Statement of Accounts for year ended 31 March 2015

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South Cambridgeshire District Council
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Explanatory Foreword

Introduction

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

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

a) Core financial statements:

   i) the Movement in Reserves Statement which shows the movement in the year on the different reserves analysed into usable reserves, that can be applied to fund expenditure or reduce local taxation, and other reserves;

   ii) the Comprehensive Income and Expenditure Statement which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices;

   iii) the Balance Sheet which shows the value at the year-end of assets and liabilities recognised by the Council; and

   iv) the Cash Flow Statement which shows the changes in cash and cash equivalents during the year arising from the inflows and outflows of cash;

   with associated notes, including the accounting policies, grouped together for all the core financial statements.

b) 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 government, and the way in which these monies have been distributed among the authorities and the government.

The Statement of Accounts also includes the Group Accounts of the Council showing the consolidated position with its 100% owned subsidiary, South Cambs Limited, trading as Ermine Street Housing. The company began active trading on the 1 April 2014.

Comprehensive Income and Expenditure Statement

This Statement 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 generally accepted accounting practices which do not impact on the level of council tax. This Statement consolidates the General Fund (services for the whole community) and the Housing Revenue Income and Expenditure Account (Council housing).

The additional costs to comply with accounting practices are reversed out in the Movement in Reserves Statement. If the two Statements are combined, then the position for General Fund Services and the council tax can be summarised as:

General Fund	**Original estimate**	**Actual**
Expenditure	**£'000**	**£'000**
Net Portfolio expenditure excluding depreciation	16,394	15,222
Internal drainage boards	167	171
Interest and investment income	(346)	(374)
Amount to be met from Government Grant and local taxpayers	16,215	15,019
Income		
Principal sources of finance		
District element of Council Tax	(7,156)	(7,156)
Formula Grant (a general Government grant towards expenditure)	(2,657)	(2,608)
Retained Business Rates	(2,870)	(3,286)
New Homes Bonus	(3,201)	(3,201)
Deficit on Collection Fund re Business Rates	0	2,231
Surplus on Collection Fund re Council Tax	(65)	(65)
	(15,949)	(14,085)
Deficit/(Surplus) for the year	**266**	**934**

When the council tax for the financial year ending 31 March 2015 was set in February 2014, the deficit was estimated at £266,450. The variance of £667,858 is attributable to the following:

General Fund Actual to Original Estimate Services	**Reason for variance**	**%**	**Underspending/slippage( ) Overspending+ £'000**	**£'000**
Housing Benefits	Improving economic conditions resulting in lower benefits demand, high overpayments recovery, lower recharges	(34)	(257)	
Democratic Representation	Lower recharges;reduced service costs and expenses	(8)	(91)	
Waste Management Strategy	Higher recharges & staffing costs	72	148	
Refuse Collection and Recycling	Reduced contractor costs	(9)	(251)	
Street Cleansing Service	Reduced contractor activity levels	(9)	(37)	
Development Control	Higher planning fees received	(46)	(719)	
Conservation	Higher service costs and recharges	55	121	
Planning Policy	Lower recharges	(16)	(110)	
Net cuts/savings	now allocated to services	100	250	
Reduction for vacancies	now allocated to services	100	450	
				(496)
Precautionary Items	Contingency not needed	(100)		(75)
Retained Business Rates	Lower levy	(15)		(416)
Other Grant	Business Rates administration grant	(100)		(258)
Deficit on Collection Fund (Business Rates)		100		2,231
Other items individually under £50,000				(318)
				668
Less underspendings in 2014-15 which will now be incurred in 2015-16				(7)
				661

Housing Revenue Account

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

Housing Revenue Account	Original estimate	Actual
Expenditure	**£'000**	**£'000**
Repairs and maintenance	3,994	3,708
Management and services	4,568	4,553
Depreciation of fixed assets	5,659	5,659
Transfer to reserves	1,000	1,000
Interest payable	7,193	7,193
Capital expenditure met from revenue	6,347	5,617
	28,761	27,730
Income		
Rents and charges	(28,000)	(27,976)
Other	(350)	(390)
Interest	(37)	(49)
	(28,387)	(28,415)
Deficit/(Surplus) for the year	**374**	**(685)**

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

When rents for the financial year ending 31 March 2015 were set in February 2014, the estimated rent increase was set in line with government guidance at 3.7% and the deficit was estimated at £373,920. The variance of £1,059,095 is attributable to the following:

Housing Revenue Account Actual to Original Estimate Services	Reason for variance	%	Underspending/slippage( ) Overspending+ £'000	£'000
Repairs and Maintenance	Maintenance and Improvements		(286)	
Supervision and Management				
	Reprovision & New Homes Programme		68	
	Supported housing		(130)	
				(348)
Capital Expenditure met from revenue	Maximising use of capital receipts		(730)	
Other items individually under £50,000			19	(711)
				(1,059)

Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £15.7 million. The major part of the programme involved the provision of housing; with £11.7 million being invested in the Council's own housing stock.

Treasury Management

At the 31 March 2015, investments (excluding accrued interest) totalled £43.4 million, an increase of £14.1 million over the previous year-end. These investments produced interest of over £0.43 million, which was used towards the cost of services.

The Council has debt of £205 million following Housing Revenue Account Self-Financing.

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £10.25 million and £3.18 million respectively as at 31 March 2015 - this compares to the proposed minimum level of balances of £2.5 million (General Fund) and £2.0 million (Housing Revenue Account). These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £6.8 million, consisting of the usable capital receipts reserve and capital grants unapplied. After having to reduce the capital programme for several years, it is now projected to increase from an original estimate of £8.3 million in 2011-12 to £22.4 million in 2019-20 as a result of additional funding available on the housing account.

Pensions

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

South Cambridgeshire's pension deficit is estimated at £61.849 million as at 31 March 2015 on an IAS 19 basis. With 74% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

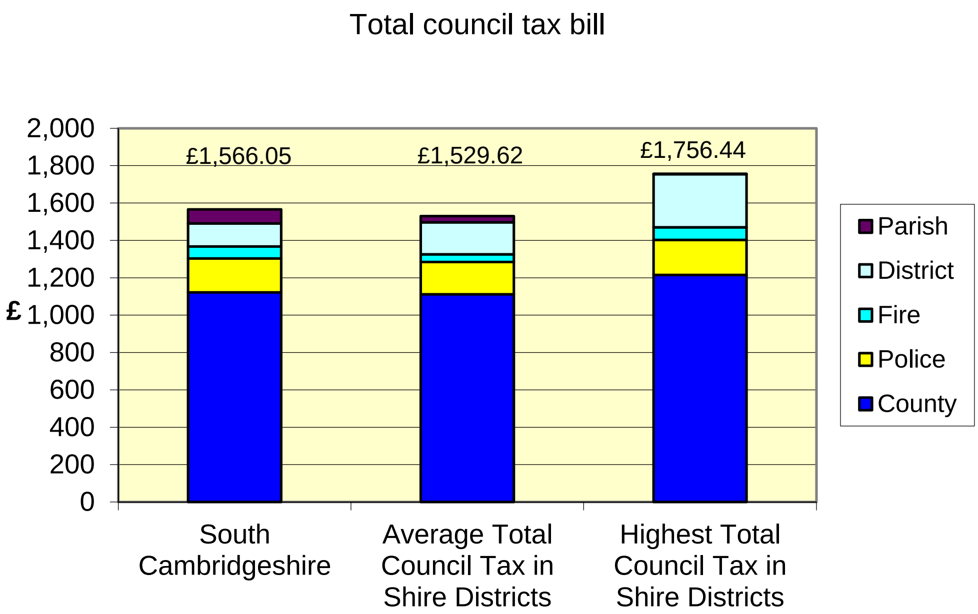
The employer's contribution rate for 2014-15 was 20.2%. The formal triennial valuation as at 31 March 2013 of assets and liabilities, for the purposes of determining contribution rate to be effective from 31 March 2014, showed a 61% funding level, being the extent to which assets cover liabilities. The 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.

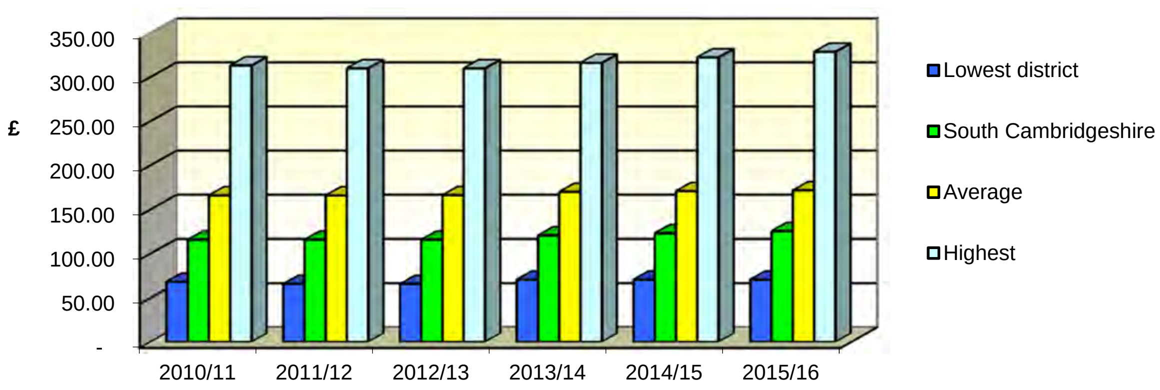
In view of the uncertainty over future pension costs, an additional percentage of pensionable pay has been charged against the General Fund and the Housing Revenue Account and placed in a reserve for use in future years (Notes 6, 21 and 42).

Council Tax

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 2014-15 was £1,566.05. 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 17th lowest in 2014-15 at £122.86 in a range of £70.46 to £322.11, with the average being £170.69.



The ranking is:

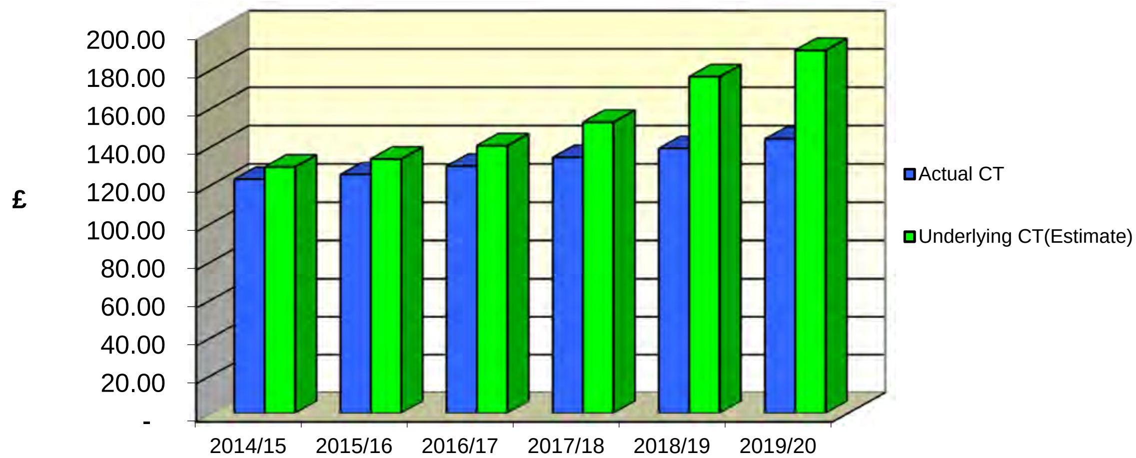
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
South Cambridgeshire	13th lowest	13th lowest	13th lowest	15th lowest	17th lowest	20th lowest
Total number of shire districts	201	201	201	201	201	201

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

Current and future developments

Council Tax

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 higher, underlying level. The increasing gap between the actual and underlying council tax reflects the expectation that government grant will continue to decrease in future years, requiring the continuing use of reserves; this assumption and others is monitored and reviewed in the Council's financial strategy on a regular basis.



Retained Business Rates

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. It also enables local authorities to implement tax increment financing, giving the ability to undertake borrowing against future business rates growth, supported by the forecast tax increment that accrues from additional development.

Reporting Cycle

The General Fund and Housing Revenue Account estimates are presented to Cabinet and Council for approval every year, in February, and are published on the Council website at: http://scambs.moderngov.co.uk/ieListDocuments.aspx?CId=410&MId=6286&Ver=4

During the year expenditure and income is monitored and significant variances reported to Cabinet. The Council's Forward Plan providing information on key reports is published on the Council's website http://scambs.moderngov.co.uk/mgPlansHome.aspx?bcr=1

The Council regularly monitors performance against key performance indicators, this information is available from: https://www.scambs.gov.uk/council-aims-and-objectives

Corporate plan

The Council has published its Aims and Objectives for 2015-16 and the Corporate Plan for 2015-20 on its website at: https://www.scambs.gov.uk/council-aims-and-objectives

Population growth

The District population of 148,755 people (source: 2011 Census) is projected to increase to 194,500 by 2031 (source: Cambridgeshire Insight), the estimate for June 2015 being 151,400 (source: Cambridgeshire Insight). This is a reflection of the development of large numbers of additional houses in the district, particularly through the creation of a new settlement at Northstowe and the development of the Cambridge fringe areas. The officer capacity to develop these policies has to be paid for now. These initial costs are not reflected in Government grants or in the Council's tax base for raising income locally. However, when new dwellings come into use, the Council now receives the New Homes Bonus government grant.

The Current Economic Climate and other significant risks

The Government's actions to reduce the fiscal deficit mainly by reducing public spending have resulted in substantial cuts for local government. The Council's medium term financial strategy is in its strategic risk register with an assessed risk of high impact / likely. The financial situation is dependent amongst other things on the continuation of New Homes Bonus and the redistribution of retained business rates from 2015-16 onwards.

Other items which are on the Council's strategic risk register above the tolerance line and thereby requiring active management are:

- welfare reform including localised council tax benefits with reduced Government funding;
- lack of development progress and not meeting housing needs, and
- land availability.

Affordable housing

Following on from the Housing Revenue Account self-financing debt settlement at the end of March 2012, the Council has now embarked upon a new build development programme, with four new properties being completed and tenanted in 2013. The programme will continue in 2015-16 with the addition of an estimated 30 properties.

The Council has identified that an estimated investment surplus of £30 million will be available by 2022, this will assist in the provision of around 200 new homes being built for people in housing need.

New homes for Linton (2013)

Ermine Street Housing

In November 2012 approval was given by Council to set up a subsidiary housing company, now registered as South Cambs Ltd and trading as Ermine Street Housing; after a period of planning the company became active in April 2014.
http://www.erminestreethousing.co.uk/content/about-us

Ermine Street Housing has established an initial portfolio of 46 properties, both owned and managed on behalf of other landlords, enabling the company to support the provision of rental property; further additions are planned later in the year. A full business case is scheduled for Council in the autumn of 2015.

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

City Deal

Government has invited a number of cities to propose deals that change or widen their powers to enable or unblock growth. The City Deal initiative is a proposal focussing on connecting homes and jobs via improved infrastructure, funding will be in three stages payable on results achieved with the first stage expected 2015/16 – 2019/20. South Cambridgeshire is part of a partnership with Cambridge City Council, Cambridgeshire County Council, GCGP Local Enterprise Partnership and Cambridge University the intention is to form a Combined Authority with a commitment to borrow to fund the required transport infrastructure for the area.

Auditor's Opinion

The Statement of Accounts has been audited and the Auditor's opinion is shown on page 99.

Alex Colyer
Executive Director and Chief Finance Officer

Dated: 25 September 2015

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The responsibilities of the Executive Director (Corporate Services) as chief financial officer

The Executive Director (Corporate Services) as chief financial officer is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy Code of Practice on Local Authority Accounting in the United Kingdom - (the Code).

In preparing this Statement of Accounts, the Executive Director (Corporate Services) as chief financial officer has:

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

The Executive Director (Corporate Services) as chief financial officer has also:

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

The Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2015 and its income and expenditure for the year then ended.

Alex Colyer
Executive Director (Corporate Services) as Chief Financial Officer
Dated: 25 September 2015

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 (Corporate Services) who is the chief financial officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

I confirm that these accounts were approved by the Corporate Governance Committee held on 25 September 2015.

Chairman of the Corporate Governance Committee

Single Entity Statements
for South Cambridgeshire District Council

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement

Movement in Reserves

This statement shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other resources. The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Note	General Fund Balance £,000	Earmarked General Fund Reserves £,000 (Note 6)	Housing Revenue Account (HRA) £,000	Earmarked HRA Reserves £,000 (Note 6)	Capital Receipts Reserve £,000 (Note 11)	Capital Grants Unapplied £,000 (Note 11)	**Total Usable Reserves** £,000 (Note 11)	**Unusable Reserves** £,000 (Note 12)	**Total Authority Reserves** £,000
Balance as at 31st March 2013		**(7,484)**	**(3,039)**	**(2,427)**	**(4,500)**	**(2,733)**	**(590)**	**(20,773)**	**(144,268)**	**(165,041)**
Movement in reserves during 2013-14										
Deficit / (Surplus) on provision of services (accounting basis)*		840		(10,981)	0	0	0	(10,141)	0	(10,141)
Other comprehensive expenditure and income*	5	0	0	0	0	0	0	0	5,508	5,508
Total comprehensive income and expenditure		840	0	(10,981)	0	0	0	(10,141)	5,508	(4,633)
Adjustments between accounting basis and funding basis under regulations*	5	(5,653)	0	6,916	0	(836)	6	433	(433)	0
Net (increase) / decrease before transfers to earmarked reserves		(4,813)	0	(4,065)	0	(836)	6	(9,708)	5,075	(4,633)
Transfers (to) / from earmarked reserves	6	1,110	(1,110)	4,000	(4,000)	0	0	0	0	0
(Increase) / Decrease in year		(3,703)	(1,110)	(65)	(4,000)	(836)	6	(9,708)	5,075	(4,633)
Balance as at 31st March 2014		(11,187)	(4,149)	(2,492)	(8,500)	(3,569)	(584)	(30,481)	(139,193)	(169,674)
Movement in reserves during 2014-15										
Deficit / (Surplus) on provision of services (accounting basis)		(1,557)		(22,564)	0	0	0	(24,121)	0	(24,121)
Other comprehensive expenditure and income	5	0	0	0	0	0	0	0	(47,213)	(47,213)
Total comprehensive income and expenditure		(1,557)	0	(22,564)	0	0	0	(24,121)	(47,213)	(71,334)
Adjustments between accounting basis and funding basis under regulations	5	494	0	20,953	0	(2,795)	151	18,803	(18,803)	0
Net (increase) / decrease before transfers to earmarked reserves		(1,063)	0	(1,611)	0	(2,795)	151	(5,318)	(66,016)	(71,334)
Transfers (to) / from earmarked reserves	6	1,997	(1,997)	925	(925)	0	0	0	0	0
Increase / Decrease in year		934	(1,997)	(686)	(925)	(2,795)	151	(5,318)	(66,016)	(71,334)
Balance as at 31st March 2015		**(10,253)**	**(6,146)**	**(3,178)**	**(9,425)**	**(6,364)**	**(433)**	**(35,799)**	**(205,209)**	**(241,008)**

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2013-14 Gross Expenditure £,000	2013-14 Gross Income £,000	2013-14 Net Expenditure £,000		2014-15 Gross Expenditure £,000	2014-15 Gross Income £,000	2014-15 Net Expenditure £,000
			Expenditure on services			
2,680	(110)	2,570	Corporate and Democratic Core	2,978	(92)	2,886
2,148	(937)	1,211	Central Services to the Public	2,137	(1,216)	921
			Cultural, Environmental and Planning Services			
923	(60)	863	Cultural and Related Services	637	(29)	608
7,759	(2,219)	5,540	Environmental Services	7,656	(2,214)	5,442
5,650	(2,272)	3,378	Planning and Development Services	5,088	(2,540)	2,548
59	(1)	58	Highways, Roads and Transport Services	81	(19)	62
			Non HRA Housing			
510	(75)	435	Personal Social Services	468	(39)	429
29,178	(29,071)	107	Housing Benefit and Administration	29,314	(29,106)	208
1,194	(488)	706	Private Sector Housing Renewal	980	0	980
26	(1)	25	Supporting People	26	0	26
653	(491)	162	Other Non HRA Housing Services Expenditure	439	(708)	(269)
132	0	132	Other Contributions to/from HRA	136	0	136
0	(93)	(93)	Non -distributed Costs	34	0	34
50,912	(35,818)	15,094	General Fund Services-Continuing operations	49,974	(35,963)	14,011
11,623	(28,928)	(17,305)	Housing Revenue Account Services	1,684	(30,091)	(28,407)
62,535	(64,746)	(2,211)	**Net cost of services**	51,658	(66,054)	(14,396)
		3,458	Other operating expenditure		Note 7	4,215
		8,797	Financing and investment income and expenditure		Note 8	8,843
		(20,185)	Taxation and non-specific grant income		Note 9	(21,580)
		(10,141)	**Surplus or deficit on the provision of services**			**(22,918)**
		4,801	**(Surplus)/deficit on revaluation of non-current assets**			(59,945)
		707	**Actuarial (gain)/loss on pension assets and liabilities**		Note 21	11,530
		(4,633)	**Total comprehensive income and expenditure**			**(71,333)**

Balance Sheet

	Notes	31 March 2015 £,000	31 March 2014 £,000
Property, Plant and Equipment	27	475,413	397,638
Intangible Assets	25	254	284
Long Term Investments	35/36	50	2,000
Long Term Debtors		455	332
Long Term Assets		**476,172**	**400,254**
Short Term Investments	35/36	42,750	25,127
Inventories	29	53	47
Short Term Debtors	30	4,036	5,824
Cash and Cash Equivalents		1,182	2,655
Assets held for sale	27	445	807
Current Assets		**48,466**	**34,460**
Cash and cash equivalents		(1,023)	(723)
Short Term Creditors	31	(13,714)	(9,115)
Provisions	32	(1,910)	(1,822)
Current Liabilities		**(16,647)**	**(11,660)**
Other Long Term Liabilities	21/37	(61,860)	(48,256)
Long Term Borrowing	37	(205,123)	(205,123)
Long Term Liabilities		**(266,983)**	**(253,379)**
Net Assets		**241,008**	**169,675**
Usable reserves	11	(35,799)	(30,481)
Unusable reserves	12	(205,209)	(139,194)
Total Reserves		**(241,008)**	**(169,675)**

Balance Sheet

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

The unaudited accounts were issued on 26 June 2015 and the audited accounts were authorised for issue on 25 September 2015.

Signed:

Alex Colyer
Executive Director (Corporate Services) as Chief Finance Officer

Dated: 25 September 2015

Cash Flow Statement

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

	Note	2014-15 £,000	2013-14 £,000
Cash Flows from operating activities			
Cash receipts		(89,487)	(86,059)
Cash payments		64,851	59,736
Net cash flows from Operating Activities	**13**	(24,636)	(26,323)
Investing Activities	**14**	24,579	10,199
Financing Activities	**15**	1,830	13,923
Net increase or decrease in cash and cash equivalents		1,773	(2,201)
Cash and cash equivalents at the beginning of the reporting period		(1,932)	269
Cash and cash equivalents at the end of the reporting period	**16**	**(159)**	**(1,932)**

Notes to Single Entity Financial Statements

Notes to the Statement of Accounts

1 Statement of Accounting Policies

a. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 and the Service Reporting Code of Practice. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The accounting convention adopted is historical cost modified by the revaluation of certain categories of non-current assets.

b. Accruals of Income and Expenditure

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

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

c. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. They include deposits in constant Net Asset Value money market funds that are available for withdrawal with 24 hours' notice. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

d. Prior Period Adjustments, Changes in Accounting Policies and Estimates, and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information on the Authority's financial position or performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period.

Changes in accounting estimates are accounted for prospectively in the current and future years affected by the change and do not give rise to a prior period adjustment.

e. Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to the service.

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

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

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

f. Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits, such as flexi-time, for current employees and are recognised as an expense for services in the year in which employees render services to the Authority. Other long term benefits are those benefits not falling wholly before twelve months after the end of the annual reporting period and are accounted for in the same manner as defined benefit post-employment benefits.

Compensated absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Compensated absences may be accumulating or non-accumulating. Accumulating absences are those that are carried forward and can be used in future periods if the current entitlement is not used in full. Annual leave, flexi-time and time in lieu are usually accumulating absences. Accumulating absences may be either vesting or non-vesting. Where vesting, employees who leave are entitled to a cash payment in respect of any unused entitlement. Where non-vesting, benefits lapse if an employee leaves before the vesting date.

The Government has issued regulations that mean the Council is only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used. The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in year. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

An accrual is made for the cost of holiday entitlements and/or other forms of leave earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the cost of services in the comprehensive income and expenditure account but then reversed out in the movement in reserves statement and transferred to the accumulating compensated absences adjustment account.

Non-accumulating absences are those that cannot be carried forward for use in future periods if the current entitlement is not used in full. Sick leave, maternity leave, paternity leave and jury service will usually be non-accumulating. The cost of non-accumulating compensated absences is recognised when the absences occur. The cost of providing non-monetary benefits is recognised according to the same principles as benefit payable in cash. The amount recognised as a liability and an expense is the cost to the employer of providing the benefit.

Other long term benefits

Long term benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy and, are charged on an accruals basis to the relevant service account or, where applicable, to Non Distributed Costs in the Comprehensive Income and Expenditure account at the earlier of when the authority can no longer withdraw the offer of those benefits, or when the authority recognises the costs for a restructuring that is within the scope of the Code and involves the payment of termination benefits.

Termination benefits are often lump-sum payments, but also include

i) enhancement of retirement benefits, and

ii) salary until the end of a specified notice period if the employee renders no further service that provides economic benefit to the Council

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

Post-employment benefits

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

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

- the Authority's share of the liabilities of the pension fund are included in the balance sheet on an actuarial basis using the projected unit cost method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees;

- these liabilities are then discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds;

- the Authority's share of the assets of the pension fund are included in the balance sheet at their fair value being

quoted securities	current bid price
unquoted securities	professional estimate
unitised securities	current bid price
property	market value;

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

  i. current service cost being the increase in liabilities as a result of the years of service earned in the current year where the cost is allocated in the comprehensive income and expenditure account to the services on which the employees worked;

  ii. past service cost being the increase or decrease in liabilities arising from decisions in the current year affecting liabilities incurred in past years where the cost is charged or credited to non-distributed costs in the comprehensive income and expenditure account;

iii. net interest on the net defined benefit liability (asset), that is, the net interest expense for the authority being the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged where the cost is charged to financing and investment income and expenditure in the comprehensive income and expenditure Statement.;

Remeasurements comprising:

iv. expected return on assets being expected annual investment return on the fund assets, excluding amounts included in net interest on the defined benefit liability (asset), based on the average of the expected long term returns where the return is credited to the financing and investment section of the comprehensive income and expenditure account;

v. gains or losses on settlements, being the result of actions to relieve the Authority of liabilities, and curtailments, being events that reduce the expected future service or accrual of benefits of employees, where the gains or losses are credited or charged to non-distributed costs in the comprehensive income and expenditure account;

vi. actuarial gains and losses being changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions where the gains and losses are credited or charged to the pensions reserve; and

vii. contributions paid to the pension fund in the year being the payments made by the Authority as employer, that is, cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

Discretionary benefits

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

g. Events After the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period; the Statement of Accounts is adjusted to reflect such events; and

- those that are indicative of conditions that arose after the end of the reporting period; the Statement of Accounts is not adjusted to reflect such events but, where an event would have a material effect, disclosure is made in the notes of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

h. Financial Instruments

Financial liabilities

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

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets

Financial assets consist of:

- loans and receivables and

- available-for-sale assets – financial instruments

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

Loans and receivables are recognised on the balance sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at amortised cost. Annual credits to the financing and investment section of the comprehensive income and expenditure account for interest are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans and receivables owed to the Council, the amount shown in the balance sheet is the outstanding principal or invoice amount receivable and interest credited to the comprehensive income and expenditure account is the amount receivable for the year in the loan agreement.

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

i. Government and Other Grants and Contributions

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

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

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

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

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

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

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

Where capital grants are credited to the comprehensive income and expenditure statement, they are reversed out in the movement in reserves statement:

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

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

j. Group Accounts

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

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

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

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

From 2014-15, group accounts have been prepared for South Cambs Ltd (trading as Ermine Street Housing) a wholly owned subsidiary. Investments in South Cambs Limited are recognised in the Balance Sheet as unquoted equity investments at cost.

k. Heritage Assets

Heritage assets have cultural, environmental or historical associations that make their preservation for future generations important and are maintained principally for their contribution to knowledge and culture.

Heritage assets are recognised in the balance sheet where the Council has information on the cost or value of the asset. Where such information is not available, and the cost of obtaining the information outweighs the benefits to the users of the accounts, heritage assets are not shown in the balance sheet but are disclosed in note 27 to the accounts.

Heritage assets may be valued by any method that is appropriate and relevant and, where valuations are not practicable, may be carried at historical cost. Where appropriate, the Authority's heritage assets have been included in the balance sheet at insurance valuation. Depreciation is not required on heritage assets which have indefinite lives and impairment reviews are only required where there is evidence of physical deterioration or breakage or where new doubts arise as to authenticity.

Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. The Authority may occasionally dispose of heritage assets, the proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

l. Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion and intangible assets are, therefore, carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the comprehensive income and expenditure statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired and any impairment losses recognised are charged to the other operating expenditure section in the comprehensive income and expenditure statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is charged to the relevant service line in the comprehensive income and expenditure statement.

Amortisation, impairment losses and disposal gains and losses charged to the comprehensive income and expenditure statement are reversed out in the movement in reserves statement and transferred to the capital adjustment account and the capital receipts reserve for any sale proceeds greater than £10,000.

m. Investment Property

An investment property is one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property and is accounted for as property, plant and equipment.

An investment property is measured initially at cost. After initial recognition, an investment property is measured at fair value. A gain or loss arising from a change in the fair value of investment property is recognised in the surplus or deficit on the provision of services for the period in which it arises. The fair value of investment property reflects market conditions at the balance sheet date. This means that a periodic revaluation approach may only be used where the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date. An investment property held at fair value is not depreciated.

The Council currently has no investment properties, however an annual assessment is undertaken to ensure that no such properties need recognition at each balance sheet date.

n. Inventories and Long-Term Contracts

Inventories comprise such items as refuse and recycling bins, refuse sacks, unused postage and some canteen stocks. Inventories are included in the balance sheet at the lower of cost or net realisable value. Long-term contracts are accounted for on the basis of charging the relevant service in the comprehensive income and expenditure statement with the value of works and services received under the contract during the financial year.

o. Leases

Leases are classified as either finance leases or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

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

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

Rentals paid under operating leases are charged to the comprehensive income and expenditure statement as an expense of the service benefiting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease

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

p. Overheads and Support Services

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

- the corporate and democratic core costs relating to the Authority’s status as a multi-functional, democratic organisation; and
- non-distributed costs include pension costs, relating to past service costs and gains and losses on settlements and curtailments, and any depreciation and impairment losses chargeable on assets held for sale. Pension costs, depreciation and impairment are reversed out in the movement in reserves statement.

These two categories are defined in the Service Reporting Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

q. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the cost of the asset can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver future economic benefits or service potential, i.e. repairs and maintenance, is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Authority.

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

- infrastructure, community assets and assets under construction
  - depreciated historical cost;
- dwellings
  - fair value, determined using the basis of existing use value for social housing;
- investment property and assets held for sale
  - market value
- non-property assets that have short useful lives and/or low values
  - depreciated historical cost basis is used as a proxy for fair value; and
- all other assets
  - fair value, determined as the amount that would be paid for the asset in its existing use

Assets included in the balance sheet at fair value are revalued sufficiently regularly (at least every five years) to ensure that their carrying amount is not materially different from their fair value at the year-end. Valuations are undertaken by a professionally qualified valuer and also carry out a material change review at year end to ensure revaluations are kept up to date. Revaluations also take place when there has been a significant change to the asset (e.g. major building works).

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of a loss previously charged to a service.

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

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

Impairment

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided on all property, plant and equipment calculated on a straight-line allocation over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, if any, and assets that are not yet available for use, i.e. assets under construction, if any.

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

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

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

Componentisation

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

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

Disposals and non-current assets held for sale

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

Assets no longer meeting the criteria to be classified as assets held for sale are reclassified back to non-current assets and valued at the lower of

- their carrying amount before they were classified as held for sale adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and

- their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of, the carrying amount of the asset in the balance sheet is written off and any receipts on disposal are credited to the other operating expenditure section in the comprehensive income and expenditure account so that this section shows the net gain or loss on the disposal of non-current assets. The net gain or loss is then is reversed out in the movement in reserves statement with the carrying amount transferred to the capital adjustment account and the receipts on disposal credited to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

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

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

A proportion of capital receipts relating to housing disposals (75% for dwellings and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government and shown in the other operating expenditure section in the comprehensive income and expenditure. This is then is reversed out in the movement in reserves statement to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

r. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Contingent Liabilities

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

Contingent assets

Contingent assets arise where events have taken place which gives the Authority possible assets whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

s. Reserves and Developers' Contributions

The Authority sets aside certain amounts as reserves for expenditure in future years by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the relevant service in the comprehensive income and expenditure account and an equivalent amount is appropriated back to the general fund balance in the movement in reserves statement so that the expenditure is not a charge against the council tax.

Some reserves, as set out in the unusable reserves note to the accounts, are kept for accounting purposes and do not represent usable resources for the Authority.
A detailed make up of specific reserves is given in the movement in reserves note.

Developers' contributions are monies received from developers under Section 106 of the Town and Country Planning Act 1990 for future expenditure on affordable housing, drainage, community costs and development, etc. Any unused balances of these contributions are shown as receipts in advance under creditors.

t. Revenue Expenditure Funded from Capital under Statute

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

u. VAT

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

2 Accounting Standards that have been issued but not yet adopted

The 2015-16 Local Authority Accounting Code of Practice includes a number of changes resulting from revisions to accounting standards, these are:

- IFRS 13 Fair value measurement
- Annual improvements to IFRSs 2011-13
- IFRIC12 Levies

Annual improvements to IFRSs 2011-13 and IFRIC 12 are not expected to have a material impact on the financial statements.

IFRS 13 will impact on the valuation basis used for surplus items of property, plant and equipment. However, this standard is being applied prospectively from 1 April 2015 so there will be no impact on the values as stated at 31 March 2015.

3 Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events, this includes a degree of uncertainty about the levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision or through changes to arrangements for service provision.

4 Assumptions made about the future and other major sources of estimation uncertainty

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

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

Pensions Liability

The main item in the Council's balance sheet as at 31 March 2015 for which there is a significant risk of material adjustment is the estimation of the pension liability by a consulting Actuary engaged by the pension fund administrator, Cambridgeshire County Council.

The estimation is over several decades where a small change in one of the assumptions can have a large effect on the liability and the Actuary has provided the following sensitivity analysis:

	2014-15	2013-14
Change in assumption	Increase in liability (£ million)	Increase in liability (£ million)
0.5% decrease in real discount rate	14.81	11.86
1 year increase in member life expectancy	4.45	3.78
0.5% increase in salary increase rate	4.59	3.5
0.5% increase in pensions increase rate	9.92	8.21

Property, Plant and Equipment

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

If the useful life of assets is reduced, depreciation increases and the carrying value of the asset will decrease. The largest category of assets is Council dwellings and it is estimated that the annual depreciation charge for these would increase by approximately £490,455 for every year that useful lives had to be reduced.

Business Rates

Following the introduction of the business rates retention scheme which came into effect from 1 April 2013 the Authority, acting as agent on behalf of the major preceptors, central government and itself is required to make provision for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, this includes amounts relating to non-domestic rates charged to businesses in 2014-15 and earlier financial years. The Council has estimated an amount, included in the collection fund which is considered to reflect the present obligation.

5 Adjustments between Accounting Basis and Funding Basis under Regulations and other comprehensive expenditure and income

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper practices to arrive at the movement in funds on a statutory basis which are available to meet future expenditure.

	2014-15 £,000	2013-14 £,000
General Fund		
Reversal of items included in the Comprehensive Income and Expenditure Account		
Depreciation of non-current assets	(884)	(814)
Impairment of non-current assets	0	0
Capital Grants and contributions applied to capital financing	875	0
Reversal of impairment of non-current assets	840	566
Capital Grants and contributions applied to capital financing		0
Capital Grants and contributions unapplied	558	0
Revenue expenditure funded from capital under statute	(1,055)	(526)
Net gain/(loss) on sale of non-current assets	(1,275)	(16)
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(1,758)	(1,746)
Amount by which council tax and non domestic rating income in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	2,200	(2,918)
Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	(21)	4
Insertion of items not included in the Comprehensive Income and Expenditure Account		
Transfer from Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	(430)	(396)
Capital expenditure charged against the General Fund	44	57
Statutory provision for financing of capital investment	201	136
Total adjustments	**(705)**	**(5,653)**
Housing Revenue Account		
Reversal of items included in the Comprehensive Income and Expenditure Account		
Reversal of Impairment of non-current assets (net)	18,694	7,874
Excess of depreciation over major repairs allowance element of housing subsidy	(5,162)	(4,830)
Capital Grants and contributions applied to capital financing	175	413
Net gain/(loss) on sale of non-current assets	2,066	1,354
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(435)	(438)
Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	(4)	(6)
Insertion of items not included in the Comprehensive Income and Expenditure Account		
Capital expenditure charged against the Housing Revenue Account	5,617	2,549
Total adjustments	**20,951**	**6,916**
Capital Receipts Reserve		
Transfer of sale proceeds credited to net gain/loss on disposal of non-current assets in the Comprehensive Income and Expenditure Statement	(5,743)	(5,576)
Use of Capital Receipts Reserve to finance new capital expenditure	2,517	4,365
Capital receipts transferred to reserves	0	(21)
Use of Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	430	396
Total adjustments	**(2,796)**	**(836)**
Total adjustments	**17,450**	**427**

Movement in other comprehensive income and expenditure

	Decrease / (Increase) 2014-15 £,000	Decrease / (Increase) 2013-14 £,000
Movement in Unusable Reserves		
Revaluation Reserve	(58,789)	4,998
Capital Adjustment Account	(18,658)	(5,673)
Pensions Reserve	13,604	2,846
Collection Fund Adjustment Account	(2,200)	2,918
Deferred Capital Receipts	3	(17)
Accumulating Compensated Absences Adjustment Account	25	2
	(66,015)	5,074
Adjustment between accounting basis and funding basis under regulations		
General Fund	(705)	(5,653)
Housing Revenue Account	20,951	6,916
Capital Receipts	(2,796)	(836)
Capital Grants Unapplied	151	6
	17,601	433
	(48,414)	5,507

6 Movement in Reserves Statement – Transfers (to)/ from Earmarked Reserves

This note sets out the amount set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2013-14 and 2014-15.

	31 March 2013 £,000	Transfers out	Transfers in	31 March 2014 £,000	Transfers out	Transfers in	31 March 2015 £,000
Capital							
Preservation of Historic Buildings Fund	(55)	20	0	(35)	0	0	(35)
Arts Grants	(7)	1	0	(6)	1	0	(5)
Community Development	(316)	121	0	(195)	111	0	(84)
Sports Development	(175)	95	0	(80)	75		(5)
Environmental Services	0	0	(52)	(52)	0	(160)	(212)
Other	(166)	36	(33)	(163)	63	0	(100)
Revenue							
Conservation Reserves	(1)	0	0	(1)	0	0	(1)
Building Control Reserve	(118)	0	(28)	(146)	0	(57)	(203)
Arts Reserve	(5)	5	0	0	0	0	0
Planning Reserve	(486)	335	(179)	(330)	0	(695)	(1,025)
Community Safety & Grants Reserve	(14)	2	0	(12)	0	0	(12)
Sports Reserve	(2)	0	(5)	(7)	7	0	0
Travellers Reserve	(717)	21	(75)	(771)	271	0	(500)
Infrastructure	0	0	(849)	(849)	0	(1,398)	(2,247)
Additional Pension Reserve -Notes 21/42	(487)	0	(348)	(835)	0	(198)	(1,033)
Other	(490)	22	(198)	(666)	186	(204)	(684)
Housing Revenue Account							
Self-Insurance Reserve	(1,000)	0	0	(1,000)	75	0	(925)
Investment Repayment Reserve	(3,500)	0	(4,000)	(7,500)	0	(1,000)	(8,500)
	(7,539)	**658**	**(5,767)**	**(12,648)**	**789**	**(3,712)**	**(15,571)**
Total - Capital (General Fund)	(719)	273	(85)	(531)	250	(160)	(441)
Revenue (General Fund)	(2,320)	385	(1,682)	(3,617)	464	(2,552)	(5,705)
Revenue (Housing Revenue)	(4,500)	0	(4,000)	(8,500)	75	(1,000)	(9,425)
	(7,539)	**658**	**(5,767)**	**(12,648)**	**789**	**(3,712)**	**(15,571)**

7 Comprehensive Income and Expenditure Statement - Other Operating Expenditure

Other operating expenditure	Note	2014-15 Net Expenditure £,000	2013-14 Net Expenditure £,000
Precepts of Local Precepting Authorities		4,406	4,234
Internal Drainage Boards		170	166
Payment to the Government for Housing Pooled Capital receipts		430	396
Loss (Gain) on disposal of non-current assets	**5**	(791)	(1,338)
		4,215	**3,458**

8 Comprehensive Income and Expenditure Statement - Financing and Investment Income and Expenditure

Financing and investment income and expenditure	Note	2014-15 Net Expenditure £,000	2013-14 Net Expenditure £,000
Pensions interest cost and expected return on pension assets	**21**	2,073	2,043
Interest Payable		7,193	7,193
Interest and investment income		(423)	(439)
		8,843	**8,797**

9 Comprehensive Income and Expenditure Statement - Taxation

Taxation and non-specific grant income and expenditure	Note	2014-15 Net Expenditure £,000	2013-14 Net Expenditure £,000
Income from Council Tax		(11,722)	(11,268)
Business rates income and expenditure		(3,145)	(1,833)
Non-ringfenced Government Grants	**34**	(5,883)	(6,671)
Capital Grants and contributions		(830)	(413)
		(21,580)	**(20,185)**

10 Material items of income and expenditure

There are no material items in the comprehensive income and expenditure statement in 2014-15 outside the normal course of business.

11 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and notes 5 and 6.

	Note	2014-15 £,000	2013-14 £,000
Usable Capital Receipts Reserve		(6,364)	(3,568)
Earmarked Reserve-General fund	**6**	(6,146)	(4,149)
Earmarked Reserve-Housing Revenue Account	**6**	(9,425)	(8,500)
Capital Grants Unapplied		(433)	(584)
General Fund		(10,253)	(11,187)
Housing Revenue Account		(3,178)	(2,493)
		(35,799)	**(30,481)**

Usable Capital Receipts Reserve

	2014-15 £,000	2013-14 £,000
Balance at 1 April	(3,568)	(2,732)
Capital receipts received	(5,743)	(5,576)
Capital receipts applied	2,517	4,365
Payments to DCLG	430	396
Transfers to/ (from) reserves	0	(21)
Balance at 31 March	**(6,364)**	**(3,568)**

Capital Grants Unapplied

	2014-15 £,000	2013-14 £,000
Balance at 1 April	(584)	(590)
Planning Delivery Grant	161	0
Other	(10)	6
Balance at 31 March	**(433)**	**(584)**

12 Unusable Reserves

Movements in the Authority's unusable reserves are detailed in the Movement in Reserves Statement and detailed below.

	2014-15 £,000	2013-14 £,000
Revaluation Reserve	(71,499)	(12,710)
Capital Adjustment Account	(196,435)	(177,777)
Pensions Reserve	61,849	48,245
Collection Fund Adjustment Account	717	2,917
Deferred Capital Receipts	(87)	(90)
Accumulated Absences	246	221
Balance at 31 March	**(205,209)**	**(139,194)**

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.

Revaluation Reserve

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

	2014-15 £,000	2013-14 £,000
Balance at 1 April	**(12,710)**	**(17,708)**
Revaluation gains	(81,935)	(13,633)
Reversal of impairment	21,779	10,858
Revaluation impairment	102	7,082
Release of revaluation gains on disposal	861	138
Depreciation adjustment	404	553
Balance at 31 March	**(71,499)**	**(12,710)**

Capital Adjustment Account

The Capital adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the financing of the acquisition or enhancement of assets. The account is debited with the cost of depreciation, impairment losses or reversals and amortisation which are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic basis. The account is credited with amounts provided by the Council for the costs of acquisition and enhancement of assets.

	2014-15 £,000	2013-14 £,000
Balance at 1 April	**(177,777)**	**(172,104)**
Capital expenditure financed from;		
Capital Receipts and contributions	(2,517)	(4,365)
Revenue	(5,750)	(2,679)
Grants and Reserves	(1,641)	(783)
Major Repairs Allowance	(5,659)	(5,548)
Internal financing	(201)	(136)
Write out of revaluation gain on disposal	(861)	(139)
Disposal of assets	4,746	3,663
Depreciation, amortisation and impairment	13,949	13,835
Reversal of impairment on revaluation	(21,779)	(10,858)
Write out of revenue expenditure funded from capital under statute and loans repaid	1,055	1,337
Balance at 31 March	**(196,435)**	**(177,777)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or, eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	Note	2014-15 £,000	2013-14 £,000
Balance at 1 April		**48,245**	**45,399**
Remeasurements of the net defined benefit liability/(asset)		11,530	707
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account		5,084	4,705
Employers pensions contributions and direct payments to pensioners payable in the year		(3,010)	(2,566)
Balance at 31 March	**21**	**61,849**	**48,245**

Collection Fund Adjustment Account

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

	2014-15 £,000	2013-14 £,000
Balance at 1 April	**2,917**	**(1)**
Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory requirements	(2,105)	3,019
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(95)	(101)
Balance at 31 March	**717**	**2,917**

Accumulated Absences

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. The amounts accrued at the end of each year reflect untaken leave, time off in lieu and flexitime balances. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2014-15 £,000	2013-14 £,000
Balance at 1 April	**221**	**219**
Amount by which officer remuneration charged to the Comprehensive Income and expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	25	2
Balance at 31 March	**246**	**221**

13 Operating Activities

The cash flows for operating activities include the following items:

	2014-15 £,000		2013-14 £,000	
Housing Benefit grant	(27,531)		(26,522)	
Cash received for goods and services	(8,959)		(7,981)	
Housing rents	(28,160)		(27,310)	
Council tax receipts - Council and Parish share	(11,505)		(11,147)	
Business rates Council share	(4,313)		(4,871)	
Other grants and contributions	(2,645)		(1,631)	
Revenue Support Grant/New Homes Bonus	(5,809)		(6,092)	
Interest received	(423)		(440)	
Collection Fund -Council share	(142)	(89,487)	(65)	(86,059)
Housing Benefit	14,748		14,552	
Parish Precepts	4,406		4,233	
Cash paid to and on behalf of employees	16,385		17,203	
Other operating cash payments	25,602		22,070	
Revenue funded from capital under statute	1,055		1,304	
Payments to the Capital Receipts Pool	424		374	
Collection Fund -Council share	2,231	64,851	0	59,736
Net cash flows from operating activities		**(24,636)**		**(26,323)**

14 Investing Activities

The cash flows for investing activities include the following items:

	2014-15 £,000	2013-14 £,000
Purchase of property, plant and equipment and intangible assets	14,649	11,897
Purchase of Short-term and long-term investments	254,857	256,081
Proceeds from short-term and long-term investments	(239,184)	(252,155)
Proceeds from the sale of property, plant and equipment	(5,743)	(5,576)
Other receipts from investing activities	0	(48)
	24,579	**10,199**

15 Financing Activities

	2014-15 £,000	2013-14 £,000
Other receipts from financing activities	(5,363)	6,730
Other payments for financing activities	7,193	7,193
	1,830	**13,923**

The net debt, cash and cash equivalents, at 31 March 2015 is £158,965 comprising cash held in money market funds of £871,603 and net cash at bank overdrawn of £712,638, an increase in cash in the year of £1,772,956.
Payments for financing activities include annual interest of £7.193m relating to long term borrowing by the Housing Revenue Account, further details are provided in Note 37.

16 Amounts Reported for Resource Allocation 2014-15

For the year ended 31st March 2015

The income and expenditure by service in the Comprehensive Income and Expenditure Statement has to be analysed on the basis set out in the Best Value Accounting Code of Practice. Internal management reporting is on the basis of Portfolios as set out below and this basis is then reconciled to the net cost of services and to the surplus or deficit on the provision of services in the comprehensive Income and Expenditure Statement.

Portfolio:	Finance and Staffing	Environmental Services	Housing (General Fund)	Housing Revenue A/c	Planning	Economic Development	Leader	Corporate and Customer Services	Strategic Planning & Transportation	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fees, charges and other service income	(416)	(2,234)	(728)	(29,926)	(2,113)	0	(27)	(575)	(639)	(36,658)
Government grants	(28,043)	(6)	(58)	0	0	0	(17)	(76)	(21)	(28,221)
Total income	(28,459)	(2,240)	(786)	(29,926)	(2,113)	0	(44)	(651)	(660)	(64,879)
Employee expenses	711	42	0	665	0	0	0	0	0	1,418
Other service expenses	27,405	5,360	875	5,459	360	79	283	1,020	643	41,484
Operational and support service recharges	2,443	2,456	1,017	3,966	3,206	88	217	1,275	1,227	15,895
Financing, depreciation, etc.	0	371	84	11,958	16	0	2	0	3	12,434
Interest payments	0	0	0	7,193	0	0	0	0	0	7,193
Total expenditure	30,559	8,229	1,976	29,241	3,582	167	502	2,295	1,873	78,424
Net expenditure	2,100	5,989	1,190	(685)	1,469	167	458	1,644	1,213	13,545

Reconciliation from Portfolio basis to Net Cost of Services in the Comprehensive Income and Expenditure Statement

Cost of services on Segmental Reporting (Portfolio) basis	13,545
Additional segments not included in the Portfolio analysis	1,629
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	(16,539)
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(13,032)
Net cost of services	(14,397)

Reconciliation from Portfolio basis to total income and expenditure in the Comprehensive Income and Expenditure Statement

	Portfolio analysis	Services not in analysis	Not reported to management	Not included in Comp I & E	Allocation of recharges	Net cost of services	Corporate amounts	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fees, charges & other service income	(36,658)	0	0	49	(348)	(36,957)	0	(36,957)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(423)	(423)
Income from council tax	0	0	0	0	0	0	(11,722)	(11,722)
Business rates income and expenditure	0	0	0	0	0	0	(3,145)	(3,145)
Government grants and contributions	(28,221)	0	0	58	0	(28,163)	(6,712)	(34,875)
Total Income	(64,879)	0	0	107	(348)	(65,120)	(22,002)	(87,122)
Employee expenses	1,418	0	145	(198)	15,537	16,902	2,073	18,975
Other service expenses	41,484	1,629	(2,312)	(131)	194	40,864	0	40,864
Operational and support service recharges	15,895	0	0	0	(15,895)	0	0	0
Financing, depreciation, etc.	12,434	0	(14,372)	(5,617)	512	(7,043)	0	(7,043)
Interest payments	7,193	0	0	(7,193)	0	0	7,193	7,193
Precepts & levies	0	0	0	0	0	0	4,576	4,576
Payments to housing capital receipts pool	0	0	0	0	0	0	430	430
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	(791)	(791)
Total operating expenses	78,424	1,629	(16,539)	(13,139)	348	50,723	13,481	64,204
Surplus or deficit on the provision of services	13,545	1,629	(16,539)	(13,032)	0	(14,397)	(8,521)	(22,918)

Amounts Reported for Resource Allocation 2013-14

For the year ended 31st March 2014

The income and expenditure by service in the Comprehensive Income and Expenditure Statement has to be analysed on the basis set out in the Best Value Accounting Code of Practice. Internal management reporting is on the basis of Portfolios as set out below and this basis is then reconciled to the net cost of services and to the surplus or deficit on the provision of services in the comprehensive Income and Expenditure Statement.

Portfolio:	Finance and Staffing	Environmental Services	Housing (General Fund)	Housing Revenue A/c	Planning	Economic Development	Leader	Corporate and Customer Services	Strategic Planning & Transportation	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fees, charges and other service income	(494)	(2,174)	(465)	(28,641)	(2,398)	0	(53)	(511)	(82)	(34,818)
Government grants	(27,679)	0	(55)	0	0	0	(21)	(17)	0	(27,772)
Total income	(28,173)	(2,174)	(520)	(28,641)	(2,398)	0	(74)	(528)	(82)	(62,590)
Employee expenses	325	54	0	731	0	0	0	0	0	1,110
Other service expenses	27,214	5,400	684	8,658	526	78	297	773	225	43,855
Operational and support service recharges	2,502	2,357	1,050	3,897	3,480	30	247	1,322	1,445	16,330
Financing, depreciation, etc.	0	283	74	8,097	16	0	4	0	0	8,474
Interest payments	0	0	0	7,193	0	0	0	0	0	7,193
Total expenditure	30,041	8,094	1,808	28,576	4,022	108	548	2,095	1,670	76,962
Net expenditure	1,868	5,920	1,288	(65)	1,624	108	474	1,567	1,588	14,372

Reconciliation from Portfolio basis to Net Cost of Services in the Comprehensive Income and Expenditure Statement

Cost of services on Segmental Reporting (Portfolio) basis	14,372
Additional segments not included in the Portfolio analysis	1,127
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	(4,360)
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(13,350)
Net cost of services	(2,211)

Reconciliation from Portfolio basis to total income and expenditure in the Comprehensive Income and Expenditure Statement

	Portfolio analysis	Services not in analysis	Not reported to management	Not included in Comp I & E	Allocation of recharges	Net cost of services	Corporate amounts	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fees, charges & other service income	(34,818)	0	0	27	(328)	(35,119)	0	(35,119)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(439)	(439)
Income from council tax	0	0	0	0	0	0	(11,268)	(11,268)
Business rates income and expenditure	0	0	0	0	0	0	(1,833)	(1,833)
Government grants and contributions	(27,772)	0	0	55	0	(27,717)	(7,083)	(34,800)
Total Income	(62,590)	0	0	82	(328)	(62,836)	(20,623)	(83,459)
Employee expenses	1,110	0	143	(348)	16,085	16,990	2,043	19,033
Other service expenses	43,855	1,127	(893)	(3,342)	65	40,812	0	40,812
Operational and support service recharges	16,330	0	0	0	(16,331)	(1)	0	(1)
Financing, depreciation, etc.	8,474	0	(3,610)	(2,549)	509	2,824	0	2,824
Interest payments	7,193	0	0	(7,193)	0	0	7,193	7,193
Precepts & levies	0	0	0	0	0	0	4,400	4,400
Payments to housing capital receipts pool	0	0	0	0	0	0	396	396
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	(1,338)	(1,338)
Total operating expenses	76,962	1,127	(4,360)	(13,432)	328	60,625	12,694	73,319
Surplus or deficit on the provision of services	14,372	1,127	(4,360)	(13,350)	0	(2,211)	(7,929)	(10,140)

17 Acquired and Discontinued Operations

There are no transactions to report under these headings in 2014-15 or in 2013-14.

18 Members Allowances

The total of Members' allowances paid in the year was £373,250 (£369,759 in 2013-14). 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.

19 Officers' Remuneration

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

Remuneration band	2014-15 number of employees	2013-14 number of employees
£50,000 - £54,999	4	6
£55,000 - £59,999	4	4
£60,000 - £64,999	1	1
£65,000 – £69,999	0	2

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

Exit Packages

Exit packages are those that have been agreed by the Authority, i.e. those packages for which the Authority is demonstrably committed and, have been paid in 2014-15 or are committed to be paid within 12 months. The costs included are those termination benefits defined and measured in accordance with the Code of Practice and include all relevant redundancy costs, pension contributions in respect of early retirement, ex gratia payments and other departure costs.

Exit package cost band (including special payments)	No. of compulsory redundancies		No. of other departures agreed		Total cost of exit packages in each band	
	2014-15	2013-14	2014-15	2013-14	2014-15 £,000	2013-14 £,000
£0 - £20,000	3	3	0	0	25	31
£20,001 - £40,000	0	1	0	1	0	50
£40,001- £60,000	1	3	0	0	45	154
£60,001 - £80,000	0	2	0	0	0	131
Total	**4**	**9**	**0**	**1**	**70**	**366**

Senior Officer Remuneration

In 2014-15 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 £	Election Fees £	Benefits in Kind etc. £	Compensation for loss of office £	Total Remuneration excluding pension contributions £	Employers Pension contributions £	Total Remuneration including pension contributions £
Chief Executive	**2014-15**	122,412	16,261	0	0	0	138,673	27,709	166,382
	2013-14	121,200	12,398	0	0	0	133,598	26,300	159,898
Executive Director	**2014-15**	104,242	0	540	0	0	104,782	21,057	125,839
(Corporate Services)	2013-14	104,001	0	340	0	0	104,341	22,568	126,909
Director of Health &	**2014-15**	80,095	0	0	0	0	80,095	16,179	96,274
Environmental Services	2013-14	76,640	0	0	0	0	76,640	16,631	93,271
Director of Housing	**2014-15**	80,095	0	0	0	0	80,095	0	80,095
	2013-14	76,640	0	0	0	0	76,640	0	76,640
Director of New Communities &	**2014-15**	80,095	0	0	0	0	80,095	16,179	96,274
Planning	2013-14	76,640	0	0	0	0	76,640	16,631	93,271

20 External Audit Costs

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

	2014-15 £,000	2013-14 £,000
Auditing Fee	69	68
Certifying grant claims and returns	18	16
	87	**84**

In addition, during the year, rebates were received from the Audit Commission:

- £7,801 – auditing fee
- £5,858 – certifying grant claims and returns

21 Defined Benefit Pension Scheme

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

Transactions Relating to Post-Employment Benefits:

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme £,000		**Discretionary Benefits Arrangements £,000**	
	2014-15	**2013-14**	**2014-15**	**2013-14**
Cost of Services:				
Service cost comprising:				
Current service cost	2,893	2,633	0	0
Past service cost	0	0	118	29
Financing and Investment Income and Expenditure				
Net interest expense	2,073	2,043	0	0
Total Post-employment Benefits charged to the surplus or deficit on the Provision of Services	**4,966**	**4,676**	**118**	**29**