



South  
Cambridgeshire  
District Council

# Statement of Accounts 2011/2012

Subject to Audit



## Statement of Accounts for year ended 31 March 2012

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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.

### 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:

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

| <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           | 15,375                   | 14,559        |
| Internal drainage boards                                   | 144                      | 143           |
| Interest and investment income                             | (550)                    | (604)         |
| Amount to be met from Government Grant and local taxpayers | 14,969                   | 14,098        |
| <b>Income</b>  |                          |               |
| Principal sources of finance                               |                          |               |
| District element of Council Tax Formula Grant              | (6,934)                  | (6,934)       |
| (a general Government grant towards expenditure)           | (6,026)                  | (6,026)       |
| New Homes Bonus  | (800)                    | (925)         |
| Council Tax Freeze Grant                                   | (173)                    | (173)         |
| Other items  | (7)                      | (7)           |
|  | (13,940)                 | (14,065)      |
| <b>Deficit for the year</b>                                | <b>1,029</b>             | <b>33</b>     |

When the council tax for the financial year ending 31 March 2012 was set in February 2011, the deficit was estimated at £1,028,610. The variance of £995,452 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> |
| Council Tax Benefit  | Less demand and lower payments net of subsidy                          | (1)                              | (68)                 |              |
| Rent rebates   | More demand and higher payments net of subsidy                         | 1                                | 58                   |              |
| Corporate Management   | Pension costs not anticipated; higher recharges                        | 14                               | 166                  |              |
| Environmental Health General   | Consultants' costs lower than estimated; lower recharges               | (15)                             | (79)                 |              |
| Refuse Collection and Recycling                                      | Additional income/savings on recycling; lower salary costs             | (4)                              | (189)                |              |
| Homelessness   | Lower expenditure on preventative measures                             | (15)                             | (57)                 |              |
| Development Control  | Recharges switched from Growth Agenda partly offset by more fee income | 9                                | 204                  |              |
| Growth Agenda  | Recharges switched to Development Control                              | (45)                             | (585)                |              |
| Net cuts/savings   | now allocated to services  | 100                              | 134                  |              |
| Reduction for vacancies  | now allocated to services  | 100                              | 200                  |              |
|  |  |                                  |                      | (216)        |
| Precautionary Items  | Contingency not needed   | (100)                            |                      | (75)         |
| Support for Economic Downturn  | Slippage on business workshops, etc.                                   | (96)                             |                      | (144)        |
| Interest on Balances   | Higher interest rates  | (10)                             |                      | (54)         |
| New Homes Bonus  | Scheme not finalised at time of estimate                               | (16)                             |                      | (125)        |
| Other items individually under £50,000                               |  |                                  |                      | (382)        |
|  |  |                                  |                      | <b>(996)</b> |
| Less underspendings in 2011-12 which will now be incurred in 2012-13 |  |                                  |                      | 210          |
|  |  |                                  |                      | <b>(786)</b> |

## Housing Revenue Account

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

| <b>Housing Revenue Account</b>        | <b>Original estimate</b> | <b>Actual</b>       |
|---------------------------------------|--------------------------|---------------------|
|                                       | <b>£'000</b>             | <b>£'000</b>        |
| <b>Expenditure</b>                    |                          |                     |
| Repairs and maintenance               | 3,288                    | 3,234               |
| Management and services               | 5,315                    | 5,402               |
| Major Repairs Allowance               | 3,334                    | 3,334               |
| Payment to Government                 | 12,600                   | 12,527              |
| Interest payable                      | 0                        | 59                  |
| Capital expenditure met from revenue  | 1,082                    | 892                 |
| Other                                 | 38                       | 129                 |
|                                       | <u>25,657</u>            | <u>25,577</u>       |
| <b>Income</b>                         |                          |                     |
| Rents and charges                     | (25,428)                 | (25,802)            |
| Receipt from General Fund             | (165)                    | (157)               |
| Interest                              | (24)                     | (18)                |
|                                       | <u>(25,617)</u>          | <u>(25,977)</u>     |
| <b>Deficit/(Surplus) for the year</b> | <u><b>40</b></u>         | <u><b>(400)</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 2012 were set in February 2011, the estimated rent increase was set in line with government guidance at 7.6% and the deficit was estimated at £40,370. The variance of £439,908 is attributable to the following:

| <b>Housing Revenue Account</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    £'000</b> |
| Dwellings Rents                                      | Shorter void periods; more new tenants                        | (1)                  | (248)                 |
| Charges for Services and Facilities                  | Service and recoverable charges; sales                        | (6)                  | (99)                  |
| Repairs and Maintenance                              | Lower expenditure on non-response                             | (2)                  | (53)                  |
| Supervision and Management - repairs and maintenance | Stock condition survey; contract negotiations; ICT            | 9                    | 71                    |
| Payment to Government - negative subsidy             | Payment reduced by interest on debt                           | (1)                  | (73)                  |
| Treasury Management                                  | Arrangement fee on £205m originally expected to be in 2012-13 | 440                  | 81    (321)           |
| Interest Payable                                     | Interest on £205m originally expected to start in 2012-13     |                      | 59                    |
| Capital Expenditure met from revenue                 | Fewer repurchases; more grant income                          | (18)                 | (190)                 |
| Other items individually under £50,000               |   |                      | 12                    |
|  |   |                      | <u><b>(440)</b></u>   |

## **Housing Revenue Account (HRA) – material item of expenditure**

The figures above exclude items which are subsequently reversed in or out through the Movement on the Housing Revenue Account Statement. In 2011-12, a material item charged to the Housing Revenue Account and then reversed out is the statutory payment to the Government of £205 million in respect of HRA self-financing.

The Government has replaced the previous subsidy system, whereby the Council paid around £12.5 million in 2011-12 (about 54% of its rent income) to the Government, with a self-financing system under which the Council will keep all its rent income but would take on a debt calculated at £205 million on 28 March 2012. This change benefits the Council in future years as the cost of servicing the debt is fixed at £7.2 million whereas the portion of the rents paid over was £12.5 million in 2011/12 and would have been likely to increase in later years.

This material item is shown as a separate line in the comprehensive income and expenditure core financial statement and in the Housing Revenue Account supplementary financial statement but is then reversed out and is also shown in the balance sheet as long term borrowing.

## **Capital**

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £7.72 million. The major part of the programme involved the provision of housing; with £4.31 million being invested in the Council's own housing stock.

## **Treasury Management**

At the 31 March 2012, investments (excluding accrued interest) totalled £15.34 million, an increase of £5.79 million over the previous year-end (although this increase is largely offset by a decrease in short term debtors). These investments produced interest of over £0.60 million, which was used towards the cost of services.

The Council had been debt free since 1 April 1996 but now has debt of £205 million as mentioned above

## **Balances and Reserves**

The balances on the General Fund and the Housing Revenue Account were at £7.37 million and £2.69 million respectively as at 31 March 2012 - 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 £1.72 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 £8.33 million in 2011-12 to £12.71 million in 2016-17 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 £39.7 million as at 31 March 2012 on an IAS 19 basis. With 72% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2011-12 was 21.7%. The formal triennial valuation as at 31 March 2010 of assets and liabilities, for the purposes of determining contribution rate to be effective from 1 April 2011, showed a 70% 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.

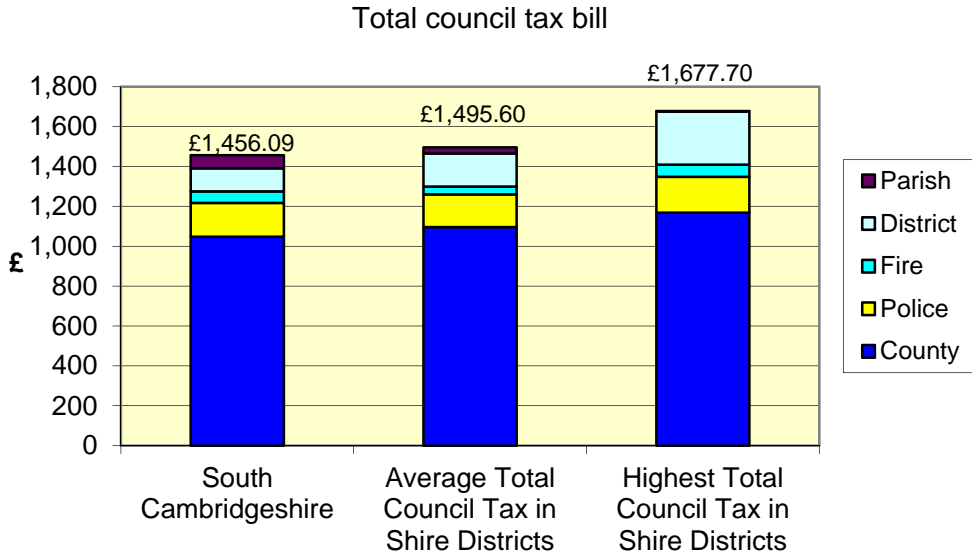
In view of the uncertainty over future pension costs, an additional 1.8% of pensionable pay has been charged against the General Fund and the Housing Revenue Account and placed in a reserve for use in future years.

## **Change in Accounting Policy**

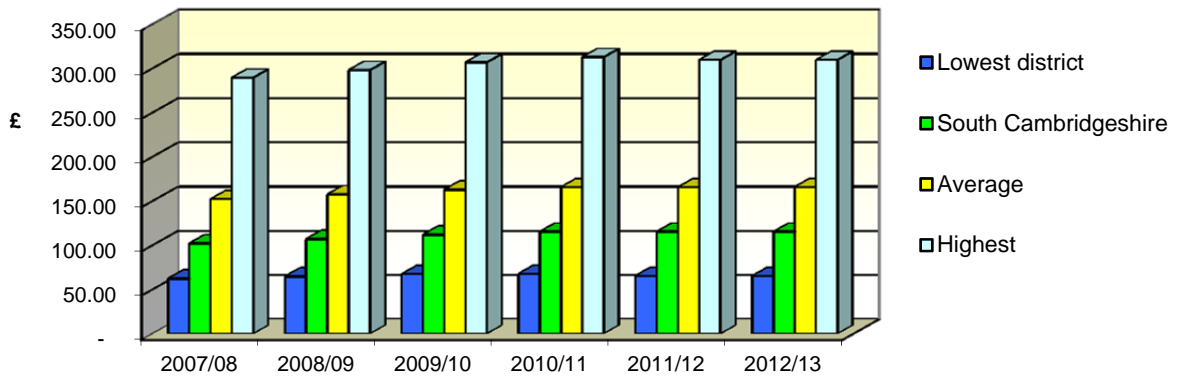
The 2011-12 Code includes the adoption of financial reporting standard 30 heritage assets which has resulted in the recognition of an asset not previously recognised in the Balance Sheet and the disclosure of other assets as set out in note 28 Property, Plant and Equipment, Surplus Assets held for Sale and Heritage Assets.

**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 2011-12 was £1,456.09. This was one of the lowest tax levels in the country and most of the money was raised on behalf of the County Council as shown below:



However, looking only at the district element of the overall tax bill, South Cambridgeshire is the 13th lowest in 2011-12 at £115.46 in a range of £65.50 to £309.69, with the average being £165.65:



The ranking is:

|                                 | 2007/08     | 2008/09     | 2009/10     | 2010/11     | 2011/12     | 2012/13     |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| South Cambridgeshire            | 10th lowest | 13th lowest | 12th lowest | 13th lowest | 13th lowest | 13th lowest |
| Total number of shire districts | 238         | 238         | 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.

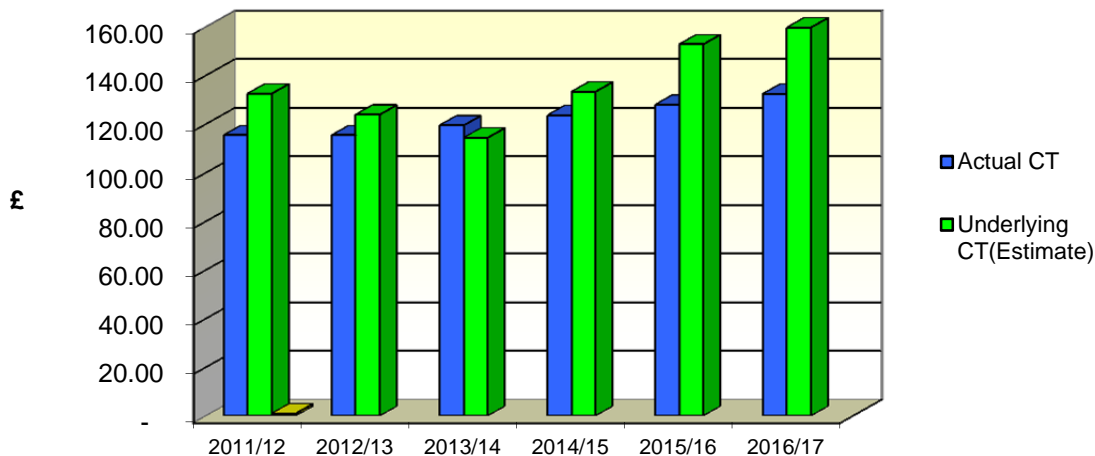
With the exception of parishes,

- the council taxes for 2011-12 are the same as for 2010-11 as all local authorities accepted the Government grant payable for four years in return for freezing the 2011-12 council tax and
- the council taxes for 2012/13 show a small increase over 2011-12 as most local authorities accepted the Government grant payable for one year in return for freezing the 2012-13 council tax

## 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 underlying level and this use of reserves continues in future years



This use of reserves is not sustainable beyond 2016-17. The Council's financial strategy is monitored and reviewed on a regular basis.

### Corporate plan

The Council has published its Aims, Approaches and Actions for 2011-12 on its website at:

[http://www.scambs.gov.uk/documents/retrieve.htm?pk\\_document=909537](http://www.scambs.gov.uk/documents/retrieve.htm?pk_document=909537)

and has recently agreed its Corporate Plan for 2012 -17:

[http://www.scambs.gov.uk/documents/retrieve.htm?pk\\_document=911735](http://www.scambs.gov.uk/documents/retrieve.htm?pk_document=911735)

## Population growth

The District population of 131,000 people in 2001 is projected to increase to 174,000 by 2021, the estimate for June 2012 being 149,611. 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 / possible likelihood. The financial situation is dependent amongst other things on the continuation of New Homes Bonus and the outcome of the redistribution of retained business rates from 2013-14 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;
- implementation of the national job evaluation scheme;
- supported housing with reduced funding;
- illegal traveller encampments/developments; and
- HRA business plan may be subject to Government policy changes.

## Affordable housing

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

In 2011-12, the last tranches of Council land/houses were transferred to Accent Nene housing association at the Windmill Estate, Fulbourn, where there will be about 270 new dwellings for rent/share/sale.

The housing self-financing system mentioned above under Housing Revenue Account (HRA) – material item of expenditure will generate an investment surplus which will enable the council to build several hundred new homes.

**Auditor's Opinion**

The Statement of Accounts is issued subject to audit.

A handwritten signature in black ink, appearing to read 'Alex Colyer', written in a cursive style.

Alex Colyer  
Executive Director and Chief Finance Officer

Dated: 21 June 2012

## 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.

### 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 2012 and its income and expenditure for the year then ended.



Alex Colyer  
Executive Director (Corporate Services) as Chief Financial Officer  
Dated: 21 June 2012

I confirm that these accounts were approved by the Corporate Governance Committee held on 28 September 2012.

Chairman of the Corporate Governance Committee

Dated: 28 September 2012

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

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

## **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<br>Balance<br>£ | Earmarked<br>General Fund<br>Reserves<br>£<br>(Note 6) | Housing<br>Revenue<br>Account (HRA)<br>£ | Capital<br>Receipts<br>Reserve<br>£<br>(Note 11) | Capital<br>Grants<br>Unapplied<br>£<br>(Note 11) | Total Usable<br>Reserves<br>£<br>(Note 11) | Restated<br>Unusable<br>Reserves<br>£<br>(Note 12) | Restated<br>Total Authority<br>Reserves<br>£ |
|--|------------------------------|--|--|--|--|--|--|--|
| <b>Balance as at 31st March 2010</b>                                     | <b>(7,149,065)</b>           | <b>(3,784,144)</b>                                     | <b>(2,746,093)</b>                       | <b>(1,700,335)</b>                               | <b>(589,850)</b>                                 | <b>(15,969,487)</b>                        | <b>(409,418,703)</b>                               | <b>(425,388,190)</b>                         |
| <b>Movement in reserves during 2010-11</b>                               |                              |  |  |  |  |  |  |  |
| Deficit / (Surplus) on provision of services (accounting basis)          | (6,023,703)                  |  | 38,475,218                               | 0  | 0  | 32,451,515                                 | 0  | 32,451,515                                   |
| Other comprehensive expenditure and income                               | 0                            | 0  | 0  | 0  | 0  | 0  | 19,984,005   | 19,984,005                                   |
| <b>Total comprehensive income and expenditure</b>                        | <b>(6,023,703)</b>           | <b>0</b>   | <b>38,475,218</b>                        | <b>0</b>   | <b>0</b>   | <b>32,451,515</b>                          | <b>19,984,005</b>                                  | <b>52,435,520</b>                            |
| Adjustments between accounting basis and funding basis under regulations | 6,360,173                    | 0  | (38,019,543)                             | 274,419  | 0  | (31,384,951)                               | 31,384,951   | 0  |
| <b>Net (increase) / decrease before transfers to earmarked reserves</b>  | <b>336,470</b>               | <b>0</b>   | <b>455,675</b>                           | <b>274,419</b>                                   | <b>0</b>   | <b>1,066,564</b>                           | <b>51,368,956</b>                                  | <b>52,435,520</b>                            |
| Transfers (to) / from earmarked reserves                                 | (594,640)                    | 594,640  | 0  | 0  | 0  | 0  | 0  | 0  |
| <b>(Increase) / Decrease in year</b>                                     | <b>(258,170)</b>             | <b>594,640</b>   | <b>455,675</b>                           | <b>274,419</b>                                   | <b>0</b>   | <b>1,066,564</b>                           | <b>51,368,956</b>                                  | <b>52,435,520</b>                            |
| <b>Balance as at 31st March 2011</b>                                     | <b>(7,407,235)</b>           | <b>(3,189,504)</b>                                     | <b>(2,290,418)</b>                       | <b>(1,425,916)</b>                               | <b>(589,850)</b>                                 | <b>(14,902,923)</b>                        | <b>(358,049,747)</b>                               | <b>(372,952,670)</b>                         |
| <b>Movement in reserves during 2011-12</b>                               |                              |  |  |  |  |  |  |  |
| Deficit / (Surplus) on provision of services (accounting basis)          | 2,438,263                    |  | 210,091,646                              | 0  | 0  | 212,529,909                                | 0  | 212,529,909                                  |
| Other comprehensive expenditure and income                               | 0                            | 0  | 0  | 0  | 0  | 0  | 6,171,706  | 6,171,706                                    |
| <b>Total comprehensive income and expenditure</b>                        | <b>2,438,263</b>             | <b>0</b>   | <b>210,091,646</b>                       | <b>0</b>   | <b>0</b>   | <b>212,529,909</b>                         | <b>6,171,706</b>                                   | <b>218,701,615</b>                           |
| Adjustments between accounting basis and funding basis under regulations | (2,127,272)                  | 0  | (210,491,183)                            | 329,037  | (32,172)   | (212,321,590)                              | 212,321,590  | 0  |
| <b>Net (increase) / decrease before transfers to earmarked reserves</b>  | <b>310,991</b>               | <b>0</b>   | <b>(399,537)</b>                         | <b>329,037</b>                                   | <b>(32,172)</b>                                  | <b>208,319</b>                             | <b>218,493,296</b>                                 | <b>218,701,615</b>                           |
| Transfers (to) / from earmarked reserves                                 | (277,833)                    | 277,833  | 0  | 0  | 0  | 0  | 0  | 0  |
| <b>Increase / Decrease in year</b>                                       | <b>33,158</b>                | <b>277,833</b>   | <b>(399,537)</b>                         | <b>329,037</b>                                   | <b>(32,172)</b>                                  | <b>208,319</b>                             | <b>218,493,296</b>                                 | <b>218,701,615</b>                           |
| <b>Balance as at 31st March 2012</b>                                     | <b>(7,374,077)</b>           | <b>(2,911,671)</b>                                     | <b>(2,689,955)</b>                       | <b>(1,096,879)</b>                               | <b>(622,022)</b>                                 | <b>(14,694,604)</b>                        | <b>(139,556,451)</b>                               | <b>(154,251,055)</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.

| 2010-11<br>Gross<br>Expenditure<br>£ | 2010-11<br>Gross<br>Income<br>£ | 2010-11<br>Net<br>Expenditure<br>£ |   | Note | 2011-12<br>Gross<br>Expenditure<br>£ | 2011-12<br>Gross<br>Income<br>£ | 2011-12<br>Net<br>Expenditure<br>£ |
|--------------------------------------|---------------------------------|------------------------------------|---|------|--------------------------------------|---------------------------------|------------------------------------|
|                                      |                                 |                                    | <b>Expenditure on services</b>                          |      |                                      |                                 |                                    |
| 3,214,806                            | (107,551)                       | 3,107,255                          | Central Services  |      | 3,129,829                            | (177,944)                       | 2,951,885                          |
| 8,590,864                            | (7,486,936)                     | 1,103,928                          | Central Services to the Public                          |      | 8,649,508                            | (7,520,907)                     | 1,128,601                          |
|                                      |                                 |                                    | Cultural, Environmental and Planning Services           |      |                                      |                                 |                                    |
| 1,213,602                            | (175,064)                       | 1,038,538                          | Cultural and Related Services                           |      | 1,095,963                            | 0                               | 1,095,963                          |
| 7,561,024                            | (1,831,470)                     | 5,729,554                          | Environmental Services                                  |      | 7,640,383                            | (2,164,157)                     | 5,476,226                          |
| 6,190,150                            | (2,056,144)                     | 4,134,006                          | Planning and Development Services                       |      | 5,631,275                            | (1,808,316)                     | 3,822,959                          |
| 701,405                              | (77,311)                        | 624,094                            | Highways, Roads and Transport Services                  |      | 35,383                               | 0                               | 35,383                             |
|                                      |                                 |                                    | Non HRA Housing   |      |                                      |                                 |                                    |
| 319,548                              | (132,415)                       | 187,133                            | Personal Social Services                                |      | 361,980                              | (40,492)                        | 321,488                            |
| 24,687,107                           | (24,561,976)                    | 125,131                            | Housing Benefit and Administration                      |      | 27,129,328                           | (26,862,150)                    | 267,178                            |
| 1,049,645                            | (475,998)                       | 573,647                            | Private Sector Housing Renewal                          |      | 1,028,504                            | (482,817)                       | 545,687                            |
| 376,339                              | (256,129)                       | 120,210                            | Supporting People                                       |      | 353,463                              | (252,765)                       | 100,698                            |
| 1,454,722                            | (505,896)                       | 948,826                            | Other Non HRA Housing Services Expenditure              |      | 1,177,291                            | (522,627)                       | 654,664                            |
| 137,399                              | 0                               | 137,399                            | Other Contributions to/from HRA                         |      | 133,682                              | 0                               | 133,682                            |
| (10,777,000)                         | 0                               | (10,777,000)                       | Non -distributed Costs                                  |      | 23,000                               | 0                               | 23,000                             |
| 44,719,611                           | (37,666,890)                    | 7,052,721                          | General Fund Services-Continuing operations             |      | 56,389,589                           | (39,832,175)                    | 16,557,414                         |
| 61,851,418                           | (24,497,620)                    | 37,353,798                         | Housing Revenue Account Services                        |      | 27,553,561                           | (25,975,555)                    | 1,578,006                          |
| 0                                    | 0                               | 0                                  | Housing Revenue Account Self-financing                  |      | 205,123,000                          | 0                               | 205,123,000                        |
| <b>106,571,029</b>                   | <b>(62,164,510)</b>             | <b>44,406,519</b>                  | <b>Net cost of services</b>                             |      | <b>289,066,150</b>                   | <b>(65,807,730)</b>             | <b>223,258,420</b>                 |
|                                      |                                 | 5,443,434                          | Other operating expenditure                             |      | Note 7                               |                                 | 7,265,270                          |
|                                      |                                 | 905,856                            | Financing and investment income                         |      | Note 8                               |                                 | 351,526                            |
|                                      |                                 | (18,304,293)                       | Taxation and non-specific grant income                  |      | Note 9                               |                                 | (18,345,307)                       |
|                                      |                                 | <b>32,451,516</b>                  | <b>Deficit for the year on provision of services</b>    |      |                                      |                                 | <b>212,529,909</b>                 |
|                                      |                                 | 31,305,023                         | (Surplus)/Deficit on revaluation of non-current assets  |      |                                      |                                 | (1,506,293)                        |
|                                      |                                 | (11,292,000)                       | Actuarial (gain)/loss on pension assets and liabilities |      | Note 22                              |                                 | 7,678,000                          |
|                                      |                                 | <b>52,464,539</b>                  | <b>Total comprehensive income and expenditure</b>       |      |                                      |                                 | <b>218,701,616</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 are 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'.

| Restated<br>31 March 2010<br>£ | Restated<br>31 March 2011<br>£ |                                    | Notes | 31 March 2012<br>£   |
|--------------------------------|--------------------------------|------------------------------------|-------|----------------------|
| 460,218,478                    | 392,245,512                    | Property, Plant and Equipment      | 28    | 387,011,331          |
| 580,409                        | 609,429                        | Heritage Assets                    | 28    | 624,665              |
| 117,745                        | 143,815                        | Intangible Assets                  | 26    | 308,846              |
| 7,000,110                      | 6,000,110                      | Long Term Investments              | 37    | 6,000,110            |
| 429,696                        | 421,540                        | Long Term Debtors                  |       | 412,939              |
| <b>468,346,438</b>             | <b>399,420,406</b>             | <b>Long Term Assets</b>            |       | <b>394,357,891</b>   |
| 12,268,538                     | 3,750,692                      | Short Term Investments             | 37    | 9,559,702            |
| 55,688                         | 46,017                         | Inventories                        | 30    | 42,203               |
| 2,588,989                      | 7,641,448                      | Short Term Debtors                 | 31    | 4,381,064            |
| 490,620                        | 408,372                        | Cash and Cash Equivalents          | 15    | 1,018,113            |
| 2,244,337                      | 0                              | Assets held for sale               | 28    | 0                    |
| <b>17,648,172</b>              | <b>11,846,529</b>              | <b>Current Assets</b>              |       | <b>15,001,082</b>    |
| (774,923)                      | (509,158)                      | Cash and Cash Equivalents          | 15    | (937,325)            |
| (6,610,784)                    | (5,812,253)                    | Short Term Creditors               | 32    | (9,061,472)          |
| (241,901)                      | (278,320)                      | Provisions                         | 33    | (228,486)            |
| <b>(7,627,608)</b>             | <b>(6,599,731)</b>             | <b>Current Liabilities</b>         |       | <b>(10,227,283)</b>  |
| (52,478,812)                   | (31,714,533)                   | Other Long Term Liabilities        | 22/38 | (39,757,635)         |
| (500,000)                      | 0                              | Capital Grants Receipts in Advance |       | 0                    |
| 0                              | 0                              | Long Term Borrowing                | 38    | (205,123,000)        |
| <b>(52,978,812)</b>            | <b>(31,714,533)</b>            | <b>Long Term Liabilities</b>       |       | <b>(244,880,635)</b> |
| <b>425,388,190</b>             | <b>372,952,671</b>             | <b>Net Assets</b>                  |       | <b>154,251,055</b>   |
| (15,969,487)                   | (14,902,924)                   | Usable reserves                    | 11    | (14,694,604)         |
| (409,418,703)                  | (358,049,747)                  | Unusable Reserves                  | 12    | (139,556,451)        |
| <b>(425,388,190)</b>           | <b>(372,952,671)</b>           | <b>Total Reserves</b>              |       | <b>(154,251,055)</b> |

## Balance Sheet

The restatement of the Balance Sheet relates to the Accounting Policy change for Heritage Assets, further details are included in section n of the Statement of Accounting Policies and Note 28.

The unaudited accounts were issued on 21 June 2012.

Signed:

A handwritten signature in black ink, appearing to read 'Alex Colyer', written in a cursive style.

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

Dated: 21 June 2012

## 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.

| 2010-11<br>£          |   | Note      | 2011-12<br>£           |
|-----------------------|---|-----------|------------------------|
|                       | Cash Flows from operating activities                                |           |                        |
| (71,609,581)          | Cash receipts   |           | (78,250,617)           |
| <u>75,568,994</u>     | Cash payments   |           | <u>70,540,377</u>      |
| 3,959,413             | Net cash flows from Operating Activities                            | <b>13</b> | (7,710,240)            |
| (4,751,846)           | Investing Activities  | <b>14</b> | 8,821,587              |
| <u>608,917</u>        | Financing Activities  |           | <u>(1,292,922)</u>     |
| (183,516)             | Net increase or decrease in cash and cash equivalents               |           | (181,575)              |
| 284,302               | Cash and cash equivalents at the beginning of the reporting period  |           | 100,786                |
| <b><u>100,786</u></b> | <b>Cash and cash equivalents at the end of the reporting period</b> | <b>15</b> | <b><u>(80,789)</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 2011-12 and the Service Reporting Code of Practice 2011-12 supported by International Financial Reporting Standards.

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.

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. 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 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.

#### **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 for current employees and are recognised as an expense for services in the year in which employees render services to the Authority.

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.

##### **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 in the comprehensive income and expenditure account when



the Authority is demonstrably committed to the termination of the employment of an officer.

### Post employment benefits

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. interest cost being the expected increase in the present value of liabilities as they move one year closer to being paid where the cost is charged to the financing and investment section of the comprehensive income and expenditure account;
  - iv. expected return on assets being expected annual investment return on the fund assets 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.

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 Balance Sheet Date**

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

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

### **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.

## Financial assets

Financial assets consist of:

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

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

Loans and receivables are 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 conditions 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.

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 ring-fenced revenue grants and all capital grants) in the comprehensive income and expenditure statement.

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. 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 a note 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. 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.

#### **k. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority (e.g. software 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.

## **l. Inventories**

Inventories are included in the balance sheet at the lower of cost or net realisable value.

## **m. Leases**

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

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.

## **n. 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 2011-12. 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.

## **o. 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;
- 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.

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.

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 revalued 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.

#### **p. 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 that give 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 that give 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.

#### **q. 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.

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.

#### **r. 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 movement in reserves statement so that there is no impact on the council tax.

#### **s. 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**

There are currently no accounting standards issued that have not been adopted.

### **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. There no critical judgements made in the Statement of Accounts that are likely to have a material effect on the accounts.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

#### **Pensions Liability**

The main item in the Council's balance sheet as at 31st March 2012 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                      | 2010/11<br>Increase in<br>liability (£ million) | 2011/12<br>Increase in<br>liability (£ million) |
|---|---|---|
| 0.5% decrease in real discount rate       | 9.02  | 9.69  |
| 1 year increase in member life expectancy | 2.87  | 3.09  |
| 0.5% increase in salary increase rate     | 1.94  | 2.42  |
| 0.5% increase in pensions increase rate   | 6.73  | 7.22  |

#### 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 £429,170 for every year that useful lives had to be reduced.

## 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.

| 2010-11<br>£        |  | 2011-12<br>£         |
|---------------------|--|----------------------|
|                     | <b>General Fund</b>  |                      |
|                     | <b>Reversal of items included in the Comprehensive Income and Expenditure Account</b>  |                      |
| (725,497)           | Depreciation of non-current assets   | (622,340)            |
| (510,196)           | Impairment of non-current assets   | (602,823)            |
| 179,851             | Reversal of impairment of non-current assets   | 442,725              |
| 0                   | Capital Grants and contributions applied to capital financing  | 168,106              |
| 0                   | Capital Grants and contributions unapplied   | 32,042               |
| (879,975)           | Revenue expenditure funded from capital under statute  | (778,210)            |
| (439,657)           | Net gain/(loss) on sale of non-current assets  | 387,013              |
|                     | Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations                             |                      |
| 9,683,552           |  | (466,679)            |
|                     | Amount by which Council tax income in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations |                      |
| (52,808)            |  | (1,276)              |
|                     | Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute   |                      |
| (39,093)            |  | 25,546               |
|                     | <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  |                      |
| (856,003)           |  | (829,758)            |
| 0                   | Capital expenditure charged against the General Fund   | 51,512               |
| 0                   | Statutory provision for financing of capital investment  | 66,870               |
| <b>6,360,174</b>    | <b>Total adjustments</b>   | <b>(2,127,272)</b>   |
|                     | <b>Housing Revenue Account</b>   |                      |
|                     | <b>Reversal of items included in the Comprehensive Income and Expenditure Account</b>  |                      |
| (32,041,460)        | Impairment of non-current assets   | 3,379,305            |
|                     | Excess of depreciation over major repairs allowance element of housing subsidy   |                      |
| (6,626,343)         |  | (6,901,925)          |
| 0                   | Capital Grants and contributions applied to capital financing  | 101,716              |
| (351,461)           | Net gain/(loss) on sale of non-current assets  | (2,750,120)          |
|                     | Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations                             |                      |
| (300,552)           |  | (113,321)            |
|                     | Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute   |                      |
| 2,674               |  | 24,288               |
| 0                   | Housing Revenue Account Self-financing   | (205,123,000)        |
|                     | <b>Insertion of items not included in the Comprehensive Income and Expenditure Account</b>   |                      |
|                     | Capital expenditure charged against the Housing Revenue Account  |                      |
| 1,297,599           |  | 891,874              |
| <b>(38,019,543)</b> | <b>Total adjustments</b>   | <b>(210,491,183)</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                                    |                      |
| (2,111,496)         |  | (2,390,958)          |
| 1,553,146           | Use of Capital Receipts Reserve to finance new capital expenditure   | 1,842,402            |
| (23,234)            | Capital receipts transferred to reserves   | 47,835               |
|                     | Use of Capital Receipts Reserve to finance payment to the Government housing capital receipts pool   |                      |
| 856,003             |  | 829,758              |
| <b>274,419</b>      | <b>Total adjustments</b>   | <b>329,037</b>       |
| <b>(31,384,950)</b> | <b>Total adjustments</b>   | <b>(212,289,418)</b> |

## Movement in other comprehensive income and expenditure

| <b>Restated<br/>Decrease /<br/>(Increase)<br/>2010-11<br/>£</b> |  | <b>Decrease /<br/>(Increase)<br/>2011-12<br/>£</b> |
|---|--|--|
|   | Movement in Unusable Reserves  |  |
| 32,328,529  | Revaluation Reserve  | (310,133)  |
| 39,635,401  | Capital Adjustment Account   | 210,727,210  |
| (20,675,000)  | Pensions Reserve   | 8,111,000  |
| 52,808  | Collection Fund Adjustment Account   | 1,276  |
| (9,202)   | Deferred Capital Receipts  | 13,777   |
| 36,419  | Accumulating Compensated Absences<br>Adjustment Account                    | (49,834)   |
| <u>51,368,955</u>   |  | <u>218,493,296</u>                                 |
|   | Adjustment between accounting basis<br>and funding basis under regulations |  |
| 6,360,174   | General Fund   | (2,127,272)  |
| (38,019,543)  | Housing Revenue Account  | (210,491,183)                                      |
| 274,419   | Capital Receipts   | 329,037  |
| 0   | Capital Grants Unapplied   | (32,172)   |
| <u>(31,384,950)</u>   |  | <u>(212,321,590)</u>                               |
| <u><u>19,984,005</u></u>  |  | <u><u>6,171,706</u></u>                            |

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

This note sets out the amount set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2011/12.

|   | 31 March<br>2010<br>£ | Transfers<br>out 2010-11 | Transfers in<br>2010-11 | 31 March<br>2011<br>£ | Transfers<br>out 2011-12 | Transfers in<br>2011-12 | 31 March<br>2012<br>£ |
|---|-----------------------|--------------------------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| <b>Capital</b>                          |                       |                          |                         |                       |                          |                         |                       |
| Preservation of Historic Buildings Fund | (54,622)              | 0                        | 0                       | (54,622)              | 0                        | 0                       | (54,622)              |
| Arts Grants                             | (72,676)              | 67,026                   | (40,000)                | (45,650)              | 12,260                   | (40,000)                | (73,390)              |
| Dual Use Recreational Facilities        | (318,000)             | 111,875                  | 0                       | (206,125)             | 183,477                  | 0                       | (22,648)              |
| Planning Projects                       | (10,000)              | 10,000                   | 0                       | 0                     | 0                        | 0                       | 0                     |
| Community Development                   | (154,417)             | 173,728                  | (99,978)                | (80,667)              | 62,727                   | (135,307)               | (153,247)             |
| Sports Development                      | (267,545)             | 103,624                  | (99,981)                | (263,902)             | 161,307                  | (64,693)                | (167,288)             |
| Other                                   | (227,834)             | 76,387                   | (74,588)                | (226,035)             | 87,398                   | (54,183)                | (192,820)             |
| <b>Revenue</b>                          |                       |                          |                         |                       |                          |                         |                       |
| Conservation Reserves                   | (1,090)               | 0                        | 0                       | (1,090)               | 422                      | 0                       | (668)                 |
| Building Control Reserve                | (290,223)             | 87,446                   | 0                       | (202,777)             | 60,196                   | 0                       | (142,581)             |
| Arts Reserve                            | (13,195)              | 8,566                    | (30,242)                | (34,871)              | 29,892                   | 0                       | (4,979)               |
| Planning Reserve                        | (1,315,062)           | 299,480                  | (16,835)                | (1,032,417)           | 320,130                  | 0                       | (712,287)             |
| Community Safety & Grants Reserve       | (38,065)              | 16,670                   | (900)                   | (22,295)              | 10,940                   | (2,000)                 | (13,355)              |
| Sports Reserve                          | (33,748)              | 44,748                   | (44,313)                | (33,313)              | 28,428                   | (7,300)                 | (12,185)              |
| Travellers Reserve                      | (549,161)             | 53,274                   | (132,513)               | (628,400)             | 56,457                   | (131,988)               | (703,931)             |
| Other                                   | (438,507)             | 199,993                  | (118,827)               | (357,341)             | 18,379                   | (318,708)               | (657,670)             |
|   | <b>(3,784,145)</b>    | <b>1,252,817</b>         | <b>(658,177)</b>        | <b>(3,189,505)</b>    | <b>1,032,013</b>         | <b>(754,179)</b>        | <b>(2,911,671)</b>    |
| <b>Total - Capital</b>                  | (1,105,094)           | 542,640                  | (314,547)               | (877,001)             | 507,169                  | (294,183)               | (664,015)             |
| <b>Revenue</b>                          | (2,679,051)           | 710,177                  | (343,630)               | (2,312,504)           | 524,844                  | (459,996)               | (2,247,656)           |
|   | <b>(3,784,145)</b>    | <b>1,252,817</b>         | <b>(658,177)</b>        | <b>(3,189,505)</b>    | <b>1,032,013</b>         | <b>(754,179)</b>        | <b>(2,911,671)</b>    |

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

| 2010-11          |   |      | 2011-12          |
|------------------|---|------|------------------|
| Net              |   |      | Net              |
| Expenditure      |   |      | Expenditure      |
| £                | Other operating expenditure                                   | Note | £                |
| 3,655,380        | Precepts of Local Precepting Authorities                      |      | 3,929,068        |
| 140,933          | Internal Drainage Boards                                      |      | 143,336          |
| 856,003          | Payment to the Government for Housing Pooled Capital receipts |      | 829,758          |
| 791,118          | Loss on disposal of non-current assets                        | 5    | 2,363,108        |
| <b>5,443,434</b> |   |      | <b>7,265,270</b> |

The loss on disposal of non-current assets relates to the transfer of properties at nil consideration to housing associations.

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

| 2010-11        |  |      | 2011-12        |
|----------------|--|------|----------------|
| Net            |  |      | Net            |
| Expenditure    |  |      | Expenditure    |
| £              | Financing and investment income                              | Note | £              |
| 1,467,000      | Pensions interest cost and expected return on pension assets | 22   | 898,000        |
| 0              | Interest Payable   |      | 59,119         |
| (561,144)      | Interest and investment income                               |      | (605,593)      |
| <b>905,856</b> |  |      | <b>351,526</b> |

## 9 Comprehensive Income and Expenditure Statement - Taxation

| 2010-11             |  |      | 2011-12             |
|---------------------|--|------|---------------------|
| Net                 |  |      | Net                 |
| Expenditure         |  |      | Expenditure         |
| £                   | Taxation and non-specific grant income   | Note | £                   |
| (10,440,056)        | Income from Council Tax                  |      | (10,868,526)        |
| (6,831,343)         | Distribution from Non-Domestic Rate Pool |      | (4,603,491)         |
| (1,032,894)         | Non-ringfenced Government Grants         | 39   | (2,571,426)         |
| 0                   | Capital Grants and contributions         |      | (301,864)           |
| <b>(18,304,293)</b> |  |      | <b>(18,345,307)</b> |

## 10 Material items of income and expenditure

The main material item in the comprehensive income and expenditure statement is:

- In 2011-12, a material item charged to the Housing Revenue Account and then reversed out is the statutory payment to the Government of £205 million in respect of HRA self-financing.

The Government has replaced the previous subsidy system, whereby the Council paid around £12.5 million in 2011-12 (about 54% of its rent income) to the Government, with a self-financing system under which the Council will keep all its rent income but would take on a debt calculated at £205 million on 28 March 2012. This change benefits the Council in future years as the cost of servicing the debt is fixed at £7.2 million whereas the portion of the rents paid over was £12.5 million in 2011/12 and would have been likely to increase in later years.

This material item is shown as a separate line in the comprehensive income and expenditure core financial statement and in the Housing Revenue Account supplementary financial statement but is then reversed out and is also shown in the balance sheet as long term borrowing.

## 11 Usable Reserves

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

| 31 March<br>2011<br>£ |                                 | Note | 31 March<br>2012<br>£ |
|-----------------------|---------------------------------|------|-----------------------|
| (1,425,916)           | Usable Capital Receipts Reserve |      | (1,096,879)           |
| (3,189,504)           | Earmarked Reserve               | 6    | (2,911,671)           |
| (589,850)             | Capital Grants Unapplied        |      | (622,022)             |
| (7,407,235)           | General Fund                    |      | (7,374,077)           |
| (2,290,419)           | Housing Revenue Account         |      | (2,689,955)           |
| <b>(14,902,924)</b>   |                                 |      | <b>(14,694,604)</b>   |

## Usable Capital Receipts Reserve

| 2010-11<br>£       |                               | 2011-12<br>£       |
|--------------------|-------------------------------|--------------------|
| (1,700,335)        | <b>Balance at 1 April</b>     | (1,425,916)        |
| (2,111,496)        | Capital receipts received     | (2,390,958)        |
| 1,553,146          | Capital receipts applied      | 1,842,402          |
| 856,003            | Payments to DCLG              | 829,758            |
| (42,856)           | Transfers to/ (from) reserves | 47,835             |
| 19,622             | Deferred capital receipts     | 0                  |
| <b>(1,425,916)</b> | <b>Balance at 31 March</b>    | <b>(1,096,879)</b> |

## Capital Grants Unapplied

| 2010-11<br>£     |  | 2011-12<br>£     |
|------------------|--|------------------|
| (584,050)        | Planning Delivery Grant                              | (584,050)        |
| (5,800)          | Council Tax - efficiency changes                     | (5,800)          |
| 0                | Improvement East - Information Technology and energy | (31,894)         |
| 0                | Other  | (278)            |
| <b>(589,850)</b> | <b>Balance at 31 March</b>                           | <b>(622,022)</b> |



## 12 Unusable Reserves

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

| Restated<br>2009-10<br>£ | Restated<br>2010-11<br>£ |                                       | 2011-12<br>£         |
|--------------------------|--------------------------|---------------------------------------|----------------------|
| (46,938,895)             | (14,610,365)             | Revaluation Reserve                   | (14,920,498)         |
| (414,925,848)            | (375,290,447)            | Capital Adjustment Account            | (164,563,237)        |
| 52,267,000               | 31,592,000               | Pensions Reserve                      | 39,703,000           |
| (11,952)                 | 40,856                   | Collection Fund Adjustment<br>Account | 42,132               |
| (50,909)                 | (60,111)                 | Deferred Capital Receipts             | (46,334)             |
| 241,901                  | 278,320                  | Accumulated Absences                  | 228,486              |
| <b>(409,418,703)</b>     | <b>(358,049,747)</b>     | <b>Balance at 31 March</b>            | <b>(139,556,451)</b> |

The Revaluation Reserve has been restated to reflect changes required for Heritage Assets as noted in the Council's Accounting Policy. 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.

| Restated<br>31 March<br>2010<br>£ | Restated<br>31 March<br>2011<br>£ |   | 31 March<br>2012<br>£ |
|-----------------------------------|-----------------------------------|---|-----------------------|
| <b>(2,557,426)</b>                | <b>(46,938,895)</b>               | <b>Balance at beginning of year</b>         | <b>(14,610,365)</b>   |
| (49,232,380)                      | (6,984,581)                       | Revaluation gains                           | (6,100,572)           |
| 3,982,352                         | 4,105,071                         | Reversal of impairment                      | 4,021,198             |
| 221,631                           | 34,462,595                        | Revaluation impairment                      | 33,784                |
| 633,351                           | 440,673                           | Release of revaluation gains on<br>disposal | 1,395,090             |
| 13,577                            | 304,772                           | Depreciation adjustment                     | 340,367               |
| <b>(46,938,895)</b>               | <b>(14,610,365)</b>               | <b>Balance at 31 March</b>                  | <b>(14,920,498)</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>31 March<br/>2011</b> |  | <b>31 March<br/>2012</b> |
|--------------------------|--|--------------------------|
| <b>£</b>                 | <b>Balance at 1 April</b>                    | <b>£</b>                 |
| <b>(414,925,848)</b>     |  | <b>(375,290,447)</b>     |
|                          | Capital expenditure financed from;           |                          |
| (1,556,015)              | Capital Receipts                             | (1,842,402)              |
| (1,301,299)              | Revenue                                      | (943,385)                |
| (1,402,726)              | Grants and Reserves                          | (1,283,305)              |
| (3,275,871)              | Major Repairs Allowance                      | (3,334,144)              |
| 0                        | Internal financing                           | (66,870)                 |
| 0                        | HRA Self Financing                           | 205,123,000              |
| (440,673)                | Write out of revaluation gain on disposal    | (1,395,090)              |
| 2,878,272                | Disposal of assets                           | 5,042,218                |
| 47,127,180               | Depreciation, amortisation and impairment    | 11,682,951               |
| (4,105,071)              | Reversal of impairment on revaluation        | (4,021,198)              |
|                          | Write out of revenue expenditure funded from |                          |
| 1,711,604                | capital under statute and loans repaid       | 1,765,435                |
| <b>(375,290,447)</b>     | <b>Balance at 31 March</b>                   | <b>(164,563,237)</b>     |

## Pensions Reserve

| <b>2010-11<br/>£'000</b> |                             | <b>2011-12<br/>£'000</b> |
|--------------------------|-----------------------------|--------------------------|
| <b>52,267</b>            | <b>Balance at 1 April</b>   | <b>31,592</b>            |
| (20,675)                 | Movement in pension reserve | 8,111                    |
| <b>31,592</b>            | <b>Balance at 31 March</b>  | <b>39,703</b>            |

## Collection Fund Adjustment Account

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

| <b>2010-11</b>  |  | <b>2011-12</b> |
|-----------------|--|----------------|
| <b>£</b>        |  | <b>£</b>       |
| <b>(11,952)</b> | <b>Balance at 1 April</b>  | <b>40,856</b>  |
|                 | 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 |                |
| 52,808          |  | 1,276          |
| <b>40,856</b>   | <b>Balance at 31 March</b>   | <b>42,132</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.

| <b>2010-11</b> |   | <b>2011-12</b> |
|----------------|---|----------------|
| <b>£</b>       |   | <b>£</b>       |
| <b>241,901</b> | <b>Balance at 1 April</b>   | <b>278,320</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 |                |
| 36,419         |   | (49,834)       |
| <b>278,320</b> | <b>Balance at 31 March</b>  | <b>228,486</b> |

### 13 Operating Activities

The cash flows for operating activities include the following items:

| 2010-11          |   | 2011-12        | 2011-12            |
|------------------|---|----------------|--------------------|
| £                |   | £              | £                  |
| (28,504,534)     | Housing Benefit grant   | (32,541,179)   |                    |
| (17,806,724)     | Cash received for goods and services                            | (15,192,942)   |                    |
| (10,521,588)     | Housing rents   | (11,319,452)   |                    |
| (6,827,785)      | Council tax receipts - Council share                            | (6,934,204)    |                    |
| (2,487,759)      | Other grants and contributions                                  | (5,311,275)    |                    |
| (6,831,343)      | Council share of National Non-Domestic Rates from National pool | (4,603,491)    |                    |
| (1,032,894)      | Revenue Support Grant   | (2,347,601)    |                    |
| 20,147           | Collection Fund -Council share                                  | <u>(473)</u>   | (78,250,617)       |
| 11,672,371       | Negative Housing Subsidy  | 12,526,981     |                    |
| 19,230,166       | Housing Benefit   | 20,394,780     |                    |
| 16,845,984       | Cash paid to and on behalf of employees                         | 16,647,357     |                    |
| 26,985,139       | Other operating cash payments                                   | 18,476,418     |                    |
| 1,711,604        | Revenue funded from capital under statute                       | 1,765,435      |                    |
| 1,506,629        | Payments to the Capital Receipts Pool                           | <u>729,406</u> | 70,540,377         |
| <b>3,959,413</b> |   |                | <b>(7,710,240)</b> |

### 14 Investing Activities

The cash flows for investing activities include the following items:

| 2010-11            |   | 2011-12          |
|--------------------|---|------------------|
| £                  |   | £                |
| 7,636,467          | Purchase of property, plant and equipment and intangible assets | 5,944,835        |
| (9,717,848)        | Purchase of Short-term and long-term investments                | 5,809,010        |
| (2,119,652)        | Proceeds from the sale of property, plant and equipment         | (2,399,559)      |
| (561,375)          | Proceeds from short-term and long-term investments              | (546,474)        |
| 10,562             | Other receipts from investing activities                        | 13,775           |
| <b>(4,751,846)</b> |   | <b>8,821,587</b> |

## Financing Activities

| 2010-11<br>£   |  | 2011-12<br>£       |
|----------------|--|--------------------|
| 0              | Cash receipts of short and long term borrowing | (205,123,000)      |
| 608,917        | Other receipts from financing activities       | (1,292,922)        |
| 0              | Other payments for financing activities        | 205,123,000        |
| <b>608,917</b> |  | <b>(1,292,922)</b> |

## 15 Cash and Cash Equivalents

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

| 2010-11<br>£     |                                     | 2011-12<br>£   |
|------------------|-------------------------------------|----------------|
| 183,516          | (Increase) /decrease in cash        | 181,575        |
| <u>183,516</u>   | Increase in net debt from cash flow | <u>181,575</u> |
| (284,302)        | Net debt at 1 April                 | (100,786)      |
| <b>(100,786)</b> | <b>Net debt at 31 March</b>         | <b>80,789</b>  |

## 16 Amounts Reported for Resource Allocation - 2011-12

### For the year ended 31st March 2012

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

| Portfolio:                                | Finance and Staffing | Environmental Services | Housing General Fund | Housing Revenue A/c | Sustainability Planning and Climate Change | Northstowe and New Communities | Leader          | Policy and Performance | Economic Development | Total               |
|---|----------------------|------------------------|----------------------|---------------------|--|--------------------------------|-----------------|------------------------|----------------------|---------------------|
|   | £                    | £                      | £                    | £                   | £  | £                              | £               | £                      | £                    | £                   |
| Fees, charges and other service income    | (704,282)            | (2,099,036)            | (724,493)            | (25,747,201)        | (1,895,230)                                | (83,154)                       | 0               | (79,567)               | (12,566)             | (31,345,529)        |
| Government grants                         | (32,320,757)         | 0                      | (103,262)            | 0                   | 0  | 0                              | (70,000)        | (41,080)               | 0                    | (32,535,099)        |
| <b>Total income</b>                       | <b>(33,025,039)</b>  | <b>(2,099,036)</b>     | <b>(827,755)</b>     | <b>(25,747,201)</b> | <b>(1,895,230)</b>                         | <b>(83,154)</b>                | <b>(70,000)</b> | <b>(120,647)</b>       | <b>(12,566)</b>      | <b>(63,880,628)</b> |
| Employee expenses                         | 231,741              | 11,341                 | 0                    | 1,340,042           | 0  | 0                              | 0               | 0                      | 0                    | 1,583,124           |
| Other service expenses                    | 32,594,687           | 5,060,929              | 711,542              | 16,221,611          | 284,065                                    | 243,087                        | 246,589         | 156,761                | 69,152               | 55,588,423          |
| Operational and support service recharges | 3,875,677            | 2,349,267              | 1,262,596            | 3,500,874           | 3,534,775                                  | 1,497,343                      | 146,777         | 509,634                | 82,693               | 16,759,636          |
| Financing, depreciation, etc.             | 1,600                | 202,747                | 81,127               | 4,226,018           | 15,358                                     | 4,400                          | 0               | 0                      | 0                    | 4,531,250           |
| Interest payments                         | 0                    | 0                      | 0                    | 59,119              | 0  | 0                              | 0               | 0                      | 0                    | 59,119              |
| <b>Total expenditure</b>                  | <b>36,703,705</b>    | <b>7,624,284</b>       | <b>2,055,265</b>     | <b>25,347,664</b>   | <b>3,834,198</b>                           | <b>1,744,830</b>               | <b>393,366</b>  | <b>666,395</b>         | <b>151,845</b>       | <b>78,521,552</b>   |
| <b>Net expenditure</b>                    | <b>3,678,666</b>     | <b>5,525,248</b>       | <b>1,227,510</b>     | <b>(399,537)</b>    | <b>1,938,968</b>                           | <b>1,661,676</b>               | <b>323,366</b>  | <b>545,748</b>         | <b>139,279</b>       | <b>14,640,924</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  | 14,640,924        |
| Additional segments not included in the Portfolio analysis   |                   |
| Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services |                   |
| Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services |                   |
| <b>Net cost of services</b>  | <b>14,640,924</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   | HRA self financing | Total               |
|--|---------------------|--------------------------|----------------------------|----------------------------|-------------------------|----------------------|---------------------|--------------------|---------------------|
|  | £                   | £                        | £                          | £                          | £                       | £                    | £                   | £                  | £                   |
| Fees, charges & other service income                   | (31,345,529)        | 0                        | 0                          | 18,209                     | (100,437)               | (31,427,757)         | 0                   |                    | (31,427,757)        |
| 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                    | (605,593)           |                    | (605,593)           |
| Income from council tax                                | 0                   | 0                        | 0                          | 0                          | 0                       | 0                    | (10,868,526)        |                    | (10,868,526)        |
| Government grants and contributions                    | (32,535,099)        | 0                        | 0                          | 50,470                     | (82,549)                | (32,567,178)         | (7,476,781)         |                    | (40,043,959)        |
| <b>Total Income</b>                                    | <b>(63,880,628)</b> | <b>0</b>                 | <b>0</b>                   | <b>68,679</b>              | <b>(182,986)</b>        | <b>(63,994,935)</b>  | <b>(18,950,900)</b> |                    | <b>(82,945,835)</b> |
| Employee expenses                                      | 1,583,124           | 0                        | (367,834)                  | (195,937)                  | 15,964,648              | 16,984,001           | 898,000             |                    | 17,882,001          |
| Other service expenses                                 | 55,588,423          | 5,861                    | 219,966                    | 1,032,015                  | 667,336                 | 57,513,601           | 0                   |                    | 57,513,601          |
| Operational and support service recharges              | 16,759,636          | 0                        | 0                          | 0                          | (16,766,107)            | (6,471)              | 0                   |                    | (6,471)             |
| Financing, depreciation, etc.                          | 4,531,250           | 0                        | 3,682,740                  | (891,874)                  | 317,109                 | 7,639,225            | 0                   | 205,123,000        | 212,762,225         |
| Interest payments                                      | 59,119              | 0                        | 0                          | (59,119)                   | 0                       | 0                    | 59,119              |                    | 59,119              |
| Precepts & levies                                      | 0                   | 0                        | 0                          | 0                          | 0                       | 0                    | 4,072,404           |                    | 4,072,404           |
| Payments to housing capital receipts pool              | 0                   | 0                        | 0                          | 0                          | 0                       | 0                    | 829,758             |                    | 829,758             |
| Gain or loss on disposal of non-current assets         | 0                   | 0                        | 0                          | 0                          | 0                       | 0                    | 2,363,107           |                    | 2,363,107           |
| <b>Total operating expenses</b>                        | <b>78,521,552</b>   | <b>5,861</b>             | <b>3,534,872</b>           | <b>(114,915)</b>           | <b>182,986</b>          | <b>82,130,356</b>    | <b>8,222,388</b>    | <b>205,123,000</b> | <b>295,475,744</b>  |
| <b>Surplus or deficit on the provision of services</b> | <b>14,640,924</b>   | <b>5,861</b>             | <b>3,534,872</b>           | <b>(46,236)</b>            | <b>0</b>                | <b>18,135,421</b>    | <b>(10,728,512)</b> | <b>205,123,000</b> | <b>212,529,909</b>  |

## Amounts Reported for Resource Allocation - 2010-11

### For the year ended 31st March 2011

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 Environmental | Environmental      | Housing          | Housing             | Sustainability     | Northstowe       | Leader          | Policy and       | Economic       | Total               |
|---|---------------------------|--------------------|------------------|---------------------|--------------------|------------------|-----------------|------------------|----------------|---------------------|
|   | Staffing                  | Services           | 'General Fund'   | Revenue A/c         | Planning and       | and New          |                 |                  |                |                     |
|   | £                         | £                  | £                | £                   | Climate Change     | Communities      | £               | £                | £              | £                   |
| Fees, charges and other service income    | (840,251)                 | (1,704,150)        | (794,763)        | (24,177,104)        | (1,758,599)        | (784,528)        | 0               | (119,229)        | 0              | (30,178,624)        |
| Government grants                         | (30,203,200)              | 0                  | (69,290)         | 0                   | (76,666)           | (16,835)         | (23,618)        | (60,279)         | 0              | (30,449,888)        |
| <b>Total income</b>                       | <b>(31,043,451)</b>       | <b>(1,704,150)</b> | <b>(864,053)</b> | <b>(24,177,104)</b> | <b>(1,835,265)</b> | <b>(801,363)</b> | <b>(23,618)</b> | <b>(179,508)</b> | <b>0</b>       | <b>(60,628,512)</b> |
| Employee expenses                         | 299,838                   | 10,921             | 0                | 1,339,475           | 0                  | 0                | 0               | 0                | 0              | 1,650,234           |
| Other service expenses                    | 30,410,084                | 4,949,610          | 645,949          | 15,113,048          | 1,166,928          | 353,576          | 224,784         | 160,550          | 50,274         | 53,074,803          |
| Operational and support service recharges | 3,835,548                 | 2,262,174          | 1,296,169        | 3,606,786           | 3,267,927          | 1,900,682        | 155,047         | 595,049          | 64,383         | 16,983,765          |
| Financing, depreciation, etc.             | 1,600                     | 166,394            | 70,595           | 4,573,470           | 63,474             | 42,827           | 0               | 0                | 0              | 4,918,360           |
| <b>Total expenditure</b>                  | <b>34,547,070</b>         | <b>7,389,099</b>   | <b>2,012,713</b> | <b>24,632,779</b>   | <b>4,498,329</b>   | <b>2,297,085</b> | <b>379,831</b>  | <b>755,599</b>   | <b>114,657</b> | <b>76,627,162</b>   |
| <b>Net expenditure</b>                    | <b>3,503,619</b>          | <b>5,684,949</b>   | <b>1,148,660</b> | <b>455,675</b>      | <b>2,663,064</b>   | <b>1,495,722</b> | <b>356,213</b>  | <b>576,091</b>   | <b>114,657</b> | <b>15,998,650</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  | 15,998,650        |
| Additional segments not included in the Portfolio analysis   | 30,359            |
| Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services | 29,064,542        |
| Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services | (687,032)         |
| <b>Net cost of services</b>  | <b>44,406,519</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               |
|--|---------------------|--------------------------|----------------------------|----------------------------|-------------------------|----------------------|---------------------|---------------------|
|  | £                   | £                        | £                          | £                          | £                       | £                    | £                   | £                   |
| Fees, charges & other service income                   | (30,178,624)        | 0                        | 0                          | 1,003,119                  | (43,106)                | (29,218,611)         | 0                   | (29,218,611)        |
| 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                    | (561,144)           | (561,144)           |
| Income from council tax                                | 0                   | 0                        | 0                          | 0                          | 0                       | 0                    | (10,440,056)        | (10,440,056)        |
| Government grants and contributions                    | (30,449,888)        | 0                        | 0                          | 0                          | (39,028)                | (30,488,916)         | (7,864,237)         | (38,353,153)        |
| <b>Total Income</b>                                    | <b>(60,628,512)</b> | <b>0</b>                 | <b>0</b>                   | <b>1,003,119</b>           | <b>(82,134)</b>         | <b>(59,707,527)</b>  | <b>(18,865,437)</b> | <b>(78,572,964)</b> |
| Employee expenses                                      | 1,650,234           | 0                        | (10,813,581)               | 0                          | 15,446,311              | 6,282,964            | 1,467,000           | 7,749,964           |
| Other service expenses                                 | 53,074,803          | 30,359                   | 879,975                    | (1,690,151)                | 1,245,773               | 53,540,759           | 0                   | 53,540,759          |
| Operational and support service recharges              | 16,983,765          | 0                        | 0                          | 0                          | (16,983,765)            | 0                    | 0                   | 0                   |
| Financing, depreciation, etc.                          | 4,918,360           | 0                        | 38,998,148                 | 0                          | 373,815                 | 44,290,323           | 0                   | 44,290,323          |
| Interest payments                                      | 0                   | 0                        | 0                          | 0                          | 0                       | 0                    | 0                   | 0                   |
| Precepts & levies                                      | 0                   | 0                        | 0                          | 0                          | 0                       | 0                    | 3,796,313           | 3,796,313           |
| Payments to housing capital receipts pool              | 0                   | 0                        | 0                          | 0                          | 0                       | 0                    | 856,003             | 856,003             |
| Gain or loss on disposal of non-current assets         | 0                   | 0                        | 0                          | 0                          | 0                       | 0                    | 791,118             | 791,118             |
| <b>Total operating expenses</b>                        | <b>76,627,162</b>   | <b>30,359</b>            | <b>29,064,542</b>          | <b>(1,690,151)</b>         | <b>82,134</b>           | <b>104,114,046</b>   | <b>6,910,434</b>    | <b>111,024,480</b>  |
| <b>Surplus or deficit on the provision of services</b> | <b>15,998,650</b>   | <b>30,359</b>            | <b>29,064,542</b>          | <b>(687,032)</b>           | <b>0</b>                | <b>44,406,519</b>    | <b>(11,955,003)</b> | <b>32,451,516</b>   |

## 17 Acquired and Discontinued Operations

There are no transactions to report under these headings in 2011-12 or in 2010-11.

## 18 Trading Operations

| 2010-11<br>£    | Direct Labour Organisation                         | 2011-12<br>£    |
|-----------------|--|-----------------|
| 2,786,394       | Building Maintenance<br>Turnover                   | 2,216,586       |
| (27,875)        | (Surplus)/ Deficit                                 | 453             |
| (2,964)         | Accounting adjustments for pensions and impairment | (16,248)        |
| <b>(30,839)</b> | <b>Total (Surplus)/ Deficit</b>                    | <b>(15,795)</b> |

## 19 Members Allowances

The total of Members' allowances paid in the year was £368,943 (£369,121 in 2010-11). 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.



## 20 Officers' Remuneration

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

| Remuneration band | 2011-12<br>number of<br>employees | 2010-11<br>number of<br>employees |
|-------------------|-----------------------------------|-----------------------------------|
| £50,000 - £54,999 | 3                                 | 6                                 |
| £55,000 - £59,999 | 2                                 | 3                                 |
| £60,000 - £64,999 | 1                                 | 4                                 |
| £65,000 – £69,999 | 2                                 | 3                                 |
| £70,000 - £74,999 | 2                                 | 1                                 |
| £75,000 – £79,999 | 0                                 | 1                                 |

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

### 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 2011-12 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<br>band (including<br>special payments) | No. of compulsory<br>redundancies |           | No. of other<br>departures agreed |          | Total cost of exit<br>packages in each<br>band |                |
|---|-----------------------------------|-----------|-----------------------------------|----------|--|----------------|
|   | 2010-11                           | 2011-12   | 2010-11                           | 2011-12  | 2010-11<br>£                                   | 2011-12<br>£   |
| £0 - £20,000  | 8                                 | 6         | 7                                 | 4        | 134,820  | 87,667         |
| £20,001 - £40,000   | 4                                 | 7         | 0                                 | 0        | 113,948  | 202,317        |
| £40,001- £80,000*   | 3                                 | 2         | 1                                 | 0        | 194,602  | 105,713        |
| £100,001 - £150,000                                       | 0                                 | 0         | 1                                 | 0        | 133,335  | 0              |
| <b>Total</b>  | <b>15</b>                         | <b>15</b> | <b>9</b>                          | <b>4</b> | <b>576,705</b>                                 | <b>395,697</b> |

\*Bands have been combined to ensure individual exit packages cannot be identified.

## Senior Officer Remuneration

In 2011-12 Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year were:

|  |                | Actual<br>Salary<br>Paid<br>£ | Returning<br>Officer<br>Fees<br>£ | Benefits in<br>Kind (e.g.<br>Car<br>Allowance<br>£ | Compensation<br>for loss of<br>office<br>£ | Total<br>Remuneration<br>excluding<br>pension<br>contributions<br>£ | Employers<br>Pension<br>contributions<br>£ | Total<br>Remuneration<br>including<br>pension<br>contributions<br>£ |
|--|----------------|-------------------------------|-----------------------------------|--|--|---|--|---|
| <b>Chief Executive<sup>1</sup></b>                               | <b>2011-12</b> | 120,000                       | 13,777                            | 0  | 0  | 133,777   | 26,040                                     | 159,817   |
|  | 2010-11        | 61,333                        | 477                               | 566  | 0  | 62,376  | 13,309                                     | 75,686  |
| <b>Chief Executive<sup>2</sup></b>                               | <b>2011-12</b> | 0                             | 0                                 | 0  | 0  | 0   | 0  | 0   |
|  | 2010-11        | 51,637                        | 12,696                            | 2,944  | 103,386                                    | 170,663   | 41,154                                     | 211,817   |
| <b>Executive Director<sup>3</sup><br/>(Operational Services)</b> | <b>2011-12</b> | 102,835                       | 0                                 | 0  | 0  | 102,835   | 22,315                                     | 125,150   |
|  | 2010-11        | 104,075                       | 0                                 | 1,362  | 0  | 105,437   | 22,584                                     | 128,021   |
| <b>Executive Director<br/>(Corporate Services)</b>               | <b>2011-12</b> | 102,835                       | 300                               | 0  | 0  | 103,135   | 22,315                                     | 125,450   |
|  | 2010-11        | 99,319                        | 0                                 | 56   | 0  | 99,375  | 21,552                                     | 120,927   |

**Chief Executive<sup>1</sup>** date of commencement of service: 27 September 2010

**Chief Executive<sup>2</sup>** date of termination of service: 31 August 2010

**Executive Director<sup>3</sup>** date of termination of service: 30 April 2012

## 21 External Audit Costs

Expenditure during the year on audit costs was:

| 2010-11<br>£   | Audit Commission        | 2011-12<br>£   |
|----------------|-------------------------|----------------|
| 120,000        | Auditing Fee            | 114,000        |
| <u>(9,116)</u> | Rebate                  | <u>(9,120)</u> |
| 110,884        |                         | 104,880        |
| <u>36,954</u>  | Certifying grant claims | <u>34,374</u>  |
| 147,838        |                         | 139,254        |
| <u>21,491</u>  | Inspection fee          | <u>0</u>       |
| <b>169,329</b> |                         | <b>139,254</b> |

## 22 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.

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

The net position of the pension fund is:

| 31 March<br>2011<br>£'000 |  | 31 March<br>2012<br>£'000 |
|---------------------------|--|---------------------------|
| 64,135                    | Fair value of scheme assets  | 63,267                    |
| <u>(95,703)</u>           | Present value of scheme liabilities  | <u>(102,946)</u>          |
| (31,568)                  |  | (39,679)                  |
| (293)                     | Less capital contribution to early retirement included in scheme assets                  | (147)                     |
| 269                       | Liability for cost of early retirement shown separately under creditors in balance sheet | 123                       |
| <b>(31,592)</b>           | <b>Amount recognised in balance sheet</b>  | <b>(39,703)</b>           |

**Transactions in the Comprehensive Income and Expenditure Account**

| <b>2010-11</b><br><b>£'000</b> |  | <b>2011-12</b><br><b>£'000</b> |
|--------------------------------|--|--------------------------------|
|                                | Net cost of services                         |                                |
| 2,396                          | Current service cost apportioned to services | 2,162                          |
| (10,983)                       | Past service costs (non-distributed cost)    | 127                            |
| 99                             | Losses on curtailment (non-distributed cost) | 10                             |
|                                | Net operating expenditure                    |                                |
| 5,715                          | Interest cost                                | 5,220                          |
| (4,248)                        | Expected return on assets                    | (4,322)                        |
| (7,021)                        |  | 3,197                          |

**Transactions in the Movement in Reserves Statement**

| <b>2010-11</b><br><b>£'000</b> |   | <b>2011-12</b><br><b>£'000</b> |
|--------------------------------|---|--------------------------------|
| 7,021                          | Reversal of pension costs earned in year    | (3,197)                        |
| 2,469                          | Employer's payment to pension fund          | 2,503                          |
| 114                            | Employer's payment for unfunded pensions    | 114                            |
| 9,604                          |   | (580)                          |
| 15                             | Additional liability accrued for in 2009/10 | 0                              |
| (236)                          | Movement in creditor                        | 0                              |
| <b>9,383</b>                   |   | <b>(580)</b>                   |

The movement in the fair value of scheme assets is:

| <b>2010-11</b><br><b>£'000</b> |   | <b>2011-12</b><br><b>£'000</b> |
|--------------------------------|---|--------------------------------|
| <b>59,864</b>                  | <b>Opening balance as at 1 April</b>          | <b>64,135</b>                  |
| 4,248                          | * Expected return on assets                   | 4,322                          |
| 772                            | Contributions by Members                      | 739                            |
| 2,762                          | ** Contributions by Employer                  | 2,650                          |
| 114                            | Contributions in respect of unfunded benefits | 114                            |
| 4                              | Actuarial gain / (losses)                     | (4,041)                        |
| (114)                          | Unfunded benefits paid                        | (114)                          |
| (3,515)                        | Benefits paid                                 | (4,538)                        |
| <b>64,135</b>                  | <b>Closing balance as at 31 March</b>         | <b>63,267</b>                  |

\* The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

\*\*The estimated contributions by the employer in 2012-13 are £2,351,000. In addition, the employer is contributing approximately £300,000 in 2012-13 to an internal reserve.

The movement on the present value of scheme liabilities is:

| <b>2010-11</b>   |                                       | <b>2011-12</b>   |
|------------------|---------------------------------------|------------------|
| <b>£'000</b>     |                                       | <b>£'000</b>     |
| <b>(112,621)</b> | <b>Opening balance as at 1 April</b>  | <b>(95,703)</b>  |
| (2,396)          | Current service cost                  | (2,162)          |
| (5,715)          | Interest cost                         | (5,220)          |
| (772)            | Contributions by Members              | (739)            |
| 11,288           | Actuarial gains / (losses)            | (3,637)          |
| 10,983           | Past service (costs) / gains          | (127)            |
| (99)             | Losses on curtailment                 | (10)             |
| 114              | Estimated unfunded benefits paid      | 114              |
| 3,515            | Estimated benefits paid               | 4,538            |
| <b>(95,703)</b>  | <b>Closing balance as at 31 March</b> | <b>(102,946)</b> |

The analysis of the fair value of scheme assets is:

| <b>31 March 2011</b> |             |              | <b>31 March 2012</b> |             |
|----------------------|-------------|--------------|----------------------|-------------|
| <b>£'000</b>         | <b>%</b>    |              | <b>£'000</b>         | <b>%</b>    |
| 46,819               | 73%         | Equities     | 45,553               | 72%         |
| 9,620                | 15%         | Bonds        | 8,857                | 14%         |
| 5,131                | 8%          | Property     | 5,694                | 9%          |
| 2,565                | 4%          | Cash         | 3,163                | 5%          |
| <b>64,135</b>        | <b>100%</b> | <b>Total</b> | <b>63,267</b>        | <b>100%</b> |

The amounts recognised in the Comprehensive Income and Expenditure Statement are:

| <b>2010-11</b>  |  | <b>2011-12</b>  |
|-----------------|--|-----------------|
| <b>£'000</b>    |  | <b>£'000</b>    |
| 11,288          | Actuarial (loss) / gain on scheme liabilities    | (3,637)         |
| 4               | Actuarial loss /(gain) on scheme assets          | (4,041)         |
| <b>11,292</b>   | <b>Actuarial gains /(losses)</b>                 | <b>(7,678)</b>  |
| <b>(28,183)</b> | <b>Cumulative actuarial (losses) at year end</b> | <b>(35,861)</b> |

The principal assumptions used by the Actuary are:

| <b>31 March<br/>2011</b> |  | <b>31 March<br/>2012</b> |
|--------------------------|--|--------------------------|
|                          | Financial assumptions  |                          |
| 2.8%                     | Inflation/pensions increase rate   | 2.5%                     |
| 5.1%                     | Salary increase rate   | *4.8%                    |
|                          | * (1% to 31 March 2015, 4.8% thereafter)                                     |                          |
| 6.8%                     | Expected return on assets  | 5.6%                     |
| 5.5%                     | Discount rate  | 4.8%                     |
|                          | Analysis of the expected return on assets                                    |                          |
| 7.5%                     | Equities   | 6.3%                     |
| 4.9%                     | Bonds  | 3.3%                     |
| 5.5%                     | Property   | 4.4%                     |
| 4.6%                     | Cash   | 3.5%                     |
|                          | Life expectancy at age 65  |                          |
|                          | Current pensioners   |                          |
| 21 years                 | Males  | 21 years                 |
| 23.8                     |  | 23.8                     |
| years                    | Females  | years                    |
|                          | Future pensioners  |                          |
| 22.9                     | Males  | 22.9                     |
| years                    |  | years                    |
| 25.7                     | Females  | 25.7                     |
| years                    |  | years                    |
|                          | Employees electing to take additional tax-free lump sum<br>up to HMRC limits |                          |
| 25%                      | pre April 2008 service   | 25%                      |
| 63%                      | pre April 2008 service   | 63%                      |

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

|  | <b>2007-08</b>  | <b>2008-09</b>  | <b>2009-10</b>  | <b>2010-11</b>  | <b>2011-12</b>  |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>    |
| Fair value of scheme assets  | 54,650          | 44,858          | 59,864          | 64,135          | 63,267          |
| Present value of scheme liabilities  | (70,075)        | (68,964)        | (112,621)       | (95,703)        | (102,946)       |
| <b>Surplus/deficit</b>   | <b>(15,425)</b> | <b>(24,106)</b> | <b>(52,757)</b> | <b>(31,568)</b> | <b>(39,679)</b> |
| Actuarial gains/ (losses) on asset obligation  |                 |                 |                 |                 |                 |
| Experience gains/(losses) on assets  | (2,690)         | (14,294)        | 11,777          | 4               | (4,041)         |
| Experience (gains)/losses on liabilities   | 7,445           | 6,664           | (39,637)        | 11,288          | (3,637)         |
|  | <b>4,755</b>    | <b>(7,630)</b>  | <b>(27,860)</b> | <b>11,292</b>   | <b>(7,678)</b>  |
| Experience (gains)/ losses on liabilities<br>as % of present value of scheme liabilities | (10.6%)         | (9.7%)          | 35.2%           | (11.8%)         | 3.5%            |

## 23 Events after the Balance Sheet Date

The un-audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 28 June 2012. This is the date up to which events after the balance sheet date have been considered.

## 24 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 Notes 35 and 51.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2011-12 is shown in Note 19.

In 2011-12, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

## 25 Leases

There were no finance lease agreements during 2011-12.

The Council has no operating leases. Payments of £1,142,472 in respect of vehicle contract hire were made in 2011-12 (£998,382 in 2010-11).

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

| <b>2010-11</b>   |   | <b>2011-12</b>   |
|------------------|---|------------------|
| <b>£</b>         |   | <b>£</b>         |
| 1,057,065        | Not later than one year                           | 1,017,523        |
| 3,382,456        | Later than one year and not later than five years | 3,009,864        |
| 575,271          | Later than five years                             | 39,723           |
| <b>5,014,792</b> |   | <b>4,067,110</b> |

## 26 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                       | 5 years |

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £37,914 charged to revenue in 2011-12 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<br/>Assets<br/>2011-12</b> | <b>Intangible<br/>Assets<br/>2010-11</b> |
|---|--|--|
| <b>Balance at start of year</b>             |  |  |
| Gross carrying amount                       | 294,610                                  | 217,893                                  |
| accumulated amortisation                    | (150,794)                                | (100,148)                                |
| <b>Net carrying amount at start of year</b> | <b>143,816</b>                           | <b>117,745</b>                           |
| Additions                                   |  |  |
| Purchases                                   | 202,944                                  | 76,717                                   |
| Amortisation for the period                 | (37,914)                                 | (50,646)                                 |
| <b>Net carrying amount at end of year</b>   | <b>308,846</b>                           | <b>143,816</b>                           |
| Comprising:                                 |  |  |
| Gross carrying amounts                      | 497,554                                  | 294,610                                  |
| Accumulated depreciation                    | (188,708)                                | (150,794)                                |
|   | <b>308,846</b>                           | <b>143,816</b>                           |



## 27 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>Property, Plant and Equipment</b>                                | <b>2011-12</b> | <b>2010-11</b> |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| <b>Council dwellings (Housing Revenue Account and General Fund)</b> |                |                |
| Impairment  | 1,104,444      | 69,038,057     |
| Charge to Revaluation Reserve                                       | (371,490)      | (34,088,092)   |
| Reversal  | (3,694,728)    | (3,900,899)    |
| <b>Other Land and Buildings</b>                                     |                |                |
| Impairment  | 59,809         | 5,174          |
| Charge to Revaluation Reserve                                       | (2,661)        | (11,684)       |
| Reversal  | (326,471)      | (163,636)      |
| <b>Vehicles, Plant and Equipment</b>                                |                |                |
| Impairment  | 0              | 58,250         |
| Reversal  | 0              | 0              |
| <b>Infrastructure</b>   |                |                |
| Impairment  | 11,890         | 0              |
| <b>Surplus assets not held for sale</b>                             |                |                |
| Impairment  | 0              | (1,676,833)    |
| Charge to Revaluation Reserve                                       | 0              | (657,929)      |
| Reversal  |                | (40,580)       |

## 28 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 – 16/45 years,

Buildings other than dwellings – 10/51 years,

Vehicles, plant and equipment – 7/10 years.

No depreciation is charged on Heritage assets 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 2011-12

|  | Council dwellings<br>£ | Other land and buildings<br>£ | Vehicles, Plant and Equipment<br>£ | Infrastructure assets<br>£ | Surplus Assets held not for sale<br>£ | Total Property Plant and Equipment<br>£ |
|--|------------------------|-------------------------------|------------------------------------|----------------------------|---------------------------------------|---|
| <b>Cost or valuation</b>   |                        |                               |                                    |                            |                                       |   |
| <b>At 1 April 2011</b>   | <b>369,225,419</b>     | <b>18,582,390</b>             | <b>4,658,137</b>                   | <b>95,404</b>              | <b>2,403,000</b>                      | <b>394,964,350</b>                      |
| Additions  | 5,218,448              | 59,809                        | 448,741                            | 11,890                     | 3,000                                 | 5,741,888                               |
| Revaluation increases / (decreases) recognised in the Revaluation Reserve                          | (4,929,723)            | (30,993)                      | 0                                  | (11,890)                   | 150                                   | (4,972,456)                             |
| Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services | (732,953)              | (57,148)                      | 0                                  | 0                          | 0                                     | (790,101)                               |
| Derecognition-disposals  | (3,142,465)            | (83,753)                      | (10,000)                           | 0                          | (1,806,000)                           | (5,042,218)                             |
| Other movements in cost or valuation   | 0                      | 0                             | 0                                  | 0                          | 0                                     | 0                                       |
| <b>At March 2012</b>   | <b>365,638,726</b>     | <b>18,470,305</b>             | <b>5,096,878</b>                   | <b>95,404</b>              | <b>600,150</b>                        | <b>389,901,463</b>                      |
| <b>Accumulated Depreciation and impairment</b>   |                        |                               |                                    |                            |                                       |   |
| <b>At 1 April 2011</b>   | <b>0</b>               | <b>(318,290)</b>              | <b>(2,355,434)</b>                 | <b>(45,114)</b>            | <b>0</b>                              | <b>(2,718,838)</b>                      |
| Depreciation Charge  | (10,310,602)           | (205,615)                     | (315,550)                          | (11,279)                   | 0                                     | (10,843,046)                            |
| Depreciation written out to the Revaluation Reserve  | 337,706                | 0                             | 0                                  | 0                          | 0                                     | 337,706                                 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services                       | 9,972,896              | 361,150                       | 0                                  | 0                          | 0                                     | 10,334,046                              |
| Impairment losses/ (reversals) recognised in the Revaluation Reserve                               | 0                      | 0                             | 0                                  | 0                          | 0                                     | 0                                       |
| Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services      | 0                      | 0                             | 0                                  | 0                          | 0                                     | 0                                       |
| Derecognition-disposals  | 0                      | 0                             | 0                                  | 0                          | 0                                     | 0                                       |
| Other movements in Depreciation and Impairment   | 0                      | 0                             | 0                                  | 0                          | 0                                     | 0                                       |
| <b>At March 2012</b>   | <b>0</b>               | <b>(162,755)</b>              | <b>(2,670,984)</b>                 | <b>(56,393)</b>            | <b>0</b>                              | <b>(2,890,132)</b>                      |
| <b>Net Book Value</b>  |                        |                               |                                    |                            |                                       |   |
| <b>At March 2011</b>   | <b>369,225,419</b>     | <b>18,264,100</b>             | <b>2,302,703</b>                   | <b>50,290</b>              | <b>2,403,000</b>                      | <b>392,245,512</b>                      |
| <b>At March 2012</b>   | <b>365,638,726</b>     | <b>18,307,550</b>             | <b>2,425,894</b>                   | <b>39,011</b>              | <b>600,150</b>                        | <b>387,011,331</b>                      |

## Property, Plant and Equipment for the financial year 2010-11

|  | Council dwellings<br>£ | Other land and buildings<br>£ | Vehicles, Plant and Equipment<br>£ | Infrastructure assets<br>£ | Surplus Assets held not for sale<br>£ | Total property Plant and Equipment<br>£ |
|--|------------------------|-------------------------------|------------------------------------|----------------------------|---------------------------------------|---|
| <b>Cost or valuation</b>   |                        |                               |                                    |                            |                                       |   |
| <b>At 1 April 2010</b>   | <b>438,696,550</b>     | <b>18,669,064</b>             | <b>3,260,847</b>                   | <b>95,404</b>              | <b>1,587,500</b>                      | <b>462,309,365</b>                      |
| Additions  | 6,000,615              | 243                           | 1,538,790                          | 0                          | 0                                     | <b>7,539,648</b>                        |
| Revaluation increases / (decreases) recognised in the Revaluation Reserve                          | (38,315,218)           | 166,930                       | 0                                  | 0                          | 371,937                               | <b>(37,776,351)</b>                     |
| Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services | (35,403,672)           | (11,684)                      | (58,250)                           | 0                          | (978,324)                             | <b>(36,451,930)</b>                     |
| Derecognition-disposals  | (1,794,523)            | (242,163)                     | (83,250)                           | 0                          | (758,336)                             | <b>(2,878,272)</b>                      |
| Other movements in cost or valuation   | 41,667                 | 0                             | 0                                  | 0                          | 2,180,223                             | <b>2,221,890</b>                        |
| <b>At March 2011</b>   | <b>369,225,419</b>     | <b>18,582,390</b>             | <b>4,658,137</b>                   | <b>95,404</b>              | <b>2,403,000</b>                      | <b>394,964,350</b>                      |
| <b>Accumulated Depreciation and impairment</b>   |                        |                               |                                    |                            |                                       |   |
| <b>At 1 April 2010</b>   | <b>0</b>               | <b>(124,164)</b>              | <b>(1,932,887)</b>                 | <b>(33,835)</b>            | <b>0</b>                              | <b>(2,090,886)</b>                      |
| Depreciation Charge  | (9,965,153)            | (200,635)                     | (422,547)                          | (11,279)                   | 0                                     | <b>(10,599,614)</b>                     |
| Depreciation written out to the Revaluation Reserve  | 306,653                | 7,124                         | 0                                  | 0                          | 0                                     | <b>313,777</b>                          |
| Depreciation written out to the Surplus/Deficit on the Provision of Services                       | 9,658,500              | 0                             | 0                                  | 0                          | 0                                     | <b>9,658,500</b>                        |
| Impairment losses/ (reversals) recognised in the Revaluation Reserve                               | 0                      | 4,560                         | 0                                  | 0                          | 0                                     | <b>4,560</b>                            |
| Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services      | 0                      | (5,175)                       | 0                                  | 0                          | 0                                     | <b>(5,175)</b>                          |
| Derecognition-disposals  | 0                      | 0                             | 0                                  | 0                          | 0                                     | <b>0</b>                                |
| Other movements in Depreciation and Impairment   | 0                      | 0                             | 0                                  | 0                          | 0                                     | <b>0</b>                                |
| <b>At March 2011</b>   | <b>0</b>               | <b>(318,290)</b>              | <b>(2,355,434)</b>                 | <b>(45,114)</b>            | <b>0</b>                              | <b>(2,718,838)</b>                      |
| <b>Net Book Value</b>  |                        |                               |                                    |                            |                                       |   |
| <b>At March 2010</b>   | <b>438,696,550</b>     | <b>18,544,900</b>             | <b>1,327,960</b>                   | <b>61,569</b>              | <b>1,587,500</b>                      | <b>460,218,479</b>                      |
| <b>At March 2011</b>   | <b>369,225,419</b>     | <b>18,264,100</b>             | <b>2,302,703</b>                   | <b>50,290</b>              | <b>2,403,000</b>                      | <b>392,245,512</b>                      |

**Surplus assets held for sale**

|   | <b>Assets held<br/>for sale<br/>2011-12<br/>£</b> | <b>Assets held<br/>for sale<br/>2010-11<br/>£</b> |
|---|---|---|
| <b>Cost or valuation</b>  |   |   |
| <b>At 1 April</b>   | <b>0</b>  | <b>2,244,337</b>                                  |
| Inter-asset transfer  | 0   | (2,244,337)                                       |
| <b>At March</b>   | <b>0</b>  | <b>0</b>  |
| <b>Accumulated impairment</b>   |   |   |
| <b>At 1 April</b>   | <b>0</b>  | <b>0</b>  |
| Impairment losses/ (reversals) recognised<br>in the Revaluation Reserve                             | 0   | 0   |
| Impairment losses/ (reversals) recognised<br>in the Surplus/Deficit on the Provision of<br>Services | 0   | 0   |
| <b>At March</b>   | <b>0</b>  | <b>0</b>  |
| <b>Net Book Value</b>   |   |   |
| <b>At March 2011</b>  | <b>0</b>  | <b>2,244,337</b>                                  |
| <b>At March 2012</b>  | <b>0</b>  | <b>0</b>  |

## Heritage Assets

|   | Heritage<br>Assets<br>2011-12<br>£ | Heritage<br>Assets<br>2010-11<br>£ | Heritage<br>Assets<br>2009-10<br>£ | Heritage<br>Assets<br>2008-09<br>£ | Heritage<br>Assets<br>2007-08<br>£ |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Valuation</b>  |                                    |                                    |                                    |                                    |                                    |
| <b>At 1 April</b>   | <b>609,429</b>                     | <b>580,409</b>                     | <b>552,770</b>                     | <b>526,448</b>                     | <b>506,200</b>                     |
| Additions   | 0                                  | 0                                  | 0                                  | 0                                  | 0                                  |
| Revaluation increases / (decreases)<br>recognised in the Revaluation Reserve                        | 15,236                             | 29,020                             | 27,639                             | 26,322                             | 20,248                             |
| <b>At March</b>   | <b>624,665</b>                     | <b>609,429</b>                     | <b>580,409</b>                     | <b>552,770</b>                     | <b>526,448</b>                     |
| <b>Accumulated impairment</b>   |                                    |                                    |                                    |                                    |                                    |
| <b>At 1 April</b>   | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           |
| Impairment losses/ (reversals)<br>recognised in the Revaluation Reserve                             | 0                                  | 0                                  | 0                                  | 0                                  | 0                                  |
| Impairment losses/ (reversals)<br>recognised in the Surplus/Deficit on<br>the Provision of Services | 0                                  | 0                                  | 0                                  | 0                                  | 0                                  |
| <b>At March</b>   | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           | <b>0</b>                           |
| <b>Net Book Value</b>   |                                    |                                    |                                    |                                    |                                    |
| <b>At March 2011</b>  | <b>609,429</b>                     | <b>580,409</b>                     | <b>552,770</b>                     | <b>526,448</b>                     | <b>506,200</b>                     |
| <b>At March 2012</b>  | <b>624,665</b>                     | <b>609,429</b>                     | <b>580,409</b>                     | <b>552,770</b>                     | <b>526,448</b>                     |

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 maintained by the Council and is included in the Council's accounts at insurance valuation, and reviewed annually, 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.

## 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 2010 by Mr Andrew Wilcox, MRICS, District Valuer, East of England; and reviewed by him as at 31 March 2012 and
- b) Other land and buildings and valued as at 31 March 2010 by Mr Gary Bradbury, MRICS, District Valuer, East of England, and reviewed as at 31 March 2012 by Mr Andrew Wilcox, 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 40. In the event that the dwellings are transferred to a housing association, then the valuation method for such a transfer is entirely different and produces a much lower valuation.

An analysis of non-current assets is:

| <b>31 March<br/>2011<br/>(numbers)</b> |   | <b>31 March<br/>2012<br/>(numbers)</b> |
|--|---|--|
| 5,523                                  | Council dwellings (HRA & GF)  | 5,479                                  |
| 1                                      | Office  | 1                                      |
| 1                                      | Depot and workshop (leased)   | 1                                      |
|  | Country Park, visitors centre and toilet block<br>(99 year lease granted to Cambridge Sports<br>Lake Trust Ltd at 31 March 2008)              |  |
| 0                                      |   | 0                                      |
| 0                                      | Car parks:<br>Histon and Melbourn - 99 year lease<br>Linton - 125 year lease granted in 2010-11<br>Sawston - 99 year lease granted in 2009-10 | 0                                      |
| 30.23 acres                            | Land  | 30.23 acres                            |

Capital commitments as at 31 March 2012 were £0.1 million on Housing and £1.4 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

## 29 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:

|  | 2011-12<br>£     | 2010-11<br>£     |
|--|------------------|------------------|
| <b>Opening Cash overdrawn</b>                | <b>1,794,926</b> | <b>0</b>         |
| Expenditure                                  |                  |                  |
| Intangible assets                            | 202,944          | 76,717           |
| Non-current assets                           | 5,741,889        | 7,539,648        |
| Revenue funded from capital<br>under statute | 1,765,435        | 1,711,605        |
| Long term debtors                            | 5,174            | 20,102           |
| Financing                                    |                  |                  |
| Capital Receipts                             | (1,847,576)      | (1,573,250)      |
| Revenue                                      | (1,010,255)      | (1,301,299)      |
| Grant and contributions                      | (794,470)        | (1,097,307)      |
| Major Repairs Allowance                      | (3,334,144)      | (3,275,871)      |
| Reserves                                     | (488,835)        | (305,419)        |
| <b>Closing cash overdrawn</b>                | <b>2,035,088</b> | <b>1,794,926</b> |

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.

|                               | 2011-12<br>£ | 2010-11<br>£ |
|-------------------------------|--------------|--------------|
| <b>Balance as at 1 April</b>  | 0            | 0            |
| Improvement Grants            | 715,508      | 746,344      |
| Other                         | 1,049,927    | 965,261      |
| Written out                   | (1,765,435)  | (1,711,605)  |
| <b>Balance as at 31 March</b> | <b>0</b>     | <b>0</b>     |

### 30 Inventories

| 31<br>March<br>2011<br>£ |   | 31<br>March<br>2012<br>£ |
|--------------------------|---|--------------------------|
| 39,991                   | DSO - Recycling and refuse bins and sacks | 38,258                   |
| 1,948                    | Catering                                  | 1,502                    |
| 4,078                    | Post                                      | 2,443                    |
| <b>46,017</b>            |   | <b>42,203</b>            |



**31 Short Term Debtors**

| <b>31 March<br/>2011</b> | <b>Debtors</b>                          | <b>31 March<br/>2012</b> |
|--------------------------|---|--------------------------|
| <b>£</b>                 |   | <b>£</b>                 |
| 1,706,122                | Government Departments - other          | 1,108,315                |
| 4,006,605                | Government Departments - Business Rates | 0                        |
| 98,045                   | Council Tax - District Council share    | 109,161                  |
| 337,628                  | Housing Rents                           | 317,469                  |
| 179,446                  | Cambridgeshire County Council           | 242,894                  |
| 2,548,355                | Sundry Debtors                          | 4,041,978                |
| <b>8,876,201</b>         |   | <b>5,819,817</b>         |
|                          | <b>Provision for Doubtful Debts</b>     |                          |
| (72,759)                 | Council Tax                             | (46,613)                 |
| (321,738)                | Housing                                 | (301,677)                |
| (840,256)                | Sundry Debtors                          | (1,090,463)              |
| <b>(1,234,753)</b>       |   | <b>(1,438,753)</b>       |
| <b>7,641,448</b>         | <b>Total Debtors</b>                    | <b>4,381,064</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 36.

## 32 Short Term Creditors

| 31 March<br>2011<br>£ |   | 31 March<br>2012<br>£ |
|-----------------------|---|-----------------------|
| (577,162)             | Government Departments - other          | (679,761)             |
| 0                     | Government Departments - Business Rates | (2,214,765)           |
| (86,290)              | Council Tax -District Council share     | (1,607,960)           |
| (241,394)             | Housing Rents                           | (237,108)             |
| (956,178)             | Cambridgeshire County Council           | (609,655)             |
| (38,174)              | Cambridgeshire Police Authority         | (38,969)              |
| (13,089)              | Cambridgeshire Fire Authority           | (13,333)              |
| (73,632)              | Cambridge City Council                  | (65,998)              |
| (2,522,724)           | Sundry Creditors                        | (2,275,461)           |
| (56,611)              | Provision                               | (380,411)             |
| (1,246,999) **        | Developers Contributions                | (938,051)             |
| <b>(5,812,253)</b>    | <b>Total Creditors</b>                  | <b>(9,061,472)</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:

|   | Balance at<br>31 March<br>2011<br>£ | Movement<br>during<br>year<br>£ | Balance at<br>31 March<br>2012<br>£ |
|---|-------------------------------------|---------------------------------|-------------------------------------|
| <b>Capital</b>                            |                                     |                                 |                                     |
| Commuted Sums                             | (81,989)                            | 0                               | (81,989)                            |
| Partnership works on Awarded Watercourses | (421,127)                           | 101,543                         | (319,584)                           |
| Affordable Housing S106                   | (502,918)                           | 166,673                         | (336,245)                           |
| <b>Revenue</b>                            |                                     |                                 |                                     |
| Sustainability S106 Arbury Camps          | (68,908)                            | 0                               | (68,908)                            |
| Public Art S106 Arbury Camps              | (153,324)                           | 46,985                          | (106,339)                           |
| Community Development S106                | (11,517)                            | 0                               | (11,517)                            |
| Electoral Arrangements                    | (7,216)                             | 0                               | (7,216)                             |
| Waste Management                          | 0                                   | (6,253)                         | (6,253)                             |
|   | <b>(1,246,999)</b>                  | <b>308,948</b>                  | <b>(938,051)</b>                    |
| <b>Capital</b>                            | (1,006,034)                         | 268,216                         | (737,818)                           |
| <b>Revenue</b>                            | (240,965)                           | 40,732                          | (200,233)                           |
|   | <b>(1,246,999)</b>                  | <b>308,948</b>                  | <b>(938,051)</b>                    |

### 33 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 £228,486 as shown in the Balance Sheet and Note 12.

### 34 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 305 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 74 properties where a similar obligation exists. The Council would then look to resell the properties under the equity share schemes so that the in and out transactions would have had an approximately nil financial effect. As a result of the introduction of the pooling of capital receipts arrangements in local government from 1 April 2004, the Council may be exposed to a liability to pay 75% of the value of any capital receipts from the resale of these properties to Central Government. 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;
2. the Council has undertaken an equal pay audit; there might be claims for back-pay plus interest and legal costs together with additional pension and redundancy costs and possibly additional future payroll costs.

**35 Grant Income**

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2011-12.

| 2010-11<br>£       |  | 2011-12<br>£       |
|--------------------|--|--------------------|
|                    | <b>Credited to services</b>  |                    |
|                    | Department of Social Security and Department of Communities and Local Government |                    |
| (701,775)          | Housing Benefit Administration, Discretionary and Fraud                          | (653,238)          |
|                    | Department of Communities and Local Government                                   |                    |
| (220,600)          | NNDR Cost of Collection Allowance  | (216,443)          |
| (16,385)           | Habitat regulation   | 0                  |
| (36,050)           | Homelessness   | (5,258)            |
| (1,622)            | Mortgage Rescue  | (1,500)            |
| (9,183)            | Council tax /Business Rates  | (10,206)           |
| (325,288)          | Improvement Grant  | (311,301)          |
|                    | Cambridgeshire County Council  |                    |
| (60,279)           | Building Safer Communities -Safer, Stronger Communities Fund                     | (41,080)           |
| (77,167)           | Supporting People  | (52,390)           |
| 0                  | LPSA Reward Grant  | (70,000)           |
|                    | Cambridge Horizons and Department of Communities and Local Government            |                    |
| (631,537)          | Growth Agenda/ New Communities   | 0                  |
|                    | Private Sector   |                    |
| (180,000)          | Housing Association Support  | (201,333)          |
| 0                  | S106 contributions   | (41,027)           |
| (227,873)          | Contributions from other authorities   | (1,136,072)        |
| <b>(2,487,759)</b> |  | <b>(2,739,848)</b> |
|                    | <b>Credited to Taxation and Non-specific Grant Income</b>                        |                    |
|                    | Department of Communities and Local Government                                   |                    |
| (991,974)          | Revenue Support Grant  | (1,422,952)        |
| 0                  | New Homes Bonus  | (924,649)          |
| (40,920)           | Area Based Grant   | 0                  |
| 0                  | Council Tax Freeze Grant   | (173,355)          |
| 0                  | Local Services Support Grant   | (50,470)           |
| <b>(1,032,894)</b> |  | <b>(2,571,426)</b> |

## 36 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 and long term mortgages

For trade payables, bank deposits and trade receivables, being of short duration, and for long term mortgages, being at variable rates, and PWLB loan at fixed 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.

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

The Council has given interest free loans, repayable on the sale/transfer of charged properties, which have not been classified as financial instruments. These loans are included in the balance sheet as long term debtors', the outstanding amount was £386,228 as at 31 March 2012 (£381,053 in 2010-11).

The financial risks arising from financial instruments are:

### a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions which are included as counterparties in the Council's Investment Strategy, which regards the successful identification, monitoring and control of risk to be the prime criteria. The Council has a policy of tiered maximum investments with the up-most limit not more than £5 million of its surplus balances to any one institution.

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

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

### b) Liquidity Risk

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

**c) Market Risk**

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

Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise

Investments at fixed rates – the fair value of the assets will fall (but the carrying amount will not change)

As most investments are at fixed rates, 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.

### 37 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<br/>2011</b> |   | <b>31 March<br/>2012</b> |
|--------------------------|---|--------------------------|
| <b>£</b>                 |   | <b>£</b>                 |
|                          | Local Authorities                                 |                          |
| 1,597,768                | Clearing Banks                                    | 5,390,639                |
| 2,000,263                | Banks, other                                      | 2,502,463                |
| 193                      | Money Market Funds                                | 0                        |
|                          | Building Societies with assets:                   |                          |
|                          | greater than £10,000 million                      | 7,123,596                |
| 5,107,853                | between £1,500 million and £5,000 million         | 1,044,673                |
| 1,044,846                | Government Securities                             | 110                      |
| 110                      |   | 110                      |
| <u>9,751,033</u>         |   | <u>16,061,481</u>        |
|                          | Less:   |                          |
| (231)                    | Cash and cash equivalents                         | (501,669)                |
| <u>9,750,802</u>         | <b>Total</b>                                      | <u>15,559,812</u>        |
|                          | <b>Principal Investments analysed by maturity</b> |                          |
| 3,550,690                | 2011/12   | 0                        |
| 2,000,000                | 2012/13   | 9,336,464                |
| 2,000,000                | 2013/14   | 4,000,000                |
| 2,000,000                | 2014/15   | 2,000,000                |
| 110                      | Government Securities                             | 110                      |
| <u>9,550,800</u>         |   | <u>15,336,574</u>        |
| 200,002                  | Accrued interest                                  | 223,238                  |
| <u>9,750,802</u>         |   | <u>15,559,812</u>        |

### 38 Long Term Liabilities

| 31 March<br>2011<br>£     |   | Note | 31 March<br>2012<br>£ |
|---------------------------|---|------|-----------------------|
| 0                         | Borrowing for HRA Self Financing                    |      | (205,123,000)         |
| (31,592,000)              | Liability related to defined benefit pension scheme | 22   | (39,703,000)          |
| (122,533)                 | Deferred Liability -Pension                         |      | (54,635)              |
| <b>(31,714,533) Total</b> |   |      | <b>(39,757,635)</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, the Council has 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 fair value, administration charges have been charged to 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 in 25 years          | 5,000          |
| Repayable within 30 years      | 50,000         |
| Repayable within 35 years      | 50,000         |
| Repayable within 40 years      | 50,000         |
| Repayable within 45 years      | 50,123         |
| <b>Total commitment</b>        | <b>205,123</b> |



**39 Non ring-fenced Government Grant**

| <b>2010-11</b>     |                              | <b>Note</b> | <b>2011-12</b>     |
|--------------------|------------------------------|-------------|--------------------|
| <b>£</b>           |                              |             | <b>£</b>           |
| (991,974)          | Revenue Support Grant        |             | (1,422,952)        |
| 0                  | New Homes Bonus              |             | (924,649)          |
| 0                  | Council Tax Freeze Grant     |             | (173,355)          |
| (40,920)           | Area Based Grant             |             | 0                  |
| 0                  | Local Services Support Grant |             | (50,470)           |
| <hr/>              |                              |             |                    |
| <b>(1,032,894)</b> |                              | <b>9</b>    | <b>(2,571,426)</b> |

## **Supplementary Financial Statements**

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

## Housing Revenue Income and Expenditure Account

This statement sets out details of the income and expenditure in relation to the provision of council dwellings.

| 2010-11             |  |                    | 2011-12             |
|---------------------|--|--------------------|---------------------|
| £                   | <b>INCOME</b>  |                    | £                   |
| (21,893,430)        | Dwelling Rents(Gross)  | (23,547,577)       |                     |
| (348,589)           | Non-dwelling Rents(Gross)                                      | (368,338)          |                     |
| (1,938,463)         | Charges for Services and Facilities                            | <u>(1,886,473)</u> |                     |
|                     |  |                    | (25,802,388)        |
|                     | <b>Contributions towards expenditure</b>                       |                    |                     |
| (163,799)           | General Fund   | (157,372)          |                     |
| (122,500)           | Other sources  | <u>0</u>           |                     |
|                     |  |                    | (157,372)           |
| (30,839)            | Transfer of DLO surplus  | Note 18            | (15,795)            |
| <u>(24,497,620)</u> | <b>Total Income</b>  |                    | <u>(25,975,555)</u> |
|                     | <b>EXPENDITURE</b>   |                    |                     |
| 3,203,348           | Repairs and Maintenance  |                    | 3,234,540           |
|                     | Supervision and Management                                     |                    |                     |
| 1,519,457           | General  |                    | 1,450,877           |
| 945,732             | Repairs and Maintenance  |                    | 861,135             |
| 2,451,338           | Special Services   |                    | 2,400,554           |
| 90,478              | Rent, Rates and Other Charges                                  |                    | 93,614              |
| 11,672,371          | Payment to Government in to National Pool                      | Note 45            | 12,526,981          |
| 41,943,674          | Depreciation and impairment of Fixed Assets                    | Notes 42 & 43      | 6,856,764           |
| 0                   | Self Financing Settlement                                      | Note 38            | 205,123,000         |
| 17,794              | Treasury Management Costs                                      |                    | 99,400              |
| 7,226               | Increased/(Decreased) Provision for Bad or Doubtful Debt       |                    | 29,696              |
| <u>61,851,418</u>   | <b>Total Expenditure</b>                                       |                    | <u>232,676,561</u>  |
| <b>37,353,798</b>   | <b>Net Cost of Services as included in the whole authority</b> |                    | <b>206,701,006</b>  |
|                     | <b>Income and Expenditure Account</b>                          |                    |                     |
|                     | HRA services share of Corporate and                            |                    |                     |
| 469,595             | Democratic Core  |                    | 518,628             |
| (2,428)             | Mortgage Interest  |                    | (2,064)             |
| <u>37,820,965</u>   | <b>Net Cost of HRA Services</b>                                |                    | <u>207,217,570</u>  |
| 351,461             | Loss on sale of HRA non-current assets                         | Note 5             | 2,750,120           |
| 0                   | Interest payable on Self Financing Debt                        | Note 8             | 59,119              |
| (13,499)            | Interest and investment income                                 |                    | (16,145)            |
|                     | Pensions Interest Cost and Expected Return                     |                    |                     |
| 316,291             | on Pension Assets  |                    | 182,698             |
| 0                   | Capital grants and contributions                               | Note 5             | (101,716)           |
| <b>38,475,218</b>   | <b>Deficit for the year on HRA services</b>                    |                    | <b>210,091,646</b>  |

## 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;

| 2010-11<br>£       |  | Note     | 2011-12<br>£       |
|--------------------|--|----------|--------------------|
| 38,475,218         | (Surplus)/deficit for the year on the HRA Income and Expenditure Account                                       |          | 210,091,646        |
| 2,674              | Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute |          | 24,288             |
| (32,041,460)       | Impairment taken to Capital Adjustment Account   |          | 3,379,305          |
| (351,461)          | Loss on sale of HRA assets   |          | (2,750,120)        |
| 0                  | Self Financing Settlement  |          | (205,123,000)      |
| (300,552)          | HRA share of contributions to the Pensions Reserve   |          | (113,321)          |
| (6,626,343)        | Transfer from Major Repairs Reserve  |          | (6,901,925)        |
| 1,297,599          | Capital expenditure funded by the Housing Revenue Account  |          | 891,874            |
| 0                  | Adjustments between accounting basis and funding basis under statute   | <b>5</b> | <u>101,716</u>     |
| 455,675            | Decrease/(increase) in Housing Revenue Account balance for the year  |          | (399,537)          |
| (2,746,092)        | Housing Revenue Account balance brought forward  |          | (2,290,417)        |
| <b>(2,290,417)</b> | <b>Housing Revenue Account balance carried forward</b>   |          | <b>(2,689,954)</b> |

## The Collection Fund

This shows the transactions in relation to the collection of council tax and national non-domestic rates. The account shows how the amounts collected have been distributed to Cambridgeshire County Council, Police and Fire Authorities, parish councils and to the District Council's General Fund, and to the National Pool for non-domestic rates.

| 2010-11<br>£         | INCOME  | Note             | 2011-12<br>£         |
|----------------------|---|------------------|----------------------|
| (79,773,962)         | Income from Council Tax   |                  | (81,271,612)         |
|                      | Transfers from General Fund   |                  |                      |
| (6,038,279)          | Council Tax Benefits  | 49               | (6,148,182)          |
| (62,023,105)         | Income collectable from Business Ratepayers                               |                  | (62,940,593)         |
| <u>(147,835,346)</u> |   |                  | <u>(150,360,387)</u> |
|                      | <b>EXPENDITURE</b>  |                  |                      |
|                      | <b>Demands and Precepts</b>   |                  |                      |
|                      | Precepts  |                  |                      |
| 61,960,994           | Cambridgeshire County Council   | 62,926,733       |                      |
| 10,027,015           | Cambridgeshire Police Authority   | 10,183,299       |                      |
| 3,422,171            | Cambridgeshire Fire Authority   | <u>3,475,510</u> |                      |
|                      |   |                  | 76,585,542           |
|                      | Demands - District Council  |                  |                      |
| 6,827,785            | General Expenses  | 6,934,204        |                      |
| 3,655,380            | Special Expenses - Parish Precepts  | <u>3,929,068</u> |                      |
|                      |   |                  | 10,863,272           |
|                      |   |                  | <u>87,448,814</u>    |
|                      | Contribution towards previous year's estimated<br>Collection Fund Surplus |                  |                      |
| 57,110               | Cambridgeshire County Council   | 38,596           |                      |
| 9,246                | Cambridgeshire Police Authority   | 6,246            |                      |
| 3,163                | Cambridgeshire Fire Authority   | 2,132            |                      |
| 9,700                | District Council  | <u>6,530</u>     |                      |
|                      |   |                  | 53,504               |
|                      | <b>Business Rate</b>  |                  |                      |
| 61,802,506           | Payment to National Pool  | 62,724,150       |                      |
| 220,600              | Cost of Collection  | <u>216,443</u>   |                      |
|                      |   |                  | 62,940,593           |
|                      | <b>Bad and Doubtful Debts</b>   |                  |                      |
| 154,856              | Write Offs  | 127,480          |                      |
| 110,458              | Provision for Bad and Doubtful Debts                                      | <u>(202,758)</u> |                      |
| <u>148,260,984</u>   |   |                  | <u>(75,278)</u>      |
| 425,638              | <b>Deficit/(Surplus) of income over expenditure</b>                       |                  | 7,246                |
| (97,686)             | Fund Balance at Beginning of year   |                  | 327,952              |
| <u>327,952</u>       | <b>Fund Balance at end of year</b>  |                  | <u>335,198</u>       |

**Collection Fund balance:**

Attribution of (surplus) / deficit carried forward:

| <b>31 March<br/>2011<br/>£</b> |                                 | <b>31 March<br/>2012<br/>£</b> |
|--------------------------------|---------------------------------|--------------------------------|
| 235,893                        | Cambridgeshire County Council   | 240,765                        |
| 38,174                         | Cambridgeshire Police Authority | 38,969                         |
| 13,029                         | Cambridgeshire Fire Authority   | 13,332                         |
| 40,856                         | District Council                | 42,132                         |
| <hr/>                          |                                 |                                |
| <b>327,952</b>                 |                                 | <b>335,198</b>                 |
| <hr/>                          |                                 |                                |

## **Notes to Supplementary Statements**

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

## Notes to the Housing Revenue Account (HRA)

### 40. Housing stock

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

|                       | As at<br>31 March<br>2011 | Conversions/<br>transfers to<br>General Fund<br>during year | Additions<br>during<br>year | Disposals<br>during<br>year | As at<br>31 March<br>2012 |
|-----------------------|---------------------------|---|-----------------------------|-----------------------------|---------------------------|
| 1 Bedroom             | 1,103                     | (25)  | 1                           | (3)                         | 1,076                     |
| 2 Bedroom             | 2,315                     | (9)   | 1                           | (7)                         | 2,300                     |
| 3 Bedroom             | 1,971                     | (3)   | 0                           | (4)                         | 1,964                     |
| 4 or more<br>Bedrooms | 75                        | 3   | 0                           | 0                           | 78                        |
|                       | <b>5,464</b>              | <b>(34)</b>   | <b>2</b>                    | <b>(14)</b>                 | <b>5,418</b>              |

#### Disposals

|                 |           |
|-----------------|-----------|
| Right to buy    | 5         |
| Equity<br>Share | 7         |
| Other           | 2         |
|                 | <b>14</b> |

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

| 31 March 2011                        |                  |                                  | 31 March 2012      |                   |
|--------------------------------------|------------------|----------------------------------|--------------------|-------------------|
| Asset value                          | Depreciation     |                                  | Asset value        | Depreciation      |
| £                                    | £                |                                  | £                  | £                 |
| <b>Property, Plant and Equipment</b> |                  |                                  |                    |                   |
| 365,956,555                          | 9,895,808        | Council Dwellings (HRA only)     | 362,302,456        | 10,229,475        |
| 4,484,000                            | 6,406            | Other land and Buildings         | 4,400,000          | 6,594             |
| 2,403,000                            | 0                | Surplus assets not held for sale | 600,150            | 0                 |
| <b>372,843,555</b>                   | <b>9,902,214</b> |                                  | <b>367,302,606</b> | <b>10,236,069</b> |



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 and General Fund) at 31 March 2012, based on vacant possession, was £937,534,631.

#### 41. Capital expenditure, financing and receipts

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

| 2010-11<br>£       |                                    | 2011-12<br>£     |
|--------------------|------------------------------------|------------------|
| <b>Expenditure</b> |                                    |                  |
| 0                  | Acquisition of land                | 3,000            |
| 1,027,282          | Acquisitions of existing dwellings | 206,195          |
| 4,111,545          | Improvement of housing stock       | 4,105,660        |
| <b>5,138,827</b>   |                                    | <b>4,314,855</b> |
| <b>Financing</b>   |                                    |                  |
| 490,560            | Capital receipts                   |                  |
| 3,275,871          | Major Repairs Allowance            | 3,334,144        |
| 1,297,599          | * Revenue                          | 878,995          |
| 74,797             | Grants and Contributions           | 101,716          |
| <b>5,138,827</b>   |                                    | <b>4,314,855</b> |

\*In addition, £12,879 was spent relating to the HRA contribution to capital expenditure on the Council chamber.

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

| 2010-11<br>£     |                   | 2011-12<br>£     |
|------------------|-------------------|------------------|
| 0                | Sale of Land      | 72,424           |
|                  | Sale of dwellings |                  |
| 854,408          | Right to Buy      | 734,243          |
| 1,233,045        | Other             | 889,776          |
| <b>2,087,453</b> |                   | <b>1,696,443</b> |

## 42. Depreciation

In 2011-12, depreciation on buildings is based on the asset lives as assessed by the District Valuer. Land is not depreciated.

The charge for depreciation within the HRA was:

| 2010-11<br>£ |  | 2011-12<br>£ |
|--------------|--|--------------|
|              | Operational Assets                     |              |
| 0            | Prior period adjustments/transfers     | 0            |
| 9,902,214    | In year                                | 10,236,069   |
| 0            | Non Operational                        | 0            |
| (9,902,214)  | Depreciation adjustment on revaluation | (10,236,069) |
| <b>0</b>     |  | <b>0</b>     |

## 43. 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. In 2010-11 the total impairment charged to the Housing Revenue Account included impairment due to the reduction in the social housing adjustment from 46% to 39%.

| 2010-11<br>£      | Operational assets   | 2011-12<br>£ | 2011-12<br>£       |
|-------------------|--|--------------|--------------------|
|                   | Impairment charged to Housing Revenue Income and Expenditure Account (net) | (3,379,305)  |                    |
| 31,063,136        | Impairment charged to Revaluation Reserve                                  | 374,151      |                    |
| 34,090,237        |  |              | (3,005,154)        |
|                   | <b>Non-operational assets</b>  |              |                    |
|                   | Impairment charged to Housing Revenue Income and Expenditure Account       | 0            |                    |
| 978,324           | Impairment charged to Revaluation Reserve                                  | 0            |                    |
| 657,929           |  |              | 0                  |
| <b>66,789,626</b> |  |              | <b>(3,005,154)</b> |

| 2010-11<br>£                  |  | 2011-12<br>£       |
|-------------------------------|--|--------------------|
| 32,041,460                    | Impairment charged to Housing Revenue Income and Expenditure Account (net) | (3,379,305)        |
| 34,748,166                    | Impairment charged to Revaluation Reserve                                  | 374,151            |
| <b>66,789,626</b>             |  | <b>(3,005,154)</b> |
| <b>Operational assets</b>     |  |                    |
| 66,418,229                    | Social housing factor adjustment   | 0                  |
| <u>2,620,441</u>              | Impairment   | <u>573,320</u>     |
| 69,038,670                    |  | 573,320            |
| <u>(3,885,297)</u>            | Impairment reversal  | <u>(3,578,474)</u> |
| <u>65,153,373</u>             |  | <u>(3,005,154)</u> |
| <b>Non-operational assets</b> |  |                    |
| <u>1,676,833</u>              | Impairment   | <u>0</u>           |
| 1,676,833                     |  | 0                  |
| <u>(40,580)</u>               | Impairment reversal  | <u>0</u>           |
| <u>1,636,253</u>              |  | <u>0</u>           |

#### 44. Major Repairs Reserve

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

| 2010-11<br>£ |  | 2011-12<br>£ |
|--------------|--|--------------|
| <b>0</b>     | <b>Balance at 1 April</b>                                      | <b>0</b>     |
| (9,902,214)  | Transfer to Capital Adjustment Account                         | (10,236,069) |
| 6,626,343    | Amount transferred to Statement of Movement on the HRA balance | 6,901,925    |
| 3,275,871    | HRA Capital expenditure charged to Major Repairs Reserve       | 3,334,144    |
| <b>0</b>     | <b>Balance at 31 March</b>                                     | <b>0</b>     |

#### 45. Housing subsidy

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

| 2010-11<br>£               |  | 2011-12<br>£               |
|----------------------------|--|----------------------------|
| 2,235,852                  | Allowance for management   | 2,271,138                  |
| 5,212,511                  | Allowance for maintenance  | 5,203,368                  |
| 3,275,871                  | Allowance for major repairs                                      | 3,334,144                  |
| 9,050                      | Other items  | 9,290                      |
| <u>10,733,284</u>          |  | <u>10,817,940</u>          |
| (22,404,227)               | Rent   | (23,413,873)               |
| (3,995)                    | Interest on receipts   | (4,382)                    |
| <u>(11,674,938)</u>        |  | <u>(12,600,315)</u>        |
| 0                          | Allowance for interest on Self Financing debt payable in 2011-12 | 73,530                     |
| 2,567                      | Adjustment for previous year                                     | (196)                      |
| <u><b>(11,672,371)</b></u> | <b>Payable to the Government</b>                                 | <u><b>(12,526,981)</b></u> |

#### 46. 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.

**47. Rent arrears on dwellings**

| <b>As at<br/>31 March<br/>2011<br/>£</b> |  | <b>As at<br/>31 March<br/>2012<br/>£</b> |
|--|--|--|
| £337,628                                 | Arrears  | £317,470                                 |
| 1.46%                                    | Arrears as a percentage of gross rents collectable | 1.24%                                    |
| £270,000                                 | Provision for uncollectable amounts                | £240,000                                 |

## Notes to the Collection Fund Account

### 48 General

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

### 49 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<br>adjusted for discount,<br>exemptions, etc. | Ratio to<br>Band D | Band D<br>equivalents |
|--|---|--------------------|-----------------------|
| -A Upto £40,000  | 3.00  | 5/9                | 1.7                   |
| A Upto £40,000   | 1,946.20  | 6/9                | 1,297.5               |
| B £40,001 - £52,000  | 5,622.00  | 7/9                | 4,372.7               |
| C £52,001 - £68,000  | 17,575.15   | 8/9                | 15,622.4              |
| D £68,001 - £88,000  | 10,616.45   | 9/9                | 10,616.5              |
| E £88,001 - £120,000   | 9,785.75  | 11/9               | 11,960.4              |
| F £120,001 - £160,000  | 6,631.60  | 13/9               | 9,579.0               |
| G £160,001 - £320,000  | 3,749.75  | 15/9               | 6,249.6               |
| H More than £320,000   | 329.75  | 18/9               | 659.5                 |
|  | <u>56,259.65</u>  |                    | <u>60,359.0</u>       |
| Assumed rate of collection   | 99.5%   |                    |                       |
| Tax base for tax setting purposes (number of<br>Band D equivalent dwellings) |   |                    | 60,057.2              |
| Tax rate for a Band D property   |   |                    | <u>£1,456.09</u>      |
| Estimated income due   |   |                    | <u>£87,448,688</u>    |
| Actual income due  |   |                    |                       |
| Net of write offs and provisions   | £80,941,374   |                    |                       |
| Council Tax Benefit net of subsidy<br>limitation                             | £6,148,182  |                    |                       |
|  |   |                    | <u>£87,089,556</u>    |
| Difference in income due to variations in tax base<br>and rate of collection |   |                    | <u>(£359,132)</u>     |

## **50 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 2012 was £177,014,916 and the standard uniform rate was 43.3 pence in the £, and the small business uniform rate 42.6 pence in the £. The total amount, less certain reliefs and other deductions, is paid to a national pool managed by Central Government, which in turn pays back to authorities their share of the pool pro rata to Formula Grant.

## **51 Collection Fund deficit**

The deficit relating to Council Tax transactions due to Cambridgeshire County Council, Cambridgeshire Police Authority and Cambridgeshire Fire Authority of £335,198 on the Collection Fund as at 31 March 2012 is included as a creditor in the Council's Balance Sheet and will be distributed in subsequent financial years.

## **Glossary of Financial Terms and Abbreviations**



### Accounting Period

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

### Accruals

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

### Capital Charges

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

### Capital Expenditure

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

### Capital Receipt

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

### Contingent Liabilities

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

### Creditors

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

### Current Assets

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

### Current Liabilities

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

### Debtors

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

### Depreciation

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

### Finance Lease

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

## **Glossary of Financial Terms and Abbreviations (continued)**

### **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.

### **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