

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

DRAFT STATEMENT OF ACCOUNTS 2019/20

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Narrative Report

By the Finance Manager

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2019/20 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2020.

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 2019/20.
- The Financial Statements
- Technical information

Commentary and Review of 2019/20

Review of the Year

2019/20 has been another challenging year for the Council with the reduction of grant funding from Central Government as austerity measures continue. However, our strong Medium Term Financial Strategy (MTFS) etc., has enabled balanced budgets to be set for 2020/21 and 2021/22.

The Council set a net budget for 2019/20 of £8.917 million (2018/19; £8.215 million), a net increase of £0.702 million (8.5%). After the application of the following government grants and collection fund funding:

- Revenue Support Grant of £0.012 million (2018/19; £0.354 million),
- Business Rates Retention scheme (NNDR) of £4.352 million (2018/19; £3.478 million),
- Collection Fund surpluses of £0.329 million (2018/19; £0.224 million)

This left the Council to raise £4.224 million (2018/19; £4.159 million) from Council Tax. This equated to a Council Tax of £142.14 (2018/19; £142.14) for a Band D equivalent property, freezing the Council Tax for the sixth year in a row.

Review and Commentary on the Council's services and performance during 2019/20

Within the Corporate Plan 2019-2023, 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 12 months:

Sound Financial Management

Keep Council Tax and fees low; keep delivering great services

Council Tax was frozen for 2019/20 and continues to deliver great services.

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

This is an ongoing commitment and is at the heart of commercial decisions that are taken.

Continue service reviews to minimise bureaucracy, increase efficiency and provide excellent 'can do' and 'open for business'

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.

Maximise the benefits of devolution for all our residents, businesses and visitors within East Cambridgeshire

The Council continues to work proactively with the Combined Authority to maximise the benefit arising from Combined Authority initiatives.

Improving Transport**Support better bus services: more frequent, more rural routes**

During 2019/20 a full public consultation was undertaken. The results of this consultation will be used to provide an evidence based to submit a scheme to the Combined Authority during 2020/21.

Improve the East Cambs Strategic Cycle/Footpath Network

During 2019/20 a full public consultation was undertaken. The results of this consultation will be used to develop a 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 is working with West Suffolk Council, Suffolk County Council and Cambridgeshire County Council to establish how improvements can be made at this junction.

Support the A10 dualling project, including an off road cycle path from Ely to Cambridge, the upgrade of the BP and Lancaster Way roundabouts and other junction improvements

In 2019/20 the Council engaged with the Combined Authority and Cambridgeshire County Council to ensure that the A10 project meets the current and future need of the district.

Support Soham Railway Station

During 2019/20 the Council received the prior approval application for Soham Railway Station. The Council approved the application in June 2020.

Work with Suffolk County Council to improve rail connectivity and frequency in the south of the district

The Council continues to work with stakeholders to highlight the importance of improved rail connectivity and frequency in the south of the district.

Work to retain road access in the Ely North railway junction upgrade

The Council continues to highlight the importance of retaining road access for any scheme solution for Ely North railway junction upgrade as part of the Ely Area Capacity Enhancement Project.

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 ongoing commitment which has been enshrined in the constitution.

Seek land to further extend car parking at Angel Drove/The Dock

The Council continues to explore opportunities to extend car parking at Angel Drove/The Dock.

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

In 2019/20 construction commenced at the CLT development in Haddenham, refurbishment commenced at the MoD site in Ely and planning permission was issued for the development of 500 new homes, including 150 affordable housing units in Kennett.

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.

Complete the purchase and deliver new homes at the Princess of Wales (PoW) site in Ely - with the CLT homes being reserved for local working people

ECTC completed the purchase of the former MoD, Ely site and has commenced refurbishment of the homes with 8 of the homes being rented.

Begin delivery of Kennett Garden Village

Planning permission has been secured for the Kennett development of 500 homes including 150 affordable housing units. ECTC is now working on a delivery model, working with the CLT who will take up to 150 of the affordable housing units.

Work with the Combined Authority to deliver £100k homes

The Council has worked with the Combined Authority to secure the first £100k Homes scheme in Cambridgeshire and Peterborough. The scheme is being delivered by Scotsdale LLP and is programmed for occupation during 2020/21, will be delivered in Fordham.

Continue to secure well designed high quality places to live, including seeking developer contributions for open spaces, and walking and cycling infrastructure

During 2019/20 the Council consulted on two Supplementary Planning Documents; Natural Environment and Custom & Self Build. These will be presented for adoption by the Finance & Assets Committee during 2020/21.

Cleaner, Greener East Cambridgeshire**Develop and deliver an Environment and Climate Change Strategy, Action Plan and Communications Plan**

During 2019/20 the Council developed the Environment and Climate Change Strategy, Action Plan and Communications Plan. This was adopted by the Operational Services Committee in

June 2020. The Council also launched its Environment & Climate Change Ideas Forum and has so far received in excess of 250 ideas from residents. The forum will remain open and can be found on the Council's website.

Aim for a consistent 65% recycling rate, with the help of our residents

The Council continues to work with residents to promote clean recycling, especially concentrating on low performing areas. Promoting the benefits of recycling via media campaign and education.

Continue to clamp down on fly-tipping, graffiti and litter and prosecute where there is evidence to do so

The Council continues the Michael Recycle Campaign, including education in schools across the district and targeting of areas with low rates of recycling. The Council has successfully prosecuted and fined those found to be fly-tipping.

Deliver a great street cleaning service

ECSS continues to deliver a great street cleaning service and continues to exceed 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 Campaign and has reflected this in the draft Supplementary Planning Guidance for the Natural Environment.

Expand Ely Country Park

In October 2019 the Council changed the CIL Governance arrangements to enable Community Infrastructure Levy contributions to be set aside for the Country Park, Ely.

Social & Community Infrastructure

Continue to run a great homelessness prevention service

In 2019/20 the Council improved its Housing Service and now provides a most holistic service with a focus on preventing homelessness. The Council has not placed anyone in Bed and Breakfast Accommodation in 2019/20.

Support the delivery of a new hospital at the Princess of Wales site in Ely, including a full Local Urgent Care Service and new GP provision

The Council continues to meet with the relevant stakeholders to highlight the importance of health provision and articulate the need for additional GP provision.

Implement a 33% business rates cut for local High Street retailers - funded by Central Government

This was implemented in 2019/20.

Develop Market Town Strategies in Littleport, Ely and Soham - funded by the Combined Authority, worked up locally

During 2019/20 the Vision for Littleport was approved, by the Finance & Assets Committee, for submission to the Combined Authority. The Ely and Soham Masterplans were worked up during 2019/20 and were approved by the Finance & Assets Committee in June 2020.

Support improvements to sporting and leisure facilities

The Council continues to work with our sport and leisure providers across the district to assist them with strengthening their business models to deliver service to the community.

General

I would also like to take this opportunity to express my thanks to the finance team and the many other officers across the Council involved in budget management, for the support and enthusiasm that they have brought to the many and challenging tasks they have faced, and the hard and dedicated work undertaken by the team to close the accounts in such demanding circumstances.

Revenue Spending and Sources of Income

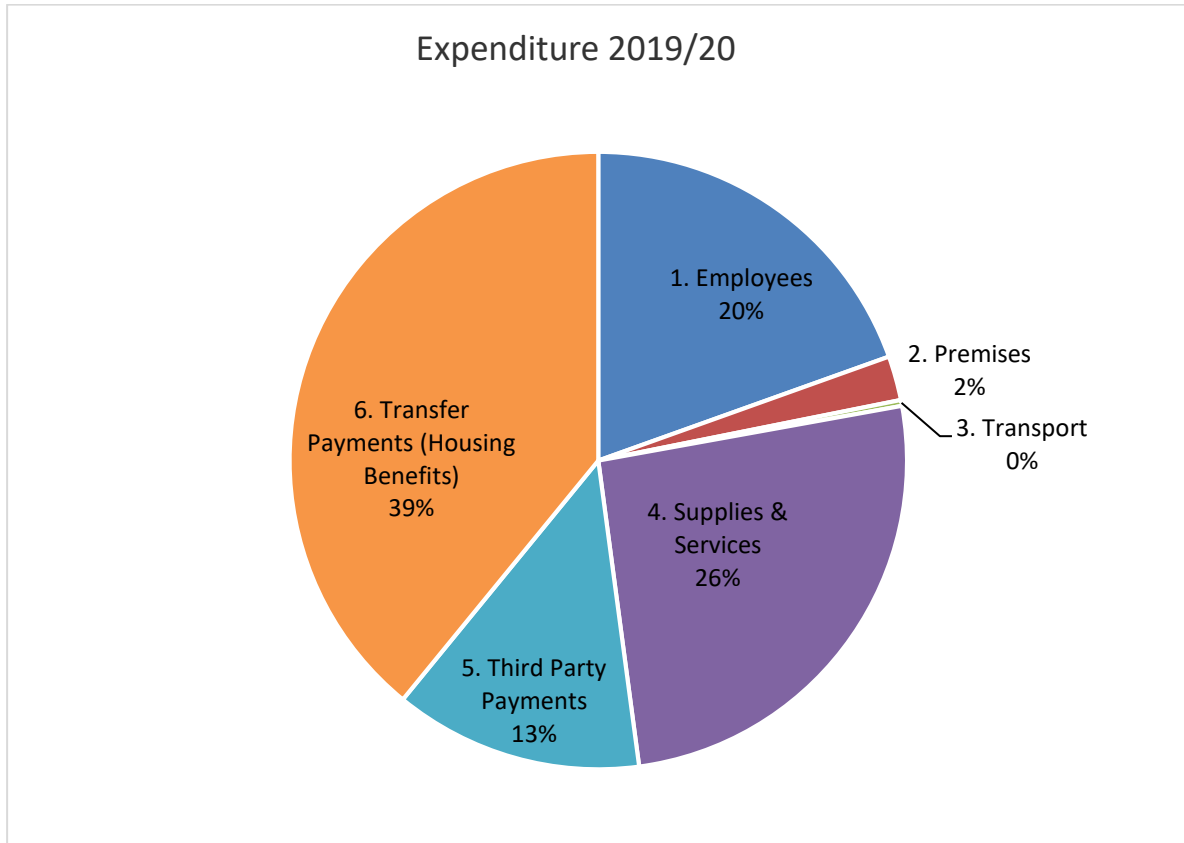
The Table below sets out the Council's budget for 2019/20 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	2019/20		
	Budget	Outturn	Variance
	£000	£000	£000
Service			
Finance & Assets	5,182	4,374	(808)
Operational Services	5,516	5,394	(122)
Service Net Revenue Expenditure	10,698	9,768	(930)
Land Drainage	492	492	0
Parish Precepts	2,255	2,255	0
Total Net Revenue Expenditure	13,445	12,515	(930)
Financing			
Council Tax	(6,562)	(6,562)	(0)
Non Domestic Rates	(4,599)	(5,299)	(700)
Revenue Support Grant	(12)	(12)	0
Other Government Grants	(734)	(794)	(60)
Budget - draw from Surplus Savings Reserve	(1,539)	(1,539)	0
Total Financing	(13,446)	(14,206)	(760)
Transfer to Surplus Savings Reserve			(1,690)
Net (Increase)/Decrease in Earmarked Reserves			3,489
Total Reported General Fund Movements			1,798
Adjustment between funding & accounting basis			(969)
Reported (Surplus) upon Services in Income & Expenditure Account			829

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 23rd July 2020. Reasons for yearend variances can be found in this report, for both revenue and capital.

Analysis of Revenue Expenditure

The Council spent £38.767 million in 2019/20 and the chart below shows the type of expenditure this was spent on.



Balance Sheet Summary and Capital Outturn
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Reserves

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

Usable Reserves 2019/20	Brought Forward £'000	Contributions		Carried Forward £'000
		To £'000	From £'000	
General Fund	1,011	35	0	1,046
Surplus Savings & Earmarked	10,037	6,169	(4,408)	11,798
TOTAL GENERAL FUND	11,048	6,204	(4,408)	12,844
Capital Receipts Reserve	1,362	532	(509)	1,385
Capital Grants Unapplied	0	527	(527)	0
Total Usable Reserves	12,410	7,263	(5,444)	14,229

Capital Spending

The final capital budget for 2019/20 was £11.136 million and the table below shows the movement from the original capital programme approved in February 2019.

Capital Programme	£'000	£'000
Original Approved Capital Programme 2019/20	10,267	
Approved slippage from 2018/19	854	
Approved Additions	15	
Updated Capital Programme for 2019/20		11,136
Capital outturn		2,364
Underspend against revised budget		8,772

Spend in 2019/20 was as shown below:

2018/19 £'000	Capital Spending	2019/20 £'000
438.4	Refuse vehicles	0.0
698.9	Housing Grants	1,040.2
851.6	Leisure Centre	0.0
1,485.0	Loan to subsidiary company	1,300.0
23.2	Additional Car Parking	0.0
(17.8)	IT Projects	10.1
0.0	Wheelie Bins	13.4
3,479.3	Gross Expenditure	2,363.7
	Funded From	
113.9	Capital Receipts Reserve Applied	523.7
939.7	Grants	540.0
1,318.6	CIL Earmarked Reserve Contribution	1,832.0
1,062.2	Internal Borrowing Contributions	(532.0)
9.2	Other Revenue Contributions	0.0
35.7	Section 106	0.0
3,479.3		2,363.7

Treasury Management

East Cambridgeshire District Council was in cash surplus during the whole of the 2019/20 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 2020/21 to 2023/24. The 2019/20 financial year was initially expected to be the final year of the current Government core grant scheme, however, initially because of Brexit and more recently the coronavirus pandemic this has now been deferred until at the earliest April 2022. However, the MTFS plans still go beyond this time frame and should therefore be treated with great caution until greater clarity is known about the Government's Spending Review, the Fair Funding Review for local government; the new 75% Business Rate Retention Scheme and the new burdens which are expected to accompany this.

The current MTFS, which was built before the second deferral, shows the budgets for 2020/21 and 2021/22 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 (£3,266,854 in 2022/23, rising to £4,391,777 in 2023/24). 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 2020) include:

- Government funding through Revenue Support Grant and Rural Services Grant end in 2020/21;
- New Homes Bonus (NHB) remains part of the overall funding package from Government for the next three years, before being removed. However, while remaining in the funding package, the benefit of NHB reduces considerably over this period, before being stopped completely in 2023/24 (see paragraph 5.4);
- The Council's Business Rate growth continues;
- 2% inflation is added to the Waste contract on an annual basis, however additional budget is provided from 2021/22 when new recycling vehicles will be purchased. The vehicles purchased by the Council using the weekly collection grant from Government will reach the end of their useable life in 2020/21 so will need to be replaced, adding this additional cost. (This cost increase would have occurred regardless of whom is undertaking the contract at this point);
- The loan to ECTC is planned to be repaid in March 2021, the interest received by the Council on this loan will therefore stop at this point.
- 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.
- Further, while ECTC is anticipated to start making profits in the period of the MTFS, it remains unclear how much of this will need to be retained by the Company as working capital, so at this point, no account of this income being paid to the Council as a dividend is assumed in the budget.

Covid Impact Statement

The Covid-19 pandemic has had a major impact on the Council, both generally and specifically in this regard on its finances. The initial financial impact, increased costs and reduced fees and charges will be in 2020/21, but there is expected to be significant on-going implications on Council Tax and Business Rates for some time into the future, depending on the long term implications for businesses and the employment that they generate. The most significant impacts in 2020/21 have been loss of income from leisure facilities, car parking income, commercial rent deferrals and other fees and charges. The Council has also incurred additional expenditure to ensure that key services such as waste collection has been maintained and providing the necessary IT to allow staff to work predominantly from home.

The Council has received Government funding towards the additional costs and reduced income. The final financial impact will depend on the level of Government funding received and how quickly services are able to return to something near pre Covid-19 operating levels.

Over the past months, officers have reviewed and up-dated the Medium Term Financial Strategy, taking into account the 2019/20 final outturn, the financial impact of Covid-19 and other decisions made by the Council, with an up-date presented to Finance and Assets Committee for information on the 24th September 2020. Further work will continue until the budget will finally put to Full Council for approval in February 2021.

See also note 32 in the main accounts, the Council's going concern statement for further detail.

The Financial Statements

The Council's financial statements for 2019/20 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 2019/20 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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 2020 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 19 £'000		31 Mar 20 £'000
41,435	Long Term Assets	42,028
7,634	Current Assets	14,191
(6,150)	Current Liabilities	(9,156)
(29,481)	Long Term Liabilities	(23,901)
13,438	Net Assets	23,162
12,410	Useable Reserves	14,229
1,028	Unusable Reserves	8,933
13,438	Total Reserves	23,162

The Council's Balance Sheet has moved from a position at 31st March 2019 of £13.438 million to £23.318 million at 31 March 2020. The principle reasons for this movement of £9.880 million is largely attributable to the actuarial gain on Pension Reserves and the increase in Treasury investments. The full Balance Sheet is on page 24 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 2020 £'000
Operating activities	5,215
Investing activities	128
Financing activities	(243)
Net Increase or Decrease in cash and cash equivalents	5,100
Cash and cash equivalents	
At the beginning of the reporting period	5,852
At the end of the reporting period	10,952

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 2019/20 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 2019/20 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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 2019/20.

Statement of Accounting Policies

The accounting policies applicable to the 2019/20 Statement of Accounts are, in the main, the same as those that were applied to the 2018/19.

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 2019/20.

Ian Smith - CPFA

Finance Manager & Section 151 Officer

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

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 2020 and its income and expenditure for the year ended 31 March 2020

Ian Smith - CPFA

Finance Manager & Section 151 Officer

COUNCIL Comprehensive Income and Expenditure Statement

2018/19			2019/20			
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
27,048	(20,758)	6,290	*Finance & Assets	24,643	(19,766)	4,877
11,122	(7,758)	3,364	*Operational Services	11,472	(8,500)	2,972
38,170	(28,516)	9,654	Cost of Services	36,115	(28,266)	7,849
2,113	0	2,113	Parish Council Precepts	2,255	0	2,255
480	0	480	Internal Drainage Board	492	0	492
(26)	0	(26)	Interest on soft Loans	0	(8)	(8)
0	0	0	Loss/(Gain) on disposal of non-current assets	0	0	0
2,567	0	2,567	Other Operating Expenditure	2,747	(8)	2,739
0	(364)	(364)	Interest Receivable & Investment Income	0	(333)	(333)
612	0	612	Net Interest on the net Pension Liability	660	0	660
612	(364)	248	Financing & Investment Income & Expenditure	660	(333)	327
0	(6,348)	(6,348)	Council Tax Income	0	(6,564)	(6,564)
0	(3,853)	(3,853)	Non Domestic Rates income & Expenditure	0	(4,434)	(4,434)
0	(1,229)	(1,229)	Non Ring Fenced Government Grants	0	(746)	(746)
	(11,430)	(11,430)	TAXATION & NON SPECIFIC GRANT INCOME	0	(11,744)	(11,744)
41,349	(40,310)	1,039	(Surplus)/Deficit on Provision of services	39,522	(40,351)	(829)
(1,441)	0	(1,441)	(Surplus) or deficit in the revaluation of non-current assets	0	(2,026)	(2,026)
3,494	0	3,494	Actuarial losses (Gains) on pension assets & liabilities	0	(6,872)	(6,872)
2,053	0	2,053	Other comprehensive income & expenditure	0	(8,898)	(8,898)
43,402	(40,310)	3,092	TOTAL COMPREHENSIVE INCOME & EXPENDITURE	39,522	(49,249)	(9,727)

*2018/19 figures restated to reflect committee restructure

COUNCIL Movement in Reserves Statement**MOVEMENT WITHIN THE YEAR**

2018/19	Opening Balance	General Fund and Earmarked	Adjustments between Accounting Basis and funding basis - Capital	Adjustments between Accounting Basis and funding basis - Pension and other purposes	Other comprehensive Income and Expenditure - Capital	Other comprehensive Income and Expenditure - Pension	Closing Balance	Note Ref
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Surplus/(Deficit) on provision of services		(1,039)					(1,039)	CI&E
Adjustments between Accounting Basis and funding basis		284	427	(711)			0	11
General Fund	11,803	(755)					11,048	9
Capital Receipts Reserve	769		593				1,362	10 & 11
Capital Grants Unapplied	0						0	10 & 11
TOTAL USEABLE RESERVES	12,572	(755)	593	0	0	0	12,410	
Capital Adjustment Account	17,482		647				18,129	11
Revaluation Reserve	7,483		(79)		1,441		8,845	12
Deferred Capital Receipts Reserve	1,115		(733)				382	11
Financial Instrument Adjustment Reserve	(130)			26			(104)	
Pensions Reserve	(22,366)			(1,228)		(3,494)	(27,088)	21
Collection Fund Adjustment Reserve	455			490			945	
Accumulated Absences Reserve	(82)			1			(81)	
TOTAL UNUSEABLE RESERVES	3,957	0	(165)	(711)	1,441	(3,494)	1,028	
TOTAL RESERVES	16,529	(755)	428	(711)	1,441	(3,494)	13,438	Bal Sheet

Adjustments between Accounting Base and Funding Base			427	(711)			(284)	11	
Total Movement in Reserves		(755)	428	(711)	1,441	(3,494)	(3,092)	CI&E	

COUNCIL Movement in Reserves Statement**MOVEMENT WITHIN THE YEAR**

2019/20	Opening Balance	General Fund and Earmarked	Adjustments between Accounting Basis and funding basis - Capital	Adjustments between Accounting Basis and funding basis - Pension and other purposes	Other comprehensive Income and Expenditure - Capital	Other comprehensive Income and Expenditure - Pension	Closing Balance	Note Ref
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Surplus/(Deficit) on provision of services		829					829	Cl&E
Adjustments between Accounting Basis and funding basis		969	1,305	(2,274)			0	11
General Fund	11,048	1,798					12,844	9
Capital Receipts Reserve	1,362		23				1,385	10 & 11
Capital Grants Unapplied	0						0	10 & 11
TOTAL USEABLE RESERVES	12,410	1,798	23	0	0	0	14,229	
Capital Adjustment Account	18,129		1,386				19,515	11
Revaluation Reserve	8,845		(102)		2,026		10,769	12
Deferred Capital Receipts Reserve	382		(2)				380	11
Financial Instrument Adjustment Reserve	(104)			8			(96)	
Pensions Reserve	(27,088)			(1,418)		6,872	(21,634)	21
Collection Fund Adjustment Reserve	945			(864)			81	
Accumulated Absences Reserve	(81)			0			(81)	
TOTAL UNUSEABLE RESERVES	1,028	0	1,282	(2,274)	2,026	6,872	8,934	
TOTAL RESERVES	13,438	1,798	1,305	(2,274)	2,026	6,872	23,162	Bal Sheet

Adjustments between Accounting Base and Funding Base			1,305	(2,274)			(969)	11
Total Movement in Reserves		1,798	1,305	(2,274)	2,026	6,872	9,727	Cl&E

Balance Sheet

31 Mar 19 £'000		Note	31 Mar 20 £'000
	LONG TERM ASSETS		
35,806	Property, Plant and Equipment	12	37,351
105	Heritage Assets	14	105
59	Intangible Assets		44
496	Investments in Subsidiaries		0
4,969	Long Term Debtors	16	4,528
41,435	TOTAL LONG TERM ASSETS		42,028
	CURRENT ASSETS		
	Investments (Short Term)		
1,748	Short Term Debtors	17	3,207
34	Inventories		32
5,852	Cash and Cash Equivalents	18	10,952
7,634	TOTAL CURRENT ASSETS		14,191
49,069	TOTAL ASSETS		56,219
	CURRENT LIABILITIES		
(5,048)	Short Term Creditors & Receipts in Advance	19	(7,707)
(1,102)	Provisions	20	(1,449)
(6,150)	TOTAL CURRENT LIABILITIES		(9,156)
1,484	TOTAL CURRENT ASSETS/LIABILITIES		5,035
42,919	TOTAL ASSETS LESS CURRENT LIABILITIES		47,063
(2,393)	Capital Grants Received in Advance		(2,267)
(27,088)	Net Pensions Liability	21	(21,634)
(29,481)			(23,901)
13,438	NET ASSETS		23,162
	FINANCED BY:		
12,410	USABLE RESERVES		14,229
1,028	UNUSABLE RESERVES		8,933
13,438	TOTAL RESERVES		23,162

Ian Smith – CPFA
Section 151 Officer

Cash Flow Statement

Council 31 March 2019 £'000		Council 31 March 2020 £'000
(1,039)	Net Surplus/(Deficit) on the Provision of Services	825
	Adjustments for Non-cash items:	
(364)	Interest Receivable	(333)
1,249	Depreciation & Amortisation, Impairment	1,195
1,228	Pension Liability	1,418
1,521	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	2,110
3,634	Total Adjustments	4,390
2,595	Net Cash Flows from Operating Activities	5,215
(1,295)	Purchase of PPE & Intangibles	(701)
(784)	Change in Long Term Debtors	496
0	Net (purchase) of Investments	0
364	Interest Received	333
(1,715)	Investing Activities	128
(172)	Net Receipt/(application) of Capital Grants	(125)
614	Change in Collection Fund agencies, Debtors & Creditors	(118)
442	Financing Activities	(243)
1,322	Net increase (decrease) in cash and cash equivalents	5,100
4,530	Cash and cash equivalents at the beginning of the reporting period	5,852
5,852	Cash and cash equivalents at the end of the reporting period	10,952

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.'

2018/19	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	6,921	(425)	6,496	(817)	612	6,291
Operational Services	3,122	(246)	2,876	487		3,363
NET COST OF SERVICES	10,043	(671)	9,372	(330)	612	9,654
Other Operating Expenditure plus Taxation & Grant Income	(10,045)	1,437	(8,608)	(99)	92	(8,615)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(2)	766	764	(429)	704	1,039
Other Comprehensive I&E				(1,441)	3,494	2,053
TOTAL	(2)	766	764	(1,870)	4,198	3,092

2019/20	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	4,201	1,756	5,957	(1,838)	758	4,877
Operational Services	1,906	40	1,946	1,026		2,972
NET COST OF SERVICES	6,107	1,796	7,903	(812)	758	7,849
Other Operating Expenditure plus Taxation & Grant Income	(9,700)		(9,700)	(493)	1,515	(8,678)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(3,593)	1,796	(1,797)	(1,305)	2,273	(829)
Other Comprehensive I&E				(2,026)	(6,872)	(8,898)
TOTAL	(3,593)	1,796	(1,797)	(3,331)	(4,599)	(9,727)

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 28 to 31).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 32 to 48).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 49 to 60).
- (iv) Accounting Policies (Note 31, Pages 61 to 71).

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

- (a) Note 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 40 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

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

The standards that may be relevant for additional disclosures that will be required in the 2019/20 financial statements in respect of accounting changes that are introduced in the 2020/21 Code are:

- Amendments to IAS 28 Investments in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits

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 2019/20, 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 2019/20 for Land and Buildings (NBV) is £33.403 million (2018/19; Land and Buildings (NBV) is £31.075 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 £21.634 million for 2019/20; this has decreased by £5.454 million since 2018/19. However:
 - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 4.
 - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2010.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2020. An estimated provision of £3.297 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 £1.319 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 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	<p>All Property is reviewed on a 4 year rolling basis. Where an asset has not been specifically reviewed a “table-top” analytical review is undertaken to determine if the principle valuation indexes show a material change in the current assets valuation.</p> <p>In addition, an annual impairment review is undertaken to determine if any of the Council’s assets have been impaired.</p> <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 £0.334 million.</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"> • 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £5.507 million. • 0.5% increase in the salary increase rate would result in an increase in pension liability of £0.420 million. • 0.5% increase in the pension increase rate would result in an increase in pension liability of £5.050 million.

Provision – Rateable Value Appeals	Appeals by non-domestic ratepayers for a reduction in the rateable value of their premises are outstanding. Appeals are determined by the Valuation Office and are not within the Council's control. However, expert independent advice has been sought in arriving at an estimated provision.	<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 £0.329 million for the Collection Fund of which £0.132 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 2019/20 no such items of income or expenditure were incurred (2018/19 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 on 31st July 2020.

With regard to 2019/20:

- **Adjusting Events**
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2020.
- **Non-Adjusting Events**
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2020.
During the final quarter, there has been a dramatic downturn in global markets as a result of the Covid-19 pandemic, causing disruption to many businesses and economic activity. The Pension fund will be monitored closely.

Note 8 Expenditure & Income by Nature

2018/19	2018/19	2018/19		2019/20	2019/20	2019/20
General Fund	Other Reserves	Total		General Fund	Other Reserves	Total
7,125	612	7,737	Employees *	7,572	758	8,330
30,521	(1,333)	29,188	Other Service Expenses *	29,138	(2,376)	26,762
0	1,244	1,244	Depreciation, Amortisation & Impairment *	(43)	1,064	1,021
(699)	699	0	REFCUS*	(1,026)	1,026	0
	612	612	Interest payable		660	660
99	(99)	0	Statutory Minimum Provision	493	(493)	0
2,594	0	2,594	Precept Payments	2,747	0	2,747
39,640	1,735	41,375	TOTAL EXPENDITURE	38,881	639	39,520
(22,140)	(940)	(23,080)	Government Grants (Services)*	(21,082)	(527)	(21,609)
(1,229)	0	(1,229)	Government Grants (Central)	(746)	0	(746)
(5,436)	0	(5,436)	Sales Fees & Charges *	(6,657)	0	(6,657)
(365)	(25)	(390)	Interest Receivable	(333)	(8)	(341)
(6,364)	16	(6,348)	Council Tax	(6,563)	(2)	(6,565)
(3,348)	(505)	(3,853)	Business Rates	(5,298)	865	(4,433)
(38,882)	(1,454)	(40,336)	TOTAL INCOME	(40,679)	328	(40,351)
758	281	1,039	NET EXPENDITURE	(1,798)	969	(829)
9,371	282	9,653	COST OF SERVICES *	7,902	(55)	7,847

Note 8a. Grant Income

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

2018/19		2019/20
£000		£000
	Credited to non-specific income	
(354)	Revenue Support Grant	(12)
(713)	New Homes Bonus	(573)
(162)	Rural Services Grant	(161)
(1,229)	TOTAL	(746)
	Credited to services	
(17,498)	Benefits	(15,283)
(308)	Section 106	(235)
(578)	Disabled Facilities	(64)
(3,223)	Community Infrastructure Levy	(4,953)
(76)	Waste Recycling Credits	(0)
(361)	Sport England Grant	(0)
(90)	Homelessness	(658)
(177)	Collection Costs	(187)
(769)	Other	(229)
(23,080)	TOTAL	(21,609)

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 2018 £'000	Transfers In 18/19 £'000	Transfers Out 18/19 £'000	31 March 2019 £'000	Transfers In 19/20 £'000	Transfers Out 19/20 £'000	31 March 2020 £'000
General Fund Core and Surplus Savings	6,953	2,186	(1,894)	7,245	2,357	(1,539)	8,063
Community Infrastructure Levy	1,527	441	(9)	1,958	3,470	(1,982)	3,446
Medium Term Financial Strategy	1	0	(1)	0	0	0	0
Weekly Waste Collection	225	0	(225)	0	0	0	0
Enterprise Zone NNDR	1,268	34	(1,226)	76	287	(109)	254
New Homes Bonus	578	0	0	578	0	(533)	45
Change Management	295	100	(11)	384	0	(47)	337
Affordable Housing	253	41	0	294	52	0	346
Asset Management	27	0	0	27	0	(27)	0
Vehicle Replacements	60	29	0	89	0	0	89
Housing	81	5	0	86	5	0	91
Building Control	23	0	0	23	0	0	23
Community Land Trusts	135	0	(36)	99	1	0	100
Environmental	0	0	0	0	0	0	0
Crematorium Feasibility	0	0	0	0	0	0	0
Leisure Centre	0	0	0	0	0	0	
Other Earmarked	377	11	(199)	189	44	(183)	50
Total Earmarked	4,850	661	(1,707)	3,803	3,859	(2,881)	4,781
TOTAL	11,803	2,846	(3,601)	11,048	6,216	(4,420)	12,844

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 valuating 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 2020 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 2020 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.

Capital Movements in 2018/19	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	114		(114)			0
GF Contributions to Capital			(1,364)			(1,364)
Capital Grants Receipts			(940)			(940)
Revenue expenditure funded from capital under statute			699			699
Deferred Capital Receipts	(690)				690	0
Repayment of Soft Loans	(8)				39	31
Mortgages	(4)				4	0
Depreciation			646	56		702
Amortisation			15			15
Impairment			527			527
Statutory Minimum Provision			(99)			(99)
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE	(588)	0	(630)	56	733	(429)
Revaluation				(1,441)		(1,441)
TOTAL RESERVES MOVEMENT	(588)	0	(630)	(1,385)	733	(1,870)

Note 11.

Capital Movements in 2019/20	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts Reserve	Capital Outturn for the year TOTAL
Transfers between reserves	509		(509)			0
GF Contributions to Capital			(1,846)			(1,846)
Capital Grants Receipts			(527)			(527)
Revenue expenditure funded from capital under statute			1,026			1,026
Deferred Capital Receipts	(517)				2	(515)
Repayment of Soft Loans	(14)					(14)
Mortgages	(1)				1	0
Depreciation			1,086	102		1,188
Amortisation			24			24
Impairment			(147)			(147)
Statutory Minimum Provision			(493)			(493)
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	(23)		(1,386)	102	3	(1,304)
Revaluation				(2,026)		(2,026)
TOTAL RESERVES MOVEMENT	(23)		(1,386)	(1,924)	3	(3,330)

Please refer to Movement in Reserves Statement for opening & closing Balances upon each Reserve.

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

2018/19 £'000		2019/20 £'000
(429)	Total Capital Items from previous page	(1,304)
612	Net interest on the Pension Liability	660
616	Current & Past Cost Pension Adjustment	758
1,228	Pensions Reserve (see Note 21 for detail)	1,418
16	Change in Council Tax Entitlement	(2)
(15)	Change in Business Rates entitlement	356
(490)	Change in renewable Energy NNDR	509
(489)	Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)	863
(26)	Other Items	(8)
284	TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION	969
(1,039)	SURPLUS UPON PROVISION OF SERVICES	829
(755)	GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)	1,798

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

Movement of Property, Plant and Equipment 2018/19	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total Assets £'000
Cost or valuation						
At 1 April 2018	14,976	7,117	720	877	14,980	38,670
Transfers	15,692				(15,692)	0
Additions in Year	23	581			712	1,316
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,392					1,392
Revaluation increases / (decreases) recognised in the CI&ES	(645)					(645)
Disposals						0
At 31 March 2019	31,438	7,698	720	877	0	40,733
Accumulated Depreciation & Impairment						
At 1 April 2018	(369)	(3,952)	(64)			(4,385)
Depreciation Charge in year	(161)	(544)	(4)			(709)
Depreciation restated to the Revaluation reserve Upon Revaluation	49					49
Depreciation restated to the Income & Expenditure Account Upon Revaluation	118					118
Adjustment for disposal						0
At year end	(363)	(4,496)	(68)	0	0	(4,927)
Balance Sheet Value at year end	31,075	3,202	652	877	0	35,806
Balance Sheet Value at year start	14,607	3,165	656	877	14,980	34,285

Note 12b. Property, Plant and Equipment - Council - year

Movement of Property, Plant and Equipment 2019/20	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total Assets £'000
Cost or valuation						
At 1 April 2019	31,438	7,698	720	877	0	40,733
Transfers						0
Additions in Year	678	13				691
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,143					1,143
Revaluation increases / (decreases) recognised in the CI&ES	87					87
Disposals		(38)				(38)
At 31 March 2020	33,346	7,673	720	877	0	42,616
Accumulated Depreciation & Impairment						
At 1 April 2019	(363)	(4,496)	(68)	0	0	(4,927)
Depreciation Charge in year	(508)	(598)	(4)			(1,110)
Depreciation restated to the Revaluation reserve Upon Revaluation	753					753
Depreciation restated to the Income & Expenditure Account Upon Revaluation	19					19
Adjustment for disposal						
At year end	(99)	(5,094)	(72)	0	0	(5,265)
Balance Sheet Value at year end	33,247	2,579	648	877	0	37,351
Balance Sheet Value at year start	31,075	3,202	652	877	0	35,806

Capital Commitments

At 31 March 2020 the authority had a retention amount of £0.188 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2020/21.

Revaluations

Land and buildings

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

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

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

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

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

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.

Revaluation Profile	Land and Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at Historic Cost	0	2,579	648	877	4,104
Valued at Fair Value as at:					
31st March 2020	10,333				10,333
31st March 2019	18,962				18,962
31st March 2018	3,952				3,952
31st March 2017					
Assets below de-minimis					
Total Cost of Valuation	33,247	2,579	648	877	37,351

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.

2018/19		2019/20
£000		£000
12,749	Opening Capital Financing Requirement	13,711
	Capital Expenditure	
1,315	Property, Plant and Equipment	13
1,485	Loan to Subsidiary Company	1,300
(20)	Intangible Assets	10
699	Revenue Expenditure Funded from Capital under Statute	1,026
3,479	TOTAL CAPITAL EXPENDITURE	2,349
	Sources of Finance	
(114)	Capital receipts	(509)
(940)	Grants and other contributions	(527)
(1,364)	Direct Revenue Financing – Other	(1,846)
0	Repayment of Loan from Subsidiary Company	(1,700)
(99)	Minimum revenue provision	(493)
(2,517)	TOTAL SOURCES OF FINANCE	(5,075)
13,711	Closing Capital Finance Requirement	10,985

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

2018/19 £'000		2019/20 £'000
4,670	Loan to Trading Companies	4,220
299	Loans to Individuals & Private Sector	308
4,969	Total Financial Instruments definition	4,528

Interest rate on the loan to the trading company is fixed at 5.2%.

Other long term loans are not charged interest.

Note 17. Debtors

Council 2018/19 £000		Council 2019/20 £000
402	Council Taxpayers	363
159	Non-Domestic Rate Payers	212
561	Sub total Local Taxation	575
188	Trading Company	424
2,121	Sundry Debtors & Accruals	2,421
2,309	Sub Total Financial Instruments definition	2,845
90	Payments in Advance	141
(1,324)	Bad Debt Provisions	(1,216)
76	Housing Act Advances Local Govt.	666
36	Central Govt. – Customs & Excise	188
0	Central Govt. – DWP	8
1,748	TOTAL	3,207

Note 18. Cash and Cash Equivalents

Council 2018/19 £'000		Council 2019/20 £'000
5,930	Short term investments repayable on notice	10,783
(78)	Bank Account - Investments	169
	Bank Account - Operational Cash in Transit	
5,852	Total	10,952

Note 19. Creditors

Council 2018/19 £000		Council 2019/20 £000
(215)	Payroll Creditors	(218)
(874)	Sundry Creditors	(96)
(191)	Trading Company	(201)
(372)	National Practitioners	(0)
(1,652)	Sub Total Financial Instruments Definition	(515)
(1,153)	Local Govt. - Collection Fund Account	(1,092)
(1,537)	Central Govt. – Collection Fund Account	(1,481)
	Other Local Government	(877)
(139)	Central Govt. – DWP, DCLG	(2,958)
(567)	Receipts in Advance	(784)
(5,048)	TOTAL	(7,707)

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

2018/19 £'000		2019/20 £'000
(150)	Maintenance of Amenity Areas	(98)
(32)	Sports, Recreation & Historic	(32)
(920)	Business Rate Appeal	(1,319)
(1,102)	Total	(1,449)

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 £3.297 million at the end of 2019/20 of which £1.319 million would have to be met by the Council, and £1.978 million by other Collection Fund participants.

Contingent Liabilities

The Council only has one on-going Contingent Liability as detailed in the table below:

Position at 31st March 2019	31st March 2020
<p>Single Status Exercise</p> <p>The Council has not yet formally completed a Job Evaluation Project to determine the salaries of all posts under the National Single Status Agreement. Any cost is not expected to be material.</p>	<p>The council implemented its Job Evaluation Project in 2019/20. Therefore no liability at the end of this financial year.</p>

No new contingent liabilities were identified as at 31st March 2020.

Contingent Assets

There were no material contingent assets at the 31st March 2020.

Note 21. Pension Fund Net Long Term Liability & Reserve

31 March 2019 £'000	Gross Liabilities	31 March 2020 £'000
(60,074)	Opening Balances as at 1 April	(67,251)
(1,629)	[I] Interest Cost	(1,627)
(4,956)	[A] Actuarial losses /(gains) from changes in financial assumptions	11,657
(1,711)	[C] Past Service Cost	(2,186)
(196)	[C] Current service cost	
(298)	[N] Contributions from scheme participants	(329)
1,536	[N] Benefits paid	1,609
77	[N] Estimated unfunded benefits paid	79
(67,251)	Closing balance at 31 March	(58,048)

31 March 2019 £'000	Gross Assets	31 March 2020 £'000
	Opening fair value of scheme assets balance as at 1 April	40,163
37,708		
1,017	[I] Interest Income on plan assets	967
1,462	[A] Return on assets excluding amounts included in net Interest	(4,785)
1,214	[C] Contributions by the employer	1,349
77	[C] Contributions for unfunded (Discretionary benefits)	79
298	[N] Contributions by employees into the scheme	329
(1,536)	[N] Benefits paid	(1,609)
(77)	[N] Unfunded (Discretionary benefits)	(79)
40,163	Closing balance at 31 March	36,414
(27,088)	TOTAL NET LIABILITIES	(21,634)

Net Movement 2018/19 £'000		Net Movement 2019/20 £'000
1291	General Fund Charge - Employer Contributions	1,428
616	[C] Other items to net cost of services	758
612	[I] Interest cost minus return on plan assets to financing income & expenditure	660
2,519	Charge to Surplus/(Deficit) upon Provision of Services	2,846
3,494	[A] Actuarial Gains/Losses to other income & expenditure	(6,872)
6,013	Charge to Comprehensive Income & Expenditure Account for the Year	(4,026)
(1,291)	Less General Fund Charge - Employer Contributions	(1,428)
4,722	TOTAL MOVEMENT IN PENSION RESERVE	(5,454)

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 2019.

In 2019/20 the Council paid an employer's contribution of £1.34 million representing 26.8% of employees' pensionable pay (2018/19 £1.29 million @ 28.5%) 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 £21.634 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 2020 is £1.349 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 2019. The results of this valuation were projected forward using approximate methods.

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

2018/19	County Fund – Main Assumptions	2019/20
2.80%	Rate of increase in salaries	2.40%
2.50%	Rate of increase in pensions	1.90%
2.40%	Rate of discounting scheme liabilities	2.30%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.4 Years	Men	22.0 Years
24.4 Years	Women	24.0 Years
	Longevity at 65 for future pensioners	
24.0 years	Men	22.7 years
26.3 Years	Women	25.5 Years

Local Government Pension Scheme Assets Comprised:

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

31-Mar-19 £'000		31-Mar-20 £'000
622	Cash and cash equivalents	550
	Equity instruments by industry:	
1,209	Consumer	0
772	Manufacturing	0
945	Energy and utilities	0
1,567	Financial institutions	0
246	Health and care	0
244	Information technology	0
0	Other	0
4,986	Sub-total equity	0
	Private equity:	
3,338	All not in active markets	2,987
3,338	Sub-total private equity	2,987
	Other investment funds:	
3,920	Bonds	2,470
22,263	Equity	22,072
		1,885
1,016	Debt Securities – UK Government	3,283
		2,725
0	Infrastructure	0
0	Real Estate UK Property	0
4,744	Other	443
31,943	Sub-total other investment funds	32,878
40,889	Total Assets	36,414

Sensitivity analysis:

Increase in assumption 31-Mar-19 £'000	Impact on the defined benefit obligation in the Scheme	Increase in assumption 31-Mar-20 £'000
755	Rate of increase in salaries (increase or decrease by 0.5%)	420
6,028	Rate of increase in pensions (increase or decrease by 0.5%)	5,050
6,881	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	5,507

Further information

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

Note 23. Financial Instruments

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

Long Term			Current	
2018/19	2019/20		2018/19	2019/20
£'000	£'000		£'000	£'000
		(Measured at Amortised Cost)		
		Investments and Cash & Cash		
		Equivalents		
496	0	Investment in subsidiaries		
		Short term Investments	5,930	10,783
		Cash & Cash Equivalents	(78)	169
		Total Investments and Cash & Cash	5,852	10,952
		Equivalents		
		Debtors	2,309	2,845
4,969	4,528	Loans & Investments	0	0
4,969	4,969	TOTAL FINANCIAL ASSETS	8,161	13,797
		Borrowings	0	0
		TOTAL BORROWINGS	0	0
		(Measured at Amortised Cost)		
		Creditors	(1,652)	(515)
		Financial Liabilities at amortised cost		
		TOTAL CREDITORS	(1,652)	(515)
		TOTAL FINANCIAL LIABILITIES	(1,652)	(515)

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 £10.78 million (2018/19; £5.93 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 2020 that this was likely to occur and there are no investments that as at 31 March 2020 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 £230k (£114k in 2018/19) of the £1,265K (£843k in 2018/19) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2019 £000	31 March 2020 £000
Less than three months	32	92
Three to six months	6	10
Six months to one year	9	79
More than one year	67	50
Total	114	231

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 is 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 the LATC and does not expect any credit loss.

Note 24. Acquired and Discontinued Operations

There are no acquired or discontinued operations during 2019/20 (There were also none in 2018/19).

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	2018/19		2019/20	
	Turnover	Surplus/(Loss)	Turnover	Surplus/(Loss)
Business Units	27,740	25,518	17,681	9,359
E Space South	0	0	129,798	0
E Space North	295,375	138,650	279,604	175,671
Building Control	279,761	83,507	270,686	77,335
Total	602,876	247,675	697,769	262,365

Note 26. Members' Allowances

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

2018/19		2019/20
£		£
252,664	Allowances	216,583
8,392	Expenses	6,487
261,056		223,070

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.

2018/19				2019/20	
2	50,000	but less than	55,000		4
3	55,000	but less than	60,000		1
0	60,000	but less than	65,000		2
2	65,000	but less than	70,000		0
0	70,000	but less than	75,000		1
0	75,000	but less than	80,000		0
0	80,000	but less than	85,000		0
0	85,000	but less than	90,000		0
1	90,000	but less than	95,000		0
0	95,000	but less than	100,000		0
0	100,000	but less than	105,000		1
1	105,000	but less than	110,000		0
0	110,000	but less than	115,000		1
0	115,000	but less than	120,000		0
0	120,000	but less than	125,000		0
0	125,000	but less than	130,000		0
0	130,000	but less than	135,000		0
0	135,000	but less than	140,000		0
0	140,000	but less than	145,000		0
1	145,000	but less than	150,000		0
0	150,000	but less than	155,000		0
0	155,000	but less than	160,000		0
0	160,000	but less than	165,000		0
0	165,000	but less than	170,000		1
10				11	

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.

2018/19	Salary including allowances	Additional Payments	Benefits and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	£		£	£	£	£
John Hill Chief Executive	141,933	14,454	-	156,387	25,730	182,117
Director Operations	98,561	11,743	-	110,304	18,617	128,921
Director Commercial	92,599			92,599	15,927	108,526
Legal Services Manager	59,388			59,388	10,215	69,603
Finance Manager	59,388	325		59,713	10,215	69,928

Key – 2018/19

Note 1 All staff detailed above were in post throughout the 2018-19 financial year

2019/20	Salary including allowances	Additional Payments	Benefits and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	£		£	£	£	£
John Hill Chief Executive	167,484		7,338	174,822	28,807	203,629
Director Operations	107,301	5,988	1,355	114,644	19,486	134,130
Director Commercial	101,566			101,566	17,469	119,035
Legal Services Manager	64,102			64,102	11,026	75,128
Finance Manager	64,102		332	64,434	11,026	75,460

Key – 2019/20

Note 1 All staff detailed above were in post throughout the 2019-20 financial year

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

2018/19			2019/20			
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
	1	1	£0 to less than £20,000		1	1
	1	1	£20,000 to less than £40,000		0	0
	2	2	Total		1	1
		Cost £'000				Cost £'000
		12	£0 to less than £20,000			6
		33	£20,000 to less than £40,000			0
		45	TOTAL			6

Note 28. External Audit Related Costs

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

2018/19		2019/20	
£000		£000	
45	External Audit	50	
14	Grant Claim Certificate	14	
59		64	

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 during 2019/20

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2019/20 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 2019/20, there were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

Entities Controlled or Significantly Influenced by the Authority

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

East Cambridgeshire Trading Company Ltd

East Cambridgeshire Local Authority Trading Company (LATC) Ltd formally started trading on the 1st 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 £1,368K, Expenditure £1,281K

East Cambs Street Scene Ltd

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

Income £1,152K Expenditure £3,218K

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.

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

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

2018/19 £000 (restated)		2019/20 £000
349	Public Conveniences, Car Park, Open Space	327

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:

2018/19 £000		2019/20 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
11	Current	17
30	Finance costs payable in future years	41
41	Minimum lease payments	58

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

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

Operating Leases

The Authority has no material operating leases as lessee.

Council as Lessor**Finance leases**

The Council has no finance leases as lessor.

Operating Leases

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

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

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

2018/19 £000		2019/20 £000
21	Not later than 1 year	0
109	Later than 1 year and not later than 5 years	59
170	Later than 5 years	827
300		886

The minimum lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2019/20 £0 contingent rents were receivable by the Authority (2018/19 £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 **2019/20** financial year and its position at the year-end of 31 March 2020. 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 **2019/20** and the Service Reporting Code of Practice **2019/20**, 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:

Income or Expense	Basis of Statutory Charge to General Fund	Basis of Accounting Charge or Credit	Other Funds utilised to represent enhancement from Statutory Outturn to Accounting Outturn
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 accruals basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. 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 accruals basis, for assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

➤ **Leases**

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

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

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

- The Council as Lessee
 - Finance leases

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

Lease payments are apportioned between:

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

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life

(where ownership of the asset does not transfer to the Council at the end of the lease period.)

- Operating leases.

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

- The Council as Lessor

- Finance Leases

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

- Operating Leases.

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

Current Value Measurement (IFRS 13)

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

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

Accounting Policies in respect of Employee Benefits

Benefits payable during employment

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

➤ Termination Benefits

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

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

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

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

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

➤ **Discretionary Benefits**

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

Accounting Policies in respect of Financial Instruments

➤ **FINANCIAL 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 – East Cambridgeshire District Council

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The Council's accounts for 2019/20 include the very early impacts of Covid-19 on its financial position, which mainly relate to reduced car parking income during the final weeks of March 2020. The Council is carrying out regular reviews of its forecast financial position during 2020/21 and the impact on these of the Covid-19 pandemic. The Council is further completing the monthly information request from Government detailing the costs to the Council of the pandemic, these indicate the following:

- Forecast loss of income (sales, fees and charges) for a number of services across the Council, particularly impacted being the leisure centre management fee and car parking.

Government have announced an income compensation scheme, which will allow us to recover 75pence in the pound of lost income (after an initial top-slice), thus allowing us to recover a significant proportion of this loss.

- Forecast additional expenditure on some services, including the additional costs of continuing to run Council services in a Covid-19 safe way, while members of the workforce may be away from the office shielding or self-isolating.

The Council has received £1,059,532 of un-ringfenced grant from Government to meet these costs, and while we remain far from clear how the pandemic will impact over the coming months, indications at this time, suggest this will be sufficient to cover costs incurred.

- The additional costs of implementing Government policy in relation to additional Business Rate Reliefs; Small Business Grants; Retail, Hospitality and Leisure Grants; and Discretionary Business Grants.

These costs have been off-set by new burdens funding of £130,000 received by the Council.

- The overall estimated impact on the Council's General Fund balance.

As suggested above, while the future impact of the pandemic remains unclear, the current view is that the additional costs of this to the Council, will be met from the additional funding being provided by Government. This is also stated in the Medium Term Financial Strategy (MTFS) up-date presented to Finance and Assets Committee on the 24th September 2020.

The Council's up-dated MTFS report as mentioned above, also discusses the forecast position for 2021/22 and future years. The assessments carried out in preparation for this considered the potential for impacts on key areas of income and expenditure continuing into 2021/22. The report should be referred to in conjunction with this note, and covers areas such as:

- Deficits on the Collection Funds in 2020/21 that would need to be funded in later years.
- The implications of a decline in Business Rate income.

- Changing the assumptions around growth in the Council Tax base, due to reductions in the building of new properties and increased eligibility of residents to the Council Tax Reduction Scheme.

The Strategy shows that the impact is affordable in 2021/22 by an increased use of the Surplus Savings Reserve. The figures suggest that £1.7 million of the Surplus Saving Reserve will be rolled into 2022/23, so even if the situation proved worse than my prudent forecast, the Council still has a significant amount of additional coverage in order to balance 2021/22.

This gives the Council some time to focus on recovery and hopefully get more certainty around funding (in relation to tax base and on-going Central Government funding) before embarking on a strategy to achieve a balanced budget for the forthcoming MTFS period. It should be noted that the modelling continues to show a zero increase in Council Tax, which will be reviewed during the coming months, so further flexibility could be obtained from this source if members decided upon such a strategy.

It is therefore the case that there is significant headroom within the General Fund to absorb the estimated financial impact of Covid-19 in the short to medium-term. Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

Cashflow

The Council has also considered its cashflow forecast for the coming period. The Council is not expecting any specific, significant cash outflows during the next twelve months, and as such, the level of cash reserves held is expected to remain adequate, and there is considered minimal chance that the Council will need to borrow externally.

Loan to East Cambs Trading Company (ECTC)

The Council has agreed to provide a further loan facility to ECTC from 31st March 2021, when the initial loans granted to the Company will be repaid. In approving these new loan facilities the Council has reviewed the on-going finances of ECTC and formed the opinion that the revised business plan for the Company is robust. This is also the opinion arrived at by Cambridgeshire and Peterborough Combined Authority who have extended the payback period for the loans they have awarded to ECTC. And, further Price Bailey, ECTC's external auditors, have made reference to, but provided an unmodified opinion, based on the Company's going concern disclosure statement detailed in its 2019/20 accounts.

On this basis, the Council believes that the initial loans will be repaid in March 2021 and then the new loan facilities repaid in line with the agreements for these loans.

Ian Smith
Finance Manager & Section 151 Officer
East Cambridgeshire District Council

Collection Fund

2018/19			2019/20		
Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000	Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000
Income					
	(51,397)	(51,397)		(54,738)	(54,738)
(21,355)		(21,355)	(21,538)		(21,538)
(1,146)		(1,146)	(526)		(526)
(22,501)	(51,397)	(73,898)	(22,064)	(54,738)	(76,802)
Expenditure					
Repay Previous Years Surplus					
165		165	308		308
132	92	224	247	82	329
30	526	556	56	481	537
	83	83		77	77
3	30	33	6	26	32
330	731	1,061	617	666	1,283
Precepts and Demands					
10,189		10,189	10,259		10,259
8,178	6,273	14,451	8,233	6,480	14,713
1,840	36,570	38,409	1,853	38,995	40,848
	5,814	5,814		6,617	6,617
205	2,011	2,216	206	2,103	2,309
20,412	50,668	71,080	20,551	54,195	74,746
Charges to Collection Fund					
(79)	(93)	(172)	(141)	(324)	(465)
35	208	243	63	154	217
797		797	995		995
95		95	95		95
841		841	634		634
33		33	139		139
1,722	115	1,837	1,785	(170)	1,615
22,464	51,514	73,9787	22,953	54,691	77,644
(Increase) / Decrease in Collection Fund Balance					
(37)	117	80	889	(47)	842
Fund Balance - (Surplus) / Deficit at 1 April					
(817)	(877)	(1,694)	(854)	(760)	(1,614)
Fund Balance - (Surplus) / Deficit at 31 March					
(854)	(760)	(1,614)	35	(807)	(772)

Notes to the Collection Fund

1. Purpose of Fund

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

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

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

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

2. Council Tax

Tax Base at 31 March 2020					
Tax Band	Properties	Exemptions & Discounts	Chargeable Dwellings	Band D Multiplier	Band D equivalent
A	4,743	(1,686)	3,057	6/9	2,038
B	11,165	(2,419)	8,746	7/9	6,802
C	7,770	(1,004)	6,766	8/9	6,014
D	6,927	(684)	6,243	9/9	6,243
E	4,583	(385)	4,198	11/9	5,131
F	2,151	(153)	1,998	13/9	2,886
G	734	(56)	678	15/9	1,131
H	87	(13)	74	18/9	148
Total	38,160	(6,400)	31,760		30,393

Council Tax charge per band D property for 2019/20 £1,823.53

Council Tax charge per band D property for 2018/19 £1,731.68.

3. Non Domestic Rates (NNDR)

The standard business rate multiplier set by the Government for 2019/20 was 50.4p (2018/19 49.3p). The small business multiplier, for business with a rateable value of under £18,000 was 49.1p (2018/19 48.0p)

Total rateable value at 31 March 2020 £58.029 million.

Total rateable value at 31 March 2019 £57.607 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

Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
31 Mar 19	31 Mar 19	31 Mar 19		31 Mar 20	31 Mar 20	31 Mar 20
£'000	£'000	£'000		£'000	£'000	£'000
3,074	965	4,039	Cash held by ECDC	2,962	903	3,865
970	2,694	3,664	Debtors	755	2,633	3,388
(601)	(1,365)	(1,966)	Receipts in Advance	(247)	(1,365)	(1,612)
(286)	(1,535)	(1,821)	Impairment Provision	(208)	(1,364)	(1,572)
(2,302)	0	(2,302)	Appeals Provision	(3,297)	0	(3,297)
(855)	(759)	(1,614)	Fund Surplus	35	(807)	(772)
0	(0)	0	TOTAL	0	0	0

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

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

Non Domestic Rates 31 Mar 19 £'000	Council Tax 31 Mar 19 £'000	TOTAL 31 Mar 19 £'000		Non Domestic Rates 31 Mar 20 £'000	Council Tax 31 Mar 20 £'000	TOTAL 31 Mar 20 £'000
388	341	729	Debtors	302	312	614
(240)	(173)	(413)	Receipts in Advance	(99)	(162)	(261)
(114)	(194)	(308)	Impairment Provision	(83)	(162)	(245)
(921)	0	(921)	Appeals Provision	(1,319)	0	(1,319)
(308)	(845)	(1,153)	Creditors - Local Government	(296)	(795)	(1,091)
(1,537)	0	(1,537)	Creditors - Central Government	(1,481)	0	(1,481)
(342)	(94)	(436)	Fund Surplus to Collection Fund Adjustment Account	14	(96)	(82)
(3,074)	(965)	(4,039)	TOTAL	(2,962)	(903)	(3,865)

7. Collection Fund Adjustment Reserve

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

2018/19 £'000	Collection Fund Adjustment Account	2019/20 £'000
455	Opening Balance	945
490	Movement in Year	(863)
945	Closing Balance	82
94	Council Tax	96
342	Non Domestic Rates - Core	(14)
509	Non Domestic Rates - Renewable Energy	0

GROUP Comprehensive Income & Expenditure Account

2018/19				2019/20		
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
29,073	(23,572)	5,501	Finance & Assets	28,580	(23,227)	5,353
16,056	(12,752)	3,304	Operational Services	12,635	(9,669)	2,966
45,129	(36,324)	8,805	Cost of Services	41,215	(32,896)	8,319
2,568	0	2,568	Other Operating Costs	2,747	(8)	2,739
612	(59)	553	Financing & Investment Items	660	(98)	562
0	(11,430)	(11,430)	Taxation & Grant Income	0	(11,744)	(11,744)
48,309	(47,813)	496	Net Surplus/Deficit on provision of services	44,622	(44,746)	(124)
	2,053	2,053	Other comprehensive income & expenditure		(8,898)	(8,898)
48,309	(45,760)	2,549	TOTAL	44,622	(53,644)	(9,022)

GROUP Movement in Reserves Statement

2018/19				Council	2019/20		
Opening Balance	Adjusts between Account basis and fund basis	Other income & Expenditure	Closing Balance		Adjusts between Account basis and fund basis	Other income & Expenditure	Closing Balance
£'000	£'000	£'000	£'000		£'000	£'000	£'000
11,863	284	(1,039)	11,108	General Fund	969	124	12,131
768	593		1,361	Capital Receipts Reserve	23		1,384
0	0		0	Capital Grants Unapplied	0		0
12,631	877	(1,039)	12,469	Total Useable	992	124	13,514
17,482	647		18,129	Capital Adjustments Account	1,386		19,515
7,483	(79)	1,441	8,845	Revaluation Reserve	(102)	2,026	10,769
(21,007)	(1,444)	(3,494)	(25,946)	Other Unusable	(2,276)	6,872	(21,351)
3,958	(877)	(2,053)	1,028	Total Unusable	(992)	8,898	8,983
16,589	0	(3,092)	13,497	TOTAL	0	9,022	22,448

Group Balance Sheet

Group 31 March 2019 £'000		Group 31 March 2020 £'000
36,618	Property, Plant and Equipment	37,504
105	Heritage Assets	105
59	Intangible Assets	44
0	Investments in Subsidiaries	0
349	Long Term Debtors	308
37,131	LONG TERM ASSETS	37,961
	Short Term Investments	
3,022	Inventories	30,234
1,788	Short Term Debtors	3,134
7,492	Cash and Cash Equivalents	11,245
12,302	CURRENT ASSETS	44,613
	Cash and Cash Equivalents	
(5,422)	Short Term Creditors	(8,357)
(1,102)	Provisions	(1,449)
0	Borrowings	(3,614)
0	Lease Liability	0
(6,524)	CURRENT LIABILITIES	(13,420)
(2,393)	Capital Grants Received in Advance	(2,267)
	Long Term Borrowing	(22,814)
	Lease Liability	0
(27,088)	Net Pensions Liability	(21,634)
(29,481)	LONG TERM LIABILITIES	(46,715)
13,428	NET ASSETS	22,439
	FINANCED BY:	
12,400	USABLE RESERVES	13,506
1,028	UNUSABLE RESERVES	8,933
13,428	TOTAL RESERVES	22,439

Ian Smith - CPFA
Section 151 Officer

Group Cash Flow Statement

Council		Council
31 March 2019		31 March 2020
£'000		£'000
(360)	Net Surplus / (Deficit) on the Provision of Services – (i)	(25,702)
(60)	Interest receivable	(333)
	Adjustments for Non-cash Items:	
1,256	Depreciation & Amortisation	1,195
0	Impairment	0
1,228	Pension Liability	1,418
227	Change in Inventories	
1,528	Change in Debtors & Creditors	2,047
4,179	Total Adjustments (ii)	4,327
3,820	A- Net Cash Flows from Operating Activities (i)+(ii)	(21,375)
(1,440)	Purchase of Property, Plant & Equipment	(757)
2	Change in Long Term Debtors	496
0	Net (Purchase) of Investments	0
60	Interest Received	333
(1,378)	B- Investing Activities	72
(172)	Net receipt / (application) of Capital Grants	(125)
614	Change in Collection Fund agencies Debtors & Creditors	(118)
	Loans advanced/repaid	26,028
	Leasing Liabilities	(45)
	Interest Paid	(688)
442	C- Financing Activities	25,052
2,883	Net (decrease) in cash and cash equivalents (A+B+C)	3,749
4,618	Cash and cash equivalents at the beginning of the reporting period	7,501
7,501	Cash and cash equivalents at the end of the reporting period	11,250

Notes to Group Accounts

The Council has three Trading Companies East Cambridgeshire Business Centres Limited, 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 2019 £'000	In Year Movement 2019/20 £'000	31 March 2020 £'000
Surplus Savings Reserve - Profit & Loss Account	679	(1,175)	(496)
Revaluation Reserve	130	(130)	0
Total Company Reserves portion of Group Balance Sheet	809	(1,305)	(496)
Represented by:			
East Cambs Trading Company Profit & Loss	663	(1,165)	(502)
East Cambs Street Scene Profit & Loss	1	5	6
East Cambs Business Centres Profit & Loss	15	(15)	0
East Cambs Business Centres Revaluation Reserve	130	(130)	0

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	121	32	30,342	30,495
Company Share - Capital Council Investment	0	0	0	0
Long Term Debtor/Creditor	(4,220)	0	4,220	0
Debtors & Cash	365	346	(197)	514
Inventories	30,342	28	(30,342)	28
Creditors	(742)	(400)	295	(847)
Borrowings	(26,428)		(4,220)	(30,648)
Lease Liability				
Long Term lease liability				
TOTAL ASSETS NET OF COUNCIL SHARE	(562)	6	98	(458)

East Cambs Trading Company and East Cambs Street Scene report leases under IFRS16 for 2019/20 but for group consolidation this has been rolled back to IAS17

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 1st 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

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