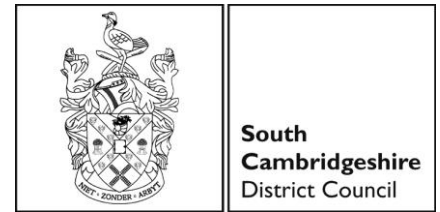


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25 June 2018

To: Chairman – Councillor Tony Mason
Vice-Chairman – Councillor Nick Sample
Members of the Audit and Corporate Governance Committee – Councillors
John Batchelor, Clare Delderfield, Mark Howell, Brian Milnes, Heather Williams
and Eileen Wilson

Quorum: 3

Dear Councillor

Please find a supplement for the next meeting of **AUDIT AND CORPORATE GOVERNANCE COMMITTEE**, which will be held in **SWANSLEY ROOM A AND B - GROUND FLOOR** at South Cambridgeshire Hall on **TUESDAY, 31 JULY 2018 at 9.30 a.m.**

Members are respectfully reminded that when substituting on committees, subcommittees, and outside or joint bodies, Democratic Services must be advised of the substitution *in advance of* the meeting. It is not possible to accept a substitute once the meeting has started. Council Standing Order 4.3 refers.

Yours faithfully
Beverly Agass
Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

AGENDA

4. Final Accounts Update - Report to Follow

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1 - 60

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Agenda Item 4



**South
Cambridgeshire
District Council**

REPORT TO: **Audit and Corporate Governance
Committee**
LEAD OFFICER: **Alex Colyer**

31 July 2018

2017/18 Accounts Update Report

Purpose

1. This note provides an update for the Committee on the progress on the 2017/18 accounts subsequent to the publication of unaudited accounts on 7th June. It is provided for information and is accompanied by a draft revised set of accounts prepared for audit.

Report

2. Following the publication of the unaudited accounts on 7th June, management reviewed the accounts thoroughly in the second and third weeks of June. We also had the benefit of EY's initial review of the draft accounts which we responded to and used to inform our review.
3. Tracey Flack, the Principal Accountant (Technical Accounting) completed the work on the Fixed Assets which involved generating reliable fixed asset data from the old asset register. This included taking account of the full revaluation exercise carried out by the valuer for all Housing Assets. This information had to be carefully input by the accounts team into the asset register.
4. I would like to pay tribute to the team led by Tracey Flack who has produced accounts which are in a much improved state. The production of the 2016/17 accounts had been a difficult process. All staff stepped up in order to understand the detail of what had been done in 2016/17 and successfully mapped the Trial Balance accurately to produce the 2017/18 accounts .
5. Following the review we identified a number of corrective journals (mostly relating to the fixed assets area) which needed to be input before a new Trial Balance and revised set of accounts could be produced. Due to unavoidable staff absences and illness in June this work did not properly commence until the end of June and the beginning of July.

6. The accounts team has now produced a revised complete set of accounts which accompany this report. This included the following key steps:
 - Completing all year end journals
 - Completing all reconciliations (they are also up to date in the financial year 2018/19)
 - Completing the fixed asset accounting reconciled to the asset register
 - Producing a revised final Trial Balance ready to be sent to Ernst and Young analytics
 - Producing from the Trial Balance a revised set of accounts which accompany this report
7. These accounts, which have been subject to further detailed management review by myself and Caroline Ryba, will be presented for audit by Ernst and Young in August and September. We are ready to receive the audit team in the first two weeks of August and September and assist them on the areas of work they have identified with a view to delivering signed and audited accounts by the end of September.
8. I would like to thank the following in particular for their hard work to date on the accounts:
 - Caroline Ryba for undertaking a detailed management review of the accounts
 - Tracey Flack for completing the fixed asset accounting and finalising the current draft
 - Kevin Dack for technical input and carrying out the mapping of the accounts from the Trial Balance
 - Dan Hasler for supplying information for a number of technical notes
 - Grant Swain for completing much of the reconciliation work
 - Martin Lee and Julia Hovells for responding to housing finance queries
 - Suzi Brandes for work on Council tax, NNDR and other queries

Accompanying Paper

2017/18 Draft Unaudited Accounts of South Cambridgeshire District Council

Report Author: Martin Yates – Interim Chief Accountant
Telephone: (01954) 713127



STATEMENT OF ACCOUNTS

2017/18

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South Cambridgeshire District Council

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1. Introduction

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

2. Key Facts about South Cambridgeshire

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

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



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

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

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

3. Key Statistics

24.4% of population aged 60+. 18.8% 14 and under (ONS March 2018)

Average house price £448,457 (December 2017) (*Hometrack, Automated Valuation Model*)

490 (0.5%) Residents aged 16-64 claiming job seekers' allowance (national average 2.1%) (ONS, March 2018)

Avg. Gross Weekly (Full-time) earnings £693.50 (£552.70 national average) (ONS Annual Survey of hours and earnings 2017)

85.6% economically active (78.4% nationally) (ONS, January - December 2017)

55% of resident population aged 16-64 educated to NVQ4 level and above (nationally 38.6%) (ONS Jan-Dec 2017)

4. South Cambridgeshire District Council Corporate Plan 2017-2022

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

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

Our Strategic Objectives are as follows:

Living Well - Support our communities to remain in good health whilst continuing to protect the natural and built environment.

Homes For Our Future - Secure the delivery of a wide range of housing to meet the needs of existing and future communities.

Connected Communities - Work with partners to ensure new transport and digital infrastructure supports and strengthens communities and that our approach to growth sustains prosperity.

An Innovative and Dynamic Organisation - Adopt a more commercial and business-like approach to ensure we can continue to deliver the best possible services at the lowest possible cost.

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

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

5. Political and Management Structure

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

Conservative	36
Liberal Democrat	14
Independent Group	6
Labour	1

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

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

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

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

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

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

The Council's three statutory officers are as follows:

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

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

6. An Explanation of the Financial Statements

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

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

Core Financial Statements

Responsibilities for the Financial Statements-

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

Comprehensive Income and Expenditure Statement (CIES)-

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

Movement in Reserves Statement-

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves i.e. those that can be applied to fund expenditure or reduce local taxation, and other unusable reserves, which do not represent real resources available to the Council;

Balance Sheet-

The Balance Sheet shows the value at the year-end of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Cash Flow Statement-

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

- Operating –these give an indication of the extent to which services provided by the Council are funded by way of taxation, grant income or payments from recipients of services;
- Investing – how much income has been generated from resources held to contribute to future service delivery; and
- Financing activities – cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council

Notes to the Core Financial Statements including Accounting Policies.

Supplementary Financial Statements:

Housing Revenue Account-

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

Collection Fund-

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

Group Accounts-

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

Auditor's Report and Certificate

Glossary

7. Summary of Financial Performance

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

When the council tax for the financial year ending 31 March 2018 was set in February 2017, the surplus was estimated at £1.884m (Appropriation to General Fund Balance line). The variance of £1,085m is attributable to the following:

Portfolio Area	Variance (£'000)	Commentary
Finance and Staffing Portfolio	-612	The saving is realised from a combination of factors: higher than budgeted government grants, staff vacancies and recharges for external secondments.
Housing General Fund Portfolio	-327	The favourable variance arises from the delay in Private Sector Leasing Scheme project, savings made in the Private Renting service and staff savings in the Visiting Support Service
Strategic Planning and Infrastructure Portfolio	-163	Savings were made on staff vacancies and additional income received higher than budgeted Pre-application fees.
Business and Customer Services Portfolio	-114	The saving is mostly due to the staff vacancies and less than budgeted expenditure on legal and consultancy costs.
Reversal of statutory accounting adjustment	-1,093	This should be disregarded as it is not a service transaction
Environmental Portfolio	527	The overspend is caused by high costs within the Shared Waste Service and lower than budgeted income.
Planning Portfolio	186	The adverse variance is mainly driven by shortfall in income against budget.

Housing Revenue Account

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

Housing Revenue Account (2017/18)			
	Budget	Outturn	ar. under/(over)
	£000	£000	£000
Dwelling rents	(28,031)	(28,132)	(101)
Non-dwelling rents	(419)	(412)	7
Service charges	(813)	(1,756)	(943)
Other income	(465)	(452)	13
Total Income	(29,728)	(30,752)	(1,024)
Repairs & maint.	5,601	5,016	(585)
Supervision & Man.	5,090	5,344	254
Depreciation	9,757	7,430	(2,327)
Other expenditure	296	260	(36)
Total Expenditure	20,744	18,050	(2,694)
	(8,984)	(12,702)	(3,718)
Transfers (reserves)	0	0	0
Interest payable	7,178	7,193	15
Interest receivable	(588)	(546)	42
Cap. Exp. from rev.	3,007	4,951	1,944
Def./(Surp.) for year	613	(1,104)	(1,717)

The table above shows the variances against the final 2017/18 budget for the HRA with an overall variance of £1.717m (under) reported. Depreciation charged to the HRA in 2017/18 was significantly lower (£2.3m) than anticipated due to a reduction in asset values together with an extension of asset lives, recognising the impact of decent homes investment. This was offset by an increased use of revenue funding to meet the capital expenditure reported in 2017/18 as a direct result of the reduction in depreciation. Other large variances include increased income from services recharged, a reduction in repairs and maintenance costs, with savings delivered from new planned maintenance contracts. Overall the outturn position was a contribution to HRA reserves of £1.1m against a budget that assumed a contribution from reserves of £0.6m. HRA reserves stood at £10.096m at 31 March 2018.

Capital

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

Treasury management

At 31 March 2018, investments totalled £74.053 million, an increase of £6.346 million over the previous year-end. These investments produced interest of over £1.446 million, which was used towards the cost of services.

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

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £9.985 million and £8.992 million respectively as at 31 March 2018 - this compares to the proposed minimum level of balances of £2.5 million (General Fund) and £2.0 million (Housing Revenue Account). These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £12.2 million, consisting of the usable capital receipts reserve and capital grants unapplied.

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 £59.021 million as at 31 March 2018 on an IAS 19 basis. With 97% of the pension fund attributable to South Cambridgeshire invested in equity instruments, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2017-18 was 17.5%.

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

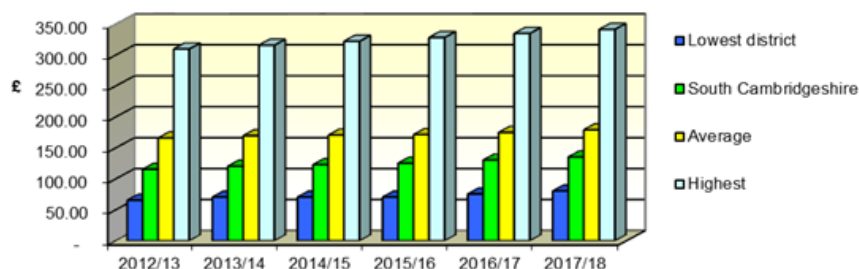
In view of the uncertainty over future pension costs, an additional lump sum has been charged against the General Fund and the Housing Revenue Account and placed in a reserve for use in future years (Notes 9 to the Financial Statements).

Council Tax

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

Coun	£
Camb	1,190
South	135
Police	187
Fire	67
Paris	84
Total	1,663

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



The ranking is:

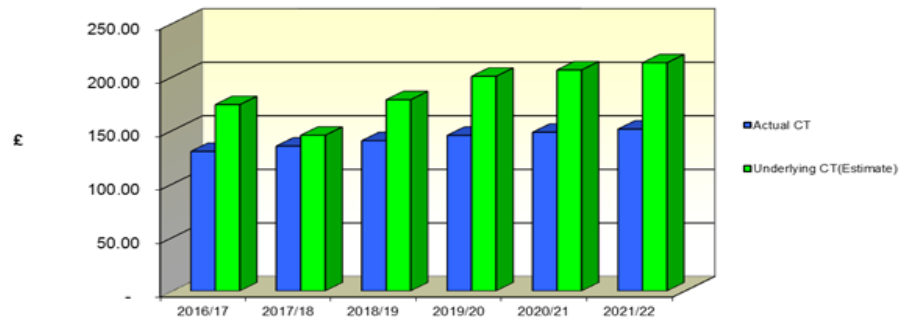
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
South Cambridgeshire	13th lowest	15th lowest	17th lowest	20th lowest	22nd lowest	23rd lowest
Total no. shire districts	201	201	201	201	201	201

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

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



Reporting Cycle

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

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

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

Population Growth

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

The Current Economic Climate and Other Significant Risks

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

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

Sale of Higher Value Vacant Council Homes

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

Affordable Housing

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

Ermine Street Housing

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

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

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

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

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

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

Cambridgeshire and Peterborough Combined Authority- Devolution

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

Auditor's Opinion

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

.....

Alex Colyer

Executive Director (Corporate Services) as Chief Financial Officer

Dated- 31 July 2018

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

STATEMENT OF RESPONSIBILITIES

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 Accounting 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 2018 and its income and expenditure for the year then ended. These financial statements replace the unaudited financial statements signed by the Executive Director on 31 May 2018.

Signed

Date:

Alex Colyer

Executive Director (Corporate Services) as Chief Financial Officer

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority it is the 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.

Signed

Date:

Cllr Tony Mason

Chairman of Audit and Corporate Governance Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2016/17				Note	2017/18		
GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000			GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000
33,781	(30,627)	3,155	Finance and Staffing		31,381	(28,421)	2,960
8,724	(3,101)	5,623	Environmental Services		13,545	(7,016)	6,529
3,337	(871)	2,466	Housing (General Fund)		3,240	(1,691)	1,548
31,712	(30,749)	963	Housing Revenue Account		12,061	(31,003)	(18,943)
4,518	(2,043)	2,475	Planning		4,744	(2,177)	2,568
160	(50)	111	Economic Development		0	0	0
			Health and Wellbeing		503	(222)	281
406	(16)	389	Leader		369	(19)	351
2,141	(524)	1,617	Corporate and Customer Services		6,070	(3,151)	2,920
1,453	(848)	606	Strategic Planning & Transportation		1,289	(917)	372
677	0	677	Other Corporate Adjustments		286		286
86,911	(68,829)	18,082	Net Cost of Services	8	73,489	(74,617)	(1,128)
4,775			Precepts of other Local Authorities		5,089		5,089
192			Internal Drainage Boards		193		193
			Enterprise Zones		152		152
480			Payments to Housing Capital Receipts Pool		492		492
	(2,949)		(Gains)/Losses on Disposal of Non-Current Assets			(1,548)	(1,548)
5,447	(2,949)	2,498	Other Operating (Income)/Expenditure		5,926	(1,548)	4,378
1,862			Pension interest cost and expected return on assets		1,510		1,510
7,193			Interest Payable		7,193		7,193
	(1,128)		Interest and Investment Income Receivable			(1,682)	(1,682)
9,055	(1,128)	7,927	Financing and Investment (Income)/Expenditure		8,703	(1,682)	7,021
	(12,767)		Income from Council Tax			(13,308)	(13,308)
	(5,353)		Business Rates Income & Expenditure			(6,042)	(6,042)
	(10,590)		Non-ringfenced Government Grants			(5,970)	(5,970)
0	(28,710)	(28,709)	Taxation and Non-Specific Grant (Income)		0	(25,320)	(25,320)
101,413	(101,616)	(202)	(Surplus) / Deficit on Provision of Services		88,118	(103,166)	(15,048)
		17,051	(Surplus) / Deficit on Revaluation of Non-current assets				(23,611)
		3,044	Remeasurement of the Net Defined Liability/(Asset)				(2,599)
		20,095	Other Comprehensive (Income) and Expenditure				(26,210)
		19,893	Total Comprehensive (Income) and Expenditure	8			(41,258)

MOVEMENT IN RESERVES STATEMENT

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

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

	Balance at 1 April 2017 £'000	Surplus /Deficit upon Provision of Services £'000	Adjustments between accounting basis and funding basis - Capital £'000	Adjustments between accounting basis and funding basis - Pensions & Other £'000	Other Comprehensive Income & Expenditure - Capital £'000	Other Comprehensive Income & Expenditure - Pensions £'000	Transfers to Earmarked Reserves £'000	TOTAL MOVEMENT FOR THE YEAR £'000	Balance at 31 March 2018 £'000
General Fund Balance	9 (9,985)	11,094	(14,451)	30			4,053	726	(9,259)
Earmarked Reserves- GF	9 (18,735)						(4,053)	(4,053)	(22,788)
Housing Revenue Account	9 (8,992)	(26,142)	25,496	(459)			0	(1,105)	(10,097)
Earmarked Reserves- HRA	9 (9,500)						0	0	(9,500)
Capital Receipts Reserve	10 (11,222)		2,942					2,942	(8,280)
Capital Grants Unapplied	10 (486)		(29)					(29)	(515)
Total Usable	(58,920)	(15,048)	13,958	(429)	0	0	0	(1,519)	(60,439)
Revaluation Reserve	10 (82,985)		1,852		(23,611)			(21,759)	(104,744)
Capital Adjustment	10 (192,969)		(15,810)					(15,810)	(208,779)
Deferred Capital Receipts	10 (83)		0					0	(83)
Pensions Reserve	17 57,496			2,782		(2,599)		183	57,679
Collection Fund Adjustment	CF (1,091)			(2,356)			0	(2,356)	(3,447)
Accumulated Absences	254			3			0	3	257
Opening Balance Adjust to match PPE									0
Total Un-Useable	(219,378)	0	(13,958)	429	(23,611)	(2,599)	0	(39,739)	(259,117)
TOTAL RESERVES	(278,298)	(15,048)	0	0	(23,611)	(2,599)	0	(41,258)	(319,556)
Revenue Purposes		(15,048)	11,045	(429)	-	-	-	(4,432)	Note 1
Capital Purposes			(11,045)		(23,611)			(34,656)	Note 1
Other Purposes				429		(2,599)		(2,170)	Note 1
TOTAL RESERVES		(15,048)	-	-	(23,611)	(2,599)	-	(41,258)	

BALANCE SHEET

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

31 Mar 17				31 Mar 18	
£'000	£'000		Note	£'000	£'000
483,509		Property, Plant and Equipment	12	521,494	
184		Intangible Assets	-	107	
9,320		Long Term Investments	13	8,765	
970		Long Term Debtors	28	970	
	493,983	Long Term Assets			531,336
58,830		Short Term Investments	13	65,893	
88		Inventories	-	147	
8,083		Short Term Debtors	14	9,184	
7,872		Cash and Cash Equivalents	16	7,427	
1,154		Assets Held for Sale	12	1,897	
	76,027	Current Assets			84,548
(24,434)		Short Term Creditors	15	(29,448)	
(1,578)		Cash and Cash Equivalents	16	(960)	
(3,082)		Provisions	19	(3,118)	
	(29,093)	Current Liabilities			(33,526)
(57,496)		Liability Related to Defined Benefit Pension Scheme	17	(57,679)	
(205,123)		Long-term Borrowing	17	(205,123)	
	(262,619)	Long Term Liabilities			(262,802)
	278,299	Net Assets			319,556
	58,920	Usable Reserves	MIRS		60,439
	219,378	Unusable Reserves	MIRS		259,117
	278,299	Total Reserves			319,556

CASH FLOW STATEMENT

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

2016/17		Note	2017/18	
£'000	£'000		£'000	£'000
202	Net surplus/(deficit) on provision of services			15,048
16,034	Depreciation		7,680	
16,392	Impairment and valuations		(5,060)	
2,297	Increase/(decrease) in creditors		5,014	
0	Increase/(decrease) in provisions		36	
(5,172)	Increase/(decrease) in debtors		(1,101)	
(16)	Increase/(decrease) in inventories		(59)	
996	Movement on pension liability- Increase/(decrease)		2,782	
4,476	Carrying amount of non-current assets and held for sale, sold		3,222	
163	Other non-cash items charged to net surplus/deficit on provision of services		(194)	
35,170	Adjustment to net surplus/deficit on provision of services for non-cash movements			12,320
(6,946)	Proceeds from the sale of PPE, Inv. Property and Intangibles		(4,770)	
0	Creditors relating to Section 106 etc.		224	
0	Creditors relating to Collection Fund Agencies		(2,856)	
(7,963)	Any other items that are investing or financing		0	
	Adjustment for items included in the net surplus/deficit on provision of services that are investing and financing activities			(7,402)
(14,909)				
20,463	Net cash flows from Operating Activities			19,967
(17,140)	Purchase of property, plant & equipment & intangible assets		(20,688)	
(18,621)	Net Purchase of short and long term investments		(6,508)	
6,946	Proceeds from the sale of property, plant & equipment		4,770	
770	Other receipts from investing activities		0	
(28,045)	Investing Activities			(22,426)
0	Creditors relating to Section 106 etc.		(224)	
0	Creditors relating to Collection Fund Agencies		2,856	
9,081	Financing Activities			2,632
1,499	Net (increase)/decrease in cash and cash equivalents			173
4,795	Cash and Cash equivalents at the beginning of the reporting period			6,294
6,294	Cash and Cash equivalents at the end of the reporting period	16		6,467

1 Expenditure and Funding Analysis

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

	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000
	Statutory Basis	Adjustments between Funding basis and accounting basis		Accounting Basis
	<u>General Fund and Earmarked £'000</u>	<u>Charges to Capital Reserves £'000</u>	<u>Charges to other Non General Fund Reserves £'000</u>	<u>Total Comprehens ive Income & Expend £'000</u>
Finance and Staffing	3,155	0	0	3,155
Environmental Services	5,214	409	0	5,623
Housing (General Fund)	2,174	292	0	2,466
Housing Revenue Account	(6,003)	6,651	315	963
Planning	2,475	0	0	2,475
Economic Development	111	0	0	111
Leader	389	0	0	389
Corporate and Customer Services	1,617	0	0	1,617
Strategic Planning & Transportation	606	0	0	606
Other Corporate Adjustments	1,355	632	(1,310)	677
Net Cost of Services	11,093	7,984	(995)	18,082
Operating, Financing, Taxation and Grant Income & Expenditure	(18,284)	0	0	(18,284)
CIES surplus/deficit on the provisions of services	(7,191)	7,984	(995)	(202)
Other Income & Expenditure Items	0	17,051	3,044	20,095
TOTAL Comprehensive Income & Expenditure	(7,191)	25,035	2,049	19,893

	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000
	Statutory Basis	Adjustments between Funding basis and accounting basis		Accounting Basis
	<u>Net Exp. Chargeable to the GF & HRA £'000</u>	<u>Charges to Capital Reserves £'000</u>	<u>Charges to other Non General Fund Reserves</u>	<u>Total Comp. Income & Expend £'000</u>
Finance and Staffing	2,797	0	163	2,960
Environmental Services	5,601	491	437	6,529
Housing (General Fund)	1,469	0	79	1,548
Housing Revenue Account	(20,133)	945	246	(18,943)
Planning	2,394	0	174	2,568
Health & Wellbeing	267	0	14	281
Leader	343	0	8	351
Corporate and Customer Services	2,217	632	71	2,920
Strategic Planning & Transportation	308	0	64	372
Other Corporate Adjustments	641	(372)	17	286
Net Cost of Services	(4,095)	1,695	1,272	(1,128)
Revenue Contributions to Capital Enhancements & Additions	11,441	(11,441)	0	0
Operating, Financing, Taxation and Grant Income & Expenditure	(11,748)	(1,329)	(844)	(13,921)
CIES surplus/deficit on the provisions of services	(4,402)	(11,075)	429	(15,048)
Other Income & Expenditure Items	0	(23,611)	(2,599)	(26,210)
TOTAL Comprehensive Income & Expenditure	(4,402)	(34,686)	(2,170)	(41,258)

2. Explanation of order of Notes to the Financial Statements

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

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

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

- (a) Note 8 in support of the Comprehensive Income and Expenditure Account.
- (b) Note 9 in support of the General Fund Outturn (including HRA & Earmarked).
- (c) Note 10 in support of the outturn upon Capital Purposes items.
- (d) Note 11 in support of the Movement In Reserves Statement in defining the Reserves.
- (e) Notes 12 to 17, in support of the Assets and Liabilities sections of the Balance Sheet.

3. Accounting Policies

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

The underlying concepts of the accounts include the:

- ☐ Council being a 'going concern' – all operations continuing
- ☐ Accrual of income and expenditure – placing items in the year in which the liability is incurred
- ☐ Primacy of legislative requirements – legislation overrides standard accounting practice.

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

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

☐ **Exceptional Items**

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Accruals of Income and Expenditure as shown in Comprehensive Income and Expenditure Account

Income and expenditure is accounted for in the year in which resources are consumed or when entitlement arises. The principles applied are as follows:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- The Financial Outturn is reported in 2 formats. The Statutory Outturn as reported in the General Fund (including Housing Revenue Account and Earmarked Reserves) and the Accounting Outturn as required under IFRS. The differences of approach are reflected in the following table:

Income or Expense	Basis of Statutory Charge to General Fund	Basis of Accounting Charge or Credit	Other Funds utilised to represent enhancement from Statutory Outturn to Accounting Outturn
Consumption or usage of Long Term Assets	Contribution to the reduction in borrowing requirement in accordance with statutory guidance	Full accrual principle determined by Depreciation, Amortisation & Impairment.	Capital Adjustment Reserve with small portion to Revaluation Reserve in relation to Current Cost element of Depreciation.
Grant receipts relating to Long Term Assets	None	All Grants received in year providing no conditions are attached and/or conditional grants from prior years that were applied in year.	Unapplied Capital Grants Reserve
Disposal receipts or entitlements relating to Long Term Assets	None	Net Profit	Capital Receipts Reserve (Deferred if cash not received) minus Capital Adjustment Reserve (or Revaluation Reserve) in relation to holding value of asset at time of sale.
Financing of new Capital Investment	Contributions made where otherwise not funded by Capital Receipts or designated Capital Grants	None	Capital Adjustment Reserve
Upward valuation of assets	None	Credited	Revaluation Reserve
Pension Scheme Costs	Direct amounts paid in relation to the scheme	Full accrual principles including actuarial valuation.	Pension Reserve
Staff Costs	Direct amounts paid	Accrual made for leave entitlement deferred forwards	Accumulated Absences Adjustment Reserve
Council Tax Receipts & Business Rates	Pre- planned demand plus prior year surplus	Full accrued income principle	Collection Fund Adjustment Reserve

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior as if the new policy had always been applied.

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

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

Accounting Policies in respect of Employee Benefits**□ Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

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

Post-Employment Benefits (Pensions)

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Cambridgeshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of protected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

Discretionary Benefits

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

Events After the Balance Sheet Date

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

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

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

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.

Group Accounts

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

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

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

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

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

Heritage Assets

Heritage Assets are those that are held and maintained by the Council principally for their contribution to knowledge and culture. Such assets can have historical, artistic, scientific, geophysical or environmental qualities.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

□ Intangible Assets

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

□ Leases

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

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

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

□ The Council as Lessee

o Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor.

Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership does not transfer to the Council at the end of the lease period).

o Operating Leases.

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

Property, Plant and Equipment

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

Recognition

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

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

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

- Infrastructure, community assets- historical cost
- Assets under construction- historical cost
- Dwellings- fair value, determined using the basis of existing use value for social housing
- Investment property- fair value
- Assets held for sale- current value
- Non-commercial assets held for sale- lower of carrying amount and fair value less costs to sell
- Non-property assets that have short useful lives and/or low values- depreciated historical cost basis is used as a proxy for fair value, and
- All other assets- fair value, which for this purpose is interpreted as being met by provision of a market value figure which will reflect all potential uses.

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

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

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

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

Impairment

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

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

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

Depreciation

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

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

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

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.

Business Rates:

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

Fair Value Measurements:

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

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

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

Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities can be found in Notes 12, 28 and 47.

7 Material or Exceptional Items of Income and Expenditure

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

NOTES TO THE CORE FINANCIAL STATEMENTS

8 Expenditure and Income Analysed by Nature

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

2016/17 £'000	Subjective Analysis	2017/18 General Fund, HRA & Earmarked £'000	2017/18 Charges to Non- GF Reserve £'000	2017/18 TOTAL (Surplus)/ Deficit £'000
TOTAL (Surplus) /Deficit £'000				
	Expenditure			
16,432	* Employee Expenses (including Benefits)	20,904	1,275	22,179
39,215	* Other Service Expenses	60,658	(11,963)	48,695
(781)	* Support Service Recharges	0	0	0
23,380	* Depreciation, Amortisation and Impairment	0	2,620	2,620
9,055	Interest Payments	7,193	1,510	8,703
4,967	Precepts and Levies	5,434	0	5,434
480	Payment to Housing Capital Receipts Pool	0	492	492
92,748	Total Expenditure	94,189	(6,066)	88,123
	Income			
(33,060)	* Fees, Charges and Other Service Income	(41,314)	0	(41,314)
(27,582)	* Government Grants/Contributions (Services)	(32,933)	(375)	(33,308)
479	* Gain on the disposal of assets (NCS)	0	0	0
(2,949)	Gain on the disposal of assets (Financing)	35	(1,583)	(1,548)
(10,590)	Government Grants/Contributions (Central)	(4,283)	(236)	(4,519)
(1,128)	Interest and Investment Income	(1,682)	0	(1,682)
(12,767)	Income From Council Tax	(13,312)	5	(13,308)
(5,353)	Business Rates Income and Expenditure	(5,133)	(2,360)	(7,493)
(92,950)	Total Income	(98,621)	(4,550)	(103,171)
(202)	(Surplus)/Deficit on Provision of Services	(4,432)	(10,616)	(15,048)
18,083	Total NET COST OF SERVICES (*)	7,316	(8,443)	(1,128)
78,246	Total NET COST OF SERVICES EXPENDITURE			73,494
(60,163)	Total NET COST OF SERVICES INCOME			(74,622)

8a Grant Income

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

2016/17 £'000		2017/18 £'000
	Credited To Services	
(27,057)	Department of Work and Pensions Housing Benefit Administration, Discretionary and Fraud	(26,708)
(26)	Cabinet Office Electoral registration	(24)
0	Department for Environment, Food and Rural Affairs Section 31 grant	0
(223)	Department of Communities and Local Government NNDR cost of collection allowance	(230)
(51)	Council tax / Business rates	(60)
0	Improvement grant (included in "capital grants" below)	0
(283)	Other Government grants	(6,270)
0	Homes and Communities Agency Growth Agenda / New Communities (included in "capital grants" below)	0
(16)	Private Sector s106 contributions	(16)
0	Other (included in "capital grants" below)	0
(0)	Contributions from other Local Authorities	0
(27,655)		(33,308)
	Credited To Taxation and Non-Specific Grant Income	
(926)	Department of Communities and Local Government Revenue Support Grant	(230)
(5,265)	New Homes Bonus	(3,932)
(3,775)	Other non-ringfenced government grants	(351)
(616)	Capital grants and contributions	(236)
(10,582)		(4,749)
(38,237)	Total	(38,057)

NOTES TO THE CORE FINANCIAL STATEMENTS

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

This note sets out the amount set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2016-

Balance at 01 Apr 16 £'000	Appropriations to Reserve £'000	Appropriations from Reserve £'000	Balance at 31 Mar 17 £'000		Appropriations to Reserve £'000	Appropriations from Reserve £'000	Balance at 31 Mar 18 £'000
(35)	0	0	(35)	GF Capital Earmarked:			
0	0	0	0	Preservation of historic buildings	0	29	(6)
(33)	0	3	(30)	Arts grants	0	0	0
(5)	0	0	(5)	Community development	0	30	0
(541)	(394)	17	(918)	Sports development	0	0	(5)
0	(10)	0	(10)	Environmental services	(346)	17	(1,247)
(100)	0	0	(100)	Webbs Sluice (new)	0	0	(10)
				Other	(81)	52	(129)
				GF Revenue Earmarked:			
(1)	0	0	(1)	Conservation	0	0	(1)
0	(158)	158	0	Building control	0	0	0
(24)	(8)	0	(32)	Health & Environmental Services	(5)	0	(37)
(974)	(50)	49	(975)	Planning	(885)	37	(1,823)
(12)	0	11	(1)	Community Safety & grants	0	0	(1)
0	0	0	0	Sports	0	0	0
(500)	0	0	(500)	Travellers	0	0	(500)
(4,502)	(3,135)	0	(7,637)	Infrastructure	0	4,319	(3,318)
(2,181)	(3,562)	0	(5,743)	Growth & renewables	(3,152)	561	(8,334)
(1,049)	(911)	1,257	(703)	Add. Pensions	0	66	(637)
(962)	(197)	75	(1,084)	Other	(288)	246	(1,126)
				Greater Cambridge Partnership	(4,319)	1,224	(3,095)
				Housing General Fund	(194)	28	(166)
	(463)		(463)	Renewable Energy	(981)		(1,444)
	(500)		(500)	EZ/NDD Growth	(561)	152	(909)
				Housing Revenue Account Earmarked			
(1,000)	0	0	(1,000)	Self-insurance	0	0	(1,000)
(8,500)	0	0	(8,500)	Investment repayment	0	0	(8,500)
(20,419)	(9,388)	1,570	(28,237)	Total Earmarked Reserves	(10,812)	6,761	(32,288)
(714)	(404)	20	(1,098)	Capital (GF)	(427)	128	(1,397)
(10,205)	(8,984)	1,550	(17,639)	Revenue (GF)	(10,385)	6,633	(21,391)
(9,500)	0	0	(9,500)	Revenue (HRA)	0	0	(9,500)
(20,419)	(8,425)	1,570	(27,274)	Total Earmarked Reserves	(10,812)	6,761	(32,288)
(10,587)	0	602	(9,985)	General Fund Core			(9,259)
(8,073)	(919)	0	(8,992)	Housing Revenue Account Core			(10,097)
(39,079)	(9,344)	2,172	(46,251)	Total General Fund & HRA			(51,644)
				Total Movement in Year			

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

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

	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	
2016/17	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	TOTAL CAPITAL PURPOSES	HRA	GF
Internal Contributions including those from the General Fund Balance	3,734	0	0	(16,363)	0	(12,629)	(12,812)	183
Government Grants Received	0	(53)	0	(738)	0	(791)	(54)	(737)
(Profit)/Loss Upon Asset Sale	(6,946)	0	941	3,535	0	(2,470)	(2,005)	(465)
Housing Pooling Payments	480	0	0	0	0	480		480
Depreciation	0	0	3,603	12,447	0	16,050	14,848	1,202
Impairment	0	0	0	7,322	0	7,322	6,771	551
Total Adjustments between Accounting Basis and Funding Basis (Capital Items)	(2,732)	(53)	4,544	6,204	0	7,962	6,748	1,214
Revaluation - Other Income & Expend	0	0	17,051	0	0	17,051	18,165	(1,098)
TOTAL CAPITAL RESERVES OUTTURN	(2,732)	(53)	17,051	6,204	0	25,013	24,913	116

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

2017/18	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000	
	<u>Capital Receipts Reserve</u>	<u>Capital Grants Unapplied</u>	<u>Revaluation Reserve</u>	<u>Capital Adjustment</u>	<u>Deferred Capital Receipts</u>	<u>TOTAL CAPITAL PURPOSES</u>	HRA	GF
Internal Contributions including those from the General Fund Balance	7,255	N/A	N/A	(19,218)	N/A	(11,963)	(12,792)	829
Government Grants Received	N/A	(29)	N/A	(582)	N/A	(611)	(522)	(89)
(Profit)/Loss Upon Asset Sale	(4,805)	N/A	573	2,649	0	(1,583)	(1,017)	(566)
Housing Pooling Payments	492	N/A	N/A	N/A	N/A	492	-	492
Depreciation	N/A	N/A	1,279	6,401	N/A	7,680	6,260	1,420
Impairment	N/A	N/A	N/A	(5,060)	N/A	(5,060)	(5,316)	256
Total Adjustments between Accounting Basis and Funding Basis (Capital Items)	2,942	(29)	1,852	(15,810)	0	(11,045)	(13,387)	2,341
Revaluation - Other Income & Expenditure	N/A	N/A	(23,611)	N/A	N/A	(23,611)	(22,834)	(777)
TOTAL CAPITAL RESERVES OUTTURN	2,942	(29)	(21,759)	(15,810)	0	(34,656)	(36,221)	1,564

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

2017/18	HRA £'000	GF £'000	TOTAL £'000
Total Capital Items (from Section C above)	(13,387)	2,341	(11,045)
Pension Scheme Net Cost less Employers Contributions	459	2,323	2,782
Collection Fund Adjustment Account Items:			
Council Tax		5	5
Business Rates		(2,360)	(2,360)
Other Items	0	0	0
TOTAL Adjustments between Accounting Basis & Funding Basis	(12,928)	2,309	(10,619)

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

2016/17 £'000		2017/18 £'000
	Capital expenditure financed from;	
(3,751)	Capital receipts and contributions	(7,255)
(6,514)	Revenue	(5,874)
(6,452)	Major repairs funded by HRA	(6,260)
(379)	Internal financing (Minimum Revenue Provision)	(472)
733	Write out of revenue expenditure funded from capital under statute and loans repaid	643
(16,363)	Balance carried forward at 31 March	(19,218)

11a Definitions of Usable Capital Reserves

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

a) Capital Receipts Reserve

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

b) Capital Grants Unapplied

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

11b Definitions of Unusable Reserves

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

a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment from the base date of 31 March 2017. The balance is reduced when the gain is lost through a downward revaluation or impairment, when used in the provision of services and the gains are consumed through depreciation or, when the assets are disposed of.

b) Capital Adjustment Account

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

c) Pensions Reserve

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

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

d) Collection Fund Adjustment Account

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

See Collection Fund Accounts for further details

e) Deferred Capital Receipts

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

f) Accumulated Absences Reserve

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

NOTES TO THE CORE FINANCIAL STATEMENTS

12 Property, Plant and Equipment

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

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

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

a) Movement of Property, Plant and Equipment

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

2017/18	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infra- £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000
Cost or valuation							
At 1 April 2017	451,699	27,236	8,597	1,551	113	152	489,348
Adjustments	103	(123)	(1,524)	(78)	0	9	(1,613)
Inter-asset transfer	0	0	0	0	0	0	0
Additions	9,201	1,653	2,453	0	7,381	0	20,688
Revaluation increases / (decreases) recognised in the Revaluation Reserve	21,668	(329)	0	(0)	(0)	0	21,339
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	298	(742)	0	0	0	0	(444)
Derecognition - Disposals	(2,985)	(87)	(2)	0	0	(10)	(3,084)
At 31 March 2018	479,984	27,608	9,524	1,473	7,494	151	526,234
Accumulated Depreciation & Impairment							
At 1 April 2017	(5)	(610)	(5,068)	(157)	0	0	(5,840)
Adjustments	5	203	1,536	78	0	0	1,822
Depreciation Charge	(6,184)	(617)	(755)	(46)	0	0	(7,602)
Depreciation written out to the Revaluation Reserve	1,166	79	0	0	0	0	1,245
Depreciation written out to the surplus / deficit on the provision of services	5,018	617	0	0	0	0	5,635
Derecognition - Disposals	0	0	0	0	0	0	0
At 31 March 2018	0	(328)	(4,287)	(125)	0	0	(4,740)
Bal. Sheet 31 March 2018	479,984	27,280	5,237	1,348	7,494	151	521,494
Bal. Sheet 1 April 2017	451,694	26,626	3,529	1,394	113	152	483,508

NOTES TO THE CORE FINANCIAL STATEMENTS

b) Assets Held For Sale

2016/17 Total £'000		2017/18 Total £'000
	Cost or valuation	
1,751	At 1 April	1,154
1,349	Additions	0
(153)	Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,027
(466)	Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(131)
0	Depreciation	(1)
0	Depreciation written out to the surplus / deficit on the provision of services	1
(1,374)	Derecognition - Disposals	(138)
47	Other movements in cost or valuation	(15)
1,154	At 31 March	1,897

c) Heritage Assets

Heritage assets are those assets that are intended to be held in trust for future generations because of their cultural, environmental or historical associations and include historical buildings, civic regalia and works of art. Heritage assets held include civic regalia, Landbeach Tithe Barn, a woven wall hanging and two vases, these items not considered to be of material value.

d) Revaluations

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

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

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

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

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

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

Details on investment property valuation can be found in Note 40 (Group Accounts).

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

e) Capital Commitments

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

NOTES TO THE CORE FINANCIAL STATEMENTS

f) Capital Enhancement and Capital Financing

The total amount of capital enhancement incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital enhancement is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Capital expenditure was financed as follows:

2016/17 £'000		2017/18 HRA £'000	2017/18 GF £'000	2017/18 £'000
209,610	Opening Capital Financing Requirement	204,429	20,938	225,367
	Enhancement			
15,653	Loan to Ermine Street Ltd *	0	35,913	35,913
65	Intangible Assets	0	0	0
17,140	Non-current	16,972	3,716	20,688
733	Revenue Expenditure Funded from Capital Under Statute	0	720	720
33,591		16,972	4,436	21,408
	Financing			
(3,751)	Capital receipts and contributions	(4,180)	(3,075)	(7,255)
(6,514)	Revenue	(6,010)	0	(6,010)
(738)	Grants and Reserves	(522)	0	(522)
(6,452)	Major repairs reserve	(6,260)	0	(6,260)
(379)	MRP from Capital Adjustment Account	0	(472)	(472)
(17,834)		(16,972)	(3,547)	(20,519)
225,367	Closing Capital Financing Requirement	204,429	21,827	226,256
	Net Increase in CFR for the year		889	

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

13 Investments

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

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

31 Mar 17 £'000					31 Mar 18 £'000		
3,001	Local Authorities				4,001		
24,924	South Cambs Limited				35,913		
24,610	Clearing Banks				20,584		
0	Subsidiaries of Clearing Banks				0		
3,004	Banks (other)				5,019		
4,869	Money Market Funds				3,427		
15,563	Building Societies with assets: greater than £10 billion				8,044		
	Housing Association				5,047		
50	Government Securities and Equity Shares				50		
76,020					82,085		
(7,870)	Less: cash and cash equivalents				(7,427)		
68,150	Total				74,658		
58,386	Short Term	Long Term	Principal Investment analysed by maturity		Short Term	Long Term	0
	58,386		2017/18		0		
9,270		9,270	2018/19		65,289		65,289
50		50	2020/21			8,715	8,715
67,706			Government Securities and Equity Shares			50	50
444	444		Accrued Interest		604		604
68,150	58,830	9,320	Total		65,893	8,765	74,658

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NOTES TO THE CORE FINANCIAL STATEMENTS

14 Debtors - Short Term

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

31 Mar 17 Core Business £'000	31 Mar 17 Collection Fund £'000	31 Mar 17 TOTAL £'000		31 Mar 18 Core Business £'000	31 Mar 18 Collection Fund £'000	31 Mar 18 TOTAL £'000
4,943		4,943	Central Government Bodies	105	0	105
283		283	Local Authorities	903	0	903
55		55	NHS	105	0	105
0		0	Public Corporations	0	0	0
4,463	336	4,799	Other Entities and Individuals	10,232	658	10,889
769		769	Payments in Advance	0	0	0
10,513	336	10,849		11,344	658	12,002
(272)	(37)	(309)	Less: Provision for Bad Debts / Impairment			
(44)	(80)	(124)	Council Tax- District Council share	0	(41)	(41)
(366)		(366)	Business Rates- District Council share	(316)	(80)	(396)
(1,967)		(1,967)	Housing Rents	(418)	0	(418)
(2,649)	(117)	(2,766)	Sundry Debtors	(1,963)	0	(1,963)
				(2,697)	(121)	(2,818)
7,864	219	8,083	Total	8,647	537	9,184

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

15 Creditors - Short Term

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

31 Mar 17 Core Business £'000	31 Mar 17 Collection Fund £'000	31 Mar 17 TOTAL £'000		31 Mar 18 Core Business £'000	31 Mar 18 Collection Fund £'000	31 Mar 18 TOTAL £'000
(3,174)	(5,916)	(9,090)	Central Government Bodies	(527)	(8,220)	(8,747)
(715)	(2,045)	(2,760)	Other Local Authorities	0	(2,597)	(2,597)
0			NHS Bodies		0	0
0			Public Corporations and Trading Funds		0	0
(12,015)	0	(12,015)	Other Entities and Individuals (including Developer Contributions, see next table)	(17,136)	0	(17,136)
580	(1,149)	(569)	Receipts in Advance	0	(968)	(968)
(15,324)	(9,110)	(24,434)	Total	(17,663)	(11,785)	(29,448)

Developer Contributions:

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

16 Cash and Cash Equivalents

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

31 Mar 17 £'000		31 Mar 18 £'000
	Current Assets	
0	Cash held by the Authority	0
0	Bank Current Accounts	0
7,872	Money Market funds (cash)	7,427
7,872		7,427
	Current Liabilities	
(1,578)	Bank overdrafts	(960)
6,294	Total	6,467

Payments for financing activities include annual interest of £7.193m (£7.193m 2016/17) relating to long term borrowing by the Housing Revenue Account, further details are provided in Note 37.

17 Long Term Liabilities

a Long Term Borrowing for HRA Financing

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

Financial Instrument- PWLB loan	£'000
Repayable within 25 years	(65,000)
Repayable within 30 years	(50,000)
Repayable within 35 years	(50,000)
Repayable within 40 years	(40,123)
Repayable within 45 years	0
	(205,123)

b Liability related to the Defined Pension Scheme

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

NOTES TO THE CORE FINANCIAL STATEMENTS

18 Defined Benefit Pension Scheme

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

Local Government Pension Scheme assets comprised

2016/17 Quoted active market £'000	2016/17 Quoted non- active market £'000	2016/17 Total £'000		2017/18 Quoted active market £'000	2017/18 Quoted non-active market £'000	2017/18 Total £'000
2,877.2	0.0	2,877.2	Cash and cash equivalents #1	2,831.2	0.0	2,831.2
			<i>Equity instrument: by industry type #1+#2</i>			
2,703.1	0.0	2,703.1	Consumer	2,790.7	0.0	2,790.7
1,751.5	0.0	1,751.5	Manufacturing	1,885.4	0.0	1,885.4
2,324.9	0.0	2,324.9	Energy and Utilities	2,142.1	0.0	2,142.1
4,081.5	0.0	4,081.5	Financial Institutions	4,662.4	0.0	4,662.4
1,069.2	0.0	1,069.2	Health and Care	1,053.6	0.0	1,053.6
444.7	0.0	444.7	Information Technology	543.9	0.0	543.9
12,374.9	0.0	12,374.9	Sub-total equity	13,078.1	0.0	13,078.1
			<i>Debt Securities: by sector</i>			
0.0	0.0	0.0	Corporate Bonds (inv. grade)	0.0	0.0	0.0
0.0	2,714.0	2,714.0	UK Government	0.0	2,528.1	2,528.1
0.0	0.0	0.0	Other	0.0	0.0	0.0
0.0	2,714.0	2,714.0	Sub-total bonds	0.0	2,528.1	2,528.1
			<i>Property: by type</i>			
0.0	0.0	0.0	UK Property	0.0	0.0	0.0
0.0	0.0	0.0	Overseas Property	0.0	0.0	0.0
0.0	0.0	0.0	Sub-total property	0.0	0.0	0.0
			<i>Private Equity:</i>			
0.0	8,761.5	8,761.5	All (UK & Overseas) #3	0.0	8,997.8	8,997.8
0.0	0.0	0.0	Adjustment	0.0	0.0	0.0
0.0	8,761.5	8,761.5	Sub-total private equity	0.0	8,997.8	8,997.8
			<i>Investment Funds and Unit Trusts #3</i>			
0.0	56,669.7	56,669.7	Equities	0.0	57,950.5	57,950.5
0.0	10,624.4	10,624.4	Bonds	0.0	9,970.1	9,970.1
0.0	0.0	0.0	Commodities	0.0	0.0	0.0
0.0	0.0	0.0	Infrastructure	0.0	0.0	0.0
0.0	6,693.3	6,693.3	Other	0.0	6,864.2	6,864.2
0.0	0.0	0.0	Adjustment	0.0	0.0	0.0
0.0	73,987.4	73,987.4	Sub-total other investment funds	0.0	74,784.8	74,784.8
			<i>Derivatives:</i>			
0.0	0.0	0.0	Foreign exchange	0.0	0.0	0.0
0.0	0.0	0.0	Sub-total derivatives	0.0	0.0	0.0
15,252.1	85,462.9	100,715.0	Total Assets	15,909.3	86,310.7	102,220.0

#1 All scheme assets have quoted prices in active markets

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

#3 Quoted prices not in active markets

2016/17		2017/18
	Fair value of scheme assets:	
	Equity Instruments:	
12%	Equity Securities	13%
9%	Private equity	9%
3%	Debt Securities	2%
73%	Investment funds and Unit Trusts	73%
97%	Sub total	97%
3%	Cash and cash equivalents	3%
100%	Total	100%

NOTES TO THE CORE FINANCIAL STATEMENTS

Basis for Estimating Assets and Liabilities

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

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

The significant assumptions used by the actuary have been:

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumption in longevity, for example, assume that life expectancy increases (or decreases) for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme.

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

Impact on the Authority's Cash Flows

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

The scheme will need to take account of the national changes to the scheme under the Public pensions Services Act 2013. Under the Act, the local Government pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

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

19 Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts, which have been netted off debtors as shown in the Balance Sheet and Note 14.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

20 Contingent Assets and Liabilities

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

21 Members' Allowances

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

22 Officers' Remuneration

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

2016/17 No. of employees	Remuneration Band		2017/18 No. of employees
6	£50,000	- £54,999	12
0	£55,000	- £59,999	1
3	£60,000	- £64,999	1
1	£65,000	- £69,999	1
	£70,000	- £74,999	1
10	Total		16

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

Exit Package:

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

2016/17			Cost Band	2017/18			
Total number of compulsory redundancies	Total number of other departures	Total cost £'000 of exit packages		Total number of compulsory redundancies	Total number of other departures	Total cost £'000 of exit packages	
3	1	56		0 - 20000	2	0	18
1	0	38		20001 - 40000	1	0	36
1	1	59		40001 - 60000	0	0	0
4	1	153	Total	3	0	54	

Senior Officer Remuneration:

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

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

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

23 External Audit Costs

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

2016/17 £'000		2017/18 £'000
57	Audit Fee (including group accounts audit cost)	57
14	Certification of grant claims and returns	15
71	Total	72

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

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

There were no adjusting events to report.

25 Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows the reader to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties, for example Collection Fund surplus or deficit. Details of transactions with government departments and Precepting authorities are set out in Note 34 and the Collection Fund Statement.

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

The Council has two subsidiary companies wholly owned by the Council, South Cambs Limited (trading as Ermine Street Housing) and Shire Homes Lettings Limited. Transactions between these companies and the Council are accounted within the Councils group accounts. Please see Note 40 to the Group Accounts regarding loans and investments.

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

26 Leases

There were no finance lease agreements during 2017/18

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

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

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

27 Impairment Losses

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

Categories of Financial Instrument

The Balance Sheet includes the following financial instruments:

Long Term 31 Mar 17 £'000	Current 31 Mar 17 £'000		Long Term 31 Mar 18 £'000	Current 31 Mar 18 £'000
9,320	58,828	Investments		
		Loans, shares and receivables	8,982	65,676
		Debtors		
970	2,726	Loans and receivables	970	4,590
0	7,872	Cash and Cash Equivalents	0	7,427
		Borrowing		
(205,123)	0	Financial liabilities at amortised cost	(205,123)	0
		Creditors		
0	(1,578)	Cash and Cash Equivalents	0	(960)
0	(6,829)	Financial liabilities at amortised cost	0	(18,830)
(194,833)	61,019	Total	(195,171)	57,904
(133,814)			(137,268)	

Income, Expense, Gains and Losses

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

Fair Value of Assets and Liabilities

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

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

For investments, which are mainly at fixed rates, fair value has not been calculated and the Code has not been complied with in this respect.

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

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

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

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level1 inputs) and the lowest priority to unobservable inputs (Level3 inputs).

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

31 Mar 17 Carrying £'000	31 Mar 17 Fair value £'000		31 Mar 18 Carrying £'000	31 Mar 18 Fair value £'000
(205,123)	(298,515)	Long term borrowing	(205,123)	(247,313)

NOTES TO THE CORE FINANCIAL STATEMENTS

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

The fair value of the long term PWLB loans measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for a market transaction undertaken at the balance sheet date. The difference between the carrying amount and the fair value measure the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing rates.

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

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

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

Key Risks

a) Credit risk

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

Where sums are owed by the Council's customers and contractual debtors the Council makes provision for doubtful debt, detailed in Note 29, based on an assessment of the risks for each type and the age of those debts, the Council does not generally extend credit beyond 21 days.

b) Financial assets that are either past due or impaired

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

Provisions 2017/18	Business rates appeals £'000	Customer debt £'000	Other debtors £'000
Balance at 1 April	(2,827)	(1,966)	(800)
Additional provisions	(4,275)	(8)	(369)
Amounts used	4,261	10	313
Balance at 31 March	(2,841)	(1,963)	(855)

The Council does not normally extend credit beyond 21 days. At 31 March 2018, of the total debtor balance of £2.7 million (£2.7 million at 31 March 2017), the past due amount was £2.187 million and can be analysed as follows:

31 Mar 17 £'000		31 Mar 18 £'000
	Customer Debts:	
865	Less than 3 months	1,778
511	More than 3 months	409
1,376	Total	2,187

c) Liquidity risk

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

d) Market Risk

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

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

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

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

Price risk and foreign exchange risk are not applicable.

29 Prior Period Adjustments

There are no prior period adjustments included in the statements.

Housing Revenue Income and Expenditure Account

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

31 March 2017				31 March 2018	
£000	£000		Note	£000	£000
(28,357)		INCOME		(28,132)	
(403)		Dwelling Rents (Gross)		(412)	
(1,868)		Non-dwelling Rents (Gross)		(2,058)	
		Charges for Services and Facilities			
(117)		Contributions towards expenditure:		(121)	
(5)		* General Fund		(29)	
		* Other Sources			
	(30,749)	Total Income			(30,752)
		EXPENDITURE			
3,720		Repairs and Maintenance		3,781	
2,494		Supervision and Management:			
1,246		* General		2,819	
1,834		* Repairs and Maintenance		1,235	
172		* Special Services		2,037	
21,603		Rent, Rates and Other Charges		181	
		Depreciation and Impairment of non-current assets	30 & 32		
		Depreciation	10c	(6,260)	
		Revaluation	10c	(5,316)	
17		Treasury Management Costs		0	
52		Inc./(Dec.) Prov. for Bad/Doubtful Debts		79	
	31,138	Total Expenditure			(1,444)
	389	Net Exp./Income of HRA Services as included in the whole Authority Income and Expenditure Account			(32,196)
566		HRA services share Corporate+Democratic Core		733	
(0)		Mortgage Interest		0	
	566				733
	955	Net Exp./Income of HRA Services			(31,463)
(2,005)		Loss/(Gain) on sale of HRA non-current assets	10c	(1,017)	
7,195		Interest Payable on self-financing Debt	8	7,193	
(454)		Interest and Investment Income		(546)	
356		Pension interest cost and expected return on pension assets		213	
0		Capital grant and contributions	31	(522)	
	5,092				5,321
	6,047	Deficit/(surplus) for the year on HRA services			(26,142)

Housing Revenue Income and Expenditure Account

Statement of Movement on the Housing Revenue Income & Expenditure Account

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

31 March 2017				31 March 2018	
£000	£000			£000	£000
6,047		(Surplus)/Deficit for the year on the HRA Income and Expenditure Account (from above)		(26,142)	
2,005		(Loss)/Gain on sale of HRA non-current assets		1,017	
(315)		HRA share of contributions to the Pensions Reserve		(459)	
(21,603)		Reversal of Depreciation & Impairment		0	
		Depreciation		6,260	
		Revaluation		5,316	
6,452		Capital Grants and Contributions		522	
6,496		Transfer from Major Repairs Reserve		0	
		Capital expenditure funded by the HRA		12,381	
	(919)	Net increase/(decrease) before transfers to/from res.			(1,105)
0		Transfer to/from earmarked reserves			0
	(919)	Dec/(inc) in the HRA balance for the year			(1,105)
(8,073)		HRA balance brought forward			(8,992)
	(8,992)	HRA balance carried forward			(10,097)

30 Housing Stock

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

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

Disposals:

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

Additions:

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

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

31 Mar 17 Asset Value £'000	31 Mar 17 Depreciation £'000		31 Mar 18 Asset Value £'000	31 Mar 18 Depreciation £'000
		Property, Plant & Equipment		
451,694	(14,764)	Council Dwellings (HRA only)	479,984	(6,184)
-	14,764	Depreciation adj. on revaluation	-	6,184
7,050	(89)	Other Land & Buildings	10,434	(70)
-	89	Depreciation adj. on revaluation	-	70
161	-	Surplus assets held	152	-
146	-	Infrastructure	131	-
459,051	0		490,701	0

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

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

31 Capital expenditure, financing and receipts

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

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

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

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

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

32 Impairment

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

NOTES TO THE HOUSING REVENUE ACCOUNT

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

33 Major Repairs Reserve

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

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

34 HRA share of contributions to/from the Pensions Reserve

This contribution, shown in the Statement of Movement on the Housing Revenue Income and Expenditure Account, reverses out the pensions liabilities apportioned to net operating expenditure and adds back in the payments to the pension scheme so that the adoption of International Accounting Standard 19 (IAS 19) Employee Benefits has no effect on the deficit/surplus for the year. In view of the uncertainty over future pension costs, an additional percentage of pensionable pay has been charged against the Housing Revenue Account and placed in a reserve for use in future years (Note 18).

35 Rent arrears on dwellings

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

COLLECTION FUND

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

2016/17			Note	2017/18		
£000	£000	£000		£000	£000	£000
NDR	Council Tax	Total		NDR	Council Tax	Total
Income:						
-	(98,240)	(98,240)	Council Tax Payers	0	(101,605)	(101,605)
(78,903)	-	(78,903)	Business Rate Payers	(80,348)	0	(80,348)
(78,903)	(98,240)	(177,143)	Total Income	(80,348)	(101,605)	(181,953)
Expenditure:						
<i>Apportionment of previous years surplus/(deficit)</i>						
(191)	-	(191)	Central Government	1,897	0	1,897
(34)	214	180	Cambridgeshire County Council	341	0	341
(4)	12	8	Cambridgeshire & Peterborough Fire Authority	38	0	38
-	34	34	Cambridgeshire Police and Crime Commissioner	0	0	0
(153)	38	(115)	South Cambridgeshire District Council	1,518	0	1,518
(383)	298	(85)		3,794	0	3,794
Precepts, Demands and Shares						
36,295	-	36,295	Central Government	34,179	0	34,179
6,533	70,327	76,860	Cambridgeshire County Council	6,152	72,699	78,851
726	3,948	4,674	Cambridgeshire & Peterborough Fire Authority	684	4,078	4,762
-	11,036	11,036	Cambridgeshire Police and Crime Commissioner	0	11,405	11,405
29,036	7,852	36,888	South Cambridgeshire District Council	27,343	13,323	40,666
-	4,775	4,775	Special Expenses- Parish Precepts	0	0	0
72,591	97,939	170,529		68,358	101,505	169,863
Charges to Collection Fund						
0	0	0	Write offs of uncollectable amounts	0	0	0
142	(149)	(7)	Increase/(Decrease) in Bad Debt Provision	167	143	310
374	0	374	Increase/(Decrease) in Provision for Appeals	33	0	33
223	-	223	Cost of Collection	230	0	230
1,873	-	1,873	Disregarded Amounts	1,865	0	1,865
2,612	(149)	2,463		2,295	143	2,438
(4,084)	(152)	(4,236)	(Increase) / Decrease in Collection Fund Balance	(5,901)	43	(5,858)
1,604	(620)	984	Fund Balance - (Surplus) / Deficit at 1 April	(2,480)	(772)	(3,252)
(2,480)	(772)	(3,252)	Fund Balance - (Surplus) / Deficit at 31 March	(8,381)	(729)	(9,110)

Collection Fund balances:

Attribution of (surplus) / deficit carried forward:

2016/17			Note	2017/18		
£000	£000	£000		£000	£000	£000
NDR	Council Tax	Total		NDR	Council Tax	Total
Proportional split:						
(1,240)	0	(1,240)	Central Government	(4,191)	0	(4,191)
(223)	(555)	(778)	Cambridgeshire County Council	(754)	(525)	(1,279)
(25)	(31)	(56)	Cambridgeshire & Peterborough Fire Authority	(84)	(80)	(164)
0	(87)	(87)	Cambridgeshire Police and Crime Commissioner	0	(29)	(29)
(1,488)	(673)	(2,161)	Total	(5,029)	(634)	(5,663)
(992)	(100)	(1,091)	District Council	(3,352)	(95)	(3,447)
(2,480)	(772)	(3,252)	Deficit / (Surplus)	(8,381)	(729)	(9,110)

NOTES TO THE COLLECTION FUND

36 General

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

37 Council Tax

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

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

2016/17		2017/18		
Equivalent Number of Band D Dwellings	Valuation Band	Total Chargeable Dwellings	Conversion Fraction (Proportion)	Equivalent Number of Band D Dwellings
1.5	-A Up to £40k	2.0	5/9	1.1
1,243.8	A Up to £40k	1,950.5	6/9	1,300.3
4,876.0	B £40k-£52k	6,301.1	7/9	4,900.9
16,186.7	C £52k-£68k	18,448.3	8/9	16,398.5
11,284.0	D £68k-£88k	11,443.5	9/9	11,443.5
12,492.9	E £88k-£120k	10,345.3	11/9	12,644.3
10,095.9	F £120k-£160k	7,182.3	13/9	10,374.4
6,647.0	G £160k-£320k	4,105.3	15/9	6,842.2
706.0	H More than £320k	359.0	18/9	718.0
63,533.9		60,137.3		64,623.1
(363.2)	Less: Allowance for losses on collection			426.5
63,170.7	Tax Base for Calculation of Council Tax			64,196.6
(2,913.7)	Add: Adjustment for changes during the year for new properties expected, contributions in lieu and Local Council Tax Support Scheme (LCTSS)			(3,891.2)
60,257.0	Council Tax Base for the Year			60,305.4

	2017/18
Tax base	60,305.4
Tax rate for a Band D property (excluding Parishes)	1,579.27
Estimated income due	£95,238,559

38 Business Rates

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

NOTES TO THE COLLECTION FUND

Collection Fund Balance Sheet, Entries in Council Accounts & 39 Adjustment Account

The Collection Fund Balance Sheet is constituted as follows:

2016/17			Note	2017/18		
£000	£000	£000		£000	£000	£000
<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>		<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>
11,827	983	12,810	Cash Held by SCDC	16,440	1,096	17,536
416	1,221	1,637	Debtors	1,237	1,248	2,485
(2,495)	(1,147)	(3,642)	Receipts in Advance	(1,995)	(1,302)	(3,297)
(200)	(285)	(485)	Impairment Provision	(200)	(313)	(513)
(7,068)	0	(7,068)	Appeals Provision	(7,102)		(7,102)
(2,480)	(772)	(3,252)	Fund Surplus	(8,380)	(729)	(9,109)
0	0	0	Total	0	0	0

The Collection Fund Representation of Debtor, Creditor & Appeals Balances in SCDC Accounts is as follows:

2016/17			Note	2017/18		
£000	£000	£000		£000	£000	£000
<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>		<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>
170	166	336	Debtors	495	163	658
(998)	(151)	(1,149)	Receipts in Advance	(798)	(170)	(968)
(80)	(37)	(117)	Impairment Provision	(80)	(41)	(121)
(2,827)	0	(2,827)	Appeals Provision	(2,841)	0	(2,841)
(1,184)	(861)	(2,045)	Creditors - Local Government	(1,644)	(953)	(2,597)
(5,916)	0	(5,916)	Creditors - Central Government	(8,220)	0	(8,220)
(992)	(100)	(1,091)	Fund Surplus to Collection Fund Adjustment Account	(3,352)	(95)	(3,447)
(11,827)	(983)	(12,810)	Total	(16,440)	(1,096)	(17,536)

The Collection Fund Adjustment Account:

2016/17			Note	2017/18		
£000	£000	£000		£000	£000	£000
<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>		<u>NNDR</u>	<u>Council Tax</u>	<u>Total</u>
(992)	(100)	(1,091)	Figures as shown above	(3,352)	(95)	(3,447)
(463)		(463)	Renewable Energy	(981)		(1,444)
(500)		(500)	EZ/NDD Growth	(561)	152	(909)
(1,955)	(100)	(2,054)	Collection Fund Adjustment Account Total	(4,894)	57	(4,837)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT AND MOVEMENT IN RESERVES STATEMENT

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

2016/17 Restated			GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT	Note	2017/18		
GROSS EXPEND- ITURE £000	GROSS INCOME £000	NET EXPEND- ITURE £000			GROSS EXPEND- ITURE £000	GROSS INCOME £000	NET EXPEND- ITURE £000
3,360	(521)	2,839	Finance and Staffing		33,982	(31,772)	2,210
83,574	(67,958)	15,616	All other reporting segments (same as the Council)		42,108	(46,196)	(4,088)
86,934	(68,479)	18,455	Net Cost of Services		76,090	(77,968)	(1,878)
		2,498	Other Operating (Income) and Expenditure				4,378
		7,795	Financing and Investment (Income)/Expenditure				8,038
		(28,709)	Taxation and Non-Specific Grant Income				(25,320)
		39	Group (Surplus) / Deficit				(14,781)
		20,095	Other Comprehensive (Income) and Expenditure				(27,561)
		20,111	Total Comprehensive (Income) and Expenditure				(42,342)

2016/17				GROUP MOVEMENT IN RESERVES STATEMENT	Note	2017/18		
OPENING BALANCE £000	Adjust between Account Basis and Fund Basis £000	Other Income and Expend- iture £'000	CLOSING BALANCE £000			Adjust between Account Basis and Fund Basis £000	Other Income and Expend- iture £'000	CLOSING BALANCE £000
21,469	23	5,590	27,082	General Fund & Earmarked		14,421	(12,105)	29,398
17,573	6,966	(6,047)	18,492	HRA & Earmarked		(25,037)	26,142	19,597
8,490	2,732	0	11,222	Capital Receipts Reserve		(2,942)	0	8,280
433	53	0	486	Capital Grants Unapplied		29	0	515
47,965	9,774	(457)	57,282	TOTAL USEABLE		(13,529)	14,037	57,790
250,190	(9,774)	(19,676)	220,740	TOTAL UN-USEABLE		13,529	26,666	260,935
298,155	0	(20,133)	278,022	TOTAL RESERVES		0	40,703	318,725

GROUP BALANCE SHEET

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

31 March 2017		Note	31 March 2018	
£000	£000		£000	£000
483,889	Property, Plant and Equipment	46	521,817	
24,412	Investment Properties		36,764	
184	Intangible Assets		107	
268	Long Term Investments		8,765	
970	Long Term Debtors		970	
509,723	Long Term Assets		568,423	
42,958	Short Term Investments		65,893	
513	Inventories		147	
7,840	Short Term Debtors		9,855	
8,136	Cash and Cash Equivalents		7,427	
1,154	Assets Held for Sale		1,897	
60,601	Current Assets		85,219	
(25,000)	Short Term Creditors		(30,151)	
(1,578)	Cash and Cash Equivalents		(960)	
(3,082)	Provisions		(3,118)	
(29,660)	Current Liabilities		(34,229)	
(57,496)	Liability Related to Defined Benefit Pension Scheme		(57,679)	
(205,123)	Long-term Borrowing		(205,123)	
(262,619)	Long Term Liabilities		(262,802)	
278,045	Net Assets		356,611	
57,305	Usable Reserves		59,428	
220,740	Unusable Reserves		297,183	
278,045	Total Reserves		356,611	

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

GROUP CASH FLOW STATEMENT

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

2016/17		Note	2017/18	
£000	£000		£000	£000
(16)	Net surplus/(deficit) on provision of services		0	
34,626	Adj to net surplus/deficit on provision of services for non-cash movements		0	
(14,909)	Adj for items included in the net surplus/deficit on provision of services that are investing and financing activities		0	
19,701	Net cash flows from Operating Activities	13	0	
(27,280)	Investing Activities	14	0	
9,081	Financing Activities	15	0	
1,502	Net (increase)/decrease in cash and cash equivalents		0	
5,055	Cash and Cash equivalents at the beginning of the reporting period		6,557	
6,557	Cash and Cash equivalents at the end of the reporting period	15	6,557	

* Adjusted for intercompany transactions

40 Context of Group Accounts and Consolidation with the Council

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

The impact of the Companies activities upon the Reserves of the Group are as follows;

	Restated 31/03/2017 £'000	In Year Movement £'000	31 Mar 18 £'000
Turnover		3,351	
Service Expenses		(2,601)	
Interest Payable		(1,017)	
Useable Reserves	(744)	(267)	(1,011)
Un-useable Reserves	467	1,351	1,818
TOTAL COMPANY RESERVES PORTION OF GROUP BALANCE SHEET	(277)	1,084	807
Represented by:			
South Cambs Limited	(277)	1,084	807
Shire Homes Lettings Limited	0	0	0
TOTAL COMPANY RESERVES PORTION OF GROUP BALANCE SHEET	(277)	1,084	807

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

	South Cambs (Ermine Street) £'000	Shire Homes £'000	Inter Company £'000	31 Mar 18 £'000
Property, Plant, Equipment	323	0		323
Investment Properties	36,764	0		36,764
Company Share Capital - Council Investment	(36,248)	0	0	(36,248)
Debtors & Cash	634	37	0	671
Creditors	(703)	0		(703)
TOTAL ASSETS NET OF COUNCIL SHARE	770	37	-	807

41 Investment Properties

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

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

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

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

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

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

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

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

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

Fair Value Measurement of Investment Properties

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

The portfolio is valued in line with the accounting policy.

The valuation is undertaken by the Professional Valuer, Wilks, Head and Eve, on a fair value basis in line with IFRS13 and in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors (RICS)

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

There has been no change in the valuation of investment properties purchased during the year for investment properties.

42 Loans and Investments

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

43 Leases

There were no finance lease agreements during 2017/18

The Council has no operating leases. Payments of £676,163 in respect of vehicle contract hire were made in 2016-17 (£739,343 in 2016-17). South Cambs Ltd has operating leases with payments of £594,224 in 2016/17 (£602,175 in 2016/17) in respect of property leases. Shire Homes Lettings Limited had payments of £20,929 in 2017/18 in respect of property leases.

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

31 Mar 17		South Cambs Limited £'000	Shire Homes £'000	31 Mar 18
£000				£000
634	Not later than one year	605	52	657
1,473	Later than one year and not later than five years	900	0	900
0	Later than 5 years	0	0	0
2,107	Total	1,505	52	1,557

Glossary of Financial Terms and Abbreviations

Accounting Period

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

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an

Accounting Standards

A set of rules which explain how accounts are to be kept. By law, local authorities must follow 'proper accounting practices', which are set out in Act of Parliament and in professional codes and statements of recommended practices. These make comparability, among other things, possible.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Actuarial gains and losses

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

-
- The actuarial assumption have changed

Capital Charges

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

Capital Expenditure

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

Capital Receipt

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

Contingent Liabilities

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

Creditors

Amounts owed by the Council at 31 March for goods or services rendered but not yet paid for.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Debtors

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

Defined benefit scheme

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

Glossary of Financial Terms and Abbreviations

Depreciation

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

Finance Lease

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

Minimum Revenue Provision

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

Non-current Asset

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

Government Grant

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

Impairment

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

Inventories

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

Operating Lease

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

Precepting Authorities

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

Precepts

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

Provisions

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

Reserves

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

Revenue Expenditure

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

Revenue Expenditure funded from capital under statute

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

Revenue Support Grant

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

Abbreviations used in the accounts

CAA

Capital Adjustment Account

CIPFA

Chartered Institute of Public Finance and Accountancy

The Code

Code of Practice on Local Authority Accounting

DLO

Direct Labour Organisation

DSO

Direct Service Organisation

HRA

Housing Revenue Account

IFRS

International Financial Reporting Standards

IAS

International Accounting Standards

MRA

Major Repair Allowance

NNDR

National Non-Domestic Rates (Business Rates)

RR

Revaluation Reserve

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