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18 June 2015

To: Chairman – Councillor Francis Burkitt  
Vice-Chairman – Councillor Tony Orgee  
Members of the Corporate Governance Committee – Councillors Tom Bygott,  
Andrew Fraser, Roger Hall, Douglas de Lacey, David McCraith, Bridget Smith,  
John Williams,  
Portfolio Holders (to receive agenda for information): Simon Edwards and  
David Whiteman-Downes

Quorum: 3

Dear Councillor

You are invited to attend the next meeting of **CORPORATE GOVERNANCE COMMITTEE**, which will be held in **SWANSLEY ROOM, GROUND FLOOR** at South Cambridgeshire Hall on **FRIDAY, 26 JUNE 2015 at 9.00 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  
**JEAN HUNTER**  
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.**

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<b>AGENDA</b>		<b>PAGES</b>
<b>1. Apologies for Absence</b> To receive Apologies for Absence from Committee members.		
<b>2. Declarations of Interest</b>		
<b>3. Minutes of Previous Meeting</b> To confirm the minutes of the meeting held on 27 March 2015 as a correct record.		<b>1 - 6</b>
<b>AUDIT REPORTS</b>		
<b>4. Internal Audit Annual Report 2014-15</b>		<b>7 - 24</b>

## **DECISION ITEMS**

- |           |   |                      |
|-----------|---|----------------------|
| <b>5.</b> | <b>Statement of Accounts 2014-15 (subject to audit)</b> | <b>25 - 132</b>      |
| <b>6.</b> | <b>Annual Governance Statement 2014-15</b>              | <b>133 -<br/>156</b> |

## **INFORMATION ITEMS**

- 7. Matters of Topical Interest**
- 8. Date of Next Meeting**  
Friday 25 September 2015 at 9am.

### **OUR LONG-TERM VISION**

South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

### **OUR VALUES**

We will demonstrate our corporate values in all our actions. These are:

- Working Together
- Integrity
- Dynamism
- Innovation

## **GUIDANCE NOTES FOR VISITORS TO SOUTH CAMBRIDGESHIRE HALL**

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#### **Disturbance by Public**

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# Agenda Item 3

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on  
Friday, 27 March 2015 at 9.00 a.m.

PRESENT:	Councillor Francis Burkitt – Chairman Councillor David McCraith – Vice-Chairman	
Councillors:	Richard Barrett Bridget Smith	Andrew Fraser John Williams
Officers:	Patrick Adams Alex Colyer Caroline Ryba	Senior Democratic Services Officer Executive Director, Corporate Services Head of Finance
External:	Rachel Brittain Steve Crabtree Mark Hodgson	Ernst & Young Shared Head of Internal Audit Ernst & Young

### 1. APOLOGIES FOR ABSENCE AND INTRODUCTIONS

Councillors Douglas de Lacey and Peter Topping had sent their apologies.

The Chairman introduced Caroline Ryba, the new Head of Finance. The Committee noted that the post was a job share arrangement with Cambridge City Council.

The Committee said farewell to Councillor Richard Barrett, who was standing down at the next election, and thanked him for all his hard work over many years.

### 2. DECLARATIONS OF INTEREST

None.

### 3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 26 September 2014 were agreed as a correct record.

### 4. INTERNAL AUDIT PROGRESS REPORT 2014/15

Steve Crabtree, Shared Head of Internal Audit, presented this report, which detailed the progress made against the delivery of the 2014/15 Internal Audit Plan. The following matters were then discussed.

#### **Housing Company**

The Executive Director explained that he had asked Internal Audit to review the setting up of Ermine Street Housing Ltd, to ensure that the Council would put the correct governance arrangements in place. Steve Crabtree assured the Committee that if the housing company were audited now it would receive a significant assurance, instead of the limited assurance actually received.

#### **Report format**

The Executive Director explained that full details of internal reports had been shared with individual councillors on request. The Executive Director rejected the suggestion that the results of previous audits should be included in the report in an attempt to “benchmark” performance, as the scope of audits change. Steve Crabtree agreed to provide more

details in these reports in future, particularly when there were any “high” status recommendations.

#### **Management response**

The Executive Director assured the Committee that if any management responses to auditors’ requests were deemed not to be adequate or timely, this would be reported to the Committee. He explained that internal audits were a management tool and he expressed the concern that publishing full reports in the agenda could lead to criticism of an individual officer’s performance. The Committee noted that all the recommendations made by the internal auditors in the report had been accepted by officers.

The Committee **NOTED** the report.

### **5. INTERNAL AUDIT PLAN 2015/16**

Steve Crabtree, Head of Internal Audit, invited the Committee to endorse the proposed Internal Audit Plan for 2015/16, along with the Audit Charter, the Internal Audit Code of Ethics and the services performance indicators.

#### **Minor amendments**

The Committee agreed to amend the report to state that the Corporate Governance Committee reviewed the Code of Ethics annually. The Committee agreed that the target for the percentage of actions implemented to timescale should be an aspirational 100%.

#### **Payroll**

The Committee noted that the Plan no longer included an audit of payroll, as this function was now being carried out by Cambridge City Council on behalf of this authority.

#### **National Fraud Initiative(NFI)**

The Committee understood that whilst the NFI highlighted a number of cases that needed to be reviewed, further investigation usually revealed nothing untoward.

#### **Project management**

The Committee noted that internal audit would be assessing whether the Council’s projects were being managed in accordance with best practice. Councillor Bridget Smith requested that internal audit look at Northstowe under its review of project management.

#### **City Deal.**

The Executive Director explained that as the governance of the Greater Cambridge City Deal was this authority’s responsibility it would also be part of the Audit Plan. The Committee agreed that internal audit should report on the New Homes Bonus and the City Deal at the next meeting.

#### **Choice based lettings**

The Committee understood that the Council was the lead authority for the delivery of Home Link Choice based lettings scheme and so internal audit will review the authority’s system for allocating voids. The Head of Internal Audit agreed to investigate whether 6 audit days were required to look at the process.

#### **Waste and recycling**

The Committee noted that the Environmental Services Portfolio Holder was responsible for reviewing both the recent changes made to the collection rounds and the progression of the shared service arrangements with Cambridge City Council.

**Housing services' response repairs**

The Committee noted that the housing services' response repairs service, which had been contracted out, was currently being audited and a report was likely to be received at the next Committee meeting.

The Committee

**ENDORSED**

- A) The Annual Plan 2015/16;
- B) The Audit Charter;
- C) The Internal Audit Code of Ethics;
- D) The services performance indicators.

**6. EXTERNAL AUDIT PLAN 2014/15**

Mark Hodgson, External Auditor from Ernst and Young, presented this Plan which provided the Committee with details of the audit work they planned to carry out regarding the financial statements of the Council, in order to provide their audit opinion and value for money conclusion in respect of the 31 March audit year.

**Group accounts**

The Committee noted that following the setting up of Ermine Street Housing Ltd the Council would be preparing group accounts for the first time. The Committee understood that there would be an additional audit fee for the extra work and further details would be reported to the Committee once it had been agreed with the Council's management and the Audit Commission or its successor body.

**Materiality**

Mark Hodgson explained the concept of audit materiality. The Committee noted that materiality was defined as an amount large enough "to influence the users of the financial statements." Mark Hodgson explained that usually auditors would define a materiality level as somewhere between 0.5% to 2% of gross expenditure. In the case of this Council he considered that 2% would be appropriate, as the authority was considered to be a relatively low audit risk, with robust financial systems and an adequate level of reserves. Mark Hodgson would keep this level under review throughout the audit.

**Financial resilience**

Mark Hodgson explained that as the Council's external auditor, he asked: "if we look at the Medium Term Financial Strategy and ignore the planned but unidentified savings (on the basis that they might not be achieved), is the cumulative deficit at the end of the plan's period bigger than the sum of reserves?"

If it is:

- (1) That would lead to a "significant risk" in the Value-for-Money report: and
- (2) If the gap (between the cumulative deficit and the reserves) is greater than the Auditors' materiality level, that could lead to a qualification of the Financial Resilience criteria

For the Council's current Medium Term Financial Strategy, if the planned but unidentified savings are ignored, the cumulative deficit at the end of the plan period was less than the reserves, so the concerns above did not arise.

The Committee noted that following comment from officers, whilst the Council had sufficient funds in its reserves to balance the budget in the short term, extra savings of £630,000 a year had been identified as being required to balance the budget in the longer term.

The Committee **NOTED** the Plan.

**7. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2013-14**

Mark Hodgson presented this report on the claims made by the Council for grants and subsidies from central government and other grant paying bodies.

**Housing benefits subsidy claim**

Mark Hodgson was pleased to report that no errors had been found in the testing of the detailed cases and so no “extended testing” had been required. The Committee were so impressed by this it was requested that the Chairman recommend the team responsible for the Council’s Going the Extra Mile award.

The Committee **NOTED** the report.

**8. RISK MANAGEMENT STRATEGY**

The Executive Director presented this report, which invited the Committee to carry out its annual review of the Council’s Risk Management Strategy.

The Committee

**APPROVED** the proposed revised Risk Management Strategy, as set out at Appendix A to this report.

**9. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE ON USE OF RIPA & OSC INSPECTION REPORT**

The Executive Director presented this item on the Council’s use of the Regulation of Investigatory Powers Act (RIPA) in the last two quarters and the report by the Office of Surveillance Commissioners on the use of RIPA covert surveillance following an inspection in November 2014.

The Committee noted that the Council’s fraud officers had been transferred over to the Department of Work and Pensions, who had taken over responsibility for benefit fraud. The Council remained responsible for all other fraud within the remit of the authority.

The Executive Director reported that combined training with East Cambridgeshire District Council had now taken place and that the Monitoring Officer had liaised with the Health and Environmental Services Director regarding the investigation into alleged theft from a clothes bank.

The Committee

**NOTED**

- A)** The information contained in the report about the council’s use of surveillance powers in the period October 2014 to March 2015.
- B)** The covering letter at Appendix A from the Office of the Surveillance Commissioner following an inspection on 4th November 2014 on the council’s use of RIPA.
- C)** The inspection report at Appendix B which makes one recommendation that a single inventory for technical equipment be put in place and that this recommendation has



been accepted and complied with by the Council.

**10. MATTERS OF TOPICAL INTEREST**

None.

**11. DATE OF NEXT MEETING**

It was **noted** that the next meeting will be held on Friday 26 June at 9am.

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**The Meeting ended at 10.50 a.m.**

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**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL  
CORPORATE GOVERNANCE COMMITTEE**

**26 JUNE 2015**

**ANNUAL REPORT OF THE INTERNAL AUDIT SERVICE 2014 / 2015**

**RECOMMENDATIONS:**

**That Corporate Governance Committee notes:**

- **Annual report into the provision of the Internal Audit service and the opinion of the Head of Internal Audit into the adequacy of governance, risk management and internal control arrangements;**
- **The effectiveness of the service together with an assessment of the service against best practice Public Sector Internal Audit Standards; and**
- **Progress against the delivery of the 2015 / 2016 Audit Plan**

Report Author:	Steve Crabtree
Position:	Shared Head of Internal Audit (for Peterborough UA / Cambridge City / South Cambridgeshire Councils)
Contact:	Peterborough Office: 01733 384557 Cambridge Office: 01223 458181 South Cambridgeshire Office: 01954 713445

- 1 **INTRODUCTION**
- 2 **ANNUAL REPORT**
  - 2.1 Background
  - 2.2 Arriving at an Opinion
  - 2.3 Overall Audit Opinion
  - 2.4 Analysis of Audit Activity 2014 / 2015
3. **EFFECTIVENESS OF INTERNAL AUDIT AND COMPLIANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS**
  - 3.1 Current Arrangements
  - 3.2 Staffing and Resources
  - 3.3 PSIAS Compliance
4. **AUDIT PLAN 2015 / 2016**
  - 4.1 Progress

## 1...INTRODUCTION

1.1 The purpose of this report is to bring the Corporate Governance Committee up to date with:

- An opinion on the adequacy of controls and systems within South Cambridgeshire as at 31 March 2015;
- An assessment of the status and abilities of the current service and any improvements which can be made to enhance it; and
- Progress against the delivery of the 2015 / 2016 audit plans.

## 2...ANNUAL REPORT

### 2.1 BACKGROUND

2.1.1 As the provider of the internal audit service for South Cambridgeshire District Council, we are required to provide the Section 151 Officer and the Corporate Governance Committee with an opinion on the adequacy and effectiveness of the organisation's governance, risk management and internal control arrangements.

2.1.2 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on the entire control environment by evaluating the effectiveness in achieving the organisation's objectives.

2.1.3 This report is the culmination of the work during the course of the year and seeks to provide an opinion on the adequacy of the control environment and report the incidence of any significant control failings or weaknesses. The report also gives an overview of audit performance during the year.

### 2.2 ARRIVING AT AN OPINION

2.2.1 The opinion is derived from work carried out by Internal Audit during the year, as part of the agreed Internal Audit Plan for 2014 / 2015. We have conducted our audits both in accordance with the mandatory standards and good practice and additionally from our own internal quality assurance systems. Our opinion is limited to the work carried out by Internal Audit but, where possible, we have considered the work of other assurance providers.

2.2.2 Where appropriate, each report we issue during the year is given an overall opinion based on the criteria below. Certain pieces of work do not result in an audit report with an opinion – such as consultancy work, involvement in working groups, review of National Fraud Initiative (NFI) reports and follow-ups. The assessment from each report, along with our consideration of other audit work, is used to formulate the overall Opinion.

AUDIT ASSURANCE	
Assurance	Definitions
Full	Controls are in place to ensure the achievement of service objectives and good corporate governance, and to protect the Authority against significant foreseeable risks
Significant	The system is generally sound but there are some weaknesses of the design of control and / or the inconsistent application of controls. Opportunities exist to mitigate further against potential risks.
Limited	There are weaknesses in the design of controls and / or consistency of application, which can put the system objectives at risk. Therefore there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
No	Controls are weak and / or there is consistent non-compliance, which can result in the failure of the system. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss / embarrassment / failure to achieve key objectives.

2.2.3 This is based upon the number and type of recommendations we make in each report and is for any control weaknesses that jeopardises the complete operation of the service. The prioritisation is established as follows:

RECOMMENDATIONS MADE TO IMPROVE ASSURANCE LEVELS		
Status	Definitions	Implementation
Critical	Extreme control weakness that jeopardises the complete operation of the service.	Immediately
High	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	As a matter of priority
Medium	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	At the first opportunity
Low	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	As soon as reasonably practical

## 2.3 OVERALL AUDIT OPINION 2014 / 2015

As Head of Internal Audit, in line with the Public Sector Internal Audit Standards and prior best practice, I am required to provide an opinion on the overall adequacy and effectiveness of the Council's control environment. I have undertaken the following in order to form a basis for providing my assurance:

- Assessed the quantity and coverage of internal audit works against the 2014 / 2015 internal audit plan to allow a reasonable conclusion as to the adequacy and effectiveness of the Council's risk management, control and governance processes;
- Reviewed the reports from the reviews undertaken during the year by Internal Audit and other assurance providers where appropriate;
- Considered any significant actions not accepted by management and the consequent risks, of which there were none;
- Considered the effects of significant changes in the Council's objectives or systems;
- Reviewed and considered matters arising from reports to Council committees; and
- Considered whether there were any limitations which may have been placed on the scope of Internal Audit

Following consideration of the above, I am able to provide the following Head of Audit Opinion for 2014 / 2015

***I am satisfied that sufficient quantity and coverage of Internal Audit work and other independent assurance work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's risk management, control and governance processes. In my opinion, the Council has adequate and effective systems of internal control in place to manage the achievement of its objectives. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.***

***Notwithstanding my overall opinion, Internal Audit's work identified a number of opportunities for improving controls and procedures which management has accepted and are documented in each individual audit report.***

*Head of Internal Audit  
June 2015*

2.4 ANALYSIS OF AUDIT ACTIVITY 2014 / 2015

2.4.1 Assurance and Compliance Work

The status for audit work undertaken against the current plan is as follows:

**CORE SYSTEMS ASSURANCE WORK**

AUDIT ACTIVITY	COMMENTARY				
	Rating	No. of Recommendations / Severity			Commentary
Accounts Payable (Creditors)	Assurance: <b>Significant / Limited</b>	Critical: 0	High: 0	Medium: 4	<p>Low: 0</p> <p>Verification that appropriate processes are in place for the procurement and payment of goods and services.</p> <p>While the Council has a recognised electronic ordering system (e-BIS) which is integrated with Open Accounts, it still operates a number of manual arrangements. These include the use of manual orders which then require an appropriate supporting certification slip, and verbal orders (usually over the telephone) which do not have any back up information to support them.</p> <p>From our analysis, of the 8,070 payments made during the period under review, only 1,260 were generated from e-BIS.</p> <p>Our assurance has been split, with a significant rating for the electronic process and limited for the manual process.</p>



Accounts Receivable (Debtors)	Assurance: <b>Significant</b>	Critical: 0	High: 0	Medium: 2	Low: 0	<p>Verification that appropriate processes are in place for the raising and collection of income together with the ongoing recovery of longer term debts.</p> <p>The focus of our assurance identified good practices in place for the management of income. Recommendations were made into the arrangements for managing outstanding debts.</p>
Accounts Receivable (Trade Waste)	<b>IN PROGRESS. DRAFT REPORT STAGE</b>					<p>This was planned to be covered within the overall review of Debtors (see above).</p> <p>However, a separate review was instigated following our initial assessment of the refuse system, "Whitespace", which has undergone a fundamental upgrade during the year together with a wide scale changes in resources.</p>
BACS Payments	Assurance: <b>Significant</b>	Critical: 0	High: 1	Medium: 2	Low: 4	<p>The review undertook to consider BACS submission which included Housing Rents, NNDR, Council Tax and Creditors. Payroll submissions were out of scope as these are now administered by Cambridge City Council.</p> <p>Improvements are required around the administration of the system to ensure there are appropriate checks in place with data held securely.</p>
Benefits	Assurance: <b>Full</b>	Critical: 0	High: 0	Medium: 0	Low: 0	<p>Previous recommendations had been addressed and a number of efficiencies introduced into the process for the management of benefits claims.</p>

Capital Accounting	Put on hold at request of Finance. Initial works have been covered within External Audit works as part of final accounts process.					
Housing Rents	Assurance: <b>Significant</b>	Critical: 0	High: 1	Medium: 0	Low: 0	Our testing highlighted a well-controlled environment, although minor improvements were suggested outside of the report. An improvement in the reconciliation process has been identified and agreed for action.
Treasury Management	Assurance: <b>Full</b>	Critical: 0	High: 0	Medium: 0	Low: 0	Our testing highlighted a well-controlled environment with efficient processes in place for the investment and management of council funds in line with agreed protocols.
VAT	Assurance: <b>Full</b>	Critical: 0	High: 0	Medium: 0	Low: 0	On review of the management of VAT, we found no shortcomings in the system.

*NB: Full system reviews were undertaken last year to document each activity as no audit files were available. Audit were able to place significant reliance on the majority of these. Our audit works will focus on any key changes within each area, and various substantive testing.*

## GOVERNANCE AND ASSURANCE WORK

AUDIT ACTIVITY	COMMENTARY
Annual Governance Statement	<p><b>COMPLETED</b></p> <p>The Annual Governance Statement was approved at Corporate Governance Committee in September 2014. No material issues were identified for attention of management / members within the Statement. Internal Audit has reviewed the methodology used to collect, collate and interpret the information and have identified no gaps.</p>
Annual Audit Opinion	<p><b>COMPLETED</b></p> <p>The Annual Audit Opinion was submitted to Corporate Governance Committee in June 2014</p>
Internal Audit Effectiveness	<p><b>COMPLETED</b></p> <p>The report in to the effectiveness of Internal Audit was submitted to Corporate Governance Committee in June 2014</p>
National Fraud Initiative	<p>Data downloads were submitted to timescale to the Audit Commission for data matching purposes. Appropriate fair processing notices were used on all datasets. Where anomalies have been identified in the data, these have been referred to management.</p> <p>With the creation of the Single Fraud Investigation Service (Department for Works and Pensions), the fraud unit has transferred across at the end of February 2015. Internal Audit have produced a draft strategy to look to take forward the NFI within SCDC.</p> <p>Data matches have been returned via the secure website. Internal Audit is in the process of sifting through the data for appropriate investigations. This will be reported to Executive Management Team and Corporate Governance Committee on a periodic basis.</p>
Partnership Governance	<p>A Partnership Checklist has been developed. This will be applied against a number of established 3<sup>rd</sup> parties which the Council links with to ensure that appropriate governance has been adopted.</p>

Performance Management	Assurance: <b>Limited</b>	Critical: 0	High: 0	Medium: 4	Low: 0	While there are steps in place to review performance across the organisation, there is not always a separate check on the data provided for accuracy, particularly from third parties.
Corporate Governance Committee Effectiveness	<p><b>COMPLETED</b></p> <p>The Committee has been benchmarked against best practice and no material weaknesses have been identified. The review concludes that the Committee can demonstrate that overall it has been established in accordance with best practice and that it has operated effectively during the last year.</p> <p>The Committee should be alert to any changes in its membership and the expertise of its Members so that it can arrange suitable training.</p> <p>Secondly, the Committee has not received annual reports setting out the delivery of works relating to fraud and corruption and it is suggested that this should be considered going forward.</p> <p>Finally, in order to raise the profile of the committee, a further suggestion is to produce an annual report documenting the works of the committee which is referred through to Council.</p>					

#### CORPORATE CROSS CUTTING AUDITS

AUDIT ACTIVITY	COMMENTARY					
Human Resources / Staffing	Assurance: <b>Limited</b>	Critical: 0	High: 1	Medium: 1	Low: 5	<p>The audit focussed on compliance of service managers with HR policies / practices in relation to sickness absence management.</p> <p>The Council has sound policies in place for sickness absence and flexible working. These are not always consistently applied by departments.</p>

s.106 Contributions / CIL	Assurance: <b>Significant</b>	Critical: 0	High: 0	Medium: 1	Low: 1	<p>The Community Infrastructure Levy will be replacing current contributions arrangements for new developments. The Council has identified the need for suitable project planning to implement CIL and is looking to put this in place in order to meet its desired implementation of 2015.</p> <p>Our review identified no material weaknesses.</p>
Community Chest Grants	Assurance: <b>Limited</b>	Critical: 0	High: 2	Medium: 1	Low: 0	<p>Community Chest Grants are payable on application, subject to appropriate scrutiny and meeting specific criteria requirements. With a limited level of funding set aside each year, there is a need for this to be robust so as to ensure that funds are used appropriately.</p> <p>From our review, while grants have been awarded / rejected in line with the scheme, there was no formal documentation to assist in the decision making process and promoting transparency.</p>
Business Efficiency Agenda	Assurance: <b>Significant</b>	Critical: 0	High: 0	Medium: 2	Low: 0	<p>Our initial evaluation of the processes in place for project management highlighted that there was a lack of business cases for the first tranche of projects undertaken.</p> <p>However, it is noted that arrangements are in place to address all future projects going forward.</p>

DEPARTMENTAL SPECIFIC

AUDIT ACTIVITY	COMMENTARY					
Housing Company	Assurance: <b>Limited</b>	Critical: 0	High: 4	Medium: 3	Low: 1	<p>The objectives was to evaluate the administrative processes operated by South Cambridge Ltd., and identify any control weaknesses.</p> <p>There is a requirement for service level agreements to be established together with appropriate processes and procedures to back these up.</p>
Responsive Repairs: Contract Performance	<p><b>COMPLETED – REPORT AWAITING AGREEMENT</b></p> <p>Our review focussed on the performance of the contract in terms of the robustness of the current contract monitoring arrangements and an evaluation of the key performance indicators.</p> <p>Our testing established that escalation processes for poor performance are not routinely followed with a reluctance to issue default notices. Performance targets have not been increased in line with the contract and there are inconsistencies with the data provided.</p>					
New Build Strategy	Deferred into 2015 / 2016. This has been incorporated into the review of the HRA Business model.					
Depot	<p>Deferred. Focus of the audit plan was to review the works of the waste service. This is subject to ongoing works between South Cambridgeshire and Cambridge City Council as part of a shared service arrangement. Separate governance and reporting lines are covering this.</p> <p>(The days set aside for this audit have been utilised to cover the review of Trade Refuse (Debtors) following the changes made to Whitespace).</p>					

2.4.2 Separate advice has been provided to officers within the Council in relation to:

- National Fraud Initiative #1: Data quality issues were identified and resolved prior to its submission;
- National Fraud Initiative #2: Following the transfer of staff to the Single Fraud Investigation Service, a Strategy has been developed to ensure that the data matches can be appropriately investigated;
- National Fraud Initiative #3: Links to the contract with Datatank was verified to ensure that single person discount anomalies could be progressed;
- Document Retention. Advice was given on various information held and when it was practical to remove and destroy;
- Corporate Contracts: Advice on monitoring of spending;
- Use of memory sticks and their impact on thin client computers;
- The recording and treatment of expenditure in relation to member lunches; and
- Provision of examples of internal controls which Finance can use as part of ongoing training to all managers.

### 3...EFFECTIVENESS OF INTERNAL AUDIT AND COMPLIANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

#### 3.1 CURRENT ARRANGEMENTS

3.1.1 The Accounts and Audit Regulations 2011 require all Councils to annually review the effectiveness of its internal audit and to present the results of that review to the appropriate committee. A self-assessment toolkit based on the "*The Public Sector Internal Audit Standards 2013*" has been completed by the Head of Audit and an action plan has been put in place to ensure future compliance.

3.1.2 Internal Audit is provided through an in-house service, and also in partnership with Peterborough and Cambridge City. It works closely with others in the Council tasked with assurance, governance and risk management but retains a separate identity in relation to the performance of Internal Audit. Reporting lines are to the Corporate Director.

3.1.3 The overarching strategy for the service is set out in the Annual Audit Plan (approved in March each year) and this is reiterated in its Audit Charter. Internal Audit work follows recognised best practice standards.

3.1.4 To examine the system of internal audit, this review considered several key elements and assessed their contribution to enabling the section to fulfil its responsibilities. These were:

- The structure and resourcing level, including qualifications and experience of the audit team; and
- The extent of compliance with the Public Sector Internal Audit Standards.

## 3.2 STAFF RESOURCES

3.2.1 During 2015, resources were made up as follows:

- Head of Audit. 1 officer. Shared between Peterborough (40%), Cambridge City (40%) and South Cambridgeshire (20%).
- Senior Auditor. 1 officer (1.00 fte).

3.2.2 Training plans encourage ongoing improvement via both career progression and continuing professional development. There is a varied mix of qualifications / experience within the team such as:

Audit experience:

- Head of Audit: Over 20 years' experience at senior level within the Internal Audit environment; and
- Senior Auditor: Over 8 years' experience in internal audit in the public sector.

Qualifications:

- Qualified Accountants – CIPFA (x1);
- Association of Accounting Technicians – Member (MAAT x2)

3.2.3 The Senior Auditor is currently undertaking professional training with the Institute of Internal Auditors.



### 3.3 PSIAS COMPLIANCE

3.3.1 PSIAS came into effect from 1 April 2013, although demonstrating compliance against them is not required until 31 March 2014. A self-assessment checklist undertaken in 2014 established a summary improvement plan. Following the review, in accordance with standard 1322, significant deviations to the standards must be reported. It is pleasing to note that only minor issues have been identified – such as continuing to regularly review our procedures (which are undertaken anyway) and the new requirement for an external appraisal of the service (refer to table below). For the purposes of the review, the following definitions are used:

- Chief Audit Executive (CAE) = Head of Audit
- Board = Corporate Governance Committee
- Senior Management = Executive Management Team

It can be concluded therefore that there are **no significant areas** to be addressed.

3.3.2 An external assessment is required every 5 years. We have planned for this to be undertaken in 2015 / 2016 (the third year). We have been advised that the current standards are being updated / amended which may have some impact on any assessment. Due to the cost of an external assessment we will await clarification as to the changes made before committing ourselves to the assessment. If the evaluation has to be deferred in to 2016 / 2017, this would still be within the 5 year timeframe.

3.3.3 Based on the self-assessment, it can be concluded that **the Council has an effective system of internal audit including a policy framework, internal audit function and effective management engagement**. A separate exercise to assess the effectiveness of the Corporate Governance Committee has also been completed in the year.

Table: COMPLIANCE AND QUALITY IMPROVEMENT PLAN		
Ref.	STANDARD	OBSERVATION / ACTION TO ADDRESS
<b>1110</b>	<b>Organisational Independence</b>	
<b>1110.2</b>	The CAE must report to a level within the organisation that allows Internal Audit to fulfil its responsibilities. The CAE must confirm to the Board, at least annually, the organisational independence of the Internal Audit activity.	Communication links are in place through the committee process. Although the Head of Audit has unfettered access to senior management on request, there are no formal meetings organised except with the Corporate Director.  Progress: <ul style="list-style-type: none"> <li>Where appropriate, separate meetings will be held.</li> </ul>
<b>1130</b>	<b>Impairment to Independence and Objectivity</b>	
<b>1130.1</b>	If independence or objectivity is impaired, the details must be reported. This includes: Conflicts of Interest; Scope limitations; Restrictions on access; Resource limitations; Imposition of outside influences.  In addition, auditors should not accept gifts, hospitality etc. (other than allowed under SCDC policy); should comply with the Bribery Act 2010 and should not use information gained for personal gain.	Internal Audit has established a Code of Ethics which was agreed at committee in March 2014. Council policies are in place to cover all other aspects.  Progress: <ul style="list-style-type: none"> <li>A Conflict of Interest Register is issued annually.</li> </ul>
<b>1220</b>	<b>Due Professional Care</b>	
	Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.	Internal Audit has established an Audit Manual which sets out its standards, expectations etc. and was updated in July 2013. Ongoing reviews ensure continued compliance.
<b>1300</b>	<b>Quality Assurance and Improvement Programme</b>	
	The CAE must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.	Referred to in this section.
<b>1312</b>	<b>External Assessments</b>	
	External assessments must be conducted at least once every 5 years by a qualified independent assessor from outside the organisation.	Ongoing discussions with other local authorities within the county to look to undertake a peer review in order to minimise costs. The current proposal for external assessment to be undertaken during 2015 is subject to the comments made in 3.3.2 above

## 4...AUDIT PLAN 2015 / 2016

### 4.1 PROGRESS

#### CORE SYSTEMS ASSURANCE WORK

AUDIT ACTIVITY	COMMENTARY
Housing Benefits	Planned for quarter 3
Accounts Payable (Creditors)	Planned for quarter 3
Accounts Receivable	Planned for quarter 4
Housing Rents	Planned for quarter 2

#### GOVERNANCE AND ASSURANCE WORK

AUDIT ACTIVITY	COMMENTARY
Annual Governance Statement	Planned for quarter 3
Annual Audit Opinion	<b>Completed</b> To Corporate Governance Committee June 2015
Internal Audit Effectiveness	<b>Completed</b> To Corporate Governance Committee June 2015
National Fraud Initiative	<b>In progress.</b> Ongoing works to follow up data matches.
Corporate Fraud Arrangements	Planned for quarter 4
Risk Management	Planned for quarter 2
Project Management	Planned for quarter 2

**CORPORATE CROSS CUTTING AUDITS**

<b>AUDIT ACTIVITY</b>	<b>COMMENTARY</b>
Service Preparations for Growth	Planned for quarter 4
Human Resources (Recruitment Process)	<b>In progress.</b> Works focussing on the departmental compliance with corporate recruitment arrangements.
Corporate Governance	Planned for quarter 2
Service Delivery Vehicles	Planned for quarter 4

**DEPARTMENTAL SPECIFIC**

<b>AUDIT ACTIVITY</b>	<b>COMMENTARY</b>
Allocation and Voids	Planned for quarter 2
HRA Self Financing	Planned for quarter 3
Insurance	Planned for quarter 2
ICT Governance	Planned for quarter 3 / 4
CO2 Emissions	Planned for quarter 3
Members Allowances	<b>In progress.</b> Verification that monies paid are correct and in accordance with the scheme.
Community Right to Bid	<b>In progress.</b> Verification that all assets have been appropriately assessed and included on the register (or rejected in line with the scheme).
RECAP	Planned for quarter 2
Urban Design	Planned for quarter 3

# Agenda Item 5



South  
Cambridgeshire  
District Council

**Report To:** Corporate Governance Committee  
**Lead Officer:** Executive Director (Corporate Services)

26 June 2015

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## Statement of Accounts 2014-15 (subject to audit)

### Purpose

1. To endorse the Statement of Accounts 2014-15; distributed as a separate document.

### Recommendations

2. The Corporate Governance Committee is recommended to endorse the Statement of Accounts 2014-15.

### Background

3. The Accounts and Audit Regulations 2003 used to require the draft Statement of Accounts to be approved before 30 June by Council or by a delegated Committee.
4. The Accounts and Audit Regulations 2011 changed the approval requirements so that the responsible financial officer (in this Council, the Executive Director (Corporate Services)) must, no later than the 30 June, sign and date the Statement of Accounts and certify that it presents a true and fair view of the financial position of the Council at the year end and of the income and expenditure for the year.
5. The Council or a delegated Committee must then, no later than 30 September, consider and approve the accounts – so that, when Members approve the accounts, the results of the audit of accounts will be known and any amendments required by the auditors and agreed by the Council will be incorporated in the accounts submitted for approval.
6. In October 2000, a statutory instrument was issued setting out the functions which were not to be the responsibility of an authority's executive. One of these functions was the duty to approve the authority's Statement of Accounts. At its meeting in March 2007, Council resolved that the terms of reference of the audit panel (now known as Corporate Governance Committee) be extended to incorporate approval of the Statement of Accounts.

### Considerations

7. I am pleased to report that the Statement of Accounts 2014-15 has been produced, subject to audit. The production of the accounts under international financial reporting standards is complex and involved and requires a significant and concentrated staff commitment to meet statutory deadlines.

8. The contents of the Statement of Accounts are largely determined by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by the Chartered Institute of Public Finance and Accountancy. The Code is updated annually and is based on international finance reporting standards. The main financial statements are:
  - I. A movement in reserves statement which shows all reserves and the movement in usable reserves, such as the general fund and housing revenue account working balances which can be used to provide services or keep down council tax/rent increases, and the movement in unusable reserves which are mainly accounting balances.
  - II. A comprehensive income and expenditure statement which combines the income and expenditure account and the statement of total recognised gains and losses.
  - III. A balance sheet which again reflects the distinction between usable and unusable reserves: and
  - IV. much of the detail in the above statements, and the cash flow statement, is now shown in the notes to the accounts.
9. The explanatory foreword is intended to explain in overall terms and in an easily understandable manner the Council's financial position including a comparison of actual expenditure with original estimate. A more detailed report on actual expenditure compared to original estimate will be submitted to the Cabinet meeting on 9 July.
10. In view of the detailed technical processes involved in the preparation of the Statement of Accounts and accompanying explanatory information, it will be helpful if Members provide advance notice of any questions, thereby allowing time for any associated research to be completed.
11. The Statement of Accounts is issued subject to audit. The audit is due to take place in July/August. The accounts and other related documents will be available for inspection by the public for 20 working days and electors or their representatives may question the auditor about the accounts and make objections on an appointed day which is Monday 14 September 2015.
12. The Statement of Accounts is published on the Council's website.

### **Options**

13. The Committee may propose amendments and improvements to the presentation of the Statement of Accounts.

### **Implications**

14. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

**Financial**

15. The actual working balances will be incorporated in the next review of the Medium Term Financial Strategy.

**Legal**

16. The Code constitutes a proper accounting practice under the Local Government Act 2003 and local authorities are legally required to comply with the Code.

**Staffing**

17. There is a risk that the accounts may not be closed in accordance with the statutory deadlines if vacancies and/or sickness occur at critical times. This is a reputational risk –there are no financial penalties for not complying with the deadline.

**Risk Management**

18. The short deadlines and increasing complexity allow less time for preparation, checking and reviewing and there is, therefore, also the risk that errors may occur in the Statement of Accounts.

**Consultation (including the Youth Council)**

19. None

**Effect on Strategic Aims**

20. This report has no direct implications for any of the Strategic Aims but any variation in the expenditure on individual services might have affected the achievement of the aims and objectives.

**Background Papers**

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

Statement of accounts distributed as a separate document and associated working papers

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## Statement of Accounts for year ended 31 March 2015

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## Explanatory Foreword

### Introduction

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

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

a) Core financial statements:

- i) the Movement in Reserves Statement which shows the movement in the year on the different reserves analysed into usable reserves, that can be applied to fund expenditure or reduce local taxation, and other reserves;
- ii) the Comprehensive Income and Expenditure Statement which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices;
- iii) the Balance Sheet which shows the value at the year-end of assets and liabilities recognised by the Council; and
- iv) the Cash Flow Statement which shows the changes in cash and cash equivalents during the year arising from the inflows and outflows of cash;

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

b) Supplementary financial statements:

- i) the Housing Revenue Account which shows revenue expenditure and income on Council housing for the year and is a ring-fenced account within the General Fund to prevent any cross-subsidy between general income and rents; and
- ii) the Collection Fund which includes the council taxes and business rates collected by South Cambridgeshire District Council on behalf of those authorities responsible for services within the district and the government, and the way in which these monies have been distributed among the authorities and the government.

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

### Comprehensive Income and Expenditure Statement

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

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

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

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

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

## Housing Revenue Account

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

Housing Revenue Account	Original estimate	Actual
	£'000	£'000
<b>Expenditure</b>		
Repairs and maintenance	3,994	3,708
Management and services	4,568	4,553
Depreciation of fixed assets	5,659	5,658
Transfer to reserves	1,000	1,000
Interest payable	7,193	7,193
Capital expenditure met from revenue	6,347	6,300
	<u>28,761</u>	<u>28,412</u>
<b>Income</b>		
Rents and charges	(28,000)	(27,976)
Other	(350)	(390)
Interest	(37)	(49)
	<u>(28,387)</u>	<u>(28,415)</u>
<b>Deficit/(Surplus) for the year</b>	<u><b>374</b></u>	<u><b>(3)</b></u>

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

When rents for the financial year ending 31 March 2015 were set in February 2014, the estimated rent increase was set in line with government guidance at 3.7% and the deficit was estimated at £373,920. The variance of £376,465 is attributable to the following:

Housing Revenue Account		Underspending/slippage ( )		
Actual to Original Estimate			Over spending+	
Services	Reason for variance	%	£'000	£'000
Repairs and Maintenance	Maintenance and Improvements		(286)	
Supervision and Management	Reprovision & New Homes Programme		68	
	Supported housing		(130)	
				(348)
Capital Expenditure met from revenue	Expenditure fully financed		(48)	
Other items individually under £50,000			20	(28)
				<u>(376)</u>

## Capital

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

## Treasury Management

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

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

## Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £10.25 million and £2.49 million respectively as at 31 March 2015 - this compares to the proposed minimum level of balances of £2.5 million (General Fund) and £2.0 million (Housing Revenue Account). These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £7.4 million, consisting of the usable capital receipts reserve and capital grants unapplied. After having to reduce the capital programme for several years, it is now projected to increase from an original estimate of £8.3 million in 2011-12 to £22.4 million in 2019-20 as a result of additional funding available on the housing account.

## Pensions

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

South Cambridgeshire's pension deficit is estimated at £61,849 million as at 31 March 2015 on an IAS 19 basis. With 74% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2014-15 was 20.2%. The formal triennial valuation as at 31 March 2013 of assets and liabilities, for the purposes of determining contribution rate to be effective from 31 March 2014, showed a 61% funding level, being the extent to which assets cover liabilities. The Council's five-year financial projections allow for an increase in predicted rates up to a maximum of 25% in view of the Government's intention to review the long-term affordability of public sector pensions.

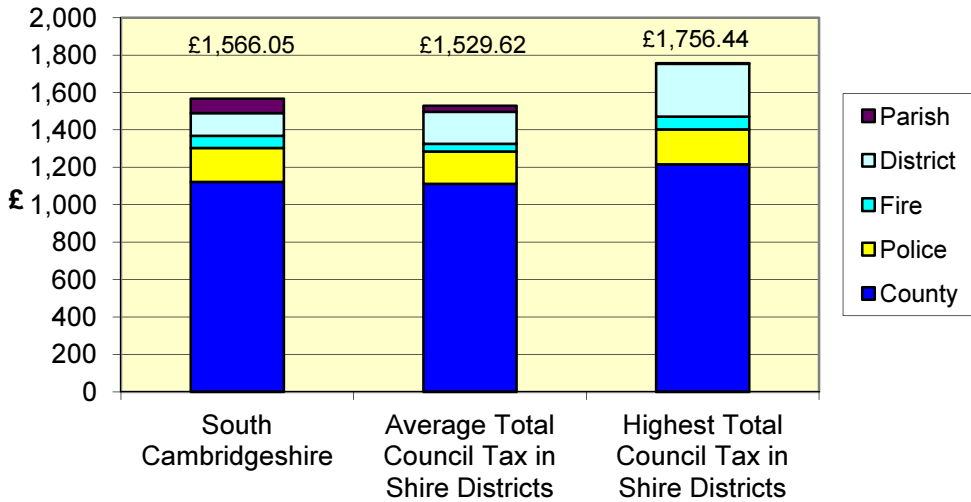
The triennial valuation discounts future liabilities at a rate based on the expected return from the pension fund's investments which are mainly stocks and shares. A valuation using a risk free discount rate, that is, based on Government Bonds, would give a much lower funding level and the employer's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

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

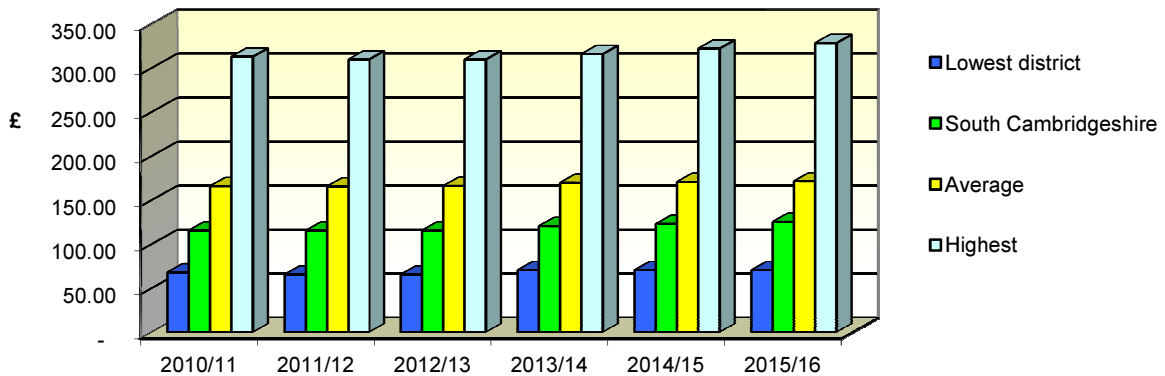
**Council Tax**

The council tax is set in terms of a band D property which is in the valuation band from £68,001 to £88,000 at 1991 prices. For a band D property, the council tax for 2014-15 was £1,566.05. This was one of the lowest tax levels in the country and most of the money was raised on behalf of the County Council as shown below:

Total council tax bill



However, looking only at the district element of the overall tax bill, South Cambridgeshire is the 17th lowest in 2014-15 at £122.86 in a range of £70.46 to £322.11, with the average being £170.69.



The ranking is:

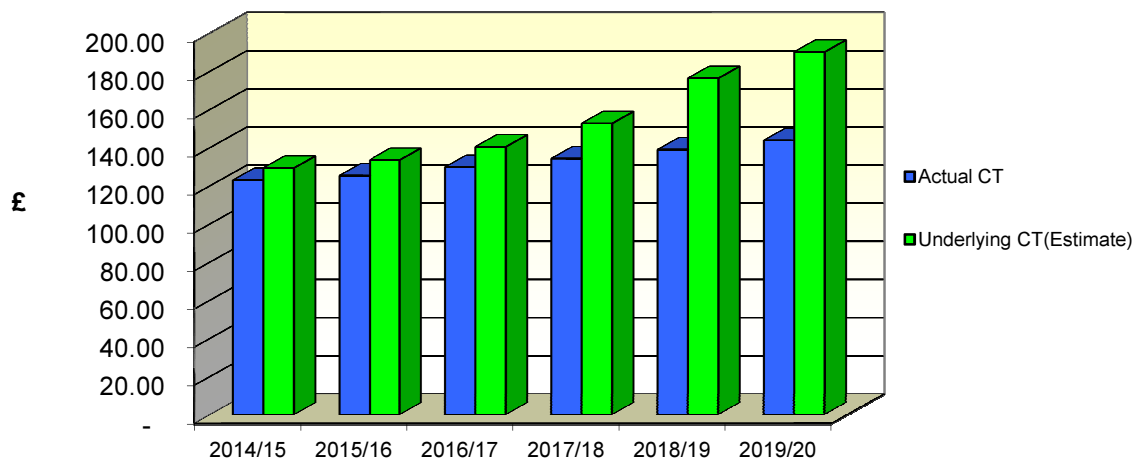
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
South Cambridgeshire	13th lowest	13th lowest	13th lowest	15th lowest	17th lowest	20th lowest
Total number of shire districts	201	201	201	201	201	201

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

## Current and future developments

### Council Tax

Council Tax was introduced in 1993-94 and since then the Council Tax set by this Council has been substantially below the average charged by other shire districts as the Council was using its reserves (savings) to keep down the amount of Council Tax residents would have to pay. Without the use of reserves, the Council Tax would be at its higher, underlying level, and this use of reserves continues in future years. The Council's financial strategy is monitored and reviewed on a regular basis.



### Retained Business Rates

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

### Reporting Cycle

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

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

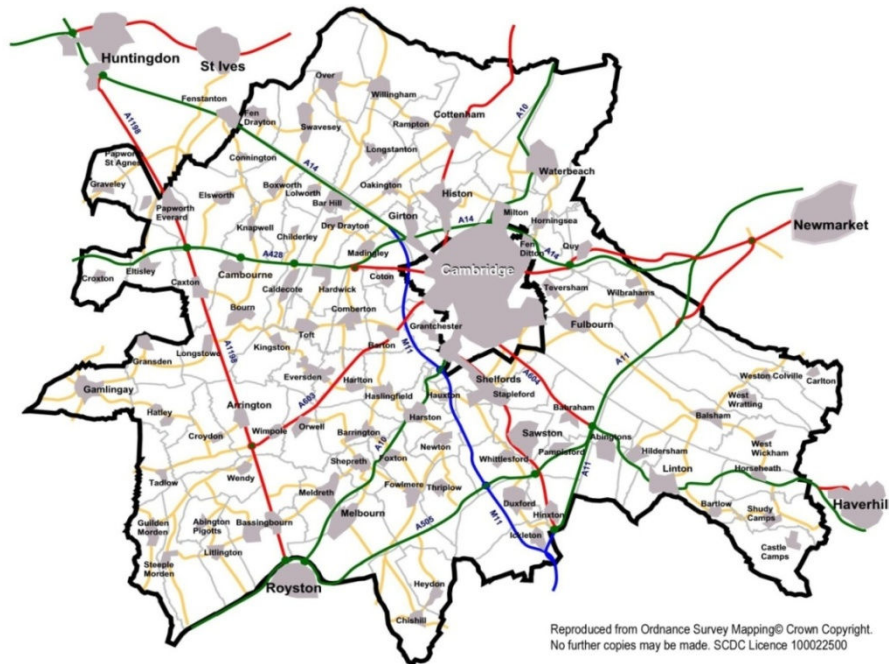
The Council regularly monitors performance against key performance indicators, this information is available from: <https://www.scams.gov.uk/council-aims-and-objectives>  
Corporate plan

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



## Population growth

The District population of 148,755 people (source: 2011 Census) is projected to increase to 197,000 by 2031 (source: Cambridgeshire Insight), the estimate for June 2015 being 151,400 (source: Cambridgeshire Insight). This is a reflection of the development of large numbers of additional houses in the district, particularly through the creation of a new settlement at Northstowe and the development of the Cambridge fringe areas. The officer capacity to develop these policies has to be paid for now. These initial costs are not reflected in Government grants or in the Council's tax base for raising income locally. However, when new dwellings come into use, the Council now receives the New Homes Bonus government grant.



## The Current Economic Climate and other significant risks

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

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

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

## Affordable housing

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



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



*New homes for Linton (2013)*

### **Ermine Street Housing**

In November 2012 approval was given by Council to set up a subsidiary housing company, now registered as South Cambs Ltd and trading as Ermine Street Housing; after a period of planning the company became active in April 2014.

<http://www.erminestreethousing.co.uk/content/about-us>

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

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

### **City Deal**

Government has invited a number of cities to propose deals that change or widen their powers to enable or unblock growth. The City Deal initiative is a proposal focussing on connecting homes and jobs via improved infrastructure, funding will be in three stages

payable on results achieved with the first stage expected 2015/16 – 2019/20. South Cambridgeshire is part of a partnership with Cambridge City Council, Cambridgeshire County Council, GCGP Local Enterprise Partnership and Cambridge University the intention is to form a Combined Authority with a commitment to borrow to fund the required transport infrastructure for the area.

### **Auditor's Opinion**

The Statement of Accounts is issued subject to audit.

Alex Colyer  
Executive Director and Chief Finance Officer

Dated: 26 June 2015

## Statement of Responsibilities for the Statement of Accounts

### The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director (Corporate Services) who is the chief financial officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

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

Chairman of the Corporate Governance Committee

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

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

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

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

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

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

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

Alex Colyer  
Executive Director (Corporate Services) as Chief Financial Officer  
Dated: 26 June 2015

## **Main Financial Statements**

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

## Movement in Reserves

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

	General Fund Balance £,000	Earmarked General Fund Reserves £,000 (Note 6)	Housing Revenue Account (HRA) £,000	Earmarked HRA Reserves £,000 (Note 6)	Capital Receipts Reserve £,000 (Note 11)	Capital Grants Unapplied £,000 (Note 11)	Total Usable Reserves £,000 (Note 11)	Unusable Reserves £,000 (Note 12)	Total Authority Reserves £,000
<b>Balance as at 31st March 2013</b>	<b>(7,484)</b>	<b>(3,039)</b>	<b>(2,427)</b>	<b>(4,500)</b>	<b>(2,733)</b>	<b>(590)</b>	<b>(20,773)</b>	<b>(144,268)</b>	<b>(165,041)</b>
<b>Movement in reserves during 2013-14</b>									
Deficit / (Surplus) on provision of services (accounting basis)*	840		(10,981)	0	0	0	(10,141)	0	(10,141)
Other comprehensive expenditure and income*	0	0	0	0	0	0	0	5,508	5,508
<b>Total comprehensive income and expenditure</b>	<b>840</b>	<b>0</b>	<b>(10,981)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10,141)</b>	<b>5,508</b>	<b>(4,633)</b>
Adjustments between accounting basis and funding basis under regulations*	(5,653)	0	6,916	0	(836)	6	433	(433)	0
<b>Net (increase) / decrease before transfers to earmarked reserves</b>	<b>(4,813)</b>	<b>0</b>	<b>(4,065)</b>	<b>0</b>	<b>(836)</b>	<b>6</b>	<b>(9,708)</b>	<b>5,075</b>	<b>(4,633)</b>
Transfers (to) / from earmarked reserves	1,110	(1,110)	4,000	(4,000)	0	0	0	0	0
<b>(Increase) / Decrease in year</b>	<b>(3,703)</b>	<b>(1,110)</b>	<b>(65)</b>	<b>(4,000)</b>	<b>(836)</b>	<b>6</b>	<b>(9,708)</b>	<b>5,075</b>	<b>(4,633)</b>
<b>Balance as at 31st March 2014</b>	<b>(11,187)</b>	<b>(4,149)</b>	<b>(2,492)</b>	<b>(8,500)</b>	<b>(3,569)</b>	<b>(584)</b>	<b>(30,481)</b>	<b>(139,193)</b>	<b>(169,674)</b>
<b>Movement in reserves during 2014-15</b>									
Deficit / (Surplus) on provision of services (accounting basis)	(1,557)		(22,564)	0	0	0	(24,121)	0	(24,121)
Other comprehensive expenditure and income	0	0	0	0	0	0	0	(47,213)	(47,213)
<b>Total comprehensive income and expenditure</b>	<b>(1,557)</b>	<b>0</b>	<b>(22,564)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(24,121)</b>	<b>(47,213)</b>	<b>(71,334)</b>
Adjustments between accounting basis and funding basis under regulations	494	0	21,636	0	(3,478)	151	18,803	(18,803)	0
<b>Net (increase) / decrease before transfers to earmarked reserves</b>	<b>(1,063)</b>	<b>0</b>	<b>(928)</b>	<b>0</b>	<b>(3,478)</b>	<b>151</b>	<b>(5,318)</b>	<b>(66,016)</b>	<b>(71,334)</b>
Transfers (to) / from earmarked reserves	1,997	(1,997)	925	(925)	0	0	0	0	0
<b>Increase / Decrease in year</b>	<b>934</b>	<b>(1,997)</b>	<b>(3)</b>	<b>(925)</b>	<b>(3,478)</b>	<b>151</b>	<b>(5,318)</b>	<b>(66,016)</b>	<b>(71,334)</b>
<b>Balance as at 31st March 2015</b>	<b>(10,253)</b>	<b>(6,146)</b>	<b>(2,495)</b>	<b>(9,425)</b>	<b>(7,047)</b>	<b>(433)</b>	<b>(35,799)</b>	<b>(205,209)</b>	<b>(241,008)</b>

## Comprehensive Income and Expenditure Statement

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

2013-14 Gross Expenditure £,000	2013-14 Gross Income £,000	2013-14 Net Expenditure £,000		2014-15 Gross Expenditure £,000	2014-15 Gross Income £,000	2014-15 Net Expenditure £,000
			<b>Expenditure on services</b>			
2,680	(110)	2,570	Corporate and Democratic Core	2,978	(92)	2,886
2,148	(937)	1,211	Central Services to the Public	2,137	(1,216)	921
			Cultural, Environmental and Planning Services			
923	(60)	863	Cultural and Related Services	637	(29)	608
7,759	(2,219)	5,540	Environmental Services	7,656	(2,214)	5,442
5,650	(2,272)	3,378	Planning and Development Services	5,088	(2,540)	2,548
59	(1)	58	Highways, Roads and Transport Services	81	(19)	62
			Non HRA Housing			
510	(75)	435	Personal Social Services	468	(39)	429
29,178	(29,071)	107	Housing Benefit and Administration	29,314	(29,106)	208
1,194	(488)	706	Private Sector Housing Renewal	980	(349)	631
26	(1)	25	Supporting People	26	0	26
653	(491)	162	Other Non HRA Housing Services Expenditure	439	(707)	(268)
132	0	132	Other Contributions to/from HRA	136	0	136
0	(93)	(93)	Non -distributed Costs	34	0	34
50,912	(35,818)	15,094	General Fund Services-Continuing operations	49,974	(36,311)	13,663
11,623	(28,928)	(17,305)	Housing Revenue Account Services	1,684	(30,166)	(28,482)
62,535	(64,746)	(2,211)	<b>Net cost of services</b>	51,658	(66,477)	(14,819)
		3,458	Other operating expenditure	Note 7		2,923
		8,797	Financing and investment income and expenditure	Note 8		8,843
		(20,185)	Taxation and non-specific grant income	Note 9		(21,067)
		<b>(10,141)</b>	<b>Surplus or deficit on the provision of services</b>			<b>(24,120)</b>
		4,801	<b>(Surplus)/deficit on revaluation of non-current assets</b>			(58,743)
		707	<b>Actuarial (gain)/loss on pension assets and liabilities</b>	Note 21		11,530
		<b>(4,633)</b>	<b>Total comprehensive income and expenditure</b>			<b>(71,333)</b>

## Balance Sheet

	Notes	31 March 2015 £,000	31 March 2014 £,000
Property, Plant and Equipment	27	475,413	397,638
Intangible Assets	25	254	284
Long Term Investments	35/36	3,156	2,000
Long Term Debtors		329	332
<b>Long Term Assets</b>		<b>479,152</b>	<b>400,254</b>
Short Term Investments	35/36	39,644	25,127
Inventories	29	53	47
Short Term Debtors	30	4,354	5,824
Cash and Cash Equivalents		1,182	2,655
Assets held for sale	27	445	807
<b>Current Assets</b>		<b>45,678</b>	<b>34,460</b>
Cash and cash equivalents		(1,023)	(723)
Short Term Creditors	31	(13,906)	(9,115)
Provisions	32	(1,910)	(1,822)
<b>Current Liabilities</b>		<b>(16,839)</b>	<b>(11,660)</b>
Other Long Term Liabilities	21/37	(61,860)	(48,256)
Long Term Borrowing	37	(205,123)	(205,123)
<b>Long Term Liabilities</b>		<b>(266,983)</b>	<b>(253,379)</b>
<b>Net Assets</b>		<b>241,008</b>	<b>169,675</b>
Usable reserves	11	(35,799)	(30,481)
Unusable reserves	12	(205,209)	(139,194)
<b>Total Reserves</b>		<b>(241,008)</b>	<b>(169,675)</b>

## Balance Sheet

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

Signed:

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

Dated: 26 June 2015



## Cash Flow Statement

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

	Note	2014-15 £,000	2013-14 £,000
Cash Flows from operating activities			
Cash receipts		(89,295)	(86,059)
Cash payments		<u>64,659</u>	<u>59,736</u>
Net cash flows from Operating Activities	<b>13</b>	(24,636)	(26,323)
Investing Activities	<b>14</b>	24,579	10,199
Financing Activities	<b>15</b>	<u>1,830</u>	<u>13,923</u>
Net increase or decrease in cash and cash equivalents		1,773	(2,201)
Cash and cash equivalents at the beginning of the reporting period		(1,932)	269
<b>Cash and cash equivalents at the end of the reporting period</b>		<b><u>(159)</u></b>	<b><u>(1,932)</u></b>

# Notes to Main Financial Statements

## Notes to the Statement of Accounts

### 1 Statement of Accounting Policies

#### a. General

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

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

#### b. Accruals of Income and Expenditure

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

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

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

#### c. Cash and Cash Equivalents

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

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

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

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

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

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

**e. Charges to Revenue for Non-Current Assets**

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

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

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

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

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

## f. Employee Benefits

### Benefits payable during employment

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

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

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

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

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

### Other long term benefits

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

### Termination benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and, are charged on an accruals basis to the

relevant service account or, where applicable, to Non Distributed Costs in the Comprehensive Income and Expenditure account at the earlier of when the authority can no longer withdraw the offer of those benefits, or when the authority recognises the costs for a restructuring that is within the scope of the Code and involves the payment of termination benefits.

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

- i) enhancement of retirement benefits, and
- ii) salary until the end of a specified notice period if the employee renders no further service that provides economic benefit to the Council

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

### Post-employment benefits

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

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

- the Authority's share of the liabilities of the pension fund are included in the balance sheet on an actuarial basis using the projected unit cost method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees;
- these liabilities are then discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds;
- the Authority's share of the assets of the pension fund are included in the balance sheet at their fair value being
 

quoted securities	current bid price
unquoted securities	professional estimate
unitised securities	current bid price
property	market value;
- the change in the net pensions liability is analysed into seven components:
  - i. current service cost being the increase in liabilities as a result of the years of service earned in the current year where the cost is allocated in the comprehensive income and expenditure account to the services on which the employees worked;
  - ii. past service cost being the increase or decrease in liabilities arising from decisions in the current year affecting liabilities incurred in past years where the

cost is charged or credited to non-distributed costs in the comprehensive income and expenditure account;

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

Remeasurements comprising:

- iv. expected return on assets being expected annual investment return on the fund assets, excluding amounts included in net interest on the defined benefit liability (asset), based on the average of the expected long term returns where the return is credited to the financing and investment section of the comprehensive income and expenditure account;
- v. gains or losses on settlements, being the result of actions to relieve the Authority of liabilities, and curtailments, being events that reduce the expected future service or accrual of benefits of employees, where the gains or losses are credited or charged to non-distributed costs in the comprehensive income and expenditure account;
- vi. actuarial gains and losses being changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions where the gains and losses are credited or charged to the pensions reserve; and
- vii. contributions paid to the pension fund in the year being the payments made by the Authority as employer, that is, cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

#### Discretionary benefits

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

### **g. Events After the Reporting Period**

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

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

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

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

## **h. Financial Instruments**

### **Financial liabilities**

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

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

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

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

### **Financial assets**

Financial assets consist of:

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

The financial assets applicable to this Council are loans and receivables which have the defining characteristics of fixed and determinable payments and are not quoted in



an active market and, equity shares in the Local Capital Finance Company (Municipal Bond Agency) with no quoted market prices.

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

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

#### **i. Government and Other Grants and Contributions**

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

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

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

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

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

When the conditions of a grant have been met and it has been reflected as income in the Comprehensive Income and Expenditure Statement, the Council still has discretion to carry the grant income forward through an earmarked reserve if it deems this

appropriate. This could arise in cases where there is no condition on the timescale in which a grant can be spent, but it has not been spent at the year-end.

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

Where capital grants are credited to the comprehensive income and expenditure statement, they are reversed out in the movement in reserves statement:  
to the capital grants unapplied reserve if the grant has yet to be used to finance capital expenditure; or  
to the capital adjustment account if the grant has been used to finance capital expenditure.

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

#### **j. Group Accounts**

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

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

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

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

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

#### **k. Heritage Assets**

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

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

Heritage assets may be valued by any method that is appropriate and relevant and, where valuations are not practicable, may be carried at historical cost. Where appropriate, the Authority's heritage assets have been included in the balance sheet at

insurance valuation. Depreciation is not required on heritage assets which have indefinite lives and impairment reviews are only required where there is evidence of physical deterioration or breakage or where new doubts arise as to authenticity.

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

#### **I. Intangible Assets**

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

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

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

#### **m. Investment Property**

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

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

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

**n. Inventories and Long-Term Contracts**

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

**o. Leases**

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

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

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

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

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

**p. Overheads and Support Services**

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

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

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

#### q. **Property, Plant and Equipment**

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

##### Recognition

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

##### Measurement

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

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

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

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

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income

and expenditure statement where they arise from the reversal of a loss previously charged to a service.

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

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

### Impairment

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

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

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

### Depreciation

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

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

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

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

### Disposals and non-current assets held for sale

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

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

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

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

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

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

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

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

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

#### 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.



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

### **Provisions**

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

### **Contingent Liabilities**

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

### **Contingent assets**

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

## **s. Reserves and Developers' Contributions**

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

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

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



**t. Revenue Expenditure Funded from Capital under Statute**

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

**u. VAT**

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

**2 Accounting Standards that have been issued but not yet adopted**

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

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

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

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

**3 Critical judgements in applying accounting policies**

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

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

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

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

### Pensions Liability

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

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

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

### Property, Plant and Equipment

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

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

### Business Rates

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

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

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

<b>General Fund</b>	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
<b>Reversal of items included in the Comprehensive Income and Expenditure Account</b>		
Depreciation of non-current assets	(884)	(814)
Impairment of non-current assets	0	0
Capital Grants and contributions applied to capital financing	771	0
Reversal of impairment of non-current assets	840	566
Revenue expenditure funded from capital under statute	(487)	(526)
Net gain/(loss) on sale of non-current assets	17	(16)
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(1,758)	(1,746)
Amount by which council tax and non domestic rating income in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	2,201	(2,918)
Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	(21)	4
<b>Insertion of items not included in the Comprehensive Income and Expenditure Account</b>		
Transfer from Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	(430)	(396)
Capital expenditure charged against the General Fund	44	57
Statutory provision for financing of capital investment	201	136
<b>Total adjustments</b>	<b>494</b>	<b>(5,653)</b>
<b>Housing Revenue Account</b>		
<b>Reversal of items included in the Comprehensive Income and Expenditure Account</b>		
Reversal of Impairment of non-current assets (net)	18,694	7,874
Excess of depreciation over major repairs allowance element of housing subsidy	(5,161)	(4,830)
Capital Grants and contributions applied to capital financing	175	413
Net gain/(loss) on sale of non-current assets	2,066	1,354
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(435)	(438)
Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	(4)	(6)
<b>Insertion of items not included in the Comprehensive Income and Expenditure Account</b>		
Capital expenditure charged against the Housing Revenue Account	6,300	2,549
<b>Total adjustments</b>	<b>21,635</b>	<b>6,916</b>
<b>Capital Receipts Reserve</b>		
Transfer of sale proceeds credited to net gain/loss on disposal of non-current assets in the Comprehensive Income and Expenditure Statement	(5,743)	(5,576)
Use of Capital Receipts Reserve to finance new capital expenditure	1,835	4,365
Capital receipts transferred to reserves	0	(21)
Use of Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	430	396
<b>Total adjustments</b>	<b>(3,478)</b>	<b>(836)</b>
<b>Total adjustments</b>	<b>18,651</b>	<b>427</b>

## Movement in other comprehensive income and expenditure

	<b>Decrease / (Increase) 2014-15 £,000</b>	<b>Decrease / (Increase) 2013-14 £,000</b>
Movement in Unusable Reserves		
Revaluation Reserve	(59,537)	4,998
Capital Adjustment Account	(17,910)	(5,673)
Pensions Reserve	13,604	2,846
Collection Fund Adjustment Account	(2,200)	2,918
Deferred Capital Receipts	3	(17)
Accumulating Compensated Absences Adjustment Account	25	2
	<u>(66,015)</u>	<u>5,074</u>
Adjustment between accounting basis and funding basis under regulations		
General Fund	494	(5,653)
Housing Revenue Account	21,635	6,916
Capital Receipts	(3,478)	(836)
Capital Grants Unapplied	151	6
	<u>18,802</u>	<u>433</u>
	<u>(47,213)</u>	<u>5,507</u>

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

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

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

## 7 Comprehensive Income and Expenditure Statement - Other Operating Expenditure

		2014-15 Net Expenditure	2013-14 Net Expenditure
	Note	£,000	£,000
<b>Other operating expenditure</b>			
Precepts of Local Precepting Authorities		4,406	4,234
Internal Drainage Boards		170	166
Payment to the Government for Housing Pooled Capital receipts		430	396
Loss (Gain) on disposal of non-current assets	5	(2,083)	(1,338)
		<b>2,923</b>	<b>3,458</b>

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

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

## 9 Comprehensive Income and Expenditure Statement - Taxation

		2014-15 Net Expenditure	2013-14 Net Expenditure
	Note	£,000	£,000
<b>Taxation and non-specific grant income and expenditure</b>			
Income from Council Tax		(11,722)	(11,268)
Business rates income and expenditure		(3,145)	(1,833)
Non-ringfenced Government Grants	34	(5,883)	(6,671)
Capital Grants and contributions		(317)	(413)
		<b>(21,067)</b>	<b>(20,185)</b>

## 10 Material items of income and expenditure

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

## 11 Usable Reserves

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

	Note	2014-15 £,000	2013-14 £,000
Usable Capital Receipts Reserve		(7,047)	(3,568)
Earmarked Reserve-General fund	6	(6,146)	(4,149)
Earmarked Reserve-Housing Revenue Account	6	(9,425)	(8,500)
Capital Grants Unapplied		(433)	(584)
General Fund		(10,253)	(11,187)
Housing Revenue Account		(2,495)	(2,493)
		<b>(35,799)</b>	<b>(30,481)</b>

### Usable Capital Receipts Reserve

	2014-15 £,000	2013-14 £,000
<b>Balance at 1 April</b>	(3,568)	(2,732)
Capital receipts received	(5,743)	(5,576)
Capital receipts applied	1,835	4,365
Payments to DCLG	429	396
Transfers to/ (from) reserves	0	(21)
<b>Balance at 31 March</b>	<b>(7,047)</b>	<b>(3,568)</b>

## Capital Grants Unapplied

	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
Planning Delivery Grant	(423)	(584)
Other	(10)	0
<b>Balance at 31 March</b>	<b>(433)</b>	<b>(584)</b>

## 12 Unusable Reserves

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

	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
Revaluation Reserve	(72,247)	(12,710)
Capital Adjustment Account	(195,687)	(177,777)
Pensions Reserve	61,849	48,245
Collection Fund Adjustment Account	717	2,917
Deferred Capital Receipts	(87)	(90)
Accumulated Absences	246	221
<b>Balance at 31 March</b>	<b>(205,209)</b>	<b>(139,194)</b>

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

### Revaluation Reserve

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



	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
<b>Balance at 1 April</b>	<b>(12,710)</b>	<b>(17,708)</b>
Revaluation gains	(81,935)	(13,633)
Reversal of impairment	21,779	10,858
Revaluation impairment	102	7,082
Release of revaluation gains on disposal	113	138
Depreciation adjustment	404	553
<b>Balance at 31 March</b>	<b>(72,247)</b>	<b>(12,710)</b>

### Capital Adjustment Account

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

	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
<b>Balance at 1 April</b>	<b>(177,777)</b>	<b>(172,104)</b>
Capital expenditure financed from;		
Capital Receipts	(1,659)	(3,952)
Revenue	(6,433)	(2,679)
Grants and Reserves	(1,816)	(1,196)
Major Repairs Allowance	(5,659)	(5,548)
Internal financing	(201)	(136)
Write out of revaluation gain on disposal	(113)	(139)
Disposal of assets	4,746	3,663
Depreciation, amortisation and impairment	13,949	13,835
Reversal of impairment on revaluation	(21,779)	(10,858)
Write out of revenue expenditure funded from capital under statute and loans repaid	1,055	1,337
<b>Balance at 31 March</b>	<b>(195,687)</b>	<b>(177,777)</b>

### Pensions Reserve

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

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

### Collection Fund Adjustment Account

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

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

#### Accumulated Absences

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

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

### 13 Operating Activities

The cash flows for operating activities include the following items:

	2014-15 £,000	2014-15 £,000	2013-14 £,000	2013-14 £,000
Housing Benefit grant	(27,531)		(26,522)	
Cash received for goods and services	(8,767)		(7,981)	
Housing rents	(28,160)		(27,310)	
Council tax receipts - Council and Parish share	(11,505)		(11,147)	
Business rates Council share	(4,313)		(4,871)	
Other grants and contributions	(2,645)		(1,631)	
Revenue Support Grant/New Homes Bonus	(5,809)		(6,092)	
Interest received	(423)		(440)	
Collection Fund -Council share	<u>(142)</u>	(89,295)	<u>(65)</u>	(86,059)
Housing Benefit	14,748		14,552	
Parish Precepts	4,406		4,233	
Cash paid to and on behalf of employees	16,385		17,203	
Other operating cash payments	25,410		22,070	
Revenue funded from capital under statute	1,055		1,304	
Payments to the Capital Receipts Pool	424		374	
Collection Fund -Council share	<u>2,231</u>	64,659	<u>0</u>	59,736
<b>Net cash flows from operating activities</b>		<b>(24,636)</b>		<b>(26,323)</b>

### 14 Investing Activities

The cash flows for investing activities include the following items:

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

**15 Financing Activities**

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

The net debt, cash and cash equivalents, at 31 March 2015 is £158,965 an increase in cash in the year of £1,772,956.

## 16 Amounts Reported for Resource Allocation 2014-15

### For the year ended 31st March 2015

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

Portfolio:	Finance and Staffing	Environmental Services (General Fund)	Housing (General Fund)	Housing Revenue A/c	Planning	Economic Development	Leader	Corporate and Customer Services	Strategic Planning & Transportation	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fees, charges and other service income	(416)	(2,234)	(728)	(29,926)	(2,113)	0	(27)	(575)	(639)	(36,658)
Government grants	(28,043)	(6)	(58)	0	0	0	(17)	(76)	(21)	(28,221)
<b>Total income</b>	<b>(28,459)</b>	<b>(2,240)</b>	<b>(786)</b>	<b>(29,926)</b>	<b>(2,113)</b>	<b>0</b>	<b>(44)</b>	<b>(651)</b>	<b>(660)</b>	<b>(64,879)</b>
Employee expenses	711	42	0	665	0	0	0	0	0	1,418
Other service expenses	27,405	5,360	875	6,142	360	79	283	1,020	643	42,167
Operational and support service recharges	2,443	2,456	1,017	3,966	3,206	88	217	1,275	1,227	15,895
Financing, depreciation, etc.	0	371	84	11,958	16	0	2	0	3	12,434
Interest payments	0	0	0	7,193	0	0	0	0	0	7,193
<b>Total expenditure</b>	<b>30,559</b>	<b>8,229</b>	<b>1,976</b>	<b>29,924</b>	<b>3,582</b>	<b>167</b>	<b>502</b>	<b>2,295</b>	<b>1,873</b>	<b>79,107</b>
<b>Net expenditure</b>	<b>2,100</b>	<b>5,989</b>	<b>1,190</b>	<b>(2)</b>	<b>1,469</b>	<b>167</b>	<b>458</b>	<b>1,644</b>	<b>1,213</b>	<b>14,228</b>

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

Cost of services on Segmental Reporting (Portfolio) basis	14,228
Additional segments not included in the Portfolio analysis	1,630
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	(16,887)
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(13,790)
<b>Net cost of services</b>	<b>(14,819)</b>

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

	Portfolio analysis	Services not in analysis	Not reported to management	Not included in Comp I & E	Allocation of recharges	Net cost of services	Corporate amounts	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fees, charges & other service income	(36,658)	0	0	49	(348)	(36,957)	0	(36,957)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(423)	(423)
Income from council tax	0	0	0	0	0	0	(11,722)	(11,722)
Business rates income and expenditure	0	0	0	0	0	0	(3,145)	(3,145)
Government grants and contributions	(28,221)	0	0	58	0	(28,163)	(6,200)	(34,363)
<b>Total Income</b>	<b>(64,879)</b>	<b>0</b>	<b>0</b>	<b>107</b>	<b>(348)</b>	<b>(65,120)</b>	<b>(21,490)</b>	<b>(86,610)</b>
Employee expenses	1,418	0	145	(198)	15,537	16,902	2,073	18,975
Other service expenses	42,167	1,630	(2,660)	(206)	104	41,035	0	41,035
Operational and support service recharges	15,895	0	0	0	(15,805)	90	0	90
Financing, depreciation, etc.	12,434	0	(14,372)	(6,300)	512	(7,726)	0	(7,726)
Interest payments	7,193	0	0	(7,193)	0	0	7,193	7,193
Precepts & levies	0	0	0	0	0	0	4,576	4,576
Payments to housing capital receipts pool	0	0	0	0	0	0	430	430
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	(2,083)	(2,083)
<b>Total operating expenses</b>	<b>79,107</b>	<b>1,630</b>	<b>(16,887)</b>	<b>(13,897)</b>	<b>348</b>	<b>50,301</b>	<b>12,189</b>	<b>62,490</b>
<b>Surplus or deficit on the provision of services</b>	<b>14,228</b>	<b>1,630</b>	<b>(16,887)</b>	<b>(13,790)</b>	<b>0</b>	<b>(14,819)</b>	<b>(9,301)</b>	<b>(24,120)</b>

## Amounts Reported for Resource Allocation 2013-14

### For the year ended 31st March 2014

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

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

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

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

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

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

## 17 Acquired and Discontinued Operations

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

## 18 Members Allowances

The total of Members' allowances paid in the year was £373,250 (£369,759 in 2013-14). Further information is available upon request from the Democratic Services Manager, South Cambridgeshire District Council, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA.

## 19 Officers' Remuneration

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

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

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

### Exit Packages

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



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

## Senior Officer Remuneration

In 2014-15 Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year were:

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

**20 External Audit Costs**

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

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

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

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

## 21 Defined Benefit Pension Scheme

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

### Transactions Relating to Post-Employment Benefits:

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

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

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

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	2014-15	2013-14	2014-15	2013-14
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>				
Remeasurement of the net defined benefit liability comprising:				
Return on scheme assets (excluding the amount included in the net interest expense)	(5,858)	(2,659)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	0	(2,368)	0	0
Actuarial gains and losses arising on changes in financial assumptions	18,884	5,376	0	0
Other	(1,496)	358	0	0
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>11,530</b>	<b>707</b>	<b>0</b>	<b>0</b>

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	2014-15	2013-14	2014-15	2013-14
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus or deficit on the Provision of Services for post-employment benefits in accordance with the Code	(4,966)	(4,676)	(118)	(29)
Actual amount charged against the General Fund Balance for pensions in the year:	2,911	2,399	84	122
<b>Employers' contributions payable to scheme</b>	<b>(2,055)</b>	<b>(2,277)</b>		
<b>Retirement benefits payable to pensioners</b>			<b>(34)</b>	<b>93</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	2014-15	2013-14	2014-15	2013-14
Present value of the defined benefit obligation	(146,612)	(123,835)	(1,734)	(2,022)
Fair value of scheme assets	86,499	77,615	0	0
Sub-total	(60,113)	(46,220)	(1,734)	(2,022)
<b>Other movements in the liability (asset):</b>				
Less capital contribution to early retirement included in scheme assets	(14)	(29)	0	0
Liability for cost of early retirement shown separately under creditors in the balance sheet	12	26	0	0
<b>Net liability arising from the defined benefit obligation</b>	<b>(60,115)</b>	<b>(46,223)</b>	<b>(1,734)</b>	<b>(2,022)</b>

## Reconciliation of the Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	2014-15	2013-14	2014-15	2013-14
<b>Opening fair value of scheme assets</b>	<b>77,615</b>	<b>72,408</b>	<b>0</b>	<b>0</b>
Interest income	3,329	3,241	0	0
Remeasurement gain/(loss):				
The return on scheme assets, excluding the amount included in the net interest expense	5,858	2,659	0	0
The effect of changes in foreign exchange rates				
Contributions from employer	2,925	2,428	0	0
Contributions from employees into the scheme	707	705	0	0
Benefits paid	(3,935)	(3,826)	(84)	(122)
Contributions in respect of unfunded benefits	0	0	84	122
<b>Closing fair value of scheme assets</b>	<b>86,499</b>	<b>77,615</b>	<b>0</b>	<b>0</b>

## Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded Liabilities: Local Government Pension Scheme £,000		Unfunded Liabilities: Discretionary Benefits £,000	
	2014-15	2013-14	2014-15	2013-14
<b>Opening balance at 1 April</b>	<b>(123,835)</b>	<b>(115,725)</b>	<b>(2,022)</b>	<b>(2,069)</b>
Current Service cost:	(2,893)	(2,633)	0	0
Interest cost	(5,402)	(5,284)	0	0
Contributions from scheme participants	(707)	(705)	0	0
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from demographic assumptions	0	2,368	0	0
Actuarial gains/losses arising from changes in financial assumptions	(18,884)	(5,376)	0	0
Other	1,174	(306)	322	(46)
Past service cost:				
Losses/(gains) on curtailment	0	0	(118)	(29)
Benefits paid	3,935	3,826	84	122
<b>Closing balance at 31 March</b>	<b>(146,612)</b>	<b>(123,835)</b>	<b>(1,734)</b>	<b>(2,022)</b>

## Local Government Pension Scheme Assets comprised:

	Fair value of scheme assets	
	2014-15 %	2013-14 %
Equity instruments		
Equity Securities	36%	40%
Private equity	7%	6%
Investment funds and Unit Trusts	54%	53%
Sub-total equity instruments	97%	99%
Cash and cash equivalents	3%	1%
	100%	100%

		<b>Fair value of scheme assets</b>	
		<b>2014-15</b>	<b>2013-14</b>
		<b>£,000</b>	<b>£,000</b>
<b>1</b>	Cash and cash equivalents	2,592.0	1,034.8
<b>1 &amp;</b>			
<b>2</b>	Equity securities (by industry type):		
	Consumer	8,567.1	6,777.0
	Manufacturing	5,302.9	6,405.2
	Energy and Utilities	2,437.0	2,750.5
	Financial Institutions	7,074.3	7,830.1
	Health and care	4,211.3	2,288.3
	Information Technology	3,910.9	4,641.2
	Other	0.0	215.5
	Sub-total equity	31,503.5	30,907.8
	Private equity:		
<b>3</b>	All (UK & Overseas)	6,132.6	4,617.0
	Sub-total private equity	6,132.6	4,617.0
<b>3</b>	Investment funds and Unit Trusts		
	Equities	26,646.8	24,956.5
	Bonds	13,188.7	11,830.9
	Other	6,435.4	4,268.2
	Sub-total other investment funds	46,270.9	41,055.6
<b>Total assets</b>		<b>86,499.0</b>	<b>77,615.2</b>

### Basis for Estimating Assets and Liabilities

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

Both the Local Government pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:





### 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 next triennial valuation is due to be 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 2015-16 are £3,055,000. In addition, the employer has contributed approximately £198,370 in 2014-15 to an internal reserve.

## 22 Events after the Balance Sheet Date

The un-audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 26 June 2015. This is the date up to which events after the balance sheet date have been considered.

## 23 Related Parties

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 2014-15 is shown in Note 18.

In 2014-15, South Cambs Limited trading as Ermine Street Housing began trading. The company is wholly owned by the Council, transactions between this organisation and the Council are accounted within the Council's group accounts, beginning on page 91.

In 2014-15, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

## 24 Leases

There were no finance lease agreements during 2014-15.

The Council has no operating leases. Payments of £858,226 in respect of vehicle contract hire were made in 2014-15 (£1,015,548 in 2013-14).

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

	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
Not later than one year	694	758
Later than one year and not later than five years	630	1,285
	<b>1,324</b>	<b>2,043</b>

## 25 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and software.

All software is given a finite useful life based on assessments of the period that the software is expected to be of use to the Authority and is reviewed annually, the useful lives assigned to the software used by the Authority are:

Cash Receipting System	5 years
Financial Management System	5 years
Corporate DIP System	5 years
Other	up to 5 years

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £98,563 charged to revenue in 2014-15 was charged to the IT administration cost centre and then absorbed as an overhead across all the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	<b>Intangible Assets 2014-15 £,000</b>	<b>Intangible Assets 2013-14 £,000</b>
<b>Balance at start of year</b>		
Gross carrying amount	650	574
accumulated amortisation	(366)	(266)
<b>Net carrying amount at start of year</b>	<b>284</b>	<b>308</b>
Additions		
Purchases	68	76
Amortisation for the period	(98)	(100)
<b>Net carrying amount at end of year</b>	<b>254</b>	<b>284</b>
Comprising:		
Gross carrying amounts	718	650
Accumulated depreciation	(464)	(366)
	<b>254</b>	<b>284</b>

## 26 Impairment Losses

Impairment is first charged to the Revaluation Reserve where an existing credit is available, the balance being recognised and charged to the surplus or deficit on the provision of services. Revaluation impairment incurred during the year and the reversal of prior year impairment previously recognised in the Comprehensive Income and Expenditure Account, is identified below:

	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
Council dwellings		
Impairment	2,340	9,180
Charge to Revaluation Reserve	(392)	(6,958)
Reversal	(20,729)	(10,276)
Other Land and Buildings		
Impairment	309	122
Charge to Revaluation Reserve	(114)	(46)
Reversal	(709)	(562)
Infrastructure		
Impairment	102	120
Heritage Assets		
Impairment	0	625
Charge to Revaluation Reserve	0	(625)
Surplus assets held for sale		
Reversal	(322)	0
Surplus assets not held for sale		
Impairment	0	6
Charge to Revaluation Reserve	0	(6)
Reversal	(19)	(19)

## **27 Property, Plant and Equipment, Surplus assets held for sale and Heritage Assets**

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 – 15/51 years,

Buildings other than dwellings – 9/40 years,

Vehicles, plant and equipment – 3/14 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 re-valued so this charge has no impact on the fair value of the housing stock as recorded in the Balance Sheet.

## Property, Plant and Equipment for the financial year 2014-15

	Council dwellings £,000	Other land and buildings £,000	Vehicles, Plant and Equipment £,000	Infrastructure assets £,000	Surplus Assets held not for sale £,000	Total Property Plant and Equipment £,000
<b>Cost or valuation</b>						
<b>At 1 April 2014</b>	<b>373,360</b>	<b>22,122</b>	<b>5,988</b>	<b>95</b>	<b>91</b>	<b>401,656</b>
Inter-asset transfer	(129)	129	0	0	0	<b>0</b>
Additions	11,330	347	879	913	388	<b>13,857</b>
Revaluation increases / (decreases) recognised in the Revaluation Reserve	67,285	1,682	0	0	40	<b>69,007</b>
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,948)	(195)	0	(102)	0	<b>(2,245)</b>
Derecognition-disposals	(2,297)	(72)	0	0	0	<b>(2,369)</b>
<b>At March 2015</b>	<b>447,601</b>	<b>24,013</b>	<b>6,867</b>	<b>906</b>	<b>519</b>	<b>479,906</b>
<b>Accumulated Depreciation and impairment</b>						
<b>At 1 April 2014</b>	<b>0</b>	<b>(407)</b>	<b>(3,532)</b>	<b>(79)</b>	<b>0</b>	<b>(4,018)</b>
Depreciation Charge	(10,789)	(333)	(476)	(7)	0	<b>(11,605)</b>
Depreciation written out to the Revaluation Reserve	171	8	0	0	0	<b>179</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	10,618	333	0	0	0	<b>10,951</b>
Derecognition-disposals	0	0	0	0	0	<b>0</b>
<b>At March 2015</b>	<b>0</b>	<b>(399)</b>	<b>(4,008)</b>	<b>(86)</b>	<b>0</b>	<b>(4,493)</b>
<b>Net Book Value</b>						
<b>At March 2014</b>	<b>373,360</b>	<b>21,715</b>	<b>2,456</b>	<b>16</b>	<b>91</b>	<b>397,638</b>
<b>At March 2015</b>	<b>447,601</b>	<b>23,614</b>	<b>2,859</b>	<b>820</b>	<b>519</b>	<b>475,413</b>

## Property, Plant and Equipment for the financial year 2013-14

	Council dwellings £,000	Other land and buildings £,000	Vehicles, Plant and Equipment £,000	Infrastructure assets £,000	Surplus Assets held not for sale £,000	Total Property Plant and Equipment £,000
<b>Cost or valuation</b>						
<b>At 1 April 2013</b>	<b>372,528</b>	<b>21,364</b>	<b>5,431</b>	<b>95</b>	<b>60</b>	<b>399,478</b>
Inter-asset transfer	(57)	57	0	0	0	0
Additions	9,750	249	557	120	0	10,676
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(4,616)	578	0	0	31	(4,007)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,222)	(76)	0	(120)	0	(2,418)
Derecognition-disposals	(2,023)	(50)	0	0	0	(2,073)
<b>At March 2014</b>	<b>373,360</b>	<b>22,122</b>	<b>5,988</b>	<b>95</b>	<b>91</b>	<b>401,656</b>
<b>Accumulated Depreciation and impairment</b>						
<b>At 1 April 2013</b>	<b>0</b>	<b>(185)</b>	<b>(3,082)</b>	<b>(68)</b>	<b>0</b>	<b>(3,335)</b>
Depreciation Charge	(10,371)	(485)	(450)	(11)	0	(11,317)
Depreciation written out to the Revaluation Reserve	546	4	0	0	0	550
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,825	259	0	0	0	10,084
Derecognition-disposals	0	0	0	0	0	0
<b>At March 2014</b>	<b>0</b>	<b>(407)</b>	<b>(3,532)</b>	<b>(79)</b>	<b>0</b>	<b>(4,018)</b>
<b>Net Book Value</b>						
<b>At March 2013</b>	<b>372,528</b>	<b>21,179</b>	<b>2,349</b>	<b>27</b>	<b>60</b>	<b>396,143</b>
<b>At March 2014</b>	<b>373,360</b>	<b>21,715</b>	<b>2,456</b>	<b>16</b>	<b>91</b>	<b>397,638</b>

**Surplus assets held for sale**

	<b>Assets held for sale 2014-15 £,000</b>	<b>Assets held for sale 2013-14 £,000</b>
<b>Cost or valuation</b>		
<b>At 1 April</b>	<b>807</b>	<b>1,255</b>
Inter-asset transfer	0	625
Additions	724	1,145
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,292	(628)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0
Derecognition-disposals	(2,378)	(1,590)
<b>At March</b>	<b>445</b>	<b>807</b>
<b>Accumulated impairment</b>		
<b>At 1 April</b>	<b>0</b>	<b>0</b>
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0
<b>At March</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>		
<b>Opening balance</b>	<b>807</b>	<b>1,255</b>
<b>Closing balance</b>	<b>445</b>	<b>807</b>



## 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 St Denys' Church, East Hatley which is owned and maintained by the Council and is included in the Council's accounts at insurance valuation, the property has been transferred to assets held for sale, in accordance with the Statement of Accounting Policies. Other 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.

	Heritage Assets 2014-15 £,000	Heritage Assets 2013-14 £,000	Heritage Assets 2012-13 £,000	Heritage Assets 2011-12 £,000	Heritage Assets 2010-11 £,000
<b>Valuation</b>					
<b>At 1 April</b>	0	625	625	610	580
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	15	30
Transfer to surplus assets held for sale	0	(625)			
<b>At 31 March</b>	<b>0</b>	<b>0</b>	<b>625</b>	<b>625</b>	<b>610</b>
<b>Accumulated impairment</b>					
<b>At 1 April</b>	0	0	0	0	0
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0
<b>At 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>					
<b>Opening balance</b>	<b>0</b>	<b>625</b>	<b>625</b>	<b>610</b>	<b>580</b>
<b>Closing balance</b>	<b>0</b>	<b>0</b>	<b>625</b>	<b>625</b>	<b>610</b>

## Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment required to be measured at fair value 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:

- a) Council dwellings and non-operational assets relating to the Housing Revenue Account as at 31 March 2015 by Mr Paul Gedge, MRICS, District Valuer, East of England; and
- b) Other land and buildings and valued as at 31 March 2015 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 38.

An analysis of non-current assets is:

	<b>31 March 2015 (numbers)</b>	<b>31 March 2014 (numbers)</b>
Council dwellings (HRA & GF)	5,412	5,442
Offices/communal rooms	48	46
Depot and workshop (leased)	1	1
Country Park, visitors centre and toilet block (99 year lease granted to Cambridge Sports Lake Trust Ltd at 31 March 2008)	0	0
Car parks:		
Histon and Melbourn - 99 year lease		
Linton - 125 year lease granted in 2010-11		
Sawston - 99 year lease granted in 2009-10	0	0
Land- various sites	30.23 acres	30.23 acres
- Swavesey	1.3 hectares	0

Capital commitments as at 31 March 2015 were £0.334 million on Housing and £0.257 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

## 28 Capital Expenditure and Capital Financing

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

	2014-15 £,000	2013-14 £,000
<b>Opening capital financing requirement</b>	<b>209,060</b>	<b>208,826</b>
Expenditure		
Intangible assets	68	76
Non-current assets	14,581	11,821
Revenue funded from capital under statute (REFCUS)	1,055	1,304
Financing		
Capital Receipts	(1,659)	(3,984)
Revenue	(6,433)	(2,796)
Grant and contributions	(1,390)	(692)
Major Repairs Allowance	(5,659)	(5,548)
Reserves	(426)	(505)
Minimum Revenue Provision	(201)	(136)
	(64)	(460)
Internal financing from Housing capital receipts	0	694
<b>Closing capital financing requirement</b>	<b>208,996</b>	<b>209,060</b>
Increase/(decrease) in underlying need to borrow	(64)	235

Legislation allows some items to be funded from capital resources that under normal accounting practice would be charged to surplus or deficit on the provision of Services; expenditure for this purpose is shown below.

	2014-15 £,000	2013-14 £,000
<b>Balance as at 1 April</b>	<b>0</b>	<b>0</b>
Improvement Grants	743	775
Other	312	530
Written out	(1,055)	(1,305)
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>

## 29 Inventories

The Council's inventories at 31 March 2015 were £53,139 (£47,069 in 2013-14) comprising primarily refuse and recycling bins and sacks, catering and postage.

## 30 Short Term Debtors

<b>Debtors</b>	<b>31 March 2015 £,000</b>	<b>31 March 2014 £,000</b>
Government Departments - other	665	675
Government Departments - Business Rates(net)	0	3,774
Council Tax	174	144
Business rates	200	500
Housing Rents	462	430
Cambridgeshire County Council	74	782
Cambridgeshire Fire Authority	0	75
Cambridge City Council	6	70
Sundry Debtors	5,258	1,521
	<b>6,839</b>	<b>7,971</b>
<b>Provision for Doubtful Debts</b>		
Council Tax -District Council share	(290)	(316)
Business Rates- District Council share	(96)	(62)
Housing	(369)	(340)
Sundry Debtors	(1,730)	(1,429)
	<b>(2,485)</b>	<b>(2,147)</b>
<b>Total Debtors</b>	<b>4,354</b>	<b>5,824</b>

The credit risk associated with accounts payable to the Council is reflected in the provisions made in the accounts for doubtful debts the methodology applied being given in Note 35.

### 31 Short Term Creditors

	<b>31 March 2015 £,000</b>	<b>31 March 2014 £,000</b>
Government Departments - other	(883)	(657)
Government Departments - Business Rates	(1,283)	0
Council Tax	(118)	(110)
Business Rates	(446)	(472)
Housing Rents	(642)	(641)
Cambridgeshire County Council	(1,640)	(617)
Cambridgeshire Police Authority	(188)	(93)
Cambridgeshire Fire Authority	(67)	(33)
Cambridge City Council	(58)	(14)
Sundry Creditors	(5,844)	(4,144)
Provision	(23)	(178)
Developers Contributions	(2,714)	(2,156)
<b>Total Creditors</b>	<b>(13,906)</b>	<b>(9,115)</b>

#### Developer's 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:

	<b>Balance at 31 March 2014 £,000</b>	<b>Movement during year £,000</b>	<b>Balance at 31 March 2015 £,000</b>
<b>Capital</b>			
Commuted Sums	(82)	0	(82)
Partnership works on Awarded Watercourses	(315)	64	(251)
Drainage	(20)	(1)	(21)
Affordable Housing S106	(1,522)	(455)	(1,977)
<b>Revenue</b>			
Sustainability S106 Orchard Park	(69)	15	(54)
Public Art S106 Orchard Park	(50)	0	(50)
Community Development S106	(11)	0	(11)
Electoral Arrangements	(16)	(55)	(71)
Waste Management	(71)	(126)	(197)
	<b>(2,156)</b>	<b>(558)</b>	<b>(2,714)</b>
<b>Capital</b>	(1,939)	(392)	(2,331)
<b>Revenue</b>	(217)	(166)	(383)
	<b>(2,156)</b>	<b>(558)</b>	<b>(2,714)</b>

### 32 Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts, which have been netted off debtors and Accumulated Compensated Absences of £246,414 as shown in the Balance Sheet and Note 12.

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 £1.6m has been recognised in the 2014-15 accounts.

The Council is a defendant in proceedings brought by a group of property search companies for refund of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim of approximately £174,350 including interest and costs; a provision for this amount has been included in the service account.

### **33 Contingent Liabilities**

Contingent liabilities as at the balance sheet date include:

1. The Council has an equity share scheme for the elderly under which Council owns part shares in approximately 295 properties. The terms of the leases include an obligation for the Council to buy back the equity share upon surrender by the tenant or his/her executors. There are also other equity share schemes covering approximately 72 properties where a similar obligation exists. The Council would then look to resell the properties under the equity share schemes so that the in and out transactions would have had an approximately nil financial effect.
2. During 2010-11, 213 properties were transferred from the Housing Revenue Account to the General Fund. Any potential liability relates to the remaining properties in the Housing Revenue Account and cannot be quantified at this time;
3. A group of property search companies have intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council.

**34 Grant Income**

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2014-15.

	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
<b>Credited to services</b>		
Department for Work and Pensions Housing Benefit Administration, Discretionary and Fraud	(27,855)	(27,743)
Cabinet Office Electoral registration	(100)	(16)
Department for Environment, Food and Rural Affairs Section 31 Grant	(5)	(7)
Department of Communities and Local Government NNDR Cost of Collection Allowance	(220)	(219)
Council tax /Business Rates	(320)	(49)
Improvement Grant	(257)	(249)
Other grant	(645)	0
Cambridgeshire County Council Other contributions	(21)	(40)
Homes and Communities Agency Growth Agenda/ New Communities	(753)	0
Private Sector S106 contributions	(6)	(26)
Other	(243)	(20)
Contributions from other authorities	(1)	(426)
	<b>(30,426)</b>	<b>(28,795)</b>
<b>Credited to Taxation and Non-specific Grant Income</b>		
Department of Communities and Local Government Revenue Support Grant	(2,608)	(3,426)
New Homes Bonus	(3,201)	(2,666)
Other non-ringfenced Government Grant	(74)	(579)
	<b>(5,883)</b>	<b>(6,671)</b>



### 35 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 £324,542 as at 31 March 2015 (£324,542 in 2013-14).

#### Categories of Financial Instrument

The following categories of financial instrument are carried in the balance sheet:

	Long Term		Current	
	31 March 2015 £,000	31 March 2014 £,000	31 March 2015 £,000	31 March 2014 £,000
<b>Investments</b>				
Loans, shares and receivables	3,156	2,000	39,644	25,127
<b>Debtors</b>				
Loans and receivables	0	0	5,800	2,300
<b>Borrowings</b>				
Long term borrowing	(205,123)	(205,123)	0	0
<b>Creditors and receipts in advance</b>				
Financial liabilities at amortised cost	0	0	(7,368)	(4,988)
	<b>(201,967)</b>	<b>(203,123)</b>	<b>38,076</b>	<b>22,439</b>

## Income, Expense, Gains and Losses

The following items of income, expense, gain or loss are reflected in the comprehensive income and expenditure statement in respect of financial instruments.

	2014-15		2013-14	
	Financial liabilities at amortised cost £,000	Financial Assets, loans & receivables £,000	Financial liabilities at amortised cost £,000	Financial Assets, loans & receivables £,000
Interest expense	7,193	0	7,193	0
<b>Total expense in surplus or deficit on the provision of services</b>	<b>7,193</b>	<b>0</b>	<b>7,193</b>	<b>0</b>
Interest income		(423)	0	(439)
<b>Total income in surplus or deficit on the provision of services</b>	<b>0</b>	<b>(423)</b>	<b>0</b>	<b>(439)</b>

## 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 2015 of 2.41% to 2.34% (3.36% to 3.37% at 31 March 2014) 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.

The fair values are calculated as follows:

	31 March 2015		31 March 2014	
	Carrying amount £,000	Fair value £,000	Carrying amount £,000	Fair value £,000
<b>Financial liabilities at amortised cost</b>				
Creditors and receipts in advance	(7,368)	(7,368)	(4,988)	(4,988)
Long term borrowing	(205,123)	(266,777)	(205,123)	(209,804)
<b>Loans and receivables</b>				
Current debtors	5,800	5,800	2,300	2,300
Current investments	39,694	39,694	25,127	25,127
Long term investments	3,156	3,156	2,000	2,000

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.

The financial risks arising from financial instruments are:

**a) Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions which are included as counterparties in the Council's Investment Strategy, which regards the successful identification, monitoring and control of risk to be the prime criteria. The Council has a policy of tiered maximum investments with the up-most limit not more than £7.5 million of its surplus balances to any one institution.

With no historical experience of default, the exposure to credit risk on bank deposits and investments is not considered material. The main exposure to credit risk relates to housing rents where a provision for bad debts is made.

Where sums are owed by the Council's customers and contractual debtors the Council makes provision for doubtful debt, detailed in Note 30, 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**

There are no impaired financial assets or material past due financial assets.

**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 37, 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.

### 36 Nature and extent of risks arising from Financial Instruments

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.

	<b>31 March 2015 £,000</b>	<b>31 March 2014 £,000</b>
Local Authorities	2,007	0
Ermine Street Housing	4,102	0
Clearing Banks	22,586	15,099
Banks, other	2,514	2,505
Money Market Funds	872	1,381
Building Societies with assets:		
greater than £10,000 million	11,541	9,522
between £1,500 million and £5,000 million	0	1,001
Equity Shares	50	0
Government Securities	0	0
	<u>43,672</u>	<u>29,508</u>
Less:		
Cash and cash equivalents	(872)	(2,381)
<b>Total</b>	<u><b>42,800</b></u>	<u><b>27,127</b></u>
<b>Principal Investments analysed by maturity</b>		
2014/15	0	27,000
2015/16	42,571	0
Government Securities and Equity Shares	50	0
	<u>42,621</u>	<u>27,000</u>
Accrued interest	179	127
	<u>42,800</u>	<u>27,127</u>

**37 Long Term Liabilities**

	Note	2014-15 £,000	2013-14 £,000
Liability related to defined benefit pension scheme	21	(61,849)	(48,245)
Deferred Liability -Pension		(11)	(11)
		<b>(61,860)</b>	<b>(48,256)</b>
Borrowing for HRA Self Financing		(205,123)	(205,123)
		<b>(266,983)</b>	<b>(253,379)</b>

**Long term borrowing**

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	35,000
Repayable within 30 years	50,000
Repayable within 35 years	50,000
Repayable within 40 years	50,000
Repayable within 45 years	20,123
<b>Total commitment</b>	<b>205,123</b>

## **Supplementary Financial Statements**

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

## 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.

	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
<b>INCOME</b>		
Dwelling Rents (Gross)	(27,977)	(26,703)
Non-dwelling Rents (Gross)	(381)	(383)
Charges for Services and Facilities	(1,402)	(1,401)
<b>Contributions towards expenditure</b>		
General Fund	(138)	(150)
Other Sources	(268)	(291)
<b>Total Income</b>	<u>(30,166)</u>	<u>(28,928)</u>
<b>EXPENDITURE</b>		
Repairs and Maintenance	4,065	3,861
Supervision and Management		
General	1,891	1,868
Repairs and Maintenance	1,116	989
Special Services	2,186	2,124
Rent, Rates and Other Charges	192	169
Depreciation and impairment of Non-Current Assets	(7,874)	2,504
Transfer of DLO deficit	0	0
Treasury Management Costs	25	28
Increased/(Decreased) Provision for Bad or Doubtful Debt	83	80
<b>Total Expenditure</b>	<u>1,684</u>	<u>11,623</u>
<b>Net Expenditure or Income of HRA Services as included in the whole authority</b>		
<b>Income and Expenditure Account</b>	<b>(28,482)</b>	<b>(17,305)</b>
HRA services share of Corporate and Democratic Core	525	531
Mortgage Interest	0	(1)
<b>Net Expenditure or Income of HRA Services</b>	<u><b>(27,957)</b></u>	<u><b>(16,775)</b></u>
Loss/(Gain) on sale of HRA non-current assets	(2,066)	(1,354)
Interest payable on Self Financing Debt	7,193	7,193
Interest and Investment Income	(49)	(26)
Pensions Interest Cost and Expected Return on Pension Assets	418	393
Capital grants and contributions	(175)	(412)
<b>Deficit/(surplus) for the year on HRA services</b>	<u><b>(22,636)</b></u>	<u><b>(10,981)</b></u>



## Statement of Movement on the Housing Revenue Income and Expenditure Account

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

	Note	2014-15 £,000	2013-14 £,000
(Surplus)/deficit for the year on the HRA Income and Expenditure Account		(22,636)	(10,981)
Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute		(4)	(6)
Impairment taken to Capital Adjustment Account		18,694	7,874
(Loss)/gain on sale of HRA non-current assets		2,066	1,354
HRA share of contributions to the Pensions Reserve		(435)	(438)
Transfer from Major Repairs Reserve/Capital Asset Accounting Adjustment		(5,162)	(4,830)
Capital expenditure funded by the Housing Revenue Account		6,300	2,549
Adjustments between accounting basis and funding basis under statute	<b>5</b>	175	412
<b>Net increase or decrease before transfers to or from reserves</b>		(1,002)	(4,066)
Transfer to reserves		1,000	4,000
<b>Decrease/(increase) in the Housing Revenue Account balance for the year</b>		(2)	(66)
Housing Revenue Account balance brought forward		(2,493)	(2,427)
<b>Housing Revenue Account balance carried forward</b>		<b>(2,495)</b>	<b>(2,493)</b>

## The Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

	<b>Business Rates 2014-15 £,000</b>	<b>Council Tax 2014-15 £,000</b>	<b>Total 2014-15 £,000</b>	<b>Business Rates 2013-14 £,000</b>	<b>Council Tax 2013-14 £,000</b>	<b>Total 2013-14 £,000</b>
<b>Income</b>						
Council Tax Receivable	0	(92,606)	(92,606)	0	(89,311)	(89,311)
Business Rates Receivable	(67,999)		(67,999)	(67,245)		(67,245)
	(67,999)	(92,606)	(160,605)	(67,245)	(89,311)	(156,556)
<b>Expenditure</b>						
<i>Apportionment of previous years surplus/ (deficit)</i>						
Central Government	(2,788)	0	(2,788)	0	0	0
Cambridgeshire County Council	(502)	369	(133)	0	(79)	(79)
Cambridgeshire & Peterborough Fire Authority	(56)	21	(35)	0	(4)	(4)
Cambridgeshire Police and Crime Commissioner	0	60	60	0	(13)	(13)
South Cambridgeshire District Council	(2,231)	65	(2,166)	0	(13)	(13)
	(5,577)	515	(5,062)	0	(109)	(109)
<i>Precepts, Demands and Shares</i>						
Central Government	33,827	0	33,827	35,061	0	35,061
Cambridgeshire County Council	6,089	65,345	71,434	6,311	63,320	69,631
Cambridgeshire & Peterborough Fire Authority	676	3,742	4,418	701	3,699	4,400
Cambridgeshire Police and Crime Commissioner	0	10,562	10,562	0	10,242	10,242
South Cambridgeshire District Council	27,062	7,156	34,218	28,049	6,947	34,996
Special Expenses- Parish Precepts	0	4,406	4,406	0	4,233	4,233
	67,654	91,211	158,865	70,122	88,441	158,563
<i>Charges to Collection Fund</i>						
Write offs of uncollectable amounts	358	77	435	395	136	531
Increase/ (Decrease) in bad debt provision	(78)	54	(24)	57	38	95
Increase/(Decrease) in Provision for Appeals	158	0	158	4,001	0	4,001
Cost of Collection	220	0	220	218	0	218
Disregarded Amounts	0	0	0	0	0	0
	658	131	789	4,671	174	4,845
<b>(Surplus)/ Deficit arising during the year</b>	<b>(5,264)</b>	<b>(749)</b>	<b>(6,013)</b>	<b>7,548</b>	<b>(805)</b>	<b>6,743</b>
(Surplus)/ Deficit at brought forward 1 April	7,548	(807)	6,741	0	(2)	(2)
<b>(Surplus)/ Deficit at carried forward 31 March</b>	<b>2,284</b>	<b>(1,556)</b>	<b>728</b>	<b>7,548</b>	<b>(807)</b>	<b>6,741</b>

**Collection Fund balance:**

Attribution of (surplus) / deficit carried forward:

	Business Council			Business Council		
	Rates	Tax	Total	Rates	Tax	Total
	2014-15	2014-15	2014-15	2013-14	2013-14	2013-14
	£,000	£,000	£,000	£,000	£,000	£,000
<b>Proportional split</b>						
Central Government	1,142	0	1,142	3,774	0	3,774
Cambridgeshire County Council	206	(1,116)	(910)	679	(578)	101
Cambridgeshire Police and Crime Commissioner	0	(179)	(179)	0	(93)	(93)
Cambridgeshire and Peterborough Fire Authority	22	(64)	(42)	76	(34)	42
	1,370	(1,359)	11	4,529	(705)	3,824
District Council	914	(197)	717	3,019	(102)	2,917
<b>Deficit/(Surplus)</b>	<b>2,284</b>	<b>(1,556)</b>	<b>728</b>	<b>7,548</b>	<b>(807)</b>	<b>6,741</b>

The surplus relating to council tax transactions and deficit relating to business rates due to Central Government, Cambridgeshire County Council, Cambridgeshire Police and Crime Commissioner and Cambridgeshire and Peterborough Fire Authority on the Collection Fund as at 31 March 2015 is included as a creditor or debtor in the Council's Balance Sheet and will be distributed in subsequent financial years.

## **Notes to Supplementary Statements**

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

## Notes to the Housing Revenue Account (HRA)

### 38 Housing stock

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

	As at 31 March 2014	Conversions/ transfers during year	Additions during year	Disposals/ adjustments during year	As at 31 March 2015
1 Bedroom	1,078	(1)	4	(4)	1,077
2 Bedroom	2,304	3	6	(6)	2,307
3 Bedroom	1,923	(8)	2	(21)	1,896
4 or more bedrooms	79	(1)	0	(1)	77
	<b>5,384</b>	<b>(7)</b>	<b>12</b>	<b>(32)</b>	<b>5,357</b>

#### Disposals

Right to Buy	29
Equity Share	0
Other	3
	<b>32</b>

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

Note	31 March 2015		31 March 2014	
	Asset value £,000	Depreciation £,000	Asset value £,000	Depreciation £,000
<b>Property, Plant and Equipment</b>				
Council Dwellings (HRA only)	447,601	10,789	373,360	10,371
Depreciation adjustment on revaluation		(10,789)		(10,371)
Other Land and Buildings	6,037	24	4,419	6
Depreciation adjustment on revaluation		(24)		(6)
Surplus assets held, not for sale	519		91	0
	<b>454,157</b>	<b>0</b>	<b>377,870</b>	<b>0</b>

In 2014-15, depreciation on buildings is based on the asset lives as assessed by the District Valuer. 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 39%.

The value of council dwellings (Housing Revenue Account) at 31 March 2015, based on vacant possession, was £1,147,694,151.

### 39 Capital expenditure, financing and receipts

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

	2014-15 £	2013-14 £,000
<b>Opening capital financing requirement</b>	<b>204,429</b>	<b>205,123</b>
Expenditure		
Acquisition of land	386	0
New build - dwellings	102	391
Acquisition of existing dwellings	2,296	2,189
Improvement of housing stock and other buildings	9,331	7,515
Financing		
Capital Receipts	(40)	(1,680)
* Revenue	(6,241)	(2,454)
Grant and contributions	(175)	(413)
Major Repairs Allowance	(5,659)	(5,548)
GF Internal Financing	0	(694)
	0	(694)
<b>Closing capital financing requirement</b>	<b>204,429</b>	<b>204,429</b>

\*In addition, £58,642 was spent relating to the HRA contribution to capital expenditure on IT and software.

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

	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
Sale of Land	437	114
Sale of dwellings		
Right to Buy	3,249	3,449
Other	732	0
	<b>4,418</b>	<b>3,563</b>

#### 40 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) asset(s) until the gain is reduced to zero and then any balance is charged to Housing Revenue Income and Expenditure Account.

	<b>2014-15</b>	<b>2013-14</b>
	<b>£,000</b>	<b>£,000</b>
<b>Operational assets</b>		
Impairment charged to Housing Revenue Income and Expenditure Account (net)	(18,675)	(7,873,658)
Impairment charged to Revaluation Reserve	481	7,003,647
<b>Non-operational assets</b>		
Impairment charged to Housing Revenue Income and Expenditure Account (net)	(19)	(325)
Impairment charged to Revaluation Reserve	0	0
	<b>(18,213)</b>	<b>(870,336)</b>

#### 41 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 will continue till 2017-18, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2018-19.

	2014-15 £,000	2013-14 £,000
<b>Balance at 1 April</b>	<b>0</b>	<b>0</b>
Transfer to Capital Adjustment Account	(10,813)	(10,377)
Amount transferred to Statement of Movement on the HRA balance	5,154	4,829
HRA Capital expenditure charged to Major Repairs Reserve	5,659	5,548
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

#### 42 HRA share of contributions to or from the Pensions Reserve

This contribution, shown in the Statement of Movement on the Housing Revenue Income and Expenditure Account, reverses out the pensions liabilities apportioned to net operating expenditure and adds back in the payments to the pension scheme so that the adoption of 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 6).

#### 43 Rent arrears on dwellings

	As at 31 March 2015 £	As at 31 March 2014 £
Arrears	£427,330	£429,733
Arrears as a percentage of gross rents collectable	1.47%	1.53%
Provision for uncollectable amounts	£300,000	£300,000



## Notes to the Collection Fund Account

### 44 General

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

### 45 Council tax

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

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

Band	Valuation	Number of dwellings adjusted for discount, exemptions, etc.	Ratio to Band D	Band D equivalents
-A	Upto £40,000	3.8	5/9	2.1
A	Upto £40,000	2,426.5	6/9	1,617.7
B	£40,001 - £52,000	7,001.7	7/9	5,445.8
C	£52,001 - £68,000	18,969.2	8/9	16,861.5
D	£68,001 - £88,000	12,328.8	9/9	12,328.8
E	£88,001 - £120,000	8,607.5	11/9	10,520.3
F	£120,001 - £160,000	5,045.0	13/9	7,287.2
G	£160,001 - £320,000	2,497.2	15/9	4,162.0
H	More than £320,000	184.5	18/9	369.0
		<u>57,064.2</u>		<u>58,594.4</u>
Assumed rate of collection			99.6%	
Tax base for tax setting purposes (number of Band D equivalent dwellings)				58,242.8
Tax rate for a Band D property				£1,566.05
Estimated income due				<u>£91,211,120</u>
Actual income due				
Net of write offs and provisions			£92,474,935	
				<u>£92,474,935</u>
Difference in income due to variations in tax base and rate of collection				<u>£1,263,815</u>

## **46 Income from business rates**

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by Central Government. The total non-domestic rateable value as at 31 March 2015 was £175,468,813 and the standard uniform rate was 48.2 pence in the £, and the small business uniform rate 47.1 pence in the £.

## Group Accounts for the year ended 31 March 2015

### Introduction

In order to provide a full picture of the economic and financial activities of the Council and its exposure to risk, the accounting statements of material subsidiary companies are consolidated with those of the Council. The resulting Group Accounts are presented in addition to the Council's single entity accounts. They include the core accounting statements, similar in presentation and purpose to the Council's accounts, and any explanatory notes considered necessary to explain material movements from the single entity accounts. Where no notes are given, users of the accounts should refer to the notes in the single entity accounts.

Group accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, consolidating any material subsidiary, associate or joint venture entities over which the Council exercises control or influence. The basis for determining the Group Boundary is as set out in the Council's Accounting Policies on page 19.

South Cambs Limited, trading as Ermine Street Housing, began active trading on 1 April 2014; of which the Council owns 100% shares (cash consideration £1), and has been consolidated as a subsidiary.

As South Cambs Limited began trading in 2014-15 the Group Accounts do not include comparative figures for 2013-14.

### Accounting Policies

South Cambs Ltd, trading as Ermine Street Housing, has prepared 2014-15 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies. Both entities have a financial year end of 31 March, with South Cambs Ltd producing full year accounts.

As a subsidiary, the accounts of South Cambs Ltd have been consolidated with those of the Council on a line by line basis, and any balances and transactions between parties have been eliminated in full. South Cambs Ltd expenditure and income, adjusted for transactions with the Council, is included on the relevant service lines in the Comprehensive Income and Expenditure Statement; and balance sheet values are similarly incorporated into the relevant heading of the Balance Sheet, removing balances owed between the two parties.

## Group 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

The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and

These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

The net increase / decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary

	General Fund	Earmarked General Fund	Housing Revenue	Earmarked HRA	Capital Receipts	Capital Grants	South Cambs Ltd	Total Usable Reserves	South Cambs Ltd Unusable Reserves	Total Authority Reserves	
	Balance	Reserves	Account (HRA)	Reserves	Reserve	Unapplied	Usable	Reserves	Unusable	Reserves	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	
<b>Balance as at 31st March 2014</b>	<b>(11,187)</b>	<b>(4,149)</b>	<b>(2,492)</b>	<b>(8,500)</b>	<b>(3,569)</b>	<b>(584)</b>	<b>0</b>	<b>(30,481)</b>	<b>0</b>	<b>(139,194)</b>	<b>(169,675)</b>
<b>Movement in reserves during 2014-15</b>											
Deficit / (Surplus) on provision of services (accounting basis)	(1,557)		(22,563)	0	0	0	96	(24,024)	0		(24,024)
Other comprehensive expenditure and income	5	0	0	0	0	0		0		(47,213)	(47,213)
<b>Total comprehensive income and expenditure adjustments between group accounts and authority accounts</b>	<b>(1,557)</b>	<b>0</b>	<b>(22,563)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>96</b>	<b>(24,024)</b>	<b>0</b>	<b>(47,213)</b>	<b>(71,237)</b>
Adjustments between accounting basis and funding basis under regulations	5	494	0	21,635	0	(3,478)	151	18,802		(18,802)	0
<b>Net (increase) / decrease before transfers to earmarked reserves</b>	<b>(1,063)</b>	<b>0</b>	<b>(928)</b>	<b>0</b>	<b>(3,478)</b>	<b>151</b>	<b>96</b>	<b>(5,222)</b>	<b>0</b>	<b>(66,015)</b>	<b>(71,237)</b>
Transfers (to) / from earmarked reserves	6	1,997	(1,997)	925	(925)	0	0	0		0	0
<b>Increase / Decrease in year</b>	<b>934</b>	<b>(1,997)</b>	<b>(3)</b>	<b>(925)</b>	<b>(3,478)</b>	<b>151</b>	<b>96</b>	<b>(5,222)</b>	<b>0</b>	<b>(66,015)</b>	<b>(71,237)</b>
<b>Balance as at 31st March 2015</b>	<b>(10,253)</b>	<b>(6,146)</b>	<b>(2,495)</b>	<b>(9,425)</b>	<b>(7,047)</b>	<b>(433)</b>	<b>96</b>	<b>(35,703)</b>	<b>0</b>	<b>(205,209)</b>	<b>(240,912)</b>

## Group Comprehensive Income and Expenditure Statement

	2014-15 Group Gross Expenditure £,000	2014-15 Group Gross Income £,000	2014-15 Group Net Expenditure £,000
Corporate and Democratic Core	2,978	(92)	2,886
Central Services to the Public	2,137	(1,216)	921
Cultural, Environmental and Planning Services			
Cultural and Related Services	637	(29)	608
Environmental Services	7,656	(2,214)	5,442
Planning and Development Services	5,088	(2,540)	2,548
Highways, Roads and Transport Services	81	(19)	62
Non HRA Housing			
Personal Social Services	468	(39)	429
Housing Benefit and Administration	29,314	(29,106)	208
Private Sector Housing Renewal	980	(349)	631
Supporting People	26	0	26
Other Non HRA Housing Services Expenditure	722	(894)	(172)
Other Contributions to/from HRA	136	0	136
Non -distributed Costs	34	0	34
General Fund Services-Continuing operations	50,257	(36,498)	13,759
Housing Revenue Account Services	1,684	(30,166)	(28,482)
<b>Cost of Services- continuing services</b>	<b>51,941</b>	<b>(66,664)</b>	<b>(14,723)</b>
			2,923
			8,843
			(21,067)
<b>Group (surplus) /deficit on provision of services</b>			<b>(24,024)</b>
			(58,743)
			11,530
<b>Total Comprehensive Income and Expenditure</b>			<b>(71,237)</b>

## Group Balance Sheet

	<b>31 March 2015 £,000</b>
Property, Plant and Equipment	479,507
Intangible Assets	254
Long Term Investments	50
Long Term Debtors	329
<b>Long Term Assets</b>	<b>480,140</b>
Short Term Investments	38,678
Inventories	53
Short Term Debtors	4,355
Cash and Cash Equivalents	1,197
Assets held for sale	445
<b>Current Assets</b>	<b>44,728</b>
Cash and cash equivalents	(1,023)
Short Term Creditors	(14,008)
Provisions	(1,910)
<b>Current Liabilities</b>	<b>(16,941)</b>
Other Long Term Liabilities	(61,892)
Long Term Borrowing	(205,123)
<b>Long Term Liabilities</b>	<b>(267,015)</b>
<b>Net Assets</b>	<b>240,912</b>
Usable reserves	(35,703)
Unusable reserves	(205,209)
<b>Total Reserves</b>	<b>(240,912)</b>

**Group Cash Flow Statement**

	<b>2014-15</b>
	<b>£,000</b>
Cash Flows from operating activities	
Cash receipts	(89,482)
Cash payments	<u>64,808</u>
Net cash flows from Operating Activities	(24,674)
Investing Activities	24,601
Financing Activities	<u>1,831</u>
Net increase or decrease in cash and cash equivalents	1,758
Cash and cash equivalents at the beginning of the reporting period	(1,932)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b><u>(174)</u></b>

## Notes to Group Accounts

### **1 Debtors and Creditors**

With the elimination of transactions between the Council and South Cambs Ltd as its subsidiary, debtors and creditors between these parties are excluded.

### **2 Loans**

The Council has undertaken fixed term investments of £4.07m with South Cambs Ltd, a liability being shown on the balance sheet of South Cambs Ltd, these transactions have been eliminated in the group accounts.



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





## 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 asset or a loss is to be recognised; the basis on which it is to be measured, and where in the revenue account or balance sheet it is to be presented.

### 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:

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

### Capital Charges

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

### Capital Expenditure

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

### Capital 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).

#### 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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# Agenda Item 6

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Corporate Governance Committee 26 June 2015  
**AUTHOR/S:** Executive Director (Corporate Services)/ Legal and Democratic Services Manager

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### SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2014/15

#### Purpose

1. To consider and endorse the draft Annual Governance Statement 2014/15 prior to the statement being signed by the Leader and Chief Executive and being included in the statement of accounts for the year ending 31st March 2015.

#### Recommendations

2. That the Committee:
  - a) considers and approves the draft Annual Governance Statement, including whether to accept the draft recommendations for action, and notes the information which supports the report;
  - b) notes that the final version of the Statement will be updated following the receipt of the External Auditors Opinion in September.
  - c) notes the draft Shared Services Governance Arrangements at Appendix 2 and makes any comments or recommendations for reporting to Cabinet in July

#### Background

3. The requirement to publish an Annual Governance Statement ("the AGS") is a statutory requirement which was introduced with effect from the 2007/2008 financial year. The AGS provides public assurance about the effectiveness of the Council's system of internal control and the Council's corporate governance arrangements and assurance framework.
4. The CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government" brings together an underlying set of legislative requirements, governance principles and management processes and highlights the fact that good governance relates to the whole organisation. Six core principles of governance in the framework focus on the systems and processes for the direction and control of the Council and its activities through which it accounts and engages with the community.

#### Considerations

5. The functions of the Corporate Governance Committee include consideration of the AGS prior to its inclusion in the annual statement of accounts. The AGS should explain the governance framework operating during the accounting period, assess the effectiveness of those controls and identify any significant issues and associated actions.

6. The draft AGS is **attached as Appendix 1**. It retains the revised format first used for the 2012-2013 AGS, mapping core principles to the Council's performance framework into a simpler, plain English document which presents a strategic overview of good governance, with links and appendices providing the more detailed evidence base.
7. In order demonstrate the integration between performance and governance, **Appendix 2** provides a summary of Corporate Plan achievements during 2014-15.
8. The final AGS will include the External Audit opinion for 2014/15 on whether the council has followed the right accounting processes, delivered value for money and that the Council's finances were adequately presented when it is received prior to the Committee meeting in September.
9. No "significant" governance issues have been identified in this year's AGS, which concludes that the council was well-governed during 2014-2015 (This is subject to confirmation by external audit).
10. Three issues have been identified by the internal auditors as possibly "meriting attention" in order to further strengthen corporate governance at the council. These are shown under 2014/15 recommendations.
11. One of these recommendations concerns ensuring that robust governance arrangements are put in place for shared services. A proposed governance structure is attached as **Appendix 3** for the Committee to comment on before it goes to Cabinet in July. The proposed Lead Authority model and Joint Committee will provide a formalised arrangement for operational management and processes by which to manage disputes. Legal specialists will provide a clear view of the steps needed and requirements to protect all parties to the Shared Services arrangements, enabling everything to be agreed and in place prior to implementation.

### **Implications**

12. In the writing of this report, the following implications have been considered:

#### ***Financial***

13. Good corporate governance and internal controls reduce the risk to the Council of financial loss.

#### ***Legal***

14. It is a statutory requirement to produce an Annual Governance Statement under the Accounts and Audit (Amendment) (England) Regulations 2006 and the Statement of Reporting Practice 2007 (CIPFA). Operating good corporate governance and internal control systems should demonstrate high ethical standards.

#### ***Risk Management***

15. Failure to produce an Annual Governance Statement would affect the approval of the statement of accounts.

#### ***Equality and Diversity***

16. Preliminary screening of the statement identified no significant equality and diversity implications, therefore a full Equality Impact Assessment is not required.

## **Effect on Strategic Aims**

17. Delivering strategic objectives in an open, accountable and transparent manner provides evidence of strong governance. Improved service performance and a well-run business are key themes running through the Council's 2014-15 Corporate Plan.

**Background Papers:** the following background papers were used in the preparation of this report:

Annual Governance Statement 2013/2014

Delivering Good Governance in Local Government – Guidance and Framework  
published by CIPFA 2007

Annual Audit Letter

Equality Impact Assessment: Initial Screening Document

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**South  
Cambridgeshire  
District Council**

# **How did we do in 2014/15?**

**Were we well-governed?  
Did we perform well?**

**SCDC's annual assessment of its  
governance and performance  
during the year  
to 31 March 2015**

**South Cambridgeshire District Council**

## INTRODUCTION AND PURPOSE OF THIS DOCUMENT

This document is an assessment of our “governance”, but what do we mean by that word? There is no legal definition of “governance”, but we believe it is best summarised as having:

- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
- the right **plan of action** (including **vision, aims, approaches and ambitions**); and
- the right **way of operating** (including openly, honestly and efficiently)

So that we deliver:

- the **right services**, to the **right people**, at the **right price** and at the **right time**.

Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) which, in 2007 (updated in 2012), jointly published a “Framework for Delivering Good Governance in Local Government”.

This guidance sets out six core principles of good governance, which we think are compatible with the summary above.

CIPFA/SOLACE lists these core principles as:

1. **Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**
2. **Members and Officers working together to achieve a common purpose with clearly defined functions and roles**
3. **Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
4. **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
5. **Developing the capacity and capability of Members and Officers to be effective**
6. **Engaging with local people and other stakeholders to ensure robust public accountability.**

The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our ‘Annual Governance Statement’ and includes a ‘review of effectiveness’, where we do a self-assessment of how well all our processes are working to make sure we do things well and in the right way. This report seeks to provide this assurance in respect of South Cambridgeshire District Council.**

We need to demonstrate that we meet the requirements of the Accounts and Audit (England) Regulations 2011 which require the publication of a statement on internal control which shows that we manage risk to a reasonable level. We must also fulfil our duty under the Local Government Act 1999 to continually improve the way we function, having regard to economy, efficiency and effectiveness.

Governance matters because **good governance produces good results**. Governance can sometimes be difficult to measure; however, the delivery of positive outcomes arising from the implementation of our Corporate Plan (in line with core principle (1) above) is not only the ultimate test of good governance but also an indicator that our underlying culture, values, systems and processes are also sound. This report therefore focuses on how far we achieved the objectives we set ourselves,

in terms of positive outcomes for our communities, and how we performed against key performance measures of the effective running of the business.

Some people will, rightly, question whether it is right that we report on ourselves: surely that gives rise to a conflict of interest? In response, we would say that:

- we are required to do so;
- we have tried to be as objective as possible in summarising our performance against our corporate objectives, linking these wherever possible to demonstrable outcomes and specific performance measures;
- feedback from residents has in many cases contributed to our assessment of how far we have delivered;
- all political groups – those in control of the council and those in opposition or independent – have been given the opportunity to input into this report, challenging its content where appropriate; and
- this report is only part of the overall process, as we are also subject to internal and external audit.

This report is written under the authority of the council's Corporate Governance Committee, who approved it formally on [25 September 2015]. It has been signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts on [30<sup>th</sup> September 2015]. It was submitted to our external auditors along with our annual accounts in [July 2015] and the auditors considered whether the information submitted met their expectations as part of their annual opinion, also published in September 2015.

## GOVERNANCE STRUCTURES

In the Introduction above, the first thing we said was that we should have the right governance structures in place. This section reviews those structures. We govern ourselves through **Council**, an **Executive Management Team (EMT)**, **Cabinet** and **Committees**, and we have many **policies** in place that govern our activities and which we follow. These are listed in turn below:

- **Council**

The Council met six times – it agreed the Council's budget and policy framework, primarily consisting of our Corporate Plan, Medium Term Financial Strategy (MTFS), annual capital and revenue estimates and Council Tax. Of the 57 Councillors, the numbers attending were respectively 51, 50, 52, 48, 47 and 45. All meetings of Council were held in open forum and considered reports and recommendations from Cabinet and other committees. Details of agendas and minutes can be found at [SCDC Council Agendas and Minutes](#)

- **Cabinet**

The Cabinet, or Executive, is the Council's principal decision-making body charged with implementing the budget and policy framework agreed by Council, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a 'portfolio'. Across the country, councils are allowed to choose between a number of models for their committee structures. We have been using the Cabinet model since 2001, and although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party. Cabinet met seven times during the year – details of agendas and minutes can be found at [SCDC Cabinet agendas and minutes](#)

- **Executive Management Team and structure**

The management team structure (i.e. employees, who we call 'Officers', as opposed to elected Councillors) is available to view here [SCDC About the council](#)

EMT meets fortnightly throughout the year, reviewing and approving reports before they are sent on for consideration by Councillors. They are also involved in the development of new policies and

strategies for the Council, either directly, or by management review and comment. During 2014/15 EMT comprised:

- the **Chief Executive** (Jean Hunter) is the Head of the Paid Service, and is the person who is ultimately responsible for the welfare of the Council's employees.
- the **Chief Financial Officer** (Alex Colyer) is responsible for looking after the financial affairs of the Council and is the designated Chief Finance Officer responsible for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972. The Council's financial management arrangements conform to the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2010).
- the **Monitoring Officer** (Fiona McMillan) is also the council's chief legal officer and is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. The Monitoring Officer also reviews any reports or complaints about councillor conduct and behaviour. Fifteen formal complaints were received about district and parish councillors during the year, many of which were settled by informal resolution or no further action was considered necessary.
- The Directors of Affordable Homes (Stephen Hills), Health and Environmental Services (Mike Hill) and Planning and New Communities (Jo Mills), are responsible for direct service delivery
- The Head of Finance, Policy and Performance (John Garnham [post now held by Caroline Ryba]), Deputy Chief Financial Officer
- The Head of Human Resources (Susan Gardner Craig) is responsible for organisational development and the council's policies and procedures relating to its staff

The Council's three statutory officers have the skills, knowledge, experience and resources to perform effectively in their roles and their roles are properly understood within the authority.

- **Corporate Governance Committee**

This Committee met four times during the year. Its main purposes are:

- reviewing and advising on the effectiveness of governance arrangements including risk management and internal controls
- approving the Statement of Accounts each year, agreeing the Annual Governance Statement (this document) and confirming the annual Audit Risk Index and Strategic Audit Plan
- commissioning studies as appropriate (including on 'Value for Money'), [and considering the Performance Indicators and Local Authority Profile as published by the Audit Commission]
- recommending action to the Council in respect of any issues of major concern arising from audit reports and/or management letters
- monitoring overall efficiency and effectiveness of internal and external audit
- monitoring the use of directed surveillance under the Regulations of Investigatory Powers Act (RIPA)
- receiving information from the Chief Finance Officer or Monitoring Officer of any suspected fraud, maladministration or illegality

This year the Committee also had a special meeting on 3 September to review the City Deal governance arrangements.

- **Civic Affairs Committee**

This Committee met twice during the year. Its main purposes are:



- reviewing the Council’s Constitution, including proposals for substantive changes for consideration by the Council (excluding those matters which are specifically included within the remit of other bodies on the Council)
- considering changes to electoral arrangements, (including District, ward and parish ward boundaries), and making recommendations to Council
- setting ethical standards (as set out in Article 9.03 of the Council’s constitution) and monitoring the Council’s Code of Conduct and those of all parish councils in the district

- **Employment Committee**

The Employment Committee deals with the appointment of senior management, re-gradings and disciplinary and grievance issues. It met once during the year.

- **Scrutiny and Overview Committee**

The Scrutiny and Overview Committee consists of 9 non-Executive members (ie. not members of the Cabinet) whose role is to hold Cabinet decision takers to account, focusing on issues considered as ‘internal’.

It monitors the performance of the Leader and Cabinet, scrutinises services and policies throughout the district, whether or not South Cambridgeshire District Council provides them, and makes recommendations for improvement.

During the year, the Committee met six times and:

- scrutinised the Year End Position Statement on Finance and Performance before it was considered by Cabinet;
- scrutinised the Medium Term Financial Strategy and the Corporate Plan, before they were considered by Cabinet and Council;
- scrutinised the Quarterly Position Statement on Finance, Performance and Risk before it was considered by Cabinet;
- scrutinised the Council’s Corporate Plan 2015-2020 before it was considered by Cabinet;
- received an update on Section 106 agreements and the Community Infrastructure Levy;
- considered the Council’s Enforcement and Inspection Policy;
- considered an evaluation of the changes to the Waste and Recycling Service;
- scrutinised the performance of the Council’s Customer Contact Centre and considered the Contact Centre’s Annual Performance Review;
- scrutinised the Council’s People and Organisational Development Strategy;
- reviewed 2007 Scrutiny Committee recommendations regarding the Orchard Park and set up a Task and Finish Group to undertake an in-depth review of these recommendations;

An annual report of the Council’s scrutiny and overview function, consisting of the work of the Partnerships Review Committee and the Scrutiny and Overview Committee, was presented to the Council’s Annual General Meeting on 21 May 2015.

- **Partnerships Review Committee**

The Partnerships Review Committee’s remit is mainly externally focused with members scrutinising, challenging and holding decision takers to account on issues relating to the work of those organisations in the council’s area, including formal partnerships.

Its membership consists of 9 non-executive members and it met five times during the year, when it:

- considered proposals on shared Building Control, ICT and Legal Services ahead of their consideration by Cabinet;
- received an overview from the Chairman of the Cambridgeshire Health and Wellbeing Board, of the respective roles of the County Council's Health Committee and the Cambridgeshire Health and Wellbeing Board;
- considered the District's ambulance services and held a question and answer session with representatives from the East of England Ambulance Trust and the East Anglian Air Ambulance;
- received an update on the progress of the Connecting Cambridgeshire project;
- received an update on the project to establish a shared waste service with Cambridge City Council;
- received an update on the Council's housing services and key areas of partnership working in housing such as the Homelink partnership, the review of the Mears contract and the Cambridgeshire Home Improvement Agency;
- considered proposals for the Greater Cambridge City Deal and held a discussion with the Leaders of Cambridge City Council, Cambridgeshire County Council and South Cambridgeshire District Council regarding this;
- received updates from Members of the Council appointed to outside bodies.

The Council also has other committees (planning, licensing etc), but as these are not concerned directly with governance arrangements they are not listed here.

• **Policies**

The following table lists the Council's main documents, policies and procedures which underpin our assurance framework; we refer to and follow these, to make sure we do things consistently and in the right way. All these policies have been approved by your elected Councillors where required and all are available for inspection at the Council's reception as well as via our website

The Council has put procedures in place to ensure informed and transparent decisions which are subject to effective scrutiny and management of risk. The Council has a Risk Management Strategy which is reviewed annually by Council alongside a strategic risk register which is reviewed quarterly by senior officers and members. It also has a Code of Conduct for staff incorporated in the Constitution, Capability and Disciplinary Procedures and a Whistleblowing policy.

Compliance with the Council's Anti- Theft, Fraud and Corruption Policy is monitored by the internal auditors in liaison with the council's Fraud Team. The National Fraud Initiative has led to the delivery of investigating fraud becoming part of the Single Fraud Investigations Service within the Department of Work and Pensions (DWP). Internal Audit recommended to Corporate Governance Committee in March 2014 that an annual report is produced on fraud and irregularities and the steps taken to mitigate and reduce. This will also include review of the appropriate policies to ensure that they remain relevant and raise the awareness and appreciation amongst officers and members.

The Council is committed to the ongoing development of its staff and members. The People and Organisational Development Strategy was reviewed and considered by Scrutiny Committee on 4<sup>th</sup> September 2014 before being adopted by the Finance and Staffing Portfolio Holder on 21<sup>st</sup> October 2014. The Council is currently seeking gold accreditation from Investors in People, having already achieved silver accreditation previously. In September 2014 Council also adopted a revised Member Development Strategy for the period up to 2017.

<i>Title</i>	<i>Contact Officer</i>	<i>Last updated</i>
<a href="#"><u>Constitution (including Procurement Strategy, Finance and Contract Regulations and Codes of Conduct)</u></a>	Fiona McMillan	April 2015

<a href="#">People and Organisational Development Strategy</a>	Susan Gardner Craig	October 2014
<a href="#">Risk Management Strategy</a>	John Garnham	March 2015
<a href="#">Anti-Fraud and Corruption Policy</a>	John Garnham	September 2013
<a href="#">Whistleblowing Policy</a>	Fiona McMillan	September 2013
<a href="#">Corporate Plan</a>	Richard May	February 2015
<a href="#">Service Plans</a>	Richard May	March 2015
<a href="#">Statement of Accounts</a>	Sally Smart	September 2014
<a href="#">Member Development Strategy 2014-17</a>	Graham Watts	September 2014

### **VISION, AIMS, AND OBJECTIVES**

In the introduction to this document, the second thing we said we needed was the right plan of action. During 2014-2015, the Council's Vision was as follows:

"South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

Each year we agree a rolling five-year **Corporate Plan**, showing how we will work towards this Vision. We have chosen to express this in terms of "Aims, Approaches and Actions", because we believe that a clear, simple, transparent set of statements provides the best way of establishing and then achieving them, and of being able to monitor performance – all of which is good governance.

The 2014/15 Corporate Plan had three strategic **aims**:

- A. We will listen to and engage with residents, parishes and businesses to ensure we deliver first class services and value for money
- B. We will work with partners to create and sustain opportunities for employment, enterprise, education and world-leading innovation
- C. We will make sure that South Cambridgeshire continues to offer an outstanding quality of life for our residents

For each of these three aims, we set out:

- 12 strategic objectives, describing how we will go about achieving those aims
- Specific **actions** take forward during the year towards the delivery of these objectives under each Objective), performance against which is summarised in Appendix 1.

### **REPORTING**

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc) so that, as outputs, we deliver the right services, to the right people, at the right price,

and the right time. We also mentioned above that strong performance against key corporate aims and indicators as a mark of good governance in itself, as well as a sign that the underlying governance is also working properly. This section reviews how we operated and delivered.

## Regular reporting

We publish, annually ([SCDC Statement of Accounts](#)):

- **Statutory accounts:** The format of these is set by accounting regulations, and we recognise that these are hard for many people to understand. To help make them comprehensible, we add an 'explanatory foreword'.
- **Plain English Accounts** these are intended to be an even more straightforward version of the statutory accounts

With respect to the Council's Vision and Objectives mentioned above, we publish:

- **Corporate Plan and in-year three, six, nine-month and year-end progress reports.**

These documents can be found at [SCDC Council Aims and Objectives](#)

## REVIEW OF EFFECTIVENESS

**The Council must review the effectiveness of its governance arrangements annually by considering the work of senior managers on the development and maintenance of the governance environment, the head of internal audit's annual report and comments by external auditors and other review agencies and inspectorates. Auditing and monitoring**

The Council was subject to four principal auditing and monitoring processes, which were intended to be objective and (where necessary) critical:

- **Internal audit:** Since 2013 we have been part of a shared service internal audit arrangement with Cambridge City Council and Peterborough City Council. We commissioned 250 days work and they carried out audits on a number of specific areas that we asked them to investigate. For each area, we asked them to check our policies and procedures; report on a graded system as to how they think each area is doing; and to make recommendations for changes to our procedures. We then accepted or rejected each of their recommendations. The 2014/15 Internal Audit annual report, which includes all the areas they investigated; how many hours they spent doing so; what grading they gave; how many major/minor recommendations they made; and how many of these we accepted, can be found at:

[SCDC internal audit report](#)

*(needs updating once received)*

The overall conclusion is that the Council "*has adequate and effective systems of internal control in place to manage the achievement of its objectives*" and no significant control weaknesses were identified. The report concluded that "*the internal control environment is fundamentally well established and continues to operate well in practice throughout the year.*"

*The Council's assurance arrangements conform with the governance requirements of CIPFA's Statement on the Role of the Head of Internal Audit in Local Government (2010)*

- **External audit:** Ernst and Young was the external auditor of the Council. It performed work on the accounts and other documents and processes; checked that we are delivering good value for money; and provided an audit opinion at the end of that work. In 2014-15 it gave the Council an [ *awaiting opinion...* ]The full report is available here:

[SCDC external audit report](#)

*(needs link updating once received)*

- **Other external assurance sources:** During 2013-2014 we carried out a self-assessment against the ‘Excellent’ standard of the Equalities Framework for Local Government, which found much evidence that we are listening to and responding to the needs of our diverse communities and remain a community leader in equalities as an employer and service provider. The council’s housing service has a number of external methods of scrutinising its performance. The Affordable Homes service submits its key financial and performance data to Housemark, a national benchmarking service, which allows the Council to compare its performance with other landlords across the country. In line with the Homes & Communities Agency regulatory framework for housing organisations, the council has established an independent tenant lead scrutiny body that will undertake scrutiny reviews of the housing management service.
- **Major Opposition Leader’s annual report:** Another ‘critical friend’ of the Council is the Leader of the largest opposition political party. For SCDC in 2014/15, when the majority of Councillors were Conservative (35 out of 57), the Major Opposition Leader was Cllr Bridget Smith, leading 13 Liberal Democrats. The Major Opposition Group Leader’s Annual statement for 2014-15, can be found here:

[SCDC Opposition Group Leader’s Annual statement](#)

There were also seven members of the Independent Group and one Labour councillor and one non-group councillor.

### Analysis performed for this Governance statement

In drawing up this governance statement we have reviewed the 30 actions in the Corporate Plan from a governance and performance basis, as set out in Appendix 1. For each action, the table:

- lists the action
- asks ‘how did we do?’
- asks ‘what’s still left to do?’
- shows how that action relates to CIPFA/SOLACE’s six core principles of good governance listed on page 2 of Appendix 1.

We believe that a study of the table in Appendix 1 shows that our results and performance was good, when measured against the visions, aims, approaches and actions that we set ourselves, and (on the basis of the ‘work backwards’ approach discussed above) we take that as a sign that our governance was also good.

### IMPROVEMENTS

Last year (2013-14), we did not identify any significant governance areas which required improvement. This year (2014/15), during our own review of our arrangements, and by the work of the internal and external auditors, we did not identify any governance issues which we regard as ‘significant’.

This year as part of its audit work Internal Audit has identified a number of opportunities for improving controls and procedures which they would consider “meriting attention” and which have been accepted by the Council’s management.

Recommendations for 2015/16	Action planned
Ensure that working arrangements with external partners are regularly reviewed in order to demonstrate effective management, in particular the arrangements for the responsive repairs contract	In general regular review is an important part of all external partnership arrangements. Regarding the responsive repairs contract in particular, an action plan is being drawn up in response to the Internal Audit report and a follow-up audit is planned for later this year to ensure all necessary actions have been carried out.

<p>Ensure there are avenues available to enable robust challenge to be made to the ongoing development of shared services in order to protect the interests of SCDC stakeholders</p>	<p>Governance arrangements have been worked up and Cabinet will be asked to affirm these in July which set out member, lead officer and scrutiny involvement in the process. The Corporate Governance Committee are also being asked for their comments in June.</p>
<p>Ensure adequate consideration is given to the long term implications of the Great Cambridge City Deal and other large scale projects</p>	<p>The City Deal Executive Board plans to appoint an independent panel of economic experts to assess the long-term implications of projects approved through the City Deal process. A common specification for this work has been agreed in consultation with the country's other City Deal areas and the Cabinet Office.</p>

We consider that the Council's governance arrangements are fit for purpose in accordance with the governance framework.

*We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2014/15, and will reflect and report on their operation and effectiveness as part of our next annual review.*

**Signed**  
**Jean Hunter**  
**Chief Executive**

**Signed**  
**Ray Manning**  
**Leader of the Council**

**CONCLUSION**

The Council's Corporate Governance Committee is responsible for ensuring that the Council complies with its own governance code, including monitoring the effectiveness of the governance framework and ensuring plans are put in place to address any weaknesses and ensure continuous improvement of the system. The Committee believes that it has discharged that responsibility, and that this report is evidence of that. We recognise that there will always be room for improvement (which will need to be balanced by the costs associated with that, and whether the 'law of diminishing returns' applies), but on balance we are delighted to report that **we believe that, during 2014/15, the council was well-governed, and performed well.**

## Appendix 2 – Corporate Plan 2014-2019 Actions and KPIs: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
<b>ENGAGEMENT – We will listen to and engage with residents, parishes and businesses to ensure we deliver first class services and value for money</b>			
Objective (1) - Develop the property company pilot scheme into a full business plan to deliver affordable housing and generate income (Mark Howell / Stephen Hills)	<ul style="list-style-type: none"> <li>Providing property management services on behalf of Ministry of Defence properties at Waterbeach</li> <li>Funds invested in acquiring properties for rent.</li> <li>Additional MoD properties leased at Bassingbourn</li> <li>Much-needed rental housing, with local families prioritised</li> <li>30 properties acquired on open market, with 28 let</li> </ul>	<p>Objective is a continuing Corporate Plan priority:</p> <ul style="list-style-type: none"> <li>- Complete and evaluate pilot scheme</li> <li>- Use lessons learnt to inform business plans for consultation and agreement</li> </ul>	1
Objective (2) - Improve efficiency and value for money within a viable financial strategy (Simon Edwards / David Whiteman-Downes / Alex Colyer)	<ul style="list-style-type: none"> <li>Goods and services review delivering additional savings on Agency staff costs</li> <li>Revised waste collection arrangements delivering annual ongoing savings of £400k</li> <li>Balanced MTFs for 2015-2020 agreed</li> <li>General Fund Outturn showed a favourable variance (underspend) of 7.38%</li> <li>74% response rate to first staff survey – employee satisfaction is 64%</li> </ul>	<p>Objective is a continuing Corporate Plan priority:</p> <p>Implement recommendations and new ways of working arising from:</p> <ul style="list-style-type: none"> <li>- Completed Business Improvement and Efficiency Programme (BIEP) projects</li> <li>- Digital by Default business change project.</li> <li>- Customer contact service improvement plan</li> <li>- Development Control Improvement Programme</li> </ul> <p>Deliver Organisational and Member Development strategies</p> <p>Publish a financial strategy for 2016-2021</p>	2-5



## Appendix 2 – Corporate Plan 2014-2019 Actions and KPIs: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
Objective (3) Make the district an even more attractive place to do business (Nick Wright and Mick Martin / Jo Mills)	<ul style="list-style-type: none"> <li>• Corporate Enforcement, Inspection and Better Regulation Policy agreed;</li> <li>• Key Account Management arrangements developed for implementation</li> <li>• Business Hub business case endorsed for trial period</li> <li>• 430 businesses on register to receive newsletter and a package of other benefits</li> <li>• Community pub events held to promote reinvigoration and viability of rural businesses.</li> </ul>	<p>Objective is a continuing Corporate Plan priority:</p> <ul style="list-style-type: none"> <li>- Complete implementation of SCDC 'Working with Business' Plan across the Council.</li> <li>- Implement a joint "Business Support Hub" with Cambridgeshire County Council and partners</li> <li>- Continue targeted support for businesses in the rural economy.</li> <li>- Develop action plan for the Northstowe Economic Strategy.</li> <li>- Work with strategic partners to ensure effective collaboration on funding bids, allocations, and projects.</li> </ul>	1, 4
Objective (4) Work with tenants, parish councils and community groups to sustain successful, vibrant villages (Ray Manning, Mark Howell and Mick Martin / Mike Hill)	<ul style="list-style-type: none"> <li>• Engagement with 11 new parishes in Sustainable Parish Energy Partnership</li> <li>• 350 Green Deal assessments (Action on Energy) undertaken and 29 installations completed.</li> <li>• 71,000 premises reached with superfast broadband out of the target of 90,000</li> <li>• 15 Assets of Community Value listed.</li> </ul>	<p>Objective is a continuing Corporate Plan priority:</p> <p>Continue to engage and empower local communities through the:</p> <ul style="list-style-type: none"> <li>- Sustainable Parish Energy Partnership and community energy initiatives</li> <li>- Community Assets Register</li> </ul>	1, 4, 6



## Appendix 2 – Corporate Plan 2014-2019 Actions and KPIs: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
		- implementation of the SCDC Localism Plan, including locality “patch-based” working  Continue to work with tenants to improve estate inspections and promote the Tenants’ Community Chest projects	
<b>PARTNERSHIPS - Work with partners to create opportunities for employment, enterprise, education and world-leading innovation</b>			
Objective (5) Build new council homes to provide affordable accommodation to meet the needs of local communities (Mark Howell / Stephen Hills)	<ul style="list-style-type: none"> <li>• Work on exception site scheme at Swavesey providing 20 council homes for local people to commence Summer 2015</li> <li>• Planning permission granted for 15 properties at Hill Farm in Foxton</li> <li>• Call for sites has identified four potentially viable sites.</li> <li>• Refurbishment work at Whaddon Gypsy and Traveller site underway</li> </ul>	Objective is a continuing Corporate Plan priority: <ul style="list-style-type: none"> <li>- Develop refreshed Housing Strategy</li> <li>- Deliver actions from the New Build Strategy 2015-16 and prepare update strategy for adoption in 2016</li> <li>- Provide and refurbish Gypsy and Traveller sites</li> </ul>	1
Objective (6). Ensure best use of Council assets and benefit from opportunities to achieve efficiencies from partnership working (Ray Manning and David Whiteman-Downes / Alex Colyer)	<ul style="list-style-type: none"> <li>• City Deal signed in June 2014; work to deliver underway, including identification of transport infrastructure priority projects and proposals to deliver up to 8,000 affordable homes and improve skills and digital connectivity.</li> <li>• Agreed strategic partnership with Huntingdonshire District Council and developing full business cases for shared Building Control, ICT and Legal Services. Shared waste service with Cambridge City Council under development.</li> </ul>	Objective is a continuing Corporate Plan priority: <ul style="list-style-type: none"> <li>- Deliver City Deal in accordance with implementation programme.</li> <li>- Implement, monitor and review shared ICT, Building Control and Legal Services.</li> <li>- Review existing and explore new</li> </ul>	1, 4, 5

## Appendix 2 – Corporate Plan 2014-2019 Actions and KPIs: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
		<p>opportunities for shared services</p> <ul style="list-style-type: none"> <li>- Agree accommodation strategy for South Cambs Hall</li> </ul>	
Objective (7) Move to a commercial approach to service delivery (Simon Edwards and David Whiteman-Downes / Alex Colyer)	<p>Projects are underway with objectives to:</p> <ul style="list-style-type: none"> <li>• Create a joint business hub</li> <li>• Provide an in-house enforcement agents service</li> <li>• Expand the Trade Waste service</li> <li>• Create a Housing Delivery Vehicle</li> <li>• Generate energy from the council's properties, and</li> <li>• Extend the Lifeline Plus Supported Housing service.</li> </ul>	<p>Objective is a continuing Corporate Plan priority:</p> <ul style="list-style-type: none"> <li>- Deliver Commercialisation Programme.</li> <li>- Review current commercial activities and skills.</li> <li>- Invest in further developing commercial skills.</li> <li>- Implement the SCDC Trade Waste Business Plan and Strategy.</li> </ul>	1, 4
Objective (8) Work with RECAP waste partners to reduce costs, carbon impact and waste sent to landfill (Mick Martin / Mike Hill)	<ul style="list-style-type: none"> <li>• Changes to bin collection arrangements have been implemented and are on course to deliver projected annual savings of £400k, whilst reducing CO2 emissions and maintaining landfill diversion performance.</li> <li>• Shared waste service proposal agreed with Cambridge City Council</li> </ul>	<p>Objective is a continuing Corporate Plan priority:</p> <ul style="list-style-type: none"> <li>- Lead the implementation of a single, shared waste service with Cambridge City Council.</li> <li>- Work with partners to ensure 65% or more of the waste we collect in your bins is diverted from landfill.</li> </ul>	1

## Appendix 2 – Corporate Plan 2014-2019 Actions and KPIs: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
<b>WELL-BEING – Ensure that South Cambridgeshire continues to offer an outstanding quality of life for our residents</b>			
Objective (9) Work with GPs and partners to link health services and to improve the health of our communities (Mick Martin, Nick Wright and Tim Wotherspoon / Mike Hill)	<ul style="list-style-type: none"> <li>• Community Transport initiatives launched to address rural transport issues and reduce social isolation, including new vehicles and community car schemes</li> <li>• Successful GP Referral scheme helping promote health through physical activity</li> <li>• Successful children’s holiday camps well-attended and generating a surplus for the Council.</li> </ul>	<p>Objective is a continuing Corporate Plan priority:</p> <ul style="list-style-type: none"> <li>- Continue to deliver Community Transport initiatives</li> <li>- Work with GPs and the Local Health Partnership to begin implementation of the SCDC Health and Wellbeing Plan</li> <li>- Begin implementation of the SCDC Ageing Well and Children, Young People &amp; Families plans.</li> <li>- Investigate options for a tenure neutral service supporting older and vulnerable people within the district.</li> </ul>	1, 6
Objective (10) Ensure the impacts of welfare reform are managed smoothly and effectively (Simon Edwards / Alex Colyer)	<ul style="list-style-type: none"> <li>• Rent collection levels have been maintained throughout 2014/15, achieving 98.8% in March 2015 against a target of 98%.</li> <li>• Localised Council Tax Support scheme reviewed and found to be financially viable; revised 2015/16 scheme agreed</li> <li>• The Benefits Team has received an unqualified audit report for 2013/14. Of £30 million paid out in housing benefit to around 7,000 households, the adjustment required to the return was below £200.</li> </ul>	<p>Objective is a continuing Corporate Plan priority:</p> <ul style="list-style-type: none"> <li>- Continuously monitor the impact of the government’s welfare reform programme</li> <li>- Implement Universal Credit and plan for the possible requirement to amend the Local Council Tax Support Scheme (LCTSS) for 2016/17</li> </ul>	1, 6

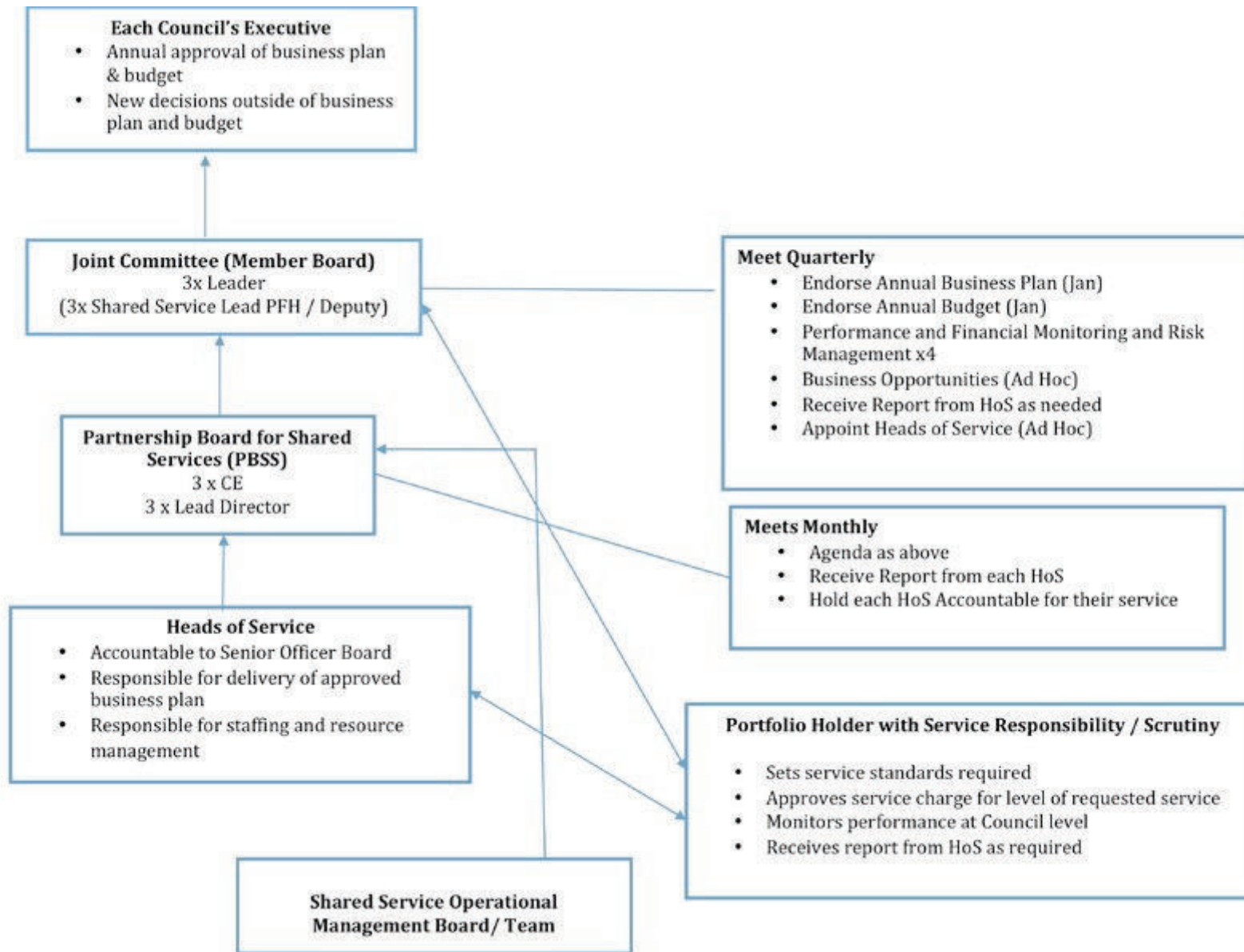
## Appendix 2 – Corporate Plan 2014-2019 Actions and KPIs: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
<p>Objective (11). Establish successful and sustainable New Communities with housing and employment at Northstowe and the major growth sites, served by an improved A14 (Tim Wotherspoon and Nick Wright / Jo Mills)</p>	<ul style="list-style-type: none"> <li>• Northstowe Phase 1 earth works, highway improvements and Primary School construction underway</li> <li>• Issues and Options consultation completed with Cambridge North East Fringe site</li> <li>• Reserved matters application for Darwin Green 1 main infrastructure developed approved by Committee</li> <li>• A14 Development Consent Order accepted for inspection in January 2015</li> </ul>	<p>Objective is a continuing Corporate Plan priority:</p> <p>Work with development partners to ensure delivery of major developments and A14, A428 and other transport improvements:</p> <ul style="list-style-type: none"> <li>- Northstowe Phase 1</li> <li>- Northstowe Phase 2</li> <li>- Northstowe Delivery Vehicle</li> <li>- A14, A428 and other major transport upgrades</li> <li>- 'Wing' (Cambridge East) application</li> <li>- Cambourne, Darwin Green and other major sites delivery new homes and jobs.</li> </ul> <p>Continue to progress the Local Plan through to adoption.</p>	<p>1, 6</p>
<p>Objective (12) Increase the range and supply of temporary accommodation to help minimise the use of bed &amp; breakfast accommodation for homeless households (Mark Howell / Stephen Hills)</p>	<ul style="list-style-type: none"> <li>• 44 households were in temporary accommodation at 31 March 2015, a slight reduction from 43 at the start of 2015 and within our target of 50 households.</li> <li>• We helped 218 households prevent homelessness during 2014/15.</li> <li>• Robson Court Hostel redevelopment complete.</li> </ul>	<p>Objective is a continuing Corporate Plan priority</p>	<p>1</p>

**Appendix 2 – Corporate Plan 2014-2019 Actions and KPIs: Summary assessment of how we performed against them**

<b>CORPORATE PLAN 2014-2019 – SUMMARY OF PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS DURING 2014-15</b>						
<b>Aim</b>	<b>PI Ref</b>	<b>PI Description</b>	<b>Performance</b>	<b>Target</b>	<b>Period</b>	<b>13-14 Comparator</b>
A – Engagement	SF104	% General Fund variance	(7.4)	3	2014-15	(3.75)
A – Engagement	CCS302	% Customer Contact Service First Time Call Resolution	82.46	80	2014	82
A – Engagement	ES401	% Business satisfaction with Regulation service	86	90	2014-15	88
A – Engagement	PNC501	% Major planning applications determined in 13 weeks	49	60	2014-15	58
B – Partnership	AH202	Number of affordable homes delivered	351	140	2014-15	158
B – Partnership	ES402	% Satisfaction with Waste Services	81*	89	2015	89 (2014)
B – Partnership	ES403	% Satisfaction with local environmental quality	73*	85	2015	84 (2014)
B – Partnership	ES407	% of household waste for reuse, recycling and composting	58.13	58	2014-15	57.4
C – Wellbeing	FS103	% of housing rent collected	98.83	98	2014-15	98.8
C – Wellbeing	FS104	Average days to process Benefits claims	15	13	2014-15	14
C – Wellbeing	AH201	Number of households helped to prevent homelessness	218	150	2014-15	160
C – Wellbeing	AH203	Number of households in temporary accommodation	44	50	31 March 15	53

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