

# **EAST CAMBRIDGESHIRE DISTRICT COUNCIL**

## **DRAFT STATEMENT OF ACCOUNTS 2018/19**

## Contents

<b>Narrative Report .....</b>	<b>4</b>
<b>Commentry and Review of 2018/19.....</b>	<b>4</b>
<b>Technical Information .....</b>	<b>16</b>
<b>Independent auditor's report to the members of East Cambridgeshire District Council ....</b>	<b>17</b>
<b>Statement of Responsibilities.....</b>	<b>20</b>
<b>Council Comprehensive Income and Expenditure Statement .....</b>	<b>21</b>
<b>Council Movement in Reserves Statement 2017/18 ..</b>	<b>22</b>
<b>Council Movement in Reserves Statement 2018/19 ..</b>	<b>23</b>
<b>Balance Sheet (Council).....</b>	<b>24</b>
<b>Cash Flow Statement (Council) .....</b>	<b>25</b>
<b>Note 1. Expenditure and Funding Analysis.....</b>	<b>26</b>
<b>Note 2. Explanation of Order of Notes to the Financial Statements .....</b>	<b>27</b>
<b>Note 3. Accounting Standards that have been issued but have not yet been adopted ...</b>	<b>27</b>
<b>Note 4. Critical Judgements in Applying Accounting Policies .....</b>	<b>28</b>
<b>Note 5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty .....</b>	<b>28</b>
<b>Note 6. Material Items of Income and Expenditure.....</b>	<b>30</b>
<b>Note 7. Events after the Balance Sheet Date .....</b>	<b>30</b>
<b>Note 8. Expenditure and Income by Nature .....</b>	<b>31</b>
<b>Note 8a. Grant Income .....</b>	<b>32</b>
<b>Note 9 Statutory Outturn (General Fund) .....</b>	<b>33</b>
<b>Note 10a. Useable Reserves other then General Fund .....</b>	<b>34</b>
<b>Note 10b. Un-useable Reserves.....</b>	<b>34</b>
<b>Note 11. Analysis of Capital Reserve Movement.....</b>	<b>35</b>
<b>Note 12a. Property, Plant and Equipment – Prior Year .....</b>	<b>39</b>
<b>Note 12b. Property, Plant and Equipment –Year .....</b>	<b>40</b>
<b>Note 13. Capital Enhancement and Capital Financing.....</b>	<b>42</b>
<b>Note 14. Heritage Assets .....</b>	<b>43</b>
<b>Note 15. Intangible Assets .....</b>	<b>43</b>
<b>Note 16. Long Term Debtors .....</b>	<b>43</b>
<b>Note 17. Debtors.....</b>	<b>44</b>
<b>Note 18. Cash and Cash Equivalents.....</b>	<b>44</b>
<b>Note 19. Creditors .....</b>	<b>45</b>
<b>Note 20. Provisions, Contingent Assets and Liabilities .....</b>	<b>45</b>
<b>Note 21. Pension Fund Net Long Term Liability and Reserve .....</b>	<b>47</b>
<b>Note 22. Defined Benefit Pension Scheme.....</b>	<b>48</b>

<b>Note 23. Financial Instruments .....</b>	<b>51</b>
<b>Note 24. Acquired and Discontinued Operations .....</b>	<b>53</b>
<b>Note 25. Trading Operations .....</b>	<b>53</b>
<b>Note 26. Members' Allowances.....</b>	<b>54</b>
<b>Note 27. Senior Officer Remuneration and staff over £50k .....</b>	<b>54</b>
<b>Note 28. External Audit Related Costs.....</b>	<b>56</b>
<b>Note 29. Related Parties .....</b>	<b>56</b>
<b>Note 30. Leases .....</b>	<b>58</b>
<b>Note 31. Accounting Policies.....</b>	<b>60</b>
<b>Collection Fund .....</b>	<b>71</b>
1. <b>Purpose of Fund.....</b>	<b>72</b>
2. <b>Council Tax.....</b>	<b>72</b>
3. <b>Non Domestic Rates (NDR).....</b>	<b>73</b>
4. <b>Non Domestic Rates Appeals Provision.....</b>	<b>73</b>
5. <b>Balance Sheet.....</b>	<b>73</b>
6. <b>Representation of Balances in East Cambridgeshire Accounts.....</b>	<b>74</b>
7. <b>Collection Fund Adjustment Reserve.....</b>	<b>74</b>
<b>Group Comprehensive Income and Expenditure and Movement in Reserves Statements 2017/18 &amp; 2018/19.....</b>	<b>75</b>
<b>Group Balance Sheet.....</b>	<b>76</b>
<b>Group Cash Flow Statement .....</b>	<b>77</b>
<b>Group Notes to the Accounts.....</b>	<b>78</b>
<b>Glossary .....</b>	<b>79</b>

## Narrative Report

### By the Finance Manager

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2018/19 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2019.

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 2018/19.
- The Financial Statements
- Technical information

## Commentary and Review of 2018/19

### Review of the Year

2018/19 has been another challenging year for the Council with the reduction of grant funding from Central Government as austerity measures continue. However, our strong Medium Term Financial Strategy (MTFS) etc., has enabled balanced budgets to be set for 2019/20 and 2020/21.

The Council set a net budget for 2018/19 of £8.215 million (2017/18; £8.659 million), a net decrease of £0.444 million (5.1%). After the application of the following government grants and collection fund funding:

- Revenue Support Grant of £0.354 million (2017/18; £0.660 million),
- Business Rates Retention scheme (NNDR) of £3.478 million (2017/18; £3.624 million),
- Collection Fund surpluses of £0.224 million (2017/18; £0.260 million)

this left the Council to raise £4.159 million (2017/18; £4.144 million) from Council Tax. This equated to a Council Tax of £142.14 (2017/18; £142.14) for a Band D equivalent property, freezing the Council Tax for the fifth year in a row.

### Review and Commentary on the Council's services and performance during 2018/19

Within the Corporate Plan 2017-2019, there are 6 priority areas;

- (1) Delivering a financially sound and well managed Council**
- (2) A fantastic place to Live, Work and Visit**
- (3) Genuinely Affordable Housing**
- (4) New Jobs and funding**
- (5) Improving Infrastructure**
- (6) Improving Local Transport**

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

**Delivering a financially sound and well managed Council****Performance Measure - Freeze the East Cambs element of Council Tax in 2017/18, 2018/19 and 2019/20 (six years in a row)**

The Council has frozen the East Cambs element of Council Tax for the past 6 years and continues to make a commitment to ensuring this continues.

**Performance Measure-Develop and begin to deliver a programme of investment to generate income from the East Cambs Trading Company to protect, invest in and enhance 'front line' services and balance the budget**

The East Cambs Trading Company's annual business plan is currently being refined and will be presented to Committee for agreement once completed.

**Performance Measure - Ensure developer contributions are used effectively to maximise community benefit**

ECDC continues to maximise support from developer contributions.

**Performance Measure - Develop a plan to realise a capital receipt from The Grange and deliver a fit for purpose and efficient office in an accessible location**

£50,000 remains in the Council's budget to explore options and potentially undertake an option appraisal if this is considered the preferred route.

**Performance Measure - Continue business reviews to minimise bureaucracy, increase efficiency and provide excellent 'can do' and 'open for business' services**

The Markets team has been reviewed over the past 12 months which has identified financial and administrative savings and offered recommendations on improvements moving forward.

**A fantastic place to Live, Work and Visit****Performance Measure - "Work to live, not live to work" - focus efforts throughout the Council and partner agencies to improve opportunities across the District for people to work near to home**

The Council continues to play an active role in supporting local communities to develop Community Land Trusts across the district. This helps local residents to live where they work and achieve an improved work/life balance.

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

The Council has secured a loan of £24.4m from the Combined Authority for the redevelopment of the former MOD site in Ely to provide new housing opportunities including affordable housing.

**Performance Measure - Adopt the East Cambridgeshire Local Plan in 2018/19**

At full Council in February 2019 Members determined to withdraw the Local Plan from its examination (a full explanation of which can be found in the appropriate Committee minutes).

**Performance Measure - Develop and begin to deliver a District wide tourism strategy to maximise the benefits of tourism to the local economy-**

A district wide tourism strategy and action plan has been approved by Committee. The action plan is now being implemented.

**Performance Measure - We aim to have fly-tipping on public land removed within two full working days of it being reported**

The average removal time for non-hazardous waste fly-tips is 53.74% and hazardous is 36.36%

**Performance Measure - Work with local partners and the Combined Authority towards improved quality sixth form provision and skills support**

ECDC has continued to support the East Cambs Skills Forum and work with partners on the Skills Fair which supports young people to identify routes to employment.

**Performance Measure - Work with the existing Community Leisure Trusts throughout the District to develop performance improvement plans**

The Council continues to work with community leisure trusts to offer support and guidance. Ross Peers is currently working with the Council on the development of a new business plan and Littleport and Ellesmere Leisure Centres have been utilising the Let's Get Moving campaign to help broaden their community programmes offer.

**Performance Measure - Prevent homelessness across the District**

The Council prevented 286 people from becoming homeless, with an additional 116 homeless people have been supported into accommodation.

**Genuinely affordable housing****Performance Measure - Continue to support and encourage development of new CLTs throughout the District**

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.

**Performance Measure - Continue to work towards a community led housing scheme supported by appropriate infrastructure in Kennett**

Planning Committee has approved the new Kennett development.

**Performance Measure - Investigate 'modular' housing near key transport hubs**

The Council continues to explore opportunities to develop modular housing around transport hubs and in larger developments within East Cambs.

**Performance Measure - Build CLT homes at The Shade, Soham and Haddenham by 2019**

CLT developments at the Shade, Soham have been completed. Plans have been submitted for Haddenham CLT with building work expected to commence in the autumn.

**Performance Measure - Submit a planning application for Kennett by 2018/19**

Completed. Planning Committee has approved the planning application.

**Performance Measure - Continue to work with communities across East Cambs and establish two new CLTs in 2018/19**

Whilst there haven't been any new CLTs developed over the previous financial year, 3 CLTs have started to look at land options to help deliver additional CLT sites.

**New jobs and funding****Performance Measure - Increase jobs and inward investment to the Enterprise Zone at Lancaster Way in Ely and other identified sites in the Local Plan across the District**

There has been one new business who has committed to the Enterprise Zone in Lancaster Way during 2018/19.

**Performance Measure - Consider the case for investment in commercial property**

The Council has agreed has continued to consider cases for investment in commercial property over the past 12 months.

**Performance Measure - Promote apprenticeships with local businesses**

The Council has supported eight new apprenticeships over the past 12 months.

**Improving local infrastructure****Performance Measure - Work with local partners and the Combined Authority to develop an integrated, improved and sustainable road transport, including work on A142, A14, A10**

The Council is in the process of developing a brief to enlist consultants to develop an integrated and sustainable road transport system.

**Performance Measure - Champion the provision of GP, health, social care and school places to support growth**

The Council has been working with Sutton GP practice on their expansion plans and continues to work in partnership with NHS England.

**Performance Measure - Seek to deliver a crematorium within the District and investigate the options for a woodland burial area**

The project is currently being scoped with consultant and possible sites are being investigated.

**Performance Measure - Continue to work with Network Rail and Cambridgeshire County Council to secure a new railway station for Soham**

GRIP 3 is nearing completion and the Council continues to work with partners including Network Rail.

**Performance Measure - Deliver a Southern bypass for Ely by 2019 - *Cambridgeshire County Council Led***

Completed. Bypass delivered.

**Improving Local Transport****Performance Measure - Work with local partners and the Combined Authority to develop an integrated, improved and sustainable public transport service**

ECDC has been continuing to work with the Combined Authority and partner agencies to help to improve public transport for local residents.

**Performance Measure - Keep free 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.

**Performance Measure - Work with local partners towards reducing and slowing traffic on the A1123**

Initiatives include; reduction of speed limits through villages on the A1123, installation of a pedestrian crossing in Haddenham and improved signage.

**Performance Measure - Deliver an additional 80 commuter car spaces in Littleport and 128 in Ely**

Completed- Additional car spaces have been delivered.

**Revenue Spending and Sources of Income**

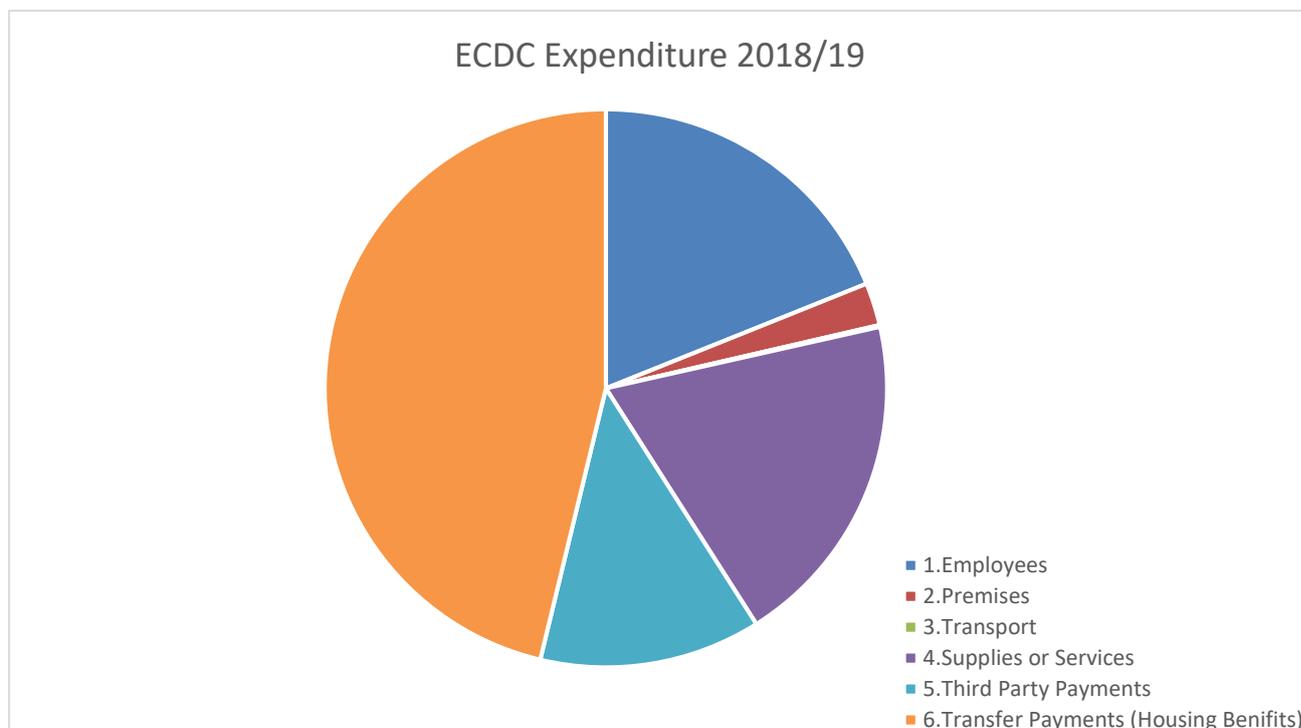
The Table below sets out the Council's budget for 2018/19 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	2018/19		
	Budget	Outturn	Variance
	£000	£000	£000
Service			
Resources & Finance	5,334	4,661	(673)
Regulatory Services	3,547	3,076	(471)
Community Services	1,623	1,623	(0)
<b>Service Net Revenue Expenditure</b>	<b>10,504</b>	<b>9,360</b>	<b>(1,144)</b>
Land Drainage	482	480	(2)
Parish Precepts	2,113	2,113	(0)
<b>Total Net Revenue Expenditure</b>	<b>13,100</b>	<b>11,954</b>	<b>(1,146)</b>
Financing			
Council Tax	(6,365)	(6,365)	(0)
Non Domestic Rates	(3,610)	(3,347)	263
Revenue Support Grant	(354)	(354)	0
Other Government Grants	(878)	(982)	(104)
Budget - draw from Surplus Savings Reserve	(1,893)	(1,893)	0
<b>Total Financing</b>	<b>(13,100)</b>	<b>(12,941)</b>	<b>159</b>
<b>Transfer to Surplus Savings Reserve</b>			<b>(987)</b>
<b>Net (Increase)/Decrease in Earmarked Reserves</b>			<b>237</b>
<b>Total Reported General Fund Movements</b>			<b>(755)</b>
<b>Adjustment between funding &amp; accounting basis</b>			<b>(198)</b>
<b>Reported (Surplus) upon Services in Income &amp; Expenditure Account</b>			<b>(953)</b>

The net cost of individual committees in the above table are different to those in the formal Statement of Accounts due to the statutory charges that are applied to the formal Accounts and the treatment of movements to and from reserves. The above table however reflects the structure of the accounts as presented to Council throughout the year and in the Outturn report reported to Finance and Assets Committee on 20<sup>th</sup> June 2019. Reasons for yearend variances can be found in this report, for both revenue and capital.

## Analysis of Revenue Expenditure

The Council spent £75.433 million in 2018/19 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 2018/19	Brought Forward £'000	Contributions		Carried Forward £'000
		To £'000	From £'000	
General Fund	1,000	11	0	1,011
Surplus Savings & Earmarked	10,804	2,832	(3,598)	10,038
<b>TOTAL GENERAL FUND</b>	<b>11,804</b>	<b>2,843</b>	<b>(3,598)</b>	<b>11,049</b>
Capital Receipts Reserve	769	706	(113)	1,362
Capital Grants Unapplied	0	940	(940)	0
<b>Total Usable Reserves</b>	<b>12,573</b>	<b>4,489</b>	<b>(4,651)</b>	<b>12,411</b>

**Capital Spending**

The final capital budget for 2018/19 was £11.431 million and the table below shows the movement from the original capital programme approved in February 2018.

Capital Programme	£'000	£'000
Original Approved Capital Programme 2018/19	9,672	
Approved slippage from 2017/18	1,691	
Approved Additions	68	
Updated Capital Programme for 2018/19		11,431
Capital outturn		3,479
Underspend against revised budget		7,952

Spend in 2018/19 was as shown below:

2017/18 £'000	Capital Spending	2018/19 £'000
952.0	Refuse vehicles	438.4
1,000.0	Housing Grants	698.9
60.2	Vehicle Replacement Programme	0.0
11,011.2	Leisure Centre	851.6
2,090.0	Loan to subsidiary company	1,485.0
992.4	Additional Car Parking	23.2
87.1	IT Projects	(17.8)
0.0	Other	
16,192.9	Gross Expenditure	3,479.3
	Funded From	
1,484.9	Capital Receipts Reserve Applied	113.9
1,741.0	Grants	939.7
1,676.0	CIL Earmarked Reserve Contribution	1,318.6
11,075.9	Internal Borrowing Contributions	1,062.2
215.1	Other Revenue Contributions	9.2
0.0	Section 106	35.7
16,192.9		3,479.3

**Treasury Management**

East Cambridgeshire District Council was in cash surplus during the whole of the 2018-19 financial year. The Council invested this "surplus" cash in both fixed term and short term investments during the year, this to maximise interest receipts, but while ensuring, as its main focus, the security of the funds invested.

## Looking to the Future

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

- Looks to the longer term to help plan sustainable services within an 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 2019/20 to 2022/23. The 2019/20 financial year is the final year of the current Government core grant scheme, therefore the MTFS plans beyond this time frame should be treated with great caution until greater clarity is known about the Governments 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 2019/20 and 2020/21 are fully funded based on the assumptions detailed below. However, there are significant budget shortfalls projected in the subsequent years (£3,181,842 in 2021/22, rising to £4,044,479 in 2022/23). 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 include:

- Government funding through Revenue Support Grant continues to fall and ends in 2019/20, as per the Settlement;
- New Homes Bonus reduces to levels projected in the Settlement, but remains part of the overall funding package from Government (this is not certain, but there is nothing in any of consultations to suggest that we differ from this view);
- The Council's Business Rate growth continues;
- Savings held in the "Surplus Savings Reserve" as a consequence of savings being made in advance of need, will be used as one off funding to balance the budget until such time as this reserve is exhausted;
- 2% inflation is added to the Waste contract on an annual basis, however additional budget is provided from 2021/22 when new recycling vehicles will be purchased. The vehicles purchased by the Council using the weekly collection grant from Government will reach the end of their useable life in 2020/21 so will need to be replaced, adding this additional cost. (This cost increase would have occurred regardless of whom is undertaking the contract at this point);
- The loan to ECTC is planned to be repaid in March 2021, the interest received by the Council on this loan will therefore stop at this point. The loan repayment will be used to reduce Council external borrowing, 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 the MTFS at this time;
- Further, ECTC is anticipated to start making profits in the period of the MTFS, it remain unclear how much of this will need to be retained by the business as working capital, so at this point, no account of this being paid to the Council as a potential dividend is assumed at this stage.

## The Financial Statements

The Council's financial statements for 2018/19 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 2018/19 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 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 2019 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 18 £'000		31 Mar 19 £'000
39,165	Long Term Assets	40,941
9,429	Current Assets	6,937
(7,134)	Current Liabilities	(5,452)
(24,931)	Long Term Liabilities	(29,481)
<u>16,529</u>	Net Assets	<u>12,945</u>
12,572	Useable Reserves	12,411
3,957	Unusable Reserves	534
16,529	Total Reserves	12,945

The Council's Balance Sheet has moved from a position at 31<sup>st</sup> March 2018 of £16.529 million to £12.945 million at 31 March 2019. The principle reasons for this movement of £3.584 million is largely attributable to the actuarial loss on Pension Reserves. 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 2019 £'000
Operating activities	2,449
Investing activities	(1,714)
Financing activities	442
<b>Net Increase or Decrease in cash and cash equivalents</b>	<u>1,177</u>
Cash and cash equivalents	
At the beginning of the reporting period	4,530
At the end of the reporting period	5,707

### **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 2018/19 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 2018/19 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 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 2018/19.

### Statement of Accounting Policies

The accounting policies applicable to the 2018/19 Statement of Accounts are, in the main, the same as those that were applied to the 2017/18.

### 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 2018/19.

### Ian Smith - CPFA

Finance Manager & Section 151 Officer

29 May 2019

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

### **Opinion on the Authority's financial statements**





## 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 2019 and its income and expenditure for the year ended 31 March 2019

**Ian Smith - CPFA**

Finance Manager & Section 151 Officer

29 May 2019

**COUNCIL Comprehensive Income and Expenditure Statement**

2017/18			2018/19			
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
4,973	(1,977)	2,995	Community Services	4,097	(2,043)	2,054
27,914	(25,029)	2,885	Resources & Finance	26,188	(22,538)	3,650
7,067	(3,043)	4,024	Regulatory Services	7,802	(3,936)	3,866
<b>39,954</b>	<b>(30,051)</b>	<b>9,904</b>	<b>Cost of Services</b>	<b>38,087</b>	<b>(28,517)</b>	<b>9,570</b>
1,938	0	1,938	Parish Council Precepts	2,113	0	2,113
470	0	470	Internal Drainage Board	480	0	480
0	0	0	Interest on soft Loans	(26)	0	(26)
0	0	0	Loss/(Gain) on disposal of non current assets	0	0	0
<b>2,408</b>	<b>0</b>	<b>2,408</b>	<b>Other Operating Expenditure</b>	<b>2,567</b>	<b>0</b>	<b>2,567</b>
0	(208)	(208)	Interest Receivable & Investment Income	0	(364)	(364)
584	0	584	Net Interest on the net Pension Liability	609	0	609
<b>584</b>	<b>(208)</b>	<b>376</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>	<b>609</b>	<b>(364)</b>	<b>245</b>
0	(6,106)	(6,106)	Council Tax Income	0	(6,348)	(6,348)
0	(5,120)	(5,120)	Non Domestic Rates income & Expenditure	0	(3,853)	(3,853)
0	(2,126)	(2,126)	Non Ring Fenced Government Grants	0	(1,229)	(1,229)
	<b>(13,352)</b>	<b>(13,352)</b>	<b>TAXATION &amp; NON SPECIFIC GRANT INCOME</b>	<b>0</b>	<b>(11,430)</b>	<b>(11,430)</b>
<b>42,946</b>	<b>(43,609)</b>	<b>(663)</b>	<b>(Surplus)/Deficit on Provision of services</b>	<b>41,263</b>	<b>(40,311)</b>	<b>953</b>
0	(561)	(561)	(Surplus) or deficit in the revaluation of non-current assets	(863)	0	(863)
0	(965)	(965)	Actuarial losses (Gains) on pension assets & liabilities	3,495	0	3,495
<b>0</b>	<b>(1,526)</b>	<b>(1,526)</b>	<b>Other comprehensive income &amp; expenditure</b>	<b>2,632</b>	<b>0</b>	<b>2,632</b>
<b>42,946</b>	<b>(45,135)</b>	<b>(2,189)</b>	<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>	<b>43,895</b>	<b>(40,311)</b>	<b>3,585</b>

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

<b>2017/18</b>	<b>Opening Balance</b>	<b>General Fund and Earmarked</b>	<b>Adjustments between Accounting Basis and funding basis - Capital</b>	<b>Adjustments between Accounting Basis and funding basis - Pension and other purposes</b>	<b>Other comprehensive Income and Expenditure - Capital</b>	<b>Other comprehensive Income and Expenditure - Pension</b>	<b>Closing Balance</b>	<b>Note Ref</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Surplus/(Deficit) on provision of services		820						
Adjustments between Accounting Basis and funding basis		230	759	(989)			0	
General Fund	10,754	1,050					11,804	9
Capital Receipts Reserve	2,211		(1,443)				768	10 & 11
Capital Grants Unapplied	51		(51)				(0)	10 & 11
<b>TOTAL USEABLE RESERVES</b>	<b>13,016</b>	<b>1,050</b>	<b>(1,494)</b>				<b>12,572</b>	
Capital Adjustment Account	15,089		2,393				17,482	
Revaluation Reserve	7,033		(111)		561		7,483	
Deferred Capital Receipts Reserve	1,144		(29)				1,115	
Financial Instrument Adjustment Reserve	(130)						(130)	
Pensions Reserve	(22,230)			(1,101)		965	(22,366)	
Collection Fund Adjustment Reserve	358			97			455	
Accumulated Absences Reserve	(97)			15			(82)	
<b>TOTAL UNUSEABLE RESERVES</b>	<b>1,167</b>		<b>2,253</b>	<b>(989)</b>	<b>561</b>	<b>965</b>	<b>3,957</b>	
<b>TOTAL RESERVES</b>	<b>14,183</b>	<b>1,050</b>	<b>759</b>	<b>(989)</b>	<b>561</b>	<b>965</b>	<b>16,529</b>	8
Movement for the year - Capital			759		561		1,320	
Movement for the year - Other non General Fund				(989)		965	(24)	

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

<b>2018/19</b>	<b>Opening Balance</b>	<b>General Fund and Earmarked</b>	<b>Adjustments between Accounting Basis and funding basis - Capital</b>	<b>Adjustments between Accounting Basis and funding basis - Pension and other purposes</b>	<b>Other comprehensive Income and Expenditure - Capital</b>	<b>Other comprehensive Income and Expenditure - Pension</b>	<b>Closing Balance</b>	<b>Note Ref</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Surplus/(Deficit) on provision of services		(953)					(755)	
Adjustments between Accounting Basis and funding basis		198	512	(710)			0	
General Fund	11,804	(755)					11,049	10
Capital Receipts Reserve	769		593				1,362	10 & 11
Capital Grants Unapplied	0						0	10 & 11
<b>TOTAL USEABLE RESERVES</b>	<b>12,573</b>	<b>(755)</b>	<b>593</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,411</b>	
Capital Adjustment Account	17,482		755				18,237	
Revaluation Reserve	7,483		(103)		863		8,243	
Deferred Capital Receipts Reserve	1,115		(733)				382	
Financial Instrument Adjustment Reserve	(130)			26			(104)	
Pensions Reserve	(22,366)			(1,227)		(3,495)	(27,088)	
Collection Fund Adjustment Reserve	455			490			945	
Accumulated Absences Reserve	(82)			1			(81)	
<b>TOTAL UNUSEABLE RESERVES</b>	<b>3,957</b>	<b>0</b>	<b>(81)</b>	<b>(710)</b>	<b>863</b>	<b>(3,495)</b>	<b>534</b>	
<b>TOTAL RESERVES</b>	<b>16,529</b>	<b>(755)</b>	<b>512</b>	<b>(710)</b>	<b>863</b>	<b>(3,495)</b>	<b>12,945</b>	
Movement for the year - Capital	1,320		512		863		(954)	
Movement for the year - Other non General Fund	(24)			(710)		(3,495)		

**Balance Sheet**

31 Mar 18 £'000		Note	31 Mar 19 £'000
	<b>LONG TERM ASSETS</b>		
34,285	Property, Plant and Equipment	<b>12</b>	35,313
105	Heritage Assets		105
93	Intangible Assets	<b>14</b>	58
496	Investments in Subsidiaries		496
4,186	Long Term Debtors	<b>16</b>	4,969
<b>39,165</b>	<b>TOTAL LONG TERM ASSETS</b>		<b>40,941</b>
	<b>CURRENT ASSETS</b>		
	Investments (Short Term)		
4,848	Short Term Debtors	<b>17</b>	1,196
51	Inventories		34
4,530	Cash and Cash Equivalents	<b>18</b>	5,707
<b>9,429</b>	<b>TOTAL CURRENT ASSETS</b>		<b>6,937</b>
<b>48,594</b>	<b>TOTAL ASSETS</b>		<b>47,878</b>
	<b>CURRENT LIABILITIES</b>		
(6,465)	Short Term Creditors & Receipts in Advance	<b>19</b>	(4,350)
(669)	Provisions	<b>20</b>	(1,102)
<b>(7,134)</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>(5,452)</b>
2,295	TOTAL CURRENT ASSETS/LIABILITIES		1,485
<b>41,460</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>42,426</b>
	<b>LONG TERM LIABILITIES</b>		
(2,565)	Capital Grants Received in Advance		(2,393)
(22,366)	Net Pensions Liability	<b>21</b>	(27,088)
(24,931)			(29,481)
<b>16,529</b>	<b>NET ASSETS</b>		<b>12,945</b>
	<b>FINANCED BY:</b>		
12,572	USABLE RESERVES	<b>10</b>	12,411
3,957	UNUSABLE RESERVES	<b>11</b>	534
<b>16,529</b>	<b>TOTAL RESERVES</b>		<b>12,945</b>

Ian Smith - CPFA  
Section 151 Officer

29 May 2019

**Cash Flow Statement**

<b>Council 31 March 2018 £'000</b>		<b>Council 31 March 2019 £'000</b>
<b>820</b>	<b>Net Surplus/(Deficit) on the Provision of Services</b>	<b>(953)</b>
	Adjustments for Non cash items:	
(208)	Interest Receivable	(364)
1,836	Depreciation & Amortisation, Impairment	1,165
1,101	Pension Liability	1,227
215	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	1,374
<b>2,944</b>	<b>Total Adjustments</b>	<b>3,402</b>
<b>3,764</b>	<b>Net Cash Flows from Operating Activities</b>	<b>2,449</b>
(13,102)	Purchase of PPE & Intangibles	(1,295)
(2,836)	Change in Long Term Debtors	(783)
11,960	Net (purchase) of Investments	0
208	Interest Received	364
<b>(3,770)</b>	<b>Investing Activities</b>	<b>(1,714)</b>
(655)	Net Receipt/(application) of Capital Grants	(172)
682	Change in Collection Fund agencies, Debtors & Creditors	614
<b>27</b>	<b>Financing Activities</b>	<b>442</b>
<b>21</b>	<b>Net (decrease) in cash and cash equivalents</b>	<b>1,177</b>
<b>4509</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>4,530</b>
<b>4,530</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5,707</b>

**Note 1 Expenditure & Funding Analysis**

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

<b>2017/18</b>	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Community	1332	334	1666	1329		2,996
Resource & Finance	6080	(1,181)	4899	(2,465)	451	2,884
Regulatory	3111	381	3492	376		3,868
<b>NET COST OF SERVICES</b>	<b>10523</b>	<b>(466)</b>	<b>10,057</b>	<b>(760)</b>	<b>451</b>	<b>9,748</b>
Other Operating Expenditure plus Taxation & Grant Income	(11,717)	610	(11,107)		539	(10,568)
<b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b>	<b>(1,194)</b>	<b>144</b>	<b>(1,050)</b>	<b>(760)</b>	<b>990</b>	<b>(820)</b>
Other Comprehensive I&E				(561)	(965)	(1,526)
<b>TOTAL</b>	<b>(1,194)</b>	<b>144</b>	<b>(1,050)</b>	<b>(1,321)</b>	<b>25</b>	<b>(2,346)</b>

<b>2018/19</b>	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Community			1,455	599		2,054
Resource & Finance			4,703	(1,472)	420	3,651
Regulatory			3,407	458		3,865
<b>NET COST OF SERVICES</b>			<b>9,565</b>	<b>(415)</b>	<b>420</b>	<b>9,570</b>
Other Operating Expenditure plus Taxation & Grant Income			(8,611)	(99)	92	(8,618)
<b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b>	<b>189</b>	<b>766</b>	<b>955</b>	<b>(514)</b>	<b>512</b>	<b>953</b>
Other Comprehensive I&E				(863)	2,769	2,632
<b>TOTAL</b>	<b>189</b>	<b>766</b>	<b>955</b>	<b>(1,377)</b>	<b>3,281</b>	<b>3,585</b>

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

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

- (i) Introductory Notes explaining current context issues (Notes 2 to 7, Pages 27 to 30).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 31 to 47).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 48 to 59).
- (iv) Accounting Policies (Note 31, Pages 60 to 70).

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

- (a) Note 8 in support of the Comprehensive Income and Expenditure Account.
- (b) Note 9 supplementary information in support of the General Fund Statutory Outturn.
- (c) Notes 10 & 11 in support of the Movement in Reserves Statement and the Reserves section of the Balance Sheet.
- (d) Notes 12 to 21, Pages 39 to 47 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 2018/19 financial statements in respect of accounting changes that are introduced in the 2019/20 Code are:

- IFRS 16 Leases

## **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 2018/19, 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 2018/19 for Land and Buildings (NBV) is £30.583 million (2017/18; Land and Buildings (NBV) is £14.607 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 £26.164 million for 2018/19; this has increased by £0.380 million since 2017/18. However:
  - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 4.
  - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2019. An estimated provision of £2.302 million has been included in the Collection Fund in respect of successful appeals costs. The Council's share of any such Collection Fund costs is 40% or £0.921 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 2019 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>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 £0.306 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 pensions liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance a:</p> <ul style="list-style-type: none"> <li>• 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £6.881 million.</li> <li>• 0.5% increase in the salary increase rate would result in an increase in pension liability of £0.755 million.</li> <li>• 0.5% increase in the pension increase rate would result in an increase in pension liability of £6.028 million.</li> </ul>

Provision – Rateable Value Appeals	Appeals by non-domestic ratepayers for a reduction in the rateable value of their premises are outstanding. Appeals are determined by the Valuation Office and are not within the Council's control. However, expert independent advice has been sought in arriving at an estimated provision.	<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 £0.230 million for the Collection Fund of which £0.092 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 2018/19 no such items of income or expenditure were incurred (2017/18 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 31<sup>st</sup> May 2019.

With regard to 2018/19:

- **Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2019.
- **Non-Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2019.

**Note 8 Expenditure & Income by Nature**

2017/18	2017/18	2017/18		2018/19	2018/19	2018/19
General Fund	Other Reserves	Total		General Fund	Other Reserves	Total
7,023	502	7,525	Employees *	7,122	617	7,739
32,337	(1,906)	30,431	Other Service Expenses *	30,521	(1,339)	29,182
0	1,835	1,836	Depreciation, Amortisation & Impairment *	0	1,165	1,165
(1,000)	1,000	0	REFCUS	(699)	699	0
0	584	584	Interest payable	0	609	609
			Statutory Minimum Provision	99	(99)	0
2,408	0	2,408	Precept Payments	2,594	0	2,594
<b>40,768</b>	<b>2,015</b>	<b>42,784</b>	<b>TOTAL EXPENDITURE</b>	<b>39,637</b>	<b>1,652</b>	<b>41,289</b>
(23,328)	(1,741)	(25,069)	Government Grants (Services)*	(22,140)	(940)	(23,080)
(2,178)	52	(2,126)	Government Grants (Central)	(1,229)	0	(1,229)
(4,975)	0	(4,975)	Sales Fees & Charges *	(5,436)	0	(5,436)
(208)	0	(208)	Interest Receivable	(364)	(26)	(390)
(6,061)	(45)	(6,106)	Council Tax	(6,364)	16	(6,348)
(5,068)	(52)	(5,120)	Business Rates	(3,348)	(505)	(3,853)
<b>(41,818)</b>	<b>(1,786)</b>	<b>(43,604)</b>	<b>TOTAL INCOME</b>	<b>(38,881)</b>	<b>(1,455)</b>	<b>(40,336)</b>
<b>(1,050)</b>	<b>229</b>	<b>(820)</b>	<b>NET EXPENDITURE</b>	<b>755</b>	<b>198</b>	<b>953</b>
<b>10,057</b>	<b>(310)</b>	<b>9,747</b>	<b>COST OF SERVICES *</b>	<b>9,369</b>	<b>202</b>	<b>9,570</b>

**Note 8a. Grant Income**

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

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
	<b>Credited to non-specific income</b>	
(660)	Revenue Support Grant	(354)
(1,336)	New Homes Bonus	(713)
(130)	Rural Services Grant	(162)
<b>(2,126)</b>	<b>TOTAL</b>	<b>(1,229)</b>
	<b>Credited to services</b>	
(18,370)	Benefits	(17,498)
(1,009)	Section 106	(308)
(1,000)	Disabled Facilities	(579)
(4,419)	Community Infrastructure Levy	(3,223)
(286)	Waste Recycling Credits	(76)
	Sport England Grant	(361)
15	Other	(1,035)
<b>(25,069)</b>	<b>TOTAL</b>	<b>(23,080)</b>

## 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:

<b>31 March</b>	<b>Movement In</b>	<b>31 March</b>		<b>Movement</b>	<b>31 March</b>
<b>2017</b>	<b>Year</b>	<b>2018</b>	<b>Other Earmarked</b>	<b>In Year</b>	<b>2019</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>5,781</b>	<b>1,172</b>	<b>6,953</b>	<b>General Fund Core and Surplus Savings</b>	<b>293</b>	<b>7,246</b>
1,588	(61)	1,527	Community Infrastructure Levy	431	1,958
797	(796)	1	Medium Term Financial Strategy	(1)	0
523	(298)	225	Weekly Waste Collection	(225)	0
67	1,299	1,366	Business Rates Retention Pilot	(1,366)	0
578	0	578	New Homes Bonus	(578)	0
244	0	244	Change Management	(194)	50
170	83	253	Affordable Housing	41	294
119	(92)	27	Asset Management	(0)	27
114	(114)	0	Planning Specialists	0	0
116	0	116	Housing	(36)	80
106	(50)	56	Environmental	(56)	0
551	(93)	458	Other Earmarked	936	1,394
<b>4,973</b>	<b>(122)</b>	<b>4,851</b>	<b>Total Earmarked</b>	<b>(1,048)</b>	<b>3,803</b>
<b>10,754</b>	<b>1,050</b>	<b>11,804</b>	<b>TOTAL</b>	<b>(755)</b>	<b>11,049</b>

Community Infrastructure Levy – to fund relevant infrastructure projects.

Weekly Waste Collection – Government grant awarded to fund continuation of weekly service the final tranche of this was used in 2018-19

Business Rates retention pilot – retention of business growth from the Cambridgeshire Deal, this was transferred to the surplus savings reserve during 2018-19

New Homes Bonus – additional Government grant connected with new homes expansion. This has been allocated to meet any short-term costs of the leisure centre, prior to the management fee from the operator being received.

Affordable housing – a top slice of the New Homes Bonus to support the development of affordable housing.

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied Reserve**

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

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

### Capital Adjustment Reserve

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

### Revaluation Reserve

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

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

### Financial Instruments Adjustment Reserve

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

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital

expenditure until they are received in cash. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

#### Pensions Reserve

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

#### Collection Fund Adjustment Reserve

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

#### Accumulated Compensated Absences Adjustment Reserve

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

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

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

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

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

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

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

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

**Depreciation** - This represents a charge for the diminution of the value of the Asset through use according to a pre-determined schedule. The historic cost element of the charge (calculated in accordance with book value of the asset at 31 March 2019 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 2019 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.

Movements in 2017/18	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	1,485		(1,485)			0
GF Contributions to Capital			(1,891)			(1,891)
Capital Grants Receipts		52	(1,741)			(1,689)
Expenditure Grants to Third Parties			1,000			1,000
Profit on Asset Sale	(43)				33	(10)
Depreciation			535	111		646
Amortisation			23			23
Impairment			1,166			1,166
						0
<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE &amp; FUNDING BASE</b>	<b>1,443</b>	<b>52</b>	<b>(2,393)</b>	<b>111</b>	<b>33</b>	<b>(755)</b>
Revaluation				(561)		(561)
<b>TOTAL RESERVES MOVEMENT</b>	<b>1,442</b>	<b>52</b>	<b>(2,393)</b>	<b>(450)</b>	<b>29</b>	<b>(1,320)</b>

Movements in 2018/19	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts Reserve	Capital Outturn for the year TOTAL
Transfers between reserves	114		(114)			0
GF Contributions to Capital			(1,364)			(1,364)
Capital Grants Receipts			(940)			(940)
Expenditure Grants to Third Parties			699			699
Profit on Asset Sale	(706)				733	27
Depreciation			612	102		714
Amortisation			15			15
Impairment			436			436
Statutory Minimum Provision			(99)			(99)
<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE &amp; FUNDING BASE - Balance Sheet Side</b>	<b>(592)</b>	<b>0</b>	<b>(755)</b>	<b>102</b>	<b>733</b>	<b>(512)</b>
Revaluation				(862)		
<b>TOTAL RESERVES MOVEMENT</b>	<b>(592)</b>	<b>0</b>	<b>(755)</b>	<b>(760)</b>	<b>733</b>	<b>(1,374)</b>

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

**ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

2017/18 £'000		2018/19 £'000
(759)	<b>Total Capital Items from previous page</b>	(512)
584	Net interest on the Pension Liability	618
517	Current & Past Cost Pension Adjustment	609
<b>1,101</b>	<b>Pensions Reserve (see Note 21 for detail)</b>	<b>1,227</b>
(45)	Change in Council Tax Entitlement	16
(52)	Change in Business Rates entitlement	(15)
(97)	<b>Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)</b>	<b>(491)</b>
(15)	<b>Other Items</b>	<b>(26)</b>
<b>230</b>	<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION</b>	<b>198</b>
<b>820</b>	<b>SURPLUS UPON PROVISION OF SERVICES</b>	<b>(953)</b>
<b>1,050</b>	<b>GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)</b>	<b>755</b>

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

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

Movement of Property, Plant and Equipment 2017-18	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total Assets £'000
<b>Cost or valuation</b>						
<b>At 1 April 2018</b>	<b>14,215</b>	<b>6,105</b>	<b>720</b>	<b>877</b>	<b>4,379</b>	<b>26,296</b>
Transfers	410				(410)	0
Additions in Year	1,010	1,012			11,011	13,033
Revaluation increases / (decreases) recognised in the Revaluation Reserve	506					506
Revaluation increases / (decreases) recognised in the CI&ES	(1,165)					(1,165)
Disposals						
<b>At 31 March 2019</b>	<b>14,976</b>	<b>7,117</b>	<b>720</b>	<b>877</b>	<b>14,980</b>	<b>38,670</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>At 1 April 2018</b>	<b>(212)</b>	<b>(3,522)</b>	<b>(60)</b>	<b>0</b>	<b>0</b>	<b>(3,794)</b>
Depreciation Charge in year	(212)	(430)	(4)			(646)
Depreciation restated to the Revaluation reserve Upon Revaluation	55					55
Depreciation restated to the Income & Expenditure Account Upon Revaluation						0
Adjustment for disposal						0
<b>At year end</b>	<b>(369)</b>	<b>(3,952)</b>	<b>(64)</b>	<b>0</b>	<b>0</b>	<b>(4,385)</b>
<b>Balance Sheet Value at year end</b>	<b>14,607</b>	<b>3,165</b>	<b>656</b>	<b>877</b>	<b>14,980</b>	<b>34,285</b>
<b>Balance Sheet Value at year start</b>	<b>14,005</b>	<b>2,583</b>	<b>660</b>	<b>877</b>	<b>4,379</b>	<b>22,504</b>

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

Movement of Property, Plant and Equipment 2018-19	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total Assets £'000
<b>Cost or valuation</b>						
<b>At 1 April 2018</b>	14,976	7,117	720	877	14,980	38,670
Transfers	15,692				(15,692)	0
Additions in Year	23	580			712	1,315
Revaluation increases / (decreases) recognised in the Revaluation Reserve	814					814
Revaluation increases / (decreases) recognised in the CI&ES	(554)					(554)
Disposals						0
<b>At 31 March 2019</b>	<b>30,951</b>	<b>7,697</b>	<b>720</b>	<b>877</b>	<b>0</b>	<b>40,245</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>At 1 April 2018</b>	<b>(369)</b>	<b>(3,952)</b>	<b>(64)</b>			<b>(4,385)</b>
Depreciation Charge in year	(166)	(544)	(4)			(714)
Depreciation restated to the Revaluation reserve Upon Revaluation	49					49
Depreciation restated to the Income & Expenditure Account Upon Revaluation	118					118
Adjustment for disposal						0
<b>At year end</b>	<b>(368)</b>	<b>(4,496)</b>	<b>(68)</b>	<b>0</b>	<b>0</b>	<b>(4,932)</b>
<b>Balance Sheet Value at year end</b>	<b>30,583</b>	<b>3,201</b>	<b>652</b>	<b>877</b>	<b>0</b>	<b>35,313</b>
<b>Balance Sheet Value at year start</b>	<b>14,607</b>	<b>3,165</b>	<b>656</b>	<b>877</b>	<b>14,980</b>	<b>34,285</b>

Capital Commitments

At 31 March 2019 the authority had a retention amount of £0.188 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2019/20.

Revaluations

## Land and buildings

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

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

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

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

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

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

Revaluation Profile	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Total £000
Carried at Historic Cost	0	3,201	
Valued at Fair Value as at:			
31 Mar 2019	19,917		
31 Mar 2018	3,388		
31 Mar 2017	7,380		
31 Mar 2016	257		
Assets Below De-minimus	9		
<b>Total Cost of Valuation</b>	<b>30,951</b>	<b>3,201</b>	<b>34,152</b>

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

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

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

2017/18		2018/19
£000		£000
<b>1,704</b>	<b>Opening Capital Financing Requirement</b>	<b>12,749</b>
	<b>Capital Enhancement</b>	
13,003	Property, Plant and Equipment	1,315
2,090	Investment in Subsidiary Company	1,485
69	Intangible Assets	(20)
1,000	Revenue Expenditure Funded from Capital under Statute Repayable Advances	699
<b>16,162</b>	<b>TOTAL CAPITAL ENHANCEMENT</b>	<b>3,479</b>
	<b>Sources of Finance</b>	
(1,485)	Capital receipts	(114)
(1,741)	Grants and other contributions	(940)
(1,891)	Direct Revenue Financing – Other	(1,364)
0	Minimum revenue provision	(99)
<b>(5,117)</b>	<b>TOTAL SOURCES OF FINANCE</b>	<b>(2,517)</b>
<b>12,749</b>	<b>Closing Capital Finance Requirement</b>	<b>13,711</b>

**Note 14. Heritage Assets****Cultural Heritage Assets**

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

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

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

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

**Note 15. Intangible Assets**

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

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

**Note 16. Long Term Debtors**

2017/18 £'000		2018/19 £'000
3,135	Loan to Trading Companies	4,670
690	Trading Company Land Purchase	0
361	Loans to Individuals & Private Sector	299
<b>4,186</b>	<b>Total</b>	<b>4,969</b>

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 2017/18 £000		Council 2018/19 £000
373	Council Taxpayers	402
318	Non-Domestic Rate Payers	159
8	Housing Act Advances	76
67	Payments in Advance	90
1,675	Sundry Debtors & Accruals	1,378
(1,314)	Bad Debt Provisions	(1,324)
<b>1,127</b>	<b>Sub Total Financial Instruments definition</b>	<b>781</b>
911	Trading Company	364
1,139	Sport England	0
(147)	Local Govt.	
854	Central Govt. – Customs & Excise	51
964	Central Govt. – DWP	0
<b>4,848</b>	<b>TOTAL</b>	<b>1,196</b>

**Note 18. Cash and Cash Equivalents**

Council 2017/18 £'000		Council 2018/19 £'000
4,550	Short term investments repayable on notice	5,930
0	Bank Account - Investments	
(20)	Bank Account - Operational Cash in Transit	(223)
<b>4,530</b>	<b>Total</b>	<b>5,707</b>

**Note 19. Creditors**

Council 2017/18 £000		Council 2018/19 £000
(342)	Payroll Creditors	(215)
(3,060)	Sundry Creditors	(771)
(222)	Receipts in Advance	0
<b>(3,624)</b>	<b>Sub Total Financial Instruments Definition</b>	<b>(986)</b>
(1,128)	Local Govt. - Collection Fund Account	(1,153)
(949)	Central Govt. – Collection Fund Account	(1,537)
0	Central Govt. – Cambridgeshire Deal	
(126)	Parish Councils and other Local Govt.	0
(13)	Central Govt. – DWP, DCLG & External Audit	(139)
(262)	Trading Company	(163)
(363)	National Practitioners	(372)
<b>(6,465)</b>	<b>TOTAL</b>	<b>(4,350)</b>

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

2017/18 £'000		2018/19 £'000
(36)	Maintenance of Amenity Areas	(150)
(32)	Sports, Recreation & Historic	(32)
(601)	Business Rate Appeal	(920)
<b>(669)</b>	<b>Total</b>	<b>(1,102)</b>

**1. Maintenance of Amenity Areas**

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

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

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

**3. NNDR Appeals Provision**

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review, a provision for appeals outstanding was estimated to be £2.302 million at the end of 2018/19 of which £0.921 million would have to be met by the Council, and £1.381 million by other Collection Fund participants.

**Contingent Liabilities**

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

<b>Position at 31<sup>st</sup> March 2018</b>	<b>Up-dated Position 31<sup>st</sup> March 2019</b>
<p><b>Single Status Exercise</b></p> <p>The Council has not yet formally completed a Job Evaluation Project to determine the salaries of all posts under the National Single Status Agreement. Any cost is not expected to be material.</p>	<p>The Council continued to move forward this work during 2018-19 and it is now expected to implement the revised Agreement during 2019. It remains the expectation that any additional costs resulting from this work will be accommodated from within the 2019-20 budget.</p>

No new contingent liabilities were identified as at 31st March 2019.

**Contingent Assets**

There were no material contingent assets at the 31st March 2019.

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

31 March 2018	Gross Liabilities	31 March 2019
(59,224)	<b>Opening Balances as at 1 April</b>	(60,074)
(1,544)	[I] Interest Cost	(1,626)
1,112	[A] Actuarial losses /(gains) from changes in financial assumptions	(4,957)
(1,747)	[C] Current service cost	(1,711)
	[C] Past service cost	(198)
(292)	[N] Contributions from scheme participants	(298)
1,543	[N] Benefits paid	1,536
78	[N] Estimated unfunded benefits paid	77
<b>(60,074)</b>	<b>Closing balance at 31 March</b>	<b>(67,251)</b>

31 March 2018	Gross Assets	31 March 2019
36,994	<b>Opening fair value of scheme assets balance as at 1 April</b>	37,708
960	[I] The return on plan assets (Excluding amount included in net interest expense)	1017
(147)	[A] Actuarial losses / (gains) from changes in financial assumptions	1,462
1,152	[C] Contributions by the employer	1,214
78	[C] Contributions for unfunded (Discretionary benefits)	77
292	[N] Contributions by employees into the scheme	298
(1,543)	[N] Benefits paid	(1,536)
(78)	[N] Unfunded (Discretionary benefits)	(77)
<b>37,708</b>	<b>Closing balance at 31 March</b>	<b>40,163</b>
<b>(22,366)</b>	<b>TOTAL NET LIABILITIES</b>	<b>(27,088)</b>

Net Movement 2017/18		Net Movement 2018/19
1230	<b>General Fund Charge - Employer Contributions</b>	1291
517	[C] Other items to net cost of services	618
584	[I] Interest cost minus return on plan assets to financing income & expenditure	609
2,331	<b>Charge to Surplus/(Deficit) upon Provision of Services</b>	2,518
(965)	[A] Actuarial Gains/Losses to other income & expenditure	3,495
1,366	<b>Charge to Comprehensive Income &amp; Expenditure Account for the Year</b>	6,013
(1,230)	Less General Fund Charge - Employer Contributions	(1,291)
136	<b>TOTAL MOVEMENT IN PENSION RESERVE</b>	4,722

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 2018/19 the Council paid an employer's contribution of £1.29 million representing 18.17% of employees' pensionable pay (2017/18 £1.23 million @ 18.15%) into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service.

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

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

### Transactions Relating to Post-Employment Benefits

The Council 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 £26.164 million has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit

on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the Council in the year to 31 March 2020 is £1.263 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.

2017/18	County Fund – Main Assumptions	2018/19
2.70%	Rate of increase in salaries	2.80%
2.40%	Rate of increase in pensions	2.50%
2.70%	Rate of discounting scheme liabilities	2.40%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.4 years	Men	22.4 Years
24.4 years	Women	24.4 Years
	Longevity at 65 for future pensioners	
24.0 years	Men	24.0 years
26.3 years	Women	26.3 Years

#### Local Government Pension Scheme Assets Comprised:

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

31-Mar-18 £'000		31-Mar-19 £'000
1,215	Cash and cash equivalents	622
	<b>Equity instruments by industry:</b>	
1,047	Consumer	1,209
677	Manufacturing	772
811	Energy and utilities	945
1,625	Financial institutions	1,567
400	Health and care	246
178	Information technology	244
	Other	0
4,738	Sub-total equity	4,986
	<b>Private equity:</b>	
3,498	All not in active markets	3,338
3,498	Sub-total private equity	3,338
	<b>Other investment funds:</b>	
3,790	Bonds	3,920
20,883	Equity	22,263
950	Debt Securities – UK Government	1,016
2,634	Other	4,744
28,257	Sub-total other investment funds	31,943
<b>37,708</b>	<b>Total Assets</b>	<b>40,889</b>

Sensitivity analysis:

Increase in assumption 31-Mar-18 £'000	Impact on the defined benefit obligation in the Scheme	Increase in assumption 31-Mar-19 £'000
679	Rate of increase in salaries (increase or decrease by 0.5%)	755
5,172	Rate of increase in pensions (increase or decrease by 0.5%)	6,028
5,913	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	6,881

Further information

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

**Note 23. Financial Instruments**

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

Long Term		Current	
2017/18	2018/19	2017/18	2018/19
£'000	£'000	£'000	£'000
		<b>Investments and Cash &amp; Cash Equivalents</b>	
		4,550	5,930
		(20)	(223)
		<b>Total Investments and Cash &amp; Cash Equivalents</b>	
		<b>4,530</b>	<b>5,707</b>
		<b>Debtors</b>	
		932	781
361	299	<b>Loans &amp; Investments</b>	
		0	0
<b>361</b>	<b>299</b>	<b>5,462</b>	<b>6,488</b>
		<b>Borrowings</b>	
		0	0
		<b>TOTAL BORROWINGS</b>	
		0	0
		<b>Creditors</b>	
		(3,382)	(770)
		<b>Financial Liabilities at amortised cost</b>	
		(3,382)	(770)
		<b>TOTAL CREDITORS</b>	
		<b>(3,382)</b>	<b>(770)</b>
		<b>TOTAL FINANCIAL LIABILITIES</b>	
		<b>(3,382)</b>	<b>(770)</b>

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

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

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

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

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

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 £5.93 million (2017/18; £4.53 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 2019 that this was likely to occur and there are no investments that as at 31 March 2019 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 £114k (£382k in 2017/18) of the £843K (£685k in 2017/18) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2017 £000	31 March 2019 £000
Less than three months	161	32
Three to six months	39	6
Six months to one year	89	9
More than one year	93	67
Total	382	114

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 three 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.

**Note 24. Acquired and Discontinued Operations**

There are no acquired or discontinued operations during 2018/19 (There were also none in 2017/18).

**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	2017-18		2018-19	
	Turnover	Surplus/(Loss)	Turnover	Surplus/(Loss)
Business Units	35,099	26,732	27,740	25,518
E Space North	272,592	66,886	295,375	138,650
Building Control	270,884	65,756	279,761	83,507
<b>Total</b>	<b>578,575</b>	<b>159,374</b>	<b>602,876</b>	<b>247,675</b>

**Note 26. Members' Allowances**

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

2017/18 £		2018/19 £
244,130	Allowances	236,509
16,135	Expenses	20,137
<b>260,265</b>		<b>256,646</b>

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

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

2017/18		2018/19		
4	50,000	but less than	55,000	0
1	55,000	but less than	60,000	3
0	60,000	but less than	65,000	1
2	65,000	but less than	70,000	1
0	70,000	but less than	75,000	0
1	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	1
1	95,000	but less than	100,000	0
0	100,000	but less than	105,000	1
0	105,000	but less than	110,000	0
0	110,000	but less than	115,000	0
0	115,000	but less than	120,000	0
0	120,000	but less than	125,000	0
0	125,000	but less than	130,000	0
0	130,000	but less than	135,000	0
1	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	1
<b>10</b>				<b>8</b>

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

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

<b>2017/18</b>	<b>Salary including allowances</b>	<b>Allowances and fees</b>	<b>Total remuneration</b>	<b>Employer Pension contributions</b>	<b>Remuneration including pension contributions</b>
<b>Post Holder</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive	131,203	6,683	<b>137,886</b>	22,567	<b>160,453</b>
Director Operations	90,742	871	<b>91,613</b>	15,608	<b>107,221</b>
Director Commercial	77,656	0	<b>77,656</b>	13,357	<b>91,013</b>
Legal Services Manager	52,068	0	<b>52,068</b>	8,956	<b>61,024</b>
Finance Manager	53,327	310	<b>53,637</b>	9,172	<b>62,809</b>

Key – 2017/18

Note 1 The Council set up a Section 113 Agreement with Peterborough City Council for the provision of the Section 151 Officer role which finished on 12<sup>th</sup> July 2017

Note 2 The Finance Manger was in post from 13<sup>th</sup> July 2017

Note 3 Other staff detailed above were all in post throughout the 2017-18 financial year

Note 4 The Chief Executive also received remuneration for his post as Returning Officer for the District

<b>2018/19</b>	<b>Salary including allowances</b>	<b>Allowances and fees</b>	<b>Total remuneration</b>	<b>Employer Pension contributions</b>	<b>Remuneration including pension contributions</b>
<b>Post Holder</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive	148,281	6,794	<b>155,075</b>	25,730	<b>180,805</b>
Director Operations	100,445	2,067	<b>102,512</b>	18,617	<b>121,129</b>
Director Commercial	92,599		<b>92,599</b>	15,927	<b>108,526</b>
Legal Services Manager	59,338		<b>59,338</b>	10,215	<b>69,553</b>
Finance Manager	59,388	325	<b>59,713</b>	10,215	<b>69,928</b>

Key – 2018/19

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

Note 2 The Chief Executive also received remuneration for his post as Returning Officer for the District

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

2017/18			2018/19			
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	<b>Total</b>		1	1
		Cost £'000				Cost £'000
		18	£0 to less than £20,000			
			£20,000 to less than £40,000			22
		<b>18</b>	<b>TOTAL</b>			<b>22</b>

## Note 28. External Audit Related Costs

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

2017/18		2018/19	
£		£	
35,204	External Audit	57,033	
12,004	Grant Claim Certificate	14,960	
<b>47,208</b>		<b>71,993</b>	

## Note 29. Related Parties

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

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

Grants received from Government departments are set out in the analysis in Note 8a on "Grant Income".

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

Two of the Councils management team were seconded to Cambridge & Peterborough combined authority during 2018-19

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 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 2018/19, there were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

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

The Council fully owns East Cambridgeshire Business Centres Limited, East Cambs Trading Company Limited and East Cambs Street Scene Ltd

#### **East Cambridgeshire Business Centres Ltd**

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

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

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

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

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

The Property and CLT Development arm, known as Palace Green Homes, are responsible for progressing the development of small scale house building, including the development of CLTs, within the District.

#### **East Cambs Street Scene Ltd**

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

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:

2017/18 £000 (restated)		2018/19 £000
24	Public Conveniences, Car Park, Open Space	24

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:

2017/18 £000		2018/19 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
17	Current	11
4	Finance costs payable in future years	30
<b>21</b>	<b>Minimum lease payments</b>	<b>41</b>

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

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

**Operating Leases**

The Authority has no material operating leases as lessee.

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

The Council has no finance leases as lessor.

**Operating Leases**

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

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

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

2017/18 £000		2018/19 £000
12	Not later than 1 year	21
325	Later than 1 year and not later than 5 years	109
32	Later than 5 years	170
<b>369</b>		<b>300</b>

The minimum lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2018/19 £0 contingent rents were receivable by the Authority (2017/18 £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 **2018/19** financial year and its position at the year-end of 31 March 2019. 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 **2018/19** and the Service Reporting Code of Practice **2018/19**, supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

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

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

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

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

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

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

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

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

#### ➤ Exceptional Items

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

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

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where the Council is acting as an agent for another party (e.g. in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services provided or the Council incurs expenses directly on its own behalf in providing the services.
- Government Grants are recorded as Income when they are received provided there is reasonable assurance that the conditions of receipt are complied with or at a later date should the conditions be met at that later date.
- In relation to the Local Government Pension scheme the liability that the Authority has for meeting the future cost of retirement benefits arising from service provided by employees up to the Balance Sheet date net of the contributions paid into the fund and the investment income generated.
- Changes in fair values of Investment Properties are recognised.
- The Statutory basis of accounting for the Council differs from that reported in the Comprehensive Income & Expenditure Account as required under IFRS. Details are provided on the following page:

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

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

## ➤ Reserves

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

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

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

## ➤ Value Added Tax

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

## ➤ Events after the Balance Sheet Date

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

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

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

## Accounting Policies in respect of Non-Current Assets

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

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

- Recognition

Spend on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. There is a de minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

- Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

- Components

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

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

#### Impairment

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

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

- Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

- Depreciation

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

Depreciation is calculated as follows:

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

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

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

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

### **Year of depreciation charge**

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

#### ➤ **Heritage Assets**

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

#### ➤ **Intangible Assets**

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

#### ➤ **Leases**

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

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

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

- The Council as Lessee

- Finance leases

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

Lease payments are apportioned between:

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

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

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

- Operating leases.

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

- The Council as Lessor

- Finance Leases

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

- Operating Leases.

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

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

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

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

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

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

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

#### **➤ Termination Benefits**

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

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

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

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

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

### ➤ **Discretionary Benefits**

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

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

### ➤ **Financial Assets**

The main financial assets attributable to the Council are:

- Inventories

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

- Contingent Assets

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

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

- Loans and receivables

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

- Debtors

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

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

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

- **Cash and equivalents**

The fair values for debtors and cash and equivalents are estimated using their carrying values. Cash is defined as cash in hand and deposits with financial institutions repayable without penalty on notice of up to 24 hours. Cash equivalents are defined as investments that mature in up to 3 months from the date of acquisition and that are readily convertible with no significant risk of loss of value.

- **Investments**

Investments are carried at their amortised cost. The fair value of investments is determined by discounting the future cash flows using a relevant market rate of interest comparable to the rate for the same investment from a comparable institution, available at the Balance Sheet date.

➤ **Financial Liabilities**

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

- **Creditors**

Creditors are carried at their original invoice amount.

- **Bank overdrafts**

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

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

- **Short-term borrowing**

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

- **Long-term loan**

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

- The liabilities of the Local Government Pension Scheme 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. Such 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).

➤ **Provisions and Contingent Liabilities**

• Provisions

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

• Contingent Liabilities

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

**Collection Fund**

2017/18			2018/19		
Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000	Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000
<b>Income</b>					
	(48,235)	(48,235)		(51,397)	(51,397)
(20,889)		(20,889)	(21,355)		(21,355)
(872)		(872)	(1,146)		(1,146)
<b>(21,761)</b>	<b>(48,235)</b>	<b>(69,996)</b>	<b>(22,501)</b>	<b>(51,397)</b>	<b>(73,898)</b>
<b>Expenditure</b>					
<b>Repay Previous Years Surplus</b>					
313		313	165		165
251	10	261	132	92	224
56	56	112	30	526	556
	9	9		83	83
6	3	9	3	30	33
<b>626</b>	<b>78</b>	<b>704</b>	<b>330</b>	<b>731</b>	<b>1,061</b>
<b>Precepts and Demands</b>					
9,504	0	9,504	10,189		10,189
8,074	6,052	14,126	8,178	6,273	14,451
1,817	34,458	36,275	1,840	36,570	38,409
	5,406	5,406		5,814	5,814
202	1,933	2,135	205	2,011	2,216
<b>19,597</b>	<b>47,849</b>	<b>67,446</b>	<b>20,412</b>	<b>50,668</b>	<b>71,080</b>
<b>Charges to Collection Fund</b>					
(177)	(102)	(279)	(79)	(102)	(181)
280	49	329	35	217	252
586		586	797		797
95		95	95		95
367		367	841		841
0		0	33		33
<b>1,151</b>	<b>(53)</b>	<b>1,098</b>	<b>1,722</b>	<b>115</b>	<b>1,837</b>
<b>21,374</b>	<b>47,874</b>	<b>69,248</b>	<b>22,464</b>	<b>51,514</b>	<b>73,978</b>
<b>(Increase) / Decrease in Collection Fund Balance</b>					
<b>(387)</b>	<b>(361)</b>	<b>(748)</b>	<b>(37)</b>	<b>117</b>	<b>80</b>
<b>Fund Balance - (Surplus) / Deficit at 1 April</b>					
(430)	(516)	(946)	(817)	(877)	(1,694)
<b>Fund Balance - (Surplus) / Deficit at 31 March</b>					
<b>(817)</b>	<b>(877)</b>	<b>(1,694)</b>	<b>(854)</b>	<b>(760)</b>	<b>(1,614)</b>

## Notes to the Collection Fund

### 1. Purpose of Fund

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

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

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

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

### 2. Council Tax

Tax Base at 31 March 2019					
Tax Band	Properties	Exemptions & Discounts	Chargeable Dwellings	Band D Multiplier	Band D equivalent
A	4,730	(1,687)	3,043	6/9	2,028
B	11,084	(2,463)	8,621	7/9	6,705
C	7,679	(1,001)	6,678	8/9	5,936
D	6,855	(707)	6,148	9/9	6,148
E	4,492	(376)	4,116	11/9	5,031
F	2,084	(137)	1,947	13/9	2,812
G	718	(54)	664	15/9	1,106
H	82	(11)	71	18/9	143
<b>Total</b>	<b>37,724</b>	<b>(6,436)</b>	<b>31,288</b>		<b>29,909</b>

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

Council Tax charge per band D property for 2017/18 £1,653.04.

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

The standard business rate multiplier set by the Government for 2018/19 was 49.3p (2017/18 47.9p). The small business multiplier, for business with a rateable value of under £18,000 was 48.0p (2017/18 46.6p)

Total rateable value at 31 March 2019 £57.607 million.

Total rateable value at 31 March 2018 £56.524 million.

**4. Non Domestic Rates Appeals**

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

**5. Collection Fund Balance Sheet**

<b>Non Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>		<b>Non Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>
<b>31-Mar-18</b>	<b>31 Mar 18</b>	<b>31 Mar 18</b>		<b>31 Mar 19</b>	<b>31 Mar 19</b>	<b>31 Mar 19</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
1,896	1,072	2,968	Cash held by ECDC	3,074	965	4,039
1,148	2,491	3,639	Debtors	970	2,694	3,664
(394)	(1,266)	(1,660)	Receipts in Advance	(601)	(1,365)	(1,966)
(329)	(1,420)	(1,749)	Impairment Provision	(286)	(1,535)	(1,821)
(1,504)	0	(1,504)	Appeals Provision	(2,302)	0	(2,302)
(817)	(877)	(1,694)	Fund Surplus	(854)	(760)	(1,614)
0	0	0	<b>TOTAL</b>	0	(0)	0

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

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

Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
31-Mar-18	31 Mar 18	31 Mar 18		31 Mar 19	31 Mar 19	31 Mar 19
£'000	£'000	£'000		£'000	£'000	£'000
458	323	781	Debtors	388	341	729
(158)	(165)	(323)	Receipts in Advance	(240)	(173)	(413)
(132)	(180)	(312)	Impairment Provision	(114)	(194)	(308)
(601)	0	(601)	Appeals Provision	(921)	0	(921)
(187)	(940)	(1,127)	Creditors - Local Government	(307)	(845)	(1,153)
(949)	0	(949)	Creditors - Central Government	(1,537)	0	(1,537)
(327)	(110)	(437)	Fund Surplus to Collection Fund Adjustment Account	(342)	(94)	(436)
<b>(1,896)</b>	<b>(1,072)</b>	<b>(2,968)</b>	<b>TOTAL</b>	<b>(3,074)</b>	<b>(965)</b>	<b>(4,039)</b>

## 7. Collection Fund Adjustment Reserve

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

2017/18		2018/19
£'000	Collection Fund Adjustment Account	£'000
358	Opening Balance	455
97	Movement in Year	490
<b>455</b>	Closing Balance	<b>945</b>
110	Council Tax	94
327	Non Domestic Rates - Core	342
18	Non Domestic Rates - Renewable Energy	509

**GROUP Comprehensive Income & Expenditure Account**

2017/18

2018/19

2017/18				2018/19		
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
4,973	(1,977)	2,996	Community Services	4,097	(2,043)	2,054
27,269	(24,220)	3,049	Resources & Finance	26,188	(22,538)	3,650
6,910	(3,043)	3,867	Regulatory Services	7,802	(3,936)	3,866
<b>39,152</b>	<b>(29,240)</b>	<b>9,912</b>	<b>Cost of Services</b>	<b>38,087</b>	<b>(28,517)</b>	<b>9,570</b>
2,408		2,408	Other Operating Costs	11,699	(9,796)	1,903
584	(70)	514	Financing & Investment Items	<b>609</b>	<b>(364)</b>	245
	(13,352)	(13,352)	Taxation & Grant Income	1	(11,430)	(11,429)
<b>42,144</b>	<b>(42,662)</b>	<b>(518)</b>	<b>Net Surplus/Deficit on provision of services</b>	<b>50,396</b>	<b>(50,107)</b>	<b>289</b>
	(1,526)	(1,526)	Other comprehensive income & expenditure		<b>0</b>	<b>0</b>
<b>42,144</b>	<b>(44,188)</b>	<b>(2,044)</b>	<b>TOTAL</b>	<b>50,396</b>	<b>(50,107)</b>	<b>289</b>

**GROUP Movement in Reserves Statement**

Opening Balance	2017/18				2018/19		
	Adjustments between Account basis and fund basis	Other income & Expenditure	Closing Balance		Adjustments between Account basis and fund basis	Other income & Expenditure	Closing Balance
£'000	£'000	£'000	£'000		£'000	£'000	£'000
10,371	230	649	11,250	General Fund	198		11,448
2,211	(1,443)		768	Capital Receipts Reserve	593		1,361
52	(51)		1	Capital Grants Unapplied	0		1
<b>12,634</b>	<b>(1,264)</b>	<b>649</b>	<b>12,019</b>	<b>Total Useable</b>	<b>791</b>	<b>0</b>	<b>12,810</b>
15,089	2,393		17,482	Capital Adjustments Account	755		18,237
7,163	(111)	561	7,613	Revaluation Reserve	(103)	863	8,373
(20,954)	(1,149)	965	(21,138)	Other Unusable		(3,495)	(24,633)
<b>1,298</b>	<b>1,133</b>	<b>1,526</b>	<b>3,957</b>	<b>Total Unusable</b>	<b>652</b>	<b>(2,632)</b>	<b>1,977</b>
<b>13,932</b>	<b>(131)</b>	<b>2,175</b>	<b>15,976</b>	<b>TOTAL</b>	<b>1,443</b>	<b>(2,632)</b>	<b>14,787</b>

**Balance Sheet**

<b>Group</b> <b>31 March 2018</b> <b>£'000</b>		<b>Group</b> <b>31 March 2018</b> <b>£'000</b>
38,311	Property, Plant and Equipment	36,125
105	Heritage Assets	105
93	Intangible Assets	58
0	Investments in Subsidiaries	
351	Long Term Debtors	4,969
<b>38,860</b>	<b>LONG TERM ASSETS</b>	<b>41,257</b>
0	Short Term Investments	
51	Inventories	3,156
4,706	Short Term Debtors	1,243
4,618	Cash and Cash Equivalents	7,347
<b>9,375</b>	<b>CURRENT ASSETS</b>	<b>11,745</b>
0	Cash and Cash Equivalents	
(6,659)	Short Term Creditors	(4,934)
(669)	Provisions	(1,102)
<b>(7,328)</b>	<b>CURRENT LIABILITIES</b>	<b>(6,036)</b>
(2,565)	Capital Grants Received in Advance	(2,393)
	Borrowings	
(22,366)	Net Pensions Liability	(27,088)
<b>(24,931)</b>	<b>LONG TERM LIABILITIES</b>	<b>(29,481)</b>
<b>15,976</b>	<b>NET ASSETS</b>	<b>17,485</b>
	<b>FINANCED BY:</b>	
12019	USABLE RESERVES	16,951
3957	UNUSABLE RESERVES	534
<b>15976</b>	<b>TOTAL RESERVES</b>	<b>17,485</b>

**Ian Smith - CPFA**  
Section 151 Officer

29 May 2019

**Group Cash Flow Statement**

Council		Council
31 March 2018		31 March 2019
£'000		£'000
656	<b>Net Surplus / (Deficit) on the Provision of Services – (i)</b>	<b>(285)</b>
(208)	Interest receivable	(229)
	Adjustments for Non-cash Items:	
671	Depreciation & Amortisation	1,177
1,165	Impairment	0
1,101	Pension Liability	1227
(2,008)	Change in Inventories	227
459	Change in Debtors & Creditors	1,381
<b>1,180</b>	<b>Total Adjustments (ii)</b>	<b>3,783</b>
<b>1,836</b>	<b>A- Net Cash Flows from Operating Activities (i)+(ii)</b>	<b>3,498</b>
(13,102)	Purchase of Property, Plant & Equipment	(1,440)
(736)	Change in Long Term Debtors	2
11,960	Net (Purchase) of Investments	0
70	Interest Received	229
<b>(1,808)</b>	<b>B- Investing Activities</b>	<b>(1,209)</b>
		0
(655)	Net receipt / (application) of Capital Grants	(172)
682	Change in Collection Fund agencies Debtors & Creditors	614
<b>27</b>	<b>C- Financing Activities</b>	<b>442</b>
<b>55</b>	<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,731</b>
<b>4,563</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>4618</b>
<b>4,618</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>7,349</b>

## Notes to Group Accounts

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

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

	31 March 2018 £'000	In Year Movement 2018/19 £'000	31 March 2019 £'000
Surplus Savings Reserve - Profit & Loss Account	(276)	(388)	(664)
Revaluation Reserve	130	0	130
<b>Total Company Reserves portion of Group Balance Sheet</b>	<b>(146)</b>	<b>(388)</b>	<b>(534)</b>
<b>Represented by:</b>			
East Cambs Trading Company Profit & Loss	(305)	(358)	(663)
East Cambs Street Scene Profit & Loss		(1)	(1)
East Cambs Business Centres Profit & Loss	29	(30)	(1)
East Cambs Business Centres Revaluation Reserve	130	0	130

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

	Trading Company	Street Scene	Business Centres	Inter Company	Total Change upon Council
Property Plant & Equipment	134	0	678	3122	3934
Company Share - Capital Council Investment	0	0	(496)	(50)	(546)
Long Term Debtor/Creditor	(4,620)	0	0	0	(4,620)
Debtors & Cash	1667	317	67	364	2,414
Inventories	3122	0	0	(3,122)	0
Creditors	(351)	(317)	(79)	(163)	(910)
<b>TOTAL ASSETS NET OF COUNCIL SHARE</b>	<b>(48)</b>	<b>(1)</b>	<b>169</b>	<b>151</b>	<b>272</b>

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

## Glossary of Terms and Abbreviations

### GLOSSARY OF TERMS

#### **Accrual**

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

#### **Actuarial Assumptions**

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

#### **Amortisation**

The gradual write off of the initial cost of assets.

#### **Asset**

An item having value to the Council in monetary terms.

#### **Capital Enhancement**

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

#### **Capital Receipts**

Income received from selling non-current assets.

#### **Carrying amount**

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

#### **CIPFA**

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

#### **Collection Fund**

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

#### **Community Infrastructure Levy (CIL)**

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

#### **Contingent Liabilities**

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

#### **Council Tax**

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

#### **Creditors**

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

#### **Current Assets**

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

**Debtors**

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

**Earmarked Reserves**

Money set aside for a specific purpose.

**Exceptional Item**

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

**Fair value**

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

**Finance Lease**

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

**Impairment of debts**

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

**Intangible Assets**

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

**Liabilities**

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

**Liquid Resources**

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

**Minimum Revenue Provision (MRP)**

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

**Non Domestic Rates**

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

**Operating Leases**

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

**Precept**

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

**Prior Year Adjustments**

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

**Property, Plant and Equipment**

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

**Provisions**

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

**Reclassification**

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

**Responsible Financial Officer**

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

**Restated**

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

**Revenue Expenditure Funded from Capital under Statute**

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

**Revenue Support Grant**

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

**Safety Net**

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

**Section 106**

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

**Tariff**

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

**True and Fair View Override**

As required by the Accounts and Audit Regulations 2011, paragraph 8.2, the Responsible Financial Officer is required to certify that the Statement of Accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the “true and fair view override”. This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e. to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer

is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

## **ABBREVIATIONS**

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