

Statement of Accounts for year ended 31 March 2013

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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

General Fund	Original estimate	Actual
	£'000	£'000
Expenditure		
Net Portfolio expenditure excluding depreciation	15,023	14,651
Internal drainage boards	145	148
Interest and investment income	(475)	(665)
Amount to be met from Government Grant and local taxpayers	14,693	14,134
Income		
Principal sources of finance		
District element of Council Tax Formula Grant	(7,019)	(7,019)
(a general Government grant towards expenditure)	(5,412)	(5,412)
New Burdens	0	(13)
New Homes Bonus	(1,817)	(1,691)
Council Tax Freeze Grant	(175)	(175)
Other items	65	66
	(14,358)	(14,244)
Deficit/(Surplus) for the year	335	(110)

When the council tax for the financial year ending 31 March 2013 was set in February 2012, the deficit was estimated at £334,600. The variance of £445,511 is attributable to the following:

	Reason for variance	%	Underspending/slippage ()	Overspending+ £'000
			£'000	£'000
Community Strategy	Lower recharges; increased expenditure	(50)	(76)	
Community Safety	Lower recharges and income	(41)	(49)	
Corporate Management	Lower recharges; savings on audit fees	(12)	(123)	
Cost of collecting council tax	Lower recharges; reduction on legal fees	(12)	(87)	
Democratic Representation	Lower recharges; reduced service costs and expenses	(7)	(88)	
Policy and Performance	Lower recharges: lower expenditure on service costs and expenses	(46)	(86)	
Environmental Health	Lower recharges offset by additional expenditure on supplies and services	(25)	(110)	
Refuse Collection and Recycling	Reduced contractor costs and recharges offset by reduced income	(3)	(79)	
Street Cleansing Service	Lower recharges, agency and contracted services cost	(11)	(93)	
Housing Lettings and Advisory Service	Lower salary costs; increase in recharges costs and a reduction in recharged income received	43	127	
Northstowe	Additional expenditure on viability study and transfer to earmarked reserves	100	227	
Development Control	Lower recharges; additional income from S106 recoverable costs offset by an increase on services	(10)	(160)	
Economic Development	Lower expenditure on services and grant	(53)	(94)	
Growth Agenda	Lower recharges; lower expenditure and income on service	(34)	(303)	
Overheads etc.	now allocated to services	100	233	
Net cuts/savings	now allocated to services	100	516	
Reduction for vacancies	now allocated to services	100	200	
Precautionary Items	Contingency not needed	(100)		(45)
Support for Economic Downturn	Slippage on business workshops, etc.	(1)		(7)
Revenue financing of capital expenditure	Not fully required	(29)		(13)
Interest on Balances	Higher interest rates	(29)		(190)
New Homes Bonus	Scheme not finalised at time of estimate	7		126
Other items individually under £50,000				(192)
				(446)
Less underspendings in 2012-13 which will now be incurred in 2013-14				260
				(186)

Housing Revenue Account

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

Housing Revenue Account	Original estimate	Actual
	£'000	£'000
Expenditure		
Repairs and maintenance	3,705	3,686
Management and services	5,707	5,352
Major Repairs Allowance	5,512	5,512
Transfer to reserves	3,500	4,500
Interest payable	7,179	7,193
Capital expenditure met from revenue	1,832	1,681
Other	79	86
	<u>27,514</u>	<u>28,010</u>
Income		
Rents and charges	(27,195)	(27,583)
Receipt from General Fund	(328)	(150)
Interest	(23)	(15)
	<u>(27,546)</u>	<u>(27,748)</u>
Deficit/(Surplus) for the year	<u>(32)</u>	<u>262</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 2013 were set in February 2012, the estimated rent increase was set in line with government guidance at 6.1% and the surplus was estimated at £31,910. The variance of £294,391 is attributable to the following:

Housing Revenue Account Actual to Original Estimate Services	Reason for variance	%	Underspending/slippage() Overspending+	
			£'000	£'000
Dwellings Rents	Shorter void periods; more new tenants	(1)	(133)	
Charges for Services and Facilities	Service and recoverable charges; sales	(3)	(52)	
Repairs and Maintenance	Lower expenditure on non-response	0	0	
Supervision and Management - repairs and maintenance	Repairs administration, supported housing	(4)	(355)	(540)
Interest Payable				0
Capital Expenditure met from revenue	More repurchases; more grant	8		(151)
Transfer to investment/repayment reserve	Increase in provision	29		1,000
Other items individually under £50,000				(15)
				<u>294</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 was 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 £10.35 million. The major part of the programme involved the provision of housing; with £6.98 million being invested in the Council's own housing stock.

Treasury Management

At the 31 March 2013, investments (excluding accrued interest) totalled £23.0 million, an increase of £7.66 million over the previous year-end (although this increase is partly offset by a decrease in short term debtors). These investments produced interest of over £0.66 million, which was used towards the cost of services.

The Council has debt of £205 million as mentioned above.

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £7.48 million and £2.43 million respectively as at 31 March 2013 - 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 £3.32 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 £18.33 million in 2017-18 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 £45.4 million as at 31 March 2013 on an IAS 19 basis. With 76% 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 2012-13 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.

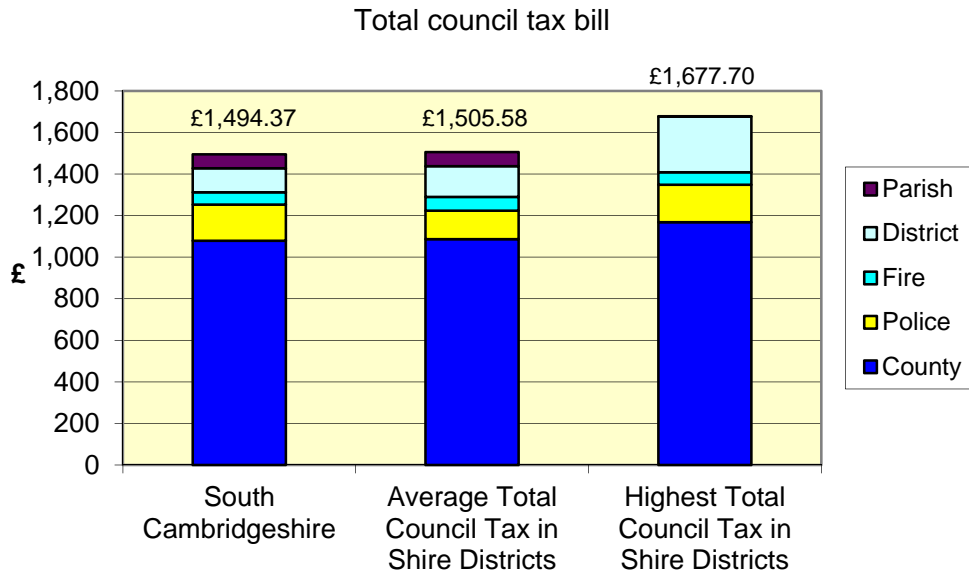
In view of the uncertainty over future pension costs, an additional 2.8% of pensionable pay has been charged against the General Fund and the Housing Revenue Account and placed in a reserve for use in future years (Notes 6, 23 and 47).

Change in Accounting Policy

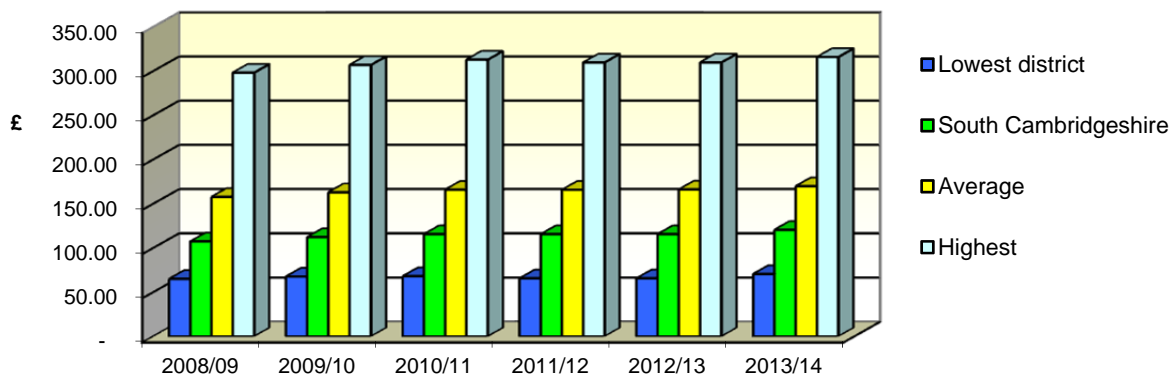
The 2011-12 Code included the adoption of financial reporting standard 30 heritage assets which resulted in the recognition of an asset not previously recognised in the Balance Sheet and the disclosure of other assets as set out in note 29 Property, Plant and Equipment, Surplus Assets Held For Sale and 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 2012-13 was £1,494.37. 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 2012-13 at £115.46 in a range of £65.48 to £309.69, with the average being £168.51



The ranking is:

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
South Cambridgeshire	13th lowest	12th lowest	13th lowest	13th lowest	13th lowest	15th lowest
Total number of shire districts	238	201	201	201	201	201

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

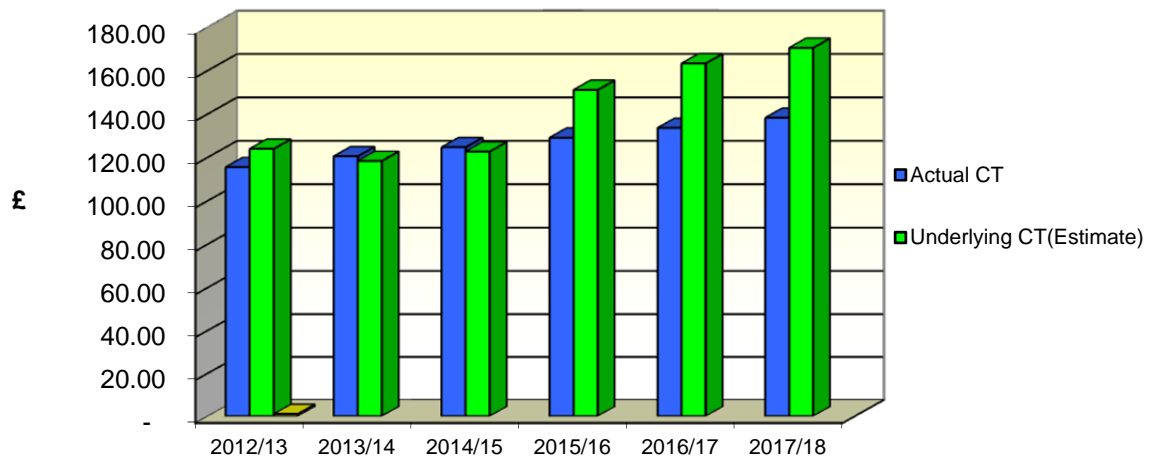
With the exception of parishes,

- 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
- the council taxes for 2013-14 show a small increase over 2012-13 as some authorities accepted a Government grant payable for two years based on 1% of the previous year council tax in return for freezing the 2013-14 council tax, while some authorities in the lower quartile of council tax, including South Cambridgeshire, were given permission by Government to increase council tax in cash terms without triggering the local requirement for a referendum.

Current and future developments

Council Tax

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



Localised Council Tax Support Scheme

From 1 April 2013, as a result of the Government welfare reforms, Council Tax Benefit is being replaced and each local authority has had to design their individual Council Tax Support Scheme.

These reforms will see the end of the current council tax benefit scheme through which our less well-off residents have been able to get help towards the cost of meeting their council tax bill. Until now, council tax benefit has been funded entirely through national funds but the government has concluded that this system is too expensive in the current financial climate and that, in some circumstances, it operates as a disincentive to claimants to seek employment.

From April therefore, district councils are required to design and implement their particular localised council tax support schemes (LCTSS). Essentially, this will be done through the granting of discounts to the council tax bill. Under the legislation, the council is required to grant the equivalent discount in cash terms as benefit for pensioners, so they will not notice any change to their bills. South Cambridgeshire District Council has also decided, in principal, to grant equivalent discounts for certain vulnerable groups (principally the disabled, their carers and some families with very young children). All other claimants will receive discounts that are broadly equivalent to at least 91.5% of the current benefits receivable. To partially offset the impact of the new LCTSS, the district council will take the opportunity to cease discounts granted to owners of second and empty homes.

Like the district and county councils, most parish councils, therefore, will see a reduction to their council tax base. This is because the granting of discounts is treated as a reduction to the amount chargeable as opposed to council tax benefit which is treated as a reduction to the amount payable by the claimant. To fund these discounts the government is giving the major precepting authorities a new fixed grant equivalent to 90% of the cost of the current benefit scheme. The district council will pay a share of this grant to parish councils from April to compensate for the loss in tax base, with future funding decisions being subject to government grant and consultation with parish councils.

Retained Business Rates

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

These new arrangements for the retention of business rates come into effect on 1 April 2013, at which time the Council will assume liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which will include amounts that were paid over to central Government in respect of 2012-13 and prior years. A provision for these liabilities will be recognised in the 2013-14 accounts; but is not expected to be material.

Reporting Cycle

The General Fund and Housing Revenue Account estimates are presented to Cabinet and Council for approval every year, in February, and are published on the Council website at: <http://scambs.moderngov.co.uk/ieListDocuments.aspx?CId=293&MIId=5780&Ver=4>

During the year expenditure and income is monitored and significant variances reported to Cabinet. The Council's Forward Plan providing information on key reports is published on the Council's website <http://scambs.moderngov.co.uk/mgListPlans.aspx?RPIId=293&bcr=1>

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

Corporate plan

The Council has published its Aims, Approaches and Actions for 2013-14 and the Corporate Plan for 2013-18 on its website at:

<http://www.scambs.gov.uk/content/council-aims-and-objectives>

Population growth

The District population of 131,000 people in 2001 is projected to increase to 174,000 by 2021, the estimate for June 2013 being 154,600. This is a reflection of the development of large numbers of additional houses in the district, particularly through the creation of a new settlement at Northstowe and the development of the Cambridge fringe areas. The officer capacity to develop these policies has to be paid for now. These initial costs are not reflected in Government grants or in the Council's tax base for raising income locally. However, when new dwellings come into use, the Council now receives the New Homes Bonus government grant.

The Current Economic Climate and other significant risks

The Government's actions to reduce the fiscal deficit mainly by reducing public spending have resulted in substantial cuts for local government. The Council's medium term financial strategy is in its strategic risk register with an assessed risk of high impact / likely. The financial situation is dependent amongst other things on the continuation of New Homes Bonus and the 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;
- supported housing with reduced funding; and
- illegal traveller encampments/developments.

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 it is anticipated will enable the council to build several hundred new homes.

A company, wholly owned by the Council, has been set up to facilitate a new approach to delivering equity share, market sale and private rented properties, there have been no transactions during 2012-13.

New Initiatives

Two initiatives are currently under consideration; the City Deal, a proposal focussing on connecting homes and jobs via improved infrastructure in partnership with our neighbour authorities and organisations and; the Community Infrastructure Levy (CIL), a levy that Councils can choose to charge on new developments in their area to fund infrastructure that the Council, local community and neighbourhoods want.

Auditor's Opinion

The Statement of Accounts is issued subject to audit.



Alex Colyer
Executive Director and Chief Finance Officer

Dated: 20 June 2013

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 2013 and its income and expenditure for the year then ended.



Alex Colyer
Executive Director (Corporate Services) as Chief Financial Officer
Dated: 20 June 2013

I confirm that these accounts were approved by the Corporate Governance Committee held on 28 June 2013.

Chairman of the Corporate Governance Committee

Dated: 28 June 2013

**INDEPENDENT AUDITOR'S 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 Balance £	Earmarked General Fund Reserves £ (Note 6)	Housing Revenue Account (HRA) £	Earmarked HRA Reserves £ (Note 49)	Capital Receipts Reserve £ (Note 11)	Capital Grants Unapplied £ (Note 11)	Total Usable Reserves £ (Note 11)	Unusable Reserves £ (Note 12)	Total Authority Reserves £
Balance as at 31st March 2011	(7,407,235)	(3,189,504)	(2,290,418)	0	(1,425,916)	(589,850)	(14,902,923)	(358,049,747)	(372,952,670)
Movement in reserves during 2011-12									
Deficit / (Surplus) on provision of services (accounting basis)	2,438,263		210,091,646	0	0	0	212,529,909	0	212,529,909
Other comprehensive expenditure and income	5	0	0	0	0	0	0	6,171,706	6,171,706
Total comprehensive income and expenditure	2,438,263	0	210,091,646	0	0	0	212,529,909	6,171,706	218,701,615
Adjustments between accounting basis and funding basis under regulations	5	(2,127,272)	0	(210,491,183)	0	329,037	(32,172)	(212,321,590)	212,321,590
Net (increase) / decrease before transfers to earmarked reserves	310,991	0	(399,537)	0	329,037	(32,172)	208,319	218,493,296	218,701,615
Transfers (to) / from earmarked reserves	6	(277,833)	277,833	0	0	0	0	0	0
(Increase) / Decrease in year	33,158	277,833	(399,537)	0	329,037	(32,172)	208,319	218,493,296	218,701,615
Balance as at 31st March 2012	(7,374,077)	(2,911,671)	(2,689,955)	0	(1,096,879)	(622,022)	(14,694,604)	(139,556,451)	(154,251,055)
Movement in reserves during 2012-13									
Deficit / (Surplus) on provision of services (accounting basis)	1,087,195		(13,072,545)	0	0	0	(11,985,350)	0	(11,985,350)
Other comprehensive expenditure and income	5	0	0	0	0	0	0	1,193,790	1,193,790
Total comprehensive income and expenditure	1,087,195	0	(13,072,545)	0	0	0	(11,985,350)	1,193,790	(10,791,560)
Adjustments between accounting basis and funding basis under regulations	5	(1,325,393)	0	8,835,025	0	(1,635,337)	31,894	5,906,189	(5,906,189)
Net (increase) / decrease before transfers to earmarked reserves	(238,198)	0	(4,237,520)	0	(1,635,337)	31,894	(6,079,161)	(4,712,399)	(10,791,560)
Transfers (to) / from earmarked reserves	6/49	127,287	(127,287)	4,500,000	(4,500,000)	0	0	0	0
Increase / Decrease in year	(110,911)	(127,287)	262,480	(4,500,000)	(1,635,337)	31,894	(6,079,161)	(4,712,399)	(10,791,560)
Balance as at 31st March 2013	(7,484,988)	(3,038,958)	(2,427,475)	(4,500,000)	(2,732,216)	(590,128)	(20,773,765)	(144,268,850)	(165,042,615)

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.

2011-12 Gross Expenditure £	2011-12 Gross Income £	2011-12 Net Expenditure £		2012-13 Gross Expenditure £	2012-13 Gross Income £	2012-13 Net Expenditure £
			Expenditure on services			
3,129,829	(177,944)	2,951,885	Central Services	2,687,075	(99,149)	2,587,926
8,649,508	(7,520,907)	1,128,601	Central Services to the Public	8,779,491	(7,534,240)	1,245,251
			Cultural, Environmental and Planning Services			
1,095,963	0	1,095,963	Cultural and Related Services	615,994	0	615,994
7,640,383	(2,164,157)	5,476,226	Environmental Services	7,996,870	(2,523,852)	5,473,018
5,631,275	(1,808,316)	3,822,959	Planning and Development Services	5,668,884	(1,693,436)	3,975,448
35,383	0	35,383	Highways, Roads and Transport Services	37,783	(361)	37,422
			Non HRA Housing			
361,980	(40,492)	321,488	Personal Social Services	580,052	(138,384)	441,668
27,129,328	(26,862,150)	267,178	Housing Benefit and Administration	28,725,501	(28,479,366)	246,135
1,028,504	(482,817)	545,687	Private Sector Housing Renewal	968,360	(526,845)	441,515
353,463	(252,765)	100,698	Supporting People	25,021	0	25,021
1,177,291	(522,627)	654,664	Other Non HRA Housing Services Expenditure	126,478	(480,649)	(354,171)
133,682	0	133,682	Other Contributions to/from HRA	141,544	0	141,544
23,000	0	23,000	Non -distributed Costs	0	(28,000)	(28,000)
56,389,589	(39,832,175)	16,557,414	General Fund Services-Continuing operations	56,353,053	(41,504,282)	14,848,771
27,553,561	(25,975,555)	1,578,006	Housing Revenue Account Services	7,278,101	(27,732,525)	(20,454,424)
205,123,000	0	205,123,000	Housing Revenue Account Self-financing	0	0	0
289,066,150	(65,807,730)	223,258,420	Net cost of services	63,631,154	(69,236,807)	(5,605,653)
		7,265,270	Other operating expenditure	Note 7		4,199,745
		351,526	Financing and investment income	Note 8		7,908,113
		(18,345,307)	Taxation and non-specific grant income	Note 9		(18,487,555)
		212,529,909	Deficit for the year on provision of services			(11,985,350)
		(1,506,293)	(Surplus)/Deficit on revaluation of non-current assets			(3,288,210)
		7,678,000	Actuarial (gain)/loss on pension assets and liabilities	Note 23		4,482,000
		218,701,616	Total comprehensive income and expenditure			(10,791,560)

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'.

31 March 2012 £		Notes	31 March 2013 £
387,011,331	Property, Plant and Equipment	29	396,143,688
624,665	Heritage Assets	29	624,665
308,846	Intangible Assets	27	307,952
6,000,110	Long Term Investments	38	2,000,110
412,939	Long Term Debtors		379,716
394,357,891	Long Term Assets		399,456,131
9,559,702	Short Term Investments	38	21,201,018
42,203	Inventories	31	57,491
4,381,064	Short Term Debtors	32	2,778,268
1,018,113	Cash and Cash Equivalents	16	614,712
0	Assets held for sale	29	1,255,934
15,001,082	Current Assets		25,907,423
(937,325)	Cash and cash equivalents	16	(883,465)
(9,061,472)	Short Term Creditors	33	(8,670,274)
(228,486)	Provisions	34	(219,400)
(10,227,283)	Current Liabilities		(9,773,139)
(39,757,635)	Other Long Term Liabilities	23/39	(45,424,800)
(205,123,000)	Long Term Borrowing	39	(205,123,000)
(244,880,635)	Long Term Liabilities		(250,547,800)
154,251,055	Net Assets		165,042,615
(14,694,604)	Usable reserves	11	(20,773,765)
(139,556,451)	Unusable reserves	12	(144,268,850)
(154,251,055)	Total Reserves		(165,042,615)

Balance Sheet

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: 20 June 2013

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.

2011-12 £		Note	2012-13 £
	Cash Flows from operating activities		
(82,726,159)	Cash receipts		(96,715,192)
<u>79,187,061</u>	Cash payments		<u>75,600,063</u>
(3,539,098)	Net cash flows from Operating Activities	13	(21,115,129)
<u>205,123,000</u>	HRA self-financing	13	<u>0</u>
201,583,902			(21,115,129)
9,368,061	Investing Activities	14	12,646,427
<u>(211,133,538)</u>	Financing Activities	15	<u>8,818,244</u>
(181,575)	Net increase or decrease in cash and cash equivalents		349,542
100,786	Cash and cash equivalents at the beginning of the reporting period		(80,789)
<u>(80,789)</u>	Cash and cash equivalents at the end of the reporting period	16	<u>268,753</u>

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 2012-13 and the Service Reporting Code of Practice 2012-13 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. No minimum revenue provision is currently charged on the debt acquired in relation to Housing Revenue Account self-financing as this is outside the scope of this regime.

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

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 2012-13. 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 re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any subsequent decrease to fair value less costs to sell is posted to the other operating expenditure section in the comprehensive income and expenditure account but any gains in fair value are only recognised up to the amount of any previously recognised losses. Depreciation is not charged on assets held for sale.

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

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

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

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

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

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

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

A proportion of capital receipts relating to housing disposals (75% for dwellings and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government and shown in the other operating expenditure section in the comprehensive income and expenditure. This is then reversed out in the movement in reserves

statement to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

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 the 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 and effective in 2012-13 that have not been adopted.

The Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 incorporates amendments to:

Employee benefits, the removal of the “gain/loss on recognition” options, this is rarely used or permitted within the UK, and therefore not expected to apply to the Council. In addition there will be the introduction of a Termination Benefits recognition point, the point at which the Council will not be able to withdraw an offer.

Presentation of Financial statements; a potential reclassification within Other Comprehensive Income and expenditure. The main impact of this change will affect available for sale financial assets under IFRS 9. It is expected that this will have a minimal impact on the Council.

Fair Value Measurement introduces a consistent definition of assets and liabilities held at fair value. The revised definition will apply when other standards require an assessment under fair value and all fair value assessments from 2013-14 will be undertaken on this basis.

Financial Instrument disclosures, new disclosures will have the aim of assisting readers of the accounts in understanding the netting arrangements that occurs in the Balance Sheet.

Service Concession Arrangements, changes are expected to have a minimal impact on the Council.

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 are 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 31 March 2013 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	2011/12	2012/13
	Increase in liability (£ million)	Increase in liability (£ million)
0.5% decrease in real discount rate	9.69	9.69
1 year increase in member life expectancy	3.09	3.09
0.5% increase in salary increase rate	2.42	2.42
0.5% increase in pensions increase rate	7.22	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 £421,417 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.

2011-12	General Fund	2012-13
£		£
	Reversal of items included in the Comprehensive Income and Expenditure Account	
(622,340)	Depreciation of non-current assets	(740,844)
(602,823)	Impairment of non-current assets	(17,627)
442,725	Reversal of impairment of non-current assets	975,133
168,106	Capital Grants and contributions applied to capital financing	0
32,042	Capital Grants and contributions unapplied	0
(778,210)	Revenue expenditure funded from capital under statute	(306,248)
387,013	Net gain/(loss) on sale of non-current assets	(35,137)
(466,679)	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(1,067,118)
(1,276)	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	42,965
25,546	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	14,394
	Insertion of items not included in the Comprehensive Income and Expenditure Account	
(829,758)	Transfer from Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	(355,972)
51,512	Capital expenditure charged against the General Fund	31,406
66,870	Statutory provision for financing of capital investment	133,655
<u>(2,127,272)</u>	Total adjustments	<u>(1,325,393)</u>
	Housing Revenue Account	
	Reversal of items included in the Comprehensive Income and Expenditure Account	
3,379,305	Impairment of non-current assets	11,505,731
(6,901,925)	Excess of depreciation over major repairs allowance element of housing subsidy	(4,608,699)
101,716	Capital Grants and contributions applied to capital financing	109,850
(2,750,120)	Net gain/(loss) on sale of non-current assets	378,325
(113,321)	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(225,882)
24,288	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	(5,308)
(205,123,000)	Housing Revenue Account Self-financing	0
	Insertion of items not included in the Comprehensive Income and Expenditure Account	
891,874	Capital expenditure charged against the Housing Revenue Account	1,681,008
<u>(210,491,183)</u>	Total adjustments	<u>8,835,025</u>
	Capital Receipts Reserve	
(2,390,958)	Transfer of sale proceeds credited to net gain/loss on disposal of non-current assets in the Comprehensive Income and Expenditure Statement	(4,226,319)
1,842,402	Use of Capital Receipts Reserve to finance new capital expenditure	1,968,155
47,835	Capital receipts transferred to reserves	266,855
829,758	Use of Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	355,972
<u>329,037</u>	Total adjustments	<u>(1,635,337)</u>
<u>(212,289,418)</u>	Total adjustments	<u>5,874,295</u>

Movement in other comprehensive income and expenditure

Decrease / (Increase) 2011-12 £		Decrease / (Increase) 2012-13 £
	Movement in Unusable Reserves	
(310,133)	Revaluation Reserve	(2,788,167)
210,727,210	Capital Adjustment Account	(7,540,835)
8,111,000	Pensions Reserve	5,696,000
1,276	Collection Fund Adjustment Account	(42,965)
13,777	Deferred Capital Receipts	(27,346)
(49,834)	Accumulating Compensated Absences Adjustment Account	(9,086)
<u>218,493,296</u>		<u>(4,712,399)</u>
	Adjustment between accounting basis and funding basis under regulations	
(2,127,272)	General Fund	(1,325,393)
(210,491,183)	Housing Revenue Account	8,835,025
329,037	Capital Receipts	(1,635,337)
(32,172)	Capital Grants Unapplied	31,894
<u>(212,321,590)</u>		<u>5,906,189</u>
<u><u>6,171,706</u></u>		<u><u>1,193,790</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 2012-13.

	31 March 2011 £	Transfers out 2011-12	Transfers in 2011-12	31 March 2012 £	Transfers out 2012-13	Transfers in 2012-13	31 March 2013 £
Capital							
Preservation of Historic Buildings Fund	(54,622)	0	0	(54,622)	0	0	(54,622)
Arts Grants	(45,650)	12,260	(40,000)	(73,390)	105,915	(40,000)	(7,475)
Dual Use Recreational Facilities	(206,125)	183,477	0	(22,648)	22,648	0	0
Planning Projects	0	0	0	0	0	0	0
Community Development	(80,667)	62,727	(135,307)	(153,247)	87,189	(249,789)	(315,847)
Sports Development	(263,902)	161,307	(64,693)	(167,288)	92,393	(100,000)	(174,895)
Other	(226,035)	87,398	(54,183)	(192,820)	53,642	(27,256)	(166,434)
Revenue							
Conservation Reserves	(1,090)	422	0	(668)	0	0	(668)
Building Control Reserve	(202,777)	60,196	0	(142,581)	24,213	0	(118,368)
Arts Reserve	(34,871)	29,892	0	(4,979)	0	0	(4,979)
Planning Reserve	(1,032,417)	320,130	0	(712,287)	326,530	(66,524)	(452,281)
Community Safety & Grants Reserve	(22,295)	10,940	(2,000)	(13,355)	4,000	(4,500)	(13,855)
Sports Reserve	(33,313)	28,428	(7,300)	(12,185)	10,000	0	(2,185)
Travellers Reserve	(628,400)	56,457	(131,988)	(703,931)	48,913	(61,890)	(716,908)
Additional Pension Reserve -Notes 23/47	0	0	(195,937)	(195,937)	0	(290,968)	(486,905)
Other	(357,341)	18,379	(122,771)	(461,733)	14,634	(76,437)	(523,536)
	(3,189,505)	1,032,013	(754,179)	(2,911,671)	790,077	(917,364)	(3,038,958)
Total - Capital	(877,001)	507,169	(294,183)	(664,015)	361,787	(417,045)	(719,273)
Revenue	(2,312,504)	524,844	(459,996)	(2,247,656)	428,290	(500,319)	(2,319,685)
	(3,189,505)	1,032,013	(754,179)	(2,911,671)	790,077	(917,364)	(3,038,958)

7 Comprehensive Income and Expenditure Statement - Other Operating Expenditure

2011-12 Net Expenditure £	Other operating expenditure	Note	2012-13 Net Expenditure £
3,929,068	Precepts of Local Precepting Authorities		4,039,148
143,336	Internal Drainage Boards		147,813
829,758	Payment to the Government for Housing Pooled		355,972
2,363,108	Capital receipts		(343,188)
2,363,108	Loss (Gain) on disposal of non-current assets	5	(343,188)
7,265,270			4,199,745

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

2011-12 Net Expenditure £	Financing and investment income	Note	2012-13 Net Expenditure £
898,000	Pensions interest cost and expected return on pension assets	23	1,395,000
59,119	Interest Payable		7,192,805
(605,593)	Interest and investment income		(679,692)
351,526			7,908,113

9 Comprehensive Income and Expenditure Statement - Taxation

2011-12 Net Expenditure £	Taxation and non-specific grant income	Note	2012-13 Net Expenditure £
(10,868,526)	Income from Council Tax		(11,035,199)
(4,603,491)	Distribution from Non-Domestic Rate Pool		(5,309,295)
(2,571,426)	Non-ring fenced Government Grants	40	(2,033,211)
(301,864)	Capital Grants and contributions		(109,850)
(18,345,307)			(18,487,555)

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 was 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 2012		Note	31 March 2013
£			£
(1,096,879)	Usable Capital Receipts Reserve		(2,732,216)
(2,911,671)	Earmarked Reserve-General fund	6	(3,038,958)
0	Earmarked Reserve-Housing Revenue Account	49	(4,500,000)
(622,022)	Capital Grants Unapplied		(590,128)
(7,374,077)	General Fund		(7,484,988)
(2,689,955)	Housing Revenue Account		(2,427,475)
(14,694,604)			(20,773,765)

Usable Capital Receipts Reserve

2011-12		2012-13
£		£
(1,425,916)	Balance at 1 April	(1,096,879)
(2,390,958)	Capital receipts received	(4,226,319)
1,842,402	Capital receipts applied	1,968,155
829,758	Payments to DCLG	355,972
47,835	Transfers to/ (from) reserves	266,855
(1,096,879)	Balance at 31 March	(2,732,216)

Capital Grants Unapplied

2011-12		2012-13
£		£
(584,050)	Planning Delivery Grant	(584,050)
(5,800)	Council Tax - efficiency changes	(5,800)
(31,894)	Improvement East - Information Technology and energy	0
(278)	Other	(278)
(622,022)	Balance at 31 March	(590,128)

12 Unusable Reserves

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

2011-12 £		2012-13 £
(14,920,498)	Revaluation Reserve	(17,708,665)
(164,563,237)	Capital Adjustment Account	(172,104,072)
39,703,000	Pensions Reserve	45,399,000
42,132	Collection Fund Adjustment Account	(833)
(46,334)	Deferred Capital Receipts	(73,680)
228,486	Accumulated Absences	219,400
(139,556,451)	Balance at 31 March	(144,268,850)

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.

31 March 2012 £		31 March 2013 £
(14,610,365)	Balance at beginning of year	(14,920,498)
(6,100,572)	Revaluation gains	(16,490,474)
4,021,198	Reversal of impairment	12,380,887
33,784	Revaluation impairment	326,312
1,395,090	Release of revaluation gains on disposal	586,508
340,367	Depreciation adjustment	408,600
(14,920,498)	Balance at 31 March	(17,708,665)

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.

31 March 2012		31 March 2013
£	Balance at 1 April	£
(375,290,447)		(164,563,237)
	Capital expenditure financed from;	
(1,842,402)	Capital Receipts	(1,968,155)
(943,385)	Revenue	(1,737,386)
(1,283,305)	Grants and Reserves	(966,499)
(3,334,144)	Major Repairs Allowance	(5,512,300)
(66,870)	Internal financing	(133,655)
205,123,000	HRA Self Financing	0
(1,395,090)	Write out of revaluation gain on disposal	(586,508)
5,042,218	Disposal of assets	3,827,115
11,682,951	Depreciation, amortisation and impairment	10,802,042
(4,021,198)	Reversal of impairment on revaluation	(12,380,887)
1,765,435	Write out of revenue expenditure funded from capital under statute and loans repaid	1,115,398
(164,563,237)	Balance at 31 March	(172,104,072)

Pensions Reserve

2011-12 £'000		2012-13 £'000
31,592	Balance at 1 April	39,703
8,111	Movement in pension reserve	5,696
39,703	Balance at 31 March	45,399

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.

2011-12		2012-13
£		£
40,856	Balance at 1 April	42,132
	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	
1,276		(42,965)
42,132	Balance at 31 March	(833)

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.

2011-12		2012-13
£		£
278,320	Balance at 1 April	228,486
	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	
(49,834)		(9,086)
228,486	Balance at 31 March	219,400

13 Operating Activities

The cash flows for operating activities include the following items:

2011-12 £		2012-13 £	2012-13 £
(32,541,179)	Housing Benefit grant	(34,600,303)	
(15,197,897)	Cash received for goods and services	(15,240,351)	
(11,319,452)	Housing rents	(25,646,855)	
(10,858,317)	Council tax receipts - Council and Parish share	(11,017,196)	
(5,311,275)	Other grants and contributions	(2,427,658)	
(4,603,491)	Council share of National Non-Domestic Rates from National pool	(5,309,295)	
(2,347,601)	Revenue Support Grant/New Homes Bonus	(1,793,842)	
(546,474)	Interest received	(679,692)	
(473)	Collection Fund -Council share	0	(96,715,192)
12,526,981	Negative Housing Subsidy	0	
20,394,780	Housing Benefit	20,985,987	
3,929,068	Parish Precepts	4,039,148	
16,647,357	Cash paid to and on behalf of employees	15,747,250	
23,194,034	Other operating cash payments	33,127,923	
1,765,435	Revenue funded from capital under statute	1,084,388	
729,406	Payments to the Capital Receipts Pool	602,062	
0	Collection Fund -Council share	13,305	75,600,063
(3,539,098)			(21,115,129)
205,123,000	HRA Self Financing		0
201,583,902	Net cash flows from operating activities		(21,115,129)

14 Investing Activities

The cash flows for investing activities include the following items:

2011-12 £		2012-13 £
5,944,835	Purchase of property, plant and equipment and intangible assets	9,260,990
31,336,464	Purchase of Short-term and long-term investments	47,513,535
(2,399,559)	Proceeds from the sale of property, plant and equipment	(4,226,319)
(25,527,454)	Proceeds from short-term and long-term investments	(39,872,219)
13,775	Other receipts from investing activities	(29,560)
9,368,061		12,646,427

15 Financing Activities

2011-12		2012-13
£		£
(205,123,000)	Cash receipts of short and long term borrowing	0
(6,010,538)	Other receipts from financing activities	1,625,439
0	Other payments for financing activities	7,192,805
<hr/>		
(211,133,538)		8,818,244

16 Cash and Cash Equivalents

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

2011-12		2012-13
£		£
181,575	(Increase) /decrease in cash	(349,542)
<hr/>		
181,575	Increase in net debt from cash flow	(349,542)
(100,786)	Net debt at 1 April	80,789
<hr/>		
80,789	Net debt at 31 March	(268,753)

17 Amounts Reported for Resource Allocation 2012-13

For the year ended 31st March 2013

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

Portfolio:	Finance and Staffing	Environmental Services	Housing (General Fund)	Housing Revenue A/c	Planning and Economic Development	Northstowe	Leader	Corporate and Customer Services	Planning Policy & Localism	Total
	£	£	£	£	£	£	£	£	£	£
Fees, charges and other service income	(387,927)	(2,074,622)	(507,545)	(27,427,345)	(1,668,846)	(290,074)	(111,025)	(321,722)	(90,384)	(32,879,490)
Government grants	(33,908,023)	0	(55,167)	0	0	0	(50,540)	0	0	(34,013,730)
Total income	(34,295,950)	(2,074,622)	(562,712)	(27,427,345)	(1,668,846)	(290,074)	(161,565)	(321,722)	(90,384)	(66,893,220)
Employee expenses	135,991	13,889	0	750,726	0	0	0	0	0	900,606
Other service expenses	33,457,995	5,166,521	729,484	9,033,447	319,277	141,703	378,656	688,220	261,303	50,176,606
Operational and support service recharges	2,778,190	2,234,919	1,046,085	3,532,214	3,545,192	148,371	392,376	1,304,508	1,586,268	16,568,123
Financing, depreciation, etc.	1,400	215,495	70,922	7,180,634	16,073	0	3,000	0	0	7,487,524
Interest payments	0	0	0	7,192,805	0	0	0	0	4,400	7,197,205
Total expenditure	36,373,576	7,630,824	1,846,491	27,689,826	3,880,542	290,074	774,032	1,992,728	1,851,971	82,330,064
Net expenditure	2,077,626	5,556,202	1,283,779	262,481	2,211,696	0	612,467	1,671,006	1,761,587	15,436,844

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

Cost of services on Segmental Reporting (Portfolio) basis	15,436,844
Additional segments not included in the Portfolio analysis	52,828
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	(8,285,773)
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(12,809,554)
Net cost of services	(5,605,655)

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	(32,879,490)	0	0	14,678	(285,610)	(33,150,422)	0	(33,150,422)
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	(679,692)	(679,692)
Income from council tax	0	0	0	0	0	0	(11,035,199)	(11,035,199)
Government grants and contributions	(34,013,730)	0	0	50,470	0	(33,963,260)	(7,452,354)	(41,415,614)
Total Income	(66,893,220)	0	0	65,148	(285,610)	(67,113,682)	(19,167,245)	(86,280,927)
Employee expenses	900,606	0	(111,086)	(290,968)	16,035,982	16,534,534	1,395,000	17,929,534
Other service expenses	50,176,606	52,828	(320,149)	(3,709,921)	385,196	46,584,560	0	46,584,560
Operational and support service recharges	16,568,123	0	0	0	(16,568,123)	0	0	0
Financing, depreciation, etc.	7,487,524	0	(7,854,538)	(1,681,008)	432,555	(1,615,467)	0	(1,615,467)
Interest payments	7,197,205	0	0	(7,192,805)	0	4,400	7,192,805	7,197,205
Precepts & levies	0	0	0	0	0	0	4,186,961	4,186,961
Payments to housing capital receipts pool	0	0	0	0	0	0	355,972	355,972
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	(343,188)	(343,188)
Total operating expenses	82,330,064	52,828	(8,285,773)	(12,874,702)	285,610	61,508,027	12,787,550	74,295,577
Surplus or deficit on the provision of services	15,436,844	52,828	(8,285,773)	(12,809,554)	0	(5,605,655)	(6,379,695)	(11,985,350)

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 £	Planning and Economic Development £	Planning Policy and Localism £	Leader £	Corporate and Customer Services £	Northstowe £	Total £
Fees, charges and other service income	(396,915)	(2,099,036)	(724,493)	(25,747,201)	(1,770,063)	(83,154)	(79,551)	(320,116)	(125,000)	(31,345,529)
Government grants	(32,320,757)	0	(103,262)	0	0	0	(111,080)	0	0	(32,535,099)
Total income	(32,717,672)	(2,099,036)	(827,755)	(25,747,201)	(1,770,063)	(83,154)	(190,631)	(320,116)	(125,000)	(63,880,628)
Employee expenses	231,741	11,341	0	1,340,042	0	0	0	0	0	1,583,124
Other service expenses	31,992,960	5,054,458	711,542	16,221,611	327,129	243,087	370,282	660,883	0	55,581,952
Operational and support service recharges	2,759,568	2,293,216	1,262,596	3,500,874	3,567,303	1,497,343	524,282	1,360,925	0	16,766,107
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
Total expenditure	34,985,869	7,561,762	2,055,265	25,347,664	3,909,790	1,744,830	894,564	2,021,808	0	78,521,552
Net expenditure	2,268,197	5,462,726	1,227,510	(399,537)	2,139,727	1,661,676	703,933	1,701,692	(125,000)	14,640,924

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	5,861
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	3,534,872
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(46,236)
Net cost of services	18,135,421

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	0	(31,427,757)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(605,593)	0	(605,593)
Income from council tax	0	0	0	0	0	0	(10,868,526)	0	(10,868,526)
Government grants and contributions	(32,535,099)	0	0	50,470	(82,549)	(32,567,178)	(7,476,781)	0	(40,043,959)
Total Income	(63,880,628)	0	0	68,679	(182,986)	(63,994,935)	(18,950,900)	0	(82,945,835)
Employee expenses	1,583,124	0	(367,834)	(195,937)	15,964,648	16,984,001	898,000	0	17,882,001
Other service expenses	55,581,952	5,861	219,966	1,032,015	667,336	57,507,130	0	0	57,507,130
Operational and support service recharges	16,766,107	0	0	0	(16,766,107)	0	0	0	0
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	0	59,119
Precepts & levies	0	0	0	0	0	0	4,072,404	0	4,072,404
Payments to housing capital receipts pool	0	0	0	0	0	0	829,758	0	829,758
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	2,363,107	0	2,363,107
Total operating expenses	78,521,552	5,861	3,534,872	(114,915)	182,986	82,130,356	8,222,388	205,123,000	295,475,744
Surplus or deficit on the provision of services	14,640,924	5,861	3,534,872	(46,236)	0	18,135,421	(10,728,512)	205,123,000	212,529,909

18 Acquired and Discontinued Operations

There are no transactions to report under these headings in 2011-12 or in 2012-13.

19 Trading Operations

2011-12	Direct Labour Organisation	2012-13
£		£
2,216,586	Building Maintenance Turnover	6,908
453	(Surplus)/ Deficit	6,908
(16,248)	Accounting adjustments for pensions and impairment	0
(15,795)	Total (Surplus)/ Deficit	6,908

20 Members Allowances

The total of Members' allowances paid in the year was £363,269 (£368,943 in 2011-12). 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.

21 Officers' Remuneration

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

Remuneration band	2012-13 number of employees	2011-12 number of employees
£50,000 - £54,999	3	3
£55,000 - £59,999	2	2
£60,000 - £64,999	1	1
£65,000 – £69,999	2	2
£70,000 - £74,999	3	2
£80,000 - £84,999	1	0

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 2012-13 or are committed to be paid within 12 months. The costs included are those termination benefits defined and measured in accordance with the Code of Practice and include all relevant redundancy costs, pension contributions in respect of early retirement, ex gratia payments and other departure costs.

Exit package cost band (including special payments)	No. of compulsory redundancies		No. of other departures agreed		Total cost of exit packages in each band	
	2011-12	2012-13	2011-12	2012-13	2011-12 £	2012-13 £
£0 - £20,000	6	4	4	0	87,667	45,672
£20,001 - £40,000	7	5	0	0	202,317	149,356
£40,001- £80,000*	2	0	0	0	105,713	0
Total	15	9	4	0	395,697	195,028

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

Senior Officer Remuneration

In 2012-13 Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year were:

		Actual Salary Paid £	Returning Officer Fees £	Benefits in Kind etc. £	Compensation for loss of office £	Total Remuneration excluding pension contributions £	Employers Pension contributions £	Total Remuneration including pension contributions £
Chief Executive	2012-13	120,000	13,549	0	0	133,549	26,108	159,657
	2011-12	120,000	13,777	0	0	133,777	26,040	159,817
Executive Director¹ (Operational Services)	2012-13	12,525	0	3,955	50,291	66,771	1,860	68,630
	2011-12	102,835	0	0	0	102,835	22,315	125,150
Executive Director (Corporate Services)	2012-13	102,835	655	0	0	103,490	22,315	125,805
	2011-12	102,835	300	0	0	103,135	22,315	125,450

Executive Director¹

date of termination of service: 30 April 2012

22 External Audit Costs

Expenditure during the year on audit costs was:

2011-12 £	Audit Commission	2012-13 £
114,000	Auditing Fee	68,400
(9,120)	Rebate	0
104,880		68,400
34,374	Certifying grant claims	32,391
139,254		100,791
0	Inspection fee	0
139,254		100,791

23 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 2012 £'000		31 March 2013 £'000
63,267	Fair value of scheme assets	72,408
(102,946)	Present value of scheme liabilities	(117,794)
(39,679)		(45,386)
(147)	Less capital contribution to early retirement included in scheme assets	(68)
123	Liability for cost of early retirement shown separately under creditors in balance sheet	55
(39,703)	Amount recognised in balance sheet	(45,399)

Transactions in the Comprehensive Income and Expenditure Account

2011-12		2012-13
£'000		£'000
	Net cost of services	
2,162	Current service cost apportioned to services	2,189
127	Past service costs (non-distributed cost)	0
10	Losses on curtailment (non-distributed cost)	92
	Net operating expenditure	
5,220	Interest cost	4,929
(4,322)	Expected return on assets	(3,534)
3,197		3,676

Transactions in the Movement in Reserves Statement

2011-12		2012-13
£'000		£'000
(3,197)	Reversal of pension costs earned in year	(3,676)
2,503	Employer's payment to pension fund	2,263
114	Employer's payment for unfunded pensions	120
(580)		(1,293)
0	Movement in creditor	0
(580)		(1,293)

The movement in the fair value of scheme assets is:

2011-12		2012-13
£'000		£'000
64,135	Opening balance as at 1 April	63,267
4,322	* Expected return on assets	3,534
739	Contributions by Members	697
2,650	** Contributions by Employer	2,331
114	Contributions in respect of unfunded benefits	120
(4,041)	Actuarial gain / (losses)	5,927
(114)	Unfunded benefits paid	(120)
(4,538)	Benefits paid	(3,348)
63,267	Closing balance as at 31 March	72,408

* 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 2013-14 are £2,283,000. In addition, the employer has contributed approximately £291,000 in 2012-13 to an internal reserve.

The movement on the present value of scheme liabilities is:

2011-12		2012-13
£'000		£'000
(95,703)	Opening balance as at 1 April	(102,946)
(2,162)	Current service cost	(2,189)
(5,220)	Interest cost	(4,929)
(739)	Contributions by Members	(697)
(3,637)	Actuarial gains / (losses)	(10,409)
(127)	Past service (costs) / gains	0
(10)	Losses on curtailment	(92)
114	Estimated unfunded benefits paid	120
4,538	Estimated benefits paid	3,348
(102,946)	Closing balance as at 31 March	(117,794)

The analysis of the fair value of scheme assets is:

31 March 2012			31 March 2013	
£'000	%		£'000	%
45,553	72%	Equities	55,030	76%
8,857	14%	Bonds	10,137	14%
5,694	9%	Property	5,069	7%
3,163	5%	Cash	2,172	3%
63,267	100%	Total	72,408	100%

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

2011-12		2012-13
£'000		£'000
(3,637)	Actuarial (loss) / gain on scheme liabilities	(10,409)
(4,041)	Actuarial loss /(gain) on scheme assets	5,927
(7,678)	Actuarial gains /(losses)	(4,482)
(35,861)	Cumulative actuarial (losses) at year end	(40,343)

The principal assumptions used by the Actuary are:

31 March 2012		31 March 2013
	Financial assumptions	
2.5%	Inflation/pensions increase rate	2.8%
**4.8%	Salary increase rate	*5.1%
	* (1% to 31 March 2016, long term assumption thereafter)	
	** (1% to 31 March 2015, long term assumption thereafter)	
5.6%	Expected return on assets	4.5%
4.8%	Discount rate	4.5%
	Analysis of the expected return on assets	
6.3%	Equities	4.5%
3.3%	Bonds	4.5%
4.4%	Property	4.5%
3.5%	Cash	4.5%
	Life expectancy at age 65	
	Current pensioners	
21 years	Males	21 years
23.8 years	Females	23.8 years
	Future pensioners	
22.9 years	Males	22.9 years
25.7 years	Females	25.7 years
	Employees electing to take additional tax-free lump sum up to HMRC limits	
25%	pre April 2008 service	25%
63%	post April 2008 service	63%

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

	2008-09	2009-10	2010-11	2011-12	2012-13
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	44,858	59,864	64,135	63,267	72,408
Present value of scheme liabilities	(68,964)	(112,621)	(95,703)	(102,946)	(117,788)
Surplus/deficit	(24,106)	(52,757)	(31,568)	(39,679)	(45,380)
Actuarial gains/ (losses) on asset obligation					
Experience gains/(losses) on assets	(14,294)	11,777	4	(4,041)	5,927
Experience (gains)/losses on liabilities	6,664	(39,637)	11,288	(3,637)	(10,409)
	(7,630)	(27,860)	11,292	(7,678)	(4,482)
Experience (gains)/ losses on liabilities as % of present value of scheme liabilities	(9.7%)	35.2%	(11.8%)	3.5%	8.8%

24 Events after the Balance Sheet Date

The un-audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 20 June 2013. This is the date up to which events after the balance sheet date have been considered.

25 Related Parties

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

Central Government is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties, for example Collection Fund surplus or deficit. Details of transactions with government departments and Precepting authorities are set out in Note 36 and the Collection Fund Statement.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2012-13 is shown in Note 20.

In 2012-13, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

26 Leases

There were no finance lease agreements during 2012-13.

The Council has no operating leases. Payments of £1,041,833 in respect of vehicle contract hire were made in 2012-13 (£1,142,472 in 2011-12).

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

2011-12		2012-13
£		£
1,017,523	Not later than one year	953,099
3,009,864	Later than one year and not later than five years	2,096,488
39,723	Later than five years	0
4,067,110		3,049,587

27 Intangible Assets

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

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £77,004 charged to revenue in 2012-13 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:

	Intangible Assets 2012-13	Intangible Assets 2011-12
Balance at start of year		
Gross carrying amount	497,554	294,610
accumulated amortisation	(188,708)	(150,794)
Net carrying amount at start of year	308,846	143,816
Additions		
Purchases	76,110	202,944
Assets reclassified		0
Amortisation for the period	(77,004)	(37,914)
Net carrying amount at end of year	307,952	308,846
Comprising:		
Gross carrying amounts	573,664	497,554
Accumulated depreciation	(265,712)	(188,708)
	307,952	308,846

28 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:

Property, Plant and Equipment	2012-13	2011-12
	£	£
Council dwellings (Housing Revenue Account and General Fund)		
Impairment	382,977	501,621
Charge to Revaluation Reserve	(623,228)	(371,490)
Reversal	(11,385,716)	(3,578,474)
Other Land and Buildings		
Impairment	141,959	156,612
Charge to Revaluation Reserve	(110,866)	(2,661)
Reversal	(322,518)	(442,725)
Vehicles, Plant and Equipment		
Impairment	7,344	0
Reversal	0	0
Infrastructure		
Impairment	108,889	11,890
Surplus assets not held for sale		
Impairment	10,575	506,020
Charge to Revaluation Reserve	0	0
Reversal	(672,653)	0

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

Property, Plant and Equipment for the financial year 2012-13

	Council dwellings £	Other land and buildings £	Vehicles, Plant and Equipment £	Infrastructure assets £	Surplus Assets held not for sale £	Total Property Plant and Equipment £
Cost or valuation						
At 1 April 2012	362,302,456	21,209,152	5,096,878	95,404	1,197,573	389,901,463
adjustment to opening balance		125,482			(125,482)	0
Inter-asset transfer					(471,939)	(471,939)
Additions	6,987,292	171,239	346,034	108,889	0	7,613,454
Revaluation increases / (decreases) recognised in the Revaluation Reserve	4,711,329	(4,642)	0	(108,889)	0	4,597,798
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	240,252	(31,093)	0	0	0	209,159
Derecognition-disposals	(1,712,960)	(106,431)	(12,344)	0	(540,000)	(2,371,735)
At March 2013	372,528,369	21,363,707	5,430,568	95,404	60,152	399,478,200
Accumulated Depreciation and impairment						
At 1 April 2012	0	(162,755)	(2,670,984)	(56,393)	0	(2,890,132)
Depreciation Charge	(10,114,332)	(278,570)	(403,208)	(11,279)	0	(10,807,389)
Depreciation written out to the Revaluation Reserve	417,379	292	0	0	0	417,671
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,696,953	255,729	0	0	0	9,952,682
Derecognition-disposals	0	0	(7,344)	0	0	(7,344)
At March 2013	0	(185,304)	(3,081,536)	(67,672)	0	(3,334,512)
Net Book Value						
At March 2012	362,302,456	21,046,397	2,425,894	39,011	1,197,573	387,011,331
At March 2013	372,528,369	21,178,403	2,349,032	27,732	60,152	396,143,688

Property, Plant and Equipment for the financial year 2011-12

	Council dwellings £	Other land and buildings £	Vehicles, Plant and Equipment £	Infrastructure assets £	Surplus Assets held not for sale £	Total Property Plant and Equipment £
Cost or valuation						
At 1 April 2011	365,956,555	21,486,853	4,658,137	95,404	2,767,401	394,964,350
Additions	4,240,156	59,879	448,741	11,890	981,222	5,741,888
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(4,973,039)	22,059	0	(11,890)	(9,586)	(4,972,456)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(130,131)	(153,950)	0	0	(506,020)	(790,101)
Derecognition-disposals	(2,791,085)	(205,689)	(10,000)	0	(2,035,444)	(5,042,218)
At March 2012	362,302,456	21,209,152	5,096,878	95,404	1,197,573	389,901,463
Accumulated Depreciation and impairment						
At 1 April 2011	0	(318,290)	(2,355,434)	(45,114)	0	(2,718,838)
Depreciation Charge	(10,229,476)	(277,005)	(315,550)	(11,279)	(9,736)	(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	9,891,770	432,540	0	0	9,736	10,334,046
Derecognition-disposals	0	0	0	0	0	0
At March 2012	0	(162,755)	(2,670,984)	(56,393)	0	(2,890,132)
Net Book Value						
At March 2011	365,956,555	21,168,563	2,302,703	50,290	2,767,401	392,245,512
At March 2012	362,302,456	21,046,397	2,425,894	39,011	1,197,573	387,011,331

Surplus assets held for sale

	Assets held for sale 2012-13 £	Assets held for sale 2011-12 £
Cost or valuation		
At 1 April	0	0
Inter-asset transfer	471,939	0
Additions	1,571,427	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	5,870	0
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	662,078	0
De-recognition-disposals	(1,455,380)	0
At 31 March	1,255,934	0
Accumulated impairment		
At 1 April	0	0
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0
At 31 March	0	0
Net Book Value		
Opening balance	0	0
Closing balance	1,255,934	0

Heritage Assets

Heritage assets are those assets that are intended to be held in trust for future generations because of their cultural, environmental or historical associations and include historical buildings, civic regalia and works of art. Heritage assets held include St Denys' Church, East Hatley which is owned and maintained by the Council and is included in the Council's accounts at insurance valuation, 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.

	Heritage Assets 2012-13 £	Heritage Assets 2011-12 £	Heritage Assets 2010-11 £	Heritage Assets 2009-10 £	Heritage Assets 2008-09 £
Valuation					
At 1 April	624,665	609,429	580,409	552,770	526,448
Additions	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	15,236	29,020	27,639	26,322
At 31 March	624,665	624,665	609,429	580,409	552,770
Accumulated impairment					
At 1 April	0	0	0	0	0
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
At 31 March	0	0	0	0	0
Net Book Value					
Opening balance	624,665	609,429	580,409	552,770	526,448
Closing balance	624,665	624,665	609,429	580,409	552,770

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 Mr Paul Gedge, MRICS, as at 31 March 2013 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 2013 by Mr Paul Gedge, MRICS, District Valuer, East of England

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 41. 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:

31 March 2012 (numbers)		31 March 2013 (numbers)
5,479	Council dwellings (HRA & GF)	5,457
1	Office	1
1	Depot and workshop (leased)	1
	Country Park, visitors centre and toilet block (99 year lease granted to Cambridge Sports Lake Trust Ltd at 31 March 2008)	
0		0
0	Car parks:	0
	Histon and Melbourn - 99 year lease	
	Linton - 125 year lease granted in 2010-11	
	Sawston - 99 year lease granted in 2009-10	
30.23 acres	Land	30.23 acres

Capital commitments as at 31 March 2013 were £0.497 million on Housing and £1.5 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

30 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:

	2012-13 £	2011-12 £
Opening capital financing requirement	208,827,712	3,459,376
Expenditure		
Intangible assets	76,110	202,944
Non-current assets	9,184,883	5,741,889
Revenue funded from capital under statute (REFCUS)	1,084,388	1,765,435
Long term debtors	1,450	5,174
Financing		
Capital Receipts	(1,999,165)	(1,842,402)
Revenue	(1,737,386)	(943,385)
Grant and contributions	(448,668)	(794,470)
Major Repairs Allowance	(5,512,300)	(3,334,144)
Reserves	(517,831)	(488,835)
Minimum Revenue Provision	(133,655)	(66,870)
	(2,174)	245,336
2011-12 exceptional REFCUS		
Housing Revenue Account self-financing	0	205,123,000
Closing capital financing requirement	208,825,538	208,827,712
Increase/(decrease) in underlying need to borrow	(2,174)	205,368,336

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.

	2012-13 £	2011-12 £
Balance as at 1 April	0	0
Improvement Grants	618,679	715,508
Other	465,709	1,049,927
Written out	(1,084,388)	(1,765,435)
Balance as at 31 March	0	0

31 Inventories

31 March 2012 £		31 March 2013 £
38,258	DSO - Recycling and refuse bins and sacks	51,137
1,502	Catering	1,910
2,443	Post	4,444
42,203		57,491

32 Short Term Debtors

31 March 2012	Debtors	31 March 2013
£		£
1,108,315	Government Departments - other	586,856
0	Government Departments - Business Rates	192,109
109,161	Council Tax - District Council share	129,176
317,469	Housing Rents	364,607
242,894	Cambridgeshire County Council	63,918
4,041,978	Sundry Debtors	3,070,451
5,819,817		4,407,117
	Provision for Doubtful Debts	
(46,613)	Council Tax -District Council share	(53,585)
(301,677)	Housing	(316,067)
(1,090,463)	Sundry Debtors	(1,259,197)
(1,438,753)		(1,628,849)
4,381,064	Total Debtors	2,778,268

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 37.

33 Short Term Creditors

31 March 2012 £		31 March 2013 £
(679,761)	Government Departments - other	(1,278,829)
(2,214,765)	Government Departments - Business Rates	0
(104,206)	Council Tax -District Council share	(88,064)
(237,108)	Housing Rents	(207,338)
(375,153)	Cambridgeshire County Council	(524,674)
(997)	Cambridgeshire Police Authority	(11,638)
(250)	Cambridgeshire Fire Authority	(4,476)
(65,998)	Cambridge City Council	(88,042)
(4,064,772)	Sundry Creditors	(4,703,882)
(380,411)	Provision	(206,716)
(938,051) **	Developers Contributions	(1,556,615)
(9,061,472)	Total Creditors	(8,670,274)

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 31 March 2012 £	Movement during year £	Balance at 31 March 2013 £
Capital			
Commuted Sums	(81,989)	0	(81,989)
Partnership works on Awarded Watercourses	(319,584)	12,348	(307,236)
Affordable Housing S106	(336,245)	(639,508)	(975,753)
Revenue			
Sustainability S106 Orchard Park	(68,908)	0	(68,908)
Public Art S106 Orchard Park	(106,339)	29,245	(77,094)
Community Development S106	(11,517)	0	(11,517)
Electoral Arrangements	(7,216)	0	(7,216)
Waste Management	(6,253)	(20,649)	(26,902)
	(938,051)	(618,564)	(1,556,615)
Capital	(737,818)	(627,160)	(1,364,978)
Revenue	(200,233)	8,596	(191,637)
	(938,051)	(618,564)	(1,556,615)

34 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 £219,400 as shown in the Balance Sheet and Note 12.

35 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 297 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 77 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; the Executive Director Corporate Services and the Human Resource Manager do not consider these to be a significant or material risk requiring a provision in the accounts.
3. the Council has received a claim for subsidence repairs to a listed building following refusal of consent by the Council's Planning Committee to fell a cedar tree, the tree also being subject to a Tree Preservation Order. Dependent on the work undertaken, repair costs have been provisionally estimated between £80,000 and £400,000, but may be greater dependent on the solution adopted. The claim is under review by the Council's legal and planning departments.
4. The Council is a defendant in proceedings brought by a group of property search companies for refunds of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim of £1,309 plus interest and costs. A second group of property search companies are also seeking to claim refunds although no proceedings have been issued. The Council has been informed that the value of those claims at present is £151,655 plus interest and costs. The second group of property search companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour.

It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

36 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2012-13.

Restated* 2011-12 £		2012-13 £
	Credited to services	
	Department of Social Security and Department of Communities and Local Government	
(32,351,350) *	Housing Benefit Administration, Discretionary and Fraud	(33,854,723)
	Department of Communities and Local Government	
(216,443)	NNDR Cost of Collection Allowance	(217,420)
0	Habitat regulation	0
(5,258)	Homelessness	(5,258)
(1,500)	Mortgage Rescue	0
(10,206)	Council tax /Business Rates	(3,000)
(311,301)	Improvement Grant	(306,910)
	Cambridgeshire County Council	
(41,080)	Building Safer Communities -Safer, Stronger Communities Fund	(20,540)
(70,000)	LPSA Reward Grant	(30,000)
(52,390)	Other contributions	(864,925)
	Cambridge Horizons and Department of Communities and Local Government	
0	Growth Agenda/ New Communities	(195,074)
	Private Sector	
(201,333)	Housing Association Support	0
(41,027)	S106 contributions	(219,487)
(1,136,072)	Contributions from other authorities	(252,961)
(34,437,960)		(35,970,298)
	Credited to Taxation and Non-specific Grant Income	
	Department of Communities and Local Government	
(1,422,952)	Revenue Support Grant	(102,919)
(924,649)	New Homes Bonus	(1,690,923)
0	New Burdens	(13,420)
(173,355)	Council Tax Freeze Grant	(175,479)
(50,470)	Local Services Support Grant	(50,470)
(2,571,426)		(2,033,211)

37 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 £356,667 as at 31 March 2013 (£386,228 in 2011-12).

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 £5.0 million of its surplus balances to any one institution, this limit was revised to £7.5 million in February 2013.

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.

38 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.

31 March 2012		31 March 2013
£		£
	Local Authorities	
5,390,639	Clearing Banks	17,111,906
2,502,463	Banks, other	0
0	Money Market Funds	75,694
	Building Societies with assets:	
7,123,596	greater than £10,000 million	6,089,112
1,044,673	between £1,500 million and £5,000 million	0
110	Government Securities	110
<u>16,061,481</u>		<u>23,276,822</u>
	Less:	
(501,669)	Cash and cash equivalents	(75,694)
<u>15,559,812</u>	Total	<u>23,201,128</u>
	Principal Investments analysed by maturity	
9,336,464	2012/13	0
4,000,000	2013/14	21,000,000
2,000,000	2014/15	2,000,000
110	Government Securities	110
<u>15,336,574</u>		<u>23,000,110</u>
223,238	Accrued interest	201,018
<u>15,559,812</u>		<u>23,201,128</u>

39 Long Term Liabilities

31 March 2012 £		Note	31 March 2013 £
(39,703,000)	Liability related to defined benefit pension scheme	23	(45,399,000)
(54,635)	Deferred Liability -Pension		(25,800)
<hr/>			
(39,757,635)	Total		(45,424,800)
<hr/>			
(205,123,000)	Borrowing for HRA Self Financing		(205,123,000)
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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 directly to the Housing Revenue Income and Expenditure Account. An analysis of the PWLB long term liability is provided below:

Financial Instrument PWLB loan	£,000'
Repayable within 25 years	15,000
Repayable within 30 years	50,000
Repayable within 35 years	50,000
Repayable within 40 years	50,000
Repayable within 45 years	40,123
Total commitment	205,123

40 Non ring-fenced Government Grant

2011-12		Note	2012-13
£			£
(1,422,952)	Revenue Support Grant		(102,919)
(924,649)	New Homes Bonus		(1,690,923)
(173,355)	Council Tax Freeze Grant		(175,479)
0	New Burdens		(13,420)
(50,470)	Local Services Support Grant		(50,470)
<hr/>			
(2,571,426)		9	(2,033,211)

Supplementary Financial Statements

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

Housing Revenue Income and Expenditure Account

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

2011-12		£	2012-13
£	INCOME	£	£
(23,547,577)	Dwelling Rents (Gross)	(25,433,115)	
(368,338)	Non-dwelling Rents (Gross)	(379,956)	
(1,886,473)	Charges for Services and Facilities	<u>(1,559,110)</u>	
			(27,372,181)
	Contributions towards expenditure		
(157,372)	General Fund	(150,344)	
0	Other Sources	<u>(210,000)</u>	
			(360,344)
(15,795)	Transfer of DLO surplus		0
(25,975,555)	Total Income		(27,732,525)
	EXPENDITURE		
3,234,540	Repairs and Maintenance		3,686,006
	Supervision and Management		
1,450,877	General		1,807,240
861,135	Repairs and Maintenance		712,512
2,400,554	Special Services		2,261,370
93,614	Rent, Rates and Other Charges		103,223
12,526,981	Payment to Government into National Pool	Note 46	0
6,856,764	Depreciation and impairment of Non-Current Assets	Notes 43 & 44	(1,384,732)
0	Transfer of DLO deficit		6,908
205,123,000	Self Financing Settlement	Note 39	0
99,400	Treasury Management Costs		27,050
29,696	Increased/(Decreased) Provision for Bad or Doubtful Debt		58,524
232,676,561	Total Expenditure		7,278,101
	Net Cost of Services as included in the whole authority		
206,701,006	Income and Expenditure Account		(20,454,424)
518,628	HRA services share of Corporate and Democratic Core		453,393
(2,064)	Mortgage Interest		(1,349)
207,217,570	Net Cost of HRA Services		(20,002,380)
2,750,120	Loss/(Gain) on sale of HRA non-current assets	Note 5	(378,325)
59,119	Interest payable on Self Financing Debt	Note 8	7,192,805
(16,145)	Interest and Investment Income		(13,329)
	Pensions Interest Cost and Expected Return on		
182,698	Pension Assets		238,535
(101,716)	Capital grants and contributions	Note 5	(109,850)
210,091,646	Deficit/(surplus) for the year on HRA services		(13,072,544)

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;

2011-12 £		Note	2012-13 £
210,091,646	(Surplus)/deficit for the year on the HRA Income and Expenditure Account		(13,072,544)
24,288	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute		(5,308)
3,379,305	Impairment taken to Capital Adjustment Account		11,505,731
(2,750,120)	(Loss)/gain on sale of HRA non-current assets		378,325
(205,123,000)	Self-Financing Settlement		0
(113,321)	HRA share of contributions to the Pensions Reserve		(225,882)
(6,901,925)	Transfer from Major Repairs Reserve/Capital Asset Accounting Adjustment		(4,608,699)
891,874	Capital expenditure funded by the Housing Revenue Account		1,681,008
0	Adjustments between accounting basis and funding basis		
101,716	Transfer to reserves under statute	5	4,500,000 109,850
(399,537)	Decrease/(increase) in the Housing Revenue Account balance for the year		262,481
(2,290,417)	Housing Revenue Account balance brought forward		(2,689,954)
(2,689,954)	Housing Revenue Account balance carried forward		(2,427,473)

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.

2011-12			2012-13
£	INCOME	Note	£
(81,271,612)	Income from Council Tax		(84,580,062)
	Transfers from General Fund		
(6,148,182)	Council Tax Benefits	50	(6,197,010)
(62,940,593)	Income collectable from Business Ratepayers		(65,310,765)
<u>(150,360,387)</u>			<u>(156,087,837)</u>
	EXPENDITURE		
	Demands and Precepts		
	Precepts		
62,926,733	Cambridgeshire County Council	65,574,369	
10,183,299	Cambridgeshire Police Authority	10,608,986	
3,475,510	Cambridgeshire Fire Authority	<u>3,605,633</u>	79,788,988
	Demands - District Council		
6,934,204	General Expenses	7,019,160	
3,929,068	Special Expenses - Parish Precepts	<u>4,039,148</u>	11,058,308
			90,847,296
	Contribution towards previous year's estimated Collection Fund Surplus/(deficit)		
38,596	Cambridgeshire County Council	(382,742)	
6,246	Cambridgeshire Police Authority	(61,938)	
2,132	Cambridgeshire Fire Authority	(21,139)	
6,530	District Council	<u>(66,074)</u>	(531,893)
	Business Rate		
62,724,150	Payment to National Pool	65,093,345	
216,443	Cost of Collection	<u>217,420</u>	65,310,765
	Bad and Doubtful Debts		
127,480	Write Offs	82,468	
<u>(202,758)</u>	Provision for Bad and Doubtful Debts	41,370	123,838
<u>150,367,633</u>			<u>155,750,006</u>
7,246	Deficit/(Surplus) of income over expenditure		(337,831)
327,952	Fund Balance at Beginning of year		335,198
<u>335,198</u>	Fund Balance at end of year		<u>(2,633)</u>

Collection Fund balance:

Attribution of (surplus) / deficit carried forward:

31 March 2012 £		31 March 2013 £
240,765	Cambridgeshire County Council	(1,255)
38,969	Cambridgeshire Police Authority	(200)
13,332	Cambridgeshire Fire Authority	(345)
<hr/>		
293,066		(1,800)
42,132	District Council	(833)
<hr/>		
335,198	Deficit/(Surplus)	(2,633)

The surplus relating to Council Tax transactions due to Cambridgeshire County Council, Cambridgeshire Police Authority and Cambridgeshire Fire Authority of £1,800 on the Collection Fund as at 31 March 2013 is included as a creditor in the Council's Balance Sheet and will be distributed in subsequent financial years.

Notes to Supplementary Statements

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

- **Notes to the Collection Fund**

Notes to the Housing Revenue Account (HRA)

41 Housing stock

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

	As at 31 March 2012	Conversions/ transfers during year	Additions during year	Disposals/ adjustments during year	As at 31 March 2013
1 Bedroom	1,076	0	0	(2)	1,074
2 Bedroom	2,300	2	2	(8)	2,296
3 Bedroom	1,964	(2)	0	(15)	1,947
4 or more bedrooms	78	0	0	0	78
	5,418	0	2	(25)	5,395

Disposals

Right to Buy	24
Equity Share	1
Other	0
	25

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

31 March 2012			31 March 2013	
Asset value	Depreciation		Asset value	Depreciation
£	£	Note	£	£
Property, Plant and Equipment				
362,302,456	10,229,475		372,528,369	10,114,332
	(10,229,475)	43		(10,114,332)
4,400,000	6,594		4,296,000	6,667
	(6,594)	43		(6,667)
600,150	0		60,150	0
367,302,606	0		376,884,519	0

The dwellings are valued in accordance with Guidance on Stock Valuation for Resource Accounting issued by the Office of the Deputy Prime Minister. This requires the dwellings to be valued at open market value with vacant possession, which is then adjusted to reflect tenancies at less than open market rents by using an adjustment factor based on the ratio of local authority rents to open market rents for the relevant region. The adjustment factor for the eastern region is 39%.

The value of council dwellings (Housing Revenue Account) at 31 March 2013, based on vacant possession, was £955,200,946.

42 Capital expenditure, financing and receipts

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

	2012-13 £	2011-12 £	
Opening capital financing requirement	205,123,000		0
Expenditure			
Acquisition of land	0	3,000	
Acquisition of existing dwellings	357,110	206,195	
Improvement of housing stock , other buildings and infrastructure	6,891,329	4,105,660	
Financing			
Capital Receipts	(30,277)	0	
* Revenue	(1,596,012)	(878,995)	
Grant and contributions	(109,850)	(101,716)	
Major Repairs Allowance	(5,512,300)	(3,334,144)	
Reserves	<u> </u>	<u>0</u>	
		0	0
2011-12 exceptional REFCUS			
Housing Revenue Account self-financing		0	205,123,000
Minimum Revenue Provision		0	0
Closing capital financing requirement	205,123,000	205,123,000	

*In addition, £84,997 was spent relating to the HRA contribution to capital expenditure on software.

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

2011-12 £		2012-13 £
72,424	Sale of Land	95,565
734,243	Sale of dwellings	
889,776	Right to Buy	2,514,810
	Other	156,163
1,696,443		2,766,538

43 Depreciation

In 2012-13, 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:

2011-12 £		2012-13 £
	Operational Assets	
10,236,069	In year depreciation	10,120,999
0	Non Operational	0
(10,236,069)	Depreciation adjustment on revaluation	(10,120,999)
0		0

44 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.

2011-12 £	Operational assets	2012-13 £	2012-13 £
(3,379,305)	Impairment charged to Housing Revenue Income and Expenditure Account (net)	(11,505,731)	
374,151	Impairment charged to Revaluation Reserve	<u>733,802</u>	(10,771,929)
<hr/>			
(3,005,154)			(10,771,929)

2011-12 £		2012-13 £
(3,379,305)	Impairment charged to Housing Revenue Income and Expenditure Account (net)	(11,505,731)
374,151	Impairment charged to Revaluation Reserve	<u>733,802</u>
<hr/>		
(3,005,154)		(10,771,929)
573,320	Operational assets Impairment	633,825
<u>(3,578,474)</u>	Impairment reversal	<u>(11,405,754)</u>
(3,005,154)		(10,771,929)

45 Major Repairs Reserve

Previously, within the housing subsidy scheme, there was an annual allowance for major repairs which could only be used for expenditure on major repairs and/or improvements to Housing Revenue Account dwellings. The housing subsidy scheme and, therefore the Major Repairs Allowance, ceased at the end of 2011-12 with the advent of the Self Financing regime. In 2012-13 the Council was required to charge the Housing Revenue Account a notional amount for depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvement works. The transition period will continue till 2017-18, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2018-19.

2011-12 £		2012-13 £
0	Balance at 1 April	0
(10,236,069)	Transfer to Capital Adjustment Account	(10,120,999)
6,901,925	Amount transferred to Statement of Movement on the HRA balance	4,608,699
3,334,144	HRA Capital expenditure charged to Major Repairs Reserve	5,512,300
0	Balance at 31 March	0

46 Housing subsidy

The Government housing subsidy system ceased at the end 2011-12 when it was replaced by the Self Financing Settlement consequently there was no negative housing subsidy payable in 2012-13.

2011-12 £		2012-13 £
2,271,138	Allowance for management	No Longer Applicable
5,203,368	Allowance for maintenance	
3,334,144	Allowance for major repairs	
9,290	Other items	
10,817,940		
(23,413,873)	Rent	
(4,382)	Interest on receipts	
(12,600,315)		
73,530	Allowance for interest on self-financing debt payable in 2011-12	
(196)	Adjustment for previous year	
(12,526,981)	Payable to the Government	

47 HRA share of contributions to or from the Pensions Reserve

This contribution, shown in the Statement of Movement on the Housing Revenue Income and Expenditure Account, reverses out the pensions liabilities apportioned to net operating expenditure and adds back in the payments to the pension scheme so that the adoption of International Accounting Standard 19 (IAS 19) Employee Benefits has no effect on the deficit/surplus for the year.

In view of the uncertainty over future pension costs, an additional 2.8% of pensionable pay has been charged against the Housing Revenue Account and placed in a reserve for use in future years (Note 6).

48 Rent arrears on dwellings

As at 31 March 2012 £			As at 31 March 2013 £	
£317,470	Arrears		£364,607	
1.24%	Arrears as a percentage of gross rents collectable		1.35%	
£240,000	Provision for uncollectable amounts		£270,000	

49 Movement in Reserves Statement – transfers (to)/from Earmarked Reserves

This note sets out the amount set aside from the Housing Revenue Account balances in Earmarked Reserves to provide financing for future expenditure plans.

	31 March 2012 £	Transfers out 2012-13	Transfers in 2012-13	31 March 2013 £
Revenue				
Self-Insurance Reserve	0	0	(1,000,000)	(1,000,000)
Investment/Repayment Reserve	0	0	(3,500,000)	(3,500,000)
	0	0	(4,500,000)	(4,500,000)
Revenue	0	0	(4,500,000)	(4,500,000)
	0	0	(4,500,000)	(4,500,000)

Notes to the Collection Fund Account

50 General

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

51 Council tax

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

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

Band Valuation	Number of dwellings adjusted for discount, exemptions, etc.	Ratio to Band D	Band D equivalents
-A Upto £40,000	3.0	5/9	1.7
A Upto £40,000	1,916.5	6/9	1,277.7
B £40,001 - £52,000	5,894.5	7/9	4,584.6
C £52,001 - £68,000	17,630.0	8/9	15,671.1
D £68,001 - £88,000	10,802.5	9/9	10,802.5
E £88,001 - £120,000	9,902.4	11/9	12,102.9
F £120,001 - £160,000	6,681.8	13/9	9,651.5
G £160,001 - £320,000	3,806.7	15/9	6,344.5
H More than £320,000	331.0	18/9	662.0
	<u>56,968.4</u>		<u>61,098.5</u>
Assumed rate of collection		99.5%	
Tax base for tax setting purposes (number of Band D equivalent dwellings)			60,793.0
Tax rate for a Band D property			<u>£1,494.37</u>
Estimated income due			£90,847,235
Actual income due			
Net of write offs and provisions		£84,538,964	
Council Tax Benefit net of subsidy limitation		£6,197,010	
			<u>£90,735,974</u>
Difference in income due to variations in tax base and rate of collection			<u>(£111,261)</u>

52 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 2013 was £174,835,864 and the standard uniform rate was 45.8 pence in the £, and the small business uniform rate 45.0 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.

Changes to Retained Business Rates

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

New arrangements for the retention of business rates come into effect on 1 April 2013, at which time the Council will assume liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which will include amounts that were paid over to central Government in respect of 2012-13 and prior years. A provision for these liabilities will be recognised in the 2013-14 accounts, but is not expected to be material.

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