

**EAST  
CAMBRIDGESHIRE  
DISTRICT COUNCIL**

**STATEMENT OF  
ACCOUNTS  
2016/17**

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## Narrative Report

### By the Finance Manager

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2016/17 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2017.

The purpose of this foreword is to provide a guide to the most significant matters reported in the Council's accounts and is in three sections.

- Commentary and review of 2016/17.
- The Financial Statements
- Technical information

## Commentary and Review of 2016/17

### Review of the Year

2016/17 has been another challenging year for the Council with the reduction of grant funding from Central Government as austerity measures continue. However, our strong Medium Term Financial Strategy (MTFS) etc., has enabled balanced budgets to be set for 2017/18 and 2018/19.

The Council set a net budget for 2016/17 of £8.544m (2015/16; £8.481m), a net increase of £0.063m (0.7%). After the application of the following government grants and collection fund funding:

- Revenue Support Grant of £1.149m (2015/16; £1.787m),
- Business Rates Retention scheme (NDR) of £2.910m (2015/16; £2.477m),
- Collection Fund surpluses of £0.409m (2015/16; £0.199m)

this left the Council to raise £4.077m (2015/16; £4.017m) from Council Tax. This equated to a Council Tax of £142.14 (2015/16; £142.14) for a Band D equivalent property, freezing the Council Tax for the third year in a row.

### Review and Commentary on the Council's services and performance during 2016/17

Within the Corporate Plan 2015-2019, there are 6 priority areas;

- (1) Delivering a financially sound and well managed Council** - A customer driven efficient Council with a "can-do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the taxpayer.
- (2) Genuinely Affordable Housing** - Genuinely affordable housing by local people for local people.
- (3) A fantastic place to live** - Making East Cambridgeshire an even better place to live.
- (4) Improving local transport** - Making it easier to get around the District and do business.
- (5) Improving local infrastructure** - Appropriate developments with better infrastructure and improving Planning Service.
- (6) New jobs and funding** – Driving economic success by creating the infrastructure to attract businesses and create jobs.

The following information details the outcomes against the outstanding performance measures over the past 12 months:

**Delivering a financially sound and well managed Council****Performance Measure - Local residents will continue to receive high quality Council services without the increase in Council Tax during 2016/17.**

The Council has continued to freeze the East Cambs element of Council Tax. This has now been frozen for the 4<sup>th</sup> year in a row (2017/18).

**Performance Measure - The Council will deliver a programme of work to ensure customers receive high quality services to meet your expectations.**

The Council has delivered a number of projects which have been developed as a direct result of customer feedback over the past 12 months. These include:

- A new Council website with easier navigation for visitors, improved search facilities and a more modern look.
- A new self-service area on the new website which enables customers to report issues, pay for pre-app fees, parking fines, mooring charges etc.

**Performance Measure - The Council will deliver a self-sufficiency programme with a balanced budget and efficiency savings.**

The draft Medium Term Financial Strategy was approved by Full Council in February 2017 and the Authority has confirmed a balanced budget for 2017/2018 and 2018/2019.

**Performance Measure - The Council will establish a Local Authority Trading Company.**

Over the past 12 months, the East Cambs Trading Company Ltd has helped to facilitate a number of projects including the Barton Road housing development in Ely which will provide 11 new homes and is set to complete in Spring 2018 and progressing Ely Markets, which has seen new themed and seasonal markets take place such as, Festive Lates and the Vegan Fair.

**Genuinely Affordable Housing****Performance Measure -The Community-led Stretham and Wilburton Community Land Trust will increase infrastructure to include: the completion of 15 affordable homes, a new GP surgery and business premises etc.**

The Stretham and Wilburton Community Land Trust has completed Phase 1 of their build with 5 houses being built (2 of which are occupied). In total 75 houses will be built, 23 of them being affordable.

**Performance Measure - The Council will support local Community Land Trusts to scope community-led development opportunities through a dedicated programme delivered through the Council's Trading Company.**

Over the past 12 months there have been an additional 3 Community Land Trust's (CLT's) developed across the District.

The CLT in Haddenham has now identified a preferred site and is working up designs for the new development in conjunction with Palace Green Homes. CLTs in Witchford, Swaffham Bulbeck and Fordham are currently undertaking scoping exercises for possible land sites and development opportunities. A second CLT in Soham (known as SAVE CLT) is currently in the process of being set up and will focus its work on improving community facilities in the area.

**A fantastic place to live****Performance Measure -The Council will achieve a 60% recycle rate through the "It Pays to Recycle in East Cambridgeshire" campaign and ensure our streets are left tidily after bin collections.**

2015/16 recycling statistics released by DEFRA in December showed that for the second year running East Cambridgeshire was 26<sup>th</sup> best English council for recycling of 319 councils responsible for waste collections. The Council is committed to achieving its 60% recycling target, which would take it into the top 10 performers. At the end of the financial year the Council was achieving a 57.4% recycling rate.

**Performance Measure - The Council will work with partners to build a new Multiplex cinema in Downham Road, Ely.**

The Ely Leisure Village is set to open imminently and we look forward to welcoming new visitors to the District. The Leisure Village will include a multiplex cinema and a number of food establishments.

**Performance Measure - A new District leisure centre will be built which supports the health and well-being of our customers.**

The District leisure centre development has progressed well over the past 12 months. Contractors are now on site and the project is due for completion in spring 2018.

**Improving local transport**

**Performance Measure - The Southern Bypass in Ely will be completed which supports the local economy, eases congestion and reduces waiting time for motorists.**

Work has started on the Ely Southern Bypass. A new 1.7km road will include two new bridges over the river and railway lines. The £36m project is expected to be completed by Spring 2018.

**Performance Measure- The Council will guarantee free car parking in the city and town centre car parks, encouraging more visitors to the district and continuing to help increase the local economy.**

The Council has ensured that all visitors will continue to have access to free parking in the city and town centre car parks.

**Performance Measure - The Council will complete the feasibility study and funding strategy at Ely and Littleport stations ensuring commuters have sufficient parking.**

Planning permission for new car parking spaces at Littleport station (for 74 new parking spaces) and a new car park on a section of the former Strikes entertainment site in Ely (for 128 additional parking spaces) has been approved.

**Improving local infrastructure**

**Performance Measure - The District has a Local Plan which will ensure the efficient use of land and secures future development which is sustainable and delivers what our communities want to see.**

The Council published the second draft of the Local Plan in January 2017 for consultation. The Local Plan is a statutory requirement which all councils must produce and sets out the strategy for future growth across an area.

Further public consultation is still to take place; with the submission of the final document to the Secretary of State by Spring 2018 so that an independent Inspector can check it is an appropriate Local Plan for the District.

**Performance Measure - Residents and visitors to Soham have a station which supports the local economy, reduces congestion on roads and increases employment opportunities.**

The GRIP 3 study is nearing completion and the Council continues to work in partnership with Network Rail, Cambridgeshire County Council and the Department for Transport on further developing the project.

**Performance Measure - An improved Station Gateway in Ely will reduce waiting times for visitors and commuters, increase employment opportunities, provide economic growth, improve customer satisfaction levels and encourage more people to visit the district.**

The Council has been continuing to work with external partners to help improve the Station Gateway in Ely.

**Performance Measure - The development in North Ely will ease housing shortages, increase economic growth and employment opportunities.**

The developer Hopkins Homes has submitted a Reserved Matters application for Phase 1 of the site in North Ely. Phase 1 will include 20 affordable units and 199 homes in total, plus footpaths and cycle ways and public open space. The outline application which was approved for the site secures the principle of development, whereas the Reserved Matters application gives planners more detail and includes information on landscaping, access, appearance, layout and scale of the development for that part of the site.

### **New jobs and funding**

**Performance Measure - 8 new apprentices will have improved routes to employment by March 2016.**

Over the past 12 months the Council has successfully supported an additional 2 apprenticeships (equating to 10 in total to date).

## Revenue Spending and Sources of Income

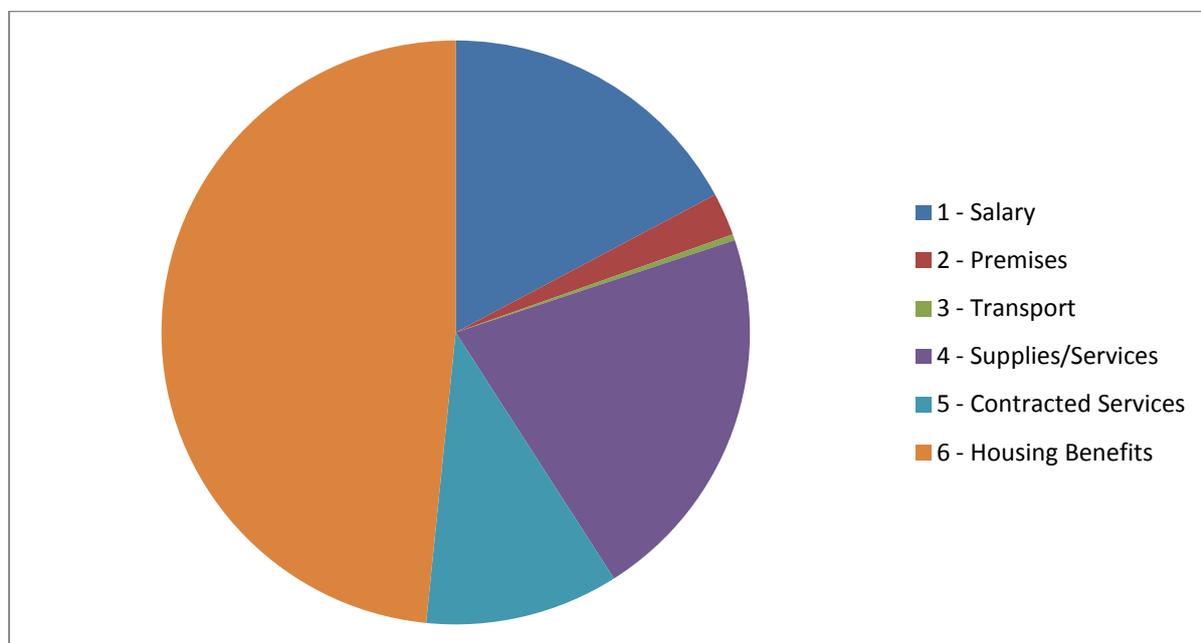
The Table below sets out the Council's budget for 2016/17 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	Budget £000	2016/17 Outturn £000	Variation £000
<b>Service</b>			
Corporate Governance & Finance	3,808	3,338	(470)
Regulatory and Support Services	5,142	4,322	(820)
Commercial Services	1,399	1,463	64
<b>Service Net Revenue Expenditure</b>	<b>10,349</b>	<b>9,123</b>	<b>(1,226)</b>
Land Drainage	466	466	0
Parish Precepts	1,893	1,893	0
<b>Total Net Revenue Expenditure</b>	<b>12,708</b>	<b>11,482</b>	<b>(1,226)</b>
<b>Financing</b>			
Council Tax	(6,061)	(6,061)	0
Non-Domestic Rates	(2,977)	(3,277)	(300)
NNDR Renewable Energy Contributions	(250)	(370)	(120)
Interest Receivable etc.	(90)	(156)	(66)
New Homes Bonus / Rural Grant	(2,181)	(2,186)	(5)
Revenue Support Grant	(1,149)	(1,149)	0
<b>Total Financing</b>	<b>(12,708)</b>	<b>(13,199)</b>	<b>(491)</b>
<b>Transfer to Surplus Savings Reserve</b>	<b>0</b>	<b>(1,717)</b>	<b>(1,717)</b>
<b>Transfer to Fund MTFS Earmarked Reserve</b>		<b>797</b>	
<b>Net Increase in Earmarked Reserves</b>		<b>(128)</b>	
<b>Total Reported General Fund Movements</b>		<b>(1,048)</b>	
<b>Adjustments between funding &amp; accounting basis</b>		<b>24</b>	
<b>Reported Surplus upon Services in Income &amp; Expenditure Account</b>		<b>(1,024)</b>	

The net cost of individual committees in the above table are different to those in the formal Statement of Accounts due to the statutory charges that are applied to the formal Accounts and the treatment of movements to and from reserves. The above table however reflects the structure of the accounts as presented to Council throughout the year and in the Outturn report that was reported to Resources and Finance Committee on 19<sup>th</sup> June 2017. Reasons for yearend variances can be found in this report, for both revenue and capital.

## Analysis of Revenue Expenditure

The Council spent £40.2 million in 2016/17 and the chart below shows the type of expenditure this was spent on.



## Balance Sheet Summary and Capital Outturn

### Reserves

The table below shows the movement in the useable reserves during the year.

Usable Reserves 2016/17	B/f £000	Contributions		C/f £000
		To £000	From £000	
General Fund	1,797	0	(797)	1,000
Surplus Savings & Earmarked	7,907	4,495	(2,650)	9,752
<b>TOTAL GENERAL FUND</b>	<b>9,704</b>	<b>4,495</b>	<b>(3,447)</b>	<b>10,752</b>
Capital Receipts Reserve	2,723	101	(613)	2,211
Capital Grants Unapplied	21	31	0	52
<b>Total Usable Reserves</b>	<b>12,448</b>	<b>4,627</b>	<b>(4,060)</b>	<b>13,015</b>

**Capital Spending**

The final capital budget for 2016/17 was £9.554m and the table below shows the movement from the original capital programme approved in February 2016.

Capital Programme	£ m	£ m
Original Approved Capital Programme 2016/17	2,775	
Approved Slippage from 2015/16	1,223	
Approved Additions	5,556	
<b>Updated Capital Programme for 2016/17</b>		<b>9,554</b>
Capital Outturn		4,594
<b>Underspend Against Updated Budget</b>		<b>4,960</b>

Spend in 2016/17 was as shown below:

2015/16 £k	Capital Spending	2016/17 £k
6.7	Recycling and Organics Collection	0.0
389.3	Housing Grants	485.8
71.5	Vehicle Replacement Programme	158.9
531.5	Leisure Centre	2,499.4
28.5	Conservation Area Scheme	0.0
0.0	Loan to Subsidiary Company	1,045.0
0.0	Land Purchases for Car Park Ely Country Park	309.8
23.7	Other	95.2
<b>1,051.2</b>	<b>Gross Expenditure</b>	<b>4,594.1</b>
	<b>Funded from</b>	
631.5	Capital Receipts Reserve Applied	653.4
259.7	Grants	442.2
0.0	CIL Earmarked Reserve Contribution	799.5
0.0	Internal Borrowing Contributions	2,447.9
103.2	Other Revenue Contributions	0.0
56.8	Section 106	251.1
<b>1,051.2</b>		<b>4,594.1</b>

**Treasury Management**

East Cambridgeshire District Council was in cash surplus during the whole of the 2016-17 financial year. The Council invested this "surplus" cash in both fixed term and short term investments during the year, this to maximise interest receipts, but while ensuring, as its main focus, the security of the funds invested.

## Looking to the Future

The Council's Medium Term Financial Strategy (MTFS) sets a robust financial framework for the Council's plans over the next four years which support the delivery of the Council's priorities within a context of an annual balanced budget. Specifically, the MTFS:

- Looks to the longer term to help plan sustainable services within an uncertain external economic and funding environment;
- Maximises the Council's financial resilience and manage risk and volatility, including managing adequate reserves;
- Helps ensure that the Council's financial resources are directed to support delivery of the Council's priorities over the medium term.

The current MTFS covers the period 2016/17 to 2020/21. The 2019/20 financial year is the final year of the current Government core grant scheme, therefore the MTFS plans beyond this time frame should be treated with great caution until greater clarity is known around the new 100% Business Rate Retention Scheme and the new burdens which are expected to accompany this.

The current MTFS shows the budgets for 2017/18 and 2018/19 are fully funded based on the assumptions detailed below. However, there are significant budget shortfalls projected in the subsequent years (£420,000 in 2019/20, rising to £2,505,000 in 2020/21). Clearly many things will change between now and then and it will be necessary to continue to implement agreed strategies around commercialisation and transformation to meet these shortfalls. The Council does have time to put the necessary plans in place. The Council also has access to a good level of reserves.

The assumptions in the current MTFS include:

- Government funding through Revenue Support Grant continues to fall and ends in 2019/20, as per the Settlement;
- New Homes Bonus reduces to levels projected in the Grant Settlement;
- The Council's Business Rate growth continues, projected to increase by 1.5% per annum throughout the term of the MTFS;
- No increase in the cost of the Waste contract when the current contract ends;
- The proposal to transfer the Waste Service to the Council's trading company will provide the opportunity to make savings on the client side of £100,000 per annum from 2018/19. Further efficiency savings and income have not been assumed at this point and will be subject to ECTC actions;
- Following the Pension Fund revaluation as at 31<sup>st</sup> March 2016 the fund manager has requested that the contribution rate be increased from 17% to 17.2%, in addition officers have agreed with the fund manager, that to ensure prudent budgeting, that the lump sum contribution be increased by £50,000 in both 2018/19 and 2019/20;
- The Council has a track record of delivering cost reductions; it is anticipated therefore that a significant contribution to the budget deficit forecast in future years will be achieved during the term through general efficiencies and income generating opportunities; however, to be prudent, no account of these are shown within the forecasts within the MTFS at this time;
- Further, the ECTC is anticipated to start making profits in the period of the MTFS, but no account of the dividend payments, linked to these profits, being paid to the Council is assumed at this stage.

## The Financial Statements

The Council's financial statements for 2016/17 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2016/17 as

prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 based on International Financial Reporting Standards.

- Accounts and Audit Regulations 2015.

The primary financial statements are supported by explanatory notes, including details of the accounting policies adopted by the Council.

### The Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

### Movement in Reserves Statement

The CIES differs from the Council's management accounts, as it contains a number of transactions that are required for accounting purposes but then removed from the accounts as they are deemed not to be covered by Council Tax. Reconciliation is presented at Note 8 to the accounts.

This statement also shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves', (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves. A final adjustment shows any discretionary transfers to or from earmarked reserves undertaken by the Council.

### Balance Sheet

The Balance Sheet shows the value at the 31 March 2017 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are unusable reserves and include unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2016 £m		31 March 2017 £m
19,282	Long Term Assets	24,554
22,326	Current Assets	20,020
(4,892)	Current Liabilities	(4,941)
(25,854)	Long Term Liabilities	(25,450)
<b>10,862</b>	<b>Net Assets</b>	<b>14,183</b>
12,448	Useable Reserves	13,015
(1,586)	Unusable Reserves	1,168
<b>10,862</b>	<b>Total Reserves</b>	<b>14,183</b>

The Council's Balance Sheet has moved from a position at 31<sup>st</sup> March 2016 of £10.862m to £14.183m at 31 March 2017. The principle reasons for this movement of £3.321 million are (i) £2.272 million in respect of upward valuation of the Councils Assets plus (ii) £1.024 million favourable Surplus on Services as reported above.

At this time, the statutory arrangements for funding the Pension deficit mean that the financial position of the Council continues to remain healthy.

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme and actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

### The Cash Flow Statement

The Cash Flow Statement shows the changes in "cash" (cash and cash equivalents) of the Council during the reporting period. The statement shows how the Council generates and uses "cash" by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Net cash flows from:	31 March 2017 £m
- operating activities	2,392
- investing activities	(5,985)
- financing activities	(1,262)
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(4,855)</b>
<b>Cash &amp; Cash Equivalents</b>	
- at the beginning of the reporting period	9,374
<b>- at the end of the reporting period</b>	<b>4,519</b>

### The Collection Fund Revenue Accounts

The Collection Fund Accounts are separate accounts into which are paid amounts raised from local taxation. There are two accounts detailing the amounts collected in respect of Council Tax and National Non-Domestic Rates (NNDR).

The NNDR amount collected is then distributed subject to a predetermined Government set formulae.

The Council Tax Account is distributed based on the requested value of the preceptors across the District, these preceptors are:

- Cambridgeshire County Council
- Cambridgeshire Fire Authority
- Cambridgeshire Police and Crime Commissioner
- East Cambridgeshire District Council
- Parish Councils

## Technical Information

East Cambridgeshire's financial statements for 2016/17 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2016/17 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

### International Financial Reporting Standards

The Council has reported its financial position based on the requirements of International Financial Reporting Standards (IFRS) and this is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

### Statement of Accounting Policies

The accounting policies applicable to the 2016/17 Statement of Accounts are, in the main, the same as those that were applied to the 2015/16.

### True and Fair View Override

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, it is noted that the Responsible Financial Officer has not had to use the "true and fair view override".

### Changes to the Statement of Accounts

There are no material changes to the Statement of Accounts.

### Material and Unusual Charges or Credits in the Accounts

There are no material and unusual charges or credits in the accounts.

### Material Events after the Reporting Date

There have not been any material events after the reporting date.

### Material Assets Acquired or Liabilities Incurred

There have not been any material assets acquired or liabilities incurred during the year.

### Changes in Statutory Functions

There were no changes in statutory functions in 2016/17.

**Ian Smith - CPFA**  
Section 151 Officer

22 September 2017

## Independent auditor's report to the members of East Cambridgeshire District Council

### Opinion on the Authority's financial statements

We have audited the financial statements of East Cambridgeshire District Council (the Authority) for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Movement in Reserves Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- the related notes 1 to 31 of the Authority's Accounts, and the Expenditure and Funding Analysis; and
- Collection Fund and the related notes 1 to 6.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of East Cambridgeshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the s151 Officer and auditor

As explained more fully in the Statement of the s151 Officer's Responsibilities set out on page 16, the s151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the s151 Officer; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of East Cambridgeshire District Council and Group as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

### Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2016/17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

**Conclusion on East Cambridgeshire District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources****Authority's responsibilities**

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

**Auditor's responsibilities**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether East Cambridgeshire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Cambridgeshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

**Conclusion**

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, East Cambridgeshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

**Certificate**

We certify that we have completed the audit of the accounts of East Cambridgeshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Suresh Patel  
for and on behalf of Ernst & Young LLP, Appointed Auditor  
Cambridge Office  
27 September 2017

## Statement of Responsibilities

### 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 Director, Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts the Section 151 Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Section 151 Officer has also:

- kept proper accounting records which were up-to-date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2017 and its income and expenditure for the year ended 31 March 2017

**Ian Smith - CPFA**  
Section 151 Officer

22 September 2017

## Expenditure and Funding Analysis

This Analysis shows how expenditure is used and funded from resources under statutory requirements (the General Fund) by the Council in addition to other resources consumed or earned by the Council in accordance with generally accepted accounting practice. It also shows how such Expenditures and Incomes are allocated to Council services for decision making purposes. The figures presented here are expanded in more detail within the Comprehensive Income & Expenditure Account. **This is not a primary Statement.**

2015/16			2016/17			
Net Expenditure Chargeable to the General Fund £000	Adjustments Between Funding and Accounting Basis (Note 7) £000	Net Expenditure in the Comprehensive Income & Expenditure Statement £000		Net Expenditure Chargeable to the General Fund £000	Adjustments Between Funding and Accounting Basis (Note 7) £000	Net Expenditure in the Comprehensive Income & Expenditure Statement £000
1,464	671	2,135	Commercial Services	1,471	157	1,628
3,224	(288)	2,936	Corporate Services	3,293	(1,158)	2,135
3,565	242	3,807	Regulatory Services	4,723	153	4,876
<b>8,253</b>	<b>625</b>	<b>8,878</b>	<b>Cost of Services</b>	<b>9,487</b>	<b>(848)</b>	<b>8,639</b>
<b>(12,195)</b>	<b>1,847</b>	<b>(10,348)</b>	<b>Other Income and Expenditure</b>	<b>(10,535)</b>	<b>872</b>	<b>(9,663)</b>
<b>(3,942)</b>	<b>2,472</b>	<b>(1,470)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(1,048)</b>	<b>24</b>	<b>(1,024)</b>

**Comprehensive Income and Expenditure Statement**

Gross Expenditure £000	2015/16		See Note 8 for Analysis by Nature	2016/17		
	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,889	(754)	2,135	Commercial Services	3,448	(1,820)	1,628
24,412	(21,476)	2,936	Corporate Services	24,325	(22,190)	2,135
7,893	(4,086)	3,807	Regulatory Services	9,312	(4,436)	4,876
<b>35,194</b>	<b>(26,316)</b>	<b>8,878</b>	<b>Cost of Services</b>	<b>37,085</b>	<b>(28,446)</b>	<b>8,639</b>
		1,658	Parish Council Precepts			1,892
		457	Internal Drainage Board Levies			466
		(266)	Loss/(Gain) on disposal of non-current assets			0
		<b>1,849</b>	<b>Other Operating Expenditure</b>			<b>2,358</b>
		0	Interest payable and similar charges			0
		(110)	Interest receivable and Investment Income			(156)
		792	Net interest on the net pension liability			753
		<b>682</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>			<b>597</b>
		(5,676)	Council Tax Income			(6,108)
		(3,658)	Non Domestic Rates income and expenditure			(3,174)
		(3,545)	Non Ringfenced Government Grants			(3,336)
		<b>(12,879)</b>	<b>TAXATION &amp; NON-SPECIFIC GRANT INCOME</b>			<b>(12,618)</b>
		<b>(1,470)</b>	<b>(Surplus)/Deficit on provision of services</b>			<b>(1,024)</b>
		(744)	(Surplus) or deficit in the revaluation of non-current assets			(2,272)
		(4,022)	Actuarial losses/(gains) on pension assets and liabilities			(25)
		<b>(4,766)</b>	<b>Other comprehensive income and expenditure</b>			<b>(2,297)</b>
		<b>(6,236)</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>			<b>(3,321)</b>

**Movement in Reserves Statement**

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	TOTAL USEABLE RESERVES	Unusable Reserves	TOTAL COUNCIL RESERVES
	£000	£000	£000	£000	£000	£000	£000
<b>Movement in Reserves during 2016/17</b>							
<b>BALANCE AT 31 MARCH 2016</b>	1,797	7,907	2,723	21	12,448	(1,586)	10,862
<b>MOVEMENT IN YEAR</b>							
Surplus/(Deficit) on provision of services	1,024				1,024		1,024
Other comprehensive income and expenditure					0	2,297	2,297
<b>Total comprehensive income and expenditure</b>	<b>1,024</b>		<b>0</b>		<b>1,024</b>	<b>2,297</b>	<b>3,321</b>
Adjustments between accounting basis and funding basis under regulations (Notes 10 & 11 )	24		(512)	31	(457)	457	0
<b>Net increase/(decrease) before transfers to earmarked reserves</b>	<b>1,048</b>		<b>(512)</b>	<b>31</b>	<b>567</b>	<b>2,754</b>	<b>3,321</b>
Transfers (from)/to earmarked reserves	(1,845)	1,845					0
<b>Increase/(Decrease) in Year</b>	<b>(797)</b>	<b>1,845</b>	<b>(512)</b>	<b>31</b>	<b>567</b>	<b>2,754</b>	<b>3,321</b>
<b>BALANCE AT 31 MARCH 2017</b>	<b>1,000</b>	<b>9,752</b>	<b>2,211</b>	<b>52</b>	<b>13,015</b>	<b>1,168</b>	<b>14,183</b>
<b>Movement in Reserves during 2015/16</b>							
<b>BALANCE AT 31 MARCH 2015</b>	1,796	3,966	1,863	586	8,211	(3,586)	4,625
Surplus/(Deficit) on provision of services	1,470				1,470		1,470
Other comprehensive income and expenditure					0	4,766	4,766
<b>Total comprehensive income and expenditure</b>	<b>1,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,470</b>	<b>4,766</b>	<b>6,236</b>
Adjustments between accounting basis and funding basis under regulations (Notes 10 & 11 )	1,967	0	860	(60)	2,767	(2,767)	0
<b>Net increase/(decrease) before transfers to earmarked reserves</b>	<b>3,436</b>	<b>0</b>	<b>860</b>	<b>(60)</b>	<b>4,236</b>	<b>1,999</b>	<b>6,235</b>
Transfers (from)/to earmarked reserves	(3,437)	3,941	0	(505)	0	0	0
<b>Increase/(Decrease) in Year</b>	<b>0</b>	<b>3,941</b>	<b>860</b>	<b>(565)</b>	<b>4,236</b>	<b>1,999</b>	<b>6,235</b>
<b>BALANCE AT 31 MARCH 2016</b>	<b>1,797</b>	<b>7,907</b>	<b>2,723</b>	<b>21</b>	<b>12,448</b>	<b>(1,587)</b>	<b>10,862</b>

**Balance Sheet**

31 March 2016 £000		Notes	31 March 2017 £000
18,231	Property, Plant and Equipment	12	22,504
105	Heritage Assets	14	105
79	Intangible Assets	15	49
546	Investments in subsidiaries		546
321	Long Term Debtors		1,350
<b>19,282</b>	<b>Long Term Assets</b>		<b>24,554</b>
10,028	Short Term Investments		11,910
36	Inventories	16	51
2,785	Short Term Debtors	17	3,550
9,477	Cash and Cash Equivalents	18	4,509
<b>22,326</b>	<b>Current Assets</b>		<b>20,020</b>
(103)	Cash and Cash Equivalents	18	0
(4,205)	Short Term Creditors	19	(4,507)
(584)	Provisions	20	(434)
<b>(4,892)</b>	<b>Current Liabilities</b>		<b>(4,941)</b>
(4,279)	Capital Grants Receipts in Advance		(3,220)
(21,575)	Net Pensions Liability	21	(22,230)
<b>(25,854)</b>	<b>Long Term Liabilities</b>		<b>(25,450)</b>
<b>10,862</b>	<b>Net Assets</b>		<b>14,183</b>
12,448	Useable Reserves	10	13,015
(1,586)	Unusable Reserves	11	1,168
<b>10,862</b>	<b>Total Reserves</b>		<b>14,183</b>

**Ian Smith - CPFA**  
Section 151 Officer

22 September 2017

**Cash Flow Statement**

2015/16 £000 Restated		2016/17 £000
<b>1,470</b>	<b>Net Surplus / (Deficit) on the provision of services – (i)</b>	<b>1,024</b>
	Adjustments to net surplus or deficit on the provision of services for non-cash movements:	
697	Depreciation & Amortisation	689
695	Impairment	(305)
942	Pension Liability	680
(774)	Change in Debtors, Creditors & Provisions (Core Revenue only)	304
232	Other Non-Cash Movements	0
<b>1,792</b>	<b>Total Adjustments (ii)</b>	<b>1,368</b>
<b>3,262</b>	<b>A- Net cash flows from Operating Activities (i)+(ii)</b>	<b>2,392</b>
(634)	Purchase of Property, Plant & Equipment	(3,068)
0	Change in Long Term Debtors	(1,045)
958	Sale of Property, Plant & Equipment	0
(2,503)	Net (Purchase) of Investments	(1,882)
<b>(2,179)</b>	<b>B- Investing Activities</b>	<b>(5,995)</b>
424	Net receipt / (application) of Capital Grants	(1,064)
(100)	Change in Collection Fund Agencies debtors & creditors	(198)
<b>324</b>	<b>C- Financing Activities</b>	<b>(1,262)</b>
<b>1,407</b>	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(4,865)</b>
<b>7,967</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>9,374</b>
<b>9,374</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 18)</b>	<b>4,509</b>

The 2015/16 Restatement reflects improvements to the presentation of the sub-categories shown above.

## **Note 1. Explanation of order of Notes to the Financial Statements**

The Notes to these Financial Statements are organised in 4 distinct groups:

- (i) Introductory Notes explaining current context issues (Notes 1 to 6, Pages 22 to 25).
- (ii) Notes directly supporting the prime Financial Statements (Notes 7 to 21, Pages 26 to 46).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 47 to 60).
- (iv) Accounting Policies (Note 31, Pages 61 to 71).

In relation to section (ii) above, the Notes are organised as follows:

- (a) Note 7 Page 26 in support of the Expenditure and Funding Analysis
- (b) Note 8 Page 27 in support of the Comprehensive Income and Expenditure Account.
- (c) Note 9 Page 28 - supplementary information in support of Note 8.
- (d) Notes 10 & 11, Pages 28 to 37 in support of the Movement in Reserves Statement and the Reserves section of the Balance Sheet.
- (e) Notes 12 to 21, Pages 38 to 46 in support of the Assets and Liabilities sections of the Balance Sheet.

## **Note 2. Accounting Standards that have been issued but have not yet been adopted**

The following are the accounting policies that have been issued but as yet have not been adopted by the Council as at the balance sheet date:

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2017.

- Improvements to Accounting Policies to focus on the Council's individual circumstances.
- To clarify further the Going Concern concept
- IAS 7 *Statement of Cash Flows* improved disclosures
- Pension Investment cost disclosure

In addition the following have yet to be implemented

- IFRS 9 *Financial Instruments* replaces IAS39 *Financial Instruments: Recognition and Measurement*.
- IFRS 15 *Revenue from Contracts with Customers* replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue*.
- IFRS 16 *Leases* replaces IAS 17 *Leases*

It is not anticipated that the above amendments will have a material impact on the information provided in the financial statements, i.e. there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services or in upon the Council's retained Reserves.

### **Note 3. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 31, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- In line with the Code of Practice on local authority accounting in the United Kingdom 2016/17, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, assets held for sale and assets under construction. For all these assets, the total value for 2016/17 for Land and Buildings (NBV) is £14.700m (2015/16; Land and Buildings (NBV) is £14.827m).
- The Council has taken professional advice from the Pension Fund's actuary, Hymans Robertson LLP, to determine the overall net liability of the fund which is £22.230m for 2016/17; this has increased by £0.655m since 2015/16. However:
  - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 4.
  - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2017. An estimated provision of £0.917 million has been included in the Collection Fund in respect of successful appeals costs. The Council's share of any such Collection Fund costs is 40% or £0.367 million of the total provision and this is included in the General Fund balance.

### **Note 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Council's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	<p>All Property is reviewed on a 4 year rolling basis. Where an asset has not been specifically reviewed a “table-top” analytical review is undertaken to determine if the principle valuation indexes show a material change in the current assets valuation.</p> <p>In addition, an annual impairment review is undertaken to determine if any of the Council’s assets have been impaired.</p>	62% of the Council’s assets are valued at fair value, so the impact of changes in market is significant. If there was a 1% fall in market value, it is estimated that the value of the Council’s property assets would reduce by £0.141m.
Plant and Equipment	Plant and Equipment are valued on an historic cost basis.	There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance a:</p> <ul style="list-style-type: none"> <li>• 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £5.681m.</li> <li>• 1 year increase in life expectancy would result in an increase in pension liability of £1.777m.</li> <li>• 0.5% increase in the salary increase rate would result in an increase in pension liability of £0.681m.</li> <li>• 0.5% increase in the pension increase rate would result in an increase in pension liability of £4.933m.</li> </ul>

Provision – Rateable Value Appeals	Appeals by non-domestic ratepayers for a reduction in the rateable value of their premises are outstanding. Appeals are determined by the Valuation Office and are not within the Council's control. However, expert independent advice has been sought in arriving at an estimated provision.	The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NNDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).  A 10% variation in the estimated provision would be £0.092m for the Collection Fund of which £0.035m which would be attributable to the General Fund.
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## Note 5. Material Items of Income and Expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e. extraordinary). During 2016/17 no such items of income or expenditure were incurred (2015/16 was also nil.)

## Note 6. Events after the Balance Sheet Date

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Section 151 Officer on 12<sup>th</sup> June 2017.

With regard to 2016/17:

- **Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2017.
- **Non-Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2017.

**Note 7. Note to Expenditure and Funding Analysis (Analysis of Adjustments)**

	Adjustments for Capital Purposes	Adjustments for the Pension Fund	Other Adjustments	TOTAL
	£000	£000	£000	£000
<b>2016/17</b>				
Commercial Services	167	(11)	1	157
Corporate Services	(1,138)	(23)	3	(1,158)
Regulatory Services	188	(39)	4	153
<b>Cost of Services</b>	<b>(783)</b>	<b>(73)</b>	<b>8</b>	<b>(848)</b>
<b>Other Income and Expenditure</b>	<b>0</b>	<b>745</b>	<b>127</b>	<b>872</b>
<b>Difference between 'General Fund Outturn' and 'Surplus upon Provision of Services'</b>	<b>(783)</b>	<b>680</b>	<b>127</b>	<b>24</b>
<b>2015/16</b>				
Commercial Services	858	(183)	(4)	671
Corporate Services	109	(389)	(8)	(288)
Regulatory Services	843	(588)	(13)	242
<b>Cost of Services</b>	<b>1,810</b>	<b>(1,160)</b>	<b>(25)</b>	<b>625</b>
<b>Other Income and Expenditure</b>	<b>(140)</b>	<b>2,102</b>	<b>(115)</b>	<b>1,847</b>
<b>Difference between 'General Fund Outturn' and 'Surplus upon Provision of Services'</b>	<b>1,670</b>	<b>942</b>	<b>(140)</b>	<b>2,472</b>

**Note 8 Comprehensive Income and Expenditure by Nature**

2015/16				2016/17		
General Fund £000	Other Reserves £000	TOTAL £000		General Fund £000	Other Reserves £000	TOTAL £000
7,511	(1,185)	6,326	Employee Costs	6,835	(65)	6,770
28,860	0	28,860	Other Service Expenses	29,930	0	29,930
0	1,393	1,393	Depreciation & Impairment	0	386	386
(24,474)	0	(24,474)	Government Grant etc. (services)	(22,930)	(1,649)	(24,579)
(3,227)	0	(3,227)	Sales, Fees & Charges	(3,868)	0	(3,868)
(417)	417	0	REFCUS	(480)	480	0
<b>8,253</b>	<b>625</b>	<b>8,878</b>	<b>Cost of Services</b>	<b>9,487</b>	<b>(848)</b>	<b>8,639</b>
1,658	0	1,658	Parish Council Precepts	1,892	0	1,892
457	0	457	Internal Drainage Board Levies	466	0	466
(338)	72	(266)	Loss/(Gain) on disposal of non-current assets	0	0	0
<b>1,777</b>	<b>72</b>	<b>1,849</b>	<b>Other Operating Expenditure</b>	<b>2,358</b>	<b>0</b>	<b>2,358</b>
(101)	(9)	(110)	Interest receivable and Investment Income	(156)	0	(156)
(1,310)	2,102	792	Net interest on the net pension liability	0	753	753
406	(406)	0	Financing of Capital Expenditure	0	0	0
<b>(1,005)</b>	<b>1,687</b>	<b>682</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>	<b>(156)</b>	<b>753</b>	<b>597</b>
(5,570)	(106)	(5,676)	Council Tax Income	(6,062)	(46)	(6,108)
(3,658)	0	(3,658)	Non Domestic Rates income and expenditure	(3,332)	158	(3,174)
(3,739)	194	(3,545)	Non Ringfenced Government Grants	(3,343)	7	(3,336)
<b>(12,967)</b>	<b>88</b>	<b>(12,879)</b>	<b>TAXATION &amp; NON-SPECIFIC GRANT INCOME</b>	<b>(12,737)</b>	<b>119</b>	<b>(12,618)</b>
<b>(3,942)</b>	<b>2,472</b>	<b>(1,470)</b>	<b>(Surplus)/Deficit on provision of services</b>	<b>(1,048)</b>	<b>24</b>	<b>(1,024)</b>
0	(744)	(744)	(Surplus) or deficit in the revaluation of non-current assets	0	(2,272)	(2,272)
0	(4,022)	(4,022)	Actuarial losses/(gains) on pension assets and liabilities	0	(25)	(25)
0	(4,766)	<b>(4,766)</b>	<b>Other comprehensive income and expenditure</b>	0	(2,297)	<b>(2,297)</b>
<b>(3,942)</b>	<b>(2,294)</b>	<b>(6,236)</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>	<b>(1,048)</b>	<b>(2,273)</b>	<b>(3,321)</b>
		<b>39,486</b>	<b>GROSS EXPENDITURE</b>			<b>40,197</b>
		<b>(40,956)</b>	<b>GROSS INCOME SERVICES only (in parenthesis)</b>			<b>(41,221)</b>

**Note 9. Grant Income**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2015/16 £000 Restated		2016/17 £000
	<b>Credited to taxation and non-specific income</b>	
(1,744)	Revenue Support Grant	(1,149)
(1,758)	New Homes Bonus	(2,026)
(44)	Rural Services Grant	(161)
<b>(3,546)</b>	<b>Total</b>	<b>(3,336)</b>
	<b>Credited to Services</b>	
(20,018)	Benefits	(19,240)
(1,097)	Section 106	(1,136)
(260)	Disabled Facilities	(474)
(906)	Community Infrastructure Levy	(1,707)
(616)	Waste Recycling Credits	(371)
(1,577)	Other	(1,651)
<b>(24,474)</b>	<b>Total</b>	<b>(24,579)</b>

The 2015/16 Restatement reflects a correction to the figures originally presented for that year. The figures are restricted to this note alone and are entirely consistent with all other accounting entries presented within these Financial Statements for the 2015/16 financial year.

**Note 10. Useable Reserves****General Fund Balance**

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Aside from a residual Historic Balance of £1million (£1.8 million at 31 March 2016) The General Fund is constituted by the following earmarked reserves:

<b>GENERAL FUND</b>	<b>Balance 31.3.15 £000</b>	<b>Transfers in £000</b>	<b>Transfers out £000</b>	<b>Balance 31.3.16 £000</b>	<b>Transfers in £000</b>	<b>Transfers out £000</b>	<b>Balance 31.3.17 £000</b>	<b>Purpose of Reserve</b>
Change Management	268	0	(14)	254	0	(10)	244	A
District Elections	94	22	(66)	50	71	(54)	67	B
Housing Conditions	50	0	(30)	20	5	0	25	C
IT Transformation	182	0	(49)	133	0	(133)	0	D
Land Charges – New Burdens	34	0	(34)	0	0	0	0	E
Vehicle Replacement	23	38	(6)	55	37	0	92	F
Planning Delivery Grant	114	0	(79)	36	0	(36)	0	G
Grounds Maintenance	5	0	(5)	0	0	0	0	H
Asset Management	252	0	(98)	154	0	(35)	119	I
Cultural Related – Sports	5	0	0	5	0	0	5	J
Environmental	119	40	(64)	95	11	0	106	K
Economic Development	57	0	(1)	56	0	0	56	L
Transport	68	12	0	80	13	0	93	M
Housing	116	0	0	116	0	0	116	N
Corporate	16	0	0	16	0	0	16	O
Leisure	70	0	0	70	0	0	70	P
Building Control	23	0	0	23	0	0	23	Q
Surplus Savings	2,475	1,382	(790)	3,064	1,717	0	4,781	R
Planning Specialists	0	140	0	140	13	(37)	116	S
Commercial Invest to Save	0	20	0	20	0	0	20	T
New Homes Bonus	0	578	0	578	0	0	578	U
CIL	0	1,367	(196)	1,171	1,474	(1,094)	1,551	V
CIL Admin	0	43	0	43	74	(80)	37	W
Affordable Housing	0	0	0	0	170	0	170	X
CLT Grant Application	0	19	0	19	0	0	19	Y
Medium Term Financial Strategy	0	0	0	0	797	0	797	Z
External Elections	0	15	0	15	10	0	25	AA
Weekly Waste Collection Grant	0	808	0	808	0	(285)	523	BB
Travellers Sites	0	0	0	0	36	0	36	CC
Business Rates Retention Pilot	0	886	0	886	67	(886)	67	DD

<b>GENERAL FUND</b>	<b>Balance 31.3.15 £000</b>	<b>Transfers in £000</b>	<b>Transfers out £000</b>	<b>Balance 31.3.16 £000</b>	<b>Transfers in £000</b>	<b>Transfers out £000</b>	<b>Balance 31.3.17 £000</b>	<b>Purpose of Reserve</b>
<b>Total EARMARKED</b>	<b>3,972</b>	<b>5,370</b>	<b>(1,432)</b>	<b>7,907</b>	<b>4,495</b>	<b>(2,650)</b>	<b>9,752</b>	
<b>Movement in Year (Core)</b>						<b>(797)</b>		
<b>TOTAL MOVEMENT IN YEAR</b>						<b>1,048</b>		
<b>Represented by:</b>								
<b>Surplus on Provision of Services</b>						<b>1,024</b>		
Adjustments between Accounting & Funding Basis						<b>24</b>		

### Purpose of Reserve

- A. Change Management - Contains funding to support the organisational change process.
- B. District Elections – Reserve to allow the cost of four yearly District Council elections to be funded on an annual basis.
- C. Housing Conditions – To fund a five yearly Housing condition survey.
- D. IT Transformation – To fund the IT hardware elements of the Transformation Programme.
- E. Land Charges New Burdens – To provide funding for legal costs resulting from the decision to remove the charge fee for personal searches. – This was treated as a provision in the 2015-16 Accounts.
- F. Vehicle Replacement – To fund the ongoing vehicle replacement programme.
- G. Planning Delivery Grant – To fund additional planning costs.
- H. Grounds Maintenance – Funding provided to the Council but spend delayed. Now all spent.
- I. Asset Management – To fund planned Asset Management work required on the Authorities properties.
- J. Cultural Related – To provide funding for projects, including the Community Sports Network.
- K. Environmental – To fund projects including Community Safety and Environmental issues and to fund the replacement of wheeled bins as these reach their end of life.
- L. Economic Development – To fund Economic Development, Community Rights and Assets of Community.
- M. Transport – To provide initial funding for a possible future extension of Littleport Station car park.
- N. Housing – To fund projects, including Child Protocol and Travellers' sites.
- O. Corporate – To fund Insurance.
- P. Leisure – To fund ad-hoc costs associated with the new leisure facility.
- Q. Building Control – To fund Building Control training and development.
- R. Surplus Savings – To hold savings realised in previous years that will be used to balance the budget in future.
- S. Planning Specialist Reserve – To fund specialist planning advice as and when required.
- T. Commercial Invest to Save – To fund Invest to Save on commercial schemes.
- U. New Homes Bonus – New Homes Bonus funding, which will be used to fund costs of the new leisure centre during the period until the management fee starts to be received from the operator.
- V. CIL – To fund infrastructure projects linked to CIL agreements.
- W. CIL Admin – To fund the Council's administrative costs linked to the collection and use of CIL funding.
- X. Affordable Housing – Top slice of New Homes Bonus to support affordable housing
- Y. CLT Grant Applications – To fund Community Land Trust agreements which have been agreed but are pending.
- Z. MTFS – Funding moved from the General Fund, to support MTFS activities, including in 2017-18 project costs associated with the transfer of the Waste Service to ECTC
- AA. External Elections - To support the up and coming External Elections.
- BB. Weekly Waste Collection Grant – a grant to maintain the weekly waste collection service.
- CC. Travellers Sites – Surplus income on travellers sites, to fund major maintenance schemes as required
- DD. Business Rates Retention Pilot ECDC – This is linked to the Cambridgeshire Business Rates Retention deal offered by Government, where all additional rate receipts, as a result of growth within the District are retained locally.

<b>Adjustments between Accounting &amp; Funding Basis under regulation to General Fund</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
<b>Adjustments involving the Capital Adjustment Account:</b> <i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
Charges for depreciation of non-current assets	748	661
Amortisation of intangible fixed assets	39	29
Charges for Impairment of non-current assets	605	(304)
Net Revenue expenditure funded from capital under statute	418	480
Net (loss)/gain on sale of non-current assets	72	(102)
Revaluation Gains/Losses on non-current assets charge to the Comprehensive Income and Expenditure Statement		
Reversal of Soft Loans	(1)	0
Disabled Facilities Grant		(442)
Section 106 Grant		(251)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
Minimum revenue provision for capital funding	(20)	0
Capital expenditure charged to the CIL Earmarked Reserve	0	(800)
Capital expenditure charged to the General Fund core	(100)	0
<b>Adjustments involving the Capital Receipts Reserve:</b>		
Use of Capital Receipts Reserve to fund capital expenditure		(40)
Capital receipts arising other than from disposal of a non current asset transferred to Usable Capital Receipts	(338)	0
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>		
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(9)	0
<b>Adjustments involving the Pensions Reserve:</b>		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,102	1,866
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,160)	(1,186)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>		
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(106)	113
<b>Adjustments involving the Capital Grants Unapplied Account</b>		
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	(260)	(31)
<b>Adjustments involving the Deferred Capital Receipts Account</b>		22
<b>Adjustment involving the Accumulated Compensated Absences Adjustment Account</b>		
Adjustments in relation to short-term compensated absences	(25)	9
<b>Total Adjustments</b>	<b>1,967</b>	<b>24</b>

**Other Useable Reserves**

<b>31 March 2016 £000</b>		<b>Movement In Year £000</b>	<b>31 March 2017 £000</b>
2,723	Capital Receipts Reserve	(512)	2,211
20	Capital Grants Unapplied Reserve	31	51
<b>2,743</b>	<b>Total Other Usable Reserves</b>	<b>(481)</b>	<b>2,262</b>
	<b>Adjustments between Accounting &amp; Funding Basis under regulation</b>	<b>(481)</b>	

**Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

<b>2015/16 £000</b>	<b>Capital Receipts Reserve</b>	<b>2016/17 £000</b>
<b>1,863</b>	<b>Balance at 1 April</b>	<b>2,723</b>
1,120	Proceeds from Disposal of Long Term Assets	123
(632)	Applied to finance new Capital Expenditure	(653)
372	Other Proceeds	18
<b>2,723</b>	<b>Balance at 31 March</b>	<b>2,211</b>

**Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

<b>2015/16 £000</b>	<b>Capital Grants Unapplied</b>	<b>2016/17 £000</b>
<b>586</b>	<b>Balance at 1 April</b>	<b>20</b>
(506)	Credits Received in Year yet to be applied to projects	31
(60)	Other Proceeds	0
<b>20</b>	<b>Balance at 31 March</b>	<b>51</b>

**Note 11. Unusable Reserves**

31 March 2016 £000		Movement In Year £'000	31 March 2017 £000
13,680	Capital Adjustment Account	1,409	15,089
5,605	Revaluation Reserve	1,428	7,033
451	Deferred Capital Receipts Reserve	693	1,144
(130)	Financial Instruments Adjustment Account	0	(130)
(21,575)	Pensions Reserve	(655)	(22,230)
471	Collection Fund Adjustment Account	(113)	358
(89)	Accumulating Compensated Absences Adjustment Account	(8)	(97)
<b>(1,587)</b>	<b>Total Unusable Reserves</b>	<b>2,754</b>	<b>1,167</b>
	<b>Less Other Comprehensive Income &amp; Expenditure Items shown at foot of that Statement</b>	<b>(2,297)</b>	
	<b>Adjustments between Accounting &amp; Funding Basis under regulation</b>	<b>457</b>	

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment and Investment Properties before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains and losses. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2015/16		Capital Adjustment Account	2016/17	
£000	£000		£000	£000
	14,431	<b>Balance at 1 April</b>		<b>13,680</b>
		<i>Opening Balance Adjustment to Revaluation Reserve</i>		125
		<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
(659)		Charges for depreciation and impairment of non-current assets	(555)	
(695)		Impairment losses on property, plant and equipment	304	
(39)		Amortisation of intangible assets	(29)	
(389)		Revenue expenditure funded from capital under statute	(480)	
(1,192)		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(102)	
(28)		Other transactions		
1,180		Adjusting amounts written out of the Revaluation Reserve		
	(1,822)			(862)
		<b>Capital financing applied in the year:</b>		
631		Use of the Capital Receipts Reserve to finance new capital expenditure	653	
		Use of S106		
295		Application of grants to finance capital expenditure	693	
25		Application of grants to capital financing from the Capital Grants Unapplied Account	0	
20		Statutory provision for the financing of capital investment charged against the General Fund (MRP)	0	
100		Capital expenditure charged to General Fund	800	
	1,071			2,146
	<b>(751)</b>	<b>Total movements</b>		<b>1,409</b>
	<b>13,680</b>	<b>Balance at 31 March</b>		<b>15,089</b>

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. It is identified at individual asset level. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost. If no surplus remains on a particular asset's account any further impairment must be charged to the surplus / deficit on the provision of services within the Comprehensive Income and Expenditure Statement;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2015/16 £000	Revaluation Reserve	2016/17 £000
<b>6,041</b>	<b>Balance at 1 April</b>	<b>5,605</b>
	Opening Balance adjustment against Capital Adjustment Account	(125)
744	Upward revaluation of assets	2,272
(1,091)	Accumulated gains on assets sold or scrapped	(613)
(89)	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	(106)
<b>5,605</b>	<b>Balance at 31 March</b>	<b>7,033</b>

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the differences between accounting for the fair value of loans given to individuals and organisations, and the actual income credited to the General Fund.

2015/16 £000	Financial Instruments Adjustment Account	2016/17 £000
<b>(139)</b>	<b>Balance at 1 April</b>	<b>(130)</b>
9	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0
<b>(130)</b>	<b>Balance at 31 March</b>	<b>(130)</b>

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2015/16 £000	Deferred Capital Receipts Reserve	2016/17 £000
484	<b>Balance at 1 April</b>	451
1	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	715
0	Repayment of Loans	(18)
(34)	Transfer to the Capital Receipts Reserve upon receipt of cash	(4)
<b>451</b>	<b>Balance at 31 March</b>	<b>1,144</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further information is found in Note 31 in respect of Defined Benefit Pension Scheme.

2015/16 £000	Pensions Reserve	2016/17 £000
<b>(24,655)</b>	<b>Balance at 1 April</b>	<b>(21,575)</b>
4,022	Actuarial (gains) or losses on pensions assets and liabilities	25
(2,102)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,866)
1,160	Employer's pensions contributions and direct payments to pensioners payable in the year	1,186
<b>(21,575)</b>	<b>Balance at 31 March</b>	<b>(22,230)</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account identifies the element of the Collection Fund balance that is due to this Council. It is included in the Comprehensive Income and Expenditure Statement as it relates to 2015/16 and previous years although it is only actually transferred from the Collection Fund in line with regulations.

2015/16 £000	Collection Fund Adjustment Account	2016/17 £000
<b>365</b>	<b>Balance at 1 April</b>	<b>471</b>
106	Adjustments	(113)
<b>471</b>	<b>Balance at 31 March</b>	<b>358</b>
	<b>Represented by:</b>	
	Council Tax	<b>66</b>
	Non Domestic Rates Core	<b>172</b>
	Non Domestic Rates – Renewable Energy	<b>120</b>

#### Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, i.e. annual leave entitlement and accrued flexitime carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Accumulating Compensated Absences Adjustment Account.

2015/16 £000	Accumulating Compensated Absences Adjustment Account	2016/17 £000
<b>(113)</b>	<b>Balance at 1 April</b>	<b>(88)</b>
25	Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(9)
<b>(88)</b>	<b>Balance at 31 March</b>	<b>(97)</b>

**Note 12. Property, Plant and Equipment**

<b>Movements in 2016/17</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>							
<b>At 1 April 2016</b>	<b>13,193</b>	<b>5,946</b>	<b>720</b>	<b>866</b>	<b>0</b>	<b>1,470</b>	<b>22,195</b>
Additions in year		159				2,909	3,068
Revaluation increases and decreases recognised in the Revaluation Reserve	1,877			64	0		1,941
Revaluation increases and decreases recognised in Comprehensive Income and Expenditure Statement	245			(53)			192
Transfer within Property, Plant and Equipment							
Transfer to other types of assets					0	0	0
Adjustment for disposal	(715)	0					(715)
<b>At 31 March 2017</b>	<b>14,600</b>	<b>6,105</b>	<b>720</b>	<b>877</b>	<b>0</b>	<b>4,379</b>	<b>26,681</b>
<b>Accumulated Depreciation</b>							
<b>At 1 April 2016</b>	<b>(815)</b>	<b>(3,078)</b>	<b>(56)</b>	<b>(12)</b>	<b>0</b>	<b>0</b>	<b>(3,961)</b>
Depreciation charged in year	(212)	(444)	(4)				(660)
Depreciation written out to revaluation reserve upon Revaluation	332						332
Depreciation written out to Comprehensive Income and Expenditure Statement upon revaluation	100			12			112
Adjustment for disposal							0
<b>At 31 March 2017</b>	<b>(595)</b>	<b>(3,522)</b>	<b>(60)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,177)</b>
<b>Net Book Value</b>							
<b>At 31 March 2017</b>	<b>14,005</b>	<b>2,583</b>	<b>660</b>	<b>877</b>	<b>0</b>	<b>4,379</b>	<b>22,504</b>
<b>At 31 March 2016</b>	<b>12,376</b>	<b>2,868</b>	<b>663</b>	<b>854</b>	<b>0</b>	<b>1,470</b>	<b>18,232</b>

Movements in 2015/16	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>							
<b>At 1 April 2015</b>	<b>13,752</b>	<b>7,005</b>	<b>720</b>	<b>847</b>	<b>0</b>	<b>989</b>	<b>23,313</b>
Additions in year		78				531	609
Revaluation increases and decreases recognised in the Revaluation Reserve	162			67	450		679
Revaluation increases and decreases recognised in Comprehensive Income and Expenditure Statement	(704)			(48)			(752)
Transfer to other types of assets					(450)	(50)	(500)
Adjustment for disposal	(17)	(1,137)					(1,154)
<b>At 31 March 2016</b>	<b>13,193</b>	<b>5,946</b>	<b>720</b>	<b>866</b>	<b>0</b>	<b>1,470</b>	<b>22,195</b>
<b>Accumulated Depreciation</b>							
<b>At 1 April 2015</b>	<b>(750)</b>	<b>(3,726)</b>	<b>(52)</b>	<b>(10)</b>			<b>(4,538)</b>
Depreciation charged in year	(189)	(463)	(4)	(2)			(658)
Depreciation written out to revaluation reserve	66						66
Depreciation written out to Comprehensive Income and Expenditure Statement	57						57
Adjustment for disposal	1	1,111					1,112
<b>At 31 March 2016</b>	<b>(815)</b>	<b>(3,078)</b>	<b>(56)</b>	<b>(12)</b>	<b>0</b>	<b>0</b>	<b>(3,961)</b>
<b>Net Book Value</b>							
<b>At 31 March 2016</b>	<b>12,376</b>	<b>2,868</b>	<b>663</b>	<b>854</b>	<b>0</b>	<b>1,470</b>	<b>18,232</b>
<b>At 31 March 2015</b>	<b>13,001</b>	<b>3,279</b>	<b>668</b>	<b>837</b>	<b>0</b>	<b>989</b>	<b>18,774</b>

### Capital Commitments

At 31 March 2017, the Authority had one major contract in place, that for the building of the new Leisure Centre. The total value of the contract with Pellikaan is £12,000,000 of which £1,538,714 is accounted for in the 2016-17 accounts. This therefore leaves a balance of £10,461,286 to be paid, based on the completion of the works, in 2017-18. Commitments at 31 March 2016 were £58,000, and this was in relation to the purchase of vehicles.

### Revaluations

#### Land and buildings

The Authority carries out a rolling programme that ensures that all Property required to be measured at fair value is revalued at least every four years. All valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council's current valuers are Wilks, Head & Eve, 6th Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

The specific assumptions applied in estimating current values in respect of Land and Buildings by the Council's valuer were as follows:

- that exchange takes place on the date of valuation and after proper marketing,
- that there is a willing buyer and a willing seller, i.e. not forced or compelled,
- that it is an "arm's-length" transaction, i.e. not between parties that have a particular or special relationship, e.g. parent and subsidiary companies,
- and that the parties acted knowledgeably and prudently.

Vehicles, Plant, Equipment and Infrastructure assets are valued at historic cost, as at the date of acquisition and subsequent capital enhancement expenditure less depreciation. Community Assets and Assets Under Construction are valued at historic cost at the date of acquisition and subsequent capital enhancement. Consequently there is no on-going revaluation review for these assets.

Assets Held For Sale are valued at lower of carrying value and fair value less cost of sale.

Revaluation Profile	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Total £000
Carried at Historic Cost	0	2,582	2,582
Valued at Fair Value as at:			
1 April 2016	7,633		7,633
1 April 2015	1,395		1,395
1 April 2014	3,232		3,232
1 April 2013	1,736		1,736
Assets Below De-minimus (1 April 2000)	9	1	10
<b>Total Cost of Valuation</b>	<b>14,005</b>	<b>2,583</b>	<b>16,588</b>

### Note 13. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, (including the value of assets acquired under finance leases), together with the resources that have been used to finance these. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR); a measure of the capital expenditure incurred historically by the Council which has yet to be financed. The CFR is analysed in the second part of this note.

A net increase in the CFR would reflect the Council's need to borrow to finance capital expenditure. Any borrowing would be repaid from an annual revenue charge (MRP) which reflects the use of the assets over their useful lives.

2015/16 £000		2016/17 £000
20	<b>Opening Capital Financing Requirement</b>	<b>0</b>
	<b>Capital Investment</b>	
608	Property, Plant and Equipment	3,068
0	Investment in Subsidiary Company	1,045
25	Intangible Assets	0
418	Revenue Expenditure Funded from Capital under Statute	480
0	Repayable Advances	0
<b>1,051</b>	<b>TOTAL CAPITAL INVESTMENT</b>	<b>4,593</b>
	<b>Sources of Finance</b>	
(632)	Capital receipts	(653)
(320)	Grants and other contributions	(693)
(100)	Direct Revenue Financing – Other	(800)
(19)	Minimum revenue provision	0
<b>(1,071)</b>	<b>TOTAL SOURCES OF FINANCE</b>	<b>(2,146)</b>
<b>0</b>	<b>Closing Capital Finance Requirement</b>	<b>(2,447)</b>
<b>0</b>	<b>Increase/(Decrease) in Underlying Need to Borrow – Internal Borrowing</b>	<b>2,447</b>

## Note 14. Heritage Assets

### Cultural Heritage Assets

The Authority's collection of themed displays is reported in the Balance Sheet at historic cost, which is also used for the insurance valuation.

These heritage assets are located at Oliver Cromwell's House and are held to increase the knowledge, understanding and appreciation of the house and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The carrying amounts of these heritage assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

Where any heritage assets are disposed of, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The displays are themed rooms and include a painting of Oliver Cromwell, as well as reproduction furniture, models, firearms and wall hangings.

Some of the Authority's more expensive exhibits were refurbished in 2011/12; however acquisitions are usually very small value items. Items are not usually removed or discarded.

The displays are reviewed annually and replaced or renewed if necessary as per the three year Business Plan for Oliver Cromwell's House. These would be low cost items. The collection is on display and open to the public throughout the year in the Museum.

There have not been any additions, disposals, revaluations or reclassifications to the Heritage Asset portfolio during 2016/17.

The table below is the reconciliation of the carrying value of heritage Assets held by the Council:

	<b>Cultural</b>	<b>Total Heritage Assets</b>
	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation At 1 April 2016</b>	<b>105</b>	<b>105</b>
<b>At 31 March 2017</b>	<b>105</b>	<b>105</b>
<b>Cost or Valuation At 1 April 2015</b>	<b>105</b>	<b>105</b>
<b>At 31 March 2016</b>	<b>105</b>	<b>105</b>
<b>Net Book Value</b>		
<b>At 31 March 2017</b>	<b>105</b>	<b>105</b>
<b>At 31 March 2016</b>	<b>105</b>	<b>105</b>

## **Note 15. Intangible Assets**

The Council accounts for its software as intangible assets, where the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to software are generally five years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £29,000 charged to revenue in 2016/17 was charged mainly to the IT Administration and Customer Services cost centres.

The movement on intangible asset balances during the year is as follows:

2015/16 £000 Restated		2016/17 £000
	<b>Balance at start of the year:</b>	
475	Gross carrying amounts	499
(382)	Accumulated amortisation	(421)
<b>93</b>	<b>Net carrying amount at the start of the year</b>	<b>78</b>
25	Additions	0
(39)	Amortisation for the period	(29)
0	Disposals or retirements	0
0	Amortisation on Disposal	0
<b>79</b>	<b>Net carrying amount at the end of the year</b>	<b>49</b>
499	Gross carrying amounts	499
(421)	Accumulated amortisation	(450)
<b>79</b>	<b>Net carrying amount at end of the year</b>	<b>49</b>

## Note 16. Inventories

These have been valued for balance sheet purposes at the lower of cost or net realisable value. These include items such as trading stock and litter bins. An analysis of the figures has not been provided as they are not considered material to the accounts.

## Note 17. Debtors

2015/16 £000 Restated		2016/17 £000
256	Council Taxpayers	315
357	Non Domestic Rate Payers	315
16	Housing Act Advances	12
25	Payments in Advance	201
2,939	Sundry Debtors & Accruals	2,118
(1,013)	Bad Debt Provisions	(1,047)
<b>2,580</b>	<b>Sub Total Financial Instruments definition</b>	<b>1,914</b>
0	Trading Company re Housing Development	715
	Local Govt.	111
205	Central Govt – Customs & Excise	337
0	Central Govt. - DWP	473
<b>2,785</b>	<b>SUB - TOTAL</b>	<b>3,550</b>

The 2015/16 Restatement reflects improvements to the presentation of the sub-categories shown above.

**Note 18. Cash and Cash Equivalents**

2015/16 £000 Restated		2016/17 £000
9,035	Short term investments repayable on notice	4,850
627	Bank Account - Investments	179
107	Bank Account - Operational	53
(395)	Cash in Transit	(573)
<b>9,374</b>	<b>Net Total Cash and Cash Equivalents</b>	<b>4,509</b>

The 2015/16 Restatement reflects improvements to the presentation of the sub-categories shown above.

**Note 19. Creditors**

2015/16 £000 Restated		2016/17 £000
(210)	Payroll Creditors	(219)
(944)	Sundry Creditors	(1,342)
(226)	Receipts in Advance	(951)
<b>(1,380)</b>	<b>Sub Total Financial Instruments Definition</b>	<b>(2,512)</b>
(2,025)	Local Govt- Collection Fund Account	(844)
(596)	Central Govt. – Collection Fund Account	(846)
0	Parish Councils and other Local Govt.	(284)
(204)	Central Govt. – DWP, DCLG & External Audit	(21)
<b>(4,205)</b>	<b>TOTAL</b>	<b>(4,507)</b>

The 2015/16 Restatement reflects improvements to the presentation of the sub-categories shown above.

**Note 20. Provisions, Contingent Assets and Liabilities****Provisions**

	NDR Appeals Provision (1) £000	Maintenance of Amenity Areas (2) £000	Sports, Recreation & Historic Building Grants (3) £000	Local Land Charges (4) £000	Planning Appeals (5) £000	Total  £000
<b>Balance at 31 March 2016</b>	<b>(425)</b>	<b>(36)</b>	<b>(7)</b>	<b>(74)</b>	<b>(43)</b>	<b>(585)</b>
Net movement in year 2016/17	58	0	(24)	74	43	151
<b>Balance at 31 March 2017</b>	<b>(367)</b>	<b>(36)</b>	<b>(31)</b>	<b>0</b>	<b>0</b>	<b>(434)</b>

**1. NDR Appeals Provision**

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review a provision for appeals outstanding was estimated to be £0.917m; of which £0.367m would have to be met by the Council, and £0.550m by other Collection Fund participants.

**2. Maintenance of Amenity Areas**

Amounts received which are used to fund the maintenance of amenity areas over a period of 15 years.

**3. Sports, Recreation & Historic Buildings Grants**

Grants committed by Committee which will be paid over the next two years.

**4. Local Land Charges**

A group of Property Search Companies sought to claim refunds on Land Charges from Local Authorities. After a long legal battle, the claim was finally settled in 2016-17 and all amounts paid by the Council.

**5. Planning Appeals**

Planning application overturned at Planning Committee, applicant appealed and were awarded costs in exercise of the power under Section 250(5) of the Local Government Act 1972 and Schedule 6 of the Town and County Planning 1990 as amended and all other enabling powers in that behalf. East Cambridgeshire District Council paid the costs of the appeal proceedings associated with the application.

**Contingent Liabilities**

The Council's Contingent Liabilities cover a small number of on-going litigations. These are detailed below:

At the 31<sup>st</sup> March 2016 the below Contingent Liability was reported:

<b>Position at 31<sup>st</sup> March 2016</b>	<b>Up-dated Position 31<sup>st</sup> March 2017</b>
<p><b>Single Status Exercise</b> The Council has not yet formally completed a Job Evaluation Project to determine the salaries of all posts under the National Single Status Agreement. Any cost is not expected to be material.</p>	<p>Progress has been made in 2016-17, evaluating the remaining job roles, so that all roles can be reviewed and moderated under the National Single Status Agreement. It remains the view, that the cost of this will not be material.</p>

No new contingent liabilities were identified as at 31<sup>st</sup> March 2017.

**Contingent Assets**

There were no material contingent assets at the 31<sup>st</sup> March 2017.

**Note 21. Pension Fund Net Long Term Liability**

31 March 2016 £000	GROSS LIABILITIES	31 March 2017 £000
<b>(55,106)</b>	<b>Opening balance as at 1 April</b>	<b>(51,468)</b>
(1,266)	Current Service Cost	(1,113)
(1,765)	Interest Cost	(1,795)
(272)	Contributions by scheme participants	(287)
5,480	Actuarial losses / (gains) from changes in financial assumptions	(6,259)
0	Other	0
(44)	Past service costs/ (gains)	0
1,441	Benefits paid	1,619
64	Estimated unfunded benefits paid *	79
<b>(51,468)</b>	<b>Closing balance at 31 March</b>	<b>(59,224)</b>

31 March 2016 £000	GROSS ASSETS	31 March 2017 £000
<b>30,451</b>	<b>Opening fair value of scheme assets balance as at 1 April</b>	<b>29,893</b>
973	Interest Income	0
	Actuarial losses / (gains) from changes in financial assumptions	6,284
(1,458)	The return on plan assets (Excluding amount included in net interest expense)	1,042
1,096	Contributions by the employer	1,107
272	Contributions by employees into the scheme	287
64	Contributions for unfunded (Discretionary benefits)benefits*	79
(1,441)	Benefits paid	(1,619)
(64)	Unfunded (Discretionary benefits) benefits paid*	(79)
<b>29,893</b>	<b>Closing Balance at 31 March</b>	<b>36,994</b>
<b>(21,575)</b>	<b>TOTAL NET LIABILITIES</b>	<b>(22,230)</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

## **Note 22. Defined Benefit Pension Scheme**

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments and this needs to be disclosed at the time that employees earn their future entitlement.

Employees of East Cambridgeshire District Council may participate in the Cambridgeshire Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit final salary scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

### Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2016.

In 2016/17 the Council paid an employer's contribution of £1.186m representing 18.15% of employees pensionable pay (2015/16 £1.096m @ 18.15%) into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuary has allowed for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April service.

As a consequence of the triennial valuation, the asset value in the intervening period is an estimate calculated by the actuary using a model. Any differences between the estimate and actual figures are adjusted at the next full valuation.

### Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The Council and employees pay contributions into a fund, at a level calculated to balance the pension liabilities with investment assets. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2015/16 £000		2016/17 £000
	<b>Comprehensive Income &amp; Expenditure Statement</b>	
	Cost of Services:	
1,266	Current Service Cost	1,113
44	Past Service Cost	0
	Financing and Investment Income and Expenditure:	
792	Net interest expense	753
<b>2,102</b>	<b>Total post-employment benefit charged to the deficit on the provision of services</b>	<b>1,866</b>
	<b>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:</b>	
	Re-measurement of the net defined benefit liability comprising:	
(5,097)	Change in financial & demographic assumptions	8,128
(383)	Other experience re-measurements	(1,869)
<u>1,458</u>	Return on plan assets (Excluding the amount included in the net interest expense)	<u>(6,284)</u>
<b>(4,022)</b>		<b>(25)</b>
<b>(1,920)</b>	<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>1,841</b>
	<b>Movement in Reserves Statement</b>	
(2,102)	Reversal of net charges made to the surplus/deficit on the provision of services for post-employment benefits in accordance with the Code	(1,866)
	<b>Actual amount charged against the General Fund Balance for Pensions in the Year:</b>	
1,096	Employer's contributions payable to the scheme	1,107
64	Retirement benefits payable to pensioners*	79
<b>1,160</b>	<b>Total General Fund Charge</b>	<b>1,186</b>

The 2015/16 Restatement reflects improvements to the presentation of the sub-categories shown above.

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2017 is a loss of £22.230 and to the 31 March 2016 is a loss of £21.575m.

#### Assets and Liabilities in relation to Post-employment Benefits

The Reconciliation of present value of the scheme liabilities in respect of East Cambridgeshire District Council is shown at Note 21 to the Accounts.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £22.23m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the Council in the year to 31 March 2018 is £1.115m.

Basis for estimating Liabilities and Assets

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2016. The results of this valuation were projected forward using approximate methods.

The main assumptions used by the actuary are as shown below.

2015/16	County Fund – Main Assumptions	2016/17
4.2%	Rate of increase in salaries	2.7%
2.2%	Rate of increase in pensions	2.4%
3.5%	Rate of discounting scheme liabilities	2.6%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.5 years	Men	22.4 years
24.5 years	Women	24.4 years
	Longevity at 65 for future pensioners	
24.4 years	Men	24.0 years
26.9 years	Women	26.3 years

Local Government Pension Scheme Assets Comprised:

Pension fund assets consist of the following categories, by value of the total assets held:

31 March 2016 £000		31 March 2017 £000
613	Cash and cash equivalents	1,056
	<b>Equity instruments by industry:</b>	
698	Consumer	993
584	Manufacturing	643
510	Energy and utilities	854
1,107	Financial institutions	1,499
476	Health and care	393
240	Information technology	163
0	Other	0
3,615	Sub-total equity	4,545
	<b>Private equity:</b>	
2,324	All not in active markets	3,218
2,324	Sub-total private equity	3,218
	<b>Other investment funds:</b>	
4,523	Bonds	3,902
16,245	Equity	20,816
0	Debt Securities – UK Government	997
2,573	Other	2,460
23,341	Sub-total other investment funds	28,175
<b>29,893</b>	<b>Total Assets</b>	<b>36,994</b>

Sensitivity analysis:

Increase in assumption 31 March 2016 £000	Impact on the defined benefit obligation in the scheme	Increase in assumption 31 March 2017 £000
1,544	Longevity (increase or decrease in 1 year)	1,777
1,632	Rate of increase in salaries (increase or decrease by 0.5%)	681
3,703	Rate of increase in pensions (increase or decrease by 0.5%)	4,933
5,425	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	5,681

Further information

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

**Note 23. Financial Instruments**

The financial assets and liabilities included on the Balance Sheet comprise the following categories of financial instruments.

Long-term			Current	
2015/16 £000	2016/17 £000		2015/16 £000	2016/17 £000
		<b>Investments and Cash &amp; Cash Equivalents</b>		
0	0	Short term Investments	10,028	11,948
0	0	Loans & Receivables	9,689	4,471
<b>0</b>	<b>0</b>	<b>Total investments and Cash &amp; Cash Equivalents</b>	<b>19,717</b>	<b>16,419</b>
0	0	Debtors	1,269	1,914
321	305	Loans and Investments	0	0
<b>321</b>	<b>305</b>	<b>TOTAL FINANCIAL ASSETS</b>	<b>20,986</b>	<b>18,333</b>
		<b>Borrowings</b>		
0	0	<b>Total borrowings</b>	0	0
		<b>Creditors</b>		
0	0	Financial liabilities at amortised cost	(3,450)	(2,512)
0	0	<b>Total creditors</b>	<b>(3,450)</b>	<b>(2,512)</b>
<b>0</b>	<b>0</b>	<b>Total Financial Liabilities</b>	<b>(3,450)</b>	<b>(2,512)</b>

**Fair value of assets and liabilities carried at amortised cost**

Financial assets classified as available for sale are carried in the Balance Sheet at fair value taken from the market price.

Financial liabilities and financial assets classified as loans and receivables are recorded on the Balance Sheet at their amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using spreadsheets provided by our advisors or by using the following assumptions:

- There were no long or short term borrowings at the yearend so no estimated rates were needed.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value.
- The fair value of debtors is taken to be the invoiced or billed amount.

**The Council's activities expose it to a variety of financial risks:**

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise as a result of changes in measures such as interest rates.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Finance Team with due regard to the Annual Treasury Management Strategy approved by the Council.

Credit risk

Credit risk arises from investments with banks and other financial institutions, as well as credit exposures to the Council's customers.

In relation to investments the Council has adopted CIPFA's *Code of Practice on Treasury Management in the Public Services*, has an agreed Treasury Management Strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

The Council's theoretical maximum exposure to credit risk in relation to its investments in banks and the money markets is equivalent to its total cash holding £16.939m (2015/16; £19.691m). However, in reality the true risk cannot be assessed, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to that individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2017 that this was likely to occur and there are no investments that as at 31 March 2017 were with institutions that had failed.

In relation to the sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts whilst maintaining a robust approach to the collection of debts. The older the debt, the greater is the provision for bad debts. The bad debt provision has taken into account the current economic climate and the increased likelihood of debtors not being able to settle their debts.

The Council does not generally allow credit for its customers, such that £907k (£825k in 15/16) of the £3,550k (£2,785K in 15/16) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2016 £000s	31 March 2017 £000s
Less than three months	70	173
Three to six months	87	174
Six months to one year	251	237
More than one year	417	325
Total	825	907

Collateral – During the reporting period the Council held no collateral as security

### Liquidity risk

The Council's current liquidity risk is low, as it has significant cash holdings.

The authority has a comprehensive cashflow management system that seeks to ensure that cash is available as needed. However if unexpected movements happen, the authority has ready access to borrowings from the PWLB and money markets, so there is no significant risk that it will be unable to meet its commitments under financial instruments.

### Market risk – Interest Rate Risk

The Council currently has cash surpluses and has no external borrowing. Its interest rate exposure is therefore limited to the interest rate movements on its investments.

The Finance Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget on a quarterly basis during the year. This allows any adverse changes to be taken into consideration. The analysis will also advise whether new borrowing taken out is fixed or variable and short term or longer.

A rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- 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.

A fall in interest rates would create the reverse effect.

### Price risk

The Council invests in shares in one company to provide a local service. There is no intention to sell these shares and there is no other source of valuation of them so the risk is minimal.

Foreign Exchange Risk

The Council does not hold foreign currencies and has no intention of doing so; consequently it has no exposure to loss arising from movements in exchange rates.

**Note 24. Acquired and Discontinued Operations**

There are no acquired or discontinued operations during 2016/17 (There were also none in 2015/16).

**Note 25. Trading Operations**

From a local authority context, a trading operation is one where a Council is trading and taking operational risks and could, if the economic environment so dictated, expose the Council to a financial loss on the service provided.

The Council owns Ely market rights, and also owns a number of industrial sites in the District, the biggest being East Space North in Littleport. The Maltings Hall is now being leased to Ely City Council at a peppercorn rent and all trading undertaken at the premises is now under the stewardship of the City Council. The profits (or losses) on these trading operations were as follows:

Trading Operations	2015-16		2016-17	
	Turnover £	Profit (loss) £	Turnover £	Surplus/ (loss) £
Ely Markets	186,091	36,115	288,528	(3,606)
Business Units	16,896	(23,600)	33,882	22,347
E Space North	280,621	81,071	252,451	342,476
Building Control	265,676	30,291	293,185	114,487
Maltings Hall	0	(652,529)	0	(2,779)
<b>Total</b>	<b>749,284</b>	<b>(528,652)</b>	<b>868,046</b>	<b>472,925</b>

The loss figure for Maltings Hall includes NIL for Depreciation and Impairment in 2016-17 (2015-16 £648,220).

**Note 26. Members' Allowances**

The Authority paid the following amounts to Members of the Council during the year:

2015/16 £		2016/17 £
195,306	Allowances	203,495
9,971	Expenses	6,049
<b>205,277</b>		<b>209,544</b>

**Note 27. Senior Officer and Staff Remuneration over £50,000 in 2016/17**

The number of employees whose remuneration in the year was £50,000 or more is shown in the table below. It includes pay, redundancy payments and other employee benefits but not employer's pension contributions.

<b>2015/16</b>	<b>£</b>		<b>£</b>	<b>2016/17</b>
0	50,000	but less than	55,000	0
1	55,000	but less than	60,000	3
1	60,000	but less than	65,000	0
2	65,000	but less than	70,000	2
1	70,000	but less than	75,000	1
1	75,000	but less than	80,000	1
1	135,000	but less than	140,000	0
0	140,000	but less than	145,000	1
<b>7</b>				<b>8</b>

Included in the banding table above are those Senior Officers who are separately disclosed in the following Remuneration of Senior Employees table.

**Remuneration of Senior Employees**

The remuneration of Senior Employees is shown in the table below.

<b>2016/17 Post holder</b>	<b>Salary including allowances £</b>	<b>Allowances and fees £</b>	<b>Total remuneration £</b>	<b>Employer pension contributions £</b>	<b>Remuneration including pension contributions £</b>
Chief Executive	131,203	9,592	<b>140,795</b>	22,305	<b>163,100</b>
Director – Operations	76,617	1,458	<b>78,075</b>	13,024	<b>91,099</b>
Director - Commercial	65,474	314	<b>65,788</b>	11,131	<b>76,919</b>
Director - Resources	58,588	58	<b>58,646</b>	9,960	<b>68,606</b>

Key – 2016/17

Note 1 – The Director – Resources left on the 17<sup>th</sup> March 2017

Note 2 – Following the Director – Resources leaving the Council on the 17<sup>th</sup> March, the Council set up a Section 113 Agreement with Peterborough City Council for the provision of the Section 151 Officer role

Note 3 – Other staff detailed above were all in post throughout the 2016-17 financial year

<b>2015/16</b>	<b>Salary including allowances</b>	<b>Allowances and fees</b>	<b>Total remuneration</b>	<b>Employer pension contributions</b>	<b>Remuneration including pension contributions</b>
<b>Post holder</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive	129,097	8,760	<b>137,857</b>	21,946	<b>159,803</b>
Director - Operations	75,042	1,367	<b>76,409</b>	12,757	<b>89,166</b>
Director - Commercial	59,754	0	<b>59,754</b>	10,159	<b>69,913</b>
Chief Finance Officer	22,367	0	<b>22,367</b>	3,802	<b>26,169</b>
Director – Support Services	64,946	257	<b>65,203</b>	11,041	<b>76,244</b>

Key – 2015/16

Note 1 – Chief Finance Officer – in post from 1 September 2015 and only part time (50%). The FTE salary was £60,214.

Note 2 - Corporate Unit Manager promoted to Director – Commercial - August 2015

Note 3 – Heads of Finance (31/8/15), Legal and Democratic (30/6/15) and Head of HR and Facilities (2/9/15) all left their posts in 2015/16

Note 4 – The Senior Management Team of the Council was reduced to the above posts in 2015/16

The numbers of exit packages committed in the year with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages agreed		Total cost of packages	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16 £000	2016/17 £000
£0 to less than £20,000	2	3	8	2	10	5	80	33
£20,000 to less than £40,000	1	0	0	1	1	1	23	20
<b>Total</b>	<b>3</b>	<b>3</b>	<b>8</b>	<b>3</b>	<b>11</b>	<b>6</b>	<b>103</b>	<b>53</b>

**Note 28. External Audit Related Costs**

These figures show the amounts included in the accounts which include any adjustments made for previous years.

2015/16 £		2016/17 £
49,473	External audit	58,632
15,208	Grant claim certification	2,921
<b>64,681</b>		<b>61,553</b>

**Note 29. Related Parties**

The Council must disclose in the accounts any material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently.

Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides a significant amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, for example Council Tax bills.

Grants received from Government departments are set out in the analysis in Note 9 on "Grant Income".

The Council has a significant operational relationship with Cambridgeshire County Council. The County Council is the administering authority for the East Cambridgeshire's pension fund, and many of the Council's services work with County Council services on a day-to-day basis, for example, the Council is the statutory waste collection authority whereas the County Council is the statutory waste disposal authority, but each of the Councils has to pay the other in respect of certain types of waste.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2016/17 is shown in Note 26. Some Council members are also:

1. elected members of other Councils, including the County Council, Parish and Town Councils.
2. nominated representatives of Cambridgeshire County Council on various organisations.

In respect of 2016/17, there were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

**Entities Controlled or Significantly Influenced by the Authority**

The Council fully owns East Cambridgeshire Business Centres Limited and East Cambs Trading Company Limited

**East Cambridgeshire Business Centres Ltd**

The aim of the business is the promotion of economic development by providing a Managed Workspace Centre. This contains small business units and associated common facilities for new and very small businesses. The shared facilities help to reduce the costs for the businesses as it saves them having to purchase equipment and provides meeting / training rooms.

The workspaces are let on a short term basis to allow them to expand or contract as necessary without being locked into a long term tenancy agreement.

**East Cambridgeshire Trading Company Ltd**

East Cambridgeshire Local Authority Trading Company (LATC) Ltd formally started trading on the 1<sup>st</sup> April 2016. ECTC has two functional divisions; Commercial Services and Property and CLT Development.

The Commercial Services arm of the Trading Company manage the Ely markets on behalf of the Council and undertake grounds maintenance works for external customers within the District.

The Property and CLT Development arm, known as Palace Green Homes, are responsible for progressing the development of small scale house building, including the development of CLTs, within the District. The first site being progressed is the development of land owned by the Council at Barton Road in Ely.

Group Accounts have been produced as the figures for both the above companies are material to the overall accounts of the Council. The Council's financial relationship with the companies is shown in the Group Accounts section of the Financial Statements.

**Anglia Revenue Partnership**

The Council became a partner in the Anglia Revenue Partnership (ARP) on 13 October 2010. Breckland Council, East Cambridgeshire District Council, Fenland District Council, Forest Heath District Council, St Edmundsbury District Council, Suffolk Coastal District Council and Waveney District Council work together to provide their Revenues and Benefits services through the ARP. The Council pays ARP for the services it provides; this payment is included in the service costs in the CI&E Account.

**Note 30. Leases****Council as Lessee****Finance Leases**

The only material Finance Leases held by the Council as lessee are:

2015/16 £000		2016/17 £000
342	Public Conveniences, Car Park, Open Space	335

The Authority was committed to making minimum payments under these leases through the service payment to the main contractor in settlement of the effective long-term liability for the interest in the vehicles. The minimum lease payments are made up of the following:

2015/16 £000		2016/17 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
6	Current	7
75	Finance costs payable in future years	69
<b>81</b>	<b>Minimum lease payments</b>	<b>76</b>

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently the minimum rentals is directly equal to the Finance Lease liability above.

As these amounts are immaterial, they have not been included in the Comprehensive Income & Expenditure Statement.

**Operating Leases**

The Authority has no material operating leases as lessee.

**Council as Lessor****Finance leases**

The Council has no finance leases as lessor.

**Operating Leases**

The Authority leases out property and equipment under operating leases for the following purposes:

- for the provision of public open space, recreation and public conveniences
- to provide for Registrar offices and Citizens Advice Bureau
- to encourage small businesses
- and other minor items.

The future minimum lease payments receivable under non-cancellable leases in future years are:

<b>2015/16</b>		<b>2016/17</b>
<b>£000</b>		<b>£000</b>
80	Not later than 1 year	48
134	Later than 1 year and not later than 5 years	293
126	Later than 5 years	33
<b>340</b>		<b>374</b>

The minimum lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2016/17 £0 contingent rents were receivable by the Authority (2015/16 £0).

## Note 31. Accounting Policies

### Accounting Policies in respect of Concepts and Principles

#### ➤ General Principles

The Statement of Accounts summarises the Council's transactions for the **2016/17** financial year and its position at the year-end of 31 March **2017**. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom **2016/17** and the Service Reporting Code of Practice **2016/17**, supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

- Council being a 'going concern' – all operations continuing
- Accrual of income and expenditure – placing items in the year they relate, rather than the year the cash transaction takes place
- Primacy of legislative requirements – legislation overrides standard accounting practice

The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the Council.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounting policies are reviewed on an annual basis to ensure that they are appropriate, compliant with accepted accounting practice and relevant to the Council's ongoing business activity.

#### ➤ Changes in Accounting Policies, Prior Period Adjustments, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

In line with revised national guidelines, no recharges for overheads and support services are shown within the Comprehensive Income and Expenditure Statement in 2016-17, the 2015-16 figures have also been retrospectively adjusted to ensure that a direct comparison between years is possible.

#### ➤ Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

➤ **Accruals of Income and Expenditure as shown in Comprehensive Income and Expenditure Account**

Income and expenditure is accounted for in the year in which resources are consumed or when entitlement arises. The principles applied are as follows:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Use of Capital Assets is reflected in the accounts through charging:
  - Depreciation as detailed according to the schedule as detailed in the policy for non-current assets
  - Impairment where additional diminution of asset value over and above the Depreciation schedule is identified in the year that is not covered by any amount at individual asset level provided for in the Revaluation Reserve at the start of the year. Impairment is also credited where Revaluation upwards reflects a restatement of Impairment applied to the same asset(s) in previous financial years.
  - Profit or Loss upon the Sale of a Capital Asset.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Government Grants and other similar contributions are treated as Income when entitlement is confirmed. In the event of such contributions being received but conditions not being satisfied at the Balance Sheet date the balance is recorded within creditors as a Receipt in Advance and will be credited to Income Account in a subsequent accounting period once such conditions have been satisfied.
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where the Council is acting as an agent for another party (e.g. in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services provided or the Council incurs expenses directly on its own behalf in providing the services.
- The Statutory basis of accounting for the Council differs from that reported in the Comprehensive Income & Expenditure Account. Details are provided in the next section.

## ➤ Reserves

The Council's Reserves represent the accumulation of surpluses (and deficits) upon the Comprehensive Income & Expenditure account over all years up to and including the Balance Sheet Date. It also equals the Total Value of the Council's assets less its' liabilities.

For Statutory Accounting purposes the Council's financial outturn for any financial year is represented by its' General Fund (and associated Earmarked Reserves). The amounts shown within the Prime Financial Statements as 'Adjustments between accounting basis and funding basis under regulation' and 'Other comprehensive Income and Expenditure' are chargeable to Reserves other than the General Fund. The reasons for these are because of different statutory treatment of:

- (a) Accounting for Non-Current Assets
- (b) Accounting for the Pension Fund
- (c) Accounting for accrual items in respect of staff absences, financial interest and Taxes receivable.

The Council's financial position in respect of Capital Income, Consumption and Revaluation is represented by movements in the Capital Receipt Reserve, Deferred Capital Receipts Reserve, Capital Grants Unapplied Reserve, Capital Adjustment Account and Revaluation Reserve.

Reserves are classified into Useable (when currently available for application) and Un-useable (when there is no current liquidity).

The Notes to the Accounts upon the Reserves explains fully the purpose of each Reserve and the uses to which they are applied.

## ➤ Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## ➤ Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## Accounting Policies in respect of Non-Current Assets

### ➤ Property, Plant and Equipment (IAS 16)

Assets that have physical substance and are held for use in the provision of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

- Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense to the CIES when it is incurred.

There is a de minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

- Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

Assets are then carried in the Balance Sheet using the following measurement bases:

- Fair Value: Land and Buildings, Investment Properties
- Depreciated Historic Cost: Vehicles, Plant and Equipment, Infrastructure, Intangibles
- Historic Cost: Community Assets, Assets Under Construction Assets Held for Sale

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying value is not materially different from their fair value at the yearend, but as a minimum every four years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account. Thus there is no impact on Council Tax.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only. Gains arising before that date have been consolidated into the Capital Adjustment Account.

- Components

The Council will separately account for components where the cost of the component is significant in relation to the overall total cost of the asset, and the useful economic life of the component is significantly different from the useful economic life of the asset. Individual components with similar useful lives and depreciation methods will be grouped.

For this purpose a significant component cost would be 10% of the overall total cost of the asset but with a de-minimis component threshold of £100,000.

This policy has been applied prospectively when non-current assets have been revalued and will be considered only for new revaluations carried out after 1st April 2012 and when enhancement and/or acquisition expenditure is incurred after that date. The only assets that have been split into components in the 2016/17 accounts are offices and leisure centres. This is consistent with the prior year.

- Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where there is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

- Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement)

- Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocating the value of the asset over its useful life. An exception is made for assets where the finite useful life cannot be determined, (i.e. land and Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated as follows:

Asset Type	Depreciation basis	Useful Economic Life
Operational Buildings	Straight-line allocation over the estimated life of the building or component where identified separately	5 years to 99 years
Community Assets	Straight line allocation over the estimated life of the asset	16 years to 99 years
Intangible Assets	Straight line allocation over the estimated life of the asset	1 year to 5 years
Vehicles, Plant, Furniture & Equipment	Straight line allocation over the estimated life of the asset	1 year to 48 years
Infrastructure		5 years to 99 years

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

The residual value of the assets is reviewed at least every four years and the depreciation adjusted to match any change in the life of the asset.

#### Year of depreciation charge

The depreciation charge will generally commence in the year after the addition of the asset, unless the in-year depreciation charge would have a material impact.

### ➤ **Heritage Assets**

Heritage Assets are those that are held and maintained by the Council principally for their contribution to knowledge and culture. Such assets can have historical, artistic, scientific, geophysical or environmental qualities.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

### ➤ **Intangible Assets**

Expenditure, on an accruals basis, for assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

### ➤ **Leases**

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

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

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

- The Council as Lessee

- Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant and equipment, applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period.)

- Operating leases.

Rentals paid under operating leases are debited to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

- The Council as Lessor

- Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal whilst an appropriate debtor balance is created to reflect the amount owed to the Council.

- Operating Leases.

Where the Council grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

### **Current Value Measurement (IFRS 13)**

Previously, all assets and liabilities were valued under the principle of “fair value” which was defined as “the amount for which an asset could be exchanged or liability settled between knowledgeable, willing parties in an arm’s length transaction”.

Although “fair value” remains as the approach to valuation for a number of assets and liabilities, in respect of Operational Assets IFRS 13 introduces “current value”. This means such assets have to be measured in a way that recognises their “service potential”.

### **Accounting Policies in respect of Employee Benefits**

#### **Benefits payable during employment**

To the extent that the Council has an outstanding liability for these at the Balance Sheet Date, the amount is shown in the Accumulated Absences Reserve.

#### **➤ Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy.

Termination benefits are charged to the appropriate service line in the Comprehensive Income and Expenditure Account when the Council can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the Council by 31 March.

### ➤ **Post-Employment Benefits (Pensions)**

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Cambridgeshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

### ➤ **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **Accounting Policies in respect of Financial Instruments**

### ➤ **Financial Assets**

The main financial assets attributable to the Council are:

- Inventories

The Council has a number of inventories but none either individually or in aggregate are material to the accounts.

- Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

- Loans and receivables

Financial assets that are applicable to the Council are loans and receivables which are assets with a fixed or determinable payment but not quoted in an active market (e.g. trade debtors, fixed term investments). Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The Council has the following loans and receivables:

- Debtors

Debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at yearend, taking into account

the nature, value and age of debts and historic losses for similar groups of assets. Bad debts are written off when they are identified.

Debtors falling due after more than one year are classified as long-term debtors, which includes housing improvement loans and housing advances. The charge for these services is to the Housing Services line in the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

- Cash and equivalents

Cash and equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash. Due to their nature and short-term maturity, the fair values for debtors and cash and equivalents are estimated using their carrying values.

- Investments

The Council has both long and short-term investments with various financial institutions. Investments are carried at their amortised cost. The fair value of investments is determined by discounting the future cash flows using a relevant market rate of interest comparable to the rate for the same investment from a comparable institution, available at the Balance Sheet date.

The Council has made loans for home improvement which are interest-free (soft loans). When these soft loans are made, a loss is recorded in the Housing Services line in the Net Cost of Services in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Statutory provisions require that the impact of soft loans in the Comprehensive Income and Expenditure Statement is managed by a transfer to the Financial Instruments Adjustment Account. It is included in the 'Adjustment between accounting basis and funding basis under regulation' line in the Movement in Reserves Statement.

➤ **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. The Council has the following liabilities:

- Creditors

Creditors are carried at their original invoice amount.

- Bank overdrafts

Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand.

Due to their nature and short-term maturity, the fair values for creditors and bank overdrafts are estimated using their carrying values.

- Short-term borrowing

Loans of less than one year and carried at amortised cost.

- Long-term loan

Loans of over one year are carried at their amortised cost but with the fair value disclosed as a note.

➤ **Provisions and Contingent Liabilities**

- Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires a financial settlement and a reliable estimate of the obligation can be made. Provisions are debited to the Comprehensive Income and Expenditure Statement and are measured at the best estimate of the expenditure that is likely to be required. When payments are made they are charged to the provision.

- Contingent Liabilities

A contingent liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

**Collection Fund**

<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>		<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>
<b>2015/16</b>	<b>2015/16</b>	<b>2015/16</b>		<b>2016/17</b>	<b>2016/17</b>	<b>2016/17</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>						
	(45,580)	(45,580)	Council Tax Receivable		(47,541)	(47,541)
(19,448)		(19,448)	Non Domestic Rates Receivable	(19,855)		(19,855)
28		28	Transitional Relief	(13)		(13)
<b>(19,420)</b>	<b>(45,580)</b>	<b>(65,000)</b>	<b>Total Income</b>	<b>(19,868)</b>	<b>(47,541)</b>	<b>(67,409)</b>
<b>EXPENDITURE</b>						
<b>Repay Previous Years Surplus/(Deficit)</b>						
229		229	Central Government	396		396
183	20	203	East Cambridgeshire District Council	317	92	409
41	109	150	Cambridgeshire County Council	71	516	587
	18	18	Cambridgeshire Police & Crime Commissioner		83	83
5	6	11	Cambridgeshire Fire Authority	8	30	38
<b>458</b>	<b>153</b>	<b>611</b>		<b>792</b>	<b>721</b>	<b>1,513</b>
<b>Precepts Demands and Shares</b>						
9,039		9,039	Central Government	9,506		9,506
7,232	5,676	12,907	East Cambridgeshire District Council	7,605	5,969	13,574
1,627	32,340	33,967	Cambridgeshire County Council	1,711	33,475	35,186
	5,125	5,125	Cambridgeshire Police & Crime Commissioner		5,254	5,254
181	1,816	1,997	Cambridgeshire Fire Authority	190	1,879	2,069
<b>18,079</b>	<b>44,957</b>	<b>63,036</b>		<b>19,012</b>	<b>46,577</b>	<b>65,589</b>
<b>Charges to Collection Fund</b>						
(27)	(130)	(157)	Less Write Off Uncollectable Amounts	51	70	121
28	715	743	Less Increase / (Decrease) in Bad Debt Provision	(45)	(183)	(228)
543		543	Less Increase / (Decrease) in Provision for Appeals	(145)		(145)
93		93	Less Cost of Collection	94		94
354		354	Renewable Energy Retentions	279		279
<b>991</b>	<b>585</b>	<b>1,576</b>		<b>234</b>	<b>(113)</b>	<b>121</b>
<b>19,528</b>	<b>45,695</b>	<b>65,223</b>	<b>Total Expenditure</b>	<b>20,038</b>	<b>47,185</b>	<b>67,223</b>
<b>Movement in Fund Balance</b>						
<b>108</b>	<b>116</b>	<b>224</b>	<b>(Surplus)/Deficit For Year</b>	<b>170</b>	<b>(356)</b>	<b>(186)</b>
(708)	(276)	(984)	(Surplus)/Deficit Brought Forward 1 April	(600)	(160)	(760)
<b>(600)</b>	<b>(160)</b>	<b>(760)</b>	<b>(Surplus)/Deficit Carried Forward 31 March</b>	<b>(430)</b>	<b>(516)</b>	<b>(946)</b>

## Notes to the Collection Fund

### 1. Purpose of Fund

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

Until it is distributed, the tax collected is held in a statutory Collection Fund which is separate from the General Fund of the Council. The accounts are however, consolidated into the Council's accounts. They have been prepared on an accruals basis.

Parish and Town Council precepts are transferred to the General Fund before being paid to the Parish or Town Council. Interest is not payable / chargeable to the Collection Fund on cash flow variations between it and the General Fund.

There is no requirement for a separate Collection Fund Balance Sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between East Cambridgeshire District Council and the major preceptors in proportion to their demand on the fund for the year. The major preceptors' share of the assets and liabilities of the Collection Fund are shown as a debtor in East Cambridgeshire District Council's accounts. East Cambridgeshire District Council's share of the assets and liabilities are held in the Collection Fund Adjustment Account reserve.

### 2. Council Tax

Tax base at 31 March 2017				
Tax band	Properties	Exemptions & discounts	Band D multiplier	Band D equivalent
A	4,360	(599)	6/9	2,507.3
B	10,808	(983)	7/9	7,641.7
C	7,411	(513)	8/9	6,131.6
D	6,599	(372)	9/9	6,227.0
E	4,306	(192)	11/9	5,028.2
F	1,967	(69)	13/9	2,741.6
G	671	(38)	15/9	1,055.0
H	77	(6)	18/9	142.0
<b>Total</b>	<b>36,199</b>	<b>(2,772)</b>		<b>31,474.4</b>

Council Tax charge per band D property for 2016/17 £1,623.91.

Council Tax charge per band D property for 2015/16 £1,590.68

**3. Non Domestic Rates (NDR)**

The uniform business rate set by the Government for 2016/17 was 49.7p (2015/16 49.3p).

Total rateable value at 31 March 2017 £48.669 million.

Total rateable value at 31 March 2016 £47.790 million.

**4. Non Domestic Rates Appeals**

The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).

A 10% variation in the estimated provision would be £0.0917m for the Collection Fund of which £0.0367m would be the share of the attributable to the General Fund.

**5. Collection Fund Balance Sheet**

<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>		<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>
<b>31 Mar 2016</b>	<b>31 Mar 2016</b>	<b>31 Mar 2016</b>		<b>31 Mar 2017</b>	<b>31 Mar 2017</b>	<b>31 Mar 2017</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
1,190	1,008	2,198	Cash Held by ECDC	1,099	841	1,940
892	1,980	2,872	Debtors	725	2,420	3,145
(186)	(1,172)	(1,358)	Receipts in Advance	(250)	(1,272)	(1,522)
(233)	(1,656)	(1,889)	Impairment Provision	(227)	(1,473)	(1,700)
(1,063)	0	(1,063)	Appeals Provision	(917)	0	(917)
(600)	(160)	(760)	Fund Surplus	(430)	(516)	(946)
0	0	0	<b>TOTAL</b>	0	0	0

**6. Collection Fund Representation of Debtor, Creditor & Appeals Balances in ECDC Accounts**

The Debtor, Creditor and Provisions entries are recorded in the Council's Accounts in accordance with the proportion of the fund attributable to East Cambridgeshire for its own purposes. The relevant proportions are 40% for Non-Domestic Rates and 13% for Council Tax. The entries are therefore as follows:

<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>		<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>
<b>31 Mar 2016</b>	<b>31 Mar 2016</b>	<b>31 Mar 2016</b>		<b>31 Mar 2017</b>	<b>31 Mar 2017</b>	<b>31 Mar 2017</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
357	257	614	Debtors	291	315	606
(74)	(152)	(226)	Receipts in Advance	(100)	(165)	(265)
(93)	(215)	(308)	Impairment Provision	(90)	(191)	(281)
(425)	0	(425)	Appeals Provision	(367)	0	(367)
(119)	(877)	(996)	Creditors – Local government	(110)	(733)	(843)
(596)		(596)	Creditors – Central government	(551)		(551)
(240)	(21)	(261)	Fund Surplus to Collection Fund Adjustment Account	(172)	(67)	(239)
(1,190)	(1,008)	(2,198)	<b>TOTAL</b>	(1,099)	(841)	(1,940)

## Group Accounts

The Council has two wholly own subsidiaries East Cambridgeshire Business Centres Limited and East Cambs Trading Company Limited. As a result a set of Group Accounts for the group as a whole are produced. The accounts have been consolidated on a line by line basis, as per IFRS10.

The impact of the Companies activities upon the Reserves of the Group are as follows;

	31 March 2016	In Year Movement 2016/17	31 March 2017
	£000	£000	£000
Surplus Savings Reserve – Profit & Loss Account	54	(434)	(380)
Revaluation Reserve	221	(91)	130
<b>TOTAL COMPANY RESERVES PORTION OF GROUP BALANCE SHEET</b>	275	(525)	(250)
<b>Represented by:</b>			
East Cambs Trading Company Profit & Loss		(405)	(405)
East Cambs Business Centres Profit & Loss	54	(29)	25
East Cambs Business Centres Revaluation Reserve	221	(91)	130

In the light of the above it is considered unnecessary to produce an Expenditure and Funding Statement for the Group. The other Prime Financial Statements are shown on the next four pages.

The Assets & Liabilities of the Company's at the Balance Sheet Date are as follows:

	Trading Company	Business Centres	Inter Company	TOTAL change upon Council
Property, Plant & equipment	0	678	0	678
Company Share Capital – Council Investment	0	(496)	(51)	(547)
Long Term Debtor/Creditor	(1,045)	0	0	(1,045)
Debtors + Cash	154	68	(715)	(493)
Inventories*	1,341		0	1,341
Creditors	(855)	(95)	766	(184)
<b>TOTAL ASSETS NET OF COUNCIL SHARE</b>	<b>(405)</b>	<b>155</b>	<b>0</b>	<b>(250)</b>

\*This item is classified as Property, Plant & Equipment in the Group Accounts.

The aim of the East Cambridgeshire Business Centres Limited is the promotion of economic development by providing a Managed Workspace Centre.

**Group Comprehensive Income and Expenditure Statement**

Gross Expenditure £000	2015/16			2016/17		
	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,995	(859)	2,136	Commercial Services	3,976	(1,984)	1,992
24,412	(21,476)	2,936	Corporate Services	24,325	(22,190)	2,135
7,893	(4,086)	3,807	Regulatory Services	9,312	(4,436)	4,876
<b>35,300</b>	<b>(26,421)</b>	<b>8,879</b>	<b>Cost of Services</b>	<b>37,613</b>	<b>(28,610)</b>	<b>9,003</b>
		<b>1,849</b>	<b>Other Operating Expenditure</b>			<b>2,358</b>
		0	Interest payable and similar charges			23
		(110)	Interest receivable and Investment Income			(156)
		792	Net interest on the net pension liability			753
		<b>682</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>			<b>620</b>
		<b>(12,879)</b>	<b>TAXATION &amp; NON-SPECIFIC GRANT INCOME</b>			<b>(12,618)</b>
		<b>(1,469)</b>	<b>(Surplus)/Deficit on provision of Services</b>			<b>(637)</b>
		(744)	(Surplus) or deficit in the revaluation of non-current assets			(2,181)
		(4,022)	Actuarial losses/(gains) on pension assets and liabilities			(25)
		<b>(4,766)</b>	<b>Other comprehensive income and expenditure</b>			<b>(2,206)</b>
		<b>(6,235)</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>			<b>(2,843)</b>

**Group Movement in Reserves Statement**

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	TOTAL USEABLE RESERVES	Unusable Reserves	TOTAL COUNCIL RESERVES
	£000	£000	£000	£000	£000	£000	£000
<b>Movement in Reserves during 2016/17</b>							
<b>BALANCE AT 31 MARCH 2016</b>	1,803	7,907	2,723	21	12,454	(1,365)	11,089
<b>MOVEMENT IN YEAR</b>							
Surplus/(Deficit) on provision of services	637				637		637
Other comprehensive income and expenditure					0	2,206	2,206
<b>Total comprehensive income and expenditure</b>	<b>637</b>		<b>0</b>		<b>637</b>	<b>2,206</b>	<b>2,843</b>
Adjustments between accounting basis and funding basis under regulations (Notes 10 & 11 )	24		(512)	31	(457)	457	0
<b>Net increase/(decrease) before transfers to earmarked reserves</b>	<b>661</b>		<b>(512)</b>	<b>31</b>	<b>180</b>	<b>2,663</b>	<b>2,843</b>
Transfers (from)/to earmarked reserves	(1,845)	1,845					0
<b>Increase/(Decrease) in Year</b>	<b>(1,184)</b>	<b>1,845</b>	<b>(512)</b>	<b>31</b>	<b>180</b>	<b>2,663</b>	<b>2,843</b>
<b>BALANCE AT 31 MARCH 2017</b>	<b>619</b>	<b>9,752</b>	<b>2,211</b>	<b>52</b>	<b>12,634</b>	<b>1,298</b>	<b>13,932</b>
<b>Movement in Reserves during 2015/16</b>							
<b>BALANCE AT 31 MARCH 2015</b>	1,803	3,966	1,863	586	8,218	(3,364)	4,854
Surplus/(Deficit) on provision of services	1,469				1,469		1,469
Other comprehensive income and expenditure					0	4,766	4,766
<b>Total comprehensive income and expenditure</b>	<b>1,469</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,469</b>	<b>4,766</b>	<b>6,235</b>
Adjustments between accounting basis and funding basis under regulations (Notes 10 & 11 )	1,967	0	860	(60)	2,767	(2,767)	0
<b>Net increase/(decrease) before transfers to earmarked reserves</b>	<b>3,436</b>	<b>0</b>	<b>860</b>	<b>(60)</b>	<b>4,236</b>	<b>1,999</b>	<b>6,235</b>
Transfers (from)/to earmarked reserves	(3,436)	3,941	0	(505)	0	0	0
<b>Increase/(Decrease) in Year</b>	<b>0</b>	<b>3,941</b>	<b>860</b>	<b>(565)</b>	<b>4,236</b>	<b>1,999</b>	<b>6,235</b>
<b>BALANCE AT 31 MARCH 2016</b>	<b>1,803</b>	<b>7,907</b>	<b>2,723</b>	<b>21</b>	<b>12,454</b>	<b>(1,365)</b>	<b>11,089</b>

**Group Balance Sheet**

<b>31 March 2016 £000</b>		<b>31 March 2017 £000</b>
19,002	Property, Plant and Equipment	24,523
105	Heritage Assets	105
0	Investment Property	0
79	Intangible Assets	49
0	Investments in subsidiaries	0
321	Long Term Debtors	304
<b>19,507</b>	<b>Long Term Assets</b>	<b>24,981</b>
10,028	Short Term Investments	11,910
36	Inventories	51
2,804	Short Term Debtors	3,002
9,477	Cash and Cash Equivalents	4,563
0	Assets held for sale	0
<b>22,345</b>	<b>Current Assets</b>	<b>19,526</b>
(49)	Cash and Cash Equivalents	0
0	Short Term Borrowing	0
(4,276)	Short Term Creditors	(4,691)
(584)	Provisions	(434)
<b>(4,909)</b>	<b>Current Liabilities</b>	<b>(5,125)</b>
0	Long Term Borrowing	0
(4,279)	Capital Grants Receipts in Advance	(3,220)
(21,575)	Net Pensions Liability	(22,230)
<b>(25,854)</b>	<b>Long Term Liabilities</b>	<b>(25,450)</b>
<b>11,089</b>	<b>Net Assets</b>	<b>13,932</b>
12,454	Useable Reserves	12,634
(1,365)	Unusable Reserves	1,298
<b>11,089</b>	<b>Total Reserves</b>	<b>13,932</b>

The individual sub-totals for Useable and Unusable Reserves have been restated as at 31 March 2016 to reflect the Trading Company's Revaluation Reserve.

**Group Cash Flow Statement**

2015/16 £000		2016/17 £000
1,469	<b>Net Surplus / (Deficit) on the provision of services – (i)</b>	<b>637</b>
	Adjustments to net surplus or deficit on the provision of services for non-cash movements:	
697	Depreciation & Amortisation	689
695	Impairment	(305)
942	Pension Liability	680
(761)	Change in Debtors, Creditors & Provisions (Core Revenue only)	(353)
227	Other Non-Cash Movements	0
<b>1,800</b>	<b>Total Adjustments (ii)</b>	<b>711</b>
<b>3,269</b>	<b>A- Net cash flows from Operating Activities (i) +(ii)</b>	<b>1,348</b>
(634)	Purchase of Property, Plant & Equipment	(3,068)
0	Change in Long Term Debtors	0
958	Sale of Property, Plant & Equipment	0
(2,503)	Net (Purchase) of Investments	(1,930)
<b>(2,179)</b>	<b>B- Investing Activities</b>	<b>(4,998)</b>
424	Net receipt / (application) of Capital Grants	(1,064)
(100)	Change in Collection Fund Agencies debtors & creditors	(198)
<b>324</b>	<b>C- Financing Activities</b>	<b>(1,262)</b>
<b>1,414</b>	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(4,914)</b>
<b>8,014</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>9,477</b>
<b>9,428</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,563</b>

The 2015/16 Restatement reflects improvements to the presentation of the sub-categories shown above.

## Glossary of Terms and Abbreviations

### GLOSSARY OF TERMS

**Accrual**

The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

**Actuarial Assumptions**

These are predictions made for factors that will affect the financial condition of the pension scheme.

**Amortisation**

The gradual write off of the initial cost of assets.

**Asset**

An item having value to the Council in monetary terms.

**Capital Charges**

Charges made to service department revenue accounts, comprising depreciation (where appropriate) based on the value of the asset employed.

**Capital Expenditure**

Expenditure on the acquisition of non-current assets which will be used in providing services beyond the current accounting period, or expenditure on non-current assets.

**Capital Financing Charges**

The annual cost of depreciation, leasing charges and other costs of funding capital expenditure.

**Capital Adjustment Account (CAA)**

The account which reflects the extent to which the District Council's resources have been applied to finance capital expenditure and to meet future debt redemption or other credit liabilities.

**Capital Receipts**

Income received from selling non-current assets.

**Carrying amount**

The value of an asset or liability in the Balance Sheet.

**CIPFA**

This is the Chartered Institute of Public Finance and Accountancy which is an institute that represents accounting in the Public Sector.

**Collection Fund**

A separate fund that records the income and expenditure relating to council tax and non-domestic rates.

**Community Infrastructure Levy (CIL)**

An amount payable by developers (commercial and domestic) in respect of new buildings created within the District. The Levy must be used to provide infrastructure; decisions on which are taken by District and Parish Councils.

**Contingent Liabilities**

These are amounts that the Council may be, but is not definitely, liable for.

**Council Tax**

A tax paid by residents of the District that is based on the value of the property lived in and is paid to the Council and spent on local services.

**Creditors**

These are people or organisations which the Council owes money to for goods or services which have not been paid for by the end of the financial year.

**Current Assets**

These are assets that are held for a short period of time, for example cash in the bank, inventories and debtors.

**Debtors**

Sums of money owed to the District Council but not received by the end of the financial year.

**Depreciation**

The amount an asset has dropped in value is the amount it has been judged to have depreciated. Accountants use depreciation to demonstrate how much of the property, plant and equipment value has been used and therefore lowered during a financial year, for example because of wear and tear.

**Earmarked Reserves**

Money set aside for a specific purpose.

**Exceptional Item**

A material item in the Comprehensive Income and Expenditure Statement that falls within the ordinary activities of the Council but which needs to be disclosed separately by virtue of its size to give a fair presentation of the accounts.

**Fair value**

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arms length transaction.

**Finance Lease**

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. A finance lease transfers substantially all of the risks and rewards of ownership of an item of property, plant and equipment to a lessee.

**Impairment**

A reduction in the value of property, plant and equipment to below its carrying amount on the Balance Sheet.

**Impairment of debts**

This recognises that the real value of debt is less than the book value.

**Intangible Assets**

A non-physical item which provides future economic benefits. This Council's intangible assets comprise computer software licences.

**Liabilities**

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

**Liquid Resources**

Current asset investments held as readily disposable stores of value, either readily convertible into cash, or traded in an active market.

**Local Enterprise Partnership**

A Government initiative to boost economic growth within defined and agreed geographical areas.

**Minimum Revenue Provision (MRP)**

The minimum amount that must be charged to the revenue account each year to provide for the repayment of monies borrowed by the Council.

**Non Domestic Rates**

Rates which are levied on business properties. From 1<sup>st</sup> April 2013, as a consequence of The Local Government Finance Act 2012, a local Non Domestic Rating regime was introduced that included the business rates retention scheme. See also **Tariff** and **Safety Net**.

**Operating Leases**

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. An operating lease is where the ownership of the non-current asset remains with the lessor.

**Precept**

A payment to the Council's General Fund, or another local council, from the Council's Collection Fund.

**Prior Year Adjustments**

These are material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors.

**Property, Plant and Equipment**

Non-current assets that give benefit to the District Council and the services it provides for more than one year.

**Provisions**

Monies set aside for liabilities or losses which are likely to be incurred but where the exact amounts or dates on which they will arrive are uncertain.

**Reclassification**

Where comparative (prior year) figures are reclassified into new categories of income or expenditure, and the change has not been the result of a material error or accounting policy but the amount is "material" then this is a reclassification.

**Responsible Financial Officer**

The designated post within the Council, as determined by the Accounts and Audit Regulations 2011, which holds the statutory S.151 responsibility (Local Government Act 1972). This responsibility is in respect of ensuring the proper administration of the Council's financial affairs. This post was formerly known as Chief Financial Officer.

**Restated**

Where there has been a material error in the accounts or a new accounting policy has been applied, then the comparative (prior year) figures have to be "restated" as if the correction or policy had been in place as at the end of the previous financial year.

**Revenue Expenditure Funded from Capital under Statute**

Spending on items normally classed as revenue but which are defined by statute as capital e.g. improvement grants.

**Revaluation Reserve**

The account that reflects the amount by which the value of the Council's assets has been revised following revaluation or disposal.

**Revenue Expenditure**

Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

**Revenue Support Grant**

A grant from Central Government towards the cost of providing services.

**Safety Net**

The scheme for localising Non Domestic Rates (NDR) includes a safety net provision. Where the actual NDR after Tariff is less than 92.5% of the funding baseline, Central Government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

**Section 106**

Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

**Tariff**

The scheme for localising Non Domestic Rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays Central Government a Tariff equal to the difference between the two baselines.

**True and Fair View Override**

As required by the Accounts and Audit Regulations 2011, paragraph 8.2, the Responsible Financial Officer is required to certify that the Statement of Accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the "true and fair view override". This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e. to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the "true and fair view" is appropriately acknowledged in the notes to the accounts.

**ABBREVIATIONS**

<b>CFR</b>	Capital Financing Requirement
<b>CIES</b>	Comprehensive Income and Expenditure Statement
<b>CIL</b>	Community Infrastructure Levy
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy
<b>CPFA</b>	Chartered Public Finance Accountant
<b>DCLG</b>	Department for Communities and Local Government
<b>DRC</b>	Depreciated replacement cost
<b>FTE</b>	Full Time Equivalent
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards
<b>LEP</b>	Local Enterprise Partnership
<b>LGPS</b>	Local Government Pension Scheme
<b>LLPG</b>	Local Land and Property Gazetteer (UK)
<b>MRP</b>	Minimum Revenue Provision
<b>MTFS</b>	Medium Term Financial Strategy
<b>NBV</b>	Net Book Value
<b>NDR</b>	Non Domestic Rates
<b>NHB</b>	New Homes Bonus
<b>NNDR</b>	National Non Domestic Rates (Business Rates)
<b>PWLB</b>	Public Works Loans Board
<b>RICS</b>	Royal Institution of Chartered Surveyors
<b>RSG</b>	Revenue Support Grant
<b>S106</b>	Section 106
<b>SOLACE</b>	Society of Local Authority Chief Executives