</b>	<b>435,493,390</b>	<b>4,484,000</b>	<b>0</b>	<b>3,831,837</b>	<b>443,809,227</b>

Vacant possession value of dwellings 31 March 2010: £964,610,902

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%.

### 37. Capital expenditure, financing and receipts

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

	£		£
<b>Expenditure</b>		<b>Financing</b>	
Acquisition of existing dwellings	1,931,997	Capital receipts	3,419,268
Improvement of housing stock	5,236,779	Major Repairs Allowance	3,286,870
		Grant	64,081
		Revenue	398,557
	<u>7,168,776</u>		<u>7,168,776</u>

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

2008/09		2009/10
£		£
0	Sale of Land	425,673
	Sale of dwellings	
341,874	Right to buy	886,553
2,906,341	Other	1,902,136
<u>3,248,215</u>		<u>3,214,362</u>

### 38. Depreciation

In 2009/10, depreciation on buildings is based on the asset lives as assessed by the District Valuer. Land is not depreciated.

The charge for Depreciation within the HRA was:

<b>2008/09</b>		<b>2009/10</b>
£		£
	Operational Assets	
11,424	Prior period adjustments/transfers	(22,981)
8,918,839	In year	7,714,693
0	Non Operational	0
(8,930,263)	Depreciation adjustment on revaluation	(7,691,712)
<b>0</b>		<b>0</b>

### 39. 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.

<b>2008/09</b>		<b>2009/10</b>
£	<b>Operational assets</b>	£
(4,493,950)	Clear consumption of economic benefit	(3,203,160)
(22,439,959)	Reduction in value	(7,839,297)
(26,933,909)	Charge to HRA Income & Expenditure	(11,042,457)
(46,024,814)	Reduction in value charged to Revaluation Reserve	(8,826)
(72,958,723)		(11,051,283)
	<b>Non operational assets</b>	
(2,576,237)	Reduction in value charged to HRA Income & Expenditure	(1,379,716)
(227,845)	Reduction in value charged to Revaluation Reserve	(184,036)
(75,762,805)	<b>Total Impairment</b>	(12,615,035)
	Write back of prior year impairment charged to Income and Expenditure Account	
0	Part reversal of prior year General Fund impairment	24,352
0	Part reversal of prior year HRA impairment	12,131,684
0	<b>Total reversal of prior year impairment</b>	12,156,036
(29,510,146)	<b>Net movement in impairment to HRA Income &amp; Expenditure</b>	(266,137)

#### 40. Major Repairs Reserve

This reserve effectively shows how the Major Repairs Allowance element of housing subsidy, is used to finance capital expenditure relating to the HRA.

	£
<b>Balance at 1 April 2009</b>	<b>0</b>
Transfer to Capital Adjustment Account	(7,714,693)
Amount transferred to Statement of Movement on the HRA balance	4,427,823
HRA Capital expenditure charged to Major Repairs Reserve	3,286,870
<b>Balance at 31 March 2010</b>	<b>0</b>

#### 41. Housing subsidy

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

2008/09		2009/10
£		£
2,084,524	Allowance for management	2,134,213
4,928,661	Allowance for maintenance	5,163,223
3,178,408	Allowance for major repairs	3,286,870
8,670	Other items	8,960
<u>10,200,263</u>		<u>10,593,266</u>
(22,033,848)	Rent	(22,147,164)
(20,607)	Interest on receipts	(8,928)
<u>(11,854,192)</u>		<u>(11,562,826)</u>
299,291	Adjustment for previous year	0
<b>(11,554,901)</b>	<b>Payable to the Government</b>	<b>(11,562,826)</b>

#### 42. 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.

**43. Rent arrears on dwellings**

<b>As at 31 March 2009</b>		<b>As at 31 March 2010</b>
£414,991	Arrears	£420,706
1.89%	Arrears as a percentage of gross rents collectable	1.87%
£330,000	Provision for uncollectable amounts	£330,000

**Notes to the Collection Fund Account**

#### 44. General

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

#### 45. 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	8.16	5/9	4.5
A	Upto £40,000	1,821.30	6/9	1,214.2
B	£40,001 - £52,000	5,447.65	7/9	4,237.1
C	£52,001 - £68,000	17,002.59	8/9	15,113.4
D	£68,001 - £88,000	10,216.81	9/9	10,216.8
E	£88,001 - £120,000	9,618.91	11/9	11,756.4
F	£120,001 - £160,000	6,481.09	13/9	9,361.6
G	£160,001 - £320,000	3,610.96	15/9	6,018.3
H	More than £320,000	311.53	18/9	623.1
		<u>54,518.99</u>		<u>58,545.3</u>
Assumed rate of collection		99.5%		
Tax base for tax setting purposes (number of Band D equivalent dwellings)				58,252.5
Tax rate for a Band D property				<u>£1,411.06</u>
Estimated income due				£82,197,773
Actual income due				
Net of write offs and provisions		£76,582,616		
Council Tax Benefit		£5,602,108		
				<u>£82,184,724</u>
Difference in income due to variations in tax base and rate of collection				(£13,049)

#### 46. 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 2010 was £148,272,871 and the standard uniform rate was 48.5 pence in the £, and the small business uniform rate 48.1 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.

#### **47. Collection Fund surplus**

The surplus relating to Council Tax transactions due to Cambridgeshire County Council, Cambridgeshire Police Authority and Cambridgeshire Fire Authority of £85,734 on the Collection Fund as at 31 March 2010 is included as a debtor in the Council's Balance Sheet and will be distributed in subsequent financial years.

## **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