

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2008

(Subject to audit)

Statement of Accounts for year ended 31 March 2008

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Explanatory Foreword

Introduction

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

- a) the Statement of Accounting Policies which sets out the basis on which the accounts have been compiled;

- b) Core financial statements:
 - i) the Income and Expenditure Account summarising revenue expenditure and income for the year on all services compiled in accordance with generally accepted accounting practice;
 - ii) the Statement of Movement on the General Fund balance which reconciles the deficit on the Income and Expenditure Account with the amount to be met from the General Fund balance/Council Tax;
 - iii) the Statement of Total Recognised Gains and Losses which shows other gains and losses which have not been included in the Income and Expenditure Account;
 - iv) the Balance Sheet setting out the financial position of the Council as at 31 March with the balances and reserves available for future use and the assets employed in its operations; and
 - v) the Cash Flow Statement which summarises the inflows and outflows of cash arising from transactions with third parties;

with associated notes grouped together for all the core financial statements.

- c) 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 way in which these monies have been distributed among the authorities to finance their expenditure.

Income and Expenditure Account

This Account 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 standard accounting practice but do not impact on the level of council tax. This Account consolidates the General Fund (services for the whole community), the Housing Revenue Income and Expenditure Account (Council housing) and the Direct Service Organisation (trading activities).

The additional costs to comply with accounting practice are reversed out in the Statement of Movement on the General Fund Balance. If the Account and Statement are combined, then the position for General Fund Services and the council tax can be summarised as:

	Expenditure/(Income)
	£'000
Net cost of services	15,851
Corporate income and expenditure	
Parish precepts	3,192
Interest	(2,321)
	<u>871</u>
Net operating expenditure	16,722
Less depreciation, pension costs, deferred charges, etc.	<u>(1,435)</u>
Amount to be met from Government Grants and local taxpayers	15,287
Principal sources of finance	
Council taxpayers	
District	(5,797)
Parishes	(3,192)
Government grants including redistributed business rates	(7,562)
Other items	<u>(11)</u>
	<u>(16,562)</u>
Surplus for the year	<u>(1,275)</u>

When the council tax for the financial year ending 31 March 2008 was set in February 2007, the surplus was estimated at £635,730. The variance of £639,382 is attributable to the following:

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Actual to Original Estimate	Underspending or Slippage () /Overspending +		
	£'000	£'000	£'000
Services			
Land Charges		63	
Democratic Representation		(59)	
Cost of collection - council tax		(104)	
* Milton Country Park		323	
Refuse Collection Service		(94)	
Homelessness		(63)	
Travellers		(73)	
Sheltered Housing		(89)	
Development Control		(71)	
Growth Agenda/New Communities	278		
Planning Policy	(470)		
Partnership Working	<u>(129)</u>		
Variances net of reallocated overheads		(321)	
Community Strategy		99	
Equality and Diversity		57	
Other items individually under £50,000		<u>(347)</u>	
Variance in net portfolio expenditure on like for like basis			(679)
General Fund Summary			
Unallocated/precautionary		136	
Interest on balances		(515)	
Depreciation		212	
Financing Charges-mainly release of deferred grants		<u>207</u>	
			<u>40</u>
			<u>(639)</u>

* Expenditure relates to the costs associated with the granting of a 99-year lease for the management of Milton Country Park to Cambridge Sport Lakes Trust Ltd and transferred on 31 March 2008.

Housing Revenue Account

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

	Expenditure/(Income)
	£'000
Repairs and maintenance	2,707
Management and services	5,241
Depreciation of fixed assets	3,244
Payment to Government	10,048
Other	<u>(30)</u>
	21,210
Rents and charges	(21,601)
Receipt from General Fund	(284)
Interest	<u>(171)</u>
	<u>(22,056)</u>
Surplus for the year	<u>(846)</u>

When rents for the financial year ending 31 March 2008 were set in February 2007, the surplus was estimated at £273,150. The variance of £573,071 is attributable to the following:

Actual to Estimate	Underspending or slippage() /Overspending +
	£'000
Sheltered Housing	(208)
Administration	108
Contribution to Housing Repairs Account	(133)
Payment to Government	(52)
Unused provision for unanticipated expenditure	(250)
Housing Futures	<u>293</u>
Provision reallocated	43
Gross rent income	(196)
Provision for bad or doubtful debts	(83)
Interest receivable	(71)
Corporate Management	85
Other items individually under £50,000	<u>(66)</u>
	<u>(573)</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 £13.06 million. The major part of the programme involved the provision of housing, with £10.7 million being invested in improving the Council's own housing stock.

Treasury Management

At the 31 March 2008, investments totalled £29.34 million, a decrease of £1.9 million over the previous year-end. These investments produced interest of over £2.3 million, which was used to pay for the cost of services.

The Council has no outstanding loans and has been debt free since 1 April 1996.

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account remained high at £7.8 million and £3.6 million respectively. 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 £9.3million, consisting of the usable capital receipt reserve. The Council's capital programme allows for the planned and phased use of these reserves.

Pensions

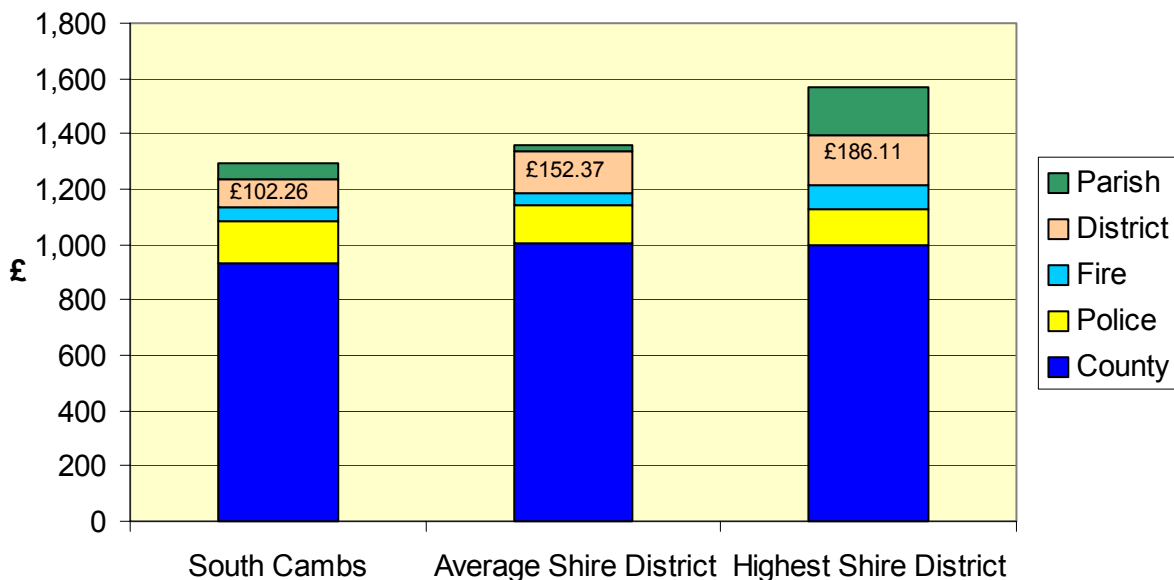
The accounting policy relating to pensions reflects the full adoption of Financial Reporting Standard 17 (FRS17) Retirement Benefits whereby pension liabilities incurred during the year are charged to the cost of services and then reversed out with the pension deficit being shown as a liability in the balance sheet.

South Cambridgeshire's pension deficit is estimated at £14.8 million as at 31 March 2008. With 70% 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 2007/08 was 15.4%. The formal valuation of assets and liabilities, for the purposes of determining contribution rates as at 31 March 2007 to be effective from 1 April 2008, showed an estimated funding level of 83%. In order to bring the funding level to 100%, the rate is predicted to increase by 2.1% per annum until it reaches 21.7% in 2010/11 and is predicted to remain at this rate until 2027/28. If the fund is then in balance the contribution rate is estimated to be 15.3% per annum thereafter. These predicted rates have been incorporated into the Council's five-year financial projections.

Council Tax and Collection Fund

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 2007/08 was £1,292.84. 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:

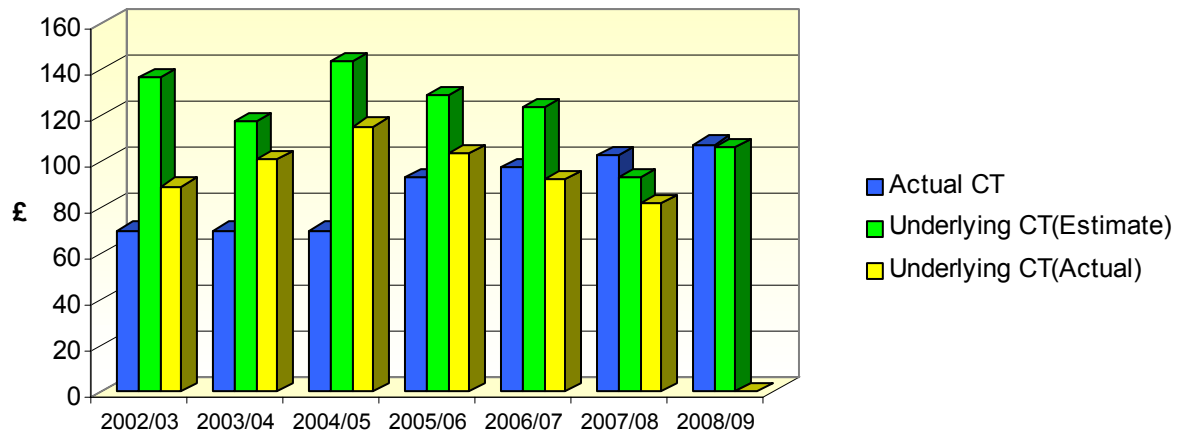


The district council figures were £102.26 (South Cambridgeshire), £152.37 (average) and £186.11 (highest).

Current and future developments

Council Tax and capping

The Council Tax set by the Council was £50 for the three years from 1999/2000 to 2001/02 and £70 for the three years from 2002/03 to 2004/05. These amounts were 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.



The Council Tax had to rise as it could no longer be subsidised by savings. For 2005/06, the Government capped the Council's budget such that it had to cut services by almost 20% and set a lower council tax of £92.93.

For the three years from 2006/07 to 2008/09, the Council only increased the Council Tax by 4.9% as the Government's view was that increases should be less than 5% and it would use its capping powers to deal with excessive increases. The Council has, therefore, to provide the same services and meet the same demands as other district councils but with substantially less council tax income.

Corporate plan

The Council has published a Corporate Plan setting out its priorities for the coming year and how it intends to deliver them, this provides the blueprint for 2008/09 showing how service delivery links directly to the agreed corporate objectives, the plan is available to view on the council website.

Population growth

The District population of 131,000 people in 2001 is projected to increase by 33% by 2016. This is a reflection of regional planning guidance and structure plan policies including 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 but is not reflected in Government grants or in the Council's tax base for raising income locally.

Introduction of the Euro

The nature and potential impact of the Euro, including related costs, have not yet been assessed.

The Future for Council Housing in South Cambridgeshire

The Council considered two possible options of retaining council housing within the Council or transferring council housing to a housing association as being most appropriate. In January 2008, the Council decided to develop a housing transfer proposal in consultation with its tenants, as it considers transfer to a not for profit housing association to be in the best interests of the Council's tenants, future housing applicants and staff because:

- it would enable improvements to homes and housing services;
- it would be the most sustainable option for the longer term ownership, management and development of affordable homes in the district; and
- it offered the best prospects for staff in terms of job security.

Council recognises that housing transfer cannot proceed without the support of its tenants and wishes to involve them fully in developing its proposal.

Affordable housing

In 2006/07 and 2007/08 the Council has transferred some of its non-traditionally built dwellings, some sheltered bedsits and various land sites to housing associations for the development of affordable and supported housing. These will show in the relevant year as disposals written out of the balance sheet but in most cases the disposal is at nominal consideration. These transfers are an important contribution to the corporate objective of quality village life by meeting the priority of affordable housing and to the corporate objective of a better future through partnership by working with other organisations.

Corporate Governance

A follow-up inspection by the Audit Commission in March 2008 reported that the Council had made good progress against each of the four corporate governance themes of:

- community focus;
- structures and processes;
- risk management and internal control; and
- leadership, culture and standards of conduct

Accounting Policies

In order to comply with the current Statement of Recommended Practice (SORP), there has been a change in a number of accounting policies. These relate to the replacement on 1 April 2007 of the Fixed Asset Restatement Account and the Capital Financing Account with a Revaluation Reserve and Capital Adjustment Account, with the opening balance on the Revaluation Reserve being zero. The SORP also introduced accounting for financial instruments which has resulted in additional disclosures.

Auditor's Opinion

The Statement of Accounts is issued subject to audit.

G. J. Harlock, CPFA
Chief Executive and Chief Finance Officer

23 June 2008

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 Chief Executive and Chief Finance 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 Chief Executive and Chief Finance Officer

The Chief Executive and Chief Finance 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 - A Statement of Recommended Practice ("the SORP").

In preparing this Statement of Accounts, the Chief Executive and Chief Finance 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 SORP.

The Chief Executive and Chief Finance 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 fairly the financial position of the Authority at 31 March 2008 and its income and expenditure for the year then ended.

G.J.Harlock, CPFA
Chief Executive and Chief Finance Officer

Dated: 23 June 2008

I confirm that these accounts were approved by the Corporate Governance Committee held on the 30 June 2008.

Chairman of the Corporate Governance Committee

Dated: 30 June 2008

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

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

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name} South Cambridgeshire District Council**

Annual Governance Statement

1. Scope of responsibility

South Cambridgeshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, South Cambridgeshire District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of the code is on the Council's website at www.scambs.gov.uk. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2008 and up to the date of approval of the annual report and statement of accounts.

3. The Governance Framework

South Cambridgeshire District Council has a responsibility for ensuring a sound system of governance to meet statutory requirements requiring public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control and preparing a statement on internal control. This governance statement meets that requirement and sets out brief details of the arrangements the Council has in place regarding the key systems and processes comprising the Council's governance framework. This forms part of the Council's overall assurance framework, which incorporates the Local Code of Governance adopted by the Council covering six core principles and the accompanying supporting principles contained within the CIPFA/SOLACE Framework for delivering good governance in local government (2007).

This Council's framework makes reference to the outcomes and recommendations of the Audit Commission following the Corporate Governance Inspection ("CGI") of the Council in 2006 and the re-inspection in 2008.

Principle one: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

- The Council has established three corporate objectives namely:
 - Working in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future
 - Delivering high quality services that represent best value and are accessible to all our community
 - Enhancing quality of life and building a sustainable South Cambridgeshire where everyone is proud to live and work
- These corporate objectives are underpinned by service priorities, which are built into the service planning process and individual objectives for all employees in the Council, thereby providing a focus for improvements being made in all areas of the Council's work. The Council has communicated these objectives to South Cambridgeshire residents through its quarterly magazine and on the website.
- The Council has implemented the Corporate Governance Inspection (CGI) improvement plan. It contains an action plan, which has implemented the corporate objective setting process and thereby improved the service planning process, by reference to 'a golden thread' which links the corporate objectives to service plan priorities. The Council's partners have been involved extensively throughout the improvement process and an Improvement Board has been put in place to act as an external monitor for implementation of the action plan.
- The Council has also developed the following values in consultation with its officers: professionalism; customer service; commitment to improving services; mutual respect; and trust.
- A Corporate Governance Committee (successor to the Audit Panel) has been established with terms of reference set out in the constitution. The Committee takes responsibility for all governance arrangements within the Council and undertakes the core functions of an Audit Committee.
- An annual report will be produced on the Council's objectives, achievements, performance indicators and financial performance, following endorsement by the Corporate Governance Committee.

- The Policy and Performance service drives delivery of the Corporate Plan, working closely with services to spread best practice, track performance and strengthen performance against local targets. The performance management framework monitors delivery against targets and the Executive receives quarterly integrated business monitoring reports, which incorporate the Council's financial performance.
- The Council has a communications strategy aiming to build a positive image of the Council in the local community through clear communication with residents, partners and staff. This strategy contains an action plan setting out priorities for a three-year period starting September 2007. Similarly a customer service strategy focuses on informing and listening across the authority to engage with residents and partners.
- Working and engaging with the Council's partners is at the heart of the corporate objectives and the Council exercises strategic leadership by taking a lead in the development of the Local Strategic Partnership. The CGI re-inspection noted the Council's improvement in this area.
- The Council has a Medium Term Financial Strategy, which is reviewed and updated annually as part of the budget setting process to support the achievement of the Council's corporate objectives. The budget and policy framework outlines the process and timetable to be followed each year when setting the Council's budget. The financial management framework includes regular budget monitoring reports to the Senior Management Team, Executive Management Team, Executive and Portfolio Holder meetings to ensure best use of council resources.
- The Council has developed a matrix of all its partners and is developing a partnerships register for significant partnerships, a risk management matrix and governance standards, in line with the Audit Commission's report on the governance of partnerships.
- The Council has developed its Sustainable Community Strategy for the period 2008 –2011 setting out its partnership vision, which has been approved by Cabinet. Further progress is dependent on final national indicators being finalised.
- The Council is fully engaged with Cambridge City Council, Cambridgeshire County Council and Cambridgeshire Horizons in relation to the growth agenda within the Cambridge sub region. Two joint development control committees have been set up in connection with planning for the Cambridge Fringes and Northstowe.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- The Constitution acts as the guide for the operations of the Council and identifies the roles and responsibilities of the Executive, officers and Members. The Constitution also identifies the delegation of responsibilities for Council functions through Committees, the Executive, portfolio holders and officers, and sets out how decisions are made. It also sets out the management and operational responsibility within the Council. All decisions are published in a weekly e-bulletin, which is distributed to all Members, staff and the 90 parish councils within the district.
- The Constitution contains a 'Member Toolkit', which provides a single point of reference for all Members referring to all of the various rules, procedures and guidance to help them perform their role. The Toolkit contains the Code of Conduct and related guidance, together with all other related local codes and protocols governing Member behaviour, reference to the IDeA skills framework and the Member-training programme.

- The Constitution contains an updated Member-Officer protocol and full job descriptions for Members.
- The Monitoring Officer maintains an up to date version of the Constitution and ensures decision making is fair and lawful. Advice from the Monitoring Officer and/or the Chief Finance Officer should be taken on whether any decisions are outside the budget and policy framework. The Principal Solicitor receives copies of all Executive reports for consideration and input on the legal implications of proposed actions and strategies.
- The Chief Finance Officer ensures legality and prudence of financial decision making, and is the officer responsible for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972.
- The performance management framework monitors delivery against targets and the Executive receive quarterly integrated business monitoring reports, which incorporate the Council's financial performance.

Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- The Constitution acts as the guide for the operations of the Council and identifies the roles and responsibilities of the executive, officers and Members.
- The Constitution is supported by operational procedures manuals containing information on financial regulations, contract standing orders, business procedures and processes to be followed in all areas of the Council.
- The Council has also developed the following values in consultation with its officers: professionalism; customer service; commitment to improving services; mutual respect; and trust.
- A tailored induction pack and induction day is provided to Members on commencement of their term of office and job descriptions for their respective roles are included within the Constitution. A Members' Code of Conduct and Members' Undertaking are also in place. Appropriate processes are in place to monitor compliance. All of these matters are referred to within the Member Toolkit.
- Members are asked to sign up to a Member Undertaking to show their commitment to abide by the codes and protocols within the Member Toolkit as a demonstration of support for the high standards of personal behaviour by Members and good working relationships with officers. Officers are bound by their own Code of Conduct.
- The Toolkit contains a new internal disputes resolution procedure which can be used to deal with alleged breaches of the Code of Conduct.
- The Standards Committee promotes and maintains high standards of conduct within the Council and the 90 Parish Councils through the Code of Conduct for Members. The Committee is one of the Council's five regulatory committees with decision-making powers that reports to full Council. It has 15 members: Council Members are appointed by full Council; Parish members are elected by Parish Councils and there are independent members whose appointment is ratified by full Council.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- The Constitution acts as the guide for the operations of the council and identifies the roles and responsibilities of the executive, officers and Members. The Constitution also identifies the delegation of responsibilities for Council Functions through Committees and sets out how decisions are made. All decisions are published in a weekly e-bulletin, which is distributed to all Members, staff and the 90 parish councils within the Council's area.
- A Corporate Governance Committee has also been established with terms of reference set out in the constitution; which takes responsibility for all governance arrangements within the Council and undertakes the core functions of the Audit Committee.
- The Council has an in-house legal team supporting Members and all sections of the Council, including the various regulatory committees. to ensure that the limits of lawful activity are not breached and that decision-making is fair.
- Scrutiny and Overview Committees have been established and the Constitution provides an overview and mission statement for these committees and includes their principal objectives and terms of reference. The committees have no decision-making powers, but can call in for review any decision made by the Executive, Individual Portfolio Holders or by officers. A timetable for scrutiny programme planning sets out deadlines and an annual Scrutiny and Overview Committee report is produced to the Council.
- Portfolio Holder meetings are open to the public and, wherever possible, decisions are taken at these regularly scheduled meetings, in line with the constitution. Matters decided outside of the formal meetings, for reasons of urgency, are made available on pro-forma decision sheets.
- The Council has a complaints procedure in place which is followed by officers within the Council. These are reported to the Senior Management Team and Executive quarterly as part of the integrated business monitoring report.
- The council has a Risk Management Strategy in place. The document acknowledges the obligation to minimise risk and details the process for identifying, recording, assessing, managing and reviewing risk. A strategic risk register has been compiled and is reviewed quarterly by the Executive Management Team and Corporate Governance Committee. Project and service risk registers are also in place.
- The Council has a Code of Conduct for staff incorporated in the Constitution as well as an Anti Theft, Fraud and Corruption Policy, Capability and Disciplinary Procedure and Whistleblowing policy.

Principle 5: Developing the capacity and capability of Members and officers to be effective.

- An Induction Pack is provided to all new and continuing Members who are elected. They are also provided with a copy of the Member Toolkit which contains more detailed information about standards expected of councillors, and includes vital documents such as the code of conduct. An induction day is also held at which the Chief Executive and corporate managers provide brief overviews of their service areas.

- A comprehensive programme of training for Members is provided through the IDeA and the Local Leadership Academy. Training is provided covering a variety of modules and areas as necessary. A schedule of training for 2007-08 is included in the member toolkit.
- All posts within the Council have a detailed job description and person specification to ensure that staff are suitably qualified to undertake their responsibilities. Training needs are identified by the Council's appraisal scheme. Officers attend an induction session with the Chief Executive and a formal half-day induction and a departmental induction programme takes place. The Council is developing its management training programme by reference to a competency framework. Executive Management Team is undergoing specific training to develop its capacity. In-house and external trainers provide training. Personal development plans are completed through the appraisal process, providing opportunities for development of officers in a variety of ways.

Principle 6: Engaging with local people and other stakeholder to ensure robust public accountability.

- Scrutiny and Overview Committees have been established and the Constitution provides an overview and mission statement for these committees and includes their principal objectives and terms of reference. The committees have no decision-making powers, but can call in for review any decision made by the Executive or by Individual Portfolio Holders. A timetable for scrutiny programme planning is used that sets out deadlines and an annual Scrutiny and Overview Committee report is produced to the Council. The Scrutiny and Overview Committee meetings take place at different venues across the district.
- The Council's Planning Committee meetings include the opportunity for public speaking by applicants and objectors in line with a protocol.
- All decisions are published in a weekly e-bulletin, which is distributed to all Members, staff and the 90 parish councils within the district. All meeting agendas, minutes and decisions are published on the Council's website.
- The Council has an existing consultation policy. However this will be updated to meet the new duties of engagement.
- The Council's Performance Plan for 2007/2008 was published and will be succeeded by the Corporate Plan which clearly communicates the Council's corporate objectives to partners and the public.
- South Cambs magazine is published four times a year and delivered to every household in the district, updating residents on council news.
- Regular media releases and briefings ensure local media are used as a channel for keeping residents informed of upcoming issues and council decisions.

4. Review of Effectiveness

South Cambridgeshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance

environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates, including the Audit Commission through the CGI.

The following actions and processes have been applied in maintaining and reviewing the effectiveness of the governance framework over the last twelve months:

The Council and its Senior Management Team have developed and implemented a number of policies and corporate documents as well carrying out a number of actions, as follows: -

- The Corporate Governance Inspection action plan has been endorsed and implemented.
- A new process for setting the Council's priorities and linking these to service planning has been implemented.
- The Council's Constitution has been reviewed.
- A Local Code of Governance has been adopted.
- South Cambridgeshire has taken a lead within the Cambridgeshire Local Strategic Partnership to develop the next phase of the Local Area Agreement.
- The Medium Term Financial Strategy is linked to the Council's priorities and is embedded in the business planning process, taking into account an external Strategic Financial Diagnostic on the Council's financial position.
- Financial Control has been improved with the Resources Portfolio Holder and Executive receiving regular budget monitoring reports showing the Council's latest financial position.

The Corporate Governance Committee:

- Approved the 2006/07 Statement of Accounts.
- Approved and updated the Council's Risk Management Strategy and monitored the Council's Risk Management activity.
- Monitored performance of the Internal Audit function.
- Approved the revision of the Council's financial regulations.
- Recommended the adoption of a Local Code of Governance.
- Endorsed the Council's assurance framework and overseen the review of partnership governance arrangements.
- Confirmed that the Emergency Planning arrangements for the Council are appropriate.

The Scrutiny and Overview Committees:

- Introduced meetings in the community to encourage participation by residents and partners including parish councillors.
- Developed a selection of scrutiny topics to ensure that programme planning is aligned to corporate objectives and local concerns.
- Used task and finish groups to involve more Members in the process thereby utilising Members' expertise.
- Provided some effective challenge.
- Have a dedicated officer to support scrutiny and have received training and mentoring from IDeA.
- All scrutiny Members and monitors have role descriptions endorsed by the Executive and which are now included in the Member toolkit.

The Standards Committee:

- Has contributed to government consultation on the new Code of Conduct and prepared district and parish councillors for the new Code.
- As part of its responsibility for training, arranged for all district councillors to attend training days on the Code of Conduct in early 2007 and for written guidance on the new Code to be issued to them as well as arranging for the Chairman of the Standards Committee and the Deputy Monitoring Officer to provide a briefing to full Council in July 2007.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

- Has ensured that all Members are provided with new guidance and updates via the weekly e-bulletin.
- Has worked hard over the last 12 months to increase the level of contact with Parish Councils and has issued hard copies of the Parish Council Toolkit to all Parish Councils.
- Has its own web-page and contributes to the Parish Council guidance page on the Code, registration of interests and applying for dispensations.
- Publishes a Parish Council Standards Committee Newsletter, which is e-mailed to all Parish Clerks, and ran two training sessions in September 2007 in conjunction with Cambridgeshire and Peterborough Association of Local Councils (CPALC), which was well attended by Parish Chairs and Clerks.
- Has created sub-committees and updated procedures to take into account its new responsibility for local assessment of allegations of misconduct, under the LGPIHA 2007 and regulations made under that act.

External Audit and Audit Commission's comments:

- The Council has made good progress in improving corporate governance, which has been recognised during the re-inspection. Further improvements however are needed and are recognised in section 5 of this statement.
- The Council has achieved an overall Use of Resources score of 2 out of 4, which means it is performing adequately in these areas.
- The Council's direction of travel is positive.
- The Council's Statement of Accounts received an unqualified opinion from External Audit.

The Council's Assurance Framework:

- The assurance framework is underpinned by the following processes and policies:
 - Corporate objectives and priority setting
 - Service planning process
 - Annual budget and budgetary control process
 - Performance management framework
 - Self assessment against the local code of governance
 - Risk Management Strategy
 - Anti Theft, Fraud and Corruption Policy
 - Whistleblowing Policy
 - Codes of Conduct / Ethical Standards
 - Financial Regulations and Contract Standing Orders
 - Partnership protocols (in development)
- The framework is also informed by the views of Internal and External Audit and other review agencies.

Internal Audit:

- The internal audit provision is managed, independently, by the Audit Partner and operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.
- The Audit Plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk and the Council's corporate governance arrangements, including risk management. The work is further supplemented by reviews around corporate governance, scheduled visits to Council establishments and counter fraud work. The resulting work plan is discussed and agreed with the Chief Executive, Executive Director, Corporate Governance Committee and shared with the Council's external auditor.
- Regular meetings between the internal and external auditor and review of the internal audit work by external audit ensure that duplication of effort is avoided.

- All Audit reports include an audit opinion on the adequacy of internal control; direction of travel and prioritised action plans to address any areas requiring improvement. Audit reports are submitted to the Chief Executive, Executive Director and Corporate Managers as appropriate; the Corporate Governance Committee receives regular updates on progress of the plan and full reports on request.
- The Council's review of the effectiveness of the system of internal control is informed by:
 - The Use of Resources assessment on internal control;
 - A review of Internal Audit conducted by Grant Thornton and the extent to which external audit placed reliance upon Internal Audit in relation to the key financial systems in 2007/08;
 - A self-assessment of the extent of compliance against the Chartered Institute of Public Finance Accountant (CIPFA) Code of Practice for Internal Audit (2006);
 - A self-assessment of the extent of compliance against the Internal Audit Quality Assessment Framework;
 - Performance against targets; and
 - Summaries of customer satisfaction questionnaires.
- As part of the annual internal audit plan for 2007/08 the following financial reviews have been undertaken:
 - General Ledger (including budget setting and monitoring)
 - Payroll
 - Income and debtor
 - Creditors
 - Cash banking and treasury management
 - Capital accounting and asset management
 - Procurement
- In November 2007 the financial audits concluded that segregation of duties did not appear to be a significant area of concern.

Internal Audit Opinion

The Internal Audit Opinion in its Annual Report 2007/08 is as follows:

“As Internal Auditors for the Council, we are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of South Cambridgeshire District Council 's risk management, control and governance processes.

In our opinion, based upon the work we have undertaken, for the 12 months ended 31 March 2008 South Cambridgeshire District Council does have adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives”.

5. Significant governance issues

The following governance issues were identified during 2007/08 as a result of the review of arrangements and by the work of external and internal audit:

No.	Issue	Action
1.	<p>The Corporate Governance re-inspection has made three recommendations to the Council to further improve its governance arrangements, which are:</p> <p>R1: The Council must ensure recent developments in political conduct and leadership are sustained, deepened and broadened.</p> <p>R2: The Council must ensure the process of improvement continues to aim for profound and sustainable change in the way the Council operates.</p> <p>R3: The Council must ensure that, concurrent with improvements in processes and procedures, its policies and behaviours address the needs of, and promote the well-being of, all sections of the community.</p>	<p>A new CGI action plan will be produced and implemented to address the recommendations, following acknowledged project management principles. Progress will be monitored through the Improvement Board, Executive and Corporate Governance Committee.</p>
2.	<p>Procedures for setting up new partnerships, reviewing their governance arrangements and completing risk assessments for partnerships have not yet been formalised.</p>	<p>These will be finalised during 2008/09 to address the governance issues and will be presented to the Corporate Governance Committee.</p>
3.	<p>There is a need to further improve the Council's Scrutiny arrangements and processes.</p>	<p>The scrutiny arrangements have been reviewed and established the need for only one committee which will make the best use of Members' expertise and provide robust challenge and evidence-based recommendations for improvement. The Council is engaging with IDeA to develop the status of scrutiny within the decision-making process.</p>
4.	<p>Performance management is not currently embedded throughout the Council.</p>	<p>The implementation of a new performance management system has taken place, which will go live in June 2008. This system will provide managers with better quality, timely data to help them manage and monitor performance. The Council has identified four performance champions to embed the performance culture within the Council.</p>

6. Certification of Annual Governance Statement

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

No significant events or developments relating to the system of internal control have occurred between the end of the financial year and the signing of the accounts.

Signed

Signed

Greg Harlock, CPFA
Chief Executive and Chief Finance Officer

Councillor Ray Manning
Leader of the Council

Date: 23 June 2008

Date: 23 June 2008

Statement of Accounting Policies

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and any departures from the Code have been disclosed below. The accounts are compiled on an accruals basis so that expenditure and income reflect work undertaken/goods supplied/services rendered during the financial year regardless of when cash is paid or received.

The accounts have been prepared on a historical cost basis modified by the revaluation of certain categories of tangible fixed assets.

2. Tangible fixed assets

All expenditure on the acquisition, creation or enhancement of tangible fixed assets which yield benefit to the Authority and the services it provides for a period of more than one year is capitalised on an accruals basis in the accounts. This will include expenditure on the acquisition of land, the acquisition/construction/ enhancement of buildings and the acquisition of vehicles and plant.

Expenditure on existing fixed assets has been capitalised where the expenditure relates to enhancement, which increases the useful life, market value and/or usage, or relates to a major inspection or overhaul of the fixed asset that restores the benefits of the asset that have been consumed and reflected in depreciation. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

Tangible fixed assets are included in the balance sheet on the following bases:

Operational land and property and other operational assets	The lower of net current replacement cost and net realisable value in existing use. Assets not ready for use as at the valuation date are included in the balance sheet at cost.
Non operational assets	The lower of net current replacement cost and net realisable value.
Infrastructure and community assets	Historic cost, net of depreciation, where appropriate

The surplus or deficit on the revaluation of fixed assets has been credited or debited to the revaluation reserve.

Expenditure on the acquisition, creation or enhancement of fixed assets has been debited in full to the fixed asset account. The expenditure on enhancement has not been analysed but it is expected that this expenditure will not be matched by a corresponding increase in the value of assets concerned.

Fixed assets disposed of during the year have been revalued at the proposed date of disposal such that the carrying amount in the balance sheet is then equal to the sale price and there is no gain or loss on disposal, except for disposals at nominal price.

Income from the disposal of fixed assets where the amount due is greater than £10,000 is credited to the Income and Expenditure Account and the carrying value of the assets is debited to the Income and Expenditure Account. Gains and losses on the disposal of assets are reversed out of the Statement of Movement on the General Fund balance by crediting the Usable Capital Receipts Reserve with an amount equal to the disposal proceeds and debiting the Capital Adjustment Account with an amount equal to the book value of the disposal, with any revaluation gains being transferred to the Capital Adjustment Account.

Depreciation starting in the year after acquisition is provided for on fixed assets by writing down the cost (or revalued amount), less estimated residual value, on a straight-line basis to the appropriate revenue account over the following periods:

	Years
Buildings other than dwellings	35/60
Information and Communications Technology (ICT)	3
Vehicles and Plant (Most vehicles are contract hired.)	7/10

With regard to Council dwellings, the element of housing subsidy known as the Major Repairs Allowance, being based on the annual cost of replacing individual building components as they reach the end of their useful life, is considered to be a reasonable estimated measure of depreciation.

No depreciation is charged on freehold land and non-operational properties in accordance with standard accounting policies.

The Code has not been complied with insofar as the cumulative amount for depreciation or impairment at the beginning of the financial period and at the balance sheet date has not been disclosed in the notes to the Balance Sheet. It is considered that the amounts involved are not material to the fair presentation of the financial position of the Authority or to an understanding of the Statement of Accounts.

3. Deferred charges

Deferred charges are payments of a capital nature where there is no fixed asset in the ownership of the Council. The main example is grants such as housing renovation grants and recreation and leisure grants where the fixed assets are owned by individuals and other organisations.

Deferred charges are amortised to the Income and Expenditure Account in the year in which they occur and reversed out from the Statement of Movement on the General Fund balance to the Capital Adjustment Account.

4. Leases

There were no extant or new finance or operating leases in the year. Contract hire agreements which have similar characteristics to operating leases are accounted for on a straight line accruals basis.

5. Government grants and other contributions to fixed assets

Where a tangible fixed asset is financed either wholly or in part by a government grant or contribution, the amount of grant or contribution is credited initially on an accruals basis to the deferred grants and contributions account. The amounts received are released to the relevant service account over the useful life of the asset to match the depreciation charged.

6. Debtors and creditors

The accounts of the Council are maintained on an accruals basis, that is, sums due to or from the Council during the year are included 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.

7. Stock and work in progress

Stock held at the year end has been included in the accounts at the lower of cost or net realisable value. Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

8. Cost of support services

All the costs of management and administration and central support services have been fully apportioned to services. The bases of apportionment for the main costs are outlined below:

Cost	Basis of apportionment
Administrative Buildings	Area occupied and then on a per capita basis for office accommodation
Management and Administration in Central and Service Departments	Actual time spent by staff weighted by salary costs
Information and Communication Technology	The cost of specific systems and the Contact Centre are allocated on an actual or estimated usage basis to the relevant services; general systems are allocated on a per capita basis
Central Support Services and Central Expenses	Per capita basis

The costs of the corporate and democratic core are not apportioned to services.

9. Reserves and Deferred Liabilities

The Council maintains certain reserves to meet future expenditure. When this expenditure arises, it is charged to the service account but the contribution to/from capital and other reserves is shown in the Statement of Movement on the General Fund Balance. The movement in the earmarked reserves is shown in a note to the Balance Sheet.

Deferred liabilities are monies received from developers under Section 106 of the Town and Country Planning Act 1990 for future expenditure on drainage and community costs and development.

10. Pensions

The Authority participates in the funded Local Government Pension Scheme, which is a defined benefit scheme, and also provides unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council.

The accounts have been prepared on the basis of the full adoption of Financial Reporting Standard 17 (FRS17) Retirement Benefits whereby pension liabilities incurred during the year are charged to the cost of services. The cost of these liabilities is reversed out in the Statement of Movement on the General Fund and Housing Revenue Account balances and payments to the pension scheme are added in. The Balance Sheet shows the future liability in respect of benefits due to members of the fund.

The amounts and disclosures shown in the Income and Expenditure Account and the Balance Sheet in respect of the Authority's attributable share of the funded scheme and the Authority's unfunded scheme have been determined by the administering authority's actuary, with the funded scheme determination being in accordance with Guidance Note 36: Accounting for Retirement Benefits under FRS17 issued by the Institute and the Faculty of Actuaries. The amounts and disclosures also include losses arising on curtailments not allowed for in the actuarial assumptions which have been recognised in the net cost of services.

11. Debt free

The Council has no outstanding debt and has complied with the statutory definition of debt free status since 1 April 1996. As a result, the Council:

has benefited from the transitional reductions on the full amount of any receipts from the sale of dwellings which have to be paid to the Government;

finances its capital requirement from capital receipts, grants and direct revenue financing so that there is no pre-emption of future revenue resources for the repayment of debt.

12. Provisions and Contingent Liabilities

The Council sets aside Provisions for specific future expenses, which are likely or certain to be incurred and which can be reliably estimated. Provisions are charged to the appropriate service revenue account and shown in the Balance Sheet.

Contingent liabilities are a) possible obligations which will only be confirmed by uncertain future events and which can or cannot be measured with sufficient reliability or b) present obligations which cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the accounting statements but are disclosed in the notes to the accounting statements.

13. VAT

VAT is excluded from the capital and revenue accounts as it is all recoverable.

14. Financial Instruments

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The Council is debt free and the only financial liabilities are trade payables of short duration measured at original or estimated invoice amount.

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 initially measured at fair value and carried at amortised cost. Annual credits to the Income and Expenditure Account for interest receivable 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 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 payments, they have not been classified as loans and receivables but have been written out in the year the loan is made on the basis that they might not be repaid for a considerable period.

Core Financial Statements

- Income and Expenditure Account
- Statement of Movement on the General Fund Balance
- Statement of Total Recognised Gains and Losses
- Balance Sheet
- Cash Flow Statement

Income and Expenditure Account

2006/07 Net Expenditure £		2007/08 Gross Expenditure £	2007/08 Gross Income £	2007/08 Net Expenditure £
	Expenditure on services			
3,022,446	Central Services	2,524,479	(613,140)	1,911,339
1,185,369	Central Services to the Public	7,243,424	(5,966,072)	1,277,352
	Cultural, Environmental and Planning Services			
1,722,808	Cultural and Related Services	1,943,990	(207,989)	1,736,001
4,733,603	Environmental Services	6,977,052	(1,993,912)	4,983,140
4,199,990	Planning and Development Services	6,508,122	(2,422,262)	4,085,860
714,929	Highways, Roads and Transport Services	689,317	(68,400)	620,917
	Non HRA Housing			
360,811	Personal Social Services	326,769	(35,751)	291,018
201,733	Housing Benefit and Administration	17,336,266	(17,174,607)	161,659
731,596	Private Sector Housing Renewal	637,150	(3,620)	633,530
108,611	Supporting People	364,635	(279,387)	85,248
455,254	Other Non HRA Housing Services Expenditure	665,651	(256,611)	409,040
163,513	Other Contributions to/from HRA	211,089		211,089
17,600,663	General Fund Services-Continuing operations	45,427,944	(29,021,751)	16,406,193
(532,780)	Housing Revenue Account Services	21,330,306	(21,885,193)	(554,887)
17,067,883	Net cost of services	66,758,250	(50,906,944)	15,851,306
2,568,718	Gain or loss on disposal of fixed assets			6,687,586
2,823,929	Precepts of Local Precepting Authorities			3,192,409
2,759,456	Payment to the Government for Housing Pooled Capital Receipts			2,265,139
(1,950,916)	Interest and investment income			(2,321,430)
191,000	Pensions interest cost and expected return on pension assets			104,000
23,460,070	Net operating expenditure			25,779,010
(8,278,329)	Demand on Collection Fund			(8,989,939)
82,150	Transfers from Collection Fund			(10,848)
(1,210,285)	Government Grants			(1,086,718)
(5,963,235)	Distribution from Non-Domestic Rate Pool			(6,475,482)
8,090,371	*Deficit for the year			9,216,023

* The Income and Expenditure Account summarises the cost of providing services and amounts due to and from the Council; all operations arise from continuing activities. The deficit includes depreciation, deferred charges, pension costs and payment of capital receipts to the Government – none of which are financed from the Council Tax / General Fund as shown on the next page.

Statement of Movement on the General Fund Balance

2006/07 Net Expenditure £		2007/08 Net Expenditure £
8,090,371	Deficit for the year on the Income and Expenditure Account	9,216,023
(8,457,581)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	2 (10,491,135)
(367,210)	Decrease/(Increase) in General Fund Balance for the year	(1,275,112)
(6,178,705)	General Fund Balance brought forward	(6,545,915)
(6,545,915)	General Fund Balance carried forward and available for the future use of the Council	(7,821,027)

Statement of Total Recognised Gains and Losses

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2006/07 £		2007/08 £
8,090,371	Deficit on the Income and Expenditure Account for the year	9,216,023
(25,461,769)	Surplus or deficit arising on the revaluation of fixed assets	(56,328,362)
(4,740,000)	Actuarial gains and losses on pension fund assets and liabilities	(4,760,000)
(118,086)	Any other gains or losses for the year	109,278
(22,229,484)	Total recognised gains and losses for the year	(51,763,061)

Balance Sheet

31 March 2007			31 March 2008	
£		Note	£	£
	Tangible Fixed Assets	11		
	Operational			
425,152,458	Council dwellings		478,153,143	
16,407,530	Other land and buildings		15,656,837	
1,736,792	Vehicles, plant and equipment		1,592,721	
95,404	Infrastructure		84,126	
368,693	Community assets		0	495,486,827
	Non -operational			
185,000	Investment Properties		310,000	
59,375	Assets under construction		170,327	
2,016,240	Surplus assets, held for disposal		2,278,320	2,758,647
446,021,492				498,245,474
6,000,110	Long Term Investments	16		7,000,110
184,131	Long Term Debtors-Mortgages			140,819
452,205,733	Total Long Term Assets			505,386,403
	Current Assets			
2,287	Stocks	14	25,492	
5,595,786	Debtors	15	4,514,027	
25,270,000	Investments	16	22,345,000	
744,565	Cash and Bank		509,023	
31,612,638				27,393,542
	Current Liabilities			
(8,373,352)	Creditors	18	(8,706,296)	
(905,791)	Cash overdrawn		(1,839,045)	
(9,279,143)				(10,545,341)
22,333,495	Net Current Assets			16,848,201
474,539,228	Total Assets less Current Liabilities			522,234,604
(553,582)	Deferred Liabilities	19		(956,950)
(509,849)	Deferred Credits and Grants	20		(705,796)
0	Provisions	28		0
(19,421,000)	Liability related to defined benefit pension schemes	31		(14,754,000)
454,054,797	Net Assets	26		505,817,858

Balance sheet: continued

31 March 2007			31 March 2008	
£		Note	£	
Accounts, Balances and Reserves				
(444,176,666)	Capital Adjustment Account	24	(450,257,700)	
0	Revaluation Reserve	23	(45,940,703)	
(15,565,050)	Usable Capital Receipts Reserve	25	(9,288,546)	
(4,304,999)	Earmarked Reserve	22	(3,621,522)	
19,421,000	Pensions Reserve	31	14,754,000	
Revenue Balances				
(6,545,915)	General Fund		(7,821,027)	
(2,785,014)	Housing Revenue Account		(3,631,235)	
(98,153)	Collection Fund		(11,125)	
(454,054,797)		21	(505,817,858)	

Signed:

G. J. Harlock, CPFA
Chief Executive and Chief Finance Officer

23 June 2008

Explanatory note:

The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve. The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £330,136,104 on the FARA at 31 March 2007 has been written off to the Capital Financing Account (£114,040,562 credit balance) to form the new Capital Adjustment Account with a credit of £444,176,666. The Revaluation Reserve has been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve at 31 March 2008 therefore only shows revaluation gains accumulated since 1 April 2007.

Cash Flow Statement

2006/07		2007/08	2007/08
£	Revenue Activities	£	£
	Cash Outflows		
14,527,086	Cash paid to and on behalf of employees	15,327,863	
12,406,342	Other operating cash payments	14,875,717	
9,199,413	Negative housing subsidy paid to Government	10,048,066	
6,796,411	Housing Benefit paid out	7,436,243	
44,785,685	National Non-Domestic Rate Payments to the National Pool	51,834,938	
49,193,676	Precepts paid to County Council	52,931,425	
7,881,541	Precepts paid to Police Authority	8,480,472	
2,791,389	Precepts paid to Fire Authority	2,973,311	
2,823,929	Precepts paid to Parishes	3,192,409	
2,501,652	Payment to Capital Receipts Pool	2,129,583	
			169,230,027
	Cash Inflows		
(9,797,175)	Rents (after rebates)	(10,029,174)	
(64,434,554)	Council Tax receipts (after benefits)	(68,902,472)	
(5,963,235)	National Non Domestic Rates from National Pool	(6,475,482)	
(51,309,816)	Non Domestic rate receipts	(52,852,525)	
(1,210,285)	Revenue Support Grant	(1,086,718)	
(19,881,216)	DWP grants for benefits	(21,369,962)	
(1,608,756)	Other Government Grants	(2,069,819)	
(6,886,356)	Cash received for goods and services	(8,866,073)	
			(171,652,225)
(8,184,269)	Revenue Activities Net Cash Flow		(2,422,198)
	Returns on Investment		
	Cash Inflows		
(1,674,358)	Interest received	(2,111,181)	
			(2,111,181)
	Capital Activities		
	Cash Outflows		
11,175,177	Purchase of Assets	11,460,550	
0	Purchase of Long Term Investments	1,000,000	
2,045,738	Deferred Charges	1,620,063	
	Cash Inflows		
(6,759,346)	Sale of Fixed Assets	(4,600,563)	
(749,379)	Capital Grants received	(848,472)	
(630)	Other capital cash receipts	(4,403)	
			8,627,175
(4,147,067)	Net cash inflow before financing		4,093,796
	Management of Liquid Resources		
3,820,000	Net increase/(decrease) in short term deposits		(2,925,000)
(327,067)	Net (Increase)/ decrease in cash		1,168,796

Notes to Core Statements

- Notes to the Income and Expenditure Account
- Notes to the Balance Sheet
- Notes to the Cash Flow Statement

Notes to Income and Expenditure Account

1. Explanation of the significance of the Statement of Movement on the General Fund

The Income and Expenditure Account is compliant with UK Generally Accepted Accounting Practice (GAAP) which applies in both the public and private sectors. However, local authorities are also subject to statutory requirements governing expenditure and income which must be excluded and that which can be included in the General Fund and thereby financed from the Council Tax.

Note 2 shows the adjustments which have to be made to convert the GAAP compliant Income and Expenditure to the statutory General Fund.

It is the credit balance on the General Fund which is available as a working balance and/or to finance services in future years.

2. Analysis of statutory/non-statutory adjustments

Analysis of net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year:

2006/07 £	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	2007/08 £
(1,296,956)	Depreciation and impairment of fixed assets (excluding depreciation charged to HRA services)	(993,921)
201,855	Government Grants Deferred amortisation matching depreciation and impairments	206,897
(1,200,234)	Amounts treated as revenue expenditure in accordance with SORP but which are classified as capital expenditure by statute (i.e. deferred charges)	(872,973)
(2,568,718)	Net loss on sale of fixed assets	(6,687,586)
(1,833,000)	Amount by which pension costs calculated in accordance with the SORP (i.e. FRS 17) are different from the contributions due under the pension scheme regulations	(93,000)
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year	
(2,759,456)	Transfer from Useable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	(2,265,139)
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
885,218	Statutorily required transfer of the surplus or deficit for the year on the HRA calculated in accordance with statute to the HRA balance	846,221
113,710	Net transfer to or from earmarked reserves	(631,634)
(8,457,581)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(10,491,135)

3. Accounting for publicity

In accordance with the Local Government Act 1986 Section 5, expenditure on all publicity, including exempt categories and including publicity relating to accounts other than the General Fund was:

2006/07		2007/08
£		£
118,098	Staff recruitment	172,859
189,903	Public Relations	247,508
59,135	Other	38,215
367,136		458,582

4. Members allowances

The total of Members' allowances paid in the year was £336,939 (£326,878 in 2006/07). 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.

5. Employees' remuneration

The number of employees whose remuneration was £50,000 or more were:

2006/07		2007/08
4	£50,000 - £59,999	4
4	£60,000 - £69,999	4
0	£70,000 - £79,999	0
2	£80,000 - £89,999	0
1	£90,000 - £99,999	1
0	£100,000 - £109,999	0
0	£110,000 - £119,999	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. Pension contributions payable by either the employee or employer are excluded.

6. Building Control

Expenditure on fee-earning activities and associated fee income were:

2006/07		2007/08
£		£
443,773	Expenditure	444,951
<u>(487,294)</u>	Income	<u>(457,861)</u>
(43,521)	(Surplus) / Deficit	(12,910)
	Additional pensions liability under Financial	
22,873	Reporting Standard (FRS) 17	12,060
<u>(20,648)</u>		<u>(850)</u>

7. Trading operations

2006/07		2007/08
£		£
	Direct Service Organisation	
	Refuse Collection, Street Cleansing, Awarded	
Part of	Watercourses and Cesspool Emptying	Part of
service	Turnover	service
account	Deficit	account
	Grounds Maintenance	
285,698	Turnover	Contracted out
13,207	Deficit	
	Direct Labour Organisation	
	Building Maintenance	
2,938,888	Turnover	3,210,221
(66,534)	Deficit/(Surplus)	(20,474)
(53,327)	Total Deficit/(Surplus)	(20,474)
	Additional pensions liabilities under Financial	
64,955	Reporting Standard (FRS) 17	29,143
<u>11,628</u>	Total Deficit	<u>8,669</u>

8. External Audit and Inspection costs

Expenditure during the year on audit costs was:

2006/07		2007/08
£		£
110,000	Auditing Fee	113,000
	Inspection fee payable to the	
13,335	Audit Commission	19,943
36,629	Certifying grant claims	34,200
0	Other services	0
159,964		167,143

9. Related party disclosures

In 2007/08, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

10. Acquired and discontinued operations, exceptional items and extraordinary items

There are no transactions to report under these headings in 2007/08 or in 2006/07.

Notes to the Balance Sheet

11. Tangible fixed assets

Movements in the net fixed assets during the year were as follows:

Operational Assets:

	Council Dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure	Community Assets	Total
Net book value as at 31 March 2007	425,152,458	16,407,530	1,736,792	95,404	368,693	443,760,877
Revaluation at 1 April 2007	60,063,722	0	0	0	(346)	60,063,376
Adjustments	(255,386)	0	0	0		(255,386)
Additions	10,690,995	0	641,927	0	346	11,333,268
Disposals	(10,132,266)	(504,889)	(26,611)	0	(368,693)	(11,032,459)
Revaluation at 31 March 2008	(4,022,447)	0	0	0	0	(4,022,447)
Impairment	(100,000)	0	0	0	0	(100,000)
Balance at 31 March 2008	481,397,076	15,902,641	2,352,108	95,404	0	499,747,229
Depreciation	(3,243,933)	(245,804)	(759,387)	(11,278)	0	(4,260,402)
Net book value as at 31 March 2008	478,153,143	15,656,837	1,592,721	84,126	0	495,486,827

Non-Operational Assets:

	Investment Properties	Assets under construction	Surplus assets held for disposal	Total
Net book value as at 31 March 2007	185,000	59,375	2,016,240	2,260,615
Revaluation at 1 April 2007	0	0	262,080	262,080
Adjustments	0	0	0	0
Additions	0	110,952	0	110,952
Disposals	0	0	0	0
Revaluation at 31 March 2008	125,000	0	0	125,000
Balance at 31 March 2008	310,000	170,327	2,278,320	2,758,647
Depreciation	0	0	0	0
Net book value as at 31 March 2008	310,000	170,327	2,278,320	2,758,647

Valuations on the bases set out in the statement of accounting policies have been carried out for:

- Council dwellings and non operational assets relating to the Housing Revenue Account as at 1 April 2005 by Mr. Cary Carter, MA, MRICS, District Valuer, East of England; Council dwellings have been valued and reviewed at 1 April 2007 and 31 March 2008 on the basis of existing use for social housing, and
- Other land and buildings and investment properties valued as at 1 April 2004 by Mr. Mark Catley, MRICS, FAAV, District Valuer, East of England. Assets not ready for use as at the valuation date are included in the balance sheet at cost.
- South Cambridgeshire Hall valued as at 1 April 2006 by Mr. Mark Catley, MRICS, FAAV, 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 fixed assets may not be recoverable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 37 on page 66. 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.

Capital expenditure was financed as follows:

	£		£
Expenditure		Financing	
Fixed Assets	11,444,220	Capital Receipts	8,526,386
Deferred Charges	1,620,063	Revenue	340,512
		Grant	816,067
		Major Repairs Allowance	3,243,933
		Reserves	137,385
	<u>13,064,283</u>		<u>13,064,283</u>

An analysis of fixed assets is:

31 March 2007 (Numbers)		31 March 2008 (Numbers)
5,719	Council dwellings	5,625
1	Offices	1
1	Depot and Workshop	1
1	Country Park, visitors centre and toilet block (99 year lease granted to Cambridge Sport Lakes Trust Ltd at 31 March 2008)	0
5	Car Parks	5
2	Commercial Property	2
15.25 (acres)	Land	15.25 (acres)

Capital commitments as at 31 March 2008 were £1.38 million on Housing and £1.88 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

12. Deferred charges

Balance as at 1 April	0
Improvement Grants	802,347
Other	817,716
Written out	(1,620,063)
<u>Balance as at 31 March</u>	<u>0</u>

13. Leases

There were no new finance lease agreements during 2007/08.

Payments of £911,003 in respect of vehicle contract hire were made in 2007/08 (£839,800 in 2006/07).

In respect of contract hire agreements for vehicles, the Council is committed to make payments of £797,318 in the financial year 2008/09 analysed as:

2006/07		DLO/DSO	Cars	2007/08
Total		£	£	Total
£		£	£	£
50,776	commitments expiring in the year 2007/08			
590,578	commitments expiring in the year 2008/09 to 2011/12			
0	commitments expiring in the year 2008/09	167,368	31,178	198,546
0	commitments expiring in the years 2009/13 and later	371,859	53,231	425,090
0	commitments expiring in the years 2013/14 and later	173,682	0	173,682
641,354		712,909	84,409	797,318

14. Stocks and works in progress

31 March		31 March
2007		2008
£		£
0	DSO- Recycling and refuse bins	16,248
1,054	Catering	1,333
1,233	Post	7,911
2,287		25,492

15. Debtors

31 March		31 March
2007		2008
£		£
2,591,307	Government Departments	1,209,880
668,167	Non-Domestic Ratepayers	282,907
1,346,033	Council Tax	1,159,252
549,327	Housing Rents	407,432
132,864	Cambridgeshire County Council	144,326
13,969	Employee Car Loans	3,952
674,506	Investment Interest	884,703
1,226,533	Sundry Debtors	1,691,981
(1,606,920)	Provision for Doubtful Debts	(1,270,406)
5,595,786	Total	4,514,027

16. Investments

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 and Irish banks and building societies and, therefore, no provision is made for possible loss of principal.

31 March 2007		31 March 2008
£		£
	Local Authorities	
9,500,000	Clearing Banks	3,000,000
0	Subsidiaries of Clearing Banks	0
2,500,000	Banks, other	3,500,000
270,000	Money Market Funds	345,000
	Building Societies with assets:	
0	greater than £10,000 million	5,000,000
4,000,000	between £5,000 million and £10,000 million	4,000,000
9,000,000	between £1,500 million and £5,000 million	11,500,000
6,000,000	between £350 million and £1,500 million	2,000,000
110	Government Securities	110
31,270,110	Total	29,345,110
	Principal Investments analysed by maturity	
25,270,000	2007/08	0
2,000,000	2008/09	22,345,000
2,000,000	2009/10	3,000,000
1,000,000	2010/11	2,000,000
1,000,000	2011/12	1,000,000
0	2012/13	1,000,000
31,270,000		29,345,000

17. 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
- financial assets: loans and receivables comprising bank deposits, trade receivables, investments and long term mortgages

For trade payables, bank deposits and trade receivables, being of short duration, and for long term mortgages, being at variable rates, 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 SORP has not been complied with in this respect.

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

As stated in the accounting policies, the Council has given interest free loans, repayable on the sale/transfer of charged properties, which have not been classified as financial instruments and are not shown in the balance sheet. The outstanding amount was £407,679 as at 31 March 2008.

The financial risks arising from financial instruments are:

a) **Credit Risk**

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

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

b) **Liquidity Risk**

All trade and other payables are due to be paid in less than one year.

c) **Market Risk**

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

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

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

As most investments are at fixed rates and the Council is debt free, 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.

18. Creditors

31 March 2007		31 March 2008
£		£
(2,231,603)	Government Departments	(2,240,741)
(1,812,515)	Non-Domestic Ratepayers	(1,474,373)
(747,663)	Council Tax	(709,653)
(152,673)	Housing Rents	(223,096)
(996,977)	Cambridgeshire County Council	(873,226)
0	Cambridgeshire Police Authority	(10,480)
0	Cambridgeshire Fire Authority	(3,674)
(109,225)	Cambridge City Council	(112,406)
0	Salaries & Wages	(4,580)
(2,322,696)	Sundry Creditors	(3,054,067)
(8,373,352)	Total	(8,706,296)

19. Deferred Liabilities

Deferred liabilities 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.

	Balance at 31 March 2007	Movement in year	Balance at 31 March 2008
Capital			
Commuted Sums	(65,740)	0	(65,740)
Partnership works on Awarded Watercourses	(343,097)	(58,428)	(401,525)
Affordable Housing S106	(9,498)	(157,838)	(167,336)
Revenue			
Sustainability S106 Arbury Camps	(69,068)	(74,328)	(143,396)
Public Art S106 Arbury Camps	(42,224)	(96,202)	(138,426)
Community Development S106	0	(40,526)	(40,526)
Open Space S106	(23,955)	23,955	0
	(553,582)	(403,367)	(956,950)
Capital	(418,335)	(216,266)	(634,601)
Revenue	(135,247)	(187,101)	(322,348)
	(553,582)	(403,367)	(956,950)

20. Deferred credits and grants

31 March 2007		31 March 2008
£		£
(179,729)	Deferred Capital Receipts	(140,819)
(330,120)	Deferred Government Grants	(564,977)
<hr/>		
(509,849)	Total	(705,796)

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.

21. Movement in Reserves

	Note	Balance at 1 April 2007	Net movement in year	Balance at 31 March 2008
Revaluation Reserve	23	0	(45,940,703)	(45,940,703)
Capital Adjustment Account	24	(444,176,666)	(6,081,034)	(450,257,700)
Usable Capital Receipts	25	(15,565,050)	6,276,504	(9,288,546)
Pension Reserve	30	19,421,000	(4,667,000)	14,754,000
Housing Revenue Account HRA		(2,785,014)	(846,221)	(3,631,235)
General Fund	I & E	(6,545,915)	(1,275,112)	(7,821,027)
Earmarked Reserves	22	(4,304,999)	683,477	(3,621,522)
Other		(98,153)	87,028	(11,125)
<hr/>				
		(454,054,797)	(51,763,061)	(505,817,858)

22. Reserves

	31 March 2007 £	Movement during year £	31 March 2008 £
Earmarked Reserves			
Capital			
Preservation of Historic Buildings	(54,968)	346	(54,622)
Arts Grants	(152,175)	105,985	(46,190)
Dual Use Recreational Facilities	(1,400,977)	137,977	(1,263,000)
Planning Projects	(209,639)	135,296	(74,343)
Community Development	(211,257)	51,040	(160,217)
Sports Development	(287,899)	42,844	(245,055)
Other	(128,985)	(70,188)	(199,173)
Revenue			
Conservation Reserve	(3,133)	389	(2,744)
Building Control Reserve	(570,973)	98,090	(472,883)
Arts Reserve	(17,500)	10,000	(7,500)
Dual Use Operational Reserve	(51,225)	48,454	(2,771)
Planning Reserve	(200,707)	55,240	(145,467)
Community Safety & Grants Reserve	(38,563)	(8,062)	(46,625)
Travellers Reserve	(786,260)	117,319	(668,941)
Other	(190,738)	(41,253)	(231,991)
	(4,304,999)	683,477	(3,621,522)
Total - Capital	(2,445,900)	403,300	(2,042,600)
Revenue	(1,859,099)	280,177	(1,578,922)
	(4,304,999)	683,477	(3,621,522)
Movement between capital reserves and other capital accounts		(51,943)	
As shown in Note 2		631,534	

23. Revaluation Reserve

This account shows the increase or decrease in the value of fixed assets as a result of the revaluation of those assets. The balance is written down by the net book value of disposed assets and is debited or credited with decreases or increases arising on revaluations.

	2007/08
	£
Opening Balance as at 1 April 2007	0
Revaluation Gains during year	(60,195,416)
Revaluation Losses during year	4,022,447
Impairment adjustment	100,000
Disposal of assets	10,132,266
Balance as at 31 March 2008	(45,940,703)

24. Capital Adjustment Account

This account contains the amount of capital expenditure financed from capital receipts, grants and revenue and the amount charged to revenue for depreciation/amortisation.

31 March 2007		31 March 2008
£		£
(107,302,963)	Balance at beginning of year	(444,176,666)
	Add capital expenditure financed from;	
	capital receipts	
(8,616,898)	usable	(8,526,386)
(507,812)	revenue	(340,511)
(533,278)	grants and reserves	(544,311)
(201,855)	Government grants deferred amortisation	(206,897)
(3,211,297)	Major Repairs Allowance	(3,243,933)
0	Less disposal of assets	900,539
4,530,803	Less depreciation	4,260,402
1,802,738	Less deferred charges written out	1,620,063
(330,136,104)	Balance transferred from Fixed Asset Restatement Reserve	0
(444,176,666)		(450,257,700)

25. Usable Capital Receipts Reserve

These are capital receipts which are available to finance new capital expenditure in the future.

Total 2006/07		General Fund	Housing Revenue Account	Total 2007/08
£		£	£	£
(20,138,723)	Balance at beginning of year	2,459,448	(18,024,498)	(15,565,050)
	Add			
	Capital receipts received during year			
(6,759,348)	from sale of assets	(31,535)	(4,569,028)	(4,600,563)
	Less			
8,616,898	Capital receipts applied during year	649,557	7,876,829	8,526,386
	Capital receipts transferred			
(43,333)	to/from reserves	85,542	0	85,542
2,759,456	Capital receipt payments to DCLG	0	2,265,139	2,265,139
(15,565,050)		3,163,012	(12,451,558)	(9,288,546)

26. Analysis of net assets employed

31 March 2007		31 March 2008
£		£
(9,210,501)	General Fund	(8,290,662)
(350,201,028)	Housing Revenue Account	(16,082,793)
(23,706)	Direct Service Organisation	0
(359,435,235)		(24,373,455)
(114,040,562)	Capital Financing Account	(450,257,700)
0	Revaluation Reserve	(45,940,703)
19,421,000	Pensions Reserve	14,754,000
(454,054,797)		(505,817,858)

27. Post Balance Sheet Events

There are no known Post Balance Sheet events relating to the 2007/08 accounts.

28. Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts which have been netted off debtors.

29. 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 270 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 other equity share schemes covering approximately 70 properties where a similar obligation exists. The Council would then look to resell the properties under the equity share schemes so that the in and out transactions would have had an approximately nil financial effect. As a result of the introduction of the pooling of capital receipts arrangements in local government from 1 April 2004, the Council may be exposed to a liability to pay 75% of the value of any capital receipts from the resale of these properties to Central Government. Any potential liability cannot be quantified at this time; and
2. the Council has undertaken an equal pay audit which may result in claims for back-pay plus interest and legal costs together with additional pension and redundancy costs and possibly additional future payroll costs. A Single Status claim has been received and is being considered. Any potential liabilities cannot be quantified at this time.

30. Local Area Agreement

The Council is a participant in Cambridgeshire Together, a Local Area Agreement (LAA). This is a partnership with other public bodies involving the pooling of government grants to finance progress towards jointly agreed objectives for public services throughout the area covered by the participants. Cambridgeshire County Council is the accountable body for the LAA; the total LAA grant received in 2007/08 was £5.6m of this South Cambridgeshire District Council received a grant of £210,371.

Cambridgeshire Together partners are:

Local Government bodies- Cambridgeshire County Council, South Cambridgeshire District Council, Cambridge City Council, Fenland District Council, East Cambridgeshire District Council and Huntingdonshire District Council

Community protection authorities – Cambridgeshire Constabulary

Health bodies – Cambridgeshire Primary Trust

Voluntary organisations – Cambridge Council for Voluntary Services, Cambridgeshire ACRE, Cambridgeshire Association of Town Councils, East Cambridgeshire Council for Voluntary Services, Fenland Council for Voluntary Services, Hunts Forum for Voluntary Services and Young Lives

Business organisations – Greater Cambridge Partnership

31. Pensions

The Authority participates in the funded Local Government Pension Scheme, which is a defined benefit scheme, and also provided unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council. The contribution rate to the funded scheme in 2007/08 was determined by the administering authority's actuary based on the full actuarial valuation as at 31 March 2004 but not implemented until 1 April 2005.

In 2007/08, expenditure on employer's contributions and charged to the revenue account was £1,753,122 representing 15.4% of employees' pensionable pay (£1,465,160 and 13.3% in 2006/07) into the Local Government Pension Scheme which provides members with defined benefits related to pay and service (the funded scheme).

In addition, the Council is responsible for all pension payments relating to added years' benefits it has awarded in the past, together with the related increases, (the unfunded scheme) and the cost of early retirements due to redundancy. In 2007/08 these were charged to the revenue account and amounted to £279,399 representing 2.45% of pensionable pay (£497,395 and 4.51% in 2006/07).

The movement in the net pension liability is:

2006/07 £'000		2007/08 £'000
	Deficit/pension liability on 1 April	
(20,919)	- funded	(17,663)
(1,409)	- unfunded	<u>(1,758)</u>
		(19,421)
	Movement in the year:	
(3,569)	interest cost (unravelling of the discount)	(3,963)
3,378	expected return on assets	<u>3,859</u>
		(104)
(2,399)	current service cost (net of employee' contributions)	(2,215)
	employer's contributions	
1,481	- funded	1,744
165	- unfunded	104
(889)	gains/losses on settlements and curtailments	<u>378</u>
		(93)
4,740	actuarial gains / (losses)	4,760
0	less unfunded scheme liability	0
(19,421)	Net pensions liability as at 31 March	(14,754)

In addition to the net pensions liability of £14,754,000, there is also a creditor of £547,000 in the balance sheet for future payments to the fund in respect of early retirements in 2007/08 and earlier years.

Further information can be found in the County Council's Pension Fund Annual Report which is available upon request from the Director of Resources, Shire Hall, Castle Hill, Cambridge, CB23 0AP.

In order to comply with the Financial Reporting Standard 17 (FRS17), Retirement Benefits, the latest actuarial valuation as at 31 March 2007 has been rolled forward in order to report on the position as at 31 March 2008. The information in the actuarial valuation as at 31 March for the purposes of FRS17 is:

2006/07	Financial Assumptions	2007/08
3.20%	Rate of inflation	3.60%
4.70%	Rate of increase in salaries	5.10%
3.20%	Rate of increase in pensions	3.60%
25.00%	Employees opting to take an additional lump sum	25.00%
5.40%	Rate for discounting scheme liabilities	6.90%

Expected rate of return on assets		
7.80%	Equities	7.70%
4.90%	Bonds	5.70%
5.90%	Property	5.70%
4.90%	Cash	4.80%

The Local Government Pension Scheme permits employees retiring to take an increase in their lump sum payment on retirement in exchange for a reduction (commutation) in their future annual pension. On the basis of commutation experience with local authorities the Actuary has allowed for 25% of future retirements to elect for additional lump sums and has treated this as part of the actuarial gain.

The fair value of attributable assets, the proportion of assets and their expected rate of return, and the present value of scheme liabilities were estimated to be:

31 March 2007			31 March 2008	
Estimated attributable assets/liabilities £,000	Asset distribution %		Estimated attributable assets/liabilities £,000	Asset distribution %
39,941	75.0%	Equities	38,210	69.6%
6,064	11.0%	Bonds	7,038	12.8%
6,670	12.0%	Property	6,617	12.0%
1,120	2.0%	Cash	3,059	5.6%
<u>53,795</u>	<u>100.0%</u>	Estimated attributable assets	<u>54,924</u>	<u>100.0%</u>
		Estimated present value of scheme liabilities	<u>(68,343)</u>	
<u>(71,458)</u>		Deficit on funded scheme as determined by the actuary	<u>(13,419)</u>	
<u>(17,663)</u>		Deficit on unfunded discretionary benefits	<u>(1,335)</u>	
<u>(1,758)</u>		Net pensions liability	<u>(14,754)</u>	
<u>(19,421)</u>				

Pensions

The Code of Practice requires the movement in the Pensions Reserve to be given over a five year period beginning from the introduction of FRS 17.

The movement in the Pensions Reserve is:

	Year to 31 March 2004		Year to 31 March 2005		Year to 31 March 2006		Year to 31 March 2007		Year to 31 March 2008	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	4,970	14.1	1,909	4.8	7,058	14.2	513	1.0	(6,495)	(11.8)
Differences between actuarial assumptions and actual experience on liabilities	(10)	0.0	(3,667)	(6.1)	(3)	0.0	89	0.1	(669)	(1.0)
Changes in demographic and financial assumptions underlying the present value of the scheme liabilities	0		(10,729)	18.0	(8,048)	(11.2)	4,138	5.7	11,924	17.0
Actuarial gain / (loss)	<u>4,960</u>	11.7%	<u>(12,487)</u>	-20.9%	<u>(993)</u>	-1.4%	<u>4,740</u>	6.5%	<u>4,760</u>	6.8%
Net appropriation to Income and Expenditure Account from pension reserve / liability	(1,361)		(520)		(1,258)		(1,833)		(93)	
Appropriation to Income and Expenditure Account in respect of pension liabilities	236		0		0		0		0	
Reassessment of / adjustment for opening balance for unfunded benefits	(66)		1,222							
Movement in Pensions Reserve	<u>3,769</u>		<u>(11,785)</u>		<u>(2,251)</u>		<u>2,907</u>		<u>4,667</u>	

Notes to the Cash Flow Statement

32. Reconciliation of deficit on Income and Expenditure Account to net cash flow from revenue activities.

2006/07		2007/08	2007/08
£		£	£
8,090,371	Deficit on Income and Expenditure Account	9,216,023	
<u>(8,457,581)</u>	Note 2 Statutory/non-statutory adjustments	<u>(10,491,135)</u>	
(367,210)	Deficit/(Surplus) on General Fund		(1,275,112)
(885,218)	Deficit/(Surplus) on Housing Revenue Account	(846,221)	
(413,259)	Deficit/(Surplus) on Collection Fund	7,463	
2,501,652	Payment to Capital Receipts Pool	<u>2,129,583</u>	
			1,290,825
	Add non cash transactions		
(507,813)	Direct Revenue Financing of Capital Expenditure	(340,511)	
(3,211,297)	Major Repairs Allowance	(3,243,933)	
(88,050)	Contribution from/(to) Reserves	227,920	
	Less non cash transactions		
27,885	Movement in Bad Debt Provision	<u>(57,942)</u>	
			<u>(3,414,466)</u>
			(3,398,753)
	Changes in working capital		
(6,583)	Stock	23,204	
(4,356,981)	Debtors	(1,081,759)	
(2,551,753)	Revenue Creditors	<u>(76,071)</u>	
			(1,134,626)
1,674,358	Servicing of Financing from Cash Flow Statement		2,111,181
<u>(8,184,269)</u>	Revenue Activities Net Cash Flow		<u>(2,422,198)</u>

33. Reconciliation of balance sheet to liquid resources

	Balance Sheet 31 March 2007	Balance Sheet 31 March 2008	Movement in Liquid Resources 2007/08
Investments	(31,270,110)	(29,345,110)	1,925,000
Less time deposits	31,270,110	29,345,110	(1,925,000)
Investments repayable on demand	0	0	0
Net cash overdrawn	161,226	1,330,022	1,168,796
Movement	161,226	1,330,022	(1,168,796)

34. Reconciliation of movement in cash to net debt

2006/07		2007/08
£		£
(327,067)	Increase in Cash	(1,168,796)
<hr/>		<hr/>
(327,067)	Decrease in net debt from cash flow	(1,168,796)
(488,293)	Net debt at 1 April	(161,226)
<hr/>		<hr/>
(161,226)	Net debt at 31 March	(1,330,022)

35. Management of Liquid Resources

A short-term deposit is an investment that is not intended to be held for use on a continuing basis in the activities of the authority.

36. Analysis of other Government grants

2006/07		2007/08
£		£
	Revenue	
(591,017)	Housing Benefit Administration and Fraud	(647,545)
(207,757)	NNDR Cost of Collection Allowance	(215,337)
(121,831)	Building Safer Communities	(90,121)
(46,120)	Corporate Management- Building Capacity East	(104,990)
(266,937)	Planning Delivery Grant	(337,707)
(40,251)	Elections	(16,492)
(12,389)	Environmental Health	(56,024)
(108,651)	Supporting People	(98,079)
(40,700)	Homelessness	(35,000)
(1,512)	Improvement Grant	(1,512)
(114,891)	Refuse / Recycling	(120,347)
(56,700)	Community Safety	0
0	Travellers Issues	(8,475)
0	Concessionary Fares	(68,400)
0	Growth Agenda/ New Communities	(269,790)
<hr/>		
(1,608,756)		(2,069,819)
<hr/>		
	Capital	
(255,437)	Renovation Grants - net of repayments	(205,000)
0	Kerbside Recycling	(131,654)
0	Broadband	(6,250)
0	Air Quality/ Emissions	(54,000)
(48,745)	Insulation	(20,901)
(88,979)	Planning Delivery Grant	(112,569)
(356,218)	Housing Capital	(180,818)
0	Growth Agenda/ New Communities	(137,280)
<hr/>		
(749,379)		(848,472)
<hr/>		

Supplementary Statements

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

Housing Revenue Income and Expenditure Account

2006/07		2007/08
£	INCOME	£
(18,638,469)	Dwelling Rents(Gross)	(19,595,803)
(326,264)	Non-dwelling Rents(Gross)	(343,637)
<u>(1,458,025)</u>	Charges for Services and Facilities	<u>(1,661,479)</u>
		(21,600,919)
	Contributions towards expenditure	
(347,169)	General Fund	(248,839)
<u>(42,080)</u>	Other sources	<u>(35,435)</u>
		(284,274)
(10,241)	Transfer of DLO surplus	0
<u>(20,822,248)</u>	Total Income	<u>(21,885,193)</u>
	EXPENDITURE	
2,827,397	Repairs and Maintenance	2,706,663
	Supervision and Management	
1,286,919	General	1,369,672
681,328	Repairs and Maintenance	605,012
2,609,666	Special Services	2,840,348
137,179	Rent, Rates and Other Charges	112,743
9,199,413	Payment to Government in to National Pool	10,048,066
12,684	Transfer of DLO Deficit	8,669
3,211,297	Depreciation and impairment of Fixed Assets	3,243,933
21,558	Treasury Management Costs	17,312
(25,448)	Increased/(Decreased) Provision for Bad or Doubtful Debt	(47,741)
<u>19,961,993</u>	Total Expenditure	<u>20,904,677</u>
(860,255)	Net Cost of Services as included in the whole authority Income and Expenditure Account	(980,516)
	HRA services share of Corporate and Democratic Core	
327,475		425,629
<u>(532,780)</u>	Net Cost of HRA Services	<u>(554,887)</u>
2,568,718	Gain or loss on sale of HRA assets	5,818,931
	Interest and investment income	
(7,601)	Mortgage Interest	(6,730)
<u>(103,281)</u>	Interest on Cash Balances	<u>(163,899)</u>
		(170,629)
	Pensions Interest Cost and Expected Return on Pension Assets	
20,966		(865,677)
1,946,022	Deficit for the year on HRA services	4,227,738

Statement of Movement on the Housing Revenue Income and Expenditure Account

2006/07 £	2007/08 £
1,946,022(Surplus)/deficit for the year on the HRA Income and Expenditure Account	4,227,738
(2,568,718)Loss on sale of HRA fixed assets	(5,818,931)
<u>(262,522)HRA share of contributions to or from the Pensions Reserve</u>	<u>744,972</u>
(885,218)Decrease/(increase) in Housing Revenue Account balance for the year	(846,221)
(1,899,796)Housing Revenue Account balance brought forward	(2,785,014)
<u>(2,785,014)Housing Revenue Account balance carried forward</u>	<u>(3,631,235)</u>

The Collection Fund

2006/07		2007/08
£	INCOME	£
(64,277,472)	Income from Council Tax	(68,855,013)
	Transfers from General Fund	
(4,361,140)	Council Tax Benefits	(4,614,360)
(50,191,850)	Income collectable from Business Ratepayers	(52,969,067)
	Contribution towards previous year's estimated Collection Fund Deficit	
(500,190)	Cambridgeshire County Council	0
(80,154)	Cambridgeshire Police Authority	0
(28,528)	Cambridgeshire Fire Authority	0
(82,150)	District Council	0
<u>(119,521,484)</u>		<u>(126,438,440)</u>
	EXPENDITURE	
	Demands and Precepts	
	Precepts	
49,693,866	Cambridgeshire County Council	52,866,308
7,961,695	Cambridgeshire Police Authority	8,470,039
2,819,917	Cambridgeshire Fire Authority	<u>2,969,616</u>
		64,305,963
	Demands - District Council	
5,454,400	General Expenses	5,797,530
<u>2,823,929</u>	Special Expenses - Parish Precepts	<u>3,192,409</u>
68,753,807		8,989,939
	Contribution towards previous year's estimated Collection Fund Surplus	
0	Cambridgeshire County Council	65,117
0	Cambridgeshire Police Authority	10,433
0	Cambridgeshire Fire Authority	3,695
0	District Council	<u>10,848</u>
		90,093
	Business Rate	
49,984,093	Payment to National Pool	52,753,730
<u>207,757</u>	Cost of Collection	<u>215,337</u>
		52,969,067
	Bad and Doubtful Debts	
134,683	Write Offs	101,312
<u>27,885</u>	Provision for Bad and Doubtful Debts	<u>(10,471)</u>
119,108,225		90,841
		<u>126,445,903</u>
(413,259)	(Deficit/(Surplus) of income over expenditure	7,463
315,106	Fund Balance at Beginning of year	(98,153)
(98,153)	Fund Balance at end of year	(90,690)

Collection Fund balance:

Attribution of surplus carried forward	
Cambridgeshire County Council	(65,411)
Cambridgeshire Police Authority	(10,480)
Cambridgeshire Fire Authority	(3,674)
District Council	(11,125)
	<hr/>
	(90,690)
	<hr/>

Notes to Supplementary Statements

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

- **Notes to the Collection Fund**

Notes to the Housing Revenue Account (HRA)

37. 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 2007	Conversions during the year	Additions during the year	Disposals during the year	As at 31 March 2008
1 Bedroom	1,156	(1)	11	(30)	1,136
2 Bedrooms	2,452	0	13	(67)	2,398
3 Bedrooms	2,038	0	0	(17)	2,021
4 or more Bedrooms	73	1	0	(4)	70
	5,719	0	24	(118)	5,625

Disposals

Right to Buy	11
Equity Share	22
Other	85
	<u>118</u>

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

	Operational Assets		Non operational assets		
	Council Dwellings	Garages	Investment Properties	Surplus Assets for Disposal	Total
Net book value as at 31 March 2007	422,341,893	2,810,565	185,000	2,015,989	427,353,447
Revaluation at 1 April 2007	59,698,348	365,373	0	262,081	60,325,802
Adjustments	(255,386)		0	0	(255,386)
Additions	10,690,995	0	0	0	10,690,995
Disposals	(10,118,412)	(13,857)	0	0	(10,132,269)
Revaluation at 31 March 2008	(4,122,444)	0	125,000	0	(3,997,444)
Impairment	0	0	0	0	0
Balance at 31 March 2008	478,234,994	3,162,081	310,000	2,278,070	483,985,145
Depreciation	(3,243,933)	0	0	0	(3,243,933)
Net book value as at 31 March 2008	474,991,061	3,162,081	310,000	2,278,070	480,741,212

Vacant possession value of dwellings 31 March 2008: £1,032,589,263

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 46%.

The Housing Futures project to be considered by the Council includes an option to transfer the whole stock to a housing association. The valuation for this purpose is entirely different being based on the present value of future expenditure and income and produces a much lower figure.

38. Capital expenditure, financing and receipts

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

	£		£
Expenditure		Financing	
New Build	63,333	Capital receipts	7,396,200
Acquisition of existing dwellings	3,364,596	Major Repairs Allowance	3,243,933
Improvement of housing stock	<u>7,263,066</u>	Grant	<u>50,862</u>
	<u>10,690,995</u>		<u>10,690,995</u>

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

2006/07		2007/08
£		£
48,460	Sale of Land	42,066
	Sale of dwellings	
2,751,084	Right to buy	1,528,279
3,933,129	Other	2,998,683
<u>6,732,673</u>		<u>4,569,028</u>

39. Depreciation

The Major Repairs Allowance represents the capital cost of keeping council housing stock in its current condition. The Major Repairs Allowance, being based on the annual cost of replacing individual building components as they reach the end of their useful life, is considered to be a reasonable estimate measure of Depreciation/Amortisation.

The charge for Depreciation within the HRA was:

2006/07		2007/08
£		£
3,211,297	Operational assets	3,243,933
0	Non operational	0
<u>3,211,297</u>		<u>3,243,933</u>

40. Impairment

Impairment of £100,000 on a property has been identified and included for the financial year 2007/08; no impairment charge was incurred in 2006/07 in respect of land, dwellings and other property within the Housing Revenue Account.

41. Major Repairs Reserve

This reserve effectively shows how the Major Repairs Allowance element of housing subsidy, being considered a reasonable estimate measure of depreciation, is used to finance capital expenditure relating to the HRA.

	£
Balance on 1 April 2007	0
Transfer of depreciation provision	(3,243,933)
Capital expenditure	3,243,933
Balance on 31 March 2008	0

42. Housing subsidy

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

2006/07		2007/08
£		£
1,958,865	Allowance for management	1,982,414
4,844,442	Allowance for maintenance	4,980,429
3,211,297	Allowance for major repairs	3,243,933
8,250	Other items	8,450
10,022,854		10,215,226
(19,201,891)	Rent	(20,281,557)
(20,376)	Interest on receipts	(18,679)
<u>(9,199,413)</u>	Payable to the Government	<u>(10,085,010)</u>
0	Adjustment for 2007/08	36,944
(9,199,413)	Payable to the Government	(10,048,066)

43. 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 Financial Reporting Standard 17 (FRS 17) Retirement Benefits has no effect on the deficit/surplus for the year.

44. Rent arrears on dwellings

As at 31 March 2007		As at 31 March 2008
£549,327	Arrears	£407,432
3.12%	Arrears as a percentage of gross rents collectable	1.94%
£425,000	Provision for uncollectable amounts	£360,000

Notes to the Collection Fund Account

45. General

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

46. 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	7.80	5/9	4.3
A	Upto £40,000	1,874.43	6/9	1,249.6
B	£40,001 - £52,000	5,257.20	7/9	4,088.9
C	£52,001 - £68,000	16,281.60	8/9	14,472.5
D	£68,001 - £88,000	10,037.40	9/9	10,037.4
E	£88,001 - £120,000	9,407.50	11/9	11,498.1
F	£120,001 - £160,000	6,291.70	13/9	9,088.0
G	£160,001 - £320,000	3,554.63	15/9	5,924.4
H	More than £320,000	307.70	18/9	615.4
		<u>53,019.96</u>		<u>56,978.6</u>
Assumed rate of collection		99.5%		
Tax base for tax setting purposes (number of Band D equivalent dwellings)				56,693.7
Tax rate for a Band D property				<u>£1,292.84</u>
Estimated income due				£73,295,883
Actual income due				
Net of write offs and provisions		£68,764,172		
Council Tax Benefit net of subsidy limitation		£4,614,360		
				<u>£73,378,532</u>
Difference in income due to variations in tax base and rate of collection				<u>£82,649</u>

47. 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 2008 was £146,227,896 and the standard uniform rate was 44.4 pence in the £, and the small business uniform rate 44.1 pence in the £. The total amount, less certain reliefs and other deductions, is paid to a national pool managed by Central Government, which in turn pays back to authorities their share of the pool pro rata to Formula Grant.

48. Collection Fund surplus

The surplus relating to Council Tax transactions of £90,690 on the Collection Fund as at 31 March 2008 will be distributed in subsequent financial years to the major precepting authorities and the District Council in proportion to their respective precepts and demand.

Glossary of Financial Terms and Abbreviations

Accounting Period

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

Accruals

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

Capital Charges

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

Capital Expenditure

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

Capital Receipt

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

Contingent Liabilities

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

Creditors

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

Current Assets

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

Current Liabilities

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

Debtors

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

Deferred Charges

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

Depreciation

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

Glossary of Financial Terms and Abbreviations (continued)

Finance Lease

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

Fixed 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 Planning Delivery Grant, or general such as Revenue Support Grant.

Impairment

An asset is impaired when the amount at which an asset is recognised in the Balance Sheet is higher than the asset value.

Operating Lease

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

Precepting Authorities

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

Precepts

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

Provisions

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

Reserves

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

Revenue Expenditure

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

Revenue 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

CPA

Comprehensive Performance Assessment

DLO

Direct Labour Organisation

DSO

Direct Service Organisation

GAAP

Generally Accepted Accounting Practice

FRS

Financial reporting Standard

HRA

Housing Revenue Account

MRA

Major Repair Allowance

NNDR

National Non-Domestic Rates (Business Rates)

RR

Revaluation Reserve

SORP

Statement of Recommended Practice