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19 September 2013

To: Chairman – Councillor Francis Burkitt
Vice-Chairman – Councillor David McCraith
Members of the Corporate Governance Committee – Councillors Richard Barrett,
Andrew Fraser, Douglas de Lacey, Bridget Smith, Peter Topping, John Williams,
Simon Edwards and David Whiteman-Downes

Quorum: 3

Dear Councillor

You are invited to attend the next meeting of **CORPORATE GOVERNANCE COMMITTEE**, which will be held in **COUNCIL CHAMBER, FIRST FLOOR** at South Cambridgeshire Hall on **FRIDAY, 27 SEPTEMBER 2013 at 9.30 a.m.**

There will be a presentation on the Local Government Pension Scheme by an officer from Cambridgeshire County Council from 9am-9:30 in the Council Chamber.

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

Yours faithfully
JEAN HUNTER
Chief Executive

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

AGENDA		PAGES
1. Apologies for Absence To receive apologies for absence from committee members.		
2. Declarations of Interest		
3. Minutes of Previous Meeting To confirm the minutes of the meeting held on Friday 28 June 2013 as a correct record.		1 - 4
AUDIT REPORTS		
4. Internal Audit Progress Report		5 - 12

5.	External Audit's Annual Report for 2012/13	13 - 22
	DECISION ITEMS	
6.	Approval of the 2012/13 Statement of Accounts	23 - 136
7.	Regulation of Investigatory Powers Act 2000 (RIPA) Review of Policy and Use of Act	137 - 142
	INFORMATION ITEMS	
8.	Treasury Management Annual Report 2012/13	143 - 148
9.	Local Government Ombudsman Annual Review Letter 2013	149 - 150
10.	Matters of Topical Interest	
11.	Date of Next Meeting Thursday 28 November at 10am.	

OUR LONG-TERM VISION

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

The Council will be recognised as consistently innovative and a high performer with a track record of delivering value for money by focusing on the priorities, needs and aspirations of our residents, parishes and businesses.

OUR VALUES

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

- Trust
- Mutual respect
- A commitment to improving services
- Customer service

GUIDANCE NOTES FOR VISITORS TO SOUTH CAMBRIDGESHIRE HALL

While the District Council endeavours to ensure that visitors come to no harm when visiting South Cambridgeshire Hall, those visitors also have a responsibility to make sure that they do not risk their own or others' safety.

Security

Members of the public attending meetings in non-public areas of the Council offices must report to Reception, sign in, and at all times wear the Visitor badges issued. Before leaving the building, such visitors must sign out and return their Visitor badges to Reception.

Emergency and Evacuation

In the event of a fire, a continuous alarm will sound. Evacuate the building using the nearest escape route; from the Council Chamber or Mezzanine viewing gallery this would be via the staircase just outside the door. Go to the assembly point at the far side of the staff car park.

- **Do not** use the lifts to exit the building. If you are unable to negotiate stairs by yourself, the emergency staircase landings are provided with fire refuge areas, which afford protection for a minimum of 1.5 hours. Press the alarm button and wait for assistance from the Council fire wardens or the fire brigade.
- **Do not** re-enter the building until the officer in charge or the fire brigade confirms that it is safe to do so.

First Aid

If someone feels unwell or needs first aid, please alert a member of staff.

Access for People with Disabilities

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Toilets

Public toilets are available on each floor of the building next to the lifts.

Recording of Business and Use of Mobile Phones

The Council is committed to openness and transparency. The Council and all its committees, sub-committees or any other sub-group of the Council or the Executive have the ability to formally suspend Standing Order 21.4 (prohibition of recording of business) upon request to enable the recording of business, including any audio / visual or photographic recording in any format.

Use of social media during meetings is permitted to bring Council issues to a wider audience. To minimise disturbance to others attending the meeting, all attendees and visitors are asked to make sure that their phones and other mobile devices are set on silent / vibrate mode during meetings.

Banners, Placards and similar items

No member of the public shall be allowed to bring into or display at any Council meeting any banner, placard, poster or other similar item. The Chairman may require any such item to be removed.

Disturbance by Public

If a member of the public interrupts proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room. If there is a general disturbance in any part of the meeting room open to the public, the Chairman may call for that part to be cleared.

Smoking

Since 1 July 2008, the Council has operated a Smoke Free Policy. Visitors are not allowed to smoke at any time within the Council offices, or in the car park or other grounds forming part of those offices.

Food and Drink

Vending machines and a water dispenser are available on the ground floor near the lifts at the front of the building. Visitors are not allowed to bring food or drink into the meeting room.

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Agenda Item 3

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Friday, 28 June 2013 at 9.00 a.m.

PRESENT:	Councillor Francis Burkitt – Chairman Councillor David McCraith – Vice-Chairman	
Councillors:	Richard Barrett Douglas de Lacey	Andrew Fraser John Williams
Officers:	Alex Colyer John Garnham Fiona McMillan Ian Senior Sally Smart	Executive Director, Corporate Services Head of Finance, Policy & Performance Legal & Democratic Services Manager and Monitoring Officer Democratic Services Officer Principal Accountant Financial & Systems
External:	Daniel Harris	RSM Tenon

Councillors Simon Edwards and David Whiteman-Downes were in attendance, by invitation.

Apologies for absence were received from Councillor Bridget Smith.

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES OF PREVIOUS MEETING

The Committee authorised the Chairman to sign, as a correct record, the Minutes of the meeting held on 19 March 2013.

3. INTERNAL AUDIT ANNUAL REPORT 2012-13

The Committee received and noted the Internal Audit Annual Report 2012-13.

Councillor John Williams expressed concern at the apparent lack of improvement in the carrying out of housing repairs. Councillor Richard Barrett assured the Committee that customer feedback was becoming more positive and that technical issues with the computer system had been resolved. The Executive Director (Corporate Services) reminded Members that the Annual Report was an historical document only.

4. INTERNAL AUDIT PROGRESS REPORT

The Committee received and noted the Internal Audit Progress Report for 2013-14.

The Committee noted that new Internal Auditors would soon be assuming responsibility for monitoring the Council's internal processes. Those present discussed the practicalities of the handover, and identified that, in relation to the 2013-14 projects listed on page 1 of the report, the current Auditors (RSM Tenon) would continue work on the first six listed, whereas the incoming Auditors would assume responsibility for monitoring the Council's response to the Welfare Reform Project and the other Quarter 2, 3 and 4 projects listed on pages 1 and 2 of the report. Dan Harris said that, on the basis of the Quarter 1 work undertaken by RSM Tenon, he was satisfied that there was little or no likelihood of the

Council receiving any red alerts.

Councillor Douglas de Lacey highlighted an issue with South Cambridgeshire District Council's Code of Connection (CoCo) Compliance. The Executive Director (Corporate Services) said that this security measure was overseen by central Government Audit and was something upon which the Council's Internal Auditors could comment. He informed the Committee that South Cambridgeshire District Council had been the first Local Authority in the County to meet the Government's new security assessment.

The Executive Director (Corporate Services) undertook to make sure that the Council's Security Certificate was valid and up-to-date.

The Committee placed on record its appreciation of, and gratitude for, the work carried out by Dan Harris and his colleagues at RSM Tenon during the past three years.

5. RISK MANAGEMENT STRATEGY

The Corporate Governance Committee considered a report on the Council's Risk Management Strategy and process.

The Corporate Governance Committee **approved** the Risk Management Strategy, and instructed officers to present it, for information, to the meeting of Full Council on 25 July 2013.

6. ANNUAL GOVERNANCE STATEMENT 2012/13

The Committee considered a report on the draft Annual Governance Statement 2012-13 prior to the statement being signed by the Leader and Chief Executive and being included in the statement of accounts for the year ending 31 March 2013.

The Chairman reminded Members that production of an Annual Governance Statement was a statutory requirement and that, while there was a core audience made up of District Councillors and Parish Council Chairman, every effort should be made to ensure that the document was written so as to be understandable by anyone wishing to read it, including members of the Youth Council. Councillor Douglas de Lacey said that, in future, the Youth Council, in particular, should be asked for its comments, and should be invited to assess the draft for comprehension. Committee members were happy with the draft in principle, but agreed with Councillor Andrew Fraser that the final version should include less jargon and fewer acronyms. The Legal and Democratic Services Manager undertook to finalise the Annual Governance Statement before September 2013 and include it as an information item on the agenda for the next Corporate Governance Committee meeting. Members said that primary publication of the final document should be via the Council's website, with hard copies, in an A5 format, being distributed to all South Cambridgeshire District Councillors, all Parish Councils and Parish Meetings in the district, and to the Youth Council.

The Chairman tabled copies of the Annual Governance Statement annotated with comments and suggestions from Councillor de Lacey. Members accepted these and asked officers to amend the Statement accordingly.

7. STATEMENT OF ACCOUNTS 2012/13 (SUBJECT TO AUDIT)

The Corporate Governance Committee considered a report on the 2012-13 Statement of Accounts.

This represented the last opportunity for the Committee to make representations about the Accounts. The Executive Director (Corporate Services) summarised the process from the date of this meeting until presentation of the final Statement of Accounts to the Committee in September 2013.

A Plain English version of the Statement of Accounts would be produced in due course.

The Executive Director (Corporate Services) paid tribute to the Principal Accountant (Financial and Systems) for the work she had put into preparing the document. The Chairman endorsed this comment and extended thanks to the Principal Accountant (Financial and Systems).

8. REGULATION OF INVESTIGATING POWERS ACT 2000 (RIPA) QUARTERLY UPDATE

The Corporate Governance Committee received and noted a report on the use of RIPA powers in the last two quarters.

Members were assured that powers under the Regulation of Investigatory Powers Act 2000 were being used sparingly and in an effective manner.

9. MATTERS OF TOPICAL INTEREST

Members had no matters of topical interest they wished to discuss at the meeting.

10. DATE OF NEXT MEETING

Members noted the dates of the next two meetings but the Chairman requested that the meeting on 27 September 2013 should start at 9.30am rather than 9 o'clock. This was to allow the Committee and other interested Members of South Cambridgeshire District Council to receive from Cambridgeshire County Council's lead officer on Pensions a presentation about latest developments concerning the Local Government Pension Scheme, with particular reference to Cambridgeshire. This Briefing would begin at 9.00am.

The Meeting ended at 10.55 a.m.

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

CORPORATE GOVERNANCE COMMITTEE

27 SEPTEMBER 2013

**INTERNAL AUDIT PROGRESS REPORT FOR 2013 / 2014
(AS AT 31 AUGUST 2013)**

Page 5

Agenda Item 4

RECOMMENDATION:

That Corporate Governance Committee note progress in delivery of the Internal Audit service to the Council.

PROGRESS REPORT

1. Introduction
2. Variations To Reporting Arrangements
3. Resourcing
4. Progress Against Agreed Audit Plan
5. General Audit Matters

1. INTRODUCTION

- 1.1 The purpose of this report is to bring the Corporate Governance Committee up to date with progress made against the delivery of the 2013 / 2014 Internal Audit Plan as at 31 August 2013. This report aims to:
 - Provide a high level of assurance, or otherwise, on internal controls operated across the Council that have been subject to audit;
 - Advise the Committee of significant issues where controls need to improve to effectively manage risks;
 - Advise of any planned changes to reviews, slippage or deletions to that originally agreed on 19 March 2013; and
 - Track progress on the delivery of agreed actions which will be reported as part of the annual reporting process.
- 1.2 The information included in this progress report will feed into, and inform our overall opinion in the Annual Head of Internal Audit Report issued at the year-end. This opinion will in turn be used to inform the Annual Governance Statement (AGS) included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.
- 1.3 The report is for the Committee to consider under its Terms of Reference:
 - To monitor the activities of the Internal Audit service provider and measure performance against the plan; and
 - To consider a quarterly report detailing audit coverage and the extent to which any major problems were highlighted.

2. VARIATIONS TO REPORTING ARRANGEMENTS

- 2.1 The original Audit Plan agreed in March 2013 was compiled by the previous service provider, RSM Tenon and they have continued with this until the cessation of their contract at 30 June 2013. For continuity purposes, it has been acknowledged that this represents an appropriate level of coverage for the Council and has been used as the basis to complete the audit work. However, there are a number of minor amendments in terms of how reports are presented / reported to officers and Members which is set out within the tables below.

AUDIT ASSURANCE		
Definitions	RSM Tenon	Shared Service
The system is designed to meet objectives / controls are consistently applied that protect the Authority from foreseeable risks.	GREEN	FULL
The system is generally sound but there are some weaknesses of the design of control and / or the inconsistent application of controls. Opportunities exist to mitigate further against potential risks.	AMBER / GREEN	SIGNIFICANT
There are weaknesses in the design of controls and / or consistency of application, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.	AMBER	LIMITED
Controls are weak and / or there is consistent non-compliance, which can result in the failure of the system. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.	RED	NO

3. RESOURCING

- 3.1 Following a successful recruitment process in July 2013, SCDC has been able to appoint an officer to the post of Senior Auditor. The successful candidate brings knowledge and experience from working in an internal audit shared service environment within local government and will start with SCDC in October 2013.
- 3.2 For operational purposes, if the Head of Internal Audit is not on site – whether at another authority or absent for leave etc. – day to day reporting arrangements have been set up with the Councils HR Manager.

4. **PROGRESS AGAINST AGREED AUDIT PLAN**

4.1 A number of the activities set out within the agreed Audit Plan are to support the works of External Audit as part of the delivery of a managed audit. These are identified overleaf (*) and will:

- Aid joined up working;
- Avoid the risk of duplication of audit work; and
- Improve the effectiveness, efficiency and economy of both audit teams.

4.2 The scope for a number of new audit areas have been agreed with senior management and a series of audits have commenced, findings and conclusions of which will be reported at the next meeting.

ASSURANCE LEVELS / AGREED ACTIONS (CARRIED FORWARD FROM 2012 / 2013)

ACTIVITY	JOB TYPE	REP.NO.	STATUS	ASSURANCE	ACTIONS AGREED		
					HIGH	MEDIUM	LOW
Repairs Partnership Arrangements	Follow Up	23	Final	Adequate	0	4	2
Network Security Control Framework		24	Final	Amber / Green	0	3	0
	Follow Up	25					
Performance Management		26	Final	Amber / Green	0	2	2
Top Up Testing		27					

ASSURANCE LEVELS / AGREED ACTIONS 2013 / 2014							
ACTIVITY	JOB TYPE	REP.NO.	STATUS	ASSURANCE	ACTIONS AGREED		
					HIGH	MEDIUM	LOW
Customer Services: Contact Centre	Other	1	Final	Green	0	0	2
Business Planning	Assurance work	2	Final	Amber / Green	0	3	0
Safeguarding	Other	3	Draft	Amber / Green	0	4	3
Environmental Health: Waste Review	Advisory work	4	Final	Not applicable	–	–	–
Proactive Fraud Work	Other						
ICT Review	Other	5	Draft	Amber / Green	0	2	1
Welfare Reform Project	Assurance work		Fieldwork				
Corporate Governance	Compliance		Fieldwork				
Risk Management	Compliance						
Annual Governance Statement	Compliance						
Income and Debtors *	Financial Controls						
Budgetary Control	Financial Controls						
General Ledger *	Financial Controls						
Creditors *	Financial Controls						
Cash, Bank & Treasury Management *	Financial Controls						
ASSURANCE LEVELS / AGREED ACTIONS 2013 / 2014 (continued)							

ACTIVITY	JOB TYPE	REP.NO.	STATUS	ASSURANCE	ACTIONS AGREED		
					HIGH	MEDIUM	LOW
Payroll (incl. Expenses / Pensions) *	Financial Controls		Fieldwork				
Capital Expend. /Asset Management *	Financial Controls						
Procurement *	Financial Controls		Fieldwork				
NNDR *	Financial Controls						
Council Tax *	Financial Controls						
Housing Benefits *	Financial Controls						
Housing Rents *	Financial Controls		Fieldwork				
Top Up Testing *	Financial Controls						
Reconciliation Testing	Financial Controls						
Health and Safety	Other						
Performance Management	Other						
Repairs – Partnership Arrangements	Other		Fieldwork				
Housing Allocation and Voids	Other		Fieldwork				
Follow Up	Other						

5. GENERAL AUDIT MATTERS

5.1 **Update on CIPFA Publication on Audit Committees**

- 5.1.1 In 2005 CIPFA issued its guidance "*Audit Committees, Practical Guidance for Local Authorities*" which has been the authoritative guidance document for audit committees across the local authority sector. Since then audit committees have become more firmly established and there have been a range of changes in professional practice and legislation, including joint audit committees supporting police and crime commissioners and chief constables and the establishment of statutory audit committees in Wales.
- 5.1.2 CIPFA will be updating the publication to reflect changes and introducing additional guidance on developing areas of audit committee activity and is due for release towards the end of 2013. Once this has been released, key changes and a briefing note will be prepared for information for Committee members.

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

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South Cambridgeshire District Council

Audit Committee Summary

For the year ended 31 March 2013

Audit results report – ISA 260

27 September 2013

Page 13

Agenda Item 5



Building a better
working world

Mark Hodgson, Director
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Rachel Brittain, Manager
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Contents

- ▶ Executive Summary
- ▶ Extent and progress of our work
- ▶ Addressing audit risk
- ▶ Financial statements audit – issues & findings
- ▶ Independence and Audit Fees

Page 14



Executive Summary

Key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to 'those charged with governance' on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2012/13 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial Statements

- ▶ As of 27 September 2013, we expect to issue an unqualified opinion. Our audit demonstrates that the Council has prepared its financial statements well and this is reflected in the low number of issues to bring to your attention.

Value for Money

- ▶ We expect to conclude that you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources.

Whole of Government Accounts

- ▶ We expect to issue an unqualified confirmation to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

Audit Certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the Audit Opinion.

Extent and purpose of our work

The Council's responsibilities

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

Our audit was designed to:

- ▶ Express an opinion on the 2012/13 financial statements
- Report on any exception on the governance statement or other information included in the foreword
- As a component auditor, follow the group instructions and send to the National Audit Office our group assurance certificate, audit results report and auditor's report on the consolidation schedule
- Consider and report any matters that prevent us being satisfied that the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the Value for Money conclusion)
- This report contains our findings related to the areas of audit emphasis, our views on the Council's accounting policies and judgments and material internal control findings.
- This report is intended solely for the information and use of the Council. It is not intended to be and should not be used by anyone other than this specified parties.

Addressing audit risks

Significant Audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit Risk identified within our Audit Plan	Audit Procedures performed	Assurance gained and issues arising
Significant audit risks		
1. Valuation of Property, Plant and Equipment	<ul style="list-style-type: none"> We sought to place reliance on management experts. We performed tests of details at an individual asset valuation level. 	<ul style="list-style-type: none"> We found management's expert valuers to be competent and objective and their work was adequate for our purposes. We found the individual asset valuations carried out by the valuers were made on the correct basis, with the Council applying the correct accounting treatment to those assets. We conclude that valuations of non-current assets are free from material misstatement.
Other audit risks		
1. Risk of misstatement due to fraud and error	<ul style="list-style-type: none"> We identified this risk during the planning stages. We inquired of management about risks of fraud and the controls put in place to address those risks. We obtained an understanding of the oversight given by those charged with governance of management's processes over fraud. We considered the effectiveness of management's controls designed to address the risk of fraud. We determined an appropriate strategy to address those identified risks of fraud. We performed mandatory procedures regardless of specifically identified fraud risks. We considered the results of the National Fraud Initiative and may make reference to it in our reporting to you. 	<ul style="list-style-type: none"> All our planned procedures are complete. There are no findings that indicate a risk of misstatement due to fraud or error.

Financial Statements audit

Issues and errors arising from the audit

Progress of our audit

- ▶ The following areas of our work programme remain to be completed. We will provide an update of progress at the Audit Committee meeting:
 - ▶ Receipt of a Letter of Representation
- ▶ Subject to the satisfactory resolution of the above items, we propose to issue an unqualified audit report on the financial statements.

Corrected Errors

My audit identified one error which my team have highlighted to management for amendment. This has been adjusted during the course of our work. We do not consider any of this to be significant and therefore we have not provided further details of this amendment.

My audit also identified a number of disclosure errors which the Council have corrected.

All our planned procedures are complete. There are no findings that indicate a risk of misstatement due to fraud or error.

Uncorrected Errors

There remain no unadjusted errors for your consideration.

Other Matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Council's financial reporting process including the following:

- Qualitative aspects of your accounting practices;
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions.
- Other audit matters of governance interest

We have no matters we wish to report.

Findings and issues

Internal Control, Written Representations & Whole of Government Accounts

Internal Control

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. My responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have tested the controls of the Council only to the extent necessary for me to complete my audit. We are not expressing an opinion on the overall effectiveness of internal control.

We have reviewed the Annual Governance Statement and can confirm that:

- ▶ it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- ▶ it is consistent with other information that we are aware of from our audit of the financial statements.

We have not identified any significant weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not aware.

Request for written representations

We have requested a management representation letter to gain management's confirmation in relation to a number of matters, for which we do not currently have sufficient audit evidence. Only the standard representations have been required.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of my report are specified by the National Audit Office.

We are currently concluding our work in this area and will report any matters that arise to the Audit Committee.

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that South Cambridgeshire District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Council's corporate performance management and financial management arrangements, we have regard to the following criteria and focus specified by the Audit Commission.

Criteria 1 - Arrangements for securing financial resilience

- ▶ *“Whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future”*
- ▶ We did not identify any significant risks in relation to this criteria.
- ▶ We have no issues to report in relation to this criteria

Criteria 2 - Arrangements for securing economy, efficiency and effectiveness

- ▶ *“Whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.”*
- ▶ We did not identify any significant risks in relation to this criteria.
- ▶ We have no issues to report in relation to this criteria

Independence & Audit Fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 19 March 2013.
- ▶ We complied with the Ethical Standards for Auditors and the requirements of the Audit Commission's Code and Standing Guidance and in our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.
- ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Committee on 27 September 2013.

- ▶ We confirm that we have met the reporting requirements to the Audit Committee, as 'those charged with governance' under International Standards on Auditing (ISA) 260. Our communication plan to meet these requirements were set out in our Audit Plan of 19 March 2013.

Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2012/13	Scale fee 2012/13	Variation comments
	£s	£s	
Total Audit Fee – Code work	68,400	68,400	Nil
Certification of claims and returns	16,150*	16,150	Nil

- *Our fee for certification of grants and claims is yet to be finalised for 2012/13 and will be reported to those charged with governance in January 2014 within the Audit Certification Report for 2012/13.
- ▶ Our actual fee is in line with the agreed fee at this point in time, subject to the satisfactory clearance of the outstanding audit work.
- ▶ We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

Ernst & Young LLP

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ey.com

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Agenda Item 6

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee

27 September 2013

AUTHOR/S: Executive Director (Corporate Services)

APPROVAL OF THE 2012-13 STATEMENT OF ACCOUNTS

Purpose

1. To approve the amended 2012-13 Statement of Accounts and to discuss and agree the letter of representation.
2. This is not a key decision but is a legal and auditing requirement.

Recommendations

3. That the 2012-13 Statement of Accounts is approved and the letter of representation discussed and agreed.

Reasons for Recommendations

4. It is a legal requirement under the Accounts and Audit (England) Regulations 2011 for the Statement of Accounts to be considered and approved no later than 30 September.
5. It is an auditing requirement under International Auditing Standard (UK and Ireland) 580 for the letter of representation to be discussed and agreed by those charged with governance.

Background

6. The Statement of Accounts 2012-13 (subject to audit) was certified by the Executive Director (Corporate Services) as the Council's responsible financial officer and noted by this Committee on 28 June 2013.

Considerations

7. The results of the audit are now known and are set out in the Auditor's Audit Committee Summary Report, which is a separate item on this agenda. The amendments required by the Auditors to the disclosures have been included in the final version of the statement of accounts.
8. The letter of representation is included as Appendix A to this report. This needs to be discussed and agreed by this Committee and then signed by the Executive Director (Corporate Services) as the Council's responsible financial officer

Options

9. None.

Implications

10.	Financial	Members were informed of the balances, i.e. how much money we have got to spend in the future, in the weekly bulletin of 3 July 2013. These were the balances on the General Fund, Housing Revenue Account and Capital account as at 31 March 2013 as set out in the draft Statements of Accounts. The audit of the accounts has confirmed these balances. The amendments required by the auditors to the accounts are additional disclosures to the notes.
	Legal	None
	Staffing	None
	Risk Management	There is a reputational risk to the Council if the accounts cannot be agreed with the Auditors and issued with an unqualified audit opinion
	Equality and Diversity	None
	Equality Impact Assessment completed	No Not applicable
	Climate Change	None

Consultations

11. None.

Consultation with Children and Young People

12. None.

Effect on Strategic Aims

13. The amended Statement of Accounts confirms the balances available for inclusion in the medium term financial strategy.

Conclusions / Summary

14. None.

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

Appendix A: Letter of Representation

Appendix B: Statement of Accounts

Appendix C: Annual Governance Statement

Appendix D: List of Aims, Approaches and Actions

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South Cambridgeshire District Council - Audit for the 2012/13 year ended 31 March 2013

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers and members of South Cambridgeshire District Council, that the following representations given to you in connection with your audit of the Authority's financial statements for the 2012/13 year ended 31 March 2013 are correct. All representations cover the Authority's accounts included within the financial statements.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Authority, for the completeness of the information provided to you, and for making accurate representations to you.

Supporting records

I have made available all relevant information and access to persons within the Authority for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Authority.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statement communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Cont/d



INVESTOR IN PEOPLE

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance, with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Authority has complied with all aspects of contractual arrangements that would have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates and fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Related party transactions

I confirm that I have disclosed the identity of the Authority's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

Contingent liabilities

I confirm that there are no contingent liabilities that have not been disclosed in the financial statements but should have been. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of South Cambridgeshire District Council.

I confirm that this letter has been discussed and agreed by the Corporate Governance Committee of South Cambridgeshire District Council on 27 September 2013.

ALEX COLYER

Executive Director - Corporate Services

27 September 2013

Statement of Accounts for year ended 31 March 2013

Contents	Page Number
Explanatory Foreword	2
Statement of Responsibilities	12
Auditors Report	13
Main Financial Statements	16
Movement in Reserves Statement	17
Comprehensive Income and Expenditure Statement	18
Balance Sheet	19
Cash Flow Statement	21
Notes to Main Financial Statements	22
Supplementary Financial Statements	77
Housing Revenue Income and Expenditure Account	78
Statement of Movement on Housing Revenue Income and Expenditure Account	79
Collection Fund	80
Notes to Supplementary Financial Statements	82
Glossary of Financial Terms and Abbreviations	91

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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	(7,019)	(7,019)
Formula Grant (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
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				<u>(15)</u>
				<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.

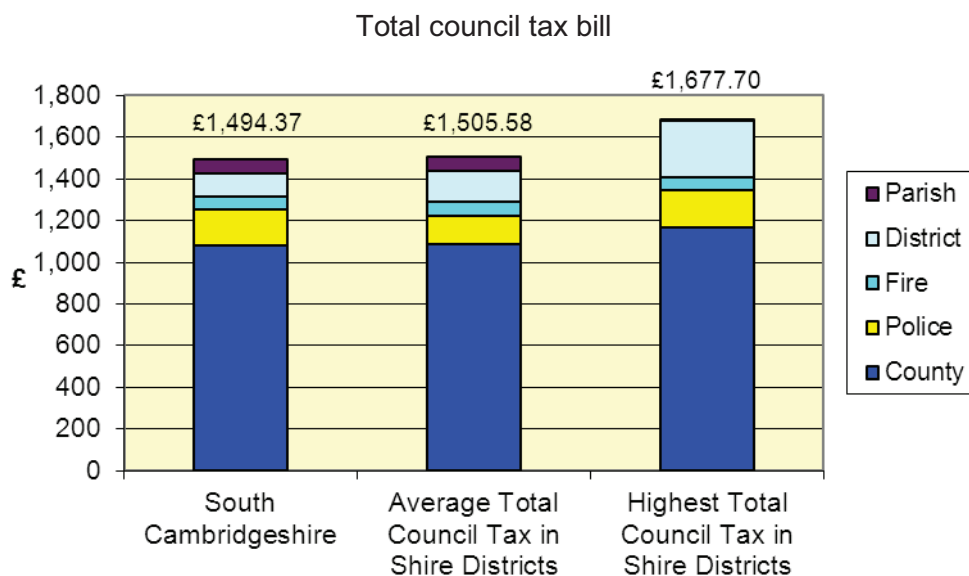
In view of the uncertainty over future pension costs, an additional 2.8% of pensionable pay has been charged against the General Fund and the Housing Revenue Account and placed in a reserve for use in future years (Notes 6, 23 and 47).

Change in Accounting Policy

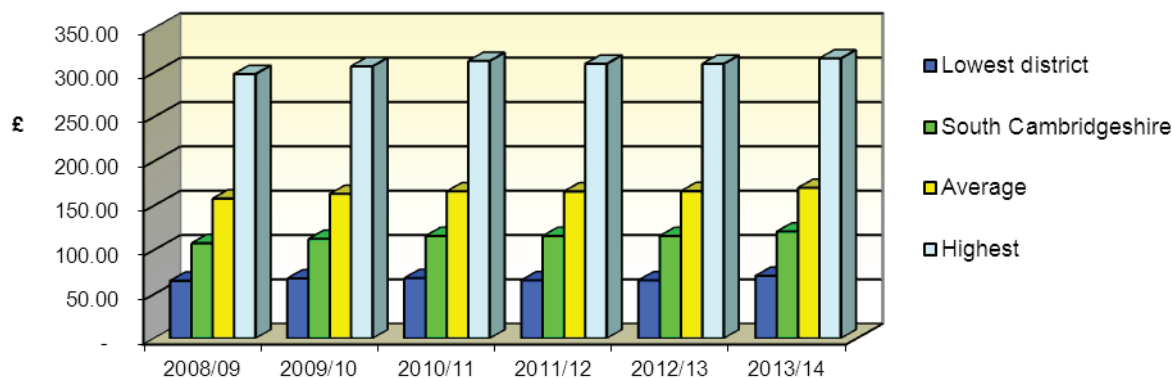
The 2011-12 Code included the adoption of financial reporting standard 30 heritage assets which resulted in the recognition of an asset not previously recognised in the Balance Sheet and the disclosure of other assets as set out in note 29 Property, Plant and Equipment, Surplus Assets Held For Sale and 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.

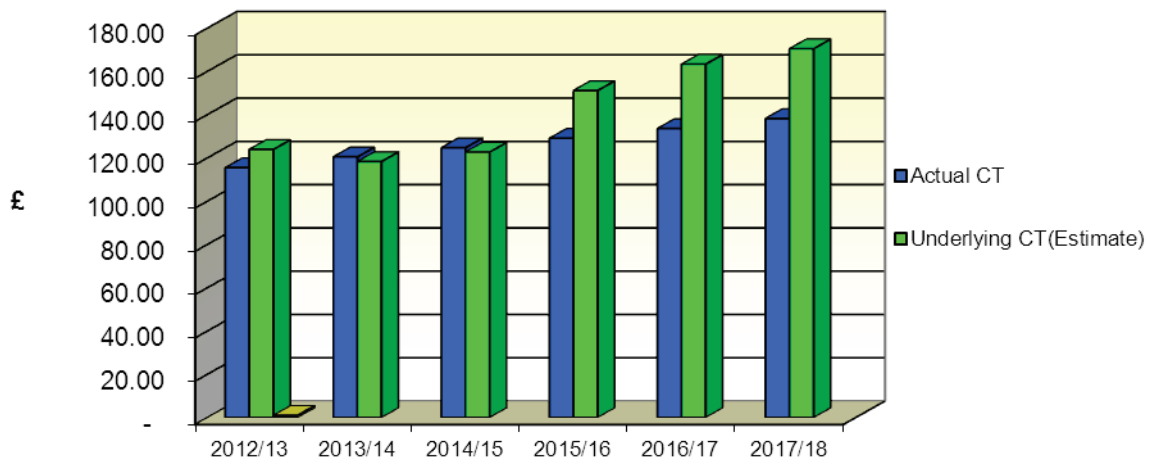
With the exception of parishes,

- 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&MId=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?RPId=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 has been audited with the Auditor's opinion on page 13.

Alex Colyer
Executive Director and Chief Finance Officer

Dated: 27 September 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: 27 September 2013

I confirm that these accounts were approved by the Corporate Governance Committee held on 27 September 2013.

Chairman of the Corporate Governance Committee

Dated: 27 September 2013

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

Opinion on the Authority's financial statements

We have audited the financial statements of South Cambridgeshire District Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes 1 to 52. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of South Cambridgeshire District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director (Corporate Services) as the Chief Financial Officer and auditor

As explained more fully in the Statement of the Executive Director (Corporate Services) as the Chief Financial Officer Responsibilities set out on page 12, the Executive Director (Corporate Services) as the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director (Corporate Services) as the Chief Financial Officer and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2012/13 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of South Cambridgeshire District Council as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given for the financial year in the Statement of Accounts 2012/13 for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, South Cambridgeshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the accounts of South Cambridgeshire District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

..... Date: 27 September 2013

M Hodgson
for and on behalf of Ernst & Young LLP, Appointed Auditor
Cambridge

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	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	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	0	210,091,646	0	0	0	212,529,909	0	212,529,909
Other comprehensive expenditure and income	0	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	(2,127,272)	0	(210,491,183)	0	329,037	(32,172)	(212,321,590)	212,321,590	0
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	(277,833)	277,833	0	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	0	(13,072,545)	0	0	0	(11,985,350)	0	(11,985,350)
Other comprehensive expenditure and income	0	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	(1,325,393)	0	8,835,025	0	(1,635,337)	31,894	5,906,189	(5,906,189)	0
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	127,287	(127,287)	4,500,000	(4,500,000)	0	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	2011-12	2011-12	2012-13	2012-13	2012-13
	Gross	Gross	Net	Gross	Gross	Net
	Expenditure	Income	Expenditure	Expenditure	Income	Expenditure
	£	£	£	£	£	£
Expenditure on services						
Corporate and Democratic Core	3,129,829	(177,944)	2,951,885	2,687,075	(99,149)	2,587,926
Central Services to the Public	8,649,508	(7,520,907)	1,128,601	8,779,491	(7,534,240)	1,245,251
Cultural, Environmental and Planning Services						
Cultural and Related Services	1,095,963	0	1,095,963	615,994	0	615,994
Environmental Services	7,640,383	(2,164,157)	5,476,226	7,996,870	(2,523,852)	5,473,018
Planning and Development Services	5,631,275	(1,808,316)	3,822,959	5,668,884	(1,693,436)	3,975,448
Highways, Roads and Transport Services	35,383	0	35,383	37,783	(361)	37,422
Non HRA Housing						
Personal Social Services	361,980	(40,492)	321,488	580,052	(138,384)	441,668
Housing Benefit and Administration	27,129,328	(26,862,150)	267,178	28,725,501	(28,479,366)	246,135
Private Sector Housing Renewal	1,028,504	(482,817)	545,687	968,360	(526,845)	441,515
Supporting People	353,463	(252,765)	100,698	25,021	0	25,021
Other Non HRA Housing Services Expenditure	1,177,291	(522,627)	654,664	126,478	(480,649)	(354,171)
Other Contributions to/from HRA	133,682	0	133,682	141,544	0	141,544
Non -distributed Costs	23,000	0	23,000	0	(28,000)	(28,000)
General Fund Services-Continuing operations	56,389,589	(39,832,175)	16,557,414	56,353,053	(41,504,282)	14,848,771
Housing Revenue Account Services	27,553,561	(25,975,555)	1,578,006	7,278,101	(27,732,525)	(20,454,424)
Housing Revenue Account Self-financing	205,123,000	0	205,123,000	0	0	0
Net cost of services	289,066,150	(65,807,730)	223,258,420	63,631,154	(69,236,807)	(5,605,653)
Other operating expenditure			7,265,270		Note 7	4,199,745
Financing and investment income and expenditure			351,526		Note 8	7,908,113
Taxation and non-specific grant income			(18,345,307)		Note 9	(18,487,555)
Surplus or deficit on the provision of services			212,529,909			(11,985,350)
(Surplus)/Deficit on revaluation of non-current assets			(1,506,293)			(3,288,210)
Actuarial (gain)/loss on pension assets and liabilities			7,678,000		Note 23	4,482,000
Total comprehensive income and expenditure			218,701,616			(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:

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

Dated: 27 September 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.

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

Post-employment benefits

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 Reporting Period

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

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

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

h. Financial Instruments

Financial liabilities

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

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

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 note 29 to the accounts.

Heritage assets may be valued by any method that is appropriate and relevant and, where valuations are not practicable, may be carried at historical cost. Where appropriate, the Authority's heritage assets have been included in the balance sheet at insurance valuation. Depreciation is not required on heritage assets which have indefinite lives and impairment reviews are only required where there is evidence of physical deterioration or breakage or where new doubts arise as to authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. The Authority may occasionally dispose of heritage assets, the proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

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.

These two categories are defined in the Service Reporting Code of Practice 2012-13 and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

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.

The amendments also include new classes of components of defined benefit cost and new recognition criteria for service costs, the Council's Actuary estimates that the effect of the change to IAS19 on the Comprehensive Income and Expenditure Statement for 2012-13 would have been an additional notional charge of £0.505 million.

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

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

Pensions Liability

The main item in the Council's balance sheet as at 31 March 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:

	2011/12	2012/13
Change in assumption	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
(2,127,272)	Total adjustments	(1,325,393)
	Housing Revenue Account	
	Reversal of items included in the Comprehensive Income and Expenditure Account	
3,379,305	Reversal of Impairment of non-current assets (net)	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
(210,491,183)	Total adjustments	8,835,025
	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
329,037	Total adjustments	(1,635,337)
(212,289,418)	Total adjustments	5,874,295

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)
218,493,296		(4,712,399)
	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
(212,321,590)		5,906,189
6,171,706		1,193,790

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)
	Loss (Gain) on disposal of non-current assets	5	
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 and Expenditure

2011-12 Net Expenditure £	Financing and investment income and expenditure	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

There are no material items in the comprehensive income and expenditure statement in 2012-13:

- 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 Service Reporting 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)	(111,025)	(290,074)	(111,025)	(321,722)	(90,384)	(32,879,490)	(34,013,730)								
Government grants	(33,908,023)	0	(55,167)	0	0	(50,540)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total income	(34,295,950)	(2,074,622)	(562,712)	(27,427,345)	(1,668,846)	(161,565)	(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	0	900,606									
Other service expenses	33,457,995	5,166,521	729,484	9,033,447	319,277	378,656	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	148,376	148,376	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	3,000	0	3,000	0	0	7,487,524									
Interest payments	0	0	0	7,192,805	0	0	0	0	0	0	7,192,205									
Total expenditure	36,373,576	7,630,824	1,846,491	27,689,826	3,880,542	774,032	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	612,467	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

Additional segments not included in the Portfolio analysis

Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services

Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services

Net cost of services

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

	Finance and Staffing	Environmental Services	Housing Services	Housing Revenue	Housing A/c	Economic Development	Planning and Policy and Localism	Leader and Corporate 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	0	7,639,225
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	2012-13	12,525	0	3,955	50,291	66,771	1,860	68,630
(Operational Services)	2011-12	102,835	0	0	0	102,835	22,315	125,150
Executive Director	2012-13	102,835	655	0	0	103,490	22,315	125,805
(Corporate Services)	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

Ernst and Young were appointed External auditors to the Council on 1 October 2012, fees payable in respect of services and certification of claims and returns for the year were:

2011-12		2012-13
£		£
104,880	Auditing Fee	68,400
34,374	Certifying grant claims and returns	16,150
139,254		84,550

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 £'000		2012-13 £'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 £'000		2012-13 £'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 £'000		2012-13 £'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)	(117,794)
Surplus/deficit	(24,106)	(52,757)	(31,568)	(39,679)	(45,386)
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 and the audited accounts were authorised for issue on 27 September 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	0	0	4,706,687
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	240,252	(31,093)	0	(108,889)	0	100,270
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: Histon and Melbourn - 99 year lease Linton - 125 year lease granted in 2010-11 Sawston - 99 year lease granted in 2009-10	0
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	<u>(133,655)</u>	<u>(66,870)</u>
	(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 timing and amount of any claim is uncertain; 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 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

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).

Categories of Financial Instrument

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

	Long Term		Current	
	31 March 2013 £,000	31 March 2012 £,000	31 March 2013 £,000	31 March 2012 £,000
Investments				
Loans and receivables	2,000	6,000	20,932	9,641
Debtors				
Loans and receivables	0	0	3,499	5,254
Borrowings				
Long term borrowing	(205,123)	(205,123)	0	0
Creditors and receipts in advance				
Financial liabilities at amortised cost	0	0	(5,059)	(4,580)
	(203,123)	(199,123)	19,372	10,315

Income, Expense, Gains and Losses

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

	2012-13		2011-12	
	Financial liabilities at amortised cost £	Financial Assets, loans & receivables £	Financial liabilities at amortised cost £	Financial Assets, loans & receivables £
Interest expense	7,192,805	0	59,119	0
PWLB fees on arrangement of HRA self-financing loans	0	0	71,793	0
Total expense in surplus or deficit on the provision of services	7,192,805	0	130,912	0
Interest income		(679,692)		(605,593)
Total income in surplus or deficit on the provision of services	0	(679,692)	0	(605,593)

Fair Value of Assets and Liabilities

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

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

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

Estimated ranges of interest rates at 31 March 2013 of 2.94% to 3.13% (3.22% to 3.28% at 31 March 2012) for loans from the Public Works Loans Board based on premature repayment rates at that date.

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

The fair values are calculated as follows:

	31 March 2013		31 March 2012	
	Carrying amount £,000	Fair value £,000	Carrying amount £,000	Fair value £,000
Financial liabilities at amortised cost				
Creditors and receipts in advance	(5,059)	(5,059)	(4,580)	(4,580)
Long term borrowing	(205,123)	(223,481)	(205,123)	(215,889)
Loans and receivables				
Current debtors	3,499	3,499	5,254	5,254
Current investments	20,932	20,932	9,641	9,641
Long term investments	2,000	2,000	6,000	6,000

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

The financial risks arising from financial instruments are:

a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions which are included as counterparties in the Council's Investment Strategy, which regards the successful identification, monitoring and control of risk to be the prime criteria. The Council has a policy of tiered maximum investments with the up-most limit not more than £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, detailed in Note 32, based on an assessment of the risks for each type and the age of those debts, the Council does not generally extend credit beyond 21 days.

b) Financial assets that are either past due or impaired

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

c) Liquidity Risk

All trade and other payables are due to be paid in less than one year. The PWLB loans have maturities of between 25 and 45 years as detailed in Note 39, interest being paid half yearly, a Repayment Reserve being used to manage the future repayment of principal.

d) Market Risk

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

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

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

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

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

Price risk and foreign exchange risk are not applicable.

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)
(39,757,635)	Total		(45,424,800)
(205,123,000)	Borrowing for HRA Self Financing		(205,123,000)

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)
<hr/>			

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
<u>(25,975,555)</u>	Total Income	<u>(27,732,525)</u>
	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
<u>232,676,561</u>	Total Expenditure	<u>7,278,101</u>
	Net Expenditure or Income of HRA 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)
<u>207,217,570</u>	Net Expenditure or Income of HRA Services	<u>(20,002,380)</u>
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)
<u>210,091,646</u>	Deficit/(surplus) for the year on HRA services	<u>(13,072,544)</u>

Statement of Movement on the Housing Revenue Income and Expenditure Account

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

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		(4,608,699)
891,874	Accounting Adjustment		(4,608,699)
	Capital expenditure funded by the Housing Revenue Account		1,681,008
101,716	Adjustments between accounting basis and funding basis under statute	5	109,850
(399,537)	Net increase or decrease before transfers to or from reserves		(4,237,519)
0	Transfer to reserves		4,500,000
(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	Council Dwellings (HRA only)	372,528,369	10,114,332
	(10,229,475)	Depreciation adjustment on revaluation		(10,114,332)
		43		
4,400,000	6,594	Other Land and Buildings	4,296,000	6,667
	(6,594)	Depreciation adjustment on revaluation		(6,667)
		43		
600,150	0	Surplus assets held, not for sale	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)
<u>(3,005,154)</u>			<u>(10,771,929)</u>

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>
<u>(3,005,154)</u>		<u>(10,771,929)</u>
573,320	Operational assets Impairment	633,825
<u>(3,578,474)</u>	Impairment reversal	<u>(11,405,754)</u>
<u>(3,005,154)</u>		<u>(10,771,929)</u>

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	
<u>10,817,940</u>		
(23,413,873)	Rent	
(4,382)	Interest on receipts	
<u>(12,600,315)</u>		
73,530	Allowance for interest on self-financing debt payable in 2011-12	
(196)	Adjustment for previous year	
<u>(12,526,981)</u>	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.

Inventories

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

Operating Lease

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

Precepting Authorities

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

Precepts

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

Provisions

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

Reserves

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

Revenue Expenditure

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

Revenue Expenditure funded from capital under statute

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

Revenue Support Grant

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

Abbreviations used in the accounts

CAA

Capital Adjustment Account

CIPFA

Chartered Institute of Public Finance and Accountancy

The Code

Code of Practice on Local Authority Accounting

DLO

Direct Labour Organisation

DSO

Direct Service Organisation

HRA

Housing Revenue Account

IFRS

International Financial Reporting Standards

IAS

International Accounting Standards

MRA

Major Repair Allowance

NNDR

National Non-Domestic Rates (Business Rates)

RR

Revaluation Reserve

How did we do in 2012/13?

Were we well-governed?
Did we perform well?
in 2012/13

SCDC's annual assessment of its
governance and performance
during the civic year
to 31 March 2013

South Cambridgeshire District Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

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

having:

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

so that we deliver:

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

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

This guidance is recognised as the proper practices referred to in the Accounts & Audit Regulations that we must follow (and in that sense is the nearest one can get to the ‘official’ definition of Governance), and sets out six core principles of good governance, which we think are compatible with the summary we gave above.

CIPFA/SOLACE lists these core principles as:

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

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

Governance matters because we all believe that **good governance produces good results**. Since it is sometimes difficult to measure governance, it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly. This report therefore also focusses on how far we achieved the objectives we set ourselves, in terms of positive outcomes for our communities.

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

- we are required to do so;
- we have tried to be as objective as possible in summarising our performance against our corporate objectives;
- feedback from residents has in many cases contributed to our assessment of how far we have delivered;
- all political groups – those in control of the council and those in opposition or independent – have been given the opportunity to input into this report, challenging its content where appropriate; and
- this report is only part of the overall process, as we have internal audit (from RSM Tenon) and external audit (from Ernst & Young) as well.

This report (a) was written under the authority of the council's Corporate Governance Committee, and approved by it on [insert date] 2013 through its delegated authority; (b) will be submitted to a Full Council meeting on [insert date] 2013; and (c) will be signed by the Leader (an elected Councillor) and Chief Executive (an Officer) when it is published with the final accounts by 30th September 2013. It will be submitted to our external auditors along with our annual accounts in July 2013; the auditors will decide whether the information we've submitted meets their expectations when they give their annual opinion in September 2013.

GOVERNANCE STRUCTURES

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

• ***Council***

The Council met seven times. Of the 57 Councillors, the numbers attending were 51, 44, 48, 50, 45, 44 and 46 on those seven occasions. Meetings of Council were held in open forum and considered reports from other committees.

• ***Management Team***

The management team structure (i.e. employees, who we call 'Officers', as opposed to elected Councillors) is available to view here <http://www.scams.gov.uk/content/about-council>

The Management Team meets regularly throughout the year, and reviews and approves reports before they are sent on for consideration by the relevant Committee. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. Senior members are:

- the **Chief Executive** (Jean Hunter) is the Head of the Paid Service, and is the person who is ultimately responsible for the welfare of the Council's employees.
- the **Chief Financial Officer** (Alex Colyer) is responsible for looking after the financial affairs of the Council.
- the **Monitoring Officer** (Fiona McMillan) is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. (The Monitoring Officer also reviews any reports or complaints about conduct and behaviour; 19 standards complaints were received and dealt with during the year, mostly relating to multiple complaints arising out of a small number of parish councils.)

• ***Cabinet***

The Cabinet is the Council's principal decision-making body, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a 'portfolio'. Across the country, councils are allowed to choose between a number of models for their committee structures. We have been using the Cabinet model since 2001, and although the

Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party.

- **Corporate Governance Committee**

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

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

- **Civic Affairs Committee**

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

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

- **Employment Committee**

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

- **Scrutiny and Overview Committee**

The Scrutiny and Overview Committee consisted of 13 non-Executive members (those who are not members of the Cabinet) and is appointed on a proportional basis (with political groups represented in the same proportion as on the whole Council). It monitored the performance of the Leader and Cabinet and scrutinises services and policies throughout the district, whether or not South Cambridgeshire District Council provides them, and makes recommendations for improvement. During the year, the Committee met seven times and:

- considered the draft Health and Wellbeing Strategy, ahead of the Council submitting a formal response to the Health and Wellbeing Board [explain what this Board is] on the content of the Strategy
- following a substantial public consultation process, the Committee considered and provided comments on a range of options open to the Council in respect of the Localised Council Tax Support Scheme (introduced as part of the Government’s Welfare Reform proposals), to reduce Council Tax exemptions and discounts on certain types of empty and second homes
- scrutinised the Medium Term Financial Strategy and the Corporate Plan, before they were considered by Cabinet and Full Council. Formal recommendations were made and incorporated.

- considered performance issues quarterly, including in-depth questioning of the under-performing Mechanical Biological Treatment plant for diversion of waste from landfill
- considered the implications of the changes to the NHS and Public Health in Cambridgeshire, including the establishment of Clinical Commissioning Groups (CCGs)

This committee produces its own report of its activities, which can be found by clicking this link

[Scrutiny Annual Report 2012-13](#)

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

- **Policies**

The following table lists the Council's main documents, policies and procedures; we refer to and follow these, to make sure we do things in the right and consistent way. All these policies have been approved by your elected Councillors where required.

<i>Title</i>	<i>Contact Officer</i>	<i>Last updated</i>
The Council's Constitution (including Procurement Strategy, Financial and Contract Regulations, Code of Conduct)	Fiona McMillan	April 2013
People and Organisation Development Strategy	Susan Gardner Craig	November 2011
Risk Management Strategy	John Garnham	June 2012
Anti-Fraud and Corruption Policy	John Garnham	November 2009
Whistleblowing Policy	John Garnham	October 2009
Corporate Plan 2013-2018	Richard May	February 2013
Service Plans 2013-14	Richard May	March 2013
Statement of Accounts	John Garnham	June 2012

VISION, AIMS, APPROACHES AND ACTIONS

In the introduction to this document, the second thing we said we needed was the right plan of action.

In February 2012, the Council agreed the following **Vision** for itself and for the District, and in 2013 added the words in square brackets:

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

“The Council will be recognised as consistently innovative and a high performer with a track record of delivering value for money by focussing on the priorities, needs and aspirations of our residents, parishes and businesses.”

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

The 2012/13 Corporate Plan had three strategic **aims**:

- A. We will listen to and engage with residents, parishes and businesses to ensure we deliver first class services and value for money
- B. We will work with partners to create and sustain opportunities for employment, enterprise, education and world-leading innovation

C. We will make sure that South Cambridgeshire continues to offer an outstanding and sustainable quality of life for our residents

For each of these three aims, we set out:

- a number of **approaches** (i.e. how we will go about achieving those aims); and
- specific **actions** (i.e. A1-12, B1-8 and C1-13), as shown in Appendix 1.

REPORTING

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that “it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly”. This section reviews how we operated and delivered.

Regular reporting

We publish, annually (<http://www.scamb.gov.uk/content/statement-accounts>):

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

With respect to the Corporate Plan mentioned above, we also publish:

- **Corporate Plan**
- **Corporate Health Dashboard:** quarterly report on progress against the targets in the Corporate Plan
- **Council actions and performance summaries:** published after 6 months, 9 months and at the year-end

These documents can be found at <http://www.scamb.gov.uk/content/council-aims-and-objectives>

Auditing and monitoring

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

- **Internal audit:** although this is called ‘internal’ audit, we used an external firm to help us. We hired RSM Tenon to do 250 days work and they carried out audits on [number] of specific areas that we asked us to investigate. For each area, we asked them to check our policies and procedures; report on a ‘traffic light’ system (red, amber, green) as to how they think each area is doing; and to make recommendations for changes to our procedures. We then accepted or rejected each of their recommendations. Appendix 2 includes all the areas they investigated; how many hours they spent doing so; what ‘traffic light’ they gave; how many [major/minor] recommendations they made; and how many of these we accepted. In addition, their annual report can be found at <http://scamb.moderngov.co.uk/documents/s71238/Internal%20Audit%20Annual%20Report%202012-13.pdf>
- **External audit:** The Audit Commission was the external auditor of the Council. It performed work on the accounts and other documents and processes; checked that we are delivering good value for money; and provided an audit opinion at the end of that work. In 2011-12 it gave the Council an ‘unqualified’ audit opinion, which means that it was satisfied that we had followed the right accounting processes, delivered value for money and that the numbers

were an accurate view of the Council's finances. The opinion for 2012-13 was **#insert annual opinion here when available**. The full report is available here **[# insert link]**

- **Other external assurance sources:** Sometimes we are reviewed by external bodies that look at certain services such as Customer Service Excellence, Investors in People or Health and Safety. Any actions or recommendations they might make would be included here. We were inspected under the Investors in People accreditation scheme in July 2012 and were awarded the Silver Standard.
- **Major Opposition Leader's annual report:** Another 'critical friend' of the Council is the Leader of the largest opposition political party. For SCDC in 2012/13, when the majority of Councillors were Conservative (33 out of 57), the Major Opposition Leader was Cllr Sebastian Kindersley, leading 16 Liberal Democrats. His report is available at <http://scambs.moderngov.co.uk/documents/b50001959/Major%20Opposition%20Group%20Leaders%20Annual%20Written%20Statement%20Thursday%2023-May-2013%2014.00%20Council.pdf?T=9>.

Analysis performed for this Governance statement

In drawing up this governance statement, we have reviewed the 33 actions in the Corporate Plan from a governance and performance basis. This is set out in the table in Appendix 1. For each action, the table:

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

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

IMPROVEMENTS

Last year (2011/12), we identified four areas for improvement. The table below lists them, and comments how we did in addressing them in 2012/13.

2011/12 recommendation	2012-2013 action taken
The Whistle-blowing Policy to be reviewed	The Policy was a standing item on every Standards Committee agenda and was last considered on 20 June 2012. This will continue to be kept under regular review by the newly constituted Civic Affairs Committee.
Update the Council's Scheme of Delegation when the restructuring is complete. Change job descriptions where responsibilities have changed following management restructure.	click here
Respond promptly to guidance on Localism Act and self-regulation over local standards of Member behaviour, code of conduct, and other governance arrangements.	Civic Affairs Committee established – several committees merged and/or abolished. All actions completed.

Adopt Sustainable Communities Strategy for 2011-14	No longer applicable – Sustainable Communities Strategy has been replaced by a proactive approach to partnership working, based on outcomes.
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This year (2012/13), during our own review of our arrangements, and by the work of the internal and external auditors, we did not identify any governance issues which we regard as ‘significant’.

We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2012/13, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed

Signed

Date:

Date:

Leader

Chief Executive

CONCLUSION

The Council’s Corporate Governance Committee is responsible for ensuring that the Council complies with its own governance code, including monitoring the effectiveness of the governance framework and ensuring plans are put in place to address any weaknesses and ensure continuous improvement of the system.

The Committee believes that it has discharged that responsibility, and that this report is evidence of that.

We recognise that there will always be room for improvement (which will need to be balanced by the costs associated with that, and whether the ‘law of diminishing returns’ applies), but on balance we are delighted to report that **we believe that, during 2012/13, the council was well-governed, and performed well.**

Appendix 1 – list of Aims, Approaches and Actions, and our assessment of how we performed against them

	Priority action	How Did We Do?	WHAT'S STILL LEFT TO DO?	CIPFA/SOLACE Core Governance Principle link
A1	Strengthen working with key partners including MPs and County Council.	<ul style="list-style-type: none"> Partnerships on health, ageing well, waste and community safety have delivered outcomes on issues such as exploring joint waste procurement and tackling anti-social behaviour The Leader of the Council holds regular meetings with the other county leaders and MPs 	<ul style="list-style-type: none"> Continue to work with the City and County Councils on issues such as City Deal, the Local Development Plan, Ultra-Fast Broadband, Procurement and Strategic Planning & Transportation 	1,6
A2	Invest in our employees and members by carrying out the actions in our Organisational and Member Development Strategies.	<ul style="list-style-type: none"> We continued to invest in the professional development of our staff by enrolling a further 20 staff on the second tranche of the Leadership Development Programme, following a very successful programme for 40 senior staff in the first tranche Member Development Programme approved in Feb 2013 Delivered briefing sessions on Welfare Reform and Budgets 	<ul style="list-style-type: none"> Council's Member Development Charter Status re-assessed in June 2013 Launch a new flexitime policy in April 2013 increasing staff capacity to work hours which suit their circumstances Refresh and update strategies to reflect current priorities – Council Action A1 	2,3, 5
A3	Develop new and monitor existing shared services to achieve strengthened resilience and improved customer service.	<ul style="list-style-type: none"> Cabinet agreed shared service arrangements for Payroll (Cambridge City Council) and Internal Audit (Peterborough City Council). 	<ul style="list-style-type: none"> Discussions are continuing regarding possible shared ICT, emergency planning and business continuity services with the City Council. 	1
A4	Maintain financial sustainability whilst channelling our resources to create opportunities for investment, sustainable borrowing and economic growth.	<ul style="list-style-type: none"> Council agreed a revised, balanced Medium Term Financial Strategy in Feb 2013 looking at delivering annual savings of £920,000 from 2014-15 http://scambsmoderngov.co.uk/documents/s69682/Estimate%20Book%202013-2014.pdf We achieved our aim of maintaining our financial stability but in part this has had to be delivered through a £5 rise in Council tax and a £12 equivalent internal efficiency saving Council tax increases to be limited and cuts in government grant funding absorbed 	<ul style="list-style-type: none"> Still a priority Action (A2) for 2013-14 We accept that there is still a lot of work to do in order to address ongoing savings targets and have drawn up a Business Efficiency Programme to generate MTFs savings from 2014-15 New Housing Company providing potential new income sources. 	2,4

	Priority action	How Did We Do?	WHAT'S STILL LEFT TO DO?	CIPFA/SOLACE Core Governance Principle link
A5	Implement actions within the County-wide Asset Management Strategy to ensure best use of the Council's assets and benefit from opportunities to achieve efficiencies from working together.	<ul style="list-style-type: none"> We are now getting rental income by using unused space at South Cambridgeshire Hall by renting office space to the Police and Crime Commissioner's team . We are continuing to look for further opportunities to generate income in this area. 	<ul style="list-style-type: none"> Still a priority Action (A3) for 2014/15 Exploring efficiencies from the co-location of highway and waste management operations and the Joint Operations Centre project Undertaking further joint commissioning of facilities management work 	1,4
A6	Implement a streamlined, integrated and accessible grants process to support localism	<ul style="list-style-type: none"> Stakeholder consultation informed changes to a simplified and refocused grants system, which better meets our current aims and priorities Revised programme protects and provides welfare advice, and allows opportunities to strengthen partnerships with parishes and communities Community Chest small grants scheme provided assistance to a wide range of groups and projects We have needed to reduce funding for the arts overall but have made resources available to the schools so they can deliver arts programmes themselves 	<ul style="list-style-type: none"> Exploring a community facilities loan scheme to support local groups in delivering capital schemes. 	1,4
A7	Develop a resilient and responsive planning service that is an effective tool to deliver corporate priorities	<ul style="list-style-type: none"> Service Improvement Plan actions have been taken, including a streamlined process for Historic Building applications, simplified report templates and arrangements for internal consultations Performance on proportion of cases determined within target has improved and key targets have been achieved during the last quarter of 2012-13 	<ul style="list-style-type: none"> Work is underway on the next phase of the improvement plan, which will inform how the service should progress 	2
A8	Develop and promote self-service through the implementation of the new interactive website and customer contact arrangements	<ul style="list-style-type: none"> Initial development stage of the new web platform completed with launch of the redesigned website in December 2012 and intranet in April 2013 Call resolution in the new contact centre averaging over 83% 	<ul style="list-style-type: none"> This is a major project and is still on-going. We are aware that problems with the website remain and there is still a lot of work to do – this will be addressed by doubling the staff resource going into website development in the short-term Next stage of development will continue through 2013-14 launch new customer access channels and satisfaction monitoring mechanisms 	1,6
A9	Ensure residents are better informed about the Council and	<ul style="list-style-type: none"> Achieved over 1,300 items in the media with 90% rated positive or neutral, issued 220 press releases and dealt with 590 media enquiries 	<ul style="list-style-type: none"> Still a priority Action for 2013/14 (A5) Deliver Communications Strategy aims around campaigns and proactive information 	6

	Priority action	How Did We Do?	WHAT'S STILL LEFT TO DO?	CIPFA/SOLACE Core Governance Principle link
	its services	<ul style="list-style-type: none"> • Communications Strategy was refreshed to provide a more focused forward plan and targets • Residents' magazine developed to allow readers to have a direct say on key issues 	<ul style="list-style-type: none"> • Review Community Engagement framework to ensure we remain in touch with our communities and what's important to them 	
A10	Build on existing social media networks to engage local communities and deliver the "Cambridgeshire Connection" [a mapping project joining up community groups]	<ul style="list-style-type: none"> • Communications Strategy was refreshed to provide a more focused forward plan and targets • Community mapping service on our website • Regular updates on Twitter and Facebook • Inclusion of Parish Council data 	<ul style="list-style-type: none"> • Monitoring implementation to ensure maximum take-up and value added by the service • Ensure more people know about the opportunities 	1,6
A11	Work with the newly elected Tenant Participation Group and other tenants to set up an independent Tenant Scrutiny Panel	<ul style="list-style-type: none"> • Ran 3 Open Days, and began working with tenants and the Linchpin Project (a tenant-led consultancy service) • Started the creation of a tenant scrutiny panel (a project over 18 months) • In 2013 established a more tenant focussed complaints process within housing 	<ul style="list-style-type: none"> • Training tenants to enable a pilot scrutiny project to commence and agree the way scrutiny embeds into democratic decision making processes for housing 	1,6
A12	Ensure the new South Cambs Development Plan is based on effective engagement with members and parishes and reflects corporate priorities	<ul style="list-style-type: none"> • A number of member workshops have been held which were well attended with good levels of debate - they have received positive feedback and helped provide valuable input into the Local Plan. • Draft chapters of the Local Plan were considered by the Planning Policy & Localism Portfolio Holder in March and April 2013. The project has proceeded according to timescale. 	<ul style="list-style-type: none"> • An ongoing priority for 2013/14 (Action A7) • The remaining draft chapters will be considered by the Portfolio Holder and Cabinet in June 2013. Consultation on the draft Local Plan should start in July 2013. The project is proceeding according to timescale. 	1,6
B1	Work with partners to improve digital Infrastructure.	<ul style="list-style-type: none"> • Actively participated in the "Connecting Cambridge" initiative (a Superfast Broadband programme) with the objectives of: <ul style="list-style-type: none"> ❖ Securing access to "superfast" broadband speeds of at least 24Mbps for at least 90% of the County's homes and businesses by the end of 2015 ❖ Securing broadband speeds of at least 2Mbps for most of the remaining premises ❖ Putting a voucher scheme in place for SMEs in the District to enable businesses to secure access to broadband speeds of at least 80Mbps ❖ Supporting the Government's Mobile Infrastructure Project to improve mobile phone coverage across the County and significantly reduce the areas with no coverage at all • SCDC is the leading partner in the Connecting Cambridge 	<ul style="list-style-type: none"> • An ongoing priority for 2013/14 (Action B1) • The programme of activity will continue to 2015 (which includes procurement, project management to demand registration, demand stimulations, public relations and delivery, including planning). 	1

	Priority action	How Did We Do?	WHAT'S STILL LEFT TO DO?	CIPFA/SOLACE Core Governance Principle link
		<p>registration process, making up 9,000 of the 26,000 residents and businesses.</p> <ul style="list-style-type: none"> • SCDC has actively participated in the selection process that led to the appointment of BT as implementation contractor 		
B2	Identify ways to support existing, developing and new businesses.	<ul style="list-style-type: none"> • Our Business Support Programme has provided 15 workshops to 154 delegates of whom 99% rated all sessions as either 'excellent' or 'good'. • Business diagnostic support has been provided to 75 organisations which we consider to be a good number 	<ul style="list-style-type: none"> • An ongoing priority for 2013/14 (Actions B2 and B5) • Our 13-14 business support programme will include an additional round of workshops in the first half of 2013-14 and the development of a Register of Businesses 	1
B3	Develop a strategy to reduce barriers to employment, thus reducing the impacts of benefits reform.	<ul style="list-style-type: none"> • Our Pathway to Employment Strategy was agreed in April 2013 • As a start we have two apprentices joining the Council as part of this initiative which we hope will serve as an example to other business in the district. 	<ul style="list-style-type: none"> • An ongoing priority for 2013/14 (Action B3) • Deliver the Pathway to Employment Strategy and 'Back to work' project and take forward apprenticeships policy 	1
B4	Improve marketing to promote inward investment to South Cambridgeshire.	<ul style="list-style-type: none"> • Provided leaflets, display materials and web optimisation, answered enquiries and held business meetings in partnership with the Local Enterprise Partnership and UK Trade Investment (UKTI) 	<ul style="list-style-type: none"> • An ongoing priority for 2013/13 (Actions B2 and B5) • The Council's approach towards inward investment will be independently reviewed. 	1
B5	Ensure our enforcement teams robustly target residents' problems and reduce "red-tape" and unnecessary burdens on businesses.	<ul style="list-style-type: none"> • Staff training on the Intelligence Database [a unified record of all the information different departments hold] has started, supporting the Tasking & Coordination Group meetings to "join-up" case management across SCDC. • Completed major reorganisation of Health and Environmental Services to move to customer-focused, multi-skilled "Working with Business" and "Community Response" teams 	<ul style="list-style-type: none"> • A Portfolio Holder Task and Finish Group has developed a corporate enforcement and inspection policy, which will be subject to stakeholder consultation before being submitted to Cabinet for adoption 	1,6
B6	Work with partners to deliver an effective, collaborative approach to strategic planning and transport.	<ul style="list-style-type: none"> • Joint Strategic Transport and Spatial Planning Group met regularly to oversee our development of Local Plans with Cambridge City Council, and the County Council's Transport Strategy 	<ul style="list-style-type: none"> • An ongoing priority for 2013/14 (Council Action B6) • Portfolio Holder and Cabinet to agree a draft Local Plan for consultation during June 2013 • Negotiating City Deal with partners to secure delegation of powers from Government to improve strategic transport. 	1,5,6
B7	Ensure the effective delivery of Northstowe and other new communities.	<ul style="list-style-type: none"> • Outline Planning Permission granted for Phase 1 development earlier in 2013. We consider it an achievement in the current economic climate to deliver a major scheme following pre-active development with developments and the Himes and Communities Agency. A section 106 planning obligation agreement securing £30million of infrastructure funding was agreed. • Councillors approved headline items in March 2013 for the 	<ul style="list-style-type: none"> • An ongoing priority for 2013/14 (Council Action B7) • Issue a Decision Notice for Northstowe Phase 1 by the end of July 2013. • Continuing Construction of new homes at Cambourne and Trumpington Meadows. Pre-application discussions are underway for land north of Newmarket Road and land north of Huntingdon Road, Cambridge 	1

	Priority action	How Did We Do?	WHAT'S STILL LEFT TO DO?	CIPFA/SOLACE Core Governance Principle link
		<p>legal agreement to secure developer contributions towards 20% affordable housing and infrastructure equating to £20k per house built</p> <ul style="list-style-type: none"> The Major phase, including retail units, at Orchard Park, was approved in Aug 2012 and, in the same month, the Decision Notice issued for the University's north-west application. 		
B8	Work to deliver a range of homes that are affordable to all and where people want to live that will support economic growth and economic activity.	<ul style="list-style-type: none"> In Nov 2012, Cabinet agreed a Housing Development Strategy for 2012 – 2014 In order to develop more houses than current regulations permit, the council has set up a separate housing development company (Dec 2012), to deliver homes to meet local need and provide income-generating opportunities for the Council. 	<ul style="list-style-type: none"> An ongoing priority for 13/14 (Actions B8-B10) Agree delivery priorities for housing company Deliver target for providing new affordable homes - planning permission has been obtained for the first new build Council properties, at Linton, and these are on target for completion by the target date of December 2013. 	1
C1	Work with partners to encourage local environmental enhancements including the Chalk Rivers project.	<ul style="list-style-type: none"> Enhancement projects for the Rivers Mel and Shep have been completed. Six new Community Orchards have been supported. Six planning-related proposals have been supported. 	<ul style="list-style-type: none"> An ongoing priority for 13/14 (Action C8) Revised catchment restoration projects are being developed for Hoffer and Bourn Brooks and Bar Hill. 	1
C2	Promote the benefits of black-bin waste minimisation and maximising the use of enhanced recycling facilities by households and businesses to reduce the environmental impact of our waste.	<ul style="list-style-type: none"> The figure for Trade waste recycling in 2012/13 was 19.59% - an increase on the target of 15%. The reduction in total household waste diverted from landfill to 55.93%, is mainly due to unseasonable weather conditions, resulting in less green waste that could be composted. We could have done better at publicising that black bin waste was not being recycled due to machinery failure and encouraged people to put more waste in the blue and green bins instead. 	<ul style="list-style-type: none"> An ongoing priority for 13-14 (Action A8) to work with partners to reduce council tax costs, carbon impacts and waste sent to landfill Initiatives to promote black-bin waste minimisation and recycling are progressing well and will continue (Textiles, Village recycling bins, RECAP Joint Waste Partnership). 	1
C3	Develop solutions to deliver co-ordinated community transport	<ul style="list-style-type: none"> Work to bring forward a pilot Demand Responsive Transport (DRT) solution in the south-west of the district has been well-supported at community level. 	<ul style="list-style-type: none"> An ongoing priority for 13/14 (Action C1) An updated Community Transport Strategy is being finalised for consultation. Procurement of a pilot DRT solution will take place in 2013-14 	1,4
C4	Work with older people to improve their independence and quality of life and ensure that our sheltered housing schemes remain attractive places to live.	<ul style="list-style-type: none"> The new Sheltered Housing service continues to produce positive outcomes through targeted work by support staff for residents with specific needs. We carried out a 100% survey of the needs of all residents in supported housing allowing us to provide the service they need rather than a blanket service, where some people were getting a service they didn't need or want. 	<ul style="list-style-type: none"> An ongoing priority for 13/14 (Action C2) Following the adoption of Age Well as a key priority in the Cambridgeshire Health & Wellbeing Board Strategy, the Ageing Well partnership group is being merged into the South Cambridgeshire Local Health Partnership. Roll-out of the new "Community Navigators" scheme across the District began in May 2013, with the Portfolio Holder joining the 	1,6

	Priority action	How Did We Do?	WHAT'S STILL LEFT TO DO?	CIPFA/SOLACE Core Governance Principle link
		<ul style="list-style-type: none"> Estate Officers have led initiatives to boost community cohesion through greater use of communal rooms, for example Keep Fit schemes for older people to which the wider community have been invited. The first session at Cottenham attracted 18 attendees 	Project Steering Group.	
C5	Work together with our Local Health Partnership, GPs and communities to protect and improve public health, meet local health needs and reduce and prevent future health problems.	<ul style="list-style-type: none"> The Health and Wellbeing Board's Strategy Action Plan was agreed in April 2013 http://www.cambridgeshire.gov.uk/council/partnerships/health-wellbeing-board.htm The Local Health Partnership and the Crime and Disorder Reduction Partnership held a joint workshop in Jan 2013 to look at growth (and in particular Northstowe) 	<ul style="list-style-type: none"> An ongoing priority for 2013/14 (Action C3) to work with GPs and the Local Health Partnership to improve the health of new communities, access to mental health services and support for emerging vulnerable groups 	1,4, 6
C6	Develop a sustainable process to address the accommodation needs of Gypsies and Travellers.	<ul style="list-style-type: none"> £1.5M Government funded investment was secured for the long term future of existing sites as well as the provision of new sites 	<ul style="list-style-type: none"> The Local Plan now includes more pitches than the Council needed to provide to meet its targets 	1,4,6
C7	Ensure benefits reform is implemented as smoothly and as effectively as possible.	<ul style="list-style-type: none"> The Council's scheme for localised Council Tax support was formally agreed in Jan 2013 and launched in April 2013. http://modern.gov/documents/s69300/Council%20Tax%20Support%20Scheme%20Report.pdf Additional contact centre staff provided to answer customer queries about what changes mean to individuals. 	<ul style="list-style-type: none"> The scheme will be reviewed as part of the Revenues and Benefits Service Plan for 2013-14. An ongoing priority for 13-14 (Action A9) 	4
C8	Work with local communities and businesses to develop and deliver actions on climate change that make a difference.	<ul style="list-style-type: none"> The Cambourne Parish Energy Fund was established and delivered Enhanced Sustainability Show Homes delivered in Trumpington Meadows and Upper Cambourne The Sustainable Energy Parish Partnership won regional Carbon Footprint Award from National Energy Action Green Deal 'Community Connection' project that has brought together all Cambridgeshire local authorities in successfully securing £75k Govt funding Approval of the district's first community wind turbine Development of a sustainable business assessment tool for agriculture and public houses 	<ul style="list-style-type: none"> Green Deal 'Community Connection' project is working to procure necessary business relationships to launch single Green Deal brand for Cambridgeshire in the coming year An ongoing priority for 13-14 (Action C5) We need to assess our resource needs following staffing changes 	1,6

	Priority action	How Did We Do?	WHAT'S STILL LEFT TO DO?	CIPFA/SOLACE Core Governance Principle link
C9	Work to ensure the provision of a sustainable housing service for the Council's sheltered housing residents.	<ul style="list-style-type: none"> Estate Officers led initiatives to boost community cohesion through greater use of communal rooms Established Keep Fit schemes for older people, to which the wider community have been invited 	<ul style="list-style-type: none"> The new Sheltered Housing service will continue to produce positive outcomes through targeted work by support staff for residents with specific needs Prepare for the retendering of the Supporting People contract by the County Council 	1,6
C10	Ensure the effective delivery of the Children and Young People's Plan and the development of the Youth Council.	<ul style="list-style-type: none"> The majority of the 2011-12 Children & Young People's Plan http://www.cambridgeshire.gov.uk/NR/rdonlyres/63A76220-C571-4F2D-BF73-444828478C57/0/thebigplan.pdf has now been delivered with the launch of the South Cambridgeshire Youth Council in Jan 2013 The Children & Young People's Partnership is successfully delivering projects in Cambridge at the Chesterton Children's Centre which supports parents of young children and supporting access to mental health services for young people across the District 	<ul style="list-style-type: none"> Our ongoing priority action is to work with the Youth Council to develop an integrated plan to improve health, success and opportunities for young people (Action C6) 	1,6
C11	Celebrate rural life through the Diamond Jubilee, 2012 Olympics, Community Pride, Village Heroes and best-kept garden awards.	<ul style="list-style-type: none"> The Parklife, Paralympic Flame Event, Village Hero Awards and Best Kept Gardens Awards have all been completed The 'Emerge' arts programme of events celebrating young talent has been delivered 	<ul style="list-style-type: none"> All 2012-13 actions completed An ongoing priority to organise similar successful events during 13-14 (Action C7) 	1,6
C12	Continue support for community orchards, hedgerows, tree-planting and other conservation and enhancement projects.	<ul style="list-style-type: none"> We have planted 6 community orchards (target 6), 30 trees (target 30) and 2500 metres of hedges (target 2500 metres) supported by parish planting/trees and hedges grants 11 historic buildings grants have been awarded 	<ul style="list-style-type: none"> 2012-13 actions completed An ongoing priority to deliver improvement schemes (Action C8) 	1
C13	Work with parish councils and police to implement new local policing arrangements which improve community safety.	<ul style="list-style-type: none"> A Police Inspector now attends fortnightly SCDC Tasking and Coordination Group to share intelligence and support joint operations We continue to support 7 Police Panels across the District A PCSO is now partly based at South Cambs Hall to help reduce business crime in support of the SCDC "Open for Business" Priority Figures published in 2012 showed a 6% drop in overall crime, whilst the district has recently been judged one of the most peaceful places to live in the country in an Institute for 	<ul style="list-style-type: none"> We are working with Police to improve resident and Parish engagement with the Police Panels Our ongoing priority for 13-14 is to effectively influence the Police and Crime Commissioner's Plans via improved engagement with our local communities and better sharing of intelligence with police and partners (Action A10) 	1,2

	Priority action	How Did We Do?	WHAT'S STILL LEFT TO DO?	CIPFA/SOLACE Core Governance Principle link
		<p>Economics and Peace survey</p> <ul style="list-style-type: none"> The Police and Crime Commissioner delivered a report to our Scrutiny Committee in April 2013 which demonstrated that in 2012/13 the police and CDRP recorded 4683 crimes, which was a reduction of 4.7% (233) against a target of 4%. http://scams.moderngov.co.uk/documents/s70465/CDRP%20Briefing%20Note.pdf 		

Appendix 2 – summary of internal audit findings

[insert]

Appendix 3 – Management team Structure

Agenda Item 7

REPORT TO: Corporate Governance Committee 27 September 2013
LEAD OFFICER: Executive Director (Corporate Services)/Legal & Democratic Services Manager

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) ANNUAL REVIEW OF POLICY & QUARTERLY/ANNUAL UPDATE ON USE OF RIPA

Purpose

1. To update on the use of RIPA powers in the last quarter, note the use of RIPA powers over the last year and as part of an annual review of the Council's policy to make a minor amendment to the appendix of authorising officers.

Recommendations

2. It is recommended that Corporate Governance Committee:
 - (a) **AGREE** the recommendation for an amendment to the Appendix to the Council's RIPA policy marked using track changes at Appendix A;
 - (b) **NOTE** the information contained in the report about the council's use of surveillance powers in the period July to September 2013 and the annual summary of RIPA usage.

Background

3. The Regulation of Investigatory Powers Act 2000 regulates covert investigations by a number of bodies, including local authorities. It was introduced to ensure that individuals' rights are protected while also ensuring that law enforcement and security agencies have the powers they need to do their job effectively.
4. Following a Home Office Review into counter-terrorism and security powers the passing of the Protection of Freedoms Act 2012 was passed on 1st May 2012 with the effect that from 1st November 2012 all local authority surveillance authorised under RIPA will have to be approved by a Magistrate.

Considerations

Annual Review of Policy

5. The Council comprehensively reviewed and updated its policy in September 2012 and it is not considered that any further updating or amending to the policy document is necessary at this stage.
6. A minor amendment is necessary to the appendix which lists nominated officers which is marked using track changes.

The council's use of RIPA in Quarter 4 2013

7. The information in the table below outlines the authorisations granted by the council during the fourth quarter of the year 2012/13.

Quarter	Directed surveillance	CHIS	Total	Purpose
July - Sept 2013	0	0	0	

Annual summary of the Council's use of RIPA (September 2012 – September 2013)

8. The information in the table below summarises all the authorisations granted by the council in the last year, from September 2012 to September 2013.

Quarter	Directed surveillance	CHIS	Total	Purpose
October 2012 – December 2012/Jan 2013	2	0	2	1)Benefit Fraud (Joint investigation with DWP) – Willingham Sufficient evidence obtained to proceed to prosecution 2) Flytipping st Uttons Drove, Swavesey – authorisation successfully obtained from Cambridge Magistrates (first RIPA application in Cambs). Concluded – no further flytipping has taken place
January 2013 – March 2013	0		0	
April 2013 – June 2013	0		0	
July 2013 – September 2013	0		0	

Implications

9. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, it is considered there are no significant implications.

Background Papers

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

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

Report Author: Fiona McMillan – Legal & Democratic Services Manager
Telephone: (01954) 713027

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Appendix 1

LIST OF AUTHORISING OFFICERS AND AUTHORISING LEVELS

Jean Hunter	Chief Executive
Alex Colyer	Executive Director (Corporate Services)
Mike Hill	Director (Health and Environmental Services)
(To be appointed) Officer	Head of Finance (Deputy s151)
Senior Responsible Officer	Alex Colyer (Executive Director – Corporate Services)
RIPA Monitoring Officer	Fiona McMillan Legal & Democratic Services Manager

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Agenda Item 8

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee

27 September 2013

AUTHOR/S: Executive Director (Corporate Services)

TREASURY MANAGEMENT ANNUAL REPORT

Purpose

1. To report on the performance of the treasury management function.
2. This is not a key decision but reporting to Corporate Governance Committee on performance is a requirement of the Borrowing and Investment Strategy.

Recommendations

3. It is recommended that the Corporate Governance Committee note the creditable performance of the treasury management function.

Reasons for Recommendations

4. The performance of the treasury management function should be reviewed to ensure reasonable returns are achieved commensurate with risk. This is achieved by being a member of a benchmarking group and the Council compares favourably with the members of that group.

Background

5. The Borrowing and Investment Strategy approved by Council on 23 February 2012 requires an annual report to be presented to Corporate Governance Committee after the end of the financial year.

Considerations

6. Investments at 31 March 2013 were:

31 March 2012 £	Investments analysed by counterparty	31 March 2013 £
5,336,464	Clearing Banks	17,000,000
2,500,000	Banks, other	0
	Building Societies with assets:	
7,000,000	greater than £10,000 million	6,000,000
1,000,000	between £1,500 million and £5,000 million	0
15,836,464	Sub-total	23,000,000
0	Money Market Funds	75,000
15,836,464	Total	23,075,000

31 March 2012		31 March 2013	
£	Investments analysed by maturity	£	
9,836,464	2012/13		0
4,000,000	2013/14		21,075,000
2,000,000	2014/15		2,000,000
15,836,464			23,075,000

7. The Council is a member of a benchmarking club on treasury management, which is organised by the Chartered Institute of Public Finance and Accountancy. The results of this benchmarking exercise for 2012/13 were issued in July and the results over the last five years are shown in **Appendix A**.
8. The results for 2012/13 show that South Cambridgeshire achieved a return of 2.03% on combined investments (less than and more than 365 days) compared to 1.24% for its comparator group and 1.11% for the overall group. South Cambridgeshire was second in the comparator group of 11 other organisations and fifth highest in the overall group of 69 other organisations.
9. The performance target is a greater return than average over a five-year rolling period. For 2012/13, a better than average return was achieved compared to the comparator group and to the overall group. Over the five-year period the target has been met.
10. In March 2012, following the introduction of the Housing Revenue Account Self Financing regime, the Council acquired debt of £205 million. The full sum was borrowed from the Public Works Loans Board at an average fixed rate of 3.5% as 41 individual loans with maturity dates between 2037 and 2057.
11. The Council's Borrowing and Investment Strategy states that the effective management and control of risk are the prime objectives of its treasury management activities. The specific risks in treasury management are:
 - (a) **credit and counterparty risk**
The risk of failure by a counterparty to meet its contractual obligations to pay interest and repay principal: the Council's range of counterparties is restricted to UK banks, financial institutions approved by the Council and large building societies (all of which must have a satisfactory credit rating) and to public sector bodies.
 - (b) **liquidity risk**
The risk that cash will not be available when it is needed: the Council has cash flow forecasts which are updated weekly, an overdraft facility with its bank and, as a last resort, can borrow on the open market or from the Public Works Loan Board.
 - (c) **interest rate risk**
The risk of loss through adverse movements in interest rates: the Council mainly invests in fixed interest rate deposits so it accepts the risk of an

opportunity cost that money is invested at fixed rates and market rates subsequently rise.

- (d) **exchange rate risk**
The risk of loss through adverse movements in exchange rates: the Council's Investment strategy restricts all treasury management transactions to £ sterling.
- (e) **refinancing risk**
The risk that maturing investments cannot be reinvested at favourable rates: the Council's investments for less than a year are made to match liabilities and for more than one year have a spread of maturity dates.
- (f) **legal and regulatory risk**
The risk of loss due to the Council or its counterparties failing to act in accordance with their legal powers and regulatory requirements: the Council only deals in simple investments and only deals with well recognised and perceived to be reliable counterparties.
- (g) **fraud, error and corruption**
The risk of loss through fraud, error and corruption; the Council has internal controls including segregation of duties, an internal audit function to evaluate those internal controls and fidelity guarantee insurance.
- (h) **market risk**
The risk of adverse fluctuations in the value of investments: the Council only invests in non-negotiable investments which are held to maturity and realised at face value.

Prudential Indicators

12. The Prudential Code for Capital Finance in Local Authorities came into effect from 1 April 2004, the objective being to provide a framework for capital programmes to ensure that:
- Capital expenditure plans are affordable;
 - All external borrowing and other long term liabilities are within prudent and sustainable levels; and
 - Treasury management decisions are taken in accordance with professional good practice.

The indicators are primarily to show whether a local authority is entering into a long term commitment which it may not be able to afford in the future. The Council's main long term commitment is the £205 million debt resulting from the Government's Housing Revenue Account Self Financing Reforms and the affordability and sustainability of this debt are addressed in the Housing Revenue Account business plan.

13. A key prudential indicator is the capital financing requirement, which is capital expenditure which has not been fully financed from a local authority's own resources in the year but has been covered by raising external or internal debt, the position at 31 March 2013 is shown below:

	Revised Estimate 31/03/2013 £,000	Actual 31/03/2013 £,000	Estimate 31/03/2014 £,000
General Fund	3.474	3.703	3.697
Housing Revenue Account	205.123	205.123	205.123
Total	208.597	208.826	208.820

The General Fund capital financing requirement fluctuates due to financing internally refuse vehicles, part of the purchase of wheeled bins and cash overdrawn on equity share repurchases, but this financing is then partly repaid over a period.

14. One of the indicators of prudence is that net debt is not in excess of the capital financing requirement. External debt relates to the Housing Revenue Account Self Financing debt of £205 million, the Council has set an external debt authorised limit for 2012/13 of £212.5 million.

	Estimate 2012/13 £,000	Actual 2012/13 £,000	Estimate 2013/14 £,000
Borrowing	212.5	205.1	212.5
Investments	-21	-23.1	-20
Net debt	191.5	182.0	192.5

Options

15. Options for the investment of surplus funds will be limited in the future as it may be more beneficial to use such funds to reduce marginally and temporarily the £205 million debt arising from Housing Revenue Account Reform. Other options for any surplus funds include:
- Out-sourcing; however, external managers usually require a minimum of £10 million for a period of at least three years and, with the reduction in capital receipts and other reserves, these requirements cannot be met;
 - The Investment Strategy restricts the range of counterparties and weekly monitoring of credit ratings and bank financial strength ratings restricts this range even further. The range of counterparties could be extended but any additions would need to be subject to an assessment of risk as the successful identification, monitoring and control of risk is the Council's prime criteria for measuring the effectiveness of treasury management; and
 - External treasury management consultants are used by many local authorities but there is no budget for this.

Implications

16. The in-house treasury management function achieved an average rate of 2.03% on combined investments compared to an overall group average of 1.11%. The differential of 0.92% on the average amount invested of £33.7 million during the year amounts to higher interest of around £310,040.
17. The cost of the in-house investment function, excluding cash flow forecasting and planning and control, is estimated at £510 per million (£880 in 2011/12) invested compared to an overall group average per million invested of £520 (£660 in 2011/12) for in-house costs plus £1,530 for external fund managers. Accurate comparisons of costs on a true like for like basis can be complex and time-consuming and there may be questions raised over the validity of benchmarking data on costs.
18. The affordability of capital expenditure at 31 March 2013 has been affirmed by the prudential indicator for net debt which does not exceed the capital financing requirement.

19. Financial	As above
Legal	None
Staffing	None
Risk Management	As above
Equality and Diversity	None
Equality Impact Assessment completed	No Not applicable
Climate Change	None

Consultations

20. None.

Consultation with Children and Young People

21. None.

Effect on Strategic Aims

22. This report has no direct implications for any of the Strategic Aims but any increase in interest received (commensurate with risk) may reduce the need for cuts in individual services and assist in the achievement of actions to support those aims.

Conclusions / Summary

23. The in-house treasury management has achieved a good performance in 2012/13 at a minimal cost.

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

CIPFA Treasury Management Benchmarking Club 2013 reports (confidential)

Contact Officer: Sally Smart - Principal Accountant
Telephone: (01954) 713706
sally.smart@scamb.gov.uk

Treasury management investment performance	2008/09		2009/10		2010/11		2011/12		2012/13	
	SCDC Ranking	Group Size	SCDC Ranking	Group Size	SCDC Ranking	Group Size	SCDC Ranking	Group Size	SCDC Ranking	Group Size
Money Market Funds										
SCDC										
Comparable Group	4.39%	8	0.57%	14	0.56%	11	0.69%	13	0.47%	9
Overall Group	4.05%	2	0.67%	7	0.63%	7	0.72%	10	0.52%	10
	3.90%	16	0.65%	42	0.62%	67	0.72%		0.52%	
Notice Accounts										
SCDC										
Comparable Group										
Overall Group										
Less than 365 days (in-house, fixed term and callable)										
SCDC										
Comparable Group	5.67%	13	1.96%	14	1.09%	14	1.63%	16	1.64%	11
Overall Group (excluding impaired investments)	5.48%	4	1.84%	5	1.18%	9	1.21%	1	1.15%	3
	5.45%	32	1.91%	47	1.06%	137	1.23%		1.34%	
Over 365 days (in-house, fixed term and callable)										
SCDC										
Comparable Group	5.92%	12	5.56%	14	5.21%	13	5.19%	12	5.56%	11
Overall Group (excluding impaired investments)	5.87%	7	4.42%	2	3.53%	4	2.49%	1	2.84%	1
	5.87%	48	4.98%	42	3.60%	137	2.53%		2.59%	
Combined (externally managed)										
Comparable Group	5.03%	N/A	2.69%	N/A	-0.06%		-1.78%		1.74%	
Overall Group (excluding impaired investments)	5.74%	N/A	2.05%	N/A	1.27%		1.57%		1.57%	
Combined Investments (fixed term, callable, call and money markets) (all period: in-house and externally managed)										
SCDC										
Comparable Group	5.61%	3	2.68%	5	2.21%	3	2.45%	1	2.03%	2
Overall Group (excluding impaired investments)	5.36%	19	2.21%	23	1.56%	14	1.20%	16	1.24%	11
	5.26%	128	1.87%	137	1.19%	95	1.19%	3	1.11%	5

16 July 2013

By email

Ms Jean Hunter
Chief Executive
South Cambridgeshire District Council

Dear Ms Hunter

Annual Review Letter

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2013. This year we have only presented the total number of complaints received and will not be providing the more detailed information that we have offered in previous years.

The reason for this is that we changed our business processes during the course of 2012/13 and therefore would not be able to provide you with a consistent set of data for the entire year.

In 2012/13 we received 11 complaints about your local authority. This compares to the following average number (recognising considerable population variations between authorities of a similar type):

District/Borough Councils-	10 complaints
Unitary Authorities-	36 complaints
Metropolitan Councils-	49 complaints
County Councils-	54 complaints
London Boroughs-	79 complaints

Future development of annual review letters

We remain committed to sharing information about your council's performance and will be providing more detailed information in next year's letters. We want to ensure that the data we provide is relevant and helps local authorities to continuously improve the way they handle complaints from the public and have today launched a consultation on the future format of our annual letters.

I encourage you to respond and highlight how you think our data can best support local accountability and service improvements. The consultation can be found by going to www.surveymonkey.com/s/annualletters

LGO governance arrangements

As part of the work to prepare LGO for the challenges of the future we have refreshed our governance arrangements and have a new executive team structure made up of Heather Lees, the Commission Operating Officer, and our two Executive Directors Nigel Ellis and Michael King. The Executive team are responsible for the day to day management of LGO.

Since November 2012 Anne Seex, my fellow Local Government Ombudsman, has been on sick leave. We have quickly adapted to working with a single Ombudsman and we have formally taken the view that this is the appropriate structure with which to operate in the future. Our sponsor department is conducting a review to enable us to develop our future governance arrangements. Our delegations have been amended so that investigators are able to make decisions on my behalf on all local authority and adult social care complaints in England.

Publishing decisions

Last year we wrote to explain that we would be publishing the final decision on all complaints on our website. We consider this to be an important step in increasing our transparency and accountability and we are the first public sector ombudsman to do this. Publication will apply to all complaints received after the 1 April 2013 with the first decisions appearing on our website over the coming weeks. I hope that your authority will also find this development to be useful and use the decisions on complaints about all local authorities as a tool to identify potential improvement to your own service.

Assessment Code

Earlier in the year we introduced an assessment code that helps us to determine the circumstances where we will investigate a complaint. We apply this code during our initial assessment of all new complaints. Details of the code can be found at:

www.lgo.org.uk/making-a-complaint/how-we-will-deal-with-your-complaint/assessment-code

Annual Report and Accounts

Today we have also published *Raising the Standards*, our Annual Report and Accounts for 2012/13. It details what we have done over the last 12 months to improve our own performance, to drive up standards in the complaints system and to improve the performance of public services. The report can be found on our website at www.lgo.org.uk

Yours sincerely

A handwritten signature in black ink that reads "Jane Martin". The signature is written in a cursive style with a long horizontal flourish at the end.

Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England