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19 June 2014

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 **SWANSLEY ROOM, GROUND FLOOR** at South Cambridgeshire Hall on **FRIDAY, 27 JUNE 2014 at 9.00 a.m.**

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

Yours faithfully
JEAN HUNTER
Chief Executive

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

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 21 March 2014 as a correct record.	1 - 4
INTERNAL AUDIT REPORTS		
4. Annual Report of the Internal Audit Service 2013/14		5 - 18
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DECISION ITEMS

6. **Statement of Accounts 2013/14 (subject to audit)** 33 - 36
Paper copies of the Statement of Accounts will be available at the meeting.
7. **Annual Governance Statement 2013/14** 37 - 62

INFORMATION ITEMS

8. **Regulation of Investigatory Powers Act (RIPA)**
There have been no RIPA authorisations in this quarter.
9. **Complaints to Local Government Ombudsman 2013-14**
During the last year (April 2013 to March 2014) 227 complaints were registered, 198 of which were resolved at stage one, 25 at stage two and four at stage three (Ombudsman). The annual letter from the Local Government Ombudsman is expected in July and will be reported to September's meeting.
10. **Matters of Topical Interest**
11. **Date of Next Meeting**
The Committee is asked to note the following meeting dates:
- Friday 26 September 2014 at 9am
 - Thursday 27 November 2014 at 10am (provisional)

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

Notes to help those people visiting the South Cambridgeshire District Council offices

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If you feel unwell or need first aid, please alert a member of staff.

Access for People with Disabilities

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Recording of Business and Use of Mobile Phones

We are open and transparent about how we make decisions. We allow recording, filming and photography at Council, Cabinet and other meetings, which members of the public can attend, so long as proceedings at the meeting are not disrupted. We also allow the use of social media during meetings to bring Council issues to the attention of a wider audience. To minimise disturbance to others attending the meeting, please switch your phone or other mobile device to silent / vibrate mode.

Banners, Placards and similar items

You are not allowed to bring into, or display at, any public meeting any banner, placard, poster or other similar item. Failure to do so, will result in the Chairman suspending the meeting until such items are removed.

Disturbance by Public

If a member of the public interrupts proceedings at a meeting, 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. The meeting will be suspended until order has been restored.

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Food and Drink

Vending machines and a water dispenser are available on the ground floor near the lifts at the front of the building. You 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, 21 March 2014 at 9.00 a.m.

PRESENT:	Councillor Francis Burkitt – Chairman Councillor David McCraith – Vice-Chairman	
Councillors:	Richard Barrett Douglas de Lacey Peter Topping	Andrew Fraser Bridget Smith John Williams
Officers:	Patrick Adams Alex Colyer John Garnham Fiona McMillan	Senior Democratic Services Officer Executive Director, Corporate Services Head of Finance, Policy & Performance Legal & Democratic Services Manager and Monitoring Officer
External:	Rachel Brittain Steve Crabtree Magen Powell	Ernst & Young Shared Head of Internal Audit Senior Internal Auditor

Councillor David Whiteman-Downes was in attendance, by invitation.

28. DECLARATIONS OF INTEREST

None.

29. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 28 November 2013 were agreed as a correct record, subject to the inclusion of the word “no” in the last sentence of Minute 24 before the word “concerns”.

30. INTERNAL AUDIT PROGRESS REPORT 2013-14

The Chairman welcomed Magen Powell, Senior Internal Auditor, to her first meeting of the Committee.

Steve Crabtree, Shared Head of Internal Audit, introduced the report, which updated the Committee on the progress made against the delivery of the 2013/14 Internal Audit Plan.

Efficiency savings

Steve Crabtree reported that he was impressed with the arrangements that the Council had in place and expressed his gratitude regarding the co-operation he had received from officers. However, he stated that there were areas where controls could be made more efficient. This approach of reducing the resources used on inefficient controls was supported by the Committee.

ICT

Steve Crabtree reported that the ICT (Change Control) review had been carried out by the previous internal auditors, however this area would be audited in 2014/15. It was hoped that a forthcoming upgrade of the website would address existing concerns.

Responding to queries

It was noted that an officer group had been set up in order to improve the process by which responses were provided by the Council to both internal and external enquiries.

The Committee **NOTED** the report.

31. INTERNAL AUDIT PLAN FOR 2014-15

Steve Crabtree introduced the Internal Audit Annual Plan and Strategy for 2014/15, which had been reviewed by Executive Management Team (EMT) and shared with External Audit. It was understood that the Plan had not been circulated to all members of the Committee following the meeting of EMT on 26 February 2014 as had been hoped.

Covering leave

Steve Crabtree assured the Committee that the estimated number of days' leave, bank holidays and sickness taken by internal auditors was based on the experience of Cambridge City Council and Peterborough Council. It was noted that the Shared Service arrangements provided the possibility of cover in the event of any unexpected absences.

Corporate Governance

It was noted that the Plan allocated three audit days for a review of the effectiveness of the Corporate Governance Committee. A self-assessment checklist provided by CIPFA would be used as part of this assessment, which was expected to be carried out in the summer of 2014.

Implementing the auditors' actions

Steve Crabtree explained that a 90% target for the implementation of auditors' actions by management allowed the Council the flexibility to implement alternative solutions, should the situation change. He assured the Committee that a 100% target would be unrealistic and that any alternative actions would be scrutinised.

Refuse and recycling

In response to the suggestion that auditors could have identified the efficiency savings to rounds made by the Council's refuse and recycling service the Executive Director stated that this service was audited every two years.

The Corporate Governance Committee

ENDORSED

- A) The Strategic Audit Plan and the Annual Plan 2014/2015
- B) The Internal Audit Charter
- C) The Internal Audit Code of Ethics
- D) The services' performance indicators

32. EXTERNAL AUDIT: 2012/13 ANNUAL GRANT CERTIFICATION REPORT

Rachel Brittain introduced this report which summarised the results of External Audit's work on the Council's claims for 2012/13. The figure for the Council's indicative certification fee for 2013/14 on page 51 was amended to £15,600. Copies of the amended report would be available to members of the Committee on request.

Housing and Council Tax Subsidy Benefit certification fee

Rachel Brittain reported that three errors had been found in four samples in the above audit and due to the rules of the Department of Work and Pensions this had resulted in an audit of 40 cases and an additional audit fee of £8,560. The Executive Director stated that he was satisfied with the explanation for these errors and explained that the rarity of the need for re-inspections reflected well on the Council in comparison to other authorities.

The Committee **NOTED** the report.

33. EXTERNAL AUDIT: AUDIT PLAN 2013-14

Rachel Brittain presented External Audit's Audit Plan for 2013/14, which provided the Committee with a basis to review the proposed audit approach and scope for the 2014 audit. She summarised External Audit's assessment of the key risks facing the Council.

It was noted that South Cambs Ltd would be audited along with the rest of the Council.

The Committee **NOTED** the report.

34. EXTERNAL AUDIT: COUNCIL'S FRAUD BRIEFING

The Committee **NOTED** the briefing.

35. EXTERNAL AUDIT: LOCAL GOVERNMENT SECTOR UPDATE

The Committee **NOTED** the update.

36. RISK MANAGEMENT STRATEGY

The Head of Finance, Policy and Performance presented this report, which invited the Committee to carry out its annual review of the Risk Management Strategy and agree any changes considered necessary. He explained that the Strategic Risk Register was regularly discussed by EMT

The Corporate Governance Committee unanimously

AGREED the proposed Risk Management Strategy, as set out in Appendix B of the report.

It was noted that the agreed Risk Management Strategy would be reported to Council.

37. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) REVIEW OF POLICY AND USE OF POWER ACT

The Head of Legal and Democratic Services reported that the Council had not needed to use the Regulation of Investigatory Powers Act in the last quarter.

38. MATTERS OF TOPICAL INTEREST

The document "Local Government Governance Review 2014: Working in Tandem" was circulated at the meeting.

39. DATE OF NEXT MEETING

The Committee **NOTED** that the Committee would meet on the following dates:

- 27 June 2014 at 9am
- 26 September 2014 at 9am

It was noted the Committee would only meet on Thursday 27 November at 10am if there was sufficient business.

The Meeting ended at 10.15 a.m.

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL
CORPORATE GOVERNANCE COMMITTEE
27 JUNE 2014**

ANNUAL REPORT OF THE INTERNAL AUDIT SERVICE 2013 / 2014

RECOMMENDATIONS:

That Corporate Governance Committee notes:

- **Annual report into the provision of the Internal Audit service and the opinion of the Head of Internal Audit into the adequacy of governance, risk management and internal control arrangements;**
- **The effectiveness of the service together with an assessment of the service against best practice Public Sector Internal Audit Standards; and**
- **Progress against the delivery of the 2014 / 2015 Audit Plan**

Report Author:	Steve Crabtree
Position:	Shared Head of Internal Audit (for Peterborough UA / Cambridge City / South Cambridgeshire Councils)
Contact:	Peterborough Office: 01733 384557 Cambridge Office: 01223 458181 South Cambridgeshire Office: 01954 713452

- 1 **INTRODUCTION**
- 2 **ANNUAL REPORT**
 - 2.1 Background
 - 2.2 Arriving at an Opinion
 - 2.3 Overall Audit Opinion
 - 2.4 Analysis of Audit Activity 2013 / 2014
3. **EFFECTIVENESS OF INTERNAL AUDIT AND COMPLIANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS**
 - 3.1 Current Arrangements
 - 3.2 Staffing and Resources
 - 3.3 PSIAS Compliance
4. **AUDIT PLAN 2014 / 2015**
 - 4.1 Progress

1...INTRODUCTION

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

- An opinion on the adequacy of controls and systems within South Cambridgeshire as at 31 March 2014;
- An assessment of the status and abilities of the current service and any improvements which can be made to enhance it; and
- Progress against the delivery of the 2014 / 2015 audit plans.

2...ANNUAL REPORT

2.1 BACKGROUND

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

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

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

2.2 ARRIVING AT AN OPINION

2.2.1 The opinion is derived from work carried out by Internal Audit during the year, as part of the agreed Internal Audit Plan for 2013 / 2014 as determined by RSM Tenon. For continuity purposes, we have utilised this plan for the remainder of the year following the start of our service provision from July 2013. We have conducted our audits both in accordance with the mandatory standards and good practice and additionally from our own internal quality assurance systems. Our opinion is limited to the work carried out by Internal Audit but, where possible, we have considered the work of other assurance providers, such as External Audit.

2.2.2 There are three elements to each internal audit review.

- Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to establish an opinion on the adequacy of the control framework in place.
- However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to form a view on the extent to which the control environment, designed to mitigate risk, is being complied with.
- Finally, where there are significant control weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

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

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

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

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

2.3 OVERALL AUDIT OPINION 2013 / 2014

The internal control environment is fundamentally well established and continues to operate well in practice throughout the year. While we have identified a number of weaknesses within the control environment these were not sufficiently significant to result in material risk to the organisation.

The overall conclusion based on our work is that South Cambridgeshire District Council has a sound governance framework from which those charged with governance can gain reasonable assurance.

Internal Audit has made a number of recommendations to further improve the systems of control and the organisation is actively working to make improvements in these areas. Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound although there are some areas where improvements are necessary.

It must be reiterated, however, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

*Head of Internal Audit
June 2014*

2.4 ANALYSIS OF AUDIT ACTIVITY 2013 / 2014

2.4.1 Assurance and Compliance Work

AUDIT ACTIVITY	Assurance Level	ACTIONS AGREED			Commentary
		High	Medium	Low	
Welfare Reform	N/a	N/a	N/a	N/a	<p>Ongoing reviews have been undertaken by the business to ensure that the impact on residents is minimised. Regular and appropriate reports have been produced and discussed at senior level with agreement by members.</p> <p>We have analysed the outcomes and note the developments put in place to alleviate under occupancy and benefits caps. We will maintain a watching brief to ensure that the continued progress is maintained.</p>
Business Planning	Significant	0	3	0	RSM TENON REPORT
Corporate Governance	Significant	0	2	2	Our audit focussed on the corporate complaints process. While we identified that the processes in place are sound there were a number of occasions of non-compliance.
Risk Management	Significant	0	1	1	Risk management arrangements are reviewed annually and it can be demonstrated that there are adequate and effective arrangements in place. Regular refreshes take place throughout the year of the strategic and operational risks. Going forward, as the Council looks into alternative service delivery models, appropriate risk registers will need to be established.
Annual Governance Statement	N/a	N/a	N/a	N/a	Audit deleted following agreement with the Executive Director. There were no actions identified within the previous Annual Governance Statement to be followed up

2.4.2 Financial Control Activities

AUDIT ACTIVITY	Assurance Level	ACTIONS AGREED			Commentary
		High	Medium	Low	
Income / Debtors	Significant	0	2	6	Improvements were identified in relation to the use of management information to better inform the Council on the level of, and status of debts.
Budgetary Control					In progress
General Ledger					in progress
Creditors – Automated Creditors – Manual	Significant Limited	0	2	1	Two levels of assurance provided. Expenditure is expected to be committed through the electronic system E-BIS to ensure that appropriate checks, approvals etc. take place. Our review identified that this was working well. However, a significant number of items are raised using manual orders, heightening the risk of a lack of segregation of duties and the potential for fraud.
Cash / Bank / Treasury	Full	0	0	0	Full assurance established.
Payroll / Expenses	Significant	0	1	4	Prior to the service transfer to Cambridge City, we reviewed the current service provided and identified a number of improvements that could be made.
Capital / Asset Management					In progress
Procurement	Significant	0	1	1	Our review identified non-compliance in relation to the use of the exemption process for extending contracts.
NNDR / Council Tax	Significant	0	0	1	Previously undertaken as separate reviews, these have been combined as they utilise the same system. Previous actions have been addressed.
Housing Benefits	Significant	0	0	1	Minor errors identified
Housing Rents	Significant	0	1	1	Improvements identified in relation to the reconciliation process

2.4.3 Other Audit Activities

AUDIT ACTIVITY	Assurance Level	ACTIONS AGREED			Commentary
		High	Medium	Low	
Safeguarding	Significant	0	4	3	RSM TENON REPORT
Environmental Health (Waste)	n/a	n/a	n/a	n/a	RSM TENON REPORT
Housing Allocations and Voids	Significant	0	0	2	A number of systems are utilised which are not interfaced, as a result there is the risk of error through data entry transcription.
Customer Contact Centre	Green	0	0	2	RSM TENON REPORT
ICT Change Control	Significant	0	2	1	RSM TENON REPORT
Proactive Fraud Work (Suppliers)	n/a	0	3	0	RSM TENON REPORT

2.4.4 Follow-Up Arrangements

The following audits have been followed up in the year to ensure actions have been completed. No actions remain outstanding.

- HR – Absence Management (including redundancies)
- Housing Maintenance; Planned and Cyclical (including voids)
- Information Governance
- Contract Services
- Environmental Health (Licence Fees)

2.4.5 Business Efficiency Proposals

As part of our work, as well as ensuring that controls are in place for each system reviewed, we have also looked to provide suggestions as to how they could be delivered more efficiently. Various proposals included have been:

- Improved interfaces between a number of IT systems to reduce the levels of data re-entry;
- Removal of a number of manual systems, bureaucratic checks and effort duplication; and
- Debt collection improvement.

2.4.6 Allegations of Fraud / Irregularity and Breaches of Code of Conduct

Ongoing liaison takes place with the Fraud Team, primarily as we move towards the next tranche of the National Fraud Initiative. As the delivery of investigating fraud will change by the creation of the Single Fraud Investigations Service within DWP, discussions are ongoing to establish a robust model to protect the Councils interests, whether internally or in partnership with other councils. From our work there are no items to be reported for member attention. As we look to take this important activity forward, as an integral part of good governance, Internal Audit recommend that an annual report is produced on fraud and irregularities and the steps taken to mitigate and reduce. This will also include review of the appropriate policies to ensure that they remain relevant and raise the awareness and appreciation amongst officers / members.

2.4.7 Significant Control Weaknesses

As part of our audit works, we are required to form an opinion on the quality of the internal control environment which includes consideration of any significant risk or governance issues and control failures which arise. We did not identify any critical recommendations which needed addressing, nor did we conclude that any system that we reviewed as providing no assurance.

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

3.1 CURRENT ARRANGEMENTS

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

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

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

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

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

3.2 STAFF RESOURCES

3.2.1 During 2013 / 2014, resources were made up as follows:

- Head of Audit. 1 officer. Shared between Peterborough (40%), Cambridge City (40%) and South Cambridgeshire (20%).
- Senior Auditor. 1 officer (1.00 fte). Appointed October 2014

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

Audit experience:

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

Qualifications:

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

3.3 PSIAS COMPLIANCE

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

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

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

3.3.2 In order to obtain an external assessment of the service, which should be undertaken as a minimum every 5 years, it is planned for this to be undertaken in 2015. Discussions are ongoing to establish suitable arrangements.

3.3.3 Based on the self-assessment, it can be concluded that **the Council has an effective system of internal audit including a policy framework, internal audit function and effective management engagement.** A separate exercise will be commissioned in 2014 to assess the effectiveness of the Corporate Governance Committee.

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

4...AUDIT PLAN 2014 / 2015

4.1 PROGRESS

CORE SYSTEMS ASSURANCE WORK

AUDIT ACTIVITY	COMMENTARY
Housing Benefits	Planned for quarter 4
Council Tax	Planned for quarter 4
NNDR	Planned for quarter 4
Main Accounting	Planned for quarter 3
Cash, Bank and Treasury Management	Planned for quarter 3
Accounts Payable	Planned for quarter 3
Payroll	Assurance to be received from Cambridge City
Accounts Receivable	Planned for quarter 3
Capital Accounting	Planned for quarter 4
Housing Rents	Planned for quarter 3
BACS Payments	Planned for quarter 2
VAT	Planned for quarter 2

GOVERNANCE AND ASSURANCE WORK

AUDIT ACTIVITY	COMMENTARY
Annual Governance Statement	Planned for quarter 2
Annual Audit Opinion	To Corporate Governance Committee June 2014
Internal Audit Effectiveness	To Corporate Governance Committee June 2014
Corporate Governance Effectiveness	Planned for quarter 4 following provision of training
National Fraud Initiative	Planned for quarter 3
Partnership Governance	Planned for quarter 3
Performance Management	Planned for quarter 2

CORPORATE CROSS CUTTING AUDITS

AUDIT ACTIVITY	COMMENTARY
Human Resources / Staffing	Planned for quarter 2
s.106 Contributions / CIL	In progress
Community Chest Grants	Draft stage
Business Efficiency Agenda	In progress

DEPARTMENTAL SPECIFIC

AUDIT ACTIVITY	COMMENTARY
Responsive Repairs	Planned for quarter 4
New Build Strategy	Planned for quarter 3
Housing Company	Planned for quarter 4
ICT Governance	Planned for quarter 3
Depot	Planned for quarter 2
Development Control	In progress

Local Government Audit Committee Briefing

Contents at a glance

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Accounting, auditing and Governance

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Key Questions for the Audit Committee

Find out more

Introduction

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving. It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation. Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.





Economic and sector issues

Economic Outlook

The ITEM Club, one of the UK's foremost independent economic forecasting groups, sponsored by EY, has published its Spring Forecast. With GDP projected to grow 2.9% this year and 2.3% in 2015, and interest rates unlikely to rise until late 2015, the outlook is for a period of 'steady as she goes', with sustained if unspectacular growth underpinned by relatively low inflation. Whilst the report highlights the concern that risks remain, it considers that the UK's economic recovery is on an increasingly firm footing.

The scenario outlined above is seen by the group to be dependent on several things, notably that consumer spending is supplemented by a rebound in business investment and exports – which official figures suggest is starting to happen. The report indicates that this would help the economy to register steady growth in output over the next few years whilst avoiding excessive rises in credit.

The ITEM Club highlights that a key challenge will be maintaining a balance between different areas of the economy, preventing each from expanding too fast or too far e.g. growing workforce keeping wage inflation under control, and the policing of mortgage lending by the FCA limiting house price rises.

DWP Single Fraud Investigation Service

The formation of a Single Fraud Investigation Service (SFIS) was announced in the Chancellor's Autumn Statement. SFIS will exist as a single organisation within DWP, and will be an element of DWP's new Fraud and Error Service. Its role will be to investigate and prosecute Social Security welfare benefits and Tax Credit fraud, bringing together investigations which are currently the remit of DWP, local authorities and HMRC, with prosecutions conducted by the Crown Prosecution Service in England and Wales. DWP has said that it will continue to work with local authorities to ensure that data is shared where permissible.

The main objectives of the scheme as cited by the DWP are:

- ▶ To operate under a single policy and set of procedures for investigating all welfare benefit fraud.
- ▶ To conduct single investigations covering all welfare benefit fraud.
- ▶ To rationalise existing investigations and prosecution policies, improving efficiency, consistency and fairness.
- ▶ To enhance closer working between DWP, HMRC and local authorities.
- ▶ To bring together the combined expertise of all three services.
- ▶ To support the fraud and error integrated strategy of preventing fraud and error in the benefit system by detecting and correcting fraud and punishing and deterring those who have committed fraud.



Economic and sector issues

Some concerns have been raised by Local Authorities and trade unions about the proposals:

UNISON has raised concerns about the proposals to transfer current local authority investigations staff into the Department – a change from the original proposal to remain employed by Local Authorities but work under DWP policies and procedures. This could affect around 790 staff.

The LGA has questioned the need to establish SFIS due to what is in their view the successful record of local authorities on addressing benefit fraud. It has also challenged whether or not SFIS would be able to achieve its stated aim of conducting single investigations covering all welfare benefit fraud, since some elements of fraud against local authority services (such as fraud against localised Council Tax Support scheme, social housing tenancies and Blue Badge disabled parking) would be considered out of scope. This is linked to the concern that by centralising housing benefit fraud investigations, local expertise will be lost.

Implementation is planned to start from October 2014, continuing until March 2016, although the Department is considering a small number of test sites beforehand. Pilots have been running since early 2013 in four local authority areas (Corby Borough Council; Glasgow City Council; London Borough of Hillingdon; Wrexham Council), with an additional pilot in Oldham covering Universal Credit which began in April 2013.

Council service sharing saves taxpayers £350mn

According to the LGA there are now 337 councils engaged in 383 shared service agreements, resulting in £357mn of efficiency savings. The total saved has increased by £83mn since last year, with the biggest increases seen in adult services and culture, leisure and tourism.

At least 95% of all English councils now share services with other local authorities and public sector bodies. Information about shared services is contained in an interactive map on the LGA's website; this map also records external collaboration for the first time. Councils can use this map to develop shared services in their own organisations.

Contracting out public services to the private sector

“Government is clearly failing to manage performance across the board, and to achieve the best for citizens out of the contracts into which they have entered.”

This is a conclusion reached by the House of Commons Committee of Public Accounts (the 'PAC') in March 2014 after the PAC took evidence from the National Audit Office and central government bodies such as the Cabinet Office and Department of Health.

Although aimed at central government, the PAC's report is a timely reminder that for many Local Government bodies, the delivery of public services is increasingly dependent on the interaction between the private and public sectors. However, as pointed out by the PAC, in order for this relationship to result in the efficient delivery of public services, the public sector needs to demonstrate its commitment to effective contract management.

The PAC made a range of recommendations in four key areas. In this briefing we consider contract management and delivery. We will consider Capability, Transparency and Ethical Standards in our next quarterly briefing.



Economic and sector issues

Contract management and delivery

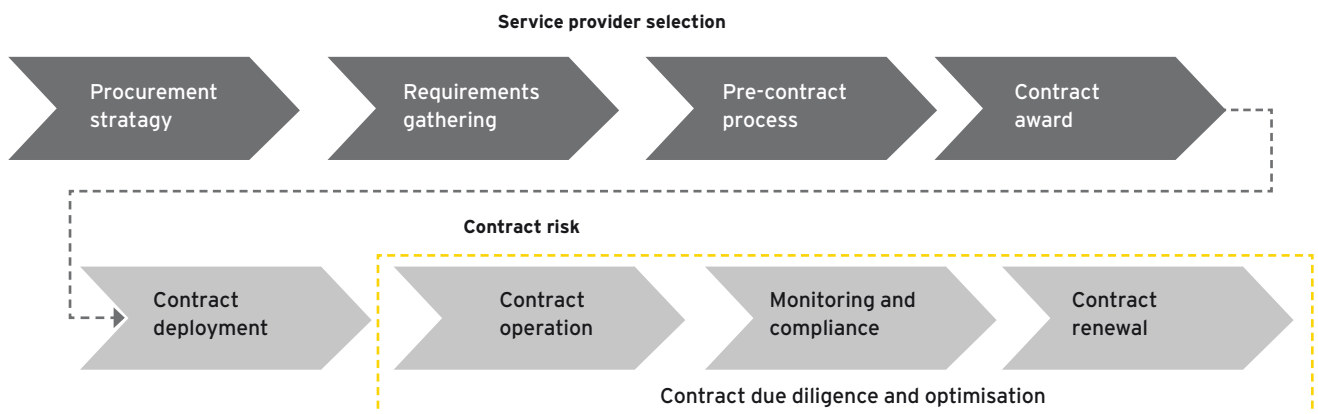
Our own experience suggests that both central and local government invest large amounts of time in selecting service providers, but relatively little time thereafter ensuring that contracts are managed effectively to deliver the intended benefits, and to manage contract risk. The diagram below illustrates the relevant phases of the overall contract process.

Critically, we often find that performance indicators are not considered in detail or agreed until after contracts have been awarded. Accordingly, there is a risk that these indicators:

- ▶ Are not effectively targeted towards the required performance objectives and/or.
- ▶ Are not subject to audit because of a lack of access rights.

Furthermore, as identified by the PAC, penalties for non-performance are not always enforced even where they are available and identified. The failure to enforce penalties only increases the likelihood of continued under-performance in the delivery of public services and the sense that the public sector does not take contract management seriously.

The PAC report therefore highlights an opportunity for Local Government bodies to both save money and increase public confidence in the use of public funds, through effective contract management.





Accounting, Auditing and Governance

Accounting for schools in local authorities

CIPFA has recently held a single issue consultation on Accounting for Schools in Local Authorities in England and Wales relating to the 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom. The 2014/15 Code will apply to accounting periods starting on or after 1 April 2014. The consultation focuses largely on the application of the 2014/15 Code's provisions on primarily the Group Accounting Standards, and sets out CIPFA/LASAAC's proposals for developing an addendum for the 2014/15 Code. The Working Group has concluded that for local authority maintained schools (including community schools, voluntarily controlled, voluntary aided and foundation schools), the balance of control is with the local authority, and their transactions should therefore be included in the local authority financial statements. The Working Group has considered the practical implications and recommends that consideration is given to schools being included in the local authority single entity financial statements. The consultation closed on 4 April 2014.

Accounting for infrastructure projects within enterprise zones and tax increment financing funded programmes

The Local Authority Accounting Panel (LAAP) has issued a discussion paper on this topic to assist local authorities who are considering such schemes. There are a number of initiatives involving local authorities investing in infrastructure or other development projects on the basis that the investment will result in increased business rates yields which can be used to finance the cost. However, there is a risk that projections of incremental income may not be wholly reliable, and there are also accounting issues which may determine whether a project is viable. The local authority will need to consider the extent to which they are a principal or an agent, the accounting implications for the various vehicles in which they may acquire an interest, and the potential for a revenue deficit in the early part of the programme as costs are incurred in advance of income being receivable. The potential revenue deficit is the issue which is most likely to threaten a project's viability, as costs may be incurred in advance of new income being receivable, and councils are obliged to budget to break even each financial year.



Accounting, Auditing and Governance

A Framework for Audit Quality

The International Auditing and Assurance Standards Board (IAASB) published a report on 18 February 2014 on audit quality with the aim of generating positive discussions within organisations to improve audit quality. 'A Framework for Audit Quality – Key elements that create an environment for audit quality' sets out three key objectives:

- ▶ Raising awareness of the key elements of audit quality.
- ▶ Encouraging key stakeholders to explore ways to improve audit quality.
- ▶ Facilitating greater dialogue between key stakeholders on the topic.

The Framework recognises that there is no universally accepted definition of audit quality and has set out various factors which they consider contribute to audit quality at the engagement, audit firm and national levels. It highlights the importance of a range of contextual factors, including laws and regulations, the litigation environment, corporate governance, and the financial reporting framework, which together can impact the nature and quality of financial reporting and, directly or indirectly, audit quality.

The IAASB will maintain a focus in 2014 to encourage dialogue on audit quality.

Future of Local Audit

Following the receipt of Royal Assent by the Local Audit and Accountability Act 2014 in January 2014, approval of secondary legislation will be required in order to give effect to many of the provisions of this Act. Following a consultation on this secondary legislation, which closed in December 2013, the Government has now published its response. The consultation paper covered the following areas:

- ▶ **Smaller authorities' regulations**, including draft regulations for a specified person to appoint auditors to smaller authorities. The Government does not intend to allow smaller bodies to opt out of this regime during a contract period, nor to allow the specified person to forcibly opt out a body; authorities which exceed the £6.5mn threshold, or choose to undergo a full code audit will automatically be opted out. The Government proposes to specify a maximum contract period of five years. The consultation also set out the Government's policy intention for smaller bodies with turnover not exceeding £25,000 per annum to be exempt from routine audit. There are several circumstances where the exemption will not apply, including during the first three years after the authority is established, and authorities which qualify for the exemption may still choose to have an audit.



Accounting, Auditing and Governance

- ▶ **Auditor panel and auditor independence regulations;** the draft regulations extend the definition of an independent panel member, set out the minimum membership of an auditor panel, and apply several existing local authority enactments to panels. An audit committee can already act as an auditor panel provided it has an independent chair and majority. Several authorities may share an audit panel, and where authorities have opted in to national procurement arrangements, the Government intends that the requirement to appoint an auditor panel will not apply. This section of the consultation also covers auditor resignation and removal; which the Government expects to be a rare occurrence.
 - ▶ **Eligibility and regulations of auditors;** a local audit register will be published containing the names of those deemed competent to take primary responsibility for a local audit. An appropriate qualification will be considered necessary, but not sufficient – individuals will also need an appropriate level of competence. The draft regulations also contain thresholds defining which bodies' audits will be considered a 'major local audit' and hence subject to quality monitoring from the Financial Reporting Council's Audit Quality Review team. The Government is considering how to clarify some of the definitions in these regulations.
 - ▶ **Conduct of local audit** – the Government intends to modify the requirement for some bodies (including Port Health Authorities and Internal Drainage Boards) to consider a public interest report or recommendation within one month, to 'as soon as is practicable'.
 - ▶ **Accounts and Audit Regulations;** this section of the consultation covered the provisions for financial management, internal control and internal audit, as well as the process for preparing and approving the statement of accounts. Comments were also invited on bringing forward the timetable for local government audit, and on changes to the framework for the exercise of public rights of inspection and objection. The Government intends to keep public inspection rights, but to address the issues surrounding low take-up of these rights in the draft regulations proposed for consultation in May 2014.
- The Government plans to amend the draft regulations in line with the responses noted above and to issue a further consultation in May 2014 covering further regulations associated with smaller authorities, regulations to allow for the establishment of a sector-led body to procure and appoint local auditors, and Accounts and Audit regulations. The intention is that these regulations will be laid before Parliament later this year.



Regulation News

Role of the Chief Finance Officer in the Local Government Pension Scheme

CIPFA has issued a consultation draft on the role of the CFO in the Local Government Pension Scheme (LGPS), as a supplement to the statement on the role of the CFO in Local Government. The statement sets out five principles, including a summary, shown below. The supplement on the LGPS sets each of these principles in the context of the financial management of the LGPS, which highlight the importance of the role of the CFO in relation to the LGPS.

The CFO in a public service organisation:

- ▶ Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.
- ▶ Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy.
- ▶ Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- ▶ Must lead and direct a finance function that is resourced to be fit for purpose.
- ▶ Must be professionally qualified and suitably experienced.

Future of NFI and counter fraud following the closure of the Audit Commission

The Audit Commission's National Fraud Initiative matches data from 1,300 public sector and 77 private sector organisations. The outcomes since 1996 include the prevention and detection of pension overpayments, council tax single person discounts incorrectly awarded, and housing benefit overpayments, together worth over £860mn. Following the closure of the Audit Commission in March 2015, the NFI will transfer to the Cabinet Office.

The Chartered Institute of Public Finance and Accountancy (CIPFA) will also take on some of the Audit Commission's counter fraud roles. The counter-fraud function currently undertaken by the Commission will transfer to a new public sector 'Counter Fraud Centre', which will be established by CIPFA. Existing counter-fraud work undertaken by the Commission includes the annual 'Protecting the Public Purse' report, tailored fraud briefings for local authorities, and the survey of fraud and corruption in England. The new Centre will build on this existing work and



Regulation news

introduce new practical guidance for tackling fraud and corruption. Although CIPFA will not have the same statutory powers as the Commission, it intends to continue the annual comprehensive survey of fraud and corruption, as well as expanding the Counter Fraud Centre's reach beyond local government.

Government consultation on flexibility in the use of capital receipts

Between July and September 2013, the Government ran a consultation on allowing capital receipts from new asset sales to be used for one-off revenue purposes. The results of this consultation have now been published. The aims of the proposal were to encourage good asset management planning, and to enable additional resources from asset sales to give flexibility for reforming, integrating or restructuring services. The response to the consultation was clearly positive, so as part of the Autumn Statement the Government announced that they will allow some flexibility for local authorities to use £200mn of receipts from asset sales across 2015/16 and 2016/17 to fund one-off costs of service reforms. Authorities will have to bid for a share of this allowance, and permission for flexible use of capital receipts will be through a capitalisation direction from the Secretary of State under section 16(2)(b) of the Local Government Act. Capital receipts obtained prior to the issue of this consultation will not be allowed to be used for this purpose as one aim of the policy is to encourage new asset sales. As part of the bid process, local authorities will need to assess the extent to which the asset sales are additional to sales which would have occurred anyway.

Consultation on the process for setting up a new town/parish council

The Government ran a consultation ending in May 2014 on a proposal to make it easier to set up a new town or parish council. The proposed new measures are intended ease the process by reducing the burden from the current Community Governance Review process. The current process requires either the Local Authority to carry out a review, or the local community petitioning the Local Authority to create a new parish council, as part of which process the petitioner must also propose the boundaries of the new parish. A minimum number of signatories to the petition are required, depending on the size of the neighbourhood area in question, and the high number required can be a barrier to local campaigns. The current process is also relatively slow, as the required twelve month timescale does not include time for the Local Authority to carry out preparatory work. The proposed new measures include lowering the thresholds of signatures required, shortening the amount of time the Local Authority can take to carry out a Community Governance Review, and allow Neighbourhood Forums to trigger a Community Governance Review.

Audits in 2014/15: work programme and scale fees

Following consultation, the Audit Commission has confirmed the work programme and fee scales for the audit of the accounts for 2014/15 for local government, fire, police and health bodies (including CCGs). The scale fee for individual Local Government bodies is available on the Audit Commission website.



Regulation news

The Audit Commission expects to close on 31 March 2015, as a result of the provisions of the Local Audit and Accountability Act 2014. It will set the fees and work programme for 2015/16, which will be the first year of audit following their closure. The responsibility for overseeing the audit contracts of nearly 11,000 public organisations, spanning local authorities, police, health, fire bodies and rescue services, and for setting fees under them, will pass to a transitional body from April 2015. Ministers have announced that this body will be an independent private company to be set up by the Local Government Association. It will also have responsibility for the Value for Money Profiles tool. The Commission's current contracts with audit suppliers will run until 2016/17, with a possibility of extension up to 2020. Following this, audited bodies will be able to appoint their own auditors.

Award of Audit Contracts

Prior to the decision to abolish the Audit Commission's audit practice, approximately 30% of local public audits were carried out by private sector audit firms. In April 2013 the Audit Commission announced that it would be retendering these contracts which had been awarded in 2006 and 2007.

Following a competitive tendering process, the Audit Commission confirmed the award of two year contracts to:

- ▶ BDO LLP, to the value of £4.6mn a year, covering audits in the South.
- ▶ EY LLP, to the value of £9.6mn a year, covering audits in the North and the South.
- ▶ KPMG LLP, to the value of £9.6mn a year, covering audits in the North and the South.

There will now be a consultation with the audited bodies concerned on the appointment of auditors, prior to putting the appointments to the Audit Commission Board for approval in December 2014.



Key Questions for the Audit Committee

What questions should the Audit Committee be asking itself?

Following client feedback we have introduced a section which draws together some of the key messages from the briefing for consideration by Audit Committee members:

- ▶ What impact will the introduction of the SFIS have on our capacity and expertise to tackle other areas of fraud risk, such as council tax, business rates, housing and other corporate fraud?
- ▶ Is there scope for us to take advantage of further opportunities for efficiency savings resulting from joint working with other public sector bodies?
- ▶ Where joint working arrangements are already in place, are they still fit for purpose or do we need to consider modifying the arrangements in line with our changing challenges and priorities?
- ▶ What level of governance does our organisation have around contract management and delivery with both our public and private sector partners?
- ▶ How can we work with our audit engagement team to improve audit quality?



Find out more

Economic Outlook

For the full analysis go to:

<http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/Economic-Outlook>

DWP Single Fraud Investigation Service

Read more about the proposals at:

<https://www.gov.uk/government/collections/single-fraud-investigation-service>

Council service sharing saves taxpayers £350mn

Find out more at <http://www.local.gov.uk/shared-services-map>

Contracting out public services to the private sector Read the NAO report at:

<http://www.nao.org.uk/wp-content/uploads/2013/11/10296-001-BOOK-ES.pdf>

To find out how EY can help with contract management, contact a member of your engagement team.

Accounting for schools in local authorities

The consultation has now closed, however, you can view the details at:

<http://www.cipfa.org/SingleIssueITCAccountingforSchoolsinLocalAuthorities>

Accounting for Infrastructure Projects within Enterprise Zones and Tax Increment Financing Funded Programmes

Read more at:

<http://www.cipfa.org/-/media/files/policy%20and%20guidance/panels/local%20authority%20accounting%20panel/accountingforenterprisezones.pdf>

A Framework for Audit Quality

The publication can be found in the 'Focus on Audit Quality' section of the IAASB's website:

<https://www.ifac.org/auditing-assurance/focus-audit-quality>

Future of Local Audit

Find out more at:

<https://www.gov.uk/government/consultations/future-of-local-audit-consultation-on-secondary-legislation>

Role of the Chief Finance Officer in the Local Government Pension Scheme

Find out more at:

<http://www.cipfa.org/-/media/files/policy%20and%20guidance/consultations/140211role%20of%20the%20chief%20finance%20officer%20in%20the%20lgpsconsultation%20draft.pdf>



Find out more

Future of NFI and counter fraud following the closure of the Audit Commission

Further information is available at:

<http://www.audit-commission.gov.uk/2014/03/commissions-national-counter-fraud-function-will-go-to-safe-hands/>

Government consultation on flexibility in the use of capital receipts

Details of the response to the Government's consultation are available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300060/Proposals_for_the_use_of_capital_receipts_from_asset_sales_to_invest_in_reforming_services_-_response_to_consultation.pdf

Consultation on the process for setting up a new town / parish council

Details of the consultation are available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/297813/Consultation_on_a_proposal_to_use_a_Legislative_Reform_Order_for_making_it_easier_to_set_up_a_town_and_parish_council.pdf

Audits in 2014/15: work programme and scale fees

The scale fees are published at:

<http://www.audit-commission.gov.uk/audit-regime/audit-fees/201415-work-programme-and-scales-of-fees/>

Award of Audit Contracts

Read the Audit Commission press release at:

<http://www.audit-commission.gov.uk/2014/03/the-audit-commissions-legacy-includes-a-further-25-per-cent-reduction-in-annual-audit-fees/>

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ED None

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Agenda Item 6



South
Cambridgeshire
District Council

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

27 June 2014

Draft Statement of Accounts 2013-14 (subject to audit)

Purpose

1. To endorse the 2013-14 Statement of Accounts, distributed as a separate document.

Recommendations

2. The Corporate Governance Committee is recommended to endorse the Statement of Accounts 2013-14.

Background

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

Considerations

7. I am pleased to report that the Statement of Accounts 2013-14 has been produced, subject to audit. The production of the accounts under international financial reporting standards is complex and involved and requires a significant and concentrated staff commitment to meet statutory deadlines.

8. The contents of the Statement of Accounts are largely determined by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by the Chartered Institute of Public Finance and Accountancy. The Code is updated annually and is based on international finance reporting standards. The main financial statements are:
 - I. A movement in reserves statement which shows all reserves and the movement in usable reserves, such as the general fund and housing revenue account working balances which can be used to provide services or keep down council tax/rent increases, and the movement in unusable reserves which are mainly accounting balances.
 - II. A comprehensive income and expenditure statement which combines the income and expenditure account and the statement of total recognised gains and losses.
 - III. A balance sheet which again reflects the distinction between usable and unusable reserves: and
 - IV. much of the detail in the above statements, and the cash flow statement, is now shown in the notes to the accounts.
9. The explanatory foreword is intended to explain in overall terms and in an easily understandable manner the Council's financial position including a comparison of actual expenditure with original estimate. A more detailed report on actual expenditure compared to original estimate will be submitted to the Cabinet meeting on 10 July.
10. In view of the detailed technical processes involved in the preparation of the Statement of Accounts and accompanying explanatory information, it will be helpful if Members provide advance notice of any questions, thereby allowing time for any associated research to be completed.
11. The Statement of Accounts is issued subject to audit. The audit is due to take place in July/August. The accounts and other related documents will be available for inspection by the public for 20 working days and electors or their representatives may question the auditor about the accounts and make objections on an appointed day which is Thursday 25 September 2014.
12. The Statement of Accounts is published on the Council's website.

Options

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

Implications

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

Financial

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

Legal

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

Staffing

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

Risk Management

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

Consultation (including the Youth Council)

19. None

Effect on Strategic Aims

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

Background Papers

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

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

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

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Statement of Accounts for year ended 31 March 2014

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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	16,225	14,947
Internal drainage boards	156	166
Interest and investment income	(425)	(437)
Amount to be met from Government Grant and local taxpayers	15,956	14,676
Income		
Principal sources of finance		
District element of Council Tax	(6,934)	(6,934)
Formula Grant (a general Government grant towards expenditure)	(3,372)	(3,426)
Retained Business Rates	(2,912)	(4,786)
New Homes Bonus	(2,702)	(3,190)
Council Tax Freeze Grant	(173)	0
Other items	13	13
	(16,080)	(18,323)
Deficit/(Surplus) for the year	(124)	(3,647)

When the council tax for the financial year ending 31 March 2014 was set in February 2013, the surplus was estimated at £124,360. The variance of £3,523,125 is attributable to the following:

General Fund		Underspending/slippage ()		
Actual to Original Estimate			Overspending+	
Services	Reason for variance	%	£'000	£'000
Housing Benefits	Improving economic conditions resulting in lower benefits demand, high overpayments recovery, lower recharges	(47)	(371)	
Cost of collecting NNDR	Lower recharges and income	(249)	(113)	
Discretionary NNDR relief	change to accounting treatment	(100)	(118)	
Cost of collecting council tax	Higher recharges	16	91	
Democratic Representation	Lower recharges;reduced service costs and expenses	(7)	(82)	
Policy and Performance	Lower recharges: lower expenditure on service costs and expenses	(57)	(77)	
Refuse Collection and Recycling	Reduced contractor costs and recharges offset by higher recharges	(3)	(93)	
Northstowe	Preapplication fees not received in 2013-14	207	113	
Development Control	Higher planning fees received	(48)	(811)	
Conservation	Higher service costs and recharges	138	245	
Economic Development	Lower recharges; lower expenditure and income on service (£50k broadband)	(58)	(113)	
Growth Agenda	Lower recharges	(18)	(110)	
Arts Development	Lower recharges;reduced service costs and expenses	(44)	(57)	
Net cuts/savings	now allocated to services	100	20	
Reduction for vacancies	now allocated to services	100	450	
				(1,026)
Precautionary Items	Contingency not needed	(100)	(75)	
Retained Business Rates	Lower levy due to increased appeals provision	(64)	(1,874)	
Other grant	Additional grant	(46)	(370)	
Formula Grant		(2)	(54)	
New Homes Bonus		2	56	
Other items individually under £50,000				(180)
				(3,523)
Less underspendings in 2013-14 which will now be incurred in 2014-15				(96)
				(3,619)

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	3,526	3,862
Management and services	5,940	5,630
Depreciation of fixed assets	10,378	10,378
Capital Asset Charges Accounting Adjustment	(4,836)	(4,830)
Transfer to reserves	2,500	4,000
Interest payable	7,193	7,193
Capital expenditure met from revenue	4,068	2,549
Other	159	108
	<u>28,928</u>	<u>28,890</u>
Income		
Rents and charges	(28,270)	(28,487)
Receipt from General Fund	(146)	(150)
Other	(270)	(291)
Interest	(68)	(27)
	<u>(28,754)</u>	<u>(28,955)</u>
Deficit/(Surplus) for the year	<u>174</u>	<u>(65)</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 2014 were set in February 2013, the estimated rent increase was set in line with government guidance at 3.1% and the deficit was estimated at £174,480. The variance of £239,619 is attributable to the following:

Housing Revenue Account Actual to Original Estimate	Reason for variance	Underspending/slippage()	Overspending+
Services		%	£'000 £'000
Dwellings Rents	Shorter void periods; more new tenants		(213)
Charges for Services and Facilities	Service and recoverable charges; sales		(28)
Repairs and Maintenance	Higher expenditure on non-response		335
Supervision and Management - repairs and maintenance	Repairs administration, supported housing, lower recharges		(310)
			<u>(216)</u>
Interest Payable			0
Capital Expenditure met from revenue	Slippage on new build programme		(1,519)
Transfer to investment/repayment reserve	Additional provision as underspend on capital funding		1,500
Other items individually under £50,000			(5)
			<u>(24)</u>
			<u>(240)</u>

Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £13.20 million. The major part of the programme involved the provision of housing; with £9.75 million being invested in the Council's own housing stock.

Treasury Management

At the 31 March 2014, investments (excluding accrued interest) totalled £29.3 million, an increase of £6.3 million over the previous year-end. These investments produced interest of over £0.43 million, which was used towards the cost of services.

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

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £11.12 million (to be partly offset by a future liability on the Collection Fund) and £2.49 million respectively as at 31 March 2014 - 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 £4.15 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 £19.37 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 £48.245 million as at 31 March 2014 on an IAS 19 basis. With 78% 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 2013-14 was 21.7%. The formal triennial valuation as at 31 March 2013 of assets and liabilities, for the purposes of determining contribution rate to be effective from 31 March 2014, showed a 61% funding level, being the extent to which assets cover liabilities. The Council's five-year financial projections allow for an increase in predicted rates up to a maximum of 25% in view of the Government's intention to review the long-term affordability of public sector pensions.

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

In view of the uncertainty over future pension costs, an additional 3.3% 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 44).

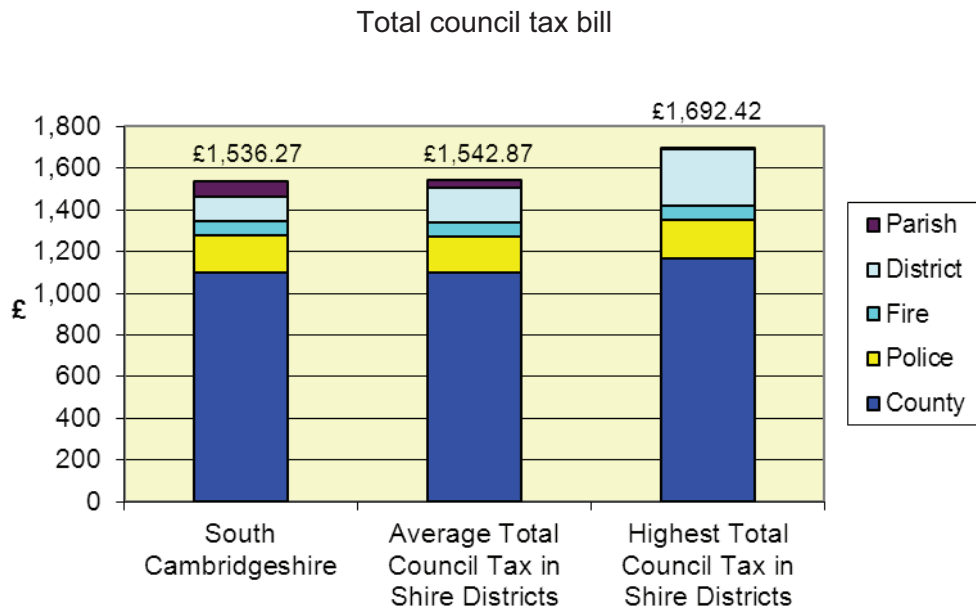
Change in Accounting Policy

Pensions

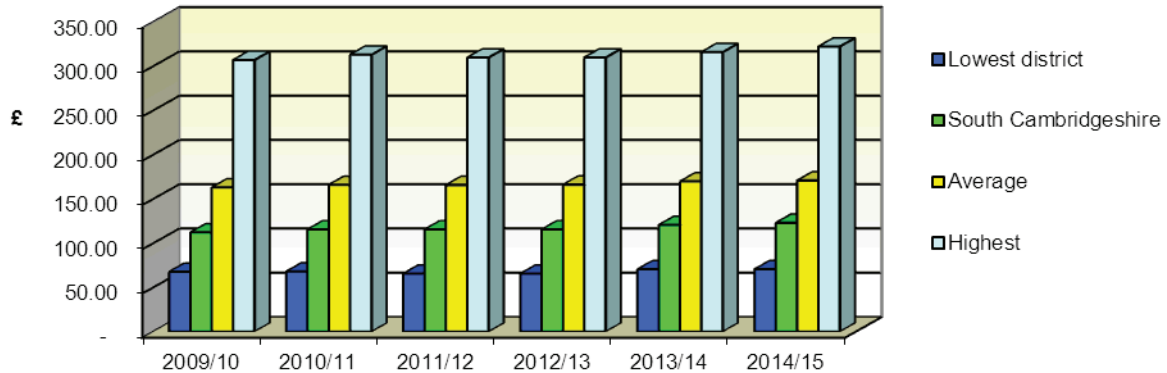
The 2013-14 CIPFA Code includes the amendments to International Accounting Standard (IAS) 19 introduced in 2011, effective from 1 April 2013, these include new classes of components of defined benefit cost to be recognised in the financial statements (i.e. net interest on the defined benefit liability (asset) and remeasurements of the net defined liability (asset)), and, where there is a material impact, new definitions or recognition criteria for service costs, e.g. past service costs and new recognition criteria for termination benefits. This represents a change in accounting policy which has required the restatement of the 2012-13 Comprehensive Income and Expenditure account and notes as it relates to pension.

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 2013-14 was £1,536.27. 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 15th lowest in 2013-14 at £120.46 in a range of £70.46 to £315.81, with the average being £169.73



The ranking is:

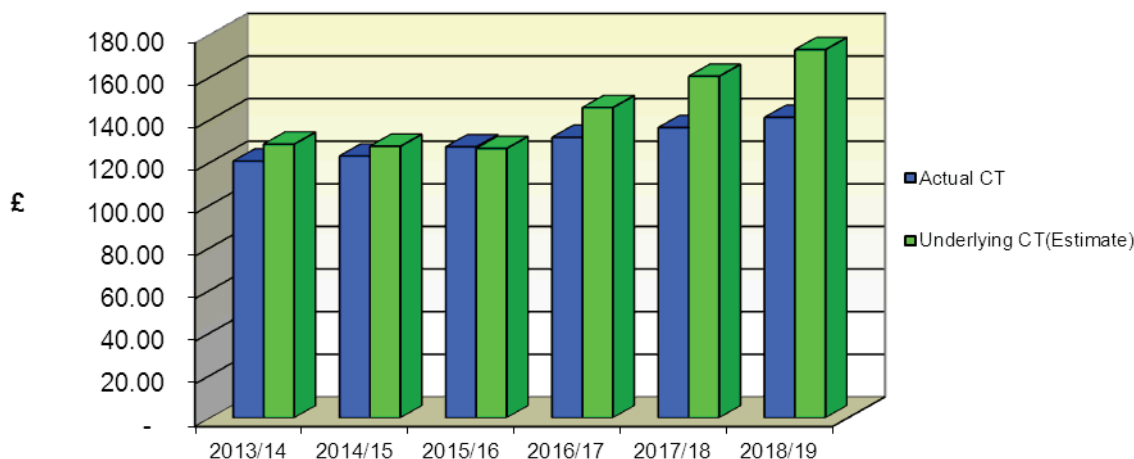
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
South Cambridgeshire	12th lowest	13th lowest	13th lowest	13th lowest	15th lowest	17th lowest
Total number of shire districts	201	201	201	201	201	201

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

Current and future developments

Council Tax

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



Localised Council Tax Support Scheme

From 1 April 2013, as a result of the Government welfare reforms, Council Tax Benefit was replaced and each local authority has designed their individual Council Tax Support Scheme. These reforms saw the end of the council tax benefit scheme through which our less well-off residents were able to get help towards the cost of meeting their council tax bill. Until then, council tax benefit had been funded entirely through national funds but the government concluded that this system was too expensive in the current financial climate and that, in some circumstances, it operated as a disincentive to claimants to seek employment. From April therefore, district councils were required to design and implement their particular localised council tax support schemes (LCTSS). 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 also decided to grant equivalent discounts for certain vulnerable groups (principally the disabled, their carers and some families with very young children). All other claimants received discounts that were broadly equivalent to at least 91.5% of the current benefits receivable. To partially offset the impact of the new LCTSS, the district council took the opportunity to cease discounts granted to owners of second and empty homes.

Like the district and county councils, most parish councils, therefore, saw 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 gave the major precepting authorities a new fixed grant equivalent to 90% of the cost of the current benefit scheme. The district council paid a share of this grant to parish councils in 2013 to compensate for the loss in tax base.

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 came into effect on 1 April 2013, at which time the Council assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which will include

amounts that were paid over to central Government in respect of 2012-13 and prior years. A provision for these liabilities has been recognised in the 2013-14 accounts.

Reporting Cycle

The General Fund and Housing Revenue Account estimates are presented to Cabinet and Council for approval every year, in February, and are published on the Council website at: <http://scams.moderngov.co.uk/ieListDocuments.aspx?CId=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://scams.moderngov.co.uk/mqListPlans.aspx?RPId=293&bcr=1>

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

Corporate plan

The Council has published its Aims and Objectives for 2014-15 and the Corporate Plan for 2014-19 on its website at: <https://www.scams.gov.uk/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 2014 being 151,100. 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.



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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 extreme 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; and
- illegal traveller encampments/developments.

Affordable housing

Following on from the Housing Revenue Account self-financing debt settlement at the end of March 2012, the Council has now embarked upon a new build development programme, with four new properties being completed and tenanted in 2013. The programme will continue in 2014-15 with the addition of an estimated 30 properties.

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



New homes for Linton (2013)

South Cambs Ltd

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 were no transactions during 2013-14. In April 2014 the Council acquired the lease for 28 properties in Waterbeach enabling the company to support the Council's aim for the provision of additional affordable housing in the district; further additions are planned later in the year.

City Deal

Government has invited a number of cities to propose deals that change or widen their powers to enable or unblock growth. The City Deal initiative is a proposal focussing on connecting homes and jobs via improved infrastructure, funding will be in three stages payable on results achieved with the first stage expected 2015/16 – 2019/20. South Cambridgeshire is part of a partnership with Cambridge City Council, Cambridgeshire County Council, GCGP Local Enterprise Partnership and Cambridge University the intention is to form a Combined Authority with a commitment to borrow to fund the required transport infrastructure for the area.

Community Infrastructure Levy

The Community Infrastructure Levy (CIL) is 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. Consultation on the draft charging schedule will begin in April 2014.

Auditor's Opinion

The Statement of Accounts has been issued subject to audit.

Alex Colyer
Executive Director and Chief Finance Officer

Dated: 13 June 2014

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 2014 and its income and expenditure for the year then ended.

Alex Colyer
Executive Director (Corporate Services) as Chief Financial Officer
Dated: 13 June 2014

I confirm that these accounts were approved by the Corporate Governance Committee held on 26 September 2014.

Chairman of the Corporate Governance Committee

Dated: 26 September 2014

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

Main Financial Statements

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

Movement in Reserves

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

	2012-13 restated for IAS 19 adjustments*	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 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)*	5	1,505,844	0	(12,986,194)	0	0	0	(11,480,350)	0	(11,480,350)
Other comprehensive expenditure and income*		0	0	0	0	0	0	0	688,790	688,790
Total comprehensive income and expenditure		1,505,844	0	(12,986,194)	0	0	0	(11,480,350)	688,790	(10,791,560)
Adjustments between accounting basis and funding basis under regulations*	5	(1,744,042)	0	8,748,674	0	(1,635,337)	31,894	5,401,189	(5,401,189)	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	6	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)
Movement in reserves during 2013-14										
Deficit / (Surplus) on provision of services (accounting basis)	5	773,968	0	(10,980,862)	0	0	0	(10,206,894)	0	(10,206,894)
Other comprehensive expenditure and income		0	0	0	0	0	0	0	5,507,712	5,507,712
Total comprehensive income and expenditure		773,968	0	(10,980,862)	0	0	0	(10,206,894)	5,507,712	(4,699,182)
Adjustments between accounting basis and funding basis under regulations	5	(5,519,656)	0	6,915,723	0	(836,276)	5,948	565,739	(565,739)	0
Net (increase) / decrease before transfers to earmarked reserves		(4,745,688)	0	(4,065,139)	0	(836,276)	5,948	(9,641,155)	4,941,973	(4,699,182)
Transfers (to) / from earmarked reserves	6/46	1,109,580	(1,109,580)	4,000,000	(4,000,000)	0	0	0	0	0
Increase / Decrease in year		(3,636,108)	(1,109,580)	(65,139)	(4,000,000)	(836,276)	5,948	(9,641,155)	4,941,973	(4,699,182)
Balance as at 31st March 2014		(11,121,096)	(4,148,538)	(2,492,614)	(8,500,000)	(3,568,492)	(584,180)	(30,414,920)	(139,326,877)	(169,741,797)

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.

	2012-13	2012-13	Restated	2012-13	2013-14	2013-14	2013-14	2013-14
	Gross	Gross	2012-13	Gross	Gross	Gross	Gross	Net
	Expenditure	Income	Net	Expenditure	Income	Expenditure	Income	Expenditure
	£	£	£	£	£	£	£	£
	2,687,075	(99,149)	2,587,926	2,680,195	(110,049)	2,570,146		
	8,779,491	(7,534,240)	1,245,251	2,148,717	(937,458)	1,211,259		
	615,994	0	615,994	922,624	(60,062)	862,562		
	7,996,870	(2,523,852)	5,473,018	7,759,433	(2,219,470)	5,539,963		
	5,668,884	(1,693,436)	3,975,448	5,649,853	(2,272,367)	3,377,486		
	37,783	(361)	37,422	58,908	(1,116)	57,792		
	580,052	(138,384)	441,668	509,890	(74,991)	434,899		
	28,725,501	(28,479,366)	246,135	29,053,261	(28,946,682)	106,579		
	968,360	(526,845)	441,515	1,193,941	(487,691)	706,250		
	25,021	0	25,021	25,647	(255)	25,392		
	126,478	(480,649)	(354,171)	653,194	(490,624)	162,570		
	141,544	0	141,544	132,034	0	132,034		
	0	(28,000)	(28,000)	0	(93,000)	(93,000)		
	56,353,053	(41,504,282)	14,848,771	50,787,697	(35,693,765)	15,093,932		
	7,278,101	(27,732,525)	(20,454,424)	11,622,894	(28,927,505)	(17,304,611)		
	63,631,154	(69,236,807)	(5,605,653)	62,410,591	(64,621,270)	(2,210,679)		
Net cost of services								
Other operating expenditure			4,199,745		Note 7	3,457,570		
Financing and investment income and expenditure			8,413,113 *		Note 8	8,797,242		
Taxation and non-specific grant income			(18,487,555)		Note 9	(20,251,028)		
Surplus or deficit on the provision of services			(11,480,350)			(10,206,895)		
(Surplus)/deficit on revaluation of non-current assets			(3,288,210)			4,800,713		
Actuarial (gain)/loss on pension assets and liabilities			3,977,000 *		Note 23	707,000		
Total comprehensive income and expenditure			(10,791,560)			(4,699,182)		

Balance Sheet

31 March 2013			31 March 2014
£		Notes	£
396,143,688	Property, Plant and Equipment	29	397,638,404
624,665	Heritage Assets	29	0
307,952	Intangible Assets	27	284,244
2,000,110	Long Term Investments	38	2,000,110
379,716	Long Term Debtors		332,057
399,456,131	Long Term Assets		400,254,815
21,201,018	Short Term Investments	38	25,126,957
57,491	Inventories	31	47,069
2,778,268	Short Term Debtors	32	4,062,138
614,712	Cash and Cash Equivalents	16	2,654,990
1,255,934	Assets held for sale	29	807,071
25,907,423	Current Assets		32,698,225
(883,465)	Cash and cash equivalents	16	(723,069)
(8,670,274)	Short Term Creditors	33	(8,887,438)
(219,400)	Provisions	34	(221,318)
(9,773,139)	Current Liabilities		(9,831,825)
(45,424,800)	Other Long Term Liabilities	23/39	(48,256,418)
(205,123,000)	Long Term Borrowing	39	(205,123,000)
(250,547,800)	Long Term Liabilities		(253,379,418)
165,042,615	Net Assets		169,741,797
(20,773,765)	Usable reserves	11	(30,414,920)
(144,268,850)	Unusable reserves	12	(139,326,877)
(165,042,615)	Total Reserves		(169,741,797)

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'.

Signed:

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

Dated: 13 June 2014

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.

2012-13 £		Note	2013-14 £
	Cash Flows from operating activities		
(96,715,192)	Cash receipts		(86,059,122)
<u>75,600,063</u>	Cash payments		<u>59,736,479</u>
(21,115,129)	Net cash flows from Operating Activities	13	(26,322,643)
12,646,427	Investing Activities	14	10,199,136
<u>8,818,244</u>	Financing Activities	15	<u>13,922,833</u>
349,542	Net increase or decrease in cash and cash equivalents		(2,200,674)
(80,789)	Cash and cash equivalents at the beginning of the reporting period		268,753
<u>268,753</u>	Cash and cash equivalents at the end of the reporting period	16	<u>(1,931,921)</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 2013-14 and the Service Reporting Code of Practice 2013-14 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. Other long term benefits are those benefits not falling wholly before twelve months after the end of the annual reporting period and are accounted for in the same manner as defined benefit post-employment benefits.

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.

Other long term benefits

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

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and, are charged on an accruals basis to the relevant service account or, where applicable, to Non Distributed Costs in the Comprehensive Income and Expenditure account at the earlier of when the authority can no longer withdraw the offer of those benefits, or when the authority recognises the costs for a restructuring that is within the scope of the Code and involves the payment of termination benefits.

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

Post-employment benefits

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

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

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

- the Authority's share of the assets of the pension fund are included in the balance sheet at their fair value being

quoted securities	current bid price
unquoted securities	professional estimate
unitised securities	current bid price
property	market value;
- the change in the net pensions liability is analysed into seven components:
 - i. current service cost being the increase in liabilities as a result of the years of service earned in the current year where the cost is allocated in the comprehensive income and expenditure account to the services on which the employees worked;
 - ii. past service cost being the increase or decrease in liabilities arising from decisions in the current year affecting liabilities incurred in past years where the cost is charged or credited to non-distributed costs in the comprehensive income and expenditure account;
 - iii. net interest on the net defined benefit liability (asset), that is, the net interest expense for the authority being the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged where the cost is charged to financing and investment income and expenditure in the comprehensive income and expenditure Statement.;

Remeasurements comprising:

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

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

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

Discretionary benefits

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

g. Events After the Reporting Period

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

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

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

h. Financial Instruments

Financial liabilities

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

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

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-ringfenced 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 and Long-Term Contracts

Inventories are included in the balance sheet at the lower of cost or net realisable value. Long-term contracts are accounted for on the basis of charging the relevant service in the comprehensive income and expenditure statement with the value of works and services received under the contract during the financial year.

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.

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

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

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

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. The full cost of overheads and support services are charged out to users in proportion to the benefits received, with the exception of:

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

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

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 from the General Fund balance to the Capital adjustment account then reverses out the charge so that there is no impact on the council tax.

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

The following are the accounting policies that have been issued but not yet adopted by the Council at the Balance Sheet date:

IFRS 10 – Consolidated Financial Statements

The standard establishes principles for the presentation and preparation of consolidated financial statements when the Council controls one or more entities. This standard is not applicable to the Council, at this time, as it does not exert control over any other entities, this will be kept under review.

IFRS 11 – Joint Arrangements

This standard outlines the accounting required by the Council in respect of jointly controlling an arrangement. Joint control involves the contractually agreed sharing of control and arrangements subject to joint control that are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounts for accordingly).

The Council is in a joint arrangement with Huntingdonshire District Council and Cambridge City Council in respect of the Cambs Home Improvement Agency;

whose role is to approve Disabled Facilities Grants. The Council's interest is not material.

IFRS 12 – Disclosure of Interests in Other Entities

A consolidation disclosure standard that requires a wide range of disclosure about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated "structure entities".

The applicability of this standard will be in line with IFRS 11 – Joint Arrangements.

IFRS 13 Fair value measurement

IAS 27 – Separate Financial Statements

This standard outlines the accounting and disclosure requirements for 'separate financial statements', which are financial statements prepared by a parent or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements.

It is considered that this standard will have limited applicability to the Council.

IAS 28 - Investments in Associates and Joint Ventures

This standard outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those policies).

The applicability of this standard will be in line with IFRS 11 – Joint Arrangements.

IAS 32 Financial Instruments: Presentation

This standard outlines the accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

As a presentational change this will be applicable to 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, this includes a degree of uncertainty about the levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision or through changes to arrangements for service provision.

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

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

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

Pensions Liability

The main item in the Council's balance sheet as at 31 March 2014 for which there is a significant risk of material adjustment is the estimation of the pension liability by a consulting Actuary engaged by the pension fund administrator, Cambridgeshire County Council.

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

Change in assumption	2013/14 Increase in liability (£ million)	2012/13 Increase in liability (£ million)
0.5% decrease in real discount rate	11.86	9.69
1 year increase in member life expectancy	3.78	3.09
0.5% increase in salary increase rate	3.5	2.42
0.5% increase in pensions increase rate	8.21	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 £450,913 for every year that useful lives had to be reduced.

Business Rates

Following the introduction of the business rates retention scheme which came into effect from 1 April 2013 the Authority, acting as agent on behalf of the major preceptors, central government and itself is required to make provision for refunding ratepayers who have

successfully appealed against the rateable value of their properties on the rating list, this includes amounts relating to non-domestic rates charged to businesses in 2012-13 and earlier financial years. The Council has estimated an amount, included in the collection fund which is considered to reflect the present obligation.

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

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

Restated 2012-13 £	General Fund	2013-14 £
	Reversal of items included in the Comprehensive Income and Expenditure Account	
(740,844)	Depreciation of non-current assets	(813,588)
(17,627)	Impairment of non-current assets	0
975,133	Reversal of impairment of non-current assets	565,703
(306,248)	Revenue expenditure funded from capital under statute	(526,197)
(35,137)	Net gain/(loss) on sale of non-current assets	(15,979)
(1,485,767) *	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(1,745,762)
42,965	Amount by which council tax and non domestic rating income in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	(2,785,389)
14,394	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	3,998
	Insertion of items not included in the Comprehensive Income and Expenditure Account	
(355,972)	Transfer from Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	(395,851)
31,406	Capital expenditure charged against the General Fund	57,487
133,655	Statutory provision for financing of capital investment	135,922
<u>(1,744,042)</u>	Total adjustments	<u>(5,519,656)</u>
	Housing Revenue Account	
	Reversal of items included in the Comprehensive Income and Expenditure Account	
11,505,731	Reversal of Impairment of non-current assets (net)	7,873,983
(4,608,699)	Excess of depreciation over major repairs allowance element of housing subsidy	(4,829,666)
109,850	Capital Grants and contributions applied to capital financing	412,578
378,325	Net gain/(loss) on sale of non-current assets	1,353,880
(312,233) *	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(438,238)
(5,308)	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	(5,916)
	Insertion of items not included in the Comprehensive Income and Expenditure Account	
1,681,008	Capital expenditure charged against the Housing Revenue Account	2,549,102
<u>8,748,674</u>	Total adjustments	<u>6,915,723</u>
	Capital Receipts Reserve	
(4,226,319)	Transfer of sale proceeds credited to net gain/loss on disposal of non-current assets in the Comprehensive Income and Expenditure Statement	(5,576,383)
1,968,155	Use of Capital Receipts Reserve to finance new capital expenditure	4,364,788
266,855	Capital receipts transferred to reserves	(20,531)
355,972	Use of Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	395,851
<u>(1,635,337)</u>	Total adjustments	<u>(836,275)</u>
<u>5,369,295</u>	Total adjustments	<u>559,792</u>

Movement in other comprehensive income and expenditure

Decrease / (Increase) 2012-13 £		Decrease / (Increase) 2013-14 £
	Movement in Unusable Reserves	
(2,788,167)	Revaluation Reserve	4,998,419
(7,540,835)	Capital Adjustment Account	(5,673,160)
5,696,000	Pensions Reserve	2,846,000
(42,965)	Collection Fund Adjustment Account	2,785,389
(27,346)	Deferred Capital Receipts	(16,593)
	Accumulating Compensated Absences Adjustment Account	1,918
<u>(4,712,399)</u>		<u>4,941,973</u>
	Adjustment between accounting basis and funding basis under regulations	
(1,744,042)	General Fund	(5,519,656)
8,748,674	Housing Revenue Account	6,915,723
(1,635,337)	Capital Receipts	(836,275)
31,894	Capital Grants Unapplied	5,948
<u>5,401,189</u>		<u>565,740</u>
<u>688,790</u>		<u>5,507,713</u>

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

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

	31 March 2012 £	Transfers out 2012-13	Transfers in 2012-13	31 March 2013 £	Transfers out 2013-14	Transfers in 2013-14	31 March 2014 £
Capital							
Preservation of Historic Buildings Fund	(54,622)	0	0	(54,622)	19,876	0	(34,746)
Arts Grants	(73,390)	105,915	(40,000)	(7,475)	1,000	0	(6,475)
Dual Use Recreational Facilities	(22,648)	22,648	0	0	0	0	0
Community Development	(153,247)	87,189	(249,789)	(315,847)	121,213	0	(194,634)
Sports Development	(167,288)	92,393	(100,000)	(174,895)	95,062	0	(79,833)
Other	(192,820)	53,642	(27,256)	(166,434)	35,712	(84,860)	(215,582)
Revenue							
Conservation Reserves	(668)	0	0	(668)	0	0	(668)
Building Control Reserve	(142,581)	24,213	0	(118,368)	0	(27,964)	(146,332)
Arts Reserve	(4,979)	0	0	(4,979)	4,978	0	(1)
Planning Reserve	(712,287)	326,530	(100,036)	(485,793)	335,252	(179,461)	(330,002)
Community Safety & Grants Reserve	(13,355)	4,000	(4,500)	(13,855)	2,500		(11,355)
Sports Reserve	(12,185)	10,000	0	(2,185)	135	(4,650)	(6,700)
Travellers Reserve	(703,931)	48,913	(61,890)	(716,908)	20,848	(75,160)	(771,220)
Infrastructure	0	0	0	0	0	(849,370)	(849,370)
Additional Pension Reserve -Notes 23/47	(195,937)	0	(290,968)	(486,905)	0	(348,373)	(835,278)
Other	(461,733)	14,634	(42,925)	(490,024)	21,613	(197,931)	(666,342)
	(2,911,671)	790,077	(917,364)	(3,038,958)	658,189	(1,767,769)	(4,148,538)
Total - Capital	(664,015)	361,787	(417,045)	(719,273)	272,863	(84,860)	(531,270)
Revenue	(2,247,656)	428,290	(500,319)	(2,319,685)	385,326	(1,682,909)	(3,617,268)
	(2,911,671)	790,077	(917,364)	(3,038,958)	658,189	(1,767,769)	(4,148,538)

7 Comprehensive Income and Expenditure Statement - Other Operating Expenditure

2012-13 Net Expenditure £	Other operating expenditure	Note	2013-14 Net Expenditure £
4,039,148	Precepts of Local Precepting Authorities		4,233,499
147,813	Internal Drainage Boards		166,121
355,972	Payment to the Government for Housing Pooled		395,851
(343,188)	Capital receipts		(1,337,901)
	Loss (Gain) on disposal of non-current assets	5	
4,199,745			3,457,570

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

2012-13 Restated Net Expenditure £	Financing and investment income and expenditure	Note	2013-14 Net Expenditure £
1,900,000	* Pensions interest cost and expected return on pension assets	23	2,043,000
7,192,805	Interest Payable		7,192,805
(679,692)	Interest and investment income		(438,563)
8,413,113			8,797,242

9 Comprehensive Income and Expenditure Statement - Taxation

2012-13 Net Expenditure £	Taxation and non-specific grant income and expenditure	Note	2013-14 Net Expenditure £
(11,035,199)	Income from Council Tax		(11,268,449)
(5,309,295)	Business rates income and expenditure		(1,899,535)
(2,033,211)	Non-ringfenced Government Grants	36	(6,670,466)
(109,850)	Capital Grants and contributions		(412,578)
(18,487,555)			(20,251,028)

10 Material items of income and expenditure

There are no material items in the comprehensive income and expenditure statement in 2013-14.

11 Usable Reserves

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

2012-13 £		Note	2013-14 £
(2,732,216)	Usable Capital Receipts Reserve		(3,568,492)
(3,038,958)	Earmarked Reserve-General fund	6	(4,148,538)
(4,500,000)	Earmarked Reserve-Housing Revenue Account	46	(8,500,000)
(590,128)	Capital Grants Unapplied		(584,180)
(7,484,988)	General Fund		(11,121,096)
(2,427,475)	Housing Revenue Account		(2,492,614)
(20,773,765)			(30,414,920)

Usable Capital Receipts Reserve

2012-13 £		2013-14 £
(1,096,879)	Balance at 1 April	(2,732,216)
(4,226,319)	Capital receipts received	(5,576,383)
1,968,155	Capital receipts applied	4,364,788
355,972	Payments to DCLG	395,851
266,855	Transfers to/ (from) reserves	(20,532)
(2,732,216)	Balance at 31 March	(3,568,492)

Capital Grants Unapplied

2012-13		2013-14
£		£
(584,050)	Planning Delivery Grant	(584,050)
(5,800)	Council Tax - efficiency changes	0
(278)	Other	(130)
(590,128)		(584,180)

12 Unusable Reserves

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

2012-13		2013-14
£		£
(17,708,665)	Revaluation Reserve	(12,710,246)
(172,104,072)	Capital Adjustment Account	(177,777,232)
45,399,000	Pensions Reserve	48,245,000
(833)	Collection Fund Adjustment Account	2,784,556
(73,680)	Deferred Capital Receipts	(90,273)
219,400	Accumulated Absences	221,318
(144,268,850)		(139,326,877)

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.

2012-13 £		2013-14 £
(14,920,498)	Balance at 1 April	(17,708,665)
(16,490,474)	Revaluation gains	(13,633,049)
12,380,887	Reversal of impairment	10,857,808
326,312	Revaluation impairment	7,081,885
586,508	Release of revaluation gains on disposal	138,498
408,600	Depreciation adjustment	553,277
(17,708,665)	Balance at 31 March	(12,710,246)

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.

2012-13 £		2013-14 £
(164,563,237)	Balance at 1 April	(172,104,072)
	Capital expenditure financed from;	
(1,968,155)	Capital Receipts	(3,952,210)
(1,737,386)	Revenue	(2,678,422)
(966,499)	Grants and Reserves	(1,196,387)
(5,512,300)	Major Repairs Allowance	(5,548,118)
(133,655)	Internal financing	(135,922)
(586,508)	Write out of revaluation gain on disposal	(138,498)
3,827,115	Disposal of assets	3,662,652
10,802,042	Depreciation, amortisation and impairment	13,834,994
(12,380,887)	Reversal of impairment on revaluation	(10,857,809)
1,115,398	Write out of revenue expenditure funded from capital under statute and loans repaid	1,336,559
(172,104,072)	Balance at 31 March	(177,777,233)

Pensions Reserve

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

2012-13 £		2013-14 £
	Note	
39,703,000	Balance at 1 April	45,399,000
3,977,000	Remeasurements of the net defined benefit liability/(asset)	707,000
4,181,000	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account	4,705,000
(2,462,000)	Employers pensions contributions and direct payments to pensioners payable in the year	(2,566,000)
45,399,000	Balance at 31 March	48,245,000

Collection Fund Adjustment Account

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

2012-13 £		2013-14 £
42,132	Balance at 1 April	(833)
	Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory requirements	
0		2,886,649
	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	
(42,965)		(101,260)
(833)	Balance at 31 March	2,784,556

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.

2012-13 £		2013-14 £
228,486	Balance at 1 April	219,400
	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	
(9,086)		1,918
219,400	Balance at 31 March	221,318

13 Operating Activities

The cash flows for operating activities include the following items:

2012-13 £		2013-14 £	2013-14 £
(34,600,303)	Housing Benefit grant	(26,521,798)	
(15,240,351)	Cash received for goods and services	(7,981,218)	
(25,646,855)	Housing rents	(27,310,468)	
(11,017,196)	Council tax receipts - Council and Parish share	(11,147,016)	
(5,309,295)	Council share of National Non-Domestic Rates from National pool	0	
0	Business rates Council share	(4,871,492)	
(2,427,658)	Other grants and contributions	(1,630,639)	
(1,793,842)	Revenue Support Grant/New Homes Bonus	(6,091,756)	
(679,692)	Interest received	(439,687)	
0	Collection Fund -Council share	(65,048)	(86,059,122)
20,985,987	Housing Benefit	14,551,519	
4,039,148	Parish Precepts	4,233,499	
15,747,250	Cash paid to and on behalf of employees	17,202,691	
33,127,923	Other operating cash payments	22,070,109	
1,084,388	Revenue funded from capital under statute	1,304,433	
602,062	Payments to the Capital Receipts Pool	374,228	
13,305	Collection Fund -Council share	0	59,736,479
(21,115,129)	Net cash flows from operating activities		(26,322,643)

14 Investing Activities

The cash flows for investing activities include the following items:

2012-13 £		2013-14 £
9,260,990	Purchase of property, plant and equipment and intangible assets	11,897,238
47,513,535	Purchase of Short-term and long-term investments	256,080,955
(39,872,219)	Proceeds from short-term and long-term investments	(252,155,016)
(4,226,319)	Proceeds from the sale of property, plant and equipment	(5,576,382)
(29,560)	Other receipts from investing activities	(47,659)
12,646,427		10,199,136

15 Financing Activities

2012-13		2013-14
£		£
1,625,439	Other receipts from financing activities	6,730,028
7,192,805	Other payments for financing activities	7,192,805
8,818,244		13,922,833

16 Cash and Cash Equivalents

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

2012-13		2013-14
£		£
(349,542)	(Increase) /decrease in cash	2,200,674
(349,542)	Increase in net debt from cash flow	2,200,674
80,789	Net debt at 1 April	(268,753)
(268,753)		1,931,921
Net debt at 31 March		1,931,921

17 Amounts Reported for Resource Allocation 2013-14

For the year ended 31st March 2014

The income and expenditure by service in the Comprehensive Income and Expenditure Statement has to be analysed on the basis set out in the Best Value Accounting Code of Practice. Internal management reporting is on the basis of Portfolios as set out below and this basis is then reconciled to the net cost of services and to the surplus or deficit on the provision of services in 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	(494,298)	(2,146,625)	(465,086)	(28,641,102)	0	(2,397,709)	0	(53,355)	(510,942)	(109,299)	(34,818,416)	0	(20,540)	(16,847)	0	(27,771,020)	0	0	0	0
Government grants	(27,678,877)	0	(54,756)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total income	(28,173,175)	(2,146,625)	(519,842)	(28,641,102)	(2,397,709)	0	(73,895)	(527,789)	(109,299)	(62,589,436)	0	0	0	0	0	0	0	0	0	0
Employee expenses	324,959	53,835	0	731,482	0	0	0	0	0	0	1,110,276	0	0	0	0	0	0	0	0	0
Other service expenses	27,213,821	5,296,666	683,615	8,657,598	604,303	0	297,488	773,439	302,421	43,854,981	0	0	0	0	0	0	0	0	0	0
Operational and support service recharges	2,502,397	2,132,412	1,049,863	3,896,857	3,510,201	0	247,286	1,321,954	1,527,452	16,330,570	0	0	0	0	0	0	0	0	0	0
Financing, depreciation, etc.	0	282,593	74,122	8,097,220	16,073	0	3,569	0	0	8,473,577	0	0	0	0	0	0	0	0	0	0
Interest payments	0	0	0	7,192,805	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total expenditure	30,041,177	7,765,506	1,807,600	28,575,962	4,130,577	0	548,343	2,095,393	1,829,873	76,962,209	0	0	0	0	0	0	0	0	0	0
Net expenditure	1,868,002	5,618,881	1,287,758	(65,140)	1,732,868	167,778	474,448	1,567,604	1,720,574	14,372,773	0	0	0	0	0	0	0	0	0	0

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

Cost of services on Segmental Reporting (Portfolio) basis	14,372,773
Additional segments not included in the Portfolio analysis	1,127,385
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	(4,360,300)
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(13,350,537)
Net cost of services	(2,210,679)

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

	Portfolio analysis	Services not in analysis	Not reported in management	Comp I & E	Not included in Allocation of recharges	Net cost of services	Corporate amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(34,818,416)	0	0	26,798	(285,610)	(35,077,228)	0	(35,077,228)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(438,563)	(438,563)
Income from council tax	0	0	0	0	0	0	(11,268,449)	(11,268,449)
Business rates income and expenditure	0	0	0	0	0	0	(1,899,535)	(1,899,535)
Government grants and contributions	(27,771,020)	0	0	54,756	0	(27,716,264)	(7,083,045)	(34,799,309)
Total Income	(62,589,436)	0	0	81,554	(285,610)	(62,793,492)	(20,689,592)	(83,483,084)
Employee expenses	1,110,276	0	142,918	(348,373)	15,917,998	16,822,819	2,043,000	18,865,819
Other service expenses	43,854,981	1,127,385	(893,198)	(3,341,811)	485,149	41,232,506	0	41,232,506
Operational and support service recharges	16,330,570	0	0	0	(16,550,092)	(219,522)	0	(219,522)
Financing, depreciation, etc.	8,473,577	0	(3,610,020)	(2,549,102)	432,555	2,747,010	0	2,747,010
Interest payments	7,192,805	0	0	(7,192,805)	0	0	7,192,805	7,192,805
Precepts & levies	0	0	0	0	0	0	4,399,621	4,399,621
Payments to housing capital receipts pool	0	0	0	0	0	0	395,851	395,851
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	(1,337,901)	(1,337,901)
Total operating expenses	76,962,209	1,127,385	(4,360,300)	(13,432,091)	285,610	60,582,813	12,693,376	73,276,189
Surplus or deficit on the provision of services	14,372,773	1,127,385	(4,360,300)	(13,350,537)	0	(2,210,679)	(7,996,216)	(10,206,895)

Amounts Reported for Resource Allocation 2012-13

For the year ended 31 March 2013

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

Portfolio:	Finance and Environmental Services		Housing General Fund		Housing Revenue A/c		Planning and Economic Development		Northstowe		Leader		Corporate and Customer Services		Planning Policy & Localism		Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Fees, charges and other service income	(387,927)	(2,074,622)	(507,545)	(27,427,345)	(1,668,846)	(290,074)	(67,550)	(32,879,490)	(90,384)	(34,013,730)	(365,197)	(90,384)	(66,893,220)					
Government grants	(33,908,023)	0	(55,167)	0	0	0	(50,540)	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)	(290,074)	(118,090)	(66,893,220)	(90,384)	(34,013,730)	(365,197)	(90,384)	(66,893,220)					
Employee expenses	135,991	13,889	0	750,726	0	0	0	900,606	0	0	0	0	900,606					
Other service expenses	33,457,995	5,184,421	711,584	9,033,447	317,611	141,703	311,735	50,176,606	262,969	1,615,467	755,141	262,969	50,176,606					
Operational and support service recharges	2,778,190	2,242,181	1,038,823	3,532,214	3,508,305	148,371	278,996	16,568,123	1,623,155	7,487,524	1,417,888	1,623,155	16,568,123					
Financing, depreciation, etc.	1,400	215,495	70,922	7,180,634	16,073	0	3,000	7,487,524	0	0	0	0	7,487,524					
Interest payments	0	0	0	7,192,805	0	0	0	7,192,805	0	0	0	0	7,192,805					
Total expenditure	36,373,576	7,655,986	1,821,329	27,689,826	3,841,989	290,074	593,731	82,330,064	2,173,029	1,890,524	1,807,832	1,800,140	15,436,844					
Net expenditure	2,077,626	5,581,364	1,258,617	262,481	2,173,143	0	475,641	15,436,844	1,807,832	1,800,140	1,807,832	1,800,140	15,436,844					

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

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

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

	Portfolio analysis		Services not in management analysis		Not reported to management		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	0	0	(33,150,422)	
Surplus or deficit on associates and joint ventures	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	0	
Income from council tax	0	0	0	0	0	0	0	0	0	0	(679,692)	(679,692)	(679,692)	
Government grants and contributions	(34,013,730)	0	0	50,470	0	(33,963,260)	0	0	0	0	(11,035,199)	(11,035,199)	(11,035,199)	
Total Income	(66,893,220)	0	0	65,148	(285,610)	(67,113,682)	0	0	(33,963,260)	0	(19,167,245)	(86,280,927)	(86,280,927)	
Employee expenses	900,606	0	(111,086)	(290,968)	16,035,982	16,534,534	1,900,000	18,434,534	1,900,000	18,434,534	1,900,000	18,434,534	18,434,534	
Other service expenses	50,176,606	52,828	(320,149)	(3,709,921)	385,196	46,584,560	0	46,584,560	0	46,584,560	0	46,584,560	46,584,560	
Operational and support service recharges	16,568,123	0	0	0	(16,568,123)	0	0	0	0	0	0	0	0	
Financing, depreciation, etc.	7,487,524	0	(7,854,538)	(1,681,008)	432,555	(1,615,467)	0	(1,615,467)	0	(1,615,467)	0	(1,615,467)	(1,615,467)	
Interest payments	7,197,205	0	0	(7,192,805)	0	4,400	0	4,400	0	4,400	0	4,400	4,400	
Precepts & levies	0	0	0	0	0	0	0	0	0	0	0	0	0	
Payments to housing capital receipts pool	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total operating expenses	82,330,064	52,828	(8,285,773)	(12,874,702)	285,610	61,508,027	0	61,508,027	0	61,508,027	13,292,550	74,800,577	74,800,577	
Surplus or deficit on the provision of services	15,436,844	52,828	(8,285,773)	(12,809,554)	0	(5,605,655)	0	(5,605,655)	0	(5,605,655)	(5,874,695)	(11,480,350)	(11,480,350)	

18 Acquired and Discontinued Operations

There are no transactions to report under these headings in 2013-14 or in 2012-13.

19 Trading Operations

2012-13	Direct Labour Organisation	2013-14
£		£
6,908	Building Maintenance Turnover	0
6,908	(Surplus)/ Deficit	0
6,908	Total (Surplus)/ Deficit	0

20 Members Allowances

The total of Members' allowances paid in the year was £369,759 (£363,269 in 2012-13). 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	2013-14 number of employees	2012-13 number of employees
£50,000 - £54,999	6	3
£55,000 - £59,999	4	2
£60,000 - £64,999	1	1
£65,000 – £69,999	2	2
£70,000 - £74,999	0	0
£75,000 – £79,999	0	0
£80,000 - £84,999	0	1

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

Exit Packages

Exit packages are those that have been agreed by the Authority, i.e. those packages for which the Authority is demonstrably committed and, have been paid in 2013-14 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	
	2012-13	2013-14	2012-13	2013-14	2012-13 £	2013-14 £
£0 - £20,000	4	4	0	0	45,672	50,161
£20,001 - £40,000	5	0	0	1	149,356	24,935
£40,001- £60,000	0	3	0	0	0	153,431
£60,001 - £80,000	0	2	0	0	0	129,788
Total	9	9	0	1	195,028	358,315

Senior Officer Remuneration

In 2013-14 Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year were:

		Actual Salary Paid		Returning Officer Fees		Election Fees		Benefits in Kind etc.		Compensation for loss of office		Total Remuneration excluding pension contributions		Total Remuneration including pension contributions	
		£	£	£	£	£	£	£	£	£	£	£	£	£	£
Chief Executive	2013-14	121,200	12,398	0	0	0	0	0	0	0	0	133,598	26,300	159,898	
	2012-13	120,000	13,549	0	0	0	0	0	0	0	0	133,549	26,108	159,657	
Executive Director¹ (Operational Services)	2013-14	0	0	0	0	0	0	0	0	0	0	0	0	0	
	2012-13	12,525	0	0	3,955	0	50,291	66,771	1,860	68,630					
Executive Director (Corporate Services)	2013-14	104,001	0	340	0	0	0	104,341	22,568	126,909					
	2012-13	102,835	0	655	0	0	0	103,490	22,315	125,805					
Director of Health & Environmental Services	2013-14	76,640	0	0	0	0	0	76,640	16,631	93,271					
	2012-13	73,243	0	0	0	0	0	73,243	15,894	89,137					
Director of Housing	2013-14	76,640	0	0	0	0	0	76,640	0	76,640					
	2012-13	73,243	0	0	0	0	0	73,243	0	73,243					
Director of New Communities & Planning	2013-14	76,640	0	0	0	0	0	76,640	16,631	93,271					
	2012-13	73,243	0	0	0	0	0	73,243	15,894	89,137					

Executive Director¹

date of termination of service: 30 April 2012

22 External Audit Costs

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

2012-13		2013-14
£		£
68,400	Auditing Fee	68,400
16,150	Certifying grant claims and returns	15,600
84,550		84,000

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.

Transactions Relating to Post-Employment Benefits:

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

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

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Cost of Services:				
Service cost comprising:				
Current service cost	2,633	2,189	0	0
Past service cost	0	0	29	92
Financing and Investment Income and Expenditure				
Net interest expense	2,043	1,900	0	0
Total Post-employment Benefits charged to the surplus or deficit on the Provision of Services	4,676	4,089	29	92

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on scheme assets (excluding the amount included in the net interest expense)	(2,659)	(6,432)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(2,368)	0	0	0
Actuarial gains and losses arising on changes in financial assumptions	5,376	10,476	0	0
Other	358	(67)	0	0
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	707	3,977	0	0

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Movement in Reserves Statement				
Reversal of net charges made to the surplus or deficit on the Provision of Services for post-employment benefits in accordance with the Code	(4,676)	(4,089)	(29)	(92)
Actual amount charged against the General Fund Balance for pensions in the year:	2,399	2,263	122	120
Employers' contributions payable to scheme	(2,277)	(1,826)		
Retirement benefits payable to pensioners			93	28

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Present value of the defined benefit obligation	(123,835)	(115,725)	(2,022)	(2,069)
Fair value of scheme assets	77,615	72,408	0	0
Sub-total	(46,220)	(43,317)	(2,022)	(2,069)
Other movements in the liability (asset):				
Less capital contribution to early retirement included in scheme assets	(29)	(68)	0	0
Liability for cost of early retirement shown separately under creditors in the balance sheet	26	55	0	0
Net liability arising from the defined benefit obligation	(46,223)	(43,330)	(2,022)	(2,069)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Opening fair value of scheme assets	72,408	63,267	0	0
Interest income	3,241	3,029	0	0
Remeasurement gain/(loss):				
The return on scheme assets, excluding the amount included in the net interest expense	2,659	6,432	0	0
The effect of changes in foreign exchange rates				
Contributions from employer	2,428	2,331	0	0
Contributions from employees into the scheme	705	697	0	0
Benefits paid	(3,826)	(3,348)	(122)	(120)
Contributions in respect of unfunded benefits	0	0	122	120
Closing fair value of scheme assets	77,615	72,408	0	0

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

	Funded Liabilities:		Unfunded Liabilities:	
	Local Government Pension Scheme		Discretionary Benefits	
	£,000		£,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Opening balance at 1 April	(115,725)	(100,849)	(2,069)	(2,097)
Current Service cost:	(2,633)	(2,189)	0	0
Interest cost	(5,284)	(4,929)	0	0
Contributions from scheme participants	(705)	(697)	0	0
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from demographic assumptions	2,368	0	0	0
Actuarial gains/losses arising from changes in financial assumption	(5,376)	(10,476)	0	0
Other	(306)	67	(46)	0
Past service cost:				
Losses/(gains) on curtailment	0	0	(29)	(92)
Benefits paid	3,826	3,348	122	120
Closing balance at 31 March	(123,835)	(115,725)	(2,022)	(2,069)

Local Government Pension Scheme Assets comprised:

	Fair value of scheme assets	
	2013/14 £,000	2012/13 £,000
Cash and cash equivalents	1,034.8	1,736.9
1 & 2 Equity securities (by industry type):		
Consumer	6,777.0	6,792.7
Manufacturing	6,405.2	5,834.8
Energy and Utilities	2,750.5	2,506.7
Financial Institutions	7,830.1	5,978.5
Health and care	2,288.3	2,053.4
Information Technology	4,641.2	3,664.6
Other	215.5	270.6
Sub-total equity	30,907.8	27,101.3
Private equity:		
3 All (UK & Overseas)	4,617.0	4,978.2
Sub-total private equity	4,617.0	4,978.2
1 Investment funds and Unit Trusts		
Equities	24,956.5	24,910.5
Bonds	11,830.9	8,574.6
Other	4,268.2	5,106.4
Sub-total other investment funds	41,055.6	38,591.5
Total assets	77,615.2	72,407.9

1 All scheme assets have quoted prices in active markets

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

3 Quoted prices not in active markets

	Fair value of scheme assets	
	2013/14 %	2012/13 %
Equity instruments		
Equity Securities	40%	37%
Private equity	6%	7%
Investment funds and Unit Trusts	53%	54%
Sub-total equity instruments	99%	98%
Cash and cash equivalents	1%	2%
	100%	100%

Basis for Estimating Assets and Liabilities

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

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

The significant assumptions used by the actuary have been:

Local Government Pension Scheme		
assumptions		
	2013/04	2012/13
Long-term expected rate of return on assets in the scheme:		
Equity investments	4.3%	4.5%
Bonds	4.3%	4.5%
Other	4.3%	4.5%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.5 years	21.0 years
Women	24.5 years	23.8 years
Longevity at 65 for future pensioners:		
Men	24.4 years	22.9 years
Women	26.9 years	25.7 years
Rate of inflation	2.8%	2.8%
Rate of increase in salaries	4.6%	5.1%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.3%	4.5%

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

Impact on the Defined Benefit Obligation in the Scheme at 31 March 2014:		
	Increase in Assumption £,000	Decrease in Assumption £,000
Longevity (increase or decrease in year 1)	3,776	0
Rate of increase in salaries (increase by 0.5%)	3,511	0
Rate of increase in pensions (increase by 0.5%)	8,205	0
Rate for discounting scheme liabilities (increase by 0.5%)	11,859	0

Impact on the Authority's Cash Flows

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

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

The estimated contributions by the employer in 2013-14 are £2,504,000. In addition, the employer has contributed approximately £348,373 in 2013-14 to an internal reserve.

The weighted average duration of the defined benefit obligation for scheme members is 18.5 years.

24 Events after the Balance Sheet Date

The un-audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 13 June 2014. 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 2013-14 is shown in Note 20.

In 2013-14, 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 2013-14.

The Council has no operating leases. Payments of £1,015,548 in respect of vehicle contract hire were made in 2013-14 (£1,041,833 in 2012-13).

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

2012-13		2013-14
£		£
953,099	Not later than one year	757,901
2,096,488	Later than one year and not later than five years	1,284,597
3,049,587		2,042,498

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 £99,777 charged to revenue in 2013-14 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 2013-14 £	Intangible Assets 2012-13 £
Balance at start of year		
Gross carrying amount	573,664	497,554
accumulated amortisation	(265,712)	(188,708)
Net carrying amount at start of year	307,952	308,846
Additions		
Purchases	76,069	76,110
Amortisation for the period	(99,777)	(77,004)
Net carrying amount at end of year	284,244	307,952
Comprising:		
Gross carrying amounts	649,733	573,664
Accumulated depreciation	(365,489)	(265,712)
	284,244	307,952

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:

	2013-14 £	2012-13 £
Council dwellings		
Impairment	9,180,020	382,977
Charge to Revaluation Reserve	(6,958,297)	(623,228)
Reversal	(10,276,148)	(11,385,716)
Other Land and Buildings		
Impairment	122,465	141,959
Charge to Revaluation Reserve	(46,330)	(110,866)
Reversal	(562,315)	(322,518)
Vehicles, Plant and Equipment		
Impairment	0	7,344
Reversal	0	0
Infrastructure		
Impairment	119,752	108,889
Heritage Assets		
Impairment	624,665	0
Charge to Revaluation Reserve	(624,665)	0
Surplus assets not held for sale		
Impairment	6,382	10,575
Charge to Revaluation Reserve	(5,870)	0
Reversal	(19,345)	(672,653)

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 2013-14

	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 2013	372,528,369	21,363,707	5,430,568	95,404	60,152	399,478,200
Inter-asset transfer	(56,940)	56,940	0	0	0	0
Additions	9,749,439	249,320	557,456	119,752	325	10,676,292
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(4,616,198)	577,802	0	0	30,535	(4,007,861)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,221,723)	(76,136)	0	(119,752)	(512)	(2,418,123)
Derecognition-disposals	(2,022,767)	(49,605)	0	0	0	(2,072,372)
At March 2014	373,360,180	22,122,028	5,988,024	95,404	90,500	401,656,136
Accumulated Depreciation and impairment						
At 1 April 2013	0	(185,304)	(3,081,536)	(67,672)	0	(3,334,512)
Depreciation Charge	(10,371,466)	(484,371)	(449,980)	(11,277)	0	(11,317,094)
Depreciation written out to the Revaluation Reserve	546,218	3,537	0	0	0	549,755
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,825,248	258,871	0	0	0	10,084,119
Derecognition-disposals	0	0	0	0	0	0
At March 2014	0	(407,267)	(3,531,516)	(78,949)	0	(4,017,732)
Net Book Value						
At March 2013	372,528,369	21,178,403	2,349,032	27,732	60,152	396,143,688
At March 2014	373,360,180	21,714,761	2,456,508	16,455	90,500	397,638,404

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

Surplus assets held for sale

	Assets held for sale 2013-14 £	Assets held for sale 2012-13 £
Cost or valuation		
At 1 April	1,255,934	0
Inter-asset transfer	624,665	471,939
Additions	1,144,878	1,571,427
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(628,126)	5,870
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	662,078
Derecognition-disposals	(1,590,280)	(1,455,380)
At March	807,071	1,255,934
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 March	0	0
Net Book Value		
Opening balance	1,255,934	0
Closing balance	807,071	1,255,934

Heritage Assets

Heritage assets are those assets that are intended to be held in trust for future generations because of their cultural, environmental or historical associations and include historical buildings, civic regalia and works of art.

Heritage assets held include St Denys' Church, East Hatley which is owned and maintained by the Council and is included in the Council's accounts at insurance valuation, the property has been transferred to assets held for sale, in accordance with the Statement of Accounting Policies. Other heritage assets held include civic regalia, Landbeach Tithe Barn, a woven wall hanging and two vases, these items not considered to be of material value.

	Heritage Assets 2013-14 £	Heritage Assets 2012-13 £	Heritage Assets 2011-12 £	Heritage Assets 2010-11 £	Heritage Assets 2009-10 £
Valuation					
At 1 April	624,665	624,665	609,429	580,409	552,770
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	15,236	29,020	27,639
Transfer to surplus assets held for sale	(624,665)				
At 31 March	0	624,665	624,665	609,429	580,409
Accumulated impairment					
At 1 April	0	0	0	0	0
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0
At 31 March	0	0	0	0	0
Net Book Value					
Opening balance	624,665	624,665	609,429	580,409	552,770
Closing balance	0	624,665	624,665	609,429	580,409

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 2014 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 2014 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 40. In the event that the dwellings are transferred to a housing association, then the valuation method for such a transfer is entirely different and produces a much lower valuation.

An analysis of non-current assets is:

31 March 2013 (numbers)		31 March 2014 (numbers)
5,457	Council dwellings (HRA & GF)	5,442
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	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 2014 were £0.601 million on Housing and £0.799 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:

	2013-14 £	2012-13 £
Opening capital financing requirement	208,825,538	208,827,712
Expenditure		
Intangible assets	76,069	76,110
Non-current assets	11,821,169	9,184,883
Revenue funded from capital under statute (REFCUS)	1,304,433	1,084,388
Long term debtors	0	1,450
Financing		
Capital Receipts	(3,984,335)	(1,999,165)
Revenue	(2,795,939)	(1,737,386)
Grant and contributions	(691,615)	(448,668)
Major Repairs Allowance	(5,548,118)	(5,512,300)
Reserves	(504,772)	(517,831)
Minimum Revenue Provision	<u>(135,922)</u>	<u>(133,655)</u>
	(459,030)	(2,174)
Internal financing from Housing capital receipts	694,478	0
Closing capital financing requirement	209,060,986	208,825,538
Increase/(decrease) in underlying need to borrow	235,448	(2,174)

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.

	2013-14 £	2012-13 £
Balance as at 1 April	0	0
Improvement Grants	774,914	618,679
Other	529,519	465,709
Written out	(1,304,433)	(1,084,388)
Balance as at 31 March	0	0

31 Inventories

The Council's inventories at 31 March are shown below:

2012-13 £		2013-14 £
51,137	DSO - Recycling and refuse bins and sacks	38,167
1,910	Catering	1,882
4,444	Post	7,472
0	Fuel	(452)
57,491		47,069

32 Short Term Debtors

31 March 2013	Debtors	31 March 2014
£		£
586,856	Government Departments - other	675,161
192,109	Government Departments - Business Rates	3,608,311
129,176	Council Tax	143,668
0	Business rates	500,364
364,607	Housing Rents	429,733
63,918	Cambridgeshire County Council	751,732
0	Cambridgeshire Fire Authority	72,166
0	Cambridge City Council	70,000
3,070,451	Sundry Debtors	1,558,839
4,407,117		7,809,974
	Provision for Doubtful Debts	
(53,585)	Council Tax -District Council share	(316,302)
0	Business Rates- District Council share	(1,662,850)
(316,067)	Housing	(339,778)
(1,259,197)	Sundry Debtors	(1,428,906)
(1,628,849)		(3,747,836)
2,778,268	Total Debtors	4,062,138

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 2013 £		31 March 2014 £
(1,278,829)	Government Departments - other	(657,078)
0	Government Departments - Business Rates	0
(88,064)	Council Tax	(110,143)
0	Business Rates	(471,776)
(207,338)	Housing Rents	(640,752)
(524,674)	Cambridgeshire County Council	(616,500)
(11,638)	Cambridgeshire Police Authority	(93,501)
(4,476)	Cambridgeshire Fire Authority	(33,358)
(88,042)	Cambridge City Council	(14,301)
(4,703,882)	Sundry Creditors	(3,915,922)
(206,716)	Provision	(177,702)
(1,556,615) **	Developers Contributions	(2,156,405)
(8,670,274)	Total Creditors	(8,887,438)

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 2013 £	Movement during year £	Balance at 31 March 2014 £
Capital			
Commuted Sums	(81,989)	0	(81,989)
Partnership works on Awarded Watercourses	(307,236)	(7,762)	(314,998)
Drainage	0	(20,220)	(20,220)
Affordable Housing S106	(975,753)	(546,575)	(1,522,328)
Revenue			
Sustainability S106 Orchard Park	(68,908)		(68,908)
Public Art S106 Orchard Park	(77,094)	27,450	(49,644)
Community Development S106	(11,517)		(11,517)
Electoral Arrangements	(7,216)	(8,749)	(15,965)
Waste Management	(26,902)	(43,934)	(70,836)
	(1,556,615)	(599,790)	(2,156,405)
Capital	(1,364,978)	(574,557)	(1,939,535)
Revenue	(191,637)	(25,233)	(216,870)
	(1,556,615)	(599,790)	(2,156,405)

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 £221,318 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 296 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 73 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.

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 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 approximately £135,861 plus interest and costs. This 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 2013-14.

2012-13 £		2013-14 £
	Credited to services	
	Department for Work and Pensions	
(33,854,723)	Housing Benefit Administration, Discretionary and Fraud	(27,742,850)
	Cabinet Office	
0	Electoral registration	(16,847)
	Department for Environment, Food and Rural Affairs	
0	Section 31 Grant	(7,131)
	Department of Communities and Local Government	
(217,420)	NDR Cost of Collection Allowance	(218,656)
(5,258)	Homelessness	0
(3,000)	Council tax /Business Rates	(49,411)
(306,910)	Improvement Grant	(248,717)
	Cambridgeshire County Council	
(20,540)	Building Safer, Stronger Communities Fund	0
(30,000)	LPSA Reward Grant	0
(864,925)	Other contributions	(39,885)
	Cambridge Horizons and Department of Communities and Local Government	
(195,074)	Growth Agenda/ New Communities	0
	Private Sector	
(219,487)	S106 contributions	(25,750)
0	Other	(19,702)
(252,961)	Contributions from other authorities	(425,830)
(35,970,298)		(28,794,779)
	Credited to Taxation and Non-specific Grant Income	
	Department of Communities and Local Government	
(102,919)	Revenue Support Grant	(3,425,857)
(1,690,923)	New Homes Bonus	(2,665,899)
0	Other non-ringfenced Government Grant	(523,954)
(13,420)	New Burdens	0
(175,479)	Council Tax Freeze Grant	0
(50,470)	Local Services Support Grant	(54,756)
(2,033,211)		(6,670,466)

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 £324,542 as at 31 March 2014 (£356,667 in 2012-13).

Categories of Financial Instrument

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

	Long Term		Current	
	31 March 2014 £,000	31 March 2013 £,000	31 March 2014 £,000	31 March 2013 £,000
Investments				
Loans and receivables	2,000	2,000	25,127	20,932
Debtors				
Loans and receivables	0	0	2,300	3,499
Borrowings				
Long term borrowing	(205,123)	(205,123)	0	0
Creditors and receipts in advance				
Financial liabilities at amortised cost	0	0	(4,988)	(5,059)
	(203,123)	(203,123)	22,439	19,372

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.

	2013-14		2012-13	
	Financial liabilities at amortised cost £	Financial Assets, loans & receivables £	Financial liabilities at amortised cost £	Financial Assets, loans & receivables £
Interest expense	7,192,805	0	7,192,805	0
Total expense in surplus or deficit on the provision of services	7,192,805	0	7,192,805	0
Interest income		(438,563)	0	(679,682)
Total income in surplus or deficit on the provision of services	0	(438,563)	0	(679,682)

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 2014 of 3.36% to 3.37% (2.94% to 3.13% at 31 March 2013) 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 2014		31 March 2013	
	Carrying amount £,000	Fair value £,000	Carrying amount £,000	Fair value £,000
Financial liabilities at amortised cost				
Creditors and receipts in advance	(4,988)	(4,988)	(5,059)	(5,059)
Long term borrowing	(205,123)	(209,804)	(205,123)	(223,481)
Loans and receivables				
Current debtors	2,300	2,300	3,499	3,499
Current investments	25,127	25,127	20,932	20,932
Long term investments	2,000	2,000	2,000	2,000

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

The financial risks arising from financial instruments are:

a) Credit Risk

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

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

Where sums are owed by the Council's customers and contractual debtors the Council makes provision for doubtful debt, detailed in Note 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 2013 £		31 March 2014 £
	Local Authorities	
17,111,906	Clearing Banks	15,099,502
0	Banks, other	2,504,842
75,694	Money Market Funds	1,380,662
	Building Societies with assets:	
6,089,112	greater than £10,000 million	9,521,932
0	between £1,500 million and £5,000 million	1,000,725
110	Government Securities	110
<u>23,276,822</u>		<u>29,507,773</u>
	Less:	
(75,694)	Cash and cash equivalents	(2,380,706)
<u>23,201,128</u>	Total	<u>27,127,067</u>
	Principal Investments analysed by maturity	
21,000,000	2013/14	0
2,000,000	2014/15	27,000,000
110	Government Securities	110
<u>23,000,110</u>		<u>27,000,110</u>
201,018	Accrued interest	126,957
<u>23,201,128</u>		<u>27,127,067</u>

39 Long Term Liabilities

2012-13 £		Note	2013-14 £
(45,399,000)	Liability related to defined benefit pension scheme	23	(48,245,000)
(25,800)	Deferred Liability -Pension		(11,418)
<hr/>			
(45,424,800)			(48,256,418)
(205,123,000)	Borrowing for HRA Self Financing		(205,123,000)
<hr/>			
(250,547,800)			(253,379,418)

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 in 25 years	25,000
Repayable within 30 years	50,000
Repayable within 35 years	50,000
Repayable within 40 years	50,000
Repayable within 45 years	30,123
Total commitment	205,123

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.

Restated * 2012-13		£	2013-14	£
	INCOME			
(25,433,115)	Dwelling Rents (Gross)	(26,703,252)		
(379,956)	Non-dwelling Rents (Gross)	(382,405)		
(1,559,110)	Charges for Services and Facilities	<u>(1,401,018)</u>		(28,486,675)
	Contributions towards expenditure			
(150,344)	General Fund	(149,614)		
(210,000)	Other Sources	<u>(291,216)</u>		(440,830)
<u>(27,732,525)</u>	Total Income			<u>(28,927,505)</u>
	EXPENDITURE			
3,686,006	Repairs and Maintenance			3,860,700
	Supervision and Management			
1,807,240	General			1,868,236
712,512	Repairs and Maintenance			988,910
2,261,370	Special Services			2,123,673
103,223	Rent, Rates and Other Charges			169,094
(1,384,732)	Depreciation and impairment of Non-Current Assets	Notes 40 & 43		2,503,800
6,908	Transfer of DLO deficit			0
27,050	Treasury Management Costs			28,611
58,524	Increased/(Decreased) Provision for Bad or Doubtful Debt			79,870
<u>7,278,101</u>	Total Expenditure			<u>11,622,894</u>
	Net Expenditure or Income of HRA Services as included in the whole authority			
<u>(20,454,424)</u>	Income and Expenditure Account			<u>(17,304,611)</u>
453,393	HRA services share of Corporate and Democratic Core			530,996
(1,349)	Mortgage Interest			(1,125)
<u>(20,002,380)</u>	Net Expenditure or Income of HRA Services			<u>(16,774,740)</u>
(378,325)	Loss/(Gain) on sale of HRA non-current assets	Note 5		(1,353,880)
7,192,805	Interest payable on Self Financing Debt	Note 8		7,192,805
(13,329)	Interest and Investment Income			(25,673)
	Pensions Interest Cost and Expected Return on			
324,887 *	Pension Assets			393,202
(109,850)	Capital grants and contributions	Note 5		(412,578)
<u>(12,986,192)</u>	Deficit/(surplus) for the year on HRA services			<u>(10,980,864)</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;

Restated 2012-13 £		Note	2013-14 £
(12,986,192)	(Surplus)/deficit for the year on the HRA Income and Expenditure Account		(10,980,864)
(5,308)	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute		(5,916)
11,505,731	Impairment taken to Capital Adjustment Account		7,873,983
378,325	(Loss)/gain on sale of HRA non-current assets		1,353,880
(312,234) *	HRA share of contributions to the Pensions Reserve		(438,238)
(4,608,699)	Transfer from Major Repairs Reserve/Capital Asset Accounting Adjustment		(4,829,666)
1,681,008	Capital expenditure funded by the Housing Revenue Account		2,549,102
109,850	Adjustments between accounting basis and funding basis under statute	5	412,578
(4,237,519)	Net increase or decrease before transfers to or from reserves		(4,065,141)
4,500,000	Transfer to reserves	46	4,000,000
262,481	Decrease/(increase) in the Housing Revenue Account balance for the year		(65,141)
(2,689,954)	Housing Revenue Account balance brought forward		(2,427,473)
(2,427,473)	Housing Revenue Account balance carried forward		(2,492,614)

The Collection Fund

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

Council Tax 2012-13 £		Business Rates 2013-14 £	Council Tax 2013-14 £	Total 2013-14 £
	Income			
(84,580,062)	Council Tax Receivable	0	(89,310,516)	(89,310,516)
(6,197,010)	Transfers from General Fund Council Tax Benefits	0	0	0
(65,310,765)	Business Rates Receivable	(67,576,796)		(67,576,796)
		(67,576,796)	(89,310,516)	(156,887,312)
	Expenditure			
	<i>Apportionment of previous years surplus/ (deficit)</i>			
0	Central Government	0	0	0
(382,742)	Cambridgeshire County Council	0	(79,178)	(79,178)
(21,139)	Cambridgeshire & Peterborough Fire Authority	0	(4,354)	(4,354)
(61,938)	Cambridgeshire Police Authority	0	(12,810)	(12,810)
(66,074)	South Cambridgeshire District Council	0	(13,352)	(13,352)
		0	(109,694)	(109,694)
	<i>Precepts, Demands and Shares</i>			0
65,093,345	Payment to National Pool	0	0	0
0	Central Government	35,060,758	0	35,060,758
65,574,369	Cambridgeshire County Council	6,310,936	63,320,139	69,631,075
3,605,633	Cambridgeshire & Peterborough Fire Authority	701,215	3,698,812	4,400,027
10,608,986	Cambridgeshire Police Authority	0	10,241,669	10,241,669
7,019,160	South Cambridgeshire District Council	28,048,606	6,947,042	34,995,648
4,039,148	Special Expenses- Parish Precepts	0	4,233,499	4,233,499
		70,121,515	88,441,161	158,562,676
	<i>Charges to Collection Fund</i>			
82,468	Write offs of uncollectable amounts	394,875	136,309	531,184
41,370	Increase/ (Decrease) in bad debt provision	57,511	38,029	95,540
0	Increase/(Decrease) in Provision for Appeals	4,000,861	0	4,000,861
217,420	Cost of Collection	218,656	0	218,656
		4,671,903	174,338	4,846,241
(337,831)	(Surplus)/ Deficit arising during the year	7,216,622	(804,711)	6,411,911
335,198	(Surplus)/ Deficit at brought forward 1 April	0	(2,633)	(2,633)
(2,633)	(Surplus)/ Deficit at carried forward 31 March	7,216,622	(807,344)	6,409,278

Collection Fund balance:

Attribution of (surplus) / deficit carried forward:

2012-13		Business Rates	Council Tax	
£		2013-14	2013-14	2013-14
		£	£	£
0	Central Government	3,608,311	0	3,608,311
(1,255)	Cambridgeshire County Council	649,496	(578,213)	71,283
(345)	Cambridgeshire & Peterborough Fire Authority	72,166	(33,538)	38,628
(200)	Cambridgeshire Police Authority	0	(93,501)	(93,501)
(1,800)		4,329,973	(705,252)	3,624,721
(833)	District Council	2,886,649	(102,092)	2,784,557
(2,633)	Deficit/(Surplus)	7,216,622	(807,344)	6,409,278

The surplus relating to council tax transactions and deficit relating to business rates due to Central Government, Cambridgeshire County Council, Cambridgeshire Police Authority and Cambridgeshire Fire Authority on the Collection Fund as at 31 March 2014 is included as a creditor or debtor in the Council's Balance Sheet and will be distributed in subsequent financial years.

Notes to Supplementary Statements

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

- **Notes to the Collection Fund**

Notes to the Housing Revenue Account (HRA)

40 Housing stock

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

	As at 31 March 2013	Conversions/ transfers during year	Additions during year	Disposals/ adjustments during year	As at 31 March 2014
1 Bedroom	1,074	0	7	(3)	1,078
2 Bedroom	2,296	2	10	(4)	2,304
3 Bedroom	1,947	(4)	1	(21)	1,923
4 or more bedrooms	78	1	0	0	79
	5,395	(1)	18	(28)	5,384

Disposals	
Right to Buy	28
Equity Share	0
Other	0
	28

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

31 March 2013			31 March 2014	
Asset value	Depreciation		Asset value	Depreciation
£	£	Note	£	£
Property, Plant and Equipment				
372,528,369	10,114,332		373,360,180	10,371,466
	(10,114,332)	29		(10,371,466)
4,296,000	6,667		4,418,750	6,318
	(6,667)			(6,318)
60,150	0	29	90,500	0
376,884,519	0		377,869,430	0

In 2013-14, depreciation on buildings is based on the asset lives as assessed by the District Valuer. Land is not depreciated.

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

The value of council dwellings (Housing Revenue Account) at 31 March 2014, based on vacant possession, was £957,333,850.

41 Capital expenditure, financing and receipts

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

	2013-14 £	2012-13 £
Opening capital financing requirement	205,123,000	205,123,000
Expenditure		
Acquisition of land	325	0
New build - dwellings	391,443	
Acquisition of existing dwellings	2,188,712	357,110
Improvement of housing stock and other buildings	7,514,517	6,891,329
Financing		
Capital Receipts	(1,680,000)	(30,277)
* Revenue	(2,454,301)	(1,596,012)
Grant and contributions	(412,578)	(109,850)
Major Repairs Allowance	(5,548,118)	(5,512,300)
GF Internal Financing	(694,478)	0
	(694,478)	0
Closing capital financing requirement	204,428,522	205,123,000

*In addition, £94,801 was spent relating to the HRA contribution to capital expenditure on IT and software, and £14,104 charged to the General Fund relating to other improvements.

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

	2013-14 £	2012-13 £
Sale of Land	113,600	95,565
Sale of dwellings		
Right to Buy	3,449,379	2,514,810
Other	0	156,163
	3,562,979	2,766,538

42 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.

2012-13 £		2013-14 £	2013-14 £
	Operational assets		
	Impairment charged to Housing Revenue Income and Expenditure Account (net)	(7,873,658)	
(11,505,731)	Impairment charged to Revaluation Reserve	<u>7,003,647</u>	
<u>733,802</u>			(870,011)
	Non-operational assets		
	Impairment charged to Housing Revenue Income and Expenditure Account (net)	(325)	
0	Impairment charged to Revaluation Reserve	<u>0</u>	
			(325)
<u>(10,771,929)</u>			<u>(870,336)</u>

2012-13 £		2012-13 £
	Impairment charged to Housing Revenue Income and Expenditure Account (net)	(7,873,983)
(11,505,731)	Impairment charged to Revaluation Reserve	<u>7,003,647</u>
<u>733,802</u>		<u>(870,336)</u>
	Operational and Non-operational assets	
	Impairment	9,422,562
633,825	Impairment reversal	<u>(10,292,898)</u>
<u>(11,405,754)</u>		<u>(870,336)</u>
<u>(10,771,929)</u>		

43 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.

2012-13	2013-14
£	£
0 Balance at 1 April	0
<hr/>	
(10,120,999) Transfer to Capital Adjustment Account	(10,377,784)
4,608,699 Amount transferred to Statement of Movement on the HRA balance	4,829,666
5,512,300 HRA Capital expenditure charged to Major Repairs Reserve	5,548,118
<hr/>	
0 Balance at 31 March	0
<hr/>	

44 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 3.3% of pensionable pay has been charged against the Housing Revenue Account and placed in a reserve for use in future years (Note 6).

45 Rent arrears on dwellings

As at 31 March 2013 £		As at 31 March 2014 £	
£364,607	Arrears	£429,733	
1.35%	Arrears as a percentage of gross rents collectable	1.53%	
£270,000	Provision for uncollectable amounts	£300,000	

46 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 2013 £	Transfers out 2013-14 £	Transfers in 2013-14 £	31 March 2014 £
Revenue				
Self-Insurance Reserve	(1,000,000)	0	0	(1,000,000)
Investment/Repayment Reserve	(3,500,000)	0	(4,000,000)	(7,500,000)
	(4,500,000)	0	(4,000,000)	(8,500,000)
Revenue	(4,500,000)	0	(4,000,000)	(8,500,000)
	(4,500,000)	0	(4,000,000)	(8,500,000)

Notes to the Collection Fund Account

47 General

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

48 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	1,517.2	6/9	1,011.4
B	£40,001 - £52,000	5,188.2	7/9	4,035.3
C	£52,001 - £68,000	15,331.6	8/9	13,628.1
D	£68,001 - £88,000	10,461.6	9/9	10,461.6
E	£88,001 - £120,000	9,771.4	11/9	11,942.8
F	£120,001 - £160,000	6,718.3	13/9	9,704.2
G	£160,001 - £320,000	3,837.4	15/9	6,395.7
H	More than £320,000	334.3	18/9	668.6
		<u>53,163.0</u>		<u>57,849.4</u>

Assumed rate of collection 99.5%

Tax base for tax setting purposes (number of Band D equivalent dwellings)	57,560.1
Tax rate for a Band D property	<u>£1,536.27</u>
Estimated income due	<u>£88,427,919</u>

Actual income due	
Net of write offs and provisions	£89,136,179
	<u>£89,136,179</u>

Difference in income due to variations in tax base and rate of collection	<u>£708,260</u>
--	-----------------

49 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 2014 was £173,348,043 and the standard uniform rate was 47.1 pence in the £, and the small business uniform rate 46.2 pence in the £.

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.

The new arrangements for the retention of business rates came into effect on 1 April 2013, at which time the Council assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which includes amounts that were paid over to central Government in respect of 2012-13 and prior years. A provision for these liabilities has been recognised in the 2013-14 accounts.

Glossary of Financial Terms and Abbreviations

Accounting Period

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

Accounting Policies

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

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

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured, and where in the revenue account or balance sheet it is to be presented.

Accounting Standards

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

Accruals

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

Actuarial gains and losses

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

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

Capital Charges

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

Capital Expenditure

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

Capital Receipt

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

Contingent Liabilities

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

Creditors

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

Current Assets

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

Current Liabilities

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

Debtors

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

Defined benefit scheme

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

Depreciation

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

Finance Lease

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

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.

Glossary of Financial Terms and Abbreviations (continued)

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

Agenda Item 7

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee 27 June 2014
AUTHOR/S: Executive Director (Corporate Services)/ Legal and Democratic Services Manager

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2013/14

Purpose

1. To consider and endorse the draft Annual Governance Statement 2013/14 prior to the statement being signed by the Leader and Chief Executive and being included in the statement of accounts for the year ending 31st March 2014.

Recommendations

2. That the Committee:
 - a) considers and approves the draft Annual Governance Statement and notes the information which supports the report;
 - b) notes that the final version of the Statement will be updated following the receipt of the External Auditors Opinion.

Background

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

Considerations

5. The functions of the Corporate Governance Committee include consideration of the AGS prior to its inclusion in the annual statement of accounts. The AGS should explain the governance framework operating during the accounting period, assess the effectiveness of those controls and identify any significant issues and associated actions.
6. The draft AGS is **attached**. It retains the revised format first used for the 2012-2013 AGS, mapping core principles to the Council's performance framework into a simpler, plain English document which presents a strategic overview of good governance, with links and appendices providing the more detailed evidence base.

7. In order to provide better integration between performance and governance, Appendix A to the AGS provides a summary of Corporate Plan achievements during 2013-14.
8. The draft AGS includes the External Audit “unqualified” opinion for 2012/13 that the council has followed the right accounting processes, delivered value for money and that the Council’s finances were adequately presented. The AGS will be updated with the External Audit opinion for 2013/14 when it is received.
9. No “significant” governance issues have been identified in this year’s AGS, which concludes that the council was well-governed during 2013-2014 (This is subject to confirmation by internal audit).

The year ahead

10. There are a number of significant new governance challenges for the council in the year ahead which will need the scrutiny and input of the Corporate Governance Committee, including the City Deal, the council’s Housing Company and possible shared services arrangements with other councils.
11. Two nominees from the Committee have been asked to join a City Deal working group, sitting alongside other members from Scrutiny and Partnerships Review. It is also intended that the Corporate Governance Committee works alongside the auditor to oversee the governance of the Housing Company. Members of the Committee will be invited to get informed and involved in the company’s governance informally over the summer months with a formal report coming to the September meeting, which will ask members to endorse the approach that is being taken to the governance of the company.

Implications

Financial

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

Legal

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

Risk Management

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

Equality and Diversity

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

Effect on Strategic Aims

16. Delivering strategic objectives in an open, accountable and transparent manner provides evidence of strong governance. Improved service performance and a well-run business are key themes running through the Council’s 2013-14 Corporate Plan.

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

Annual Governance Statement 2012/2013

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

Annual Audit Letter 2012/13

Equality Impact Assessment: Initial Screening Document

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**South
Cambridgeshire
District Council**

How did we do in 2013/14?

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

**SCDC's annual assessment of its
governance and performance
during the year
to 31 March 2014**

South Cambridgeshire District Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

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

- :
- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
 - the right **plan of action** (including **vision, aims, approaches and ambitions**); and
 - the right **way of operating** (including openly, honestly and efficiently)
- So that we deliver:
- the **right services**, to the **right people**, at the **right price** and at the **right time**.

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

This guidance 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 focuses 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: surely that gives rise to a conflict of interest? In response, we would say that:

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

This report is written under the authority of the council's Corporate Governance Committee, who will be asked to approve it formally on 26th September 2014. Subject to this approval, it will be signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts on 30th September 2014. It will also be submitted to our external auditors along with our annual accounts in July 2014; the auditors will consider whether the information we've submitted meets their expectations as part of their annual opinion in September 2014.

GOVERNANCE STRUCTURES

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

- **Council**

The Council met eight times. Of the 57 Councillors, the numbers attending were 46, 48, 49, 47, 48, 50, 46, 55 respectively. All meetings of Council were held in open forum and considered reports and recommendations from other committees.

- **Cabinet**

The Cabinet, or Executive, 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. Cabinet met seven times during the year – details of agendas and minutes can be found at <http://scamb.moderngov.co.uk/mgCommitteeDetails.aspx?ID=293>

- **Executive Management Team and structure**

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

EMT meets fortnightly throughout the year, reviewing and approving reports before they are sent on for consideration by Councillors. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. EMT comprises:

- 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; complaints were received about 15 district and parish councillors during the year.

- The Directors of Affordable Homes (Stephen Hills), Health and Environmental Services (Mike Hill) and Planning and New Communities (Jo Mills), are responsible for direct service delivery
- The Head of Finance, Policy and Performance (John Garnham), Deputy Chief Financial Officer
- The Head of Human Resources (Susan Gardner Craig) is responsible for organisational development and the council's policies and procedures relating to its staff

- **Corporate Governance Committee**

This Committee met four 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 four 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 consists of 9 non-Executive members (ie. not members of the Cabinet) whose role is to hold Cabinet decision takers to account, focusing on issues considered as 'internal'.

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

During the year, the Committee met six times and:

- received ongoing updates from the South Cambridgeshire Youth Council;

- scrutinised the annual report of Mears Group PLC, as the company responsible for the Council's social housing maintenance and repairs;
- scrutinised the Medium Term Financial Strategy and the Corporate Plan, before they were considered by Cabinet and Council;
- scrutinised the Communications Strategy;
- considered the implications of the introduction of the Community Infrastructure Levy;
- considered proposals for the use of the Council's redundant ICT equipment, following an informal Member working group;
- considered performance and risk management issues quarterly;
- considered issues relating to shared equity schemes and the Council's Empty Homes Strategy;
- scrutinised proposals for a review of the Council's Conservation Service;
- considered the Council's Enforcement and Inspection Review;
- considered the annual report for the Council's in-house Customer Contact Centre;
- considered the annual report for the Council's newly developed Website;

An annual report of the Council's scrutiny and overview function, consisting of the work of the Partnerships Review Committee and the Scrutiny and Overview Committee, will be presented to the Council's Annual General Meeting on 5 June 2014.

• **Partnerships Review Committee**

The Partnerships Review Committee was introduced to the Council's committee structure at the Annual General Meeting in May 2013. The Committee's remit is mainly externally focused with members scrutinising, challenging and holding decision takers to account on issues relating to the work of those organisations in the council's area, including formal partnerships.

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

- considered the role and function of Local Neighbourhood Policing Panels in its role as the Council's Crime and Disorder Committee and held a question and answer session with senior representatives of Cambridgeshire Police;
- considered the district-wide implications of changes to public health and wellbeing provision in Cambridgeshire;
- considered the Council's approach to equalities partnership working;
- held a question and answer session with the Member of Parliament for Cambridgeshire South;
- considered proposals for a Greater Cambridgeshire City Deal;
- considered aspects of partnership working across the district relating to youth issues and services for children and young people;
- received updates from Members of the Council appointed to outside bodies.

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

• **Policies**

The following table lists the Council's main documents, policies and procedures; 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	March 2014
Anti-Fraud and Corruption Policy	John Garnham	September 2013
Whistleblowing Policy	John Garnham/Fiona McMillan	September 2013
Corporate Plan	Richard May	February 2014
Service Plans	Richard May	March 2014
Statement of Accounts	Sally Smart	June 2013

VISION, AIMS, AND OBJECTIVES

In the introduction to this document, the second thing we said we needed was the right plan of action. During 2013-2014, the Council's Vision was as follows:

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

"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 2013/14 Corporate Plan had three strategic **aims**:

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

For each of these three aims, we set out:

- a number of **approaches** (i.e. how we will go about achieving those aims); and
- 30 specific **actions** (10 under each Aim), performance against which is summarised in Appendix 1.

REPORTING

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that “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.scams.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 Council’s Vision and Objectives mentioned above, we publish:

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

These documents can be found at <http://www.scams.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, the first 3 months of 2013/14 saw the end of a contract we had in place with an external firm (RSM Tenon) to help us. Since 1st July 2013 we have entered into a shared service internal audit arrangement with Cambridge City Council and Peterborough City Council. We commissioned 250 days work and they carried out audits on a number of specific areas that we asked them to investigate. For each area, we asked them to check our policies and procedures; report on a graded system as to how they think each area is doing; and to make recommendations for changes to our procedures. We then accepted or rejected each of their recommendations. Appendix 2 (*will be available June 2014*) includes all the areas they investigated; how many hours they spent doing so; what grading they gave; how many [major/minor] recommendations they made; and how many of these we accepted. In addition, their annual report can be found at:

<http://scams.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 2013-14 (TBA – possibly “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 full report is available here:

<http://scams.moderngov.co.uk/documents/s72255/External%20Audit%20Report.pdf>

- **Other external assurance sources:** During 2013-2014 we carried out a self-assessment against the ‘Excellent’ standard of the Equalities Framework for Local Government, which found much evidence that we are listening to and responding to the needs of our diverse communities and remain a community leader in equalities as an employer and service provider. We were also reassessed by the East of England Local Government Association for the Charter for Elected Member Development and were pleased that we continue to meet the standards for this award.
- **Major Opposition Leader’s annual report:** Another ‘critical friend’ of the Council is the Leader of the largest opposition political party. For SCDC in 2013/14, when the majority of

Councillors were Conservative (29 out of 57), the Major Opposition Leader was Cllr Sebastian Kindersley, leading 13 Liberal Democrats. The Major Opposition Group Leader's Annual statement for 2014 can be found here:

<http://scambsmoderngov.co.uk/documents/s75888/Opposition%20Group%20Leader%20Annual%20Statement.pdf>

There were also seven members of the Independent Group in opposition and two non-group councillors.

Analysis performed for this Governance statement

In drawing up this governance statement, we have reviewed the 30 actions in the Corporate Plan from a governance and performance basis. 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 of Appendix 1.

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

IMPROVEMENTS

Last year (2012-13), we did not identify any significant governance areas which required improvement. This year (2013/14), 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 2013/14, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed

Date:

Leader

Signed

Date:

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 2013/14, the council was well-governed, and performed well.**

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Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
AIM A – We will listen to and engage with residents, parishes and businesses to ensure we deliver first class services and value for money			
<p>A1. Continue to invest in employees and members by carrying out actions in the Organisational and Member Development strategies</p> <p>(Simon Edwards and David Whiteman-Downes / Susan Gardner Craig and Fiona McMillan)</p>	<ul style="list-style-type: none"> • Retained Elected Member Development Charter Status. • Delivered comprehensive Member Development Programme; feedback largely positive. • Supported I-pad roll-out with beginner and intermediate training sessions • Second cohort completed Leadership Development Programme including Business Improvement and Efficiency Programme (see A4 below) Action Learning Projects. • Launched new Buying Additional Annual leave policy and Flexible Retirement policy. • Delivered corporate skills programme to improve the way we communicate with our customers, partners and stakeholders to all staff. 	<ul style="list-style-type: none"> • New Corporate Plan priority action to deliver Organisational and Member Development strategies. • Programme of employee surveys focussing on key aspects of employee engagement and satisfaction. • Revised Performance Development Review (PDR) scheme launched, identifying behaviours which support the Council's Values. 	2,3,5
<p>A2. Maintain financial resilience whilst channelling our resources to create opportunities for investment, sustainable borrowing and economic growth (Simon Edwards / Alex Colyer)</p>	<ul style="list-style-type: none"> • Introduced integrated performance monitoring report combining budget, performance, project and risk information • Underspent on General Fund, Capital and HRA budgets without detriment to service delivery. • Unqualified audit opinion of our 2012/13 accounts issued • Updated Medium Term Financial Strategy agreed in 	<ul style="list-style-type: none"> • Corporate Plan 2014-19 objective to improve efficiency and value for money within a viable financial strategy. • Take forward exciting initiatives with the potential forward large-scale investment and income generation: Housing company pilot scheme and City Deal with government 	4

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
	<p>February 2014, developed to take into account 25% cuts in central government funding for the third successive year.</p> <ul style="list-style-type: none"> £5 million of efficiency savings delivered over the past four years. 		
A3. Ensure best use of Council assets and benefit from opportunities to achieve efficiencies from working together (Simon Edwards / Alex Colyer)	<ul style="list-style-type: none"> Launched shared Internal audit and HR/payroll services with Peterborough City Council and Cambridge City. Agreed in principle proposed joint waste services with City Council. 	<ul style="list-style-type: none"> Corporate Plan 2014-2019 objective to ensure the best use of Council assets and benefit from opportunities to achieve efficiencies from partnership working. 	4
A4 Carry out projects from the business efficiency programme (BIEP), working with services to reduce costs and deliver better ways of working (David Whiteman-Downes / Alex Colyer)	<ul style="list-style-type: none"> Programme progressing largely according to timescale; several projects have delivered recommendations to EMT for improved working practices and cashable savings. E.g. goods and services £38k in the current year, and £65k projected during 2014-15, Waste collection £200k in 2014-15 and £400k per year from April 2015. 	<ul style="list-style-type: none"> 2014-2019 Corporate Plan objective to implement recommendations from the 2013-2014 BIEP and carry out the 2014-2015 programme. 	4
A5 Further improve how we engage with residents, keeping them informed about the Council and its services and using their feedback to shape future service delivery (David Whiteman-Downes / Alex Colyer)	<ul style="list-style-type: none"> Magazine reader survey identified improvements now in place e.g. more focus on transport issues. Increased Social media followers. New business newsletter launched Reviewing tenants' magazine to improve design, production method and content. 93% of media coverage positive or neutral. Communicated how taxpayers' money is being spent 	<ul style="list-style-type: none"> Establish media partnership to improve attendance at our annual Park Life event. Promote key events e.g. Park Life, Tour de France Annual engagement schedule agreed by management team 	4, 6

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
	after budget agreed.		
A6. Increase the supply of temporary accommodation, prioritising council-owned properties whilst not restricting options in other sectors. (Mark Howell / Stephen Hills)	<ul style="list-style-type: none"> • Robson Court hostel site redevelopment progressing well. Work started Autumn 2013, with an 18-month programme. • 12 properties purchased for temporary accommodation • Revised Homelessness Strategy in place, prioritising increasing the amount of good quality temporary accommodation. • Numbers in temporary accommodation have remained steady compared with last quarter (though there has been an increase on previous years, which mirrors the national picture). • We helped a total of 147 households avoid homelessness, compared to 131 in 2012-13. 	<ul style="list-style-type: none"> • Corporate Plan 2014-2019 strategic objective to increase the range and supply of temporary accommodation to help minimise the use of bed and breakfast accommodation for homeless households. 	1
A7. Ensure the South Cambridgeshire Local Plan and Community Infrastructure framework are based on effective engagement (Pippa Corney / Jo Mills)	<ul style="list-style-type: none"> • Local Plan submitted to the Secretary of State on 28 March 2014, put together following options consultations which involved 30 public exhibitions generating over 30,000 comments. • Draft plan reflects public view focussing development in new towns or villages rather than spreading housing across most existing villages, protecting green belt around Cambridge, ensuring the right services were delivered for new homes and taking into account the transport implications of new development. • Community Infrastructure Levy (CIL), Preliminary Draft Charging Schedule consultation during August-September 2013. 232 representations have informed 	<ul style="list-style-type: none"> • Public Examination of our Draft Local Plan involving public hearings and possible preparation of new supporting evidence and additional consultation if main modifications required. • Submit Draft Charging Schedule for CIL for public enquiry. 	1, 4, 6

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
	preparation of Draft Charging Schedule.		
A8 Work with RECAP waste partners to reduce council tax costs, carbon impacts and waste sent to landfill (Mick Martin / Mike Hill)	<ul style="list-style-type: none"> • Full business case for implementation of “whole systems approach” to waste collection agreed. • Joint procurement of large refuse vehicles across RECAP partners agreed. • Reuse and recycling rate remains at over 56%, in top twenty of districts nationally. 	<ul style="list-style-type: none"> • Procurement of a joint Materials Recycling Facility contract for the processing and sale of “blue bin” recyclable materials underway, together with separate procurement of a joint contract for the sale of paper. • City joint waste partnership working • Corporate plan 2014-2019 retains waste partnership working as a strategic objective. 	1
A9 . Ensure benefits reform is implemented as smoothly and as effectively as possible (Simon Edwards / Alex Colyer)	<ul style="list-style-type: none"> • Staffing resources reallocated to deal with higher volume of customer enquiries following launch of Localised Council Tax Support scheme • Monitored financial impact of scheme and agreed to retain it for 2014-2015. • Consistently high first-time call resolution rates by Customer Contact Service (averaging 82.3%) have helped the Benefits Team maintain and enhance its performance in processing new claims in spite of demand increasing. • Outstanding performance in respect of rent (98.8%) and Council Tax (99.25%) collection rates maintained • Discretionary Housing payments scheme launched to support residents experiencing hardship 	<ul style="list-style-type: none"> • Corporate Plan 2014-2019 objective to manage the impacts of welfare reform smoothly and effectively. 	1, 6
A10. Effectively influence the new Police and Crime Commissioner’s Plans via improved engagement with our local communities and better	<ul style="list-style-type: none"> • Joint working with County Council children & young people’s locality teams, Police and housing associations on individual and shared cases. 	<ul style="list-style-type: none"> • Further development of IT info-sharing system • Ongoing magazine articles of topical community safety 	1, 6

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
sharing of intelligence with police and partners (Mick Martin / Mike Hill)	<ul style="list-style-type: none"> • New IT system enabled Improved joint-working with police and partners on anti-social behaviour incidents. • Crime & Disorder Reduction Partnership took part in "Star Chamber" discussion with Police & Crime Commissioner to shape the Commissioner's plans for next year. 	<p>issues of concern</p> <ul style="list-style-type: none"> • Launch new Neighbourhood Panel format with enhanced SCDC role. 	
We will work with partners to create opportunities for employment, enterprise, education and world-leading innovation			
B1. Work with partners to improve digital infrastructure (Nick Wright / Alex Colyer)	<ul style="list-style-type: none"> • Connecting Cambridgeshire superfast broadband partnership project underway. • During March, 41 new fibre broadband cabinets went live across the county, including Papworth Everard. Many more villages will be reached with fibre broadband during 2014. • 'My Area' checker launched to show how areas and parishes fit in to the roll-out plan as it progresses. • Over £4.5m has been secured as part of the Connecting Cambridgeshire programme to help businesses afford faster broadband connections and make the most of digital technologies. • Destination Digital business support initiative launched to help hundreds of small and medium-sized businesses get better connected. 	<ul style="list-style-type: none"> • Successful completion of the project will ensure that communities and businesses across Cambridgeshire will benefit from some of the best fibre broadband coverage in the county by the end of 2015. Over 98% of homes and businesses across the county can expect to have access to fibre-based broadband by the end of the contract, with 90% of homes and businesses having access to speeds of 24 MBPS and higher. 	1
B2. Support the local economy through developing a Register of Businesses and Business Support schemes	<ul style="list-style-type: none"> • New Business Register has 400 entries. • Open for Business newsletter launched offering advice and support 	<ul style="list-style-type: none"> • 2014-2019 Corporate Plan objective to make the district an even more attractive place to do business. 	1

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
(Nick Wright / Jo Mills)	<ul style="list-style-type: none"> Well attended and received programmes of practical business support workshops delivered. 		
B3. Establish a Council 'Back to work' project, and promote apprenticeships to equip all our young people for productive life (Mark Howell / Stephen Hills)	<ul style="list-style-type: none"> Pathway to Employment strategy approved. Apprentices appointed in Housing and Revenues. Successful work experience programme carried out and university student placements hosted. 	<ul style="list-style-type: none"> Skills and Employment a key economic development priority going forward. Planning and New Communities directorate running another work experience programme this summer due to popular demand. 	1, 6
B4. Continue an effective approach to enforcement to target residents' problems whilst effectively supporting local business success (Mick Martin / Mike Hill)	<ul style="list-style-type: none"> Tasking & Coordination Group continues to meet fortnightly to join up enforcement action across the organisation and focus on complex/cross-team cases. 	<ul style="list-style-type: none"> Adopt, implement and review new policy 	3, 4, 6
B5. Work with the LEP and other partners to facilitate local innovation and entrepreneurship (Nick Wright / Jo Mills)	<ul style="list-style-type: none"> Greater Cambridge City Deal bid to facilitate investment and economic growth: principles agreed. Joined London Stansted Cambridge Consortium to promote investment priorities and opportunities along this corridor Links are maintained with the LEP through senior officer and member groups. 	<ul style="list-style-type: none"> Corporate Plan for 2014-2019 commits SCDC to take forward the City Deal proposal, as part of the strategic objective to ensure best use of assets and benefit from opportunities to achieve efficiencies from partnership working. Continue to work with the LEP and LSCC, as well as other strategic partners to support and facilitate economic growth and investment. 	1, 3
B6. Work with partners to deliver an effective, collaborative approach to strategic planning, transport and	<ul style="list-style-type: none"> Draft Local Plan, submitted to the Secretary of State for public enquiry at the same time as that of the Cambridge City Council, developed in close 	<ul style="list-style-type: none"> Work with Planning Inspectorate to ensure joined up approach to Local Plan enquiries. Respond to Highways Agency options and preferred route 	1, 6

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
drainage (Pippa Corney / Jo Mills)	<p>collaboration with neighbouring authorities through the work of a district-city-county council spatial planning councillor group.</p> <ul style="list-style-type: none"> • Agreed cross-authority Memorandum of Cooperation, setting out housing needs for the area. • Worked with authorities and LEPs to agree in principle contribution towards funding of A14 upgrade • Government dropped A14 toll plans in response to SCDC and other local pressure 	consultations for A14 upgrade.	
B7. Ensure the effective delivery of Northstowe and other new communities (Tim Wotherspoon / Jo Mills)	<ul style="list-style-type: none"> • Agreed £30 million legal agreement for first phase of 1,500 homes at Northstowe. • Outline planning permission for phase one issued. • Planning application for Chesterton Sidings station approved. 	<ul style="list-style-type: none"> • Corporate Plan 2014-2019 objective to establish successful; and sustainable new communities with housing and employment and Northstowe and the major growth sites, served by an improved A14. 	1
B8. Deliver a range of homes that are affordable and where people want to live in areas that will support economic growth (Mark Howell / Stephen Hills)	<ul style="list-style-type: none"> • 158 new affordable homes completed. 	<ul style="list-style-type: none"> • Corporate Plan 2014-2019 objective to build new council homes to provide affordable accommodation to meet the needs of local communities. 	1
B9. Build the first of the new Council houses in the New Build Strategy 2012-15 (Mark Howell / Stephen Hills)	<ul style="list-style-type: none"> • New development at Chalklands, Linton completed on time, with tenants now in residence. 	<ul style="list-style-type: none"> • Progress other schemes at Fulbourn, Foxton, Bourn and Willingham • Corporate Plan 2014-2019 objective to build new council homes to provide affordable accommodation to meet the 	1

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
		needs of local communities.	
B10. Set up a new way of delivering equity share, market sale and private rented properties (Mark Howell / Stephen Hills)	<ul style="list-style-type: none"> • South Cambs Ltd established in January 2013. Carrying out pilot scheme for company, with £7 million allocated to acquire initial portfolio of homes for rent during 2014-15. • Staff now recruited and first 28 homes at Waterbeach taken on for private rent. 	<ul style="list-style-type: none"> • Developing the pilot scheme into a full business plan a corporate objective in the 2014-2019 Corporate Plan. 	1
We will make sure that South Cambridgeshire continues to offer an outstanding quality of life for our residents			
C1. Develop solutions to deliver co-ordinated community transport (Nick Wright / Mike Hill)	<ul style="list-style-type: none"> • Cambridgeshire Future Transport project reviewing local bus services by village cluster. • South Cambs Transport Directory updated and widely distributed. 	<ul style="list-style-type: none"> • Roll-out demand responsive transport model, as requested by communities 	1, 6
C2 Work with older people and the voluntary sector to roll out the new 'Community Navigators' and 'Safer Homes' schemes as part of the Ageing Well Strategy (Mick Martin / Mike Hill)	<ul style="list-style-type: none"> • Community navigators in place across South Cambridgeshire. • Work to explore possible future funding and procurement options and delivery models to enable this highly successful Handyperson (Safer Homes) Service to continue across the county is ongoing. SCDC is playing a key role in the process. • Began Portfolio Holder task and finish work to develop integrated Ageing Well, Health & Wellbeing and Children and Young People's strategies. 	<ul style="list-style-type: none"> • Progress options for future funding and procurement of countywide Safer Homes work • Continue to promote Community Navigators scheme via staff, parishes and other local groups. 	1, 6
C3. Work with GPs and Local Health Partnership to improve the health of new communities, access to mental health services and support for	<ul style="list-style-type: none"> • Building relationships with health colleagues e.g. a regular meeting between growth teams, NHS England, CCC and CATCH (local commissioning group). 	<ul style="list-style-type: none"> • Portfolio Holder Task & Finish Group to develop SCDC Health & Wellbeing Children and Young People and Older People integrated plan (see C2 above). 	1, 4, 6

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
emerging vulnerable groups (Mick Martin / Mike Hill)	<ul style="list-style-type: none"> • Joint post with County Public Health team commenced in November 2013 on a 12-month trial basis. • Emerging Vulnerable Groups: Working to secure District involvement in CCG Older People's Programme Board work to let contract for older people's services. • Initial meetings held to discuss response to Ormiston work with Gypsy and Traveller community and intelligence on housing-related matters. • South Cambridgeshire Local Health Partnership began projects for better support for residents with mental health issues, exploring links between housing and health, procurement for new Cambridgeshire Community Services contract, and pulling together ageing well programme to support older people remain independent and stay in their own homes. 	<ul style="list-style-type: none"> • Corporate Plan 2014-2019 retains improving health of communities as strategic objective. 	
C4. Address the accommodation needs of Gypsies and Travellers (Mark Howell / Stephen Hills)	<ul style="list-style-type: none"> • Draft Local Plan provision for at least 85 permanent Gypsy and Traveller pitches between 2011 and 2031, and at least 4 plots for Travelling Showpeople between 2011 and 2016. • Approval given for acquisition and refurbishment of county-owned sites at New Farm, Whaddon and Blackwell, Milton. 	<ul style="list-style-type: none"> • Corporate Plan 2014-2019 retains providing affordable homes, including existing and Gypsy and Traveller sites objective. 	1, 6
C5. Work with local communities and businesses to develop and deliver actions on green issues that make a difference (Nick Wright / Mike Hill)	<ul style="list-style-type: none"> • Action on Energy (Green Deal) initiative launched November 2013. Scheme website www.actiononenergy.net up and running. • Commissioned report on pubs and farms, following Green Business Breakfasts held during 2012/13. Further work agreed to develop approaches 	<ul style="list-style-type: none"> • Progressing the Action on Energy and Sustainable Parish Energy Partnership priority actions in Corporate Plan 2014-2019. 	1

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
	to support rural economy of villages as part of an updated Economic Development Action Plan.		
C6. With the new Youth Council, develop an integrated plan to improve health, success and opportunities for young people (Pippa Corney / Mike Hill)	<ul style="list-style-type: none"> • Youth Council participation in a number of initiatives SCDC's Park Life event and BBC3's Free Speech current affairs show. • Youth councillors now considering all applications for project funding targeted at people aged up to 18 years old, as part of Community Chest grant scheme. 	<ul style="list-style-type: none"> • Corporate Plan 2014-2019 action to agree and implement Health & Well-being, Children, Young People & Families and Ageing Well Action Plans. 	1, 6
C7. Celebrate rural life through the Community Pride, Village Heroes and best-kept garden awards (Ray Manning and Mark Howell / Mike Hill and Stephen Hills)	<ul style="list-style-type: none"> • Best Kept Garden competition and Awards ceremony held for SCDC tenants and leaseholders. • Community Pride and Village Hero Awards held, recognising the contributions local people make to their communities • Park Life event attracted record crowds of almost 5,000 people to Milton Country Park. • Several Village pubs in Grantchester and Stapleford added to list of assets of community value, giving local communities greater opportunity to consider bidding for ownership of the asset. • Online grant grabber launched, helping groups locate avenues of funding from the Council and beyond. • Leader increased amount communities can bid for under the Council's community chest grant scheme to £1,500 limit. 	<ul style="list-style-type: none"> • Corporate Plan 2014-2019 objective to work with tenants, parish councils and community groups to sustain successful, vibrant villages 	1
C8. Continue support for community orchards, allotments, hedgerows,	<ul style="list-style-type: none"> • Several local enhancement projects progressed, including restoration of Hoffer Brook and management 	<ul style="list-style-type: none"> • New Consultancy Team in place to provide single point of contact and undertake enabling role for specialist 	1

Appendix 1 – Corporate Plan 2013-2014 Actions: Summary assessment of how we performed against them

COUNCIL AIM AND ASSOCIATED ACTIONS	HOW DID WE DO?	WHAT'S STILL LEFT TO DO?	LINK TO CIPFA/SOLACE GOVERNANCE PRINCIPLE
tree-planting and other conservation and enhancement schemes, including the Chalk Rivers project (Nick Wright / Jo Mills)	of improved areas on Rivers Mel and Shep. <ul style="list-style-type: none"> • Enhancements through planning achieved, including reinstating the Repton landscape at EDF Milton. • Conservation projects awarded funding from Community Chest Grants Scheme at Histon and Impington (trees for community orchard - £1,000) and Little Eversden (tree planting - £242) • Initiatives launched to plant mini-meadows on underused amenity grass across the district, and to install bird and bat boxes alongside wall insulation in council properties, to combat the impact of external insulation on wildlife. 	conservation projects, selected based on customer need and aligned to corporate priorities.	
C9 Establish projects to consider the options for upgrading and improving Council homes (Mark Howell / Stephen Hills)	<ul style="list-style-type: none"> • The Council is due to undertake a community consultation exercise for the potential major redevelopment of the site at Wilford Furlong, Willingham. Initial design options are currently being prepared. The findings will be reported in October 2014. 	<ul style="list-style-type: none"> • Resident consultation during Spring 2014. • Affordable Homes 2014-2015 Service Plan includes key project to Identify preferred options to help improve overall environment of Wilford Furlong, Willingham in consultation with residents, parish council and local members. 	1
C10 Jointly lead the 'Together for Families' partnership project to improve the lives of families with the most complex needs (Mick Martin / Mike Hill)	<ul style="list-style-type: none"> • Data now regularly shared by SCDC to identify families meeting government and local criteria. • Crime and Disorder Reduction Partnership (CDRP) meetings now include discussion of Together for Families cases as well as Anti-Social Behaviour (ASB) cases. • Expanded Family Intervention Project is now in place and accepting new cases. 	<ul style="list-style-type: none"> • 2014-2019 Corporate Plan priority action to develop 'Lead Professional' approach to families with the most complex needs. 	1

