

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2020/21

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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 2020/21 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2021.

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 2020/21.
- The Financial Statements
- Technical information

Commentary and Review of 2020/21

Review of the Year

2020/21 has been another challenging year for the Council financially with the reduction of general grant funding from Central Government as austerity measures continue, although cushioned to some extent by the additional funding provided for Covid-19 related expenses. However, our strong Medium Term Financial Strategy (MTFS) etc., has enabled balanced budgets to be set for 2021/22 and 2022/23.

The Council set a net budget for 2020/21 of £8.926 million (2019/20; £8.917 million), a net increase of £0.008 million (0.1%). After the application of the following government grants and collection fund funding:

- Revenue Support Grant of £0.012 million (2019/20; £0.012 million),
- Business Rates Retention scheme (NNDR) of £4.551 million (2019/20; £4.352 million),
- Collection Fund surpluses of £0.072 million (2019/20; £0.329 million)

This left the Council to raise £4.291 million (2019/20; £4.224 million) from Council Tax. This equated to a Council Tax of £142.14 (2019/20; £142.14) for a Band D equivalent property, freezing the Council Tax for the seventh year in a row.

Review and Commentary on the Council's services and performance during 2020/21

Within the Corporate Plan 2020-2023, there are 5 priority areas;

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

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

Sound Financial Management**Keep Council Tax and fees low; keep delivering great services**

Council Tax was frozen for 2020/21 and the Council 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.

Ensure developer contributions are used effectively to maximise community benefit

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

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.

Continue service reviews to minimise bureaucracy, duplication and increase efficiency

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

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

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

Improve the East Cambs Strategic Cycle / Footpath Network

The Council is currently developing 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 continues to work 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, a segregated pedestrian / cycle crossing near the BP roundabout and junction improvements

The Council continues to make representations to the Combined Authority.

Support Soham Railway Station – phase 1 delivery beginning September 2020

Work on phase 1 has commenced.

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 is reviewing this commitment in light of the COVID-19 pandemic.

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

In 2020/21 the CLT development in Haddenham welcomed its first occupants. The Council provided a start-up grant for Little Thetford CLT to become incorporated and begin work with the community.

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.

Deliver new homes at the Princess of Wales (PoW) site in Ely – with the CLT homes being reserved for local working people

The Council and an external lender have approved loans to East Cambs CLT to enable the delivery of 15 shared ownership units.

Begin delivery of Kennett Garden Village

ECTC continue to develop a model to secure the benefits of the Kennett development for the local community and the Council.

Work with the Combined Authority to deliver £100k homes

The Council has worked with the Combined Authority and has secured £100k homes at Alexander House, Ely. The Council has also secured £100k Homes at the Former Paradise Pools site, Ely.

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

During 2020/21 the Council adopted the Climate Change SPD, the Custom & Self Build SPD and the Natural Environment SPD.

Cleaner, Greener East Cambridgeshire**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 adopted Supplementary Planning Guidance for the Natural Environment.

Expand Ely Country Park

The Council has set aside funds from the Community Infrastructure Levy to pay for the expansion of Ely Country Park in future years.

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

The Council has achieved 15 of the pledges in the action plan and has made significant progress on the remaining 5 which have been carried forward to the new 2021/22 action plan.

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

The Council continue to positively engage in the FPA.

Social & Community Infrastructure**Continue to run a great homelessness prevention service**

The Council successfully launched the Housing and Community Advice Service and achieved the Housing Gold Standard. The Council has not placed anyone in Bed and Breakfast Accommodation in 2020/21.

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 granted outline planning permission for the redevelopment of the Princess of Wales Hospital in Ely.

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

The Combined Authority has approved funding bids that benefit Ely and Soham. The Council has submitted a bid for Littleport which will be considered together with further bids for Ely and Soham during 2021/22.

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 COVID-19 recovery. The Council was successful in securing funding on behalf of seven community leisure providers across the district from the National Leisure Recovery Fund.

Develop and deliver a post COVID19 recovery plan with an emphasis on rejuvenating the District's economy, businesses and tourism

During 2020/21 the Council set up a Member Working Party which fed in to the recovery plan led Director Operations. The Council has successfully secured in excess of £825,000 from the Community Fund (administered by Cambridgeshire County Council) which is used solely for the benefit of the residents of East Cambridgeshire.

Work with delivery partners to secure superfast broadband for our District

The Council continue to engage with partners to explore the potential for improved broadband provision for the district.

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

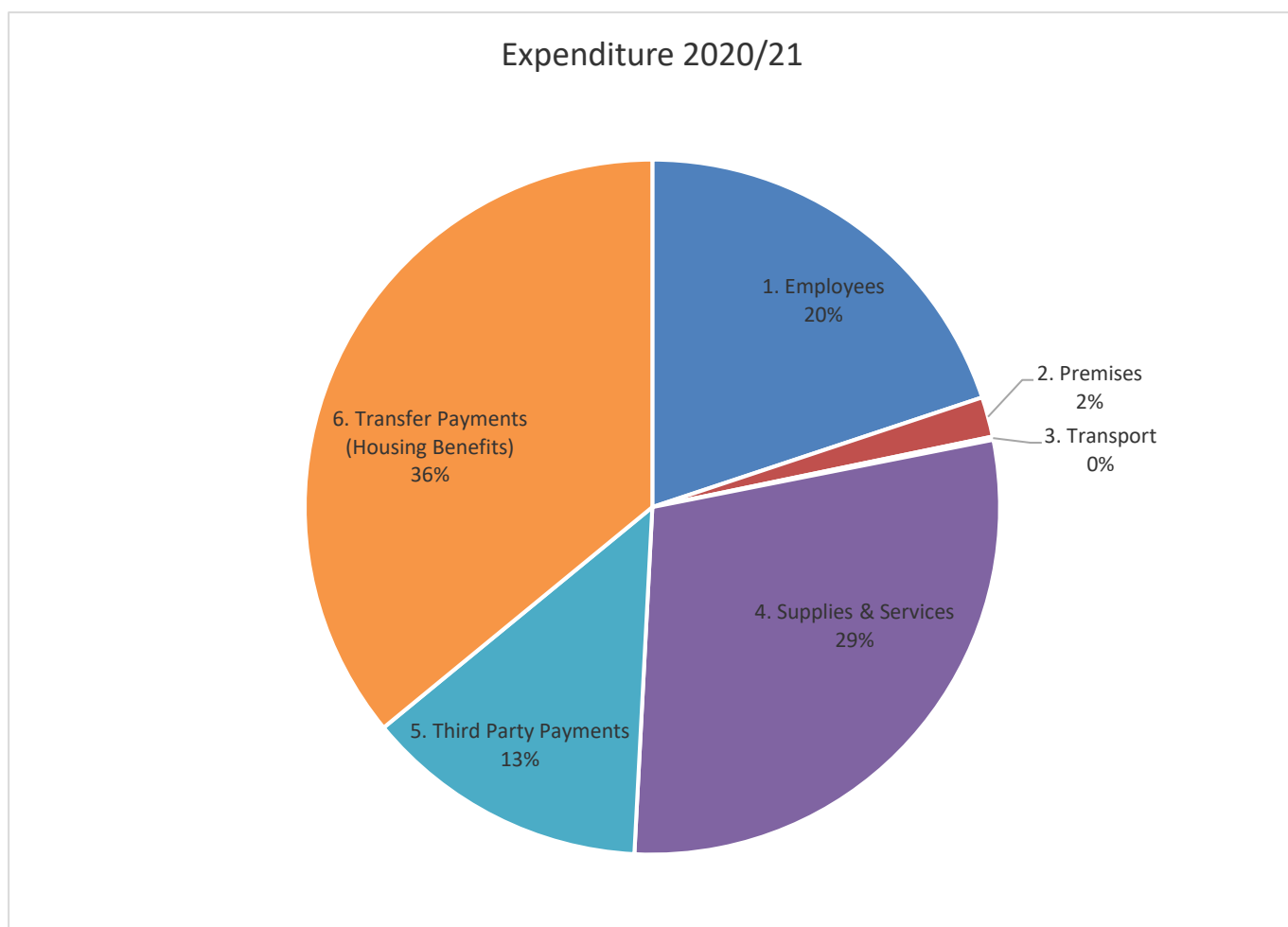
The Table below sets out the Council's budget for 2020/21 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	2020/21		
	Budget	Outturn	Variance
	£000	£000	£000
Service			
Finance & Assets	5,021	3,947	(1,074)
Operational Services	5,651	5,745	94
Service Net Revenue Expenditure	10,672	9,692	(980)
Land Drainage	502	495	(7)
Parish Precepts	2,470	2,470	0
Total Net Revenue Expenditure	13,644	12,657	(987)
Financing			
Council Tax	(6,820)	(6,820)	0
Non Domestic Rates	(4,455)	(5,194)	(739)
Revenue Support Grant	(12)	(12)	0
Other Government Grants	(965)	(1,405)	(440)
Budget - draw from Surplus Savings Reserve	(1,392)	(1,392)	0
Total Financing	(13,644)	(14,823)	(1,179)
Transfer to Surplus Savings Reserve			(2,166)
Net (Increase)/Decrease in Earmarked Reserves			8,502
Total Reported General Fund Movements			6,336
Adjustment between funding & accounting basis			(6,654)
Reported (Surplus) upon Services in Income & Expenditure Account			(317)

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 22nd July 2021. Reasons for yearend variances can be found in this report, for both revenue and capital.

Analysis of Revenue Expenditure

The Council spent £38.126 million in 2020/21 and the chart below shows the type of expenditure this was spent on.



Balance Sheet Summary and Capital Outturn

Reserves

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

Usable Reserves 2020/21	Brought Forward £'000	Contributions		Carried Forward £'000
		To £'000	From £'000	
General Fund	1,046	0	0	1,046
Surplus Savings & Earmarked	11,798	7,746	(1,411)	18,132
TOTAL GENERAL FUND	12,844	7,746	(1,411)	19,178
Capital Receipts Reserve	1,385	474	(387)	1,472
Capital Grants Unapplied	0	563	(503)	60
Total Usable Reserves	14,229	8,785	(2,304)	20,710

Capital Spending

The final capital budget for 2020/21 was £11.871 million and the table below shows the movement from the original capital programme approved in February 2020.

Capital Programme	£'000	£'000
Original Approved Capital Programme 2020/21	3,593	
Approved slippage from 2019/20	3,296	
Approved Additions	4,982	
Updated Capital Programme for 2020/21		11,871
Capital outturn		7,159
Underspend against revised budget		4,712

Spend in 2020/21 was as shown below:

2019/20 £'000	Capital Spending	2020/21 £'000
0.0	Vehicle Replacement Programme	110.9
1040.2	Housing Grants	555.0
1,300.0	Loan to subsidiary company	6150.0
0.0	Ely Moorings	293.6
10.1	IT Projects	1.3
13.4	Wheelie Bins	48.5
2,363.7	Gross Expenditure	7,159.3
	Funded From	
523.7	Capital Receipts Reserve Applied	387.3
540.0	Grants	503.0
1,832.0	CIL Earmarked Reserve Contribution	969.7
(532.0)	Internal Borrowing Contributions	5180.4
	Section 106	118.9
0.0	Other Revenue Contributions	0.0
2,363.7		7159.3

Treasury Management

East Cambridgeshire District Council was in cash surplus during the whole of the 2020/21 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 2021/22 to 2024/25. The 2020/21 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, shows the budgets for 2021/22 and 2022/23 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 (£4,143,095 in 2023/24 and £4,117,856 in 2024/25). 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 2021) include:

- Government funding through Revenue Support Grant and Rural Services Grant end in 2021/22;
- New Homes Bonus (NHB) remains part of the overall funding package from Government for the next two 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;
- Inflation on staff pay is included at 2% in all future years;
- 2% inflation is added to the Waste contract on an annual basis, however additional budget is provided from 2022/23 when new recycling vehicles (purchased in 2021/22) will start being charged to ECSS. (This cost increase would have occurred regardless of whom is undertaking the contract at this point);
- Council Tax will increase by £5 per year from 2022/23;
- The new loans to ECTC are planned to be repaid in 2023, the interest received by the Council on these loans will therefore stop at this point. The loan repayments will be used to reduce / prevent the Council needing to borrow externally, therefore reducing costs, albeit not to the magnitude that income will be lost;
- 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. (While noting that no dividends are budgeted for, it

should not be forgotten that the Council continues to get significant benefits from ECTC, with interest being paid on the loans provided at a rate far higher than available from its investments, the recharge of management and support services costs to the Company (forecast to be £85,835 in 2021/22), the hire of the Market Place and part of the depot, as well as Capital Receipts, Section 106 contributions and eventually additional Council Tax receipts from the properties developed.)

Covid Impact Statement

The Covid-19 pandemic had a major impact on the Council, both generally and specifically in this regard, on its finances. The initial financial impact, saw an increase in costs and reduced fees and charges during 2020/21 and continuing into 2021/22. Reduced expectations for Council Tax and Business Rate receipts were built into the 2021/22, with the view being that these may remain lower than in the previous year's budget for some time into the future, depending on the long term implications for businesses and the employment that they generate.

The most significant impact in 2020/21 was the loss of income from leisure facilities, car parking, 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 from home.

The Council has received Government funding towards the additional costs and reduced income, both in relation to a non-ringfenced grant and an income compensation scheme. At this point, it appears that the additional funding awarded has more than adequately compensated the Council for its additional net costs, but the final financial impact will depend on how quickly services are able to return to something near pre Covid-19 operating levels.

Over the past months, since the budget and MTFs were approved, officers have reviewed and up-dated the Medium Term Financial Strategy, taking into account the 2020/21 final outturn, the on-going financial impact of Covid-19 and other decisions made by the Council. An update was presented to Finance and Assets Committee for information on the 23rd September 2021. This also reported that Council Tax levels had not dropped as significantly as forecast in the 2021/22 budget, which provided an upside for future years. Further work will continue until the budget will finally put to Full Council for approval in February 2022.

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 2020/21 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 2020/21 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 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 2021 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 20 £'000		31 Mar 21 £'000
42,028	Long Term Assets	43,945
14,191	Current Assets	24,669
(9,156)	Current Liabilities	(14,978)
(23,901)	Long Term Liabilities	(33,140)
23,162	Net Assets	20,496
14,229	Useable Reserves	20,709
8,933	Unusable Reserves	(213)
23,162	Total Reserves	20,496

The Council's Balance Sheet has moved from a position at 31st March 2020 of £23.162 million to £20,496 million at 31 March 2021. The principle reasons for this movement of £2,666 million is largely attributable to the actuarial loss 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 2021
	£'000
Operating activities	6,605
Investing activities	(172)
Financing activities	(3,703)
Net Increase or Decrease in cash and cash equivalents	2,730
Cash and cash equivalents	
At the beginning of the reporting period	10,952
At the end of the reporting period	13,682

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 2020/21 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 2020/21 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 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 2020/21.

Statement of Accounting Policies

The accounting policies applicable to the 2020/21 Statement of Accounts are the same as those that were applied to the 2019/20.

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 2020/21.

Ian Smith - CPFA

Finance Manager & Section 151 Officer

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

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Ernst & Young LLP (Local Auditor)

Cambridge

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 2021 and its income and expenditure for the year ended 31 March 2021

Ian Smith - CPFA

Finance Manager & Section 151 Officer

Audit Committee Certificate for the Approval of the Accounts

COUNCIL Comprehensive Income and Expenditure Statement

2019/20			2020/21			
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
24,643	(19,766)	4,877	Finance & Assets	33,230	(29,953)	3,277
11,472	(8,500)	2,972	Operational Services	11,011	(7,731)	3,280
36,115	(28,266)	7,849	Cost of Services 8	44,241	(37,684)	6,557
2,255	0	2,255	Parish Council Precepts	2,470	0	2,470
492	0	492	Internal Drainage Board	495	0	495
0	(8)	(8)	Interest on soft Loans	0	(8)	(8)
0	0	0	Loss/(Gain) on disposal of non-current assets	0	0	0
2,747	(8)	2,739	Other Operating Expenditure	2,965	(8)	2,957
0	(333)	(333)	Interest Receivable & Investment Income	0	(282)	(282)
660	0	660	Net Interest on the net Pension Liability	498	0	498
660	(333)	327	Financing & Investment Income & Expenditure 21	498	(282)	216
0	(6,564)	(6,564)	Council Tax Income	0	(6,776)	(6,776)
0	(4,434)	(4,434)	Non Domestic Rates income & Expenditure	0	(1,769)	(1,769)
0	(746)	(746)	Non Ring Fenced Government Grants 8	0	(868)	(868)
0	(11,744)	(11,744)	TAXATION & NON SPECIFIC GRANT INCOME	0	(9,413)	(9,413)
39,522	(40,351)	(829)	(Surplus)/Deficit on Provision of services 8	47,704	(47,387)	317
0	(2,026)	(2,026)	(Surplus) or deficit in the revaluation of non-current assets	0	(2,054)	(2,054)
0	(6,872)	(6,872)	Actuarial losses (Gains) on pension assets & liabilities 21	0	7,431	7,431
0	(8,898)	(8,898)	Other comprehensive income & expenditure	0	5,377	5,377
39,522	(49,249)	(9,727)	TOTAL COMPREHENSIVE INCOME & EXPENDITURE	47,704	(42,010)	5,694

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	CI&E
Adjustments between Accounting Basis and funding basis		969	1,307	(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				0	10 & 11
TOTAL USEABLE RESERVES	12,410	1,798	23				14,229	
Capital Adjustment Account	18,129		1,386				19,515	11
Revaluation Reserve	8,845		(102)		2026		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		1,282	(2,274)	2,026	6,872	8,934	
TOTAL RESERVES	13,438	1,798	1,306	(2,274)	2,026	6,872	23,163	Bal Sheet

Adjustments between Accounting Base and Funding Base			1,306	(2,274)			(968)	11	
Total Movement in Reserves		1,798	1,306	(2,274)	2,026	6,872	9,728	CI&E	

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

2020/21	Opening Balance Restated	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		(317)					(317)	CI&E
Adjustments between Accounting Basis and funding basis		6,651	875	(4,583)			2,945	11
General Fund	12,844	6,334					19,177	9
Capital Receipts Reserve	1,385		87				1,472	10 & 11
Capital Grants Unapplied	0		60				60	10 & 11
TOTAL USEABLE RESERVES	14,229	6,334	147	0	0	0	20,709	
Capital Adjustment Account	19,515		607				20,122	11
Revaluation Reserve	10,769		121		2,054		12,944	12
Deferred Capital Receipts Reserve	380						380	11
Financial Instrument Adjustment Reserve	(96)			8			(88)	
Pensions Reserve*	(21,551)			(799)		(7,431)	(29,781)	21
Collection Fund Adjustment Reserve	81			(3,606)			(3,525)	
Accumulated Absences Reserve	(81)			(185)			(266)	
TOTAL UNUSEABLE RESERVES	9,017	0	728	(4,583)	2,054	(7,431)	(213)	
TOTAL RESERVES	23,246	6,334	875	(4,583)	2,054	(7,431)	20,496	Bal Sheet

*Pensions Reserve restated for Prior Year past service costs

Adjustments between Accounting Base and Funding Base			875	(4,583)			(3,704)	11
Total Movement in Reserves		6,334	875	(4,583)	2,054	(7,431)	(2,741)	CI&E

Balance Sheet

31 Mar 20 £'000		Note	31 Mar 21 £'000
	LONG TERM ASSETS		
37,351	Property, Plant and Equipment	12	38,595
105	Heritage Assets	14	105
44	Intangible Assets		30
0	Investments in Subsidiaries		0
4,528	Long Term Debtors	16	5,215
42,028	TOTAL LONG TERM ASSETS		43,945
	CURRENT ASSETS		
	Investments (Short Term)		5,000
	Assets Held for Sale	12	165
3,207	Short Term Debtors	17	5,783
32	Inventories		39
10,952	Cash and Cash Equivalents	18	13,682
14,191	TOTAL CURRENT ASSETS		24,669
56,219	TOTAL ASSETS		68,614
	CURRENT LIABILITIES		
(7,707)	Short Term Creditors & Receipts in Advance	19	(12,802)
(1,449)	Provisions	20	(2,176)
(9,156)	TOTAL CURRENT LIABILITIES		(14,978)
5,035	TOTAL CURRENT ASSETS/LIABILITIES		9,691
47,063	TOTAL ASSETS LESS CURRENT LIABILITIES		53,636
(2,267)	Capital Grants Received in Advance	21	(3,359)
(21,634)	Net Pensions Liability		(29,781)
(23,901)			(33,140)
23,162	NET ASSETS		20,496
	FINANCED BY:		
14,229	USABLE RESERVES		20,709
8,933	UNUSABLE RESERVES		(213)
23,162	TOTAL RESERVES		20,496

Ian Smith – CPFA

Finance Manager & Section 151 Officer

23rd July 2021

Cash Flow Statement

Council 31 March 2020 £'000		Council 31 March 2021 £'000
829	Net Surplus/(Deficit) on the Provision of Services	(317)
	Adjustments for Non-cash items:	
(333)	Interest Receivable	(282)
1,195	Depreciation & Amortisation, Impairment	958
1,418	Pension Liability	799
2,106	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	5,447
4,386	Total Adjustments	6,922
5,215	Net Cash Flows from Operating Activities	6,605
(701)	Purchase of PPE & Intangibles	(454)
496	Change in Long Term Debtors	0
0	Net (purchase) of Investments	0
333	Interest Received	282
128	Investing Activities	(172)
(125)	Net Receipt/(application) of Capital Grants	1,091
(118)	Change in Collection Fund agencies, Debtors & Creditors	(4,794)
(243)	Financing Activities	(3,703)
5,100	Net increase (decrease) in cash and cash equivalents	2,730
5,852	Cash and cash equivalents at the beginning of the reporting period	10,952
10,952	Cash and cash equivalents at the end of the reporting period	13,682

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.'

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)

2020/21	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Finance & Assets	(2,212)	6,277	4,065	(1,089)	301	3,277
Operational Services	2,669	57	2,726	554		3,280
NET COST OF SERVICES	457	6,334	6,791	(535)	301	6,558
Other Operating Expenditure plus Taxation & Grant Income	(10,102)		(10,102)	(420)	4,282	(6,240)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(9,645)	6,334	(3,311)	(954)	4,583	317
Other Comprehensive I&E				(2,054)	7,431	5,377
TOTAL	(9,645)	6,334	(3,311)	(3,008)	12,014	5,694

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 2020/21 financial statements in respect of accounting changes that are introduced in the 2021/22 Code are:

- (1) Amendments to IFRS 3 Business Combinations: Definition of a Business;
- (2) Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform; and
- (3) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2.

These standards are adopted with effect from 1 April 2021,

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 2020/21, 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 2020/21 for Land and Buildings (NBV) is £35.514 million (2019/20; Land and Buildings (NBV) is £33.247 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 £29,781 million for 2020/21; this has increased by £8.147 million since 2019/20. 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 2021. An estimated provision of £4.904 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 £1.962 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 2021 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 £0.355 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 £7.599 million. • 0.5% increase in the salary increase rate would result in an increase in pension liability of £0.543 million. • 0.5% increase in the pension increase rate would result in an increase in pension liability of £6.911 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 £0.490 million for the Collection Fund of which £0.196 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 2020/21 no such items of income or expenditure were incurred (2019/20 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 22nd November 2021

With regard to 2020/21:

- Adjusting Events**
 The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2021.
- Non-Adjusting Events**
 The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2021.

Note 8 Expenditure & Income by Nature

2019/20	2019/20	2019/20		2020/21	2020/21	2020/21
General Fund	Other Reserves	Total		General Fund	Other Reserves	Total
7,572	758	8,330	Employees *	7,585	301	7,886
29,138	(2,376)	26,762	Other Service Expenses *	36,486	(1,089)	35,398
(43)	1,064	1,021	Depreciation, Amortisation & Impairment *	0	958	958
(1,026)	1,026	0	REFCUS*	(554)	554	0
	660	660	Interest payable		498	498
493	(493)	0	Statutory Minimum Provision	420	(420)	0
2,747	0	2,747	Precept Payments	2,965	0	2,965
38,881	639	39,520	TOTAL EXPENDITURE	46,902	802	47,704
(21,082)	(527)	(21,609)	Government Grants (Services)*	(31,717)	(503)	(32,220)
(746)	0	(746)	Government Grants (Central)	(808)	(60)	(868)
(6,657)	0	(6,657)	Sales Fees & Charges *	(5,464)	0	(5,464)
(333)	(8)	(341)	Interest Receivable	(467)	177	(290)
(6,563)	(2)	(6,565)	Council Tax	(6,821)	45	(6,776)
(5,298)	865	(4,433)	Business Rates	(5,330)	3,561	(1,769)
(40,679)	328	(40,351)	TOTAL INCOME	(50,607)	3,220	(47,387)
(1,798)	969	(829)	NET EXPENDITURE	(3,705)	4,022	317
7,902	(55)	7,847	COST OF SERVICES *	6,336	221	6,558

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

Note 8a. Grant Income

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

2019/20		2020/21
£000		£000
	Credited to non-specific income	
(12)	Revenue Support Grant	(12)
(573)	New Homes Bonus	(695)
(161)	Rural Services Grant	(162)
(746)	TOTAL	(869)
	Credited to services	
	Covid Grants	
0	SFC Grants	(619)
0	Covid-19 Emergency unringfenced funding	(1,160)
0	Council Tax Hardship Fund	(429)
0	Business Rates S31 Grant	(7,162)
0	Additional Restrictions Grant	(2,595)
0	Compliance and Enforcement grant	(35)
0	Reopening High Street Safely fund	(22)
0	Test & Trace Isolate	(27)
0	Residents Support	(55)
0	Taxi Support	(7)
0		(12,111)
(15,283)	Benefits	(13,647)
(235)	Section 106	(109)
(590)	Disabled Facilities	(0)
(4,953)	Community Infrastructure Levy	(4,828)
(131)	Homelessness	(797)
(187)	Collection Costs	(184)
(230)	Other	(544)
(21,609)		(20,109)
(21,609)	TOTAL	(32,220)

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 2019 £'000	Transfers In 19/20 £'000	Transfers Out 19/20 £'000	31 March 2020 £'000	Transfers In 20/21 £'000	Transfers Out 20/21 £'000	31 March 2021 £'000
General Fund Core and Surplus Savings	7,245	2,357	(1,539)	8,063	2,210	(1,347)	8,927
Community Infrastructure Levy	1,958	3,470	(1,982)	3,446	2,004	0	5,450
Enterprise Zone NNDR	76	287	(109)	254	136	0	390
New Homes Bonus	578	0	(533)	45	0	(45)	0
Change Management	384	0	(47)	337	12	0	349
Affordable Housing	294	52	0	346	66	0	413
Asset Management	27	0	(27)	0	0	0	0
Vehicle Replacements	89	0	0	89	0	0	89
Housing	86	5	0	91	0	0	91
Building Control	23	0	0	23	0	0	23
Community Land Trusts	99	1	0	100	0	0	100
Leisure Centre	0	0	0	0	88	0	88
Business Rates S31	0	0	0	0	3,106	0	3,106
Other Earmarked	189	44	(183)	50	123	(21)	153
Total Earmarked	3,803	3,859	(2,881)	4,781	5,536	(66)	10,251
TOTAL	11,048	6,216	(4,420)	12,844	7,746	(1,411)	19,178

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 2021 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 2021 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 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	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						
Revaluation	(23)		(1,386)	102	3	(1,304)
TOTAL RESERVES MOVEMENT				(2,026)		(2,026)

Note 11.

Capital Movements in 2020/21	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts Reserve	Capital Outturn for the year TOTAL
Transfers between reserves	387		(387)			0
GF Contributions to Capital			(1,089)			(1,089)
Capital Grants Receipts		(60)	(503)			(563)
Revenue expenditure funded from capital under statute			554			554
Deferred Capital Receipts	(473)					(473)
Repayment of Soft Loans	(2)					(2)
Mortgages	(1)		1			0
Depreciation			1,247	(122)		1,125
Amortisation			15			15
Impairment			(181)			(181)
Statutory Minimum Provision			(420)			(420)
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	(87)	(60)	(762)	(122)	0	(1,033)
Disposal of Fixed Asset			155			155
Revaluation				(2,054)		(2,054)
TOTAL RESERVES MOVEMENT	(87)	(60)	(607)	(2,176)	0	(2,930)

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

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

2019/20 £'000		2020/21 £'000
(1,304)	Total Capital Items from previous page	(1,033)
660	Net interest on the Pension Liability	498
758	Current & Past Cost Pension Adjustment	301
1,418	Pensions Reserve (see Note 21 for detail)	799
(2)	Change in Council Tax Entitlement	45
356	Change in Business Rates entitlement	3,562
509	Change in renewable Energy NNDR	0
863	Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)	3,607
0	Business Rates Adjustment between years	3,106
(8)	Other Items	177
969	TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION	6,651
829	SURPLUS UPON PROVISION OF SERVICES	(317)
1,798	GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)	6,334

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 2019/20	£'000	Land & Buildings Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Held for Sale £'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

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

Movement of Property, Plant and Equipment 2020/21	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Held for Sale £'000	Total Assets £'000
Cost or valuation						
At 1 April 2020	33,346	7,673	720	877	0	42,616
Transfers	(165)				165	0
Additions in Year	294	159				453
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,596					1,596
Revaluation increases / (decreases) recognised in the CI&ES	144					144
Disposals	(168)					(168)
At 31 March 2021	35,047	7,832	720	877	165	44,641
Accumulated Depreciation & Impairment						
At 1 April 2020	(99)	(5,094)	(72)	0	0	(5,265)
Depreciation Charge in year	(536)	(585)	(4)			(1,125)
Depreciation restated to the Revaluation reserve Upon Revaluation	458					458
Depreciation restated to the Income & Expenditure Account Upon Revaluation	37					37
Adjustment for disposal	13					13
At year end	(127)	(5,679)	(76)	0	0	(5,882)
Balance Sheet Value at year end	34,920	2,153	644	877	165	38,759
Balance Sheet Value at year start	33,247	2,579	648	877	0	37,351

Capital Commitments

At 31 March 2021 the authority had a retention amount of £0.188 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2021/22.

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.

Disclosure Note on Material Uncertainty

The Council believes the valuations are materially correct for 2020/21. Existing Use Value (EUV) properties include The Grange, Business Units and Car parks. Only the commuter car park (value £1,294K) has been affected by the downturn in income due to the coronavirus pandemic and was revalued in 2020-21. While income has reduced in the short-term during the lockdown period, we anticipate that usage will return to previous levels in the medium term as restrictions are removed and therefore the long term valuation (these are long term assets) remains appropriate.

The Business Units have seen little change in income in 2020-21 these have been revalued at the end of the financial year based on income levels received. The Free car parks saw high occupancy during 2020-21.

Depreciated Replacement Cost (DRC) properties include the public conveniences and Oliver Cromwell House.

As a result of Covid-19, RICS guidance has come in & Wilkes Head & Eve have not valued subject to material value uncertainty, except in respect of the Council's Commuter car parks. Therefore the portfolio will be kept under frequent review and that specific market advice is obtained should we wish to affect a disposal.

We have taken advice from our external valuers Wiles Head & Eve and they have confirmed the valuations for 2020/21 can be relied upon.

Revaluation Profile 2020/21	Land and Building £'000	Vehicle s Plant Furnitur e & £'000	Infrastr ucture Assets £'000	Communi ty Assets £'000	Assets Held for Sale £'000	Total £'000
Carried at Historic Cost	0	2,153	644	877	165	3,839
Valued at Fair Value as at:						
31st March 2021	22,624					22,624
31st March 2020	9,580					9,580
31st March 2019	2,716					2,716
Assets below de-minimus						
Total Cost of Valuation	34,920	2,153	644	877	165	38,759

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.

2019/20 £000		2020/21 £000
13,711	Opening Capital Financing Requirement	11,663
	Capital Expenditure	
691	Property, Plant and Equipment	453
1,300	Loan to Subsidiary Company	6,150
10	Intangible Assets	1
1,026	Revenue Expenditure Funded from Capital under Statute	554
3,027	TOTAL CAPITAL EXPENDITURE	7,158
	Sources of Finance	
(509)	Capital receipts	(387)
(527)	Grants and other contributions	(503)
(1,846)	Direct Revenue Financing – Other	(1,089)
(1,700)	Repayment of Loan from Subsidiary Company	(5,470)
(493)	Minimum revenue provision	(420)
(5,075)	TOTAL SOURCES OF FINANCE	(7,869)
11,663	Closing Capital Finance Requirement	10,952

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

2019/20 £'000		2020/21 £'000
4,220	Loan to Trading Companies	4,900
308	Loans to Individuals & Private Sector	315
4,528	Total Financial Instruments definition	5,215

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 2019/20 £000		Council 2020/21 £000
363	Council Taxpayers	408
212	Non-Domestic Rate Payers	302
575	Sub-total Local Taxation	710
424	Trading Company	580
2,421	Sundry Debtors & Accruals	2,148
2,845	Sub-total Financial Instruments definition	2,728
141	Payments in Advance	158
(1,216)	Bad Debt Provisions	(1,393)
3	Housing Act Advances	1
188	Local Govt.	875
8	Central Govt. – Customs & Excise	45
0	Central Govt – Compensation scheme	2,659
663	Central Govt. – DWP	0
3,207	TOTAL	5,783

Note 18. Cash and Cash Equivalents

Council 2019/20 £'000		Council 2020/21 £'000
10,783	Money Market Funds	11,400
169	Bank Account - Operational Cash in Transit	2,282
10,952	Total	13,682

Note 19. Creditors

Council 2019/20 £000		Council 2020/21 £000
(218)	Payroll Creditors	(233)
(96)	Sundry Creditors	(610)
	Covid Grant Creditors	(4,337)
(201)	Trading Company	(119)
(515)	Sub Total Financial Instruments Definition	(5,299)
(1,092)	Local Govt. - Collection Fund Account	(62)
(1,481)	Central Govt. – Collection Fund Account	0
(877)	Other Local Government	(1,047)
(2,958)	Central Govt. – DWP, DCLG	(5,527)
(784)	Receipts in Advance	(867)
(7,707)	TOTAL	(12,802)

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

2019/20 £'000		2020/21 £'000
(98)	Maintenance of Amenity Areas	(151)
(32)	Sports, Recreation & Historic	(64)
(1,319)	Business Rate Appeal	(1,961)
(1,449)	Total	(2,176)

1. Maintenance of Amenity Areas

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

2. Sports, Recreation & Historic Buildings Grants

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

3. NNDR Appeals Provision

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review, a provision for appeals outstanding was estimated to be £4.904 million at the end of 2020/21 of which £1.961 million would have to be met by the Council, and £2.943 million by other Collection Fund participants.

Contingent Liabilities

The Council had no Contingent Liabilities at the 31st March 2021.

Contingent Assets

There were no material contingent assets at the 31st March 2021.

Note 21. Pension Fund Net Long Term Liability & Reserve

31 March 2020 £'000	Gross Liabilities	31 March 2021 £'000
(67,251)	Opening Balances as at 1 April	(57,965)
(1,627)	[I] Interest Cost	(1,337)
11,657	[A] Actuarial losses /(gains) from changes in financial assumptions	(15,709)
(2,186)	[C] Past Service Cost	(1,734)
83*	[C] Current service cost	
(329)	[N] Contributions from scheme participants	(338)
1,609	[N] Benefits paid	1,560
79	[N] Estimated unfunded benefits paid	71
(57,965)	Closing balance at 31 March	(75,452)
*restated		
31 March 2020 £'000	Gross Assets	31 March 2021 £'000
40,163	Opening fair value of scheme assets balance as at 1 April	36,414
967	[I] Interest Income on plan assets	839
(4,785)	[A] Return on assets excluding amounts included in net Interest	8,278
1,349	[C] Contributions by the employer	1,362
79	[C] Contributions for unfunded (Discretionary benefits)	71
329	[N] Contributions by employees into the scheme	338
(1,609)	[N] Benefits paid	(1,560)
(79)	[N] Unfunded (Discretionary benefits)	(71)
36,414	Closing balance at 31 March	45,671
(21,551)	TOTAL NET LIABILITIES	(29,781)
Net Movement		Net Movement
2019/20 £'000		2020/21 £'000
1,428	General Fund Charge - Employer Contributions	1,433
758	[C] Other items to net cost of services	301
660	[I] Interest cost minus return on plan assets to financing income & expenditure	498
2,846	Charge to Surplus/(Deficit) upon Provision of Services	2,232
(6,872)	[A] Actuarial Gains/Losses to other income & expenditure	7,431
(4,026)	Charge to Comprehensive Income & Expenditure Account for the Year	9,663
(1,428)	Less General Fund Charge - Employer Contributions	(1,433)
(5,454)	TOTAL MOVEMENT IN PENSION RESERVE	8,230

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 2020/21 the Council paid an employer's contribution of £1.36 million representing 26.7% of employees' pensionable pay (2019/20 £1.34 million @ 26.8%) 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 £30,347 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 2022 is £1.362 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.

2019/20	County Fund – Main Assumptions	2020/21
2.40%	Rate of increase in salaries	3.35%
1.90%	Rate of increase in pensions	2.85%
2.30%	Rate of discounting scheme liabilities	2.00%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.0 Years	Men	22.2 Years
24.0 Years	Women	24.4 Years
	Longevity at 65 for future pensioners	
22.7 years	Men	23.2 years
25.5 Years	Women	26.2 Years

Local Government Pension Scheme Assets Comprised:

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

31-Mar-20 £'000		31-Mar-21 £'000
550	Cash and cash equivalents	0
	Equity instruments by industry:	
0	Consumer	0
0	Manufacturing	0
0	Energy and utilities	0
0	Financial institutions	0
0	Health and care	0
0	Information technology	0
0	Other	0
0	Sub-total equity	0
	Private equity:	
2,987	All not in active markets	4,251
2,987	Sub-total private equity	4,251
	Other investment funds:	
2,470	Bonds	5,055
22,072	Equity	27,189
1,885	Debt Securities – UK Government	1,843
3,283	Infrastructure	3,832
2,725	Real Estate UK Property	2,785
0	Real Estate Overseas Property	1
0	Real Estate Overseas Property	0
443	Other	714
32,878	Sub-total other investment funds	41,420
36,415	Total Assets	45,671

Sensitivity analysis:

Increase in assumption 31-Mar-20 £'000	Impact on the defined benefit obligation in the Scheme	Increase in assumption 31-Mar-21 £'000
420	Rate of increase in salaries (increase or decrease by 0.5%)	540
5,050	Rate of increase in pensions (increase or decrease by 0.5%)	6,665
5,507	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	7,280

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.

	2019/20 £'000	2020/21 £'000
(Measured at Amortised Cost)		
Investments and Cash & Cash Equivalents		
Investment in subsidiaries		
Short term Investments	0	5,000
Money Market Funds	10,783	11,400
Cash & Cash Equivalents	169	2,282
Total Investments and Cash & Cash Equivalents	10,952	18,682
Debtors	2,845	2,728
Loans & Investments	0	0
TOTAL FINANCIAL ASSETS	13,797	21,411
Long Term		
Loans & Investments	4,528	5,215
Borrowings	0	0
TOTAL BORROWINGS	0	0
(Measured at Amortised Cost)		
Creditors	(515)	(5,299)
Financial Liabilities at amortised cost		
TOTAL CREDITORS	(515)	(5,299)
TOTAL FINANCIAL LIABILITIES	(515)	(5,299)

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 £16.40 million (2019/20; £10.78 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 2021 that this was likely to occur and there are no investments that as at 31 March 2021 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 £681k (£231k in 2019/20) of the £1,584K (£1,265k in 2019/20) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2020 £000	31 March 2021 £000
Less than three months	92	48
Three to six months	10	465
Six months to one year	79	125
More than one year	50	43
Total	231	681

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

Liquidity risk

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

Market risk – Interest Rate Risk

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

Price risk

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

Foreign Exchange Risk

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

IFRS 9 Disclosure

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

Note 24. Acquired and Discontinued Operations

There are no acquired or discontinued operations during 2020/21 (There were also none in 2019/20).

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	2019/20		2020/21	
	Turnover	Surplus/(Loss)	Turnover	Surplus/(Loss)
Business Units	17,681	9,359	94,399	13,289
E Space South	129,798	0	59,183	50,187
E Space North	279,604	175,671	202,126	7,782
Building Control	270,686	77,335	251,737	94,578
Total	697,769	262,365	607,445	165,836

Note 26. Members' Allowances

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

2019/20		2020/21
£		£
216,583	Allowances	232,055
6,487	Expenses	861
223,070		232,916

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.

2019/20				2020/21	
4	50,000	but less than	55,000	4	
1	55,000	but less than	60,000	3	
2	60,000	but less than	65,000	1	
0	65,000	but less than	70,000	2	
1	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	
0	90,000	but less than	95,000	0	
0	95,000	but less than	100,000	0	
1	100,000	but less than	105,000	0	
0	105,000	but less than	110,000	0	
1	110,000	but less than	115,000	1	
0	115,000	but less than	120,000	1	
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	
0	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	
1	165,000	but less than	170,000	0	
0	170,000	but less than	175,000	1	
11				14	

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.

2019/20	Salary including allowances	Additional Payments	Benefits and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	£		£	£	£	£
Chief Executive - John Hill	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	0	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

2020/21	Salary including allowances	Additional Payments	Benefits and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	£		£	£	£	£
Chief Executive - John Hill	172,090	50	8,313	180,453	29,608	210,061
Director Operations	110,284	4,867	853	116,004	19,805	135,809
Director Commercial	110,284			110,284	18,969	129,253
Legal Services Manager	68,623			68,623	11,803	80,426
Finance Manager	68,623		332	68,955	11,803	80,758

Key – 2020/21

Note 1 All staff detailed above were in post throughout the 2020-21 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

2019/20**2020/21**

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		0	0
	0	0	£20,000 to less than £40,000		1	1
	1	1	Total		1	1
		Cost £'000				Cost £'000
		6	£0 to less than £20,000		0	0
		0	£20,000 to less than £40,000		1	33
		6	TOTAL		1	33

Note 28. External Audit Related Costs

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

2019/20		2020/21
£000		£000
50	External Audit	38
	Additional Fees 2019/20	18
14	Grant Claim Certificate	18
64		74

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 2020/21

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020/21 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 2020/21, there was one transaction with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

One Councillor represents The Wildlife Trust BCN – Transactions in year with ECDC were £945 for Ecology & Biodiversity Report. Nil Outstanding at 31/03/2021.

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 £1,396K, Expenditure £957K

East Cambs Street Scene Ltd

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

Income £1,079K Expenditure £3,442K

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:

2019/20 £000		2020/21 £000
327	Public Conveniences, Car Park, Open Space	382

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:

2019/20 £000		2020/21 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
17	Current	20
41	Finance costs payable in future years	17
58	Minimum lease payments	37

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

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

Operating Leases

The Authority has no material operating leases as lessee.

Council as Lessor**Finance leases**

The Council has no finance leases as lessor.

Operating Leases

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

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

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

2019/20 £000		2020/21 £000
0	Not later than 1 year	9
59	Later than 1 year and not later than 5 years	100
827	Later than 5 years	706
886		815

The minimum lease payments receivable includes rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 £0 contingent rents were receivable by the Authority (2019/20 £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 **2020/21** financial year and its position at the year-end of 31 March 2021. 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 **2020/21** and the Service Reporting Code of Practice **2020/21**, 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 accrual's basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. There is a de minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

- Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying value is not materially different from their fair value at the yearend, but as a minimum every four years.

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

- Components

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

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

Impairment

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

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

- Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and

Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

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

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

- Depreciation

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

Depreciation is calculated as follows:

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

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

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

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

Year of depreciation charge

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

➤ **Heritage Assets**

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

➤ **Intangible Assets**

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

➤ **Leases**

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

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

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

- The Council as Lessee

- Finance leases

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

Lease payments are apportioned between:

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

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

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

- Operating leases.

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

- The Council as Lessor

- Finance Leases

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

- Operating Leases.

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

Current Value Measurement (IFRS 13)

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

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

Accounting Policies in respect of Employee Benefits

Benefits payable during employment

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

➤ Termination Benefits

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

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

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

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

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

➤ **Discretionary Benefits**

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

Accounting Policies in respect of Financial Instruments

➤ **FINANCIAL INSTRUMENTS**

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

➤ **Financial Assets**

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

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

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

- **Financial Assets Measured at Amortised Cost**
Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument, are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate

of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principle receivable. The Interest credited to the Comprehensive Income and Expenditure Statement for the loans is the amount receivable for the year in the loan agreement. Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investments income and expenditure line in the Comprehensive Income and Expenditure Statement.

➤ **Financial Liabilities**

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

➤ **Provisions and Contingent Liabilities**

- Provisions

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

- Contingent Liabilities

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

Note 32. Going Concern – 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 2020/21 include the impacts of Covid-19 on its financial position, which has proved to be a cash surplus. Additional costs have been less than the additional un-ringfenced grant provided by Government, additional work in relation to business and self-isolation grants (for which new burden funding has been provided) has to the most part, been absorbed at limited additional cost, and while some income streams have been reduced, the main two being car parking income and the management fee from the Hive Leisure Centre, the compensation provided by Government and the "surplus" un-ringfenced grant have been sufficient to cover these.

With regard to 2021/22, it should be noted that income levels for car parking and the Hive management fee, were reduced in the approved budget to reflect the expected on-going implications of the pandemic and the Government's un-ringfenced funding of £380,516 was included as an income source.

The Council as part of its normal budget monitoring process is carrying out regular reviews of its financial position during 2021/22 and forecasting the position at the end of the financial year, including any impacts of the Covid-19 pandemic unforeseen when the budget was built. At the point of writing, the expectation remained that the Council's budget for 2021/22 was robust and that any potential additional costs as a consequence of the pandemic could be absorbed within it.

The Council is further continuing to complete the monthly information request from Government detailing the costs to the Council of the pandemic, these indicate the following:

The Council plans to provide an up-dated MTFS report (as mentioned previously) to Finance and Assets Committee in September 2021, when Committee will also be up-dated on any impacts that have been identified in 2021/22. The assessments carried out in preparation for this report will consider the potential for impacts on key areas of income and expenditure continuing in 2021/22 and future years.

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.

This said, the underspend reported for 2020/21 provides the Council with significant headroom within the General Fund to absorb any unforeseen financial impacts of Covid-19 in the short to medium-term and therefore I have every confidence that the Council should be able to produce a balanced budget for 2022/23 come February 2022. 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's main cash movements in this period will be repaying Government funding provided to Councils to assist them during the pandemic, not least in relation to Business Rates. However, these are not expected to put at risk the Council's net cash surplus position and it therefore remains highly unlikely that the Council will need to borrow externally during this period.

Loan to East Cambs Trading Company (ECTC)

The Council agreed to provide a further loan facility to ECTC from 31st March 2021, when the initial loans granted to the Company were repaid. The total value of the new loan facilities is £4.9 million. 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 2020/21 accounts.



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

Collection Fund

2019/20			2020/21		
Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000	Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000
Income					
(21,538)	(54,738)	(54,738)			
				(57,338)	(57,338)
(526)		(21,538)	(14,944)		(14,944)
		(526)	(66)		(66)
					0
(22,064)	(54,738)	(76,802)	(15,010)	(57,338)	(72,348)
Expenditure					
Repay Previous Years Surplus					
308		308	16		16
247	82	329	12	59	71
56	481	537	3	356	359
	77	77		60	60
6	26	32	0	19	19
617	666	1,283	31	494	525
Precepts and Demands					
10,259		10,259	10,572		10,572
8,233	6,480	14,713	8,616	6,761	15,377
1,853	38,995	40,849	1,919	41,034	42,953
	6,617	6,617		7,024	7,024
206	2,103	2,309	213	2,176	2,389
20,551	54,195	74,747	21,320	56,995	78,315
Charges to Collection Fund					
(141)	(324)	(465)	(76)	(52)	(128)
63	154	217	201	268	469
995		995	1,607		1,607
95		95	95		95
634		634	668		668
139		139	67		67
1,785	(170)	1,615	2,562	216	2,779
22,953	54,691	77,645	23,913	57,705	81,619
(Increase) / Decrease in Collection Fund Balance					
889	(47)	843	8,903	367	9,271
(854)	(760)	(1,614)	35	(807)	(772)
Fund Balance - (Surplus) / Deficit at 31 March					
35	(807)	(771)	8,938	(440)	8,499

Notes to the Collection Fund

1. Purpose of Fund

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

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

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

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

2. Council Tax

Tax Base at 31 March 2021					
Tax Band	Properties	Exemptions & Discounts	Chargeable Dwellings	Band D Multiplier	Band D equivalent
A-	11.0	4.7	6.3	5/9	3.5
A	3,974.8	875.9	3,098.8	6/9	2,065.9
B	10,017.0	1,284.5	8,732.6	7/9	6,792.0
C	7,178.0	349.8	6,828.2	8/9	6,069.5
D	6,471.8	176.4	6,295.3	9/9	6,295.3
E	4,330.2	56.2	4,274.0	11/9	5,223.8
F	2,080.4	16.0	2,064.4	13/9	2,981.9
G	697.5	3.3	694.2	15/9	1,157.1
H	77.3	0.7	76.5	18/9	153.0
Total	34,837.8	2,767.5	32,070.3		30,741.9

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

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

3. Non Domestic Rates (NNDR)

The standard business rate multiplier set by the Government for 2020/21 was 51.2p (2019/20 50.4p). The small business multiplier, for business with a rateable value of under £18,000 was 49.9p (2019/20 49.1p)

Total rateable value at 31 March 2021 £58.830 million.

Total rateable value at 31 March 2020 £58.029 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 20	31 Mar 20	31 Mar 20		31 Mar 21	31 Mar 21	31 Mar 21
£'000	£'000	£'000		£'000	£'000	£'000
2,962	903	3,865	Cash held by ECDC	(4,427)	492	(3,935)
755	2,633	3,388	Debtors	1,200	2,984	4,184
(247)	(1,365)	(1,612)	Receipts in Advance	(474)	(1,457)	(1,931)
(208)	(1,364)	(1,572)	Impairment Provision	(333)	(1,581)	(1,914)
(3,297)	0	(3,297)	Appeals Provision	(4,904)	0	(4,904)
35	(807)	(772)	Fund Surplus	8,938	(438)	8,500
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	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
31 Mar 20	31 Mar 20	31 Mar 20		31 Mar 21	31 Mar 21	31 Mar 21
£'000	£'000	£'000		£'000	£'000	£'000
302	312	614	Debtors	480	347	827
(99)	(162)	(261)	Receipts in Advance	(190)	(169)	(359)
(83)	(162)	(245)	Impairment Provision	(133)	(184)	(317)
(1,319)	0	(1,319)	Appeals Provision	(1,962)	0	(1,962)
(296)	(795)	(1,091)	Debtors/Creditors - Local Government	443	(435)	8
(1,481)	0	(1,481)	Debtors/Creditors - Central Government	2,214	0	2,214
14	(96)	(82)	Fund Surplus/(Deficit) to Collection Fund Adjustment Account	3,576	(51)	3,525
(2,962)	(903)	(3,865)	TOTAL	4,428	(492)	3,936

7. Collection Fund Adjustment Reserve

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

2019/20		2020/21
£'000	Collection Fund Adjustment Account	£'000
945	Opening Balance	82
(863)	Movement in Year	(3,607)
82	Closing Balance	(3,525)
96	Council Tax	51
(14)	Non Domestic Rates - Core	(3,576)
0	Non Domestic Rates - Renewable Energy	0

GROUP Comprehensive Income & Expenditure Account

2019/20				2020/21		
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
28,390	(23,072)	5,318	Finance & Assets	37,396	(33,771)	3,625
12,635	(9,669)	2,966	Operational Services	12,049	(8,772)	3,277
41,025	(32,741)	8,284	Cost of Services	49,445	(42,543)	6,902
2,747	(8)	2,739	Other Operating Costs	2,965	(8)	2,957
705	(98)	607	Financing & Investment Items	664	(27)	637
0	(11,744)	(11,744)	Taxation & Grant Income	0	(9,413)	(9,413)
44,477	(44,591)	(114)	Net Surplus/Deficit on provision of services	53,075	(51,991)	1,083
			Other comprehensive income & expenditure		5,377	5,377
44,477	(53,489)	(9,012)	TOTAL	53,075	(46,614)	6,459

GROUP Movement in Reserves Statement

2019/20				Council	2020/21		
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
11,108	969	124	12,121	General Fund	6,651	(1,083)	17,862
1,361	23		1,384	Capital Receipts Reserve	87		1,472
0	0		0	Capital Grants Unapplied	60		60
12,469	992	124	13,505	Total Useable	6,799	(1,083)	19,395
18,129	1,386		19,515	Capital Adjustments Account	607		20,122
8,845	(102)	2,026	10,769	Revaluation Reserve	121	2,054	12,944
(25,946)	(2,276)	6,872	(21,350)	Other Unusable	(4,584)	(7,430)	(33,281)
1,028	(992)	8,898	8,934	Total Unusable	(3,854)	(5,376)	(213)
13,497	(0)	9,022	22,438	TOTAL	2,945	(6,459)	19,182

Group Balance Sheet

Group		Group
31 March 2020		31 March
£'000		2021
		£'000
37,504	Property, Plant and Equipment	38,730
105	Heritage Assets	105
44	Intangible Assets	30
0	Investments in Subsidiaries	0
308	Long Term Debtors	315
37,961	LONG TERM ASSETS	39,180
0	Short Term Investments	5,000
30,235	Inventories	32,756
	Assets held for sale	165
3,134	Short Term Debtors	5,650
11,245	Cash and Cash Equivalents	14,069
44,614	CURRENT ASSETS	57,642
(8,357)	Short Term Creditors	(13,982)
(1,449)	Provisions	(2,177)
(3,614)	Borrowings	(9,969)
0	Lease Liability	(43)
(13,420)	CURRENT LIABILITIES	(26,173)
(2,267)	Capital Grants Received in Advance	(3,359)
(22,814)	Long Term Borrowing	(18,327)
0	Lease Liability	0
(21,634)	Net Pensions Liability	(29,780)
(46,715)	LONG TERM LIABILITIES	(51,467)
22,440	NET ASSETS	19,182
	FINANCED BY:	
13,506	USABLE RESERVES	19,396
8,934	UNUSABLE RESERVES	(213)
22,440	TOTAL RESERVES	19,182

Ian Smith - CPFA
Section 151 Officer

Group Cash Flow Statement

Council		Council
31 March 2020		31 March 2021
£'000		£'000
114	Net Surplus / (Deficit) on the Provision of Services – (i)	(808)
590	Interest receivable	335
	Adjustments for Non-cash Items:	
1,277	Depreciation & Amortisation	1,039
0	Impairment	0
1,418	Pension Liability	799
(27,213)	Change in Inventories	(2,601)
2,501	Change in Debtors & Creditors	6,036
(21,427)	Total Adjustments (ii)	5,608
(21,313)	A- Net Cash Flows from Operating Activities (i)+(ii)	4,800
(757)	Purchase of Property, Plant & Equipment	(256)
496	Change in Long Term Debtors	0
0	Net (Purchase) of Investments	0
265	Interest Received	282
4	B- Investing Activities	26
(125)	Net receipt / (application) of Capital Grants	1,091
(118)	Change in Collection Fund agencies Debtors & Creditors	(4,794)
26,028	Loans advanced/repaid	2,592
(45)	Leasing Liabilities	(274)
(688)	Interest Paid	(617)
25,052	C- Financing Activities	(2,002)
3,743	Net (decrease) in cash and cash equivalents (A+B+C)	2,824
7,501	Cash and cash equivalents at the beginning of the reporting period	11,244
11,244	Cash and cash equivalents at the end of the reporting period	14,068

Notes to Group Accounts

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

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

	31 March 2020 £'000	In Year Movement 2020/21 £'000	31 March 2021 £'000
Surplus Savings Reserve - Profit & Loss Account	(496)	(16)	(512)
Revaluation Reserve	0	0	0
Total Company Reserves portion of Group Balance Sheet	(496)	(16)	(512)
Represented by:			
East Cambs Trading Company Profit & Loss	(502)	(13)	(515)
East Cambs Street Scene Profit & Loss	6	(2)	4

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	108	28	32,943	33,079
Debtors & Cash	(4347)	334	(111)	(4,124)
Inventories	32,943	29	(32,943)	29
Creditors	(1,432)	(383)	522	(1,293)
Borrowings	(28,296)			(28,296)
Lease Liability	(43)			(43)
TOTAL ASSETS NET OF COUNCIL SHARE	(1,067)	8	411	(648)

East Cambs Trading Company and East Cambs Street Scene report leases under IFRS16 for 2020/21 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