

# **East Cambridgeshire District Council**



# **DRAFT Statement of Accounts 2021/22**

## Contents

Narrative Report.....	4
Commentary and Review of 2021/22 .....	4
Technical Information.....	17
Independent auditor's report to the members of East Cambridgeshire District Council....	18
Statement of Responsibilities .....	19
Council Comprehensive Income and Expenditure Statement.....	20
Council Movement in Reserves Statement 2020/21 ..	21
Council Movement in Reserves Statement 2021/22 ..	22
Balance Sheet (Council).....	23
Cash Flow Statement (Council).....	24
Note 1. Expenditure and Funding Analysis .....	25
Note 2. Explanation of Order of Notes to the Financial Statements .....	26
Note 3. Accounting Standards that have been issued but have not yet been adopted ..	26
Note 4. Critical Judgements in Applying Accounting Policies .....	27
Note 5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty .....	27
Note 6. Material Items of Income and Expenditure .....	29
Note 7. Events after the Balance Sheet Date .....	29
Note 8. Expenditure and Income by Nature .....	30
Note 8a. Grant Income .....	31
Note 9 Statutory Outturn (General Fund).....	33
Note 10a. Useable Reserves other than General Fund .....	34
Note 10b. Un-useable Reserves .....	34
Note 11. Analysis of Capital Reserve Movement .....	35
Note 12a. Property, Plant and Equipment – Prior Year.....	39
Note 12b. Property, Plant and Equipment –Year .....	40
Note 13. Capital Enhancement and Capital Financing .....	43
Note 14. Heritage Assets.....	43
Note 15. Intangible Assets .....	44
Note 16. Long Term Debtors .....	44
Note 17. Debtors .....	45
Note 18. Cash and Cash Equivalents .....	45
Note 19. Creditors .....	46
Note 20. Provisions, Contingent Assets and Liabilities .....	46
Note 21. Pension Fund Net Long Term Liability and Reserve .....	48
Note 22. Defined Benefit Pension Scheme .....	49

<b>Note 23. Financial Instruments</b> .....	<b>52</b>
<b>Note 24. Acquired and Discontinued Operations</b> .....	<b>54</b>
<b>Note 25. Trading Operations</b> .....	<b>54</b>
<b>Note 26. Members' Allowances</b> .....	<b>55</b>
<b>Note 27. Senior Officer Remuneration and staff over £50k</b> .....	<b>55</b>
<b>Note 28. External Audit Related Costs</b> .....	<b>57</b>
<b>Note 29. Related Parties</b> .....	<b>57</b>
<b>Note 30. Leases</b> .....	<b>59</b>
<b>Note 31. Accounting Policies</b> .....	<b>62</b>
<b>Note 32. Going Concern</b> .....	<b>72</b>
<b>Collection Fund</b> .....	<b>74</b>
1. <b>Purpose of Fund</b> .....	<b>75</b>
2. <b>Council Tax</b> .....	<b>75</b>
3. <b>Non Domestic Rates (NDR)</b> .....	<b>76</b>
4. <b>Non Domestic Rates Appeals Provision</b> .....	<b>76</b>
5. <b>Balance Sheet</b> .....	<b>76</b>
6. <b>Representation of Balances in East Cambridgeshire Accounts</b> .....	<b>76</b>
7. <b>Collection Fund Adjustment Reserve</b> .....	<b>77</b>
<b>Group Comprehensive Income and Expenditure and Movement in Reserves Statements 2020/21 &amp; 2021/22</b> .....	<b>78</b>
<b>Group Balance Sheet</b> .....	<b>79</b>
<b>Group Cash Flow Statement</b> .....	<b>80</b>
<b>Group Notes to the Accounts</b> .....	<b>81</b>
<b>Glossary</b> .....	<b>82</b>

## **Narrative Report By the Finance Manager**

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2021/22 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2022.

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 2021/22.
- The Financial Statements
- Technical information

## **Commentary and Review of 2021/22 Review of the Year**

Review and Commentary on the Council's services and performance during 2021/22

Within the Corporate Plan 2021-2023, there are 5 priority areas;

- (1) Sound Financial Management
- (2) Improving Transport
- (3) Housing
- (4) Cleaner, Greener East Cambridgeshire
- (5) Social & Community Infrastructure

The following information details the outcomes against the promises over the past twelve months:

### **Sound Financial Management**

#### **Keep Council Tax and fees low; keep delivering great services**

Council Tax was frozen for 2021/22 and 2022/23 and the Council continues to deliver great services.

#### **Be more commercial, but within reason: 'commercial for community'**

This is an on-going commitment and is at the heart of commercial decisions that are taken.

#### **Ensure developer contributions are used effectively to maximise community benefit**

The Council continues to maximise CIL and Section 106 contributions to deliver local infrastructure.

#### **Minimise bureaucracy, duplication and ensure efficiency and transparency across Council services**

The Council continues to keep services under review to ensure that it is providing the best possible service to meet the needs of the community.

## **Improving Transport**

### **Support better bus services: more frequent, more rural routes**

The Council has produced a 'New Bus Service Proposals for East Cambridgeshire' Prospectus which has been submitted to the Combined Authority so that East Cambridgeshire can be considered for any future initiatives.

### **Champion and improve the East Cambs Strategic Cycle / Footpath Network**

The Council has adopted the East Cambridgeshire Cycling and Walking Routes strategy which will be used to enable the Council to secure funding opportunities for the Cycleway and Footpath Network in the district.

### **Support the A14 / A142 junction upgrade at Exning**

The Council continues to work with West Suffolk Council, Suffolk County Council and Cambridgeshire County Council to establish how improvements can be made at this junction.

The Council submitted a project initiation document for consideration by Cambridgeshire and Peterborough Combined Authority.

### **Support the A10 dualling project, including an off road cycle path from Ely to Cambridge, a segregated pedestrian / cycle crossing near the BP roundabout and junction improvements**

The Council continues to make representations to the Combined Authority.

### **Continue to work with stakeholders and neighbouring authorities to improve rail connectivity and services across the district and wider areas**

The Council responded to the latest Ely Area Capacity Enhancement consultation and promoted the importance of the road improvement scheme.

The Council submitted project initiation documents for consideration by Cambridgeshire and Peterborough Combined Authority for the Snailwell Loop, the Dullingham Loop and the Soham to Ely Doubling Rail schemes.

### **Keep free car parking in our city and town centre car parks**

The Council is committed to keeping free parking in our city and town centre car parks. This is an on-going commitment which has been enshrined in the constitution.

## **Housing**

### **Continue to support existing Community Land Trusts across the district**

The Council launched a Pre-Development Support Grant of up to £100,000 to further support Community-led Development.

**Encourage communities to set up new Community Land Trusts**

The Council has continued to support local communities to develop new CLTs and offer guidance in areas such as project planning, fundraising and housing management.

**Continue to secure well designed high quality places that enable people to live and work locally**

The Council continues to champion well designed, high quality places that enable people to live and work locally. This is done through the planning process.

**Deliver First Homes for people who live and work locally**

The Council has issued a position statement that welcomes the delivery of First Homes across the District and has adopted local connection criteria to support live and work local.

**Deliver £100k Homes in Ely, Fordham and Kennett**

The Council has allocated four £100k Homes in Ely and has secured more through the planning system.

**Cleaner, Greener East Cambridgeshire****Continue to clamp down on fly-tipping, graffiti and litter and prosecute where there is evidence to do so**

The Council has successfully prosecuted and fined those found to be fly-tipping.

**Deliver a great street cleaning service**

East Cambs Street Scene delivered a great street cleaning service and exceeded the stretch targets set out in its agreement with the Council.

**Continue our Purge on Plastics campaign - to reduce single use plastics and encourage others across the district to do the same**

The Council continues to deliver the actions set out in the Purge in Plastics Campaign.

**Support the Doubling Nature campaign**

The Council continues to work with stakeholders for the Doubling Nature.

**Implement the Council's Environment and Climate Change Strategy and Action Plan (EnvPlan)**

The Council has achieved sixteen of the pledges in the action plan and has made significant progress on the remaining four which have been carried forward to the new 2022/23 plan.

**To positively engage in the Future Parks Accelerator Programme (FPA)**

The Council engaged positively in the FPA.

**Retain a kerbside Green Waste Collection service**

The Council retains a kerbside Green Waste Collection service.

**Social & Community Infrastructure****Continue to provide a great homelessness, housing & advice service and provide a Housing & Community Advice Service with multiple agencies, to our harder to reach rural areas across the district**

The excellent Housing & Community Advice Service is delivered throughout the District by using our Housing & Community Advice Bus, Community Hubs and Offices.

**Support of the delivery of improved Health facilities across the district**

The Council has made a contribution to the extension of St Mary's Practice, Ely.

The Council continues to work with stakeholders to deliver improved Health facilities in Soham and other areas in the District.

The Council has included Health Facilities on the CIL Infrastructure List.

**Support the delivery of new and/or improved community facilities**

The Council continues to work with organisations to facilitate the delivery of improved community facilities.

The Council made a contribution to the extension at St Mary's Church, Ely and provided funding towards the Gardiner Memorial Hall in Burwell.

The Council has included Community Facilities on the CIL Infrastructure List.

**Support Leisure Providers across the district**

Officers are working with leisure providers and partner agencies to help develop facilities and programmes following the emergence from the pandemic. A £300,000 leisure improvement fund has been created to provide support to the existing providers across the District.

**Explore opportunities to deliver improved outdoor sporting facilities**

Officers are working with sports agencies and local stakeholders to support a range of improvements in outdoor facilities.

**Continue to support and enable our local businesses and communities**

The Council continues to support local businesses and communities in various ways.

**Submit Market Town bids to the Combined Authority**

The Council submitted and received approval from the Combined Authority for Ely and Soham Market Town Funds.

**Deliver a crematorium in East Cambridgeshire**

The Council has submitted a planning application for a crematorium at the former Mepal Outdoor Centre.

**Work with delivery partners to secure superfast broadband for our district**

The Council continues to work with Connecting Cambridgeshire to secure superfast broadband throughout the District.

**Work with the Internal Drainage boards to increase system capacity for Water Management and Flood Prevention**

The Council has included Water Management and Flood Prevention on the CIL Infrastructure List.

**Work with partners and the community to reduce anti-social on-street parking in our towns and villages**

The Council will continue to work with the Police to develop measures to reduce anti-social on-street parking.



## Revenue Spending and Sources of Income

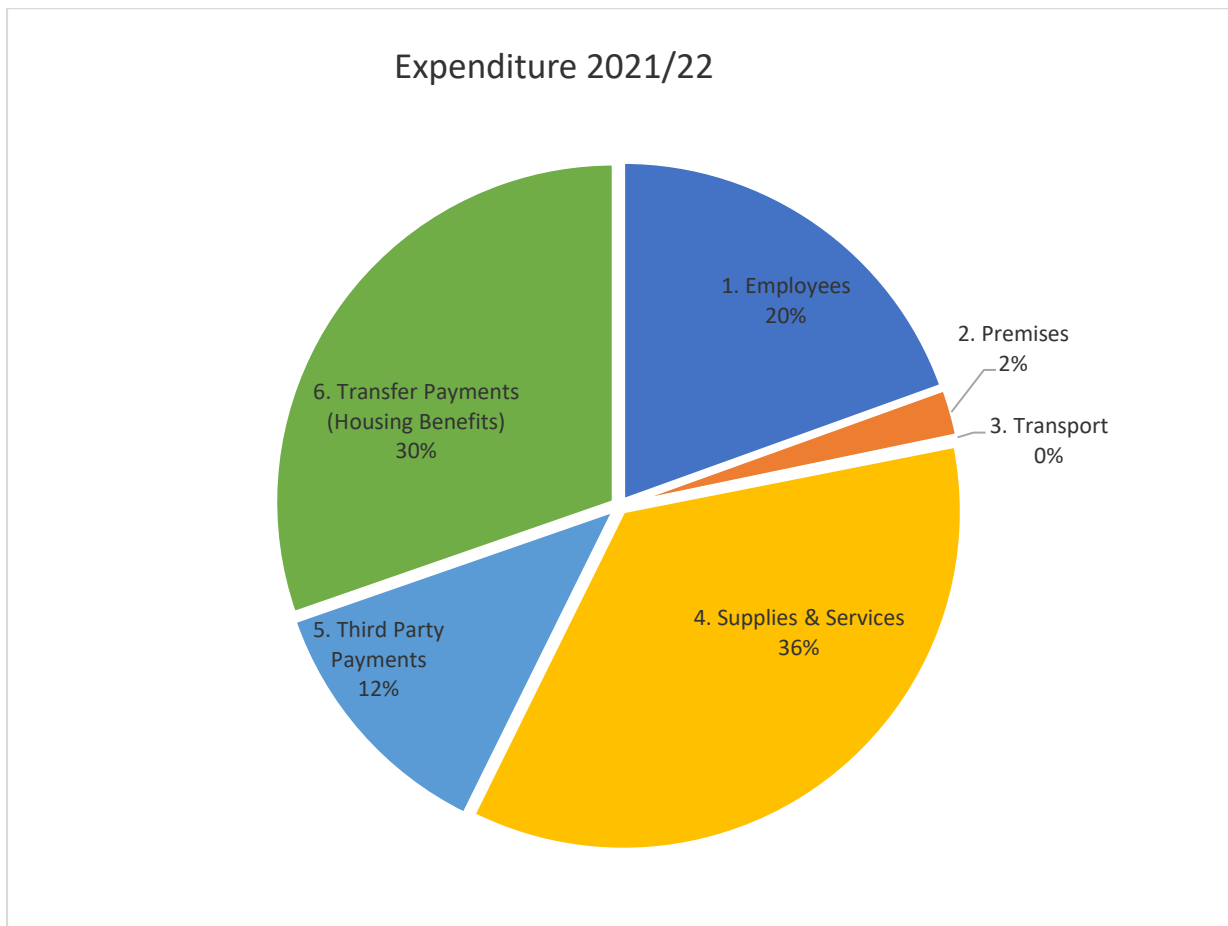
The Table below sets out the Council's budget for 2021/22 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	2021/22		
	Budget	Outturn	Variance
	£000	£000	£000
Service			
Finance & Assets	5,718	4,788	(930)
Operational Services	5,559	5,238	(321)
<b>Service Net Revenue Expenditure</b>	<b>11,277</b>	<b>10,026</b>	<b>(1,251)</b>
Land Drainage	512	515	3
Parish Precepts	2,521	2,521	(0)
Movement in Corporate Reserves		78	78
<b>Total Net Revenue Expenditure</b>	<b>14,310</b>	<b>13,140</b>	<b>(1,170)</b>
Financing			
Council Tax	(6,806)	(6,834)	(28)
Non Domestic Rates	(4,141)	(5,100)	(959)
Revenue Support Grant	(12)	(12)	(0)
Other Government Grants	(1,279)	(1,488)	(209)
Budget - draw from Surplus Savings Reserve	(2,073)	(2,073)	(0)
<b>Total Financing</b>	<b>(14,310)</b>	<b>(15,507)</b>	<b>(1,197)</b>
<b>Transfer to Surplus Savings Reserve</b>			<b>(2,367)</b>
<b>Net (Increase)/Decrease in Earmarked Reserves</b>			<b>(2,922)</b>
<b>Total Reported General Fund Movements</b>			<b>(5,289)</b>
<b>Adjustment between funding &amp; accounting basis</b>			<b>827</b>
<b>Reported (Surplus) upon Services in Income &amp; Expenditure Account</b>			<b>(4,462)</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 reported to Finance and Assets Committee on 23<sup>rd</sup> June 2022. Reasons for yearend variances can be found in this report, for both revenue and capital.

## Analysis of Revenue Expenditure

The Council spent £41.723 million in 2021/22 and the chart below shows the type of expenditure this was spent on.



**Reserves**

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

<b>Usable Reserves 2021/22</b>	B/f £'000	Contributions		C/f £'000
		To £'000	From £'000	
General Fund	1,046	5		1,051
Surplus Savings & Earmarked	18,132	10,787	(5,504)	23,415
<b>TOTAL GENERAL FUND</b>	<b>19,178</b>	<b>10,792</b>	<b>(5,504)</b>	<b>24,466</b>
Capital Receipts Reserve	1,472	164	(100)	1,536
Capital Grants Unapplied	60	654	(334)	380
<b>Total Usable Reserves</b>	<b>20,710</b>	<b>11,610</b>	<b>(5,938)</b>	<b>26,382</b>

**Capital Spending**

The final capital budget for 2021/22 was £4.760 million and the table below shows the movement from the original capital programme approved in February 2022.

Capital Programme	£'000	£'000
Original Approved Capital Programme 2021/22	3,827	
Approved slippage from 2020/21	461	
Approved Additions	<u>472</u>	
Updated Capital Programme for 2020/21		4,760
Capital outturn		480
Underspend against revised budget		4,280

Spend in 2021/22 was as shown below:

2020/21 £'000	Capital Spending	2021/22 £'000
555.0	Housing Grants	377.9
110.9	Vehicle Replacement Programme	42.8
6,150.0	Loan to subsidiary company	0.0
293.6	Ely Moorings	0.0
1.3	IT Projects	0.0
48.5	Wheelie Bins	60.0
<u>7,159.3</u>	Gross Expenditure	<u>480.7</u>
	Funded From	
387.3	Capital Receipts Reserve Applied	100.0
503.0	Grants	334.0
969.7	CIL Earmarked Reserve Contribution	1143.1
5,180.4	Internal Borrowing Contributions	(1,131.4)
0.0	Other Revenue Contributions	35.0
118.9	Section 106	0.0
<u>7,159.3</u>		<u>480.7</u>

**Treasury Management**

East Cambridgeshire District Council was in cash surplus during the whole of the 2021/22 financial year. The Council invested this “surplus” cash in both fixed, short term investments and in Money Market funds during the year, this to maximise interest receipts, but while ensuring, as its main focus, the security and availability of the invested funds.

## 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 increasingly 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 2022/23 to 2025/26. The MTFS figures are based on the assumption that the Government's Fair Funding Review for local government; the new 75% Business Rate Retention Scheme and the new burdens which are expected to accompany this, will be introduced in April 2023. The likelihood of these things happening to this timescale are however now felt unlikely, although no formal announcement has been made by Government to confirm this. The Fair Funding review and particularly the baselining of Business Rates, expected to be part of the process, is considered to lead to a worse financial position for the Council, so the MTFS is considered the worse case position, with any delays to these processes providing up-side for the Council.

The current MTFS, shows the budgets for 2022/23 and 2023/24 are fully funded – by use of the Surplus Savings Reserve - based on the assumptions detailed below. However, there are significant budget shortfalls projected in the subsequent years (£2,815,916 in 2024/25 and £4,021,675 in 2025/26). Clearly many things will change between now and then, not least the funding we receive from Central Government as detailed above, but it will be necessary to continue to identify and implement strategies around commercialisation and transformation to meet these shortfalls. While the Council does have time to put plans in place, the need for these are becoming increasingly important and urgent.

The Council also has access to a good level of reserves, although these are expected to reduce over the MTFS period as money is withdrawn from in particular the Surplus Savings Reserve. The assumptions in the current MTFS (as approved in February 2022) include:

- Government funding through Revenue Support Grant, New Homes Bonus, Lower Tier Grant and the 2022/23 Services Grant will all end in 2022/23;
- Inflation on staff pay is included at 2% in all future years
- 2% inflation is added to the Waste contract on an annual basis, however additional budget is provided from 2023/24 when the new recycling vehicles (budgeted to be purchased in 2022/23) will start being charged to ECSS. (This cost increase would have occurred regardless of whom is undertaking the contract at this point);
- The next Pension Fund Revaluation is on the 31<sup>st</sup> March 2022, with any revision to our contribution rate implemented on 1<sup>st</sup> April 2023. At this time, we are assuming the rate will remain unchanged.
- The loans to ECTC are planned to be repaid in 2023, the interest received by the Council on these loans will therefore stop at this point. The loan repayments will be used to reduce / prevent the Council needing to borrow externally, therefore reducing costs, albeit not to the magnitude that income will be lost;
- There remains no assumption in the MTFS for any dividends being received from ECTC. (While noting that no dividends are budgeted for, it should not be forgotten that the Council continues to get significant benefits from ECTC, with interest being paid on the loans provided at a rate far higher than available from its investments, the recharge of management and support services costs to the Company (forecast to

be £86,650 in 2022/23), the hire of the Market Place and part of the depot, as well as Capital Receipts, Section 106 contributions and eventually additional Council Tax receipts from the properties developed.)

- The Council has a track record of delivering cost reductions; it is anticipated therefore that a 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 this report.

There have been a number of up-dates on these assumptions, in the year since the 2022/23 MTFS was approved and indeed the 2023/24 Budget and MTFS were approved at Full Council in February 2023.

On a positive side, since the 2022/23 budget was approved the Council has received greater clarity on the Government Funding likely to be received in 2023/24 and 2024/25 and approved a further loan facility to ECTC, which will extend the repayment period until 2026 and increase the interest rate chargeable to 4.5%, thus increasing the income from this source to the Council.

On the negative side however, the so called “cost of living crisis” has impacted on the cost of goods procured by the Council, and just as relevantly, has resulted in a pay award to employees significantly in advance of the 2% built into the budget.

However, the result of these changes is that the 2023/24 budget and 2024/25 MTFS are now balanced, with savings still to be found for 2025/26, which is an improved position from that budgeted twelve months earlier.

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## The Financial Statements

The Council’s financial statements for 2021/22 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 2021/22 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 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 disregarded for management reporting purposes as they are deemed not to be covered by Council Tax. A reconciliation is presented at Notes 1 & 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.

### Balance Sheet

The Balance Sheet shows the value at the 31 March 2022 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 asset to which they relate was 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 Mar 21 £'000		31 Mar 22 £'000
43,945	Long Term Assets	43,176
24,669	Current Assets	36,707
(14,978)	Current Liabilities	(17,617)
(33,140)	Long Term Liabilities	(24,351)
20,496	Net Assets	37,915
20,709	Useable Reserves	26,382
(213)	Unusable Reserves	11,533
20,496	Total Reserves	37,915

The Council's Balance Sheet has moved from a position at 31<sup>st</sup> March 2021 of £20.496 million to £37.915 million at 31 March 2022. The principle reasons for this movement of

£17.418 million is largely attributable to the increase in Treasury investments and movement on the Pension Assets/Liability. The full Balance Sheet is on page 23 of the Accounts.

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 2022 £'000
Operating activities	10,677
Investing activities	(902)
Financing activities	4,184
<b>Net Increase or Decrease in cash and cash equivalents</b>	<b>13,959</b>
Cash and cash equivalents	
At the beginning of the reporting period	13,682
At the end of the reporting period	27,641

### 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 2021/22 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 2021/22 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 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 2021/22.

### Statement of Accounting Policies

The accounting policies applicable to the 2021/22 Statement of Accounts are the same as those that were applied to the 2020/21.

### 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 2021/22.

**Ian Smith - CPFA**  
Director, Finance

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

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## 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 Finance Manager & Section 151 Officer;
- 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 2022 and its income and expenditure for the year ended 31 March 2022.

**Ian Smith - CPFA**  
Director, Finance

### Audit Committee Certificate for the Approval of the Accounts

## COUNCIL Comprehensive Income and Expenditure Statement

2020/21			2021/22			
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
24,054	(20,758)	3,296	Finance & Assets	26,882	(24,283)	2,598
11,011	(7,731)	3,280	Operational Services	13,641	(11,035)	2,606
<b>35,065</b>	<b>(28,489)</b>	<b>6,576</b>	<b>Cost of Services</b>	<b>40,522</b>	<b>(35,318)</b>	<b>5,204</b>
2,470		2,470	Parish Council Precepts	2,521		2,521
495		495	Internal Drainage Board	515		515
	(8)	(8)	Interest on soft Loans		(4)	(4)
159		159	Loss/(Gain) on disposal of non-current assets	24		24
<b>3,124</b>	<b>(8)</b>	<b>3,116</b>	<b>Other Operating Expenditure</b>	<b>3,060</b>	<b>(4)</b>	<b>3,056</b>
	(282)	(282)	Interest Receivable & Investment Income		(201)	(201)
498		498	Net Interest on the net Pension Liability	609		609
<b>498</b>	<b>(282)</b>	<b>216</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>	<b>609</b>	<b>(201)</b>	<b>408</b>
	(6,776)	(6,776)	Council Tax Income		(6,999)	(6,999)
	(1,769)	(1,769)	Non Domestic Rates income & Expenditure		(5,305)	(5,305)
	(868)	(868)	Non Ring Fenced Government Grants		(827)	(827)
<b>0</b>	<b>(9,413)</b>	<b>(9,413)</b>	<b>TAXATION &amp; NON SPECIFIC GRANT INCOME</b>	<b>0</b>	<b>(13,131)</b>	<b>(13,131)</b>
<b>38,687</b>	<b>(38,192)</b>	<b>494</b>	<b>(Surplus)/Deficit on Provision of services</b>	<b>44,192</b>	<b>(48,654)</b>	<b>(4,462)</b>
	(2,073)	(2,073)	(Surplus) or deficit in the revaluation of non-current assets		(1,566)	(1,566)
	7,431	7,431	Actuarial losses (Gains) on pension assets & liabilities		(10,896)	(10,896)
<b>0</b>	<b>5,358</b>	<b>5,358</b>	<b>Other comprehensive income &amp; expenditure</b>	<b>0</b>	<b>(12,462)</b>	<b>(12,462)</b>
<b>38,687</b>	<b>(32,834)</b>	<b>5,852</b>	<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>	<b>44,192</b>	<b>(61,116)</b>	<b>(16,924)</b>

**COUNCIL Movement in Reserves Statement 2020/21**

	General Fund	Other Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Useable Reserves	Total Unusable reserves	TOTAL Council Reserves
<b>Carried Forward at 31 March 2020</b>	<b>(1,046)</b>	<b>(11,799)</b>	<b>0</b>	<b>(1,385)</b>	<b>(14,229)</b>	<b>(8,933)</b>	<b>(23,162)</b>
<b>Movement in reserves</b>							
(Surplus) or Deficit on provision of services		494			494		494
Other Comprehensive Income and Expenditure					0	5,377	5,377
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>494</b>	<b>0</b>	<b>0</b>	<b>494</b>	<b>5,377</b>	<b>5,872</b>
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		(6,830)	(60)	(87)	(6,977)	3,770	(3,207)
<b>Net Increase/Decrease before Transfers to/from earmarked reserves</b>	<b>0</b>	<b>(6,334)</b>	<b>(60)</b>	<b>(87)</b>	<b>(6,482)</b>	<b>9,147</b>	<b>2,665</b>
Transfer To/from Earmarked reserves					0		0
<b>Increase/Decrease in 2020/21</b>	<b>0</b>	<b>(6,334)</b>	<b>(60)</b>	<b>(87)</b>	<b>(6,482)</b>	<b>9,147</b>	<b>2,665</b>
<b>Balance at 31 March 2021</b>	<b>(1,046)</b>	<b>(18,133)</b>	<b>(60)</b>	<b>(1,472)</b>	<b>(20,709)</b>	<b>213</b>	<b>(20,496)</b>

**COUNCIL Movement in Reserves Statement 2021/22**

	General Fund	Other Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Useable Reserves		Total Unusable reserves	TOTAL Council Reserves
<b>Carried Forward at 31 March 2021</b>	<b>(1,046)</b>	<b>(18,132)</b>	<b>(60)</b>	<b>(1,472)</b>	<b>(20,710)</b>	<b>0</b>	<b>215</b>	<b>(20,496)</b>
<b>Movement in reserves</b>								
(Surplus) or Deficit on provision of services		(4,462)			(4,462)			(4,462)
Other Comprehensive Income and Expenditure					0		(12,121)	(12,121)
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>(4,462)</b>	<b>0</b>	<b>0</b>	<b>(4,462)</b>		<b>(12,121)</b>	<b>(16,583)</b>
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		(827)	(319)	(64)	(1,211)		373	(835)
<b>Net Increase/Decrease before Transfers to/from earmarked reserves</b>	<b>0</b>	<b>(5,289)</b>	<b>(319)</b>	<b>(64)</b>	<b>(5,673)</b>		<b>(11,748)</b>	<b>(17,420)</b>
Transfer To/from Earmarked reserves	(5)	5			0			0
<b>Increase/Decrease in 2021/22</b>	<b>(5)</b>	<b>(5,284)</b>	<b>(319)</b>	<b>(64)</b>	<b>(5,673)</b>		<b>(11,748)</b>	<b>(17,420)</b>
<b>Balance at 31 March 2022</b>	<b>(1,051)</b>	<b>(23,416)</b>	<b>(380)</b>	<b>(1,536)</b>	<b>(26,382)</b>		<b>(11,533)</b>	<b>(37,915)</b>

**Balance Sheet**

31 Mar 21 £'000		<i>Note</i>	31 Mar 22 £'000
	<b>LONG TERM ASSETS</b>		
38,595	Property, Plant and Equipment	<b>12</b>	37,837
105	Heritage Assets		105
30	Intangible Assets	<b>14</b>	15
5,215	Long Term Debtors	<b>16</b>	5,219
<b>43,945</b>	<b>TOTAL LONG TERM ASSETS</b>		<b>43,176</b>
	<b>CURRENT ASSETS</b>		
5,000	Investments (Short Term)		6,000
165	Assets Held for Sale	<b>12</b>	165
5,783	Short Term Debtors	<b>17</b>	2,860
39	Inventories		39
13,682	Cash and Cash Equivalents	<b>18</b>	27,643
<b>24,669</b>	<b>TOTAL CURRENT ASSETS</b>		<b>36,707</b>
<b>68,614</b>	<b>TOTAL ASSETS</b>		<b>79,883</b>
	<b>CURRENT LIABILITIES</b>		
(12,802)	Short Term Creditors & Receipts in Advance	<b>19</b>	(15,571)
(2,176)	Provisions	<b>20</b>	(2,045)
<b>(14,978)</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>(17,617)</b>
9,691	TOTAL CURRENT ASSETS/LIABILITIES		19,090
<b>53,636</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>62,266</b>
	<b>LONG TERM LIABILITIES</b>		
(3,359)	Capital Grants Received in Advance		(3,474)
(29,781)	Net Pensions Liability	<b>21</b>	(20,877)
<b>(33,140)</b>			<b>(24,351)</b>
<b>20,496</b>	<b>NET ASSETS</b>		<b>37,915</b>
	<b>FINANCED BY:</b>		
20,709	USABLE RESERVES	<b>10</b>	26,382
(213)	UNUSABLE RESERVES	<b>11</b>	11,533
<b>20,496</b>	<b>TOTAL RESERVES</b>		<b>37,915</b>

**Ian Smith – CPFA**  
Director, Finance

**Cash Flow Statement**

<b>31 March 2021 £'000</b>		<b>31 March 2022 £'000</b>
<b>(494)</b>	<b>Net Surplus/(Deficit) on the Provision of Services</b>	<b>4,462</b>
	Adjustments for Non-cash items:	
(282)	Interest Receivable	(201)
977	Depreciation & Amortisation, Impairment	2,936
799	Pension Liability	1,992
5,606	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	1,489
<b>7,100</b>	<b>Total Adjustments</b>	<b>6,215</b>
<b>6,605</b>	<b>Net Cash Flows from Operating Activities</b>	<b>10,677</b>
(454)	Purchase of PPE & Intangibles	(107)
0	Change in Long Term Debtors	4
0	Change in Short Term Investments	(1,000)
282	Interest Received	201
<b>(172)</b>	<b>Investing Activities</b>	<b>(902)</b>
1,091	Net Receipt/(application) of Capital Grants	115
(4,794)	Change in Collection Fund agencies, Debtors & Creditors	4,069
<b>(3,703)</b>	<b>Financing Activities</b>	<b>4,184</b>
<b>2,730</b>	<b>Net (decrease) in cash and cash equivalents</b>	<b>13,959</b>
<b>10,952</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>13,682</b>
<b>13,682</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>27,643</b>



**Note 1 Expenditure & Funding Analysis**

The Expenditure and Funding Analysis is complementary to the Movement in Reserves Statement. The latter defines which of the Authorities Reserves align to the categories of 'General Fund and Earmarked', 'Capital Purposes' and 'Pension and Other Purposes'. The 'General Fund and Earmarked' category reflects the financial outturn of the Council in accordance with statutory reporting requirements. The 'Capital Purposes' and 'Pension and Other Purposes' categories reflect the Movements from the Statutory base of accounting to the Full Accounting base required under IFRS. The 'Total Movement in Year' reflects the latter and equates to the Total Income and Expenditure for the year as reported in the Comprehensive Income & Expenditure Account. The overall purpose of the Expenditure and Funding Analysis is to analyse the amounts reported in the Comprehensive Income and Expenditure Account as operating reporting segments across specific purpose headings. Items represent 'Adjustments between Accounting basis and Funding Basis under regulation.'

<b>2020/21</b>	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Finance & Assets	(2,193)	6,277	4,084	(1,089)	301	3,296
Operational Services	2,669	57	2,726	554		3,280
<b>NET COST OF SERVICES</b>	<b>476</b>	<b>6,334</b>	<b>6,810</b>	<b>(535)</b>	<b>301</b>	<b>6,577</b>
Other Operating Expenditure plus Taxation & Grant Income	(9,943)		(9,943)	(420)	4,282	(6,081)
<b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b>	<b>(9,467)</b>	<b>6,334</b>	<b>(3,133)</b>	<b>(954)</b>	<b>4,583</b>	<b>494</b>
Other Comprehensive I&E				(2,073)	7,431	5,358
<b>TOTAL</b>	<b>(9,467)</b>	<b>6,334</b>	<b>(3,133)</b>	<b>(3,027)</b>	<b>12,014</b>	<b>5,852</b>

<b>2021/22</b>	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Finance & Assets	(2,789)	5,228	2,439	(1,224)	1383	2,598
Operational Services	2,168	60	2,228	378		2,606
<b>NET COST OF SERVICES</b>	<b>(621)</b>	<b>5,288</b>	<b>4,668</b>	<b>(846)</b>	<b>1,383</b>	<b>5,204</b>
Other Operating Expenditure plus Taxation & Grant Income	(7,844)		(7,844)	(381)	(1,441)	(9,667)
<b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b>	<b>(8,465)</b>	<b>5,288</b>	<b>(3,176)</b>	<b>(1,227)</b>	<b>(58)</b>	<b>(4,462)</b>
Other Comprehensive I&E				(1,616)	(10,896)	(12,512)
<b>TOTAL</b>	<b>(8,465)</b>	<b>5,288</b>	<b>(3,176)</b>	<b>(2,843)</b>	<b>(10,954)</b>	<b>(16,974)</b>

## **Note 2. Explanation of order of Notes to the Financial Statements**

Following on from the Expenditure & Funding Analysis, the Notes to the main Financial Statements are organised in 4 distinct groups:

- (i) Introductory Notes explaining current context issues (Notes 2 to 7, Pages 26 to 29).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 30 to 48).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 49 to 59).
- (iv) Accounting Policies (Note 31, Pages 62 to 71).

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

- (a) Note 8 in support of the Comprehensive Income and Expenditure Account.
- (b) Note 9 supplementary information in support of the General Fund Statutory Outturn.
- (c) Notes 10 & 11 in support of the Movement in Reserves Statement and the Reserves section of the Balance Sheet.
- (d) Notes 12 to 21, Pages 39 to 48 in support of the Assets and Liabilities sections of the Balance Sheet.

## **Note 3. Accounting Standards that have been issued but have not yet been adopted**

The standards that may be relevant for additional disclosures that will be required in the 2021/22 financial statements in respect of accounting changes that are introduced in the 2021/22 Code are:

- (1) IFRS 1 (First-time adoption) – Amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- (2) IAS 37 (Onerous contracts) – Clarifies the intention of the standard
- (3) IAS 41 (Agriculture) - Only expected to apply to local authorities in limited circumstances
- (4) IFRS16 (leases)- Amendment removes a misleading example that is not referenced in the code material

The Council does not anticipate these changes will have a material impact on its financial statements.

## Note 4. 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 2021/22, 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 assets subject to valuation, the total value for 2021/22 for Land and Buildings (NBV) is £34.671 million (2020/21; Land and Buildings (NBV) is £34.920 million).
- 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 £20.877 million for 2021/22; this has decreased by £8.904 million since 2020/21. 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 22.
  - 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 2010.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2022. An estimated provision of £4.675 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 £1.870 million of the total provision and this is included in the General Fund balance.

## Note 5. 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 2022 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 asset’s valuation.</p> <p>In addition, an annual impairment review is undertaken to determine if any of the Council’s assets have been impaired.</p> <p>Because of Covid-19 the portfolio will be kept under frequent review</p>	<p>86% 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 £0.346 million.</p>
Depreciation	<p>Assets are depreciated over useful lives that are dependent on assumptions about their level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.365 million for every year that the useful lives had to be reduced.</p>
Plant and Equipment	<p>Plant and Equipment are valued on an historic cost basis.</p>	<p>There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.</p>
Pensions Liability	<p>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>	<p>The effects on the net pension’s 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>• 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £1.427 million.</li> <li>• 0.1% increase in the salary increase rate would result in an increase in pension liability of £0.100 million.</li> <li>• 0.1% increase in the pension increase rate would result in an increase in pension liability of £1.317 million.</li> </ul>

<p>Provision – Rateable Value Appeals</p>	<p>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.</p>	<p>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).</p> <p>A 10% variation in the estimated provision would be £0.4675 million for the Collection Fund of which £0.187 million would be attributable to the General Fund.</p>
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## Note 6. 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 2021/22 no such items of income or expenditure were incurred (2020/21 was also nil.)

## Note 7. Events after the Balance Sheet Date

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Section 151 Officer

With regard to 2021/22:

- **Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2022.
- **Non-Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2022.

**Note 8. Expenditure & Income by Nature**

2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
General Fund	Other Reserves	Total		General Fund	Other Reserves	Total
7,585	301	7,886	Employees (*)	8,135	1,383	9,518
27,291	(1,089)	26,202	Other Service Expenses (*)	29,785	(1,224)	28,562
2	975	977	Depreciation, Amortisation & Impairment (*)	(102)	2,545	2,443
(554)	554	0	REFCUS (*)	(378)	378	0
0	498	498	Interest payable	0	609	609
420	(420)	0	Statutory Minimum Provision	381	(381)	0
2,965	0	2,965	Precept Payments	3,037	0	3,037
159	0	159	Loss/(Gain) on disposal of non-current assets	24	0	24
<b>37,867</b>	<b>820</b>	<b>38,686</b>	<b>TOTAL EXPENDITURE</b>	<b>40,882</b>	<b>3,311</b>	<b>44,192</b>
(22,522)	(503)	(23,025)	Government Grants (Services) (*)	(25,065)	(334)	(25,399)
(808)	(60)	(868)	Government Grants (Central)	(508)	(319)	(827)
(5,464)	0	(5,464)	Sales Fees & Charges (*)	(9,919)	0	(9,919)
(467)	177	(290)	Interest Receivable	(173)	(31)	(205)
(6,821)	45	(6,776)	Council Tax	(6,806)	(193)	(6,999)
(5,331)	3,562	(1,769)	Business Rates	(3,479)	(1,826)	(5,305)
(41,413)	3,221	(38,192)	<b>TOTAL INCOME</b>	(45,950)	(2,704)	(48,654)
(3,545)	4,041	495	<b>NET EXPENDITURE</b>	<b>(5,069)</b>	<b>607</b>	<b>(4,462)</b>
<b>6,338</b>	<b>239</b>	<b>6,577</b>	<b>COST OF SERVICES (*)</b>	<b>2,456</b>	<b>2,748</b>	<b>5,204</b>

Cost of service line made up with items marked by Asterix \*

**Note 8a. Grant Income**

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

2020/21 £000		2021/22 £000
	<b>Credited to non-specific income</b>	
(12)	Revenue Support Grant	(12)
(695)	New Homes Bonus	(541)
(162)	Rural Services Grant	(274)
<b>(869)</b>	<b>TOTAL</b>	<b>(827)</b>
	<b>Credited to services</b>	
	<b>Covid Grants</b>	
(619)	SFC Grants	(59)
(1,160)	Covid-19 Emergency unringfenced funding	(106)
0	Business Rates - CARF	(144)
0	Protect & Vaccinate	(8)
(992)	Additional Restrictions Grant	(2,482)
(35)	Compliance and Enforcement Grant	0
(22)	Reopening High Streets Safely Fund	(26)
(27)	Test & Trace Isolate	(124)
(55)	Residents Support	(475)
(7)	Taxi Support	(4)
<b>(2,917)</b>		<b>(3,428)</b>
	<b>Non Covid Grants</b>	
(13,647)	Benefits	(12,724)
(109)	Section 106	(187)
(4,828)	Community Infrastructure Levy	(6,935)
(797)	Homelessness	(830)
(184)	Collection Costs	(188)
0	Sport England	(155)
(544)	Other	(953)
<b>(20,109)</b>		<b>(21,972)</b>
<b>(23,025)</b>	<b>TOTAL</b>	<b>(25,399)</b>

During the year the Council was responsible for the administration of various grants and relief to business and individuals on behalf of Central Government. For some grant schemes the Council was acting as Agent, this means the Council was acting at a distribution point for grants and had no control over the amount allocated to recipients. The transactions for such schemes do not appear in the Comprehensive Income and Expenditure Statement (CIES). For other grant schemes the Council did have control over the distribution of funding. For these schemes the Council was acting as Principal and the related transactions for these schemes do appear in the CIES. Following the closure of grant schemes where the Council has acted as Agent, any unused funding awarded is returned to Central Government following a reconciliation process. Similarly, if the Council has paid out more than it received the Council will be compensated by Government. The below table provides an overall summary of the schemes and the role of the Council in their administration.

<b>Grant Scheme</b>	<b>2021/22 Grant Awarded or Balance b/fwd</b>	<b>2021/22 Paid out</b>	<b>Balance</b>
Test & Trace Main Support Scheme	32,000	96,000	(64,000)
Restart Grant	3,348,063	3,495,349	(147,286)
Omicron Hospitality & Leisure Grant	642,051	616,710	25,341



## NOTE 9. STATUTORY OUT-TURN

### General Fund Balance (Useable Reserve)

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 under IFRS as presented in these Financial Statements. 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.

The elements of the General Fund Balance at the Balance Sheet date are as follows:

Other Earmarked	31 March 2020 £'000	Transfers In 20/21 £'000	Transfers Out 20/21 £'000	31 March 2021 £'000	Transfers In 21/22 £'000	Transfers Out 21/22 £'000	31 March 2022 £'000
<b>General Fund Core and Surplus Savings</b>	<b>8,063</b>	<b>2,210</b>	<b>(1,347)</b>	<b>8,927</b>	<b>2,372</b>	<b>(2,073)</b>	<b>9,227</b>
Community Infrastructure Levy	3,446	2,004	0	5,450	2,334	0	7,784
Enterprise Zone NNDR	254	136	0	390	269	0	659
New Homes Bonus	45	0	(45)	0	0	0	0
Change Management	337	12	0	349	0	(5)	344
Major Project Development	100	0	0	100	0	0	100
Affordable Housing	346	66	0	413	53	(244)	221
Vehicle Replacements	89	0	0	89	0	0	89
Housing	91	0	0	91	0	(25)	66
Building Control	23	0	0	23	0	0	23
Leisure Grants	0	88	0	88	212	0	300
Business Rates S31	0	3,106	0	3,106	1,458	(3,106)	1,458
Cambridgeshire Horizons	0	0	0	0	3,892	(52)	3,840
Other Earmarked	50	123	(21)	153	202	0	354
<b>Total Earmarked</b>	<b>4,781</b>	<b>5,536</b>	<b>(66)</b>	<b>10,251</b>	<b>8,420</b>	<b>(3,432)</b>	<b>15,238</b>
<b>TOTAL</b>	<b>12,844</b>	<b>7,746</b>	<b>(1,411)</b>	<b>19,178</b>	<b>10,792</b>	<b>(5,504)</b>	<b>24,467</b>

## **Note 10a. Useable Reserves other than General Fund**

### **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 been received and yet to be applied for these purposes at the year-end.

### **Capital Grants Unapplied Reserve**

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects yet to take place where there are no obligations for the Council to make repayments in any circumstances.

## **Note 10b. Un-useable Reserves**

### **Capital Adjustment Reserve**

The Asset Historic Cost (Capital Adjustment) Reserve together with the Revaluation Reserve represent the Council's financial interest in its' own assets. The balance of the Reserve is determined by taking account of the Revaluation Reserve requirements defined below.

### **Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment arising from the annual valuation process. It is identified at individual asset level.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Depreciation is applied each year whilst any disposed assets are written out in the year. Accumulated gains arising before that date are consolidated into the balance on the Asset Historic Cost (Capital Adjustment) Reserve.

### **Financial Instruments Adjustment Reserve**

The Financial Instruments Adjustment Reserve 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.

### **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 received in cash. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

### **Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for valuing Pension Liabilities for the purpose of producing the Financial Statements and for funding such liabilities in accordance with statutory provisions. Further information is found in Note 22 in respect of Defined Benefit Pension Scheme.

### **Collection Fund Adjustment Reserve**

The Collection Fund Adjustment Reserve identifies the element of the Collection Fund balance that is due to the Council at the Balance Sheet date but which will be settled to the Council in accordance with statutory General Fund requirements in the next financial year.

### **Accumulated Compensated Absences Adjustment Reserve**

The Accumulated Compensated Absences Reserve accounts for the financial value of staff entitlements at the financial year end. I.e. annual leave entitlement and accrued flexitime carried forward at 31 March. This accrual is not permitted to the General Fund.

## **Note 11. Analysis of Capital Reserve Movements & Adjustments Between Accounting Basis & Funding Basis under Regulation**

The following definitions are applicable to the subsequently presented Tables of Capital Reserve Movement for the year:

**Transfers between Reserves** – The Capital Receipts Reserve makes a contribution to the Capital Adjustment Reserve to fund a portion of new Capital Investment.

**General Fund (GF) Contribution to Capital** – A portion of new Capital Investment is funded by General Fund Contributions. The General Fund does not incur any Depreciation or Impairment charges

**Capital Grant Receipts** – These are applied to the Capital Grants Unapplied Reserve when received then transferred to the Capital Adjustment Reserve when utilised for new investment. The overall balance in any one year may therefore be either positive or negative.

**Expenditure Grants to Third Parties** – The Grants are to provide long term benefit to the recipients therefore they are financed by Capital Grants.

**Profit Upon Sale of Assets** – Receipts upon Sale are credited to the Capital Receipts Reserve or Deferred Capital Receipts Reserve as appropriate whilst the book value of the Asset at the time of sale is written off to the Capital Adjustment Reserve or Revaluation Reserve as appropriate.

**Depreciation** - This represents a charge for the diminution of the value of the Asset through use according to a pre-determined schedule. The historic cost element of the charge (calculated in accordance with book value of the asset at 31 March 2022 or the actual incurred cost of subsequent additions or enhancements) is charged to the Capital Adjustment Reserve whilst the remainder (relating to the portion of the upward asset value arising from post 31 March 2022 Annual Revaluations) is charged to the Revaluation Reserve.

**Impairment** – When Annual Valuation takes place the historic cost base arising from the Depreciation exercise referred to above is further adjusted. The charge or credit shown here reflects that adjustment but only up to the level of the original historic cost base at individual

asset level. The overall balance in any one year may therefore be either positive or negative.

**Revaluation** – When Annual Valuation takes place some assets are identified as having a value above their historic cost base. The charge or credit shown here reflects the adjustment upon valuation of such assets in the current financial year though in the case of any downward valuations the adjustment is applied only to the extent that the holding balance of the Revaluation Reserve at individual asset level is reduced to zero at the year end. The overall balance in any one year may therefore be either positive or negative.

## Note 11.

Movements in 2020/21	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts	Capital Outturn for the year TOTAL
Transfers between reserves	387		(387)			0
GF Contributions to Capital			(1,089)			(1,089)
Capital Grants Receipts		(60)	(503)			(563)
Expenditure Grants to Third Parties			554			554
Deferred Cap.Rcpts Misc.	(473)				0	(473)
Loans						
Repayment of Soft Loans	(2)				0	(2)
Mortgages	(1)		1		0	0
Depreciation			1,228	(103)		1,125
Amortisation			15			15
Impairment			(162)			(162)
Statutory Minimum Provision			(420)			(420)
Disposal of Fixed Asset			155			155
<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE &amp; FUNDING BASE</b>	<b>(87)</b>	<b>(60)</b>	<b>(607)</b>	<b>(103)</b>	<b>0</b>	<b>(859)</b>
Revaluation				(2,073)		(2,073)
<b>TOTAL RESERVES MOVEMENT</b>	<b>(87)</b>	<b>(60)</b>	<b>(607)</b>	<b>(2,176)</b>	<b>0</b>	<b>(2,931)</b>

**Note 11.**

<b>Movements in 2021/22</b>	<b>Usable Capital Receipts Reserve</b>	<b>Usable Capital Grants Unapplied Reserve</b>	<b>Un-usable Capital Adjustment Reserve</b>	<b>Un-usable Revaluation Reserve</b>	<b>Un-usable Deferred Capital Receipts</b>	<b>Capital Outturn for the year TOTAL</b>
Transfers between reserves	100			341		441
GF Contributions to Capital			(1,224)			(1,224)
Grants Received		(319)	(334)			(653)
Expenditure Grants to Third Parties			378			378
Capital Receipts	(101)					(101)
Repayment of Soft Loans	(61)					(61)
Mortgages	(1)				1	0
Additions			(139)			(139)
Depreciation			981	102		1,083
Amortisation			15			15
Impairment			1,447			1,447
Statutory Minimum Provision			(381)			(381)
Disposals			32			32
<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE &amp; FUNDING BASE - Balance Sheet Side</b>	<b>(63)</b>	<b>(319)</b>	<b>775</b>	<b>443</b>	<b>1</b>	<b>835</b>
Revaluation			(443)	(1,566)		(2,009)
<b>TOTAL RESERVES MOVEMENT</b>	<b>(63)</b>	<b>(319)</b>	<b>332</b>	<b>(1,123)</b>	<b>1</b>	<b>(1,174)</b>

**11a. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

2020/21 £'000		2021/22 £'000
<b>(859)</b>	<b>Total Capital Items from previous page</b>	<b>835</b>
498	Net interest on the Pension Liability	609
301	Current & Past Cost Pension Adjustment	1,383
<b>799</b>	<b>Pensions Reserve</b>	<b>1,992</b>
	<b>(see Note 21 for detail)</b>	
45	Change in Council Tax Entitlement	(193)
3,562	Change in Business Rates entitlement	(1,807)
0	Change in Renewable Energy NNDR	(19)
<b>3,607</b>	<b>Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)</b>	<b>(2,019)</b>
<b>3,106</b>	<b>Business Rates Adjustment between years</b>	<b>0</b>
<b>177</b>	<b>Other Items</b>	<b>(31)</b>
<b>6,830</b>	<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION</b>	<b>827</b>
<b>(494)</b>	<b>SURPLUS/(DEFICIT) UPON PROVISION OF SERVICES</b>	<b>4,462</b>
<b>6,337</b>	<b>GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)</b>	<b>5,289</b>

Adjustments between Accounting Basis and Funding under Regulation refers to those items chargeable to Reserves other than the General Fund. The latter being the budget monitoring vehicle of the Council as defined by Statute. The items charged to Other Reserves as listed above are those required to convert the 'Surplus or Deficit upon the Provision of Services' as shown on the 'Comprehensive Income & Expenditure Statement' to the General Fund Out-turn (including Earmarked items) as defined by Statute.

**Note 12a. Property, Plant and Equipment – Council – Prior year**

<b>Movement of Property, Plant and Equipment 2020-21</b>	<b>Land &amp; Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Total Assets</b>	<b>Assets Held for Sale</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
<b>At 1 April 2020</b>	33,346	7,673	720	877	42,616	0
Transfers	(165)				(165)	165
Additions in Year	294	159			453	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,596				1,596	
Revaluation increases / (decreases) recognised in the CI&ES	144				144	
Disposals	(168)	0			(168)	
<b>At 31 March 2021</b>	<b>35,047</b>	<b>7,832</b>	<b>720</b>	<b>877</b>	<b>44,476</b>	<b>165</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>At 1 April 2020</b>	<b>(99)</b>	<b>(5,094)</b>	<b>(72)</b>		<b>(5,265)</b>	<b>0</b>
Depreciation Charge in year	(536)	(585)	(4)		(1,125)	
Depreciation written out to the evaluation reserve on disposal	458				458	
Depreciation restated to the Income & Expenditure Account Upon Revaluation	37				37	
Adjustment for disposal	13				13	
<b>At year end</b>	<b>(127)</b>	<b>(5,679)</b>	<b>(76)</b>	<b>0</b>	<b>(5,882)</b>	<b>0</b>
<b>Balance Sheet Value at year end</b>	<b>34,920</b>	<b>2,153</b>	<b>644</b>	<b>877</b>	<b>38,594</b>	<b>165</b>
<b>Balance Sheet Value at year start</b>	<b>33,247</b>	<b>2,579</b>	<b>648</b>	<b>877</b>	<b>37,351</b>	<b>0</b>

**Note 12b. Property, Plant and Equipment – Council – Current year**

Movement of Property, Plant and Equipment 2021-22	Land & Buildings £'000	Vehicles, Plant, Furniture & £'000	Infrastructure Assets £'000	Community Assets £'000	Total Assets £'000	Assets Held for Sale £'000
<b>Cost or valuation</b>						
<b>At 1 April 2021</b>	<b>35,047</b>	<b>7,832</b>	<b>720</b>	<b>877</b>	<b>44,476</b>	<b>165</b>
Transfers	452				452	
Additions in Year		139			139	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,563				1,563	
Revaluation increases / (decreases) recognised in the CI&ES	(1,447)				(1,447)	
Disposals		(152)			(152)	
<b>At 31 March 2022</b>	<b>35,615</b>	<b>7,819</b>	<b>720</b>	<b>877</b>	<b>45,031</b>	<b>165</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>At 1 April 2021</b>	<b>(127)</b>	<b>(5,679)</b>	<b>(76)</b>	<b>0</b>	<b>(5,882)</b>	<b>0</b>
Depreciation Charge in year	(365)	(615)			(980)	
Transfers	(452)				(452)	
Depreciation written out to the revaluation reserve on disposal						
Depreciation restated to the Income & Expenditure Account Upon Revaluation Adjustment for disposal		120			120	
<b>At year end</b>	<b>(944)</b>	<b>(6,174)</b>	<b>(76)</b>	<b>0</b>	<b>(7,194)</b>	<b>0</b>
<b>Balance Sheet Value at year end</b>	<b>34,671</b>	<b>1,645</b>	<b>644</b>	<b>877</b>	<b>37,837</b>	<b>165</b>
<b>Balance Sheet Value at year start</b>	<b>34,920</b>	<b>2,153</b>	<b>644</b>	<b>877</b>	<b>38,594</b>	<b>165</b>



### Capital Commitments

At 31 March 2022 the authority had a retention amount of £0.188 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2023/24.

### 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, 6<sup>th</sup> 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.

In addition to the Professional Valuations undertaken, the Authority has conducted any necessary impairment reviews. In the light of these the Authority considers the quoted value of its assets to constitute a fair and objective valuation of future Service Delivery potential. Assets Held for Sale are valued at lower of carrying value and fair value less cost of sale.

<b>Revaluation Profile 2021/22</b>	<b>Land and Buildings</b>	<b>Vehicles Plant &amp; Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Total</b>	<b>Assets Held for Sale</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Carried at Historic Cost		1,645	644	877	3,166	165
Valued at Fair Value as at:						
31st March 2022	20,556				20,556	
31st March 2021	4,137				4,137	
31st March 2020	9,802				9,802	
Assets below de-minimis						
<b>Total Cost of Valuation</b>	<b>34,495</b>	<b>1,645</b>	<b>644</b>	<b>877</b>	<b>37,661</b>	<b>165</b>

**Note 13. Capital Enhancement and Capital Financing**

The total amount of capital enhancement 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 enhancement is to be financed in future years by charges to revenue as assets are used by the Council, the spend results in an increase in the Capital Financing Requirement (CFR); a measure of the capital spend 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 enhancement. Any borrowing would be repaid from an annual revenue charge (MRP) which reflects the use of the assets over their useful lives.

2020/21		2021/22
£000		£000
<b>11,663</b>	<b>Opening Capital Financing Requirement</b>	<b>10,952</b>
	<b>Capital Enhancement</b>	
453	Property, Plant and Equipment	103
6,150	Loan to Subsidiary Company	0
1	Intangible Assets	0
554	Revenue Expenditure Funded from Capital under Statute Repayable Advances	378
<b>7,158</b>	<b>TOTAL CAPITAL ENHANCEMENT</b>	<b>481</b>
	<b>Sources of Finance</b>	
(387)	Capital receipts	(39)
(503)	Grants and other contributions	(334)
(1,089)	Direct Revenue Financing – Other	(1,227)
(5,470)	Repayment of Loan from Subsidiary Company	0
(420)	Minimum revenue provision	(381)
<b>(7,869)</b>	<b>TOTAL SOURCES OF FINANCE</b>	<b>(1,981)</b>
<b>10,952</b>	<b>Closing Capital Finance Requirement</b>	<b>9,451</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 displays are themed rooms and include a painting of Oliver Cromwell, as well as reproduction furniture, models, firearms and wall hangings.

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.

## 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.

## Note 16. Long Term Debtors

2020/21 £'000		2021/22 £'000
4,900	Loan to Trading Companies	4,900
315	Loans to Individuals & Private Sector	319
<b>5,215</b>	<b>Total</b>	<b>5,219</b>

Interest rate on the loan to the trading company is fixed at 3.5%.

Other long term loans are not charged interest.

**Note 17. Debtors**

2020/21 £000		2021/22 £000
408	Council Taxpayers	383
302	Non-Domestic Rate Payers	176
<b>710</b>	<b>Sub Total Local taxation</b>	<b>559</b>
580	Trading Company	533
2,148	Sundry Debtors & Accruals	1,864
<b>2,728</b>	<b>Sub Total Financial Instruments definition</b>	<b>2,397</b>
158	Payments in Advance	229
(1,393)	Bad Debt Provisions	(1,332)
1	Housing Act Advances	(0)
875	Local Govt.	499
45	Central Govt. – Customs & Excise	100
2,214	Central Govt. – Other	408
445	Central Govt - Compensation scheme	
<b>2,346</b>	<b>Sub Total</b>	<b>(96)</b>
<b>5,784</b>	<b>TOTAL</b>	<b>2,860</b>

**Note 18. Cash and Cash Equivalents**

2020/21 £'000		2021/22 £'000
11,400	Money Market Funds	25,000
2,282	Bank Account - Operational	2,643
<b>13,682</b>	<b>Total</b>	<b>27,643</b>

**Note 19. Creditors**

2020/21 £000		2021/22 £000
(233)	Payroll Creditors	(297)
(610)	Sundry Creditors	(1,991)
(119)	Trading Company	(86)
<b>(962)</b>	<b>Sub Total Financial Instruments Definition</b>	<b>(2,374)</b>
(4,337)	Covid Grant Creditors	(530)
	CTAX Energy Rebate Creditor	(4,502)
(62)	Local Govt. - Collection Fund Account	(2,123)
0	Central Govt. – Collection Fund Account	(141)
(1,047)	Other Local Government	(1,115)
(5,527)	Central Govt. – DWP, DCLG	(4,513)
(867)	Receipts in Advance	(276)
<b>(11,840)</b>	<b>Sub Total</b>	<b>(13,200)</b>
<b>(12,802)</b>	<b>TOTAL</b>	<b>(15,573)</b>

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

2020/21 £'000		2021/22 £'000
(151)	Maintenance of Amenity Areas	(151)
(64)	Sports, Recreation & Historic	0
(1,961)	Business Rate Appeal	(1,870)
0	Employment Provision	(25)
<b>(2,176)</b>	<b>Total</b>	<b>(2,045)</b>

**1. Maintenance of Amenity Areas**

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

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

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

**3. NNDR 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 £4.675 million at the end of 2021/22 of which £1.870 million would have to be met by the Council, and £2.805 million by other Collection Fund participants.

**4. Employment Provision**

Amount set aside for settlement agreement.

**Contingent Liabilities**

The Council had no Contingent Liabilities at the 31<sup>st</sup> March 2022.

**Contingent Assets**

There were no contingent assets at the 31<sup>st</sup> March 2022.

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

31 March 2021	Gross Liabilities	31 March 2022
£'000		£'000
(58,048)	<b>Opening Balances as at 1 April</b>	(75,452)
(1,337)	[I] Interest Cost	(1,524)
(15,709)	[A] Actuarial losses /(gains) from changes in financial assumptions	5,561
(1,734)	[C] Current service cost	(2,890)
83	[C] Past Service Cost	
(338)	[N] Contributions from scheme participants	(368)
1,560	[N] Benefits paid	1,613
71	[N] Estimated unfunded benefits paid	68
<b>(75,452)</b>	<b>Closing balance at 31 March</b>	<b>(72,992)</b>

31 March 2021	Gross Assets	31 March 2022
36,414	<b>Opening fair value of scheme assets balance as at 1 April</b>	45,671
839	[I] The return on plan assets (Excluding amount included in net interest expense)	915
8,278	[A] Actuarial losses / (gains) from changes in financial assumptions	5,335
1,362	[C] Contributions by the employer	1,439
71	[C] Contributions for unfunded (Discretionary benefits)	68
338	[N] Contributions by employees into the scheme	368
(1,560)	[N] Benefits paid	(1,613)
(71)	[N] Unfunded (Discretionary benefits)	(68)
<b>45,671</b>	<b>Closing balance at 31 March</b>	<b>52,115</b>
<b>(29,781)</b>	<b>TOTAL NET LIABILITIES</b>	<b>(20,877)</b>

Net Movement		Net Movement
2020/21		2021/22
<b>1,433</b>	<b>General Fund Charge - Employer Contributions</b>	<b>1,507</b>
301	[C] Other items to net cost of services	1,383
498	[I] Interest cost minus return on plan assets to financing income & expenditure	609
<b>2,232</b>	<b>Charge to Surplus/(Deficit) upon Provision of Services</b>	<b>3,499</b>
7,431	[A] Actuarial Gains/Losses to other income & expenditure	(10,896)
<b>9,663</b>	<b>Charge to Comprehensive Income &amp; Expenditure Account for the Year</b>	<b>(7,397)</b>
(1,433)	Less General Fund Charge - Employer Contributions	(1,507)
<b>8,230</b>	<b>TOTAL MOVEMENT IN PENSION RESERVE</b>	<b>(8,904)</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 2022.

In 2021/22 the Council paid an employer's contribution of £1.44 million representing 25.9% of employees' pensionable pay (2020/21 £1.36 million @ 26.7%) 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 charges the cost of retirement benefits to the cost of services when they are earned by employees as distinct from when the benefits are eventually paid as pensions. However, the charge the Council is required to make to the General Fund is based on the cash payable in the year. The difference between the two different methods is charged to the Pension Reserve.

### 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 £20.877 million 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 2023 is £1.439 million.

#### 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 2022. The results of this valuation were projected forward using approximate methods.

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

2020/21	County Fund – Main Assumptions	2021/22
3.35%	Rate of increase in salaries	3.70%
2.85%	Rate of increase in pensions	3.20%
2.00%	Rate of discounting scheme liabilities	2.70%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.2	Men	22.0
24.4	Women	24.2
	Longevity at 65 for future pensioners	
23.2	Men	22.9
26.2	Women	26.0

#### Local Government Pension Scheme Assets Comprised:

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

31-Mar-21 £'000		31-Mar-22 £'000
1,255	Cash and cash equivalents	479
0	<b>Equity instruments by industry:</b>	
	Other	0
0	Sub-total equity	0
	<b>Debt Securities:</b>	
1,843	UK Government	2,432
	<b>Private equity:</b>	
4,251	All not in active markets	5,289
	<b>Real Estate</b>	
2,785	Real Estate - UK Property	3,480
	Real Estate - Overseas Property	0
	<b>Other investment funds:</b>	
5,055	Bonds	5,267
27,189	Equity	28,569
3832	Infrastructure	3,937
0	Real Estate - UK Property	0
	Real Estate -Overseas property	0
(540)	Other	100
35,536	Sub-total other investment funds	37,873
<b>45,670</b>	<b>Total Assets</b>	<b>49,553</b>

Sensitivity analysis:

Increase Assumption 31 Mar 21	Impact on the defined benefit obligation in the scheme	Increase Assumption 31 Mar 22 £000
1,456	Decrease in Real Discount Rate by 0.1%	1,427
3,018	1 Year increase in member life expectancy	2,924
108	Rate of Increase in salaries increase by 0.1%	100
1,333	Increase in the Pension Increase Rate (CPI) by 0.1%	1,317

Further information

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Head of Finance, Cambridgeshire County Council, New Shire Hall, Emery Crescent, Enterprise Campus, Alconbury Weald, Huntingdon, PE28 4YE.

**Note 23. Financial Instruments**

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

	2020/21	2021/22
	£'000	£'000
Measured at Amortised Cost		
<b>Investments and Cash &amp; Cash Equivalents</b>		
Investments in subsidiaries		
Short term Investments	5,000	6,000
Money Market Funds	11,400	25,000
Cash & Cash Equivalents	2,282	2,643
Loans & Receivables		
<b>Total Investments and Cash &amp; Cash Equivalents</b>	<b>18,682</b>	<b>33,643</b>
Debtors	2,728	2,397
Loans & Investments	0	0
<b>TOTAL FINANCIAL ASSETS</b>	<b>21,411</b>	<b>36,040</b>
<b>Long Term</b>		
Loans & Investments	5,215	5,219
<b>Borrowings</b>	0	0
<b>TOTAL BORROWINGS</b>	<b>0</b>	<b>0</b>
Measured at Amortised Cost		
<b>Creditors</b>	<b>(5,299)</b>	<b>(2,374)</b>
Financial Liabilities at amortised cost		
<b>TOTAL CREDITORS</b>	<b>(5,299)</b>	<b>(2,374)</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(5,299)</b>	<b>(2,374)</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.
- No changes in the classification of financial instruments were required as part of the implementation of IFRS 9.

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

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.

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 £31.00 million (2020/21; £16.40 million). 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 2022 that this was likely to occur and there are no investments that as at 31 March 2022 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 £181k (£682k in 2020/21) of the £1,613K (£1,584k in 2020/21) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2021 £000	31 March 2022 £000
Less than three months	49	35
Three to six months	447	7
Six months to one year	19	7
More than one year	168	132
Total	682	181

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.

Price risk

The Council invests in shares in two wholly owned companies 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.

IFRS 9 Disclosure

ECDC's core treasury management investments are not material. The risk of default should be virtually zero and therefore any potential expected credit loss impairment under IFRS 9 should not be required. The Council has reviewed its loan to ECTC and does not expect any credit loss.

**Note 24. Acquired and Discontinued Operations**

There are no acquired or discontinued operations during 2021/22 (There were also none in 2020/21).

**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 a number of industrial sites in the District, the biggest being East Space North in Littleport. The profits (or losses) on these trading operations were as follows:

Trading Operations	2020-21		2021-22	
	Turnover	Surplus/(Loss)	Turnover	Surplus/(Loss)
Business Units	94,399	13,289	101,850	3,766
E Space South	59,183	50,187	26,755	18,310
E Space North	202,126	7,782	249,919	63,728
Building Control	251,737	94,578	313,700	102,558
<b>Total</b>	<b>607,445</b>	<b>165,836</b>	<b>692,224</b>	<b>188,362</b>

**Note 26. Members' Allowances**

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

<b>2020/21</b>		<b>2021/22</b>
£		£
232,055	Allowances	243,011
861	Expenses	2,892
<b>232,916</b>		<b>245,903</b>

**Note 27. Senior Officer and Staff Remuneration over £50,000**

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>2020/21</b>		<b>2021/22</b>	
4	50,000	but less than	55,000
3	55,000	but less than	60,000
1	60,000	but less than	65,000
2	65,000	but less than	70,000
1	70,000	but less than	75,000
0	75,000	but less than	80,000
0	80,000	but less than	85,000
0	85,000	but less than	90,000
0	90,000	but less than	95,000
0	95,000	but less than	100,000
0	100,000	but less than	105,000
0	105,000	but less than	110,000
0	110,000	but less than	115,000
1	115,000	but less than	120,000
1	120,000	but less than	125,000
0	125,000	but less than	130,000
0	130,000	but less than	135,000
0	135,000	but less than	140,000
0	140,000	but less than	145,000
0	145,000	but less than	150,000
0	150,000	but less than	155,000
0	155,000	but less than	160,000
0	160,000	but less than	165,000
0	165,000	but less than	170,000
1	170,000	but less than	175,000
<b>14</b>			<b>15</b>

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

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

<b>2020/21</b>	<b>Salary including allowances</b>	<b>Additional Payments</b>	<b>Benefits 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 – John Hill	172,090	50	8,313	<b>180,453</b>	29,608	<b>210,061</b>
Director Operations	110,284	4,867	853	<b>116,004</b>	19,805	<b>135,809</b>
Director Commercial	110,284		-	<b>110,284</b>	18,969	<b>129,253</b>
Legal Services Manager	68,623		-	<b>68,623</b>	11,803	<b>80,426</b>
Finance Manager	68,623		332	<b>68,955</b>	11,803	<b>80,758</b>

<b>2021/22</b>	<b>Salary including allowances</b>	<b>Additional Payments</b>	<b>Benefits and fees</b>	<b>Total remuneration</b>	<b>Employer Pension contribution</b>	<b>Remuneration including pension contributions</b>
<b>Post Holder</b>	<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive – John Hill	153,323		11,284	<b>164,607</b>	26,372	<b>190,979</b>
Director Operations	107,964	5,533	894	<b>114,391</b>	19,521	<b>133,912</b>
Director Commercial	106,154			<b>106,154</b>	18,258	<b>124,412</b>
Legal Services Manager	73,720			<b>73,720</b>	12,680	<b>86,400</b>
Finance Manager	73,720		344	<b>74,064</b>	12,680	<b>86,744</b>
Corporate Manager	3,567			<b>3,567</b>	614	<b>4,181</b>

Key – 2021/22

Note 1 All staff detailed above were in post throughout the 2021-22 financial year except Corporate Manager who started on 14<sup>th</sup> March 2022



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

2020/21			2021/22			
Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed		Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed
	0	0	£0 to less than £20,000		1	1
	1	1	£20,000 to less than £40,000		1	1
<b>0</b>	<b>1</b>	<b>1</b>	<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>2</b>
		Cost £ 000				Cost £ 000
		0	£0 to less than £20,000		9	9
		33	£20,000 to less than £40,000		25	25
		<b>33</b>	<b>TOTAL</b>		<b>34</b>	<b>34</b>

## Note 28. External Audit Related Costs

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

2020/21 £'000		2021/22 £'000
38	External Audit set by PSAA Ltd (scale fee)	38
8	Additional Audit Fees determined by PSAA Ltd 2020/21	52
18	Grant Claim Certificate	24
<b>64</b>		<b>114</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 8a 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.

Two of the Councils management team were seconded to Cambridge & Peterborough combined authority for part of the year during 2021/22

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 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 2021/22, there were three transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

One Councillor represents The Wildlife Trust BCN – Transactions in year from ECDC to WT BCN were £16,327 for Ecology & Biodiversity Report. £9,450 Outstanding at 31/03/2022. One Councillor represents Littleport Leisure Centre – Transactions in Year from ECDC to LLC £16,000 for NLRG Grant funding. Nil outstanding at 31/03/22 One Councillor represents The Ellesmere Centre – Transactions in year from ECDC to EC were £11,679 for NLRG Funding. Nil outstanding at 31/03/22

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

The Council fully owns East Cambs Trading Company Limited and East Cambs Street Scene Ltd

#### **East Cambridgeshire Trading Company Ltd**

East Cambridgeshire Trading Company (ECTC) 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.

Income £1,144K, Expenditure £1,206K

**East Cambs Street Scene Ltd**

East Cambs Street Scene is responsible for the delivery of the waste and street cleansing service.

Income £1,028K Expenditure £3,529K

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, East Suffolk Council and West Suffolk 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.

**Cambridge & Peterborough Combined Authority**

John Hill & Emma Grima from ECDC were seconded to C&PCA until August 2021, income of £84K

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

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

2020/21	2021/22
£000	£000
382	352
Public Conveniences, Car Park, Open Space	

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:

2020/21		2021/22	
£000		£000	
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>		
20	Current		20
17	Finance costs payable in future years		15
<b>37</b>	<b>Minimum lease payments</b>		<b>35</b>

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently, the minimum rentals are 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 encourage small businesses
- and other minor items.

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

2020/21		2021/22
£000		£000
9	Not later than 1 year	37
100	Later than 1 year and not later than 5 years	73
706	Later than 5 years	611
<b>815</b>		<b>721</b>

The minimum lease payments receivable includes rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22 £0 contingent rents were receivable by the Authority (2020/21 £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 **2021/22** financial year and its position at the year-end of 31 March 2022. 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 **2021/22** and the Service Reporting Code of Practice **2021/22**, 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.

#### ➤ 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.
- 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.
- 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.
- Government Grants are recorded as Income when they are received provided there is reasonable assurance that the conditions of receipt are complied with or at a later date should the conditions be met at that later date.
- In relation to the Local Government Pension scheme the liability that the Authority has for meeting the future cost of retirement benefits arising from service provided by employees up to the Balance Sheet date net of the contributions paid into the fund and the investment income generated.
- Changes in fair values of Investment Properties are recognised.
- The Statutory basis of accounting for the Council differs from that reported in the Comprehensive Income & Expenditure Account as required under IFRS. Details are provided on the following page:

The differences between the Statutory Basis of Accounting and the IFRS Accounting base are as follows:

<b>Income or Expense</b>	<b>Basis of Statutory Charge to General Fund</b>	<b>Basis of Accounting Charge or Credit</b>	<b>Other Funds utilised to represent enhancement from Statutory Outturn to Accounting Outturn</b>
Consumption or usage of Long Term Assets	Contribution to the reduction in borrowing requirement in accordance with statutory guidance.	Full accrual principle determined by Depreciation, Amortisation & Impairment	Capital Adjustment Account with small portion to Revaluation Reserve in relation to Current Cost Element of Depreciation
Grant receipts relating to Long Term Assets	None	All Grants received in year providing no conditions are attached and/or conditional grants from prior years that were applied in year.	Unapplied Capital Grants Reserve
Disposal Receipts or entitlements relating to Long Term Assets	None	Net Profit	Capital Receipts Reserve (deferred if cash not received) minus Capital Adjustment Account (or Revaluation Reserve) in relation to holding value of asset at time of sale.
Financing of new Capital Investment	Contributions made where otherwise not funded by Capital Receipts or designated Capital Grants	None	Capital Adjustment Account
Upward Valuation of Assets	None	Credited	Revaluation Reserve or, where reinstating past Impairment, Capital Adjustment Account
Pension Scheme Costs	Direct amounts paid in relation to the scheme	Full accrual principles including actuarial valuation	Pension Reserve
Staff Costs	Direct amounts paid	Accrual made for leave entitlement deferred forwards	Accumulated Absences Adjustment Account
Council Tax Receipts & Business Rates	Pre-planned demand plus prior year surplus	Full accrual income principle	Collection Fund Adjustment Account
Revenue Expenditure Financed by Capital Under Statute	None	Full accrual principles	Capital Adjustment Account
Minimum Statutory Provision for Capital Debt Repayment	Charge as required under statute	None	Capital Adjustment Account



➤ **Reserves**

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

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**

Spend on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's 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. 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.

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.

- 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.

The incidence of charge to the Capital Adjustment and Revaluation Reserve is detailed above.

- 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	Straight line allocation over the estimated life of the asset	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 (those Assets of cultural, environmental or historic importance) 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 accrual's 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 Instruments**

A financial asset or liability is recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the instrument. This will normally be the date that a contract is entered into but may be later if there are conditions that need to be satisfied. Financial assets are recognised by the Council on the Balance Sheet only when the goods or services have been provided or rendered to a third party. Financial liabilities are recognised when the goods or services ordered from a third party have been received by the Council and the third party has performed its contractual obligations.

➤ **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL),
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principle and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

- **Financial Assets Measured at Amortised Cost**  
Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument, are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principle receivable. The Interest credited to the Comprehensive Income and Expenditure Statement for the loans is the amount receivable for the year in the loan agreement. Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investments income and expenditure line in the Comprehensive Income and Expenditure Statement.

#### ➤ **Financial Liabilities**

- Financial liabilities are initially measured at fair value and are subsequently carried at their amortised cost.  
Annual charges to 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. For most borrowing that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principle repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income or Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## ➤ 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.

## Note 32. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, in relation to the going concern period up to 31st March 2023, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31st March 2022	£1.051m	£15.858m

Our expected General Fund and Earmarked Reserve position as at 31st March 2024, are a predicted balance of £1.238 million in the General Fund and £10.186 million in other Earmarked Reserves (excluding CIL). [Figures from the 2023/24 budget approved by Full Council on the 21<sup>st</sup> February 2023.] This remains in line with our minimum level of General Fund balance, i.e. 10% of the net operating budget as set in the budget report by the Chief Finance Officer.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, with no expectation of the need for external borrowing.

The key assumption within this forecast is that the Council will come in on budget in 2022/23. It should be noted that the budget for 2022/23 was approved with continuing



income reductions in relation to car parking and the leisure centre management fee, reflecting the on-going impacts of the Covid-19 pandemic. And the budget for 2023/24 has been set taking into account the high levels of inflation in the economy and consequential expected increases in employee pay.

The Council has in recent years, always underspent its budget at yearend, but recent forecasts for 2023/24 have suggested that while an underspend is still expected, this will be considerably lower than in the recent past, this primarily as a consequence of greater inflation pressures that have emerged since the budget was set, not least on staff costs. This was discussed in the MTFs Reports that went to Finance and Assets on the 26<sup>th</sup> September 2022 and 23<sup>rd</sup> January 2023 and then the final Budget Report (for 2023/24) which went to Full Council on the 21<sup>st</sup> February 2023

The current forecast is that after allocations from the Surplus Savings Reserve in both 2022/23 and 2023/24 there will still be over £5.1 million in this reserve as at the 31st March 2024. It is therefore strongly believed that any pressures will be able to be absorbed within this balance, if required, up until this time

On this basis, the Council has an expectation that it will have adequate resources to continue in operational existence throughout the going concern period up until 31st March 2024, maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

Ian Smith  
Director, Finance  
East Cambridgeshire District Council

**Collection Fund**

2020/21			2021/22		
Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000	Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000
<b>Income</b>					
	(57,338)	(57,338)			
(14,944)		(14,944)			
(66)		(66)			
			0	(60,206)	(60,206)
			(19,072)	0	(19,072)
			(264)	0	(264)
<b>(15,010)</b>	<b>(57,338)</b>	<b>(72,348)</b>	<b>(19,336)</b>	<b>(60,206)</b>	<b>(79,542)</b>
<b>Expenditure</b>					
<b>Repay Previous Years Surplus / Deficit</b>					
16		16	(3,899)	0	(3,899)
12	59	71	(3,119)	30	(3,089)
3	356	359	(702)	184	(518)
	60	60	0	32	32
0	19	19	(78)	10	(68)
<b>31</b>	<b>494</b>	<b>525</b>	<b>(7,798)</b>	<b>256</b>	<b>(7,542)</b>
<b>Precepts and Demands</b>					
10,572		10,572	10,711	0	10,711
8,616	6,761	15,377	8,789	6,776	15,565
1,919	41,034	42,953	1,950	41,896	43,846
	7,024	7,024	0	7,410	7,410
213	2,176	2,389	217	2,201	2,418
<b>21,320</b>	<b>56,995</b>	<b>78,315</b>	<b>21,667</b>	<b>58,283</b>	<b>79,950</b>
<b>Charges to Collection Fund</b>					
(76)	(52)	(128)	(62)	(224)	(286)
201	268	469	173	230	403
1,607		1,607	(229)	0	(229)
95		95	95	0	95
668		668	693	0	693
67		67	281	0	281
<b>2,562</b>	<b>216</b>	<b>2,779</b>	<b>951</b>	<b>6</b>	<b>958</b>
<b>23,913</b>	<b>57,705</b>	<b>81,619</b>	<b>14,820</b>	<b>58,545</b>	<b>73,366</b>
<b>8,903</b>	<b>367</b>	<b>9,271</b>	<b>(4,516)</b>	<b>(1,661)</b>	<b>(6,176)</b>
35	(807)	(772)	8,938	(440)	8,498
<b>8,938</b>	<b>(440)</b>	<b>8,499</b>	<b>4,422</b>	<b>(2,101)</b>	<b>2,322</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 accrual's 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 2022					
Tax Band	Properties	Exemptions & Discounts	Chargeable Dwellings	Band D Multiplier	Band D equivalent
A-	9.0	3.7	5.3	5/9	3.0
A	3980.3	850.9	3129.4	6/9	2,086.3
B	10042.8	1208.3	8834.5	7/9	6,871.3
C	7305.6	332.2	6973.4	8/9	6,198.6
D	6622.7	155.1	6467.6	9/9	6,467.6
E	4460.3	50.7	4409.6	11/9	5,389.5
F	2136.3	13.3	2123.1	13/9	3,066.6
G	715.0	3.2	711.8	15/9	1,186.4
H	75.8	0.7	75.1	18/9	150.1
<b>Total</b>	<b>35,347.8</b>	<b>2,618.1</b>	<b>32,729.7</b>		<b>31,419.3</b>

Council Tax charge per band D property for 2021/22 £1,947.27

Council Tax charge per band D property for 2020/21 £1,887.88

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

The standard business rate multiplier set by the Government for 2021/22 was 51.2p (2020/21 51.2p). The small business multiplier, for business with a rateable value of under £18,000 was 49.9p (2020/21 49.9p)

Total rateable value at 31 March 2022 £59.395 million.

Total rateable value at 31 March 2021 £58.830 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)

**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 21</b>	<b>31 Mar 21</b>	<b>31 Mar 21</b>		<b>31 Mar 22</b>	<b>31 Mar 22</b>	<b>31 Mar 22</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(4,427)	492	(3,935)	Cash held by ECDC	283	2,369	2,652
1,200	2,984	4,184	Debtors	1,588	2,878	4,466
(474)	(1,457)	(1,931)	Receipts in Advance	(1,174)	(1,560)	(2,734)
(333)	(1,581)	(1,914)	Impairment Provision	(444)	(1,587)	(2,031)
(4,904)	0	(4,904)	Appeals Provision	(4,675)	0	(4,675)
8,938	(438)	8,500	Fund Surplus	4,422	(2,100)	2,322
<b>0</b>	<b>0</b>	<b>0</b>	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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:

Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
31 Mar 21	31 Mar 21	31 Mar 21		31 Mar 22	31 Mar 22	31 Mar 22
£'000	£'000	£'000		£'000	£'000	£'000
480	347	827	Debtors	635	326	961
(190)	(169)	(359)	Receipts in Advance	(470)	(177)	(647)
(133)	(184)	(317)	Impairment Provision	(178)	(180)	(358)
(1,962)	0	(1,962)	Appeals Provision	(1,869)	0	(1,869)
443	(435)	8	Creditors - Local Government	(28)	(2,094)	(2,122)
2,214	0	2,214	Creditors - Central Government	141	0	141
3,576	(51)	3,525	Fund Surplus to Collection Fund Adjustment Account	1,769	(244)	1,525
<b>4,428</b>	<b>(492)</b>	<b>3,936</b>	<b>TOTAL</b>	<b>0</b>	<b>(2,369)</b>	<b>(2,369)</b>

## 7. Collection Fund Adjustment Reserve

The Collection Fund Adjustment Reserve identifies the element of the Collection Fund balance that is due to this Council.

2020/21 £'000	Collection Fund Adjustment Account	2021/22 £'000
82	Opening Balance	(3,525)
(3,607)	Movement in Year	2,019
<b>(3,525)</b>	Closing Balance	<b>(1,506)</b>
51	Council Tax	193
(3,576)	Non Domestic Rates - Core	1807
0	Non Domestic Rates - Renewable Energy	19

**GROUP Comprehensive Income & Expenditure Account**

2020/21			2021/22		
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000	GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
26,294	(22,688)	3,606	39,530	(38,439)	1,091
9,891	(6,614)	3,277	12,897	(10,249)	2,647
<b>36,185</b>	<b>(29,302)</b>	<b>6,883</b>	<b>52,427</b>	<b>(48,688)</b>	<b>3,738</b>
3,124	(8)	3,116	3,061	(4)	3,057
614	(27)	587	388	176	564
-	(9,413)	(9,413)	0	(13,131)	(13,131)
<b>39,923</b>	<b>(38,750)</b>	<b>1,173</b>	<b>55,875</b>	<b>(61,648)</b>	<b>(5,774)</b>
-	5,358	5,358	0	(12,462)	(12,462)
<b>39,923</b>	<b>(33,392)</b>	<b>6,529</b>	<b>55,875</b>	<b>(74,110)</b>	<b>(18,236)</b>

**GROUP Movement in Reserves Statement**

2020/21				2021/22			
Opening Balance Group £'000	Adjusts between Account basis and fund basis £'000	Other income & Expenditure £'000	Closing Balance £'000		Adjusts between Account basis and fund basis £'000	Other income & Expenditure £'000	Closing Balance £'000
12,121	6,830	(1,172)	17,785	General Fund	827	5,773	24,385
1,384	87		1,472	Capital Receipts Reserve	64	0	1,536
0	60		60	Capital Grants Unapplied	319	0	379
<b>13,505</b>	<b>6,978</b>	<b>(1,172)</b>	<b>19,317</b>	<b>Total Useable</b>	<b>1,211</b>	<b>5,773</b>	<b>26,300</b>
19,515	607		20,122	Capital Adjustments Account	(331)	0	19,791
10,769	102	2,073	12,944	Revaluation Reserve	(444)	1,567	14,068
(21,351)	(4,500)	(7,430)	(33,198)	Other Unusable	60	10,896	(22,242)
<b>8,933</b>	<b>(3,790)</b>	<b>(5,357)</b>	<b>(213)</b>	<b>Total Unusable</b>	<b>(716)</b>	<b>12,463</b>	<b>11,616</b>
<b>22,448</b>	<b>3,188</b>	<b>(6,530)</b>	<b>19,104</b>	<b>TOTAL</b>	<b>493</b>	<b>18,236</b>	<b>37,917</b>

**Group Balance Sheet**

<b>31 Mar 21</b>		<b>31 Mar 22</b>
<b>£'000</b>		<b>£'000</b>
38,730	Property, Plant and Equipment	37,946
105	Heritage Assets	105
30	Intangible Assets	15
0	Investments in Subsidiaries	1,748
315	Long Term Debtors	319
<b>39,180</b>	<b>TOTAL LONG TERM ASSETS</b>	<b>40,133</b>
5,000	Investments (Short Term)	6,000
165	Assets Held for Sale	165
5,650	Short Term Debtors	3,857
32,677	Inventories	25,953
14,069	Cash and Cash Equivalents	29,124
<b>57,562</b>	<b>TOTAL CURRENT ASSETS</b>	<b>65,099</b>
(13,982)	Short Term Creditors & Receipts in Advance	(16,917)
(2,177)	Provisions	(2,046)
(9,969)	Borrowings	(24,001)
<b>(26,129)</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>(42,965)</b>
(18,370)	Borrowings	0
(3,359)	Capital Grants Received in Advance	(3,474)
(29,781)	Net Pensions Liability	(20,877)
<b>(51,510)</b>	<b>LONG TERM LIABILITIES</b>	<b>(24,351)</b>
<b>19,104</b>	<b>NET ASSETS</b>	<b>37,917</b>
	<b>FINANCED BY:</b>	
19,317	USABLE RESERVES	26,291
(213)	UNUSABLE RESERVES	11,626
<b>19,104</b>	<b>TOTAL RESERVES</b>	<b>37,917</b>

**Ian Smith - CPFA**

Director, Finance

East Cambridgeshire District Council

**Group Cash Flow Statement**

<b>Group</b>		<b>Group</b>
<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£'000</b>		<b>£'000</b>
<b>(985)</b>	<b>Net Surplus / (Deficit) on the Provision of Services – (i)</b>	<b>5,772</b>
335	Interest receivable	(220)
	Adjustments for Non-cash Items:	
1,058	Depreciation & Amortisation	3,031
0	Impairment	0
799	Pension Liability	1992
(2,601)	Change in Inventories	7,507
6,195	Change in Debtors & Creditors	(1,226)
<b>5,787</b>	<b>Total Adjustments (ii)</b>	<b>11,085</b>
<b>4,800</b>	<b>A- Net Cash Flows from Operating Activities (i)+(ii)</b>	<b>16,857</b>
(256)	Purchase of Property, Plant & Equipment	(130)
0	Change in Long Term Debtors	4
	Change in Short term Investments	(1,000)
282	Interest Received	220
<b>25</b>	<b>B- Investing Activities</b>	<b>(906)</b>
		0
1,091	Net receipt / (application) of Capital Grants	115
	Change in Collection Fund agencies	
(4,794)	Debtors & Creditors	4,069
	Loans Advanced	4,507
2,592	Loans Repaid	(9,776)
	Leasing Liabilities Proceeds	0
(274)	Leasing Liabilities Repayment	(49)
(617)	Interest Paid	236
<b>(2,002)</b>	<b>C- Financing Activities</b>	<b>(898)</b>
<b>2,826</b>	<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>15,053</b>
<b>11,244</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>14,070</b>
<b>14,070</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>29,123</b>



## Notes to Group Accounts

**G1** The Council has two Trading Companies East Cambs Trading Company Limited and East Cambs Street Scene. 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 2021 £'000	In Year Movement 2021/22 £'000	31 March 2022 £'000
Surplus Savings Reserve - Profit & Loss Account	(512)	1,306	794
Revaluation Reserve	0		
<b>Total Company Reserves portion of Group Balance Sheet</b>	<b>(512)</b>	<b>1,306</b>	<b>794</b>
<b>Represented by:</b>			
East Cambs Trading Company Profit & Loss	(515)	1,301	786
East Cambs Street Scene Profit & Loss	4	4	8

**G2** The Assets & Liabilities of the Company's at the Balance Sheet Date are as follows:

	Trading Company	Street Scene	Inter Company	Total Change upon Council
Property Plant & Equipment	78	31	25,993	26,102
Long Term Debtor/Creditor	(4,900)	0	4,900	0
Debtors & Cash	4,297	543	(531)	4,309
Inventories	25,993	12	(25,993)	12
Borrowings	(24,001)		(4,900)	(28,901)
Creditors	(1,391)	(569)	83	(1,877)
<b>TOTAL ASSETS NET OF COUNCIL SHARE</b>	<b>76</b>	<b>17</b>	<b>(448)</b>	<b>(356)</b>

**G3** East Cambs Trading Company and East Cambs Street Scene report leases under IFRS16 for 2021/22 but for group consolidation this has been rolled back to IAS17

#### **G4.** Group Audit Fees

	2020/21	2021/22
Group Audit Fees	£3,000	£3,000

## 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 Enhancement**

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

**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.

**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 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.

**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.

**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>DLUHC</b>	Department for Levelling Up, Housing & Communities
<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>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