

**EAST  
CAMBRIDGESHIRE  
DISTRICT COUNCIL**

**DRAFT  
STATEMENT OF  
ACCOUNTS 2017/18**

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## Narrative Report

### By the Finance Manager

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2017/18 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2018.

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 2017/18.
- The Financial Statements
- Technical information

## Commentary and Review of 2017/18

### Review of the Year

2017/18 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 2018/19 and 2019/20.

The Council set a net budget for 2017/18 of £8.659 million (2016/17; £8.544 million), a net increase of £0.115 million (1.34%). After the application of the following government grants and collection fund funding:

- Revenue Support Grant of £0.660 million (2016/17; £1.149 million),
- Business Rates Retention scheme (NNDR) of £3.624 million (2016/17; £2.910 million),
- Collection Fund surpluses of £0.260 million (2016/17; £0.409 million)

this left the Council to raise £4.114 million (2016/17; £4.077 million) from Council Tax. This equated to a Council Tax of £142.14 (2016/17; £142.14) for a Band D equivalent property, freezing the Council Tax for the fourth year in a row.

### Review and Commentary on the Council's services and performance during 2017/18

The Council produced and approved a revised Corporate Plan for the period up until the next elections in the district covering the period 2017-2019, within this there remained the 6 priority areas as detailed in the original Corporate Plan:

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

The following information details the progress made against the performance measures detailed within the Corporate Plan over the past 12 months:

### **Delivering a financially sound and well managed Council**

#### **Performance Measure - Freeze the East Cambs element of Council Tax in 2017/2018, 2018/19 and 2019/2020 (six years in a row)**

The Council froze Council Tax in 2017/2018 and has made a commitment to continue to freeze it in 2018-2019 and 2019-2020

#### **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 Business Plan has been approved by Council for 2018/19. The plan sets out what the Trading Company will be looking to achieve and focuses on its priorities moving forward

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

The Council has continued to utilise developer contributions and support key development projects which benefit the community

#### **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 has been allocated to the Council budget to explore options and carry out an options appraisal

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

3 services within the Council have been reviewed over the past 12 months to provide more efficient practices, resulting in financial and administrative savings

### **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 be committed to developing Community Land Trust's across the District, supporting local businesses and building new homes

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

The Council has secured £300,000 for studies of Junctions 37 and 38 of the A14 and for a study along the A142. The Council has secured support for Littleport Masterplan in 2018/19 with Ely and Soham Masterplan support in 2019/20

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

The draft Local Plan has been submitted for examination.

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

A budget of £70,000 has been approved. Mapping of the most visited attractions is underway and local business are now being identified for inclusion in the mapping

**Performance Measure - Bring the waste and recycling service into the East Cambs Trading Company to improve recycling rates, flexibility and efficiency and provide an excellent service to residents and businesses**

The Council approved the recommendation to bring waste and recycling services in-house through East Cambs Street Scene. The waste service formally transferred to the Council on 1<sup>st</sup> April.

**Performance Measure - We aim to have fly-tipping on public land removed within 2 full working days of it being reported**

Currently the average time to remove fly tipping is 8 days

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

ECDC has been working with partners to scope out opportunities to help improve sixth form provision. This includes matching up local business with the college to focus on routes to employment, interview skills and developing the annual East Cambs Careers and Skills Fair

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

The Council has been offering on-going technical support to the Community Leisure Trusts in Littleport, Burwell, Elsmere and Soham. Littleport has a new leisure centre, Burwell is in a stronger financial position and Ross Pears has started to undertake an options appraisal for remodelling the facility

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

248 people were prevented from being made homeless last year through early intervention support. Our Council front line staff have continued to offer support to our clients

**Genuinely affordable housing**

**Performance Measure - Develop a district Community Land Trust to support local communities to deliver CLT schemes across the District**

The East Cambs Community Land Trust has been set up to provide ongoing support to CLT schemes across the District. The new organisation can offer support to local communities who are at the early stages of their ideas

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

New Community Land Trusts have been set up in Swaffham Bulbeck, Soham, Kennett, and Fordham and the East Cambs Community Land Trust has been established

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

A community led design process determined the final concept plan for the large scale housing project and surrounding infrastructure. The planning application is in the process of being submitted

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

Investigations have been carried out on site opportunities

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

The Shade Community Land Trust is currently being built in Soham and the Haddenham planning application was submitted and approved by Planning Committee in February. East Cambs Trading Company is currently in advanced dialog with the Cambridgeshire and Peterborough Combined Authority for a loan of £6.5 million to take forward the Haddenham site.

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

Consultation events have been held and a planning application is currently in the process of being developed

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

Haddenham Community Land Trust planning application has been submitted and approved at Planning Committee

**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**

2 new businesses have settled in Lancaster way with another 2 imminent

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

The Council has agreed to purchase the Ely Riverside Moorings which will help to bring in additional revenue streams

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

The Council is currently reviewing how this support can be offered to ensure that it provides effective and meaningful support to local businesses

**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**

Secured £300,000 funding and are now in the process of developing a brief to enlist consultants

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

The Council is working with Sutton GP practice on expansion plans and with Stretham GP practice to facilitate the relocation of the existing surgery in to a Community Led Trust development. (Council approved on the 24<sup>th</sup> May 2018 that both schemes be added to the R123 list which could be a potential source of funding)

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

Initial discussions with a consultant on developing an options appraisal have commenced

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

The Council has nominated a Senior Planning Officer for the next phase in the plan and is actively working with Network Rail on the timetable of planning application submission from Network Rail

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

The Council has made a £1 million commitment to the scheme and has so far paid £713,000 to Cambridgeshire County Council

**Improving Local Transport**

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

The Council has been working with the relevant partners to assess the current project pipeline and providing advice and information where required

**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**

The Council is working with partners to start to implement the scoping report

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

The Council has built an additional 80 commuter car spaces in Littleport and 128 in Ely. This will help ease congestion on the streets around the stations and will make it easier for commuters to find a parking space



**Revenue Spending and Sources of Income**

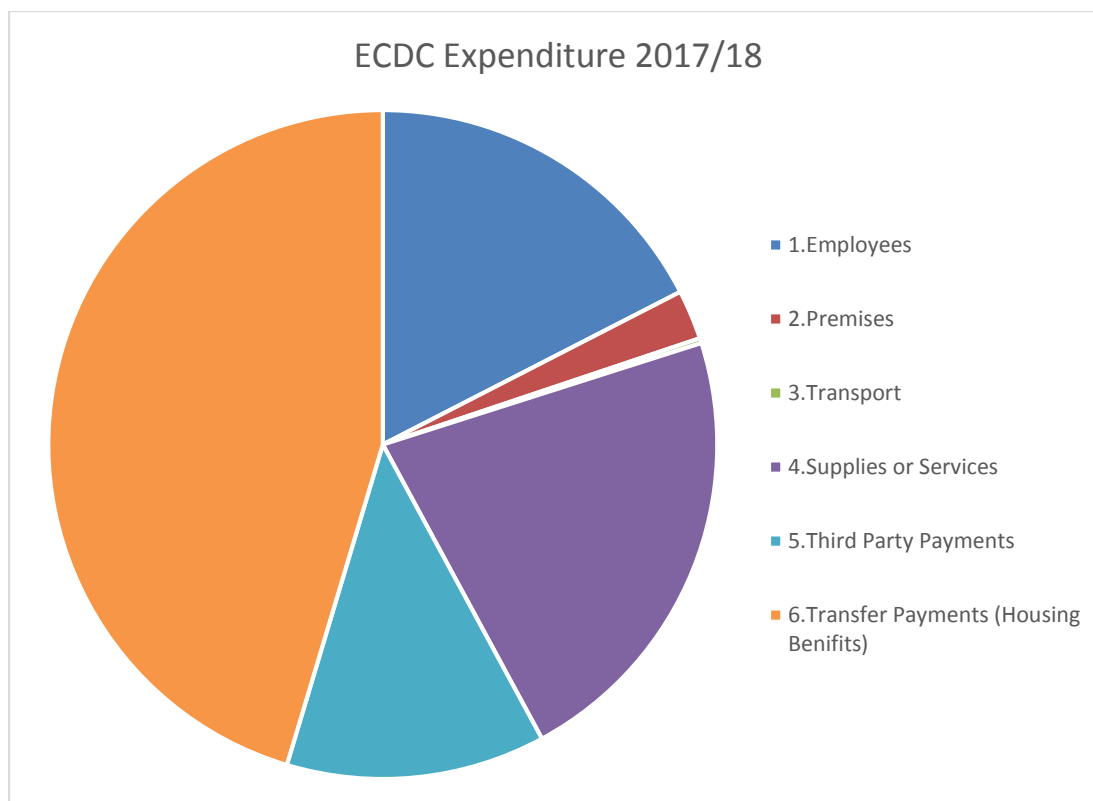
The Table below sets out the Council's budget for 2017/18 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	2017/18		
	Budget	Outturn	Variation
	£000	£000	£000
Service			
Resources & Finance	5,314	6,080	766
Regulatory Services	3,676	3,111	(565)
Commercial Services	1,427	1,332	(95)
<b>Service Net Revenue Expenditure</b>	<b>10,417</b>	<b>10,523</b>	<b>106</b>
Land Drainage	475	470	(5)
Parish Precepts	1,937	1,937	0
<b>Total Net Revenue Expenditure</b>	<b>12,829</b>	<b>12,930</b>	<b>101</b>
Financing			
Council Tax	(6,062)	(6,062)	0
Non-Domestic Rates	(3,875)	(5,067)	(1,192)
Revenue Support Grant	(660)	(660)	0
Other Government Grants	(1,460)	(1,562)	(102)
Budget - draw from Surplus Savings Reserve	(772)	(772)	0
<b>Total Financing</b>	<b>(12,829)</b>	<b>(14,123)</b>	<b>(1,294)</b>
<b>Transfer to Surplus Savings Reserve</b>			<b>(1,193)</b>
<b>Net (Increase) / Decrease in Earmarked Reserves</b>			<b>143</b>
<b>Total Reported General Fund Movements</b>			<b>(1,050)</b>
<b>Adjustments between funding &amp; accounting basis</b>			<b>230</b>
<b>Reported (Surplus) upon Services in Income &amp; Expenditure Account</b>			<b>(820)</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 Resources and Finance Committee on 18<sup>th</sup> June 2018. Reasons for yearend variances can be found in this report, for both revenue and capital.

## Analysis of Revenue Expenditure

The Council spent £40.156 million in 2017/18 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 2017/18	B/f	Contributions		C/f
	£000	To £000	From £000	£000
General Fund	1,000	0	(0)	1,000
Surplus Savings & Earmarked	9,752	5,908	(4,856)	10,804
<b>TOTAL GENERAL FUND</b>	<b>10,752</b>	<b>5,908</b>	<b>(4,856)</b>	<b>11,804</b>
Capital Receipts Reserve	2,214	79	(1,524)	769
Capital Grants Unapplied	52	1,689	(1,741)	0
<b>Total Usable Reserves</b>	<b>13,018</b>	<b>7,676</b>	<b>(8,121)</b>	<b>12,573</b>

**Capital Spending**

The final capital budget for 2017/18 was £17.176 million and the table below shows the movement from the original capital programme approved in February 2017.

Capital Programme	£000	£000
Original Approved Capital Programme 2017/18	15,434	
Approved Slippage from 2016/17	820	
Approved Additions	922	
Updated Capital Programme for 2017/18		17,176
Capital Outturn		16,193
Underspend Against Revised Budget		983

Spend in 2017/18 was as shown below:

2016/17 £000	Capital Spending	2017/18 £000
0.0	Refuse Vehicles	952.0
485.8	Housing Grants	1,000.0
158.9	Vehicle Replacement Programme	60.2
2,499.4	Leisure Centre	11,011.2
1,045.0	Loan to Subsidiary Company	2,090.0
309.8	Additional Car Parking	992.4
0.0	IT Projects	87.1
95.2	Other	0.0
<b>4,594.1</b>	<b>Gross Expenditure</b>	<b>16,192.9</b>
	Funded from	
653.4	Capital Receipts Reserve Applied	1,523.7
442.2	Grants	1,741.0
799.5	CIL Earmarked Reserve Contribution	1,676.0
2,447.9	Internal Borrowing Contributions	11,075.9
0.0	Other Revenue Contributions	215.1
251.1	Section 106	0.0
<b>4,594.1</b>		<b>16,192.9</b>

**Treasury Management**

East Cambridgeshire District Council was in cash surplus during the whole of the 2017-18 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 2018/19 to 2021/22. 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 Fair Funding Review; the new 75% Business Rate Retention Scheme and the new burdens which are expected to accompany this.

The current MTFS shows the budgets for 2018/19 and 2019/20 are fully funded based on the assumptions detailed below. However, there are significant budget shortfalls projected in the subsequent years (£2,267,000 in 2020/21, rising to £3,284,000 in 2021/22). 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.

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 Grant Settlement;
- The Council's Business Rate growth continues, this is projected to increase by 1.5% per annum throughout the term of the MTFS;
- 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;
- The transfer of the Waste Service to a wholly owned Council trading company will provide the opportunity to make savings on the client side of £100,000 per annum from 2019/20. Further efficiency savings and income have not been assumed at this point and will be subject to ECSS actions;
- Following the Pension Fund revaluation as at 31<sup>st</sup> March 2016 the fund manager requested that the contribution rate be increased 17.2%, with in addition, to ensure prudent budgeting, that the lump sum contribution be increased by £50,000 in both 2018/19 and 2019/20;
- The Council has a track record of delivering cost reductions; it is anticipated therefore that a 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 and ECSS are anticipated to start making profits in the period of the MTFS, but no account of any potential dividend payments, linked to these profits being paid to the Council is assumed at this stage.

## The Financial Statements

The Council's financial statements for 2017/18 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 2017/18 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 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 Statutory 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 2018 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are unusable reserves and include unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2017		31 March 2018	
£000		£000	
24,554	Long Term Assets	39,165	
20,020	Current Assets	9,429	
(4,941)	Current Liabilities	(7,134)	
(25,450)	Long Term Liabilities	(24,931)	
14,183	Net Assets	16,529	
13,015	Useable Reserves	12,572	
1,168	Unusable Reserves	3,957	
14,183	Total Reserves	16,529	

The Council's Balance Sheet has moved from a position at 31<sup>st</sup> March 2017 of £14.183 million to £16.529 million at 31 March 2018. The principle reasons for this movement of £2.346 million are (i) £1.32 million in respect of the Council's Assets Financing offset by Depreciation and Impairment plus (ii) £0.82 million favourable Surplus on Services as reported above offset by (iii) unfavourable movements upon Pension Reserves.

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 2018 £000
operating activities	3,972
investing activities	(3,978)
financing activities	27
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>21</b>
Cash & Cash Equivalents at the beginning of the reporting period	4,509
<b>at the end of the reporting period</b>	<b>4,530</b>

**The Collection Fund Revenue Accounts**

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

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

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

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

## Technical Information

East Cambridgeshire's financial statements for 2017/18 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 2017/18 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 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 2017/18.

### Statement of Accounting Policies

The accounting policies applicable to the 2017/18 Statement of Accounts are, in the main, the same as those that were applied to the 2016/17.

### 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 2017/18.

### Ian Smith - CPFA

Finance Manager & Section 151 Officer

31 July 2018



## **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 2018 and its income and expenditure for the year ended 31 March 2018

**Ian Smith - CPFA**

Finance Manager & Section 151 Officer

31 July 2018

**COUNCIL Comprehensive Income and Expenditure Statement**

2016/17				2017/18		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	NOTE	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,553	(1,899)	1,654	Community Services	4,973	(1,977)	2,996
26,277	(22,422)	3,855	Resources & Finance	27,914	(25,029)	2,885
7,255	(4,125)	3,130	Regulatory Services	6,910	(3,043)	3,867
<b>37,085</b>	<b>(28,446)</b>	<b>8,639</b>	<b>Cost of Services</b>	<b>39,797</b>	<b>(30,049)</b>	<b>9,748</b>
			<b>8</b>			
1,892	0	1,892	Parish Council Precepts	1,938	0	1,938
466	0	466	Internal Drainage Board Levies	470	0	470
0	0	0	Loss/(Gain) on disposal of non-current assets	0	0	0
<b>2,358</b>	<b>0</b>	<b>2,358</b>	<b>Other Operating Expenditure</b>	<b>2,408</b>	<b>0</b>	<b>2,408</b>
0	(156)	(156)	Interest receivable and Investment Income	0	(208)	(208)
753	0	753	Net interest on the net pension liability	584	0	584
			<b>21</b>			
<b>753</b>	<b>(156)</b>	<b>597</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>	<b>584</b>	<b>(208)</b>	<b>376</b>
0	(6,108)	(6,108)	Council Tax Income	0	(6,106)	(6,106)
0	(3,174)	(3,174)	Non-Domestic Rates income and expenditure	0	(5,120)	(5,120)
0	(3,336)	(3,336)	Non- Ring-fenced Government Grants	0	(2,126)	(2,126)
			<b>8</b>			
<b>0</b>	<b>(12,618)</b>	<b>(12,618)</b>	<b>TAXATION &amp; NON-SPECIFIC GRANT INCOME</b>	<b>0</b>	<b>(13,352)</b>	<b>(13,352)</b>
<b>40,196</b>	<b>(41,220)</b>	<b>(1,024)</b>	<b>(Surplus)/Deficit on provision of services</b>	<b>44,680</b>	<b>(45,500)</b>	<b>(820)</b>
			<b>8</b>			
0	(2,272)	(2,272)	(Surplus) or deficit in the revaluation of non-current assets	0	(561)	(561)
0	(25)	(25)	Actuarial losses/(gains) on pension assets and liabilities	0	(965)	(965)
			<b>21</b>			
<b>0</b>	<b>(2,297)</b>	<b>(2,297)</b>	<b>Other comprehensive income and expenditure</b>	<b>0</b>	<b>(1,526)</b>	<b>(1,526)</b>
<b>40,196</b>	<b>(43,517)</b>	<b>(3,321)</b>	<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>	<b>44,680</b>	<b>(47,026)</b>	<b>(2,346)</b>

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

<b>2016/17</b>	Opening Balance	General Fund and Ear-marked	Adjustments between Accounting Basis and Funding Basis - Capital	Adjustments between Accounting Basis and Funding Basis - Pension & Other Purposes	Other Comprehensive Income & Expenditure - Capital	Other Comprehensive Income & Expenditure - Pension	Closing Balance	NOTE REF
NOTE REFERENCE								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Surplus/(Deficit) on Provision of Services		1,024						
Adjustments between Accounting Basis and Funding Basis		24	777	(801)			0	
General Fund	9,706	1,048					10,754	9
Capital Receipts Reserve	2,723		(512)				2,211	10&11
Capital Grants Unapplied	20		31				51	10&11
<b>TOTAL USEABLE</b>	<b>12,449</b>	<b>1,048</b>	<b>(481)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,016</b>	
Capital Adjustment Account	13,680		1,409				15,089	10&11
Revaluation Reserve	5,605		(844)		2,272		7,033	10&11
Deferred Capital Receipts Reserve	451		693				1,144	10&11
Financial Instruments Adjustment Reserve	(130)			0			(130)	10
Pensions Reserve	(21,575)			(680)		25	(22,230)	10&21
Collection Fund Adjustment Reserve	471			(113)			358	10 & CF7
Accumulated Absences Reserve	(89)			(8)			(97)	10
<b>TOTAL UNUSEABLE</b>	<b>(1,587)</b>	<b>0</b>	<b>1,258</b>	<b>(801)</b>	<b>2,272</b>	<b>25</b>	<b>1,167</b>	
<b>TOTAL RESERVES</b>	<b>10,862</b>	<b>1,048</b>	<b>777</b>	<b>(801)</b>	<b>2,272</b>	<b>25</b>	<b>14,183</b>	
Movement for the Year -Capital			777		2,272		3,049	1 & 11
Movement for the Year -Other Non General Fund				(801)		25	(776)	1

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

<b>2017/18</b>	Opening Balance	General Fund and Ear-marked	Adjustments between Accounting Basis and Funding Basis - Capital	Adjustments between Accounting Basis and Funding Basis - Pension & Other Purposes	Other Comprehensive Income & Expenditure - Capital	Other Comprehensive Income & Expenditure - Pension	Closing Balance	NOTE REF
NOTE REFERENCE								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
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</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	10&11
Revaluation Reserve	7,033		(111)		561		7,483	10&11
Deferred Capital Receipts Reserve	1,144		(29)				1,115	10&11
Financial Instruments Adjustment Reserve	(130)						(130)	10
Pensions Reserve	(22,230)			(1,101)		965	(22,366)	10&21
Collection Fund Adjustment Reserve	358			97			455	10 & CF7
Accumulated Absences Reserve	(97)			15			(82)	10
<b>TOTAL UNUSEABLE</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>	<b>8</b>
Movement for the Year -Capital			759		561		1,320	1 & 11
Movement for the Year -Other Non General Fund				(989)		965	(24)	1 & 11

**Balance Sheet**

Council 31 March 2017 £000	Notes	Council 31 March 2018 £000
22,504	Property, Plant and Equipment	34,285
105	Heritage Assets	105
49	Intangible Assets	93
546	Investments in subsidiaries	496
1,350	Long Term Debtors	4,186
<b>24,554</b>	<b>Long Term Assets</b>	<b>39,165</b>
11,910	Short Term Investments	0
51	Inventories	51
3,550	Short Term Debtors	4,848
4,509	Cash and Cash Equivalents	4,530
<b>20,020</b>	<b>Current Assets</b>	<b>9,429</b>
<b>44,574</b>	<b>TOTAL ASSETS</b>	<b>48,594</b>
(4,507)	Short Term Creditors	(6,465)
(434)	Provisions	(669)
<b>(4,941)</b>	<b>Current Liabilities</b>	<b>(7,134)</b>
15,079	TOTAL Current Assets less Current Liabilities	2,295
<b>39,633</b>	<b>TOTAL ASSETS Less Current Liabilities</b>	<b>41,460</b>
(3,220)	Capital Grants Receipts in Advance	(2,565)
(22,230)	Net Pensions Liability	(22,366)
<b>(25,450)</b>	<b>Long Term Liabilities</b>	<b>(24,931)</b>
<b>14,183</b>	<b>Net Assets</b>	<b>16,529</b>
13,015	Useable Reserves	12,572
1,168	Unusable Reserves	3,957
<b>14,183</b>	<b>Total Reserves</b>	<b>16,529</b>

**Ian Smith - CPFA**  
Section 151 Officer

31 July 2018



**Cash Flow Statement**

Council 31 March 2017 £000	Notes	Council 31 March 2018 £000
<b>1,024</b>	<b>Net Surplus / (Deficit) on the Provision of Services – (i)</b>	<b>820</b>
	Adjustments for Non-cash Items:	
689	Depreciation & Amortisation	671
(305)	Impairment	1,165
680	Pension Liability	1,101
304	Change in Debtors, Creditors and Provisions (excluding Collection Fund)	215
<b>1,368</b>	<b>Total Adjustments (ii)</b>	<b>3,152</b>
<b>2,392</b>	<b>A- Net Cash Flows from Operating Activities (i)+(ii)</b>	<b>3,972</b>
(3,068)	Purchase of Property, Plant & Equipment and Intangibles	(13,102)
(1,045)	Change in Long Term Debtors	(2,836)
(1,882)	Net (Purchase) of Investments	11,960
<b>(5,995)</b>	<b>B- Investing Activities</b>	<b>(3,978)</b>
(1,064)	Net receipt / (application) of Capital Grants	(655)
(198)	Change in Collection Fund agencies Debtors & Creditors	682
<b>(1,262)</b>	<b>C- Financing Activities</b>	<b>27</b>
<b>(4,865)</b>	<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>21</b>
<b>9,374</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>4,509</b>
<b>4,509</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,530</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>2016/17</b>			General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Community	No prior year comparatives are provided on account of change of structure relative to previous year.		1,497	157		1,654
Resource & Finance			5,230	(1,304)	(71)	3,855
Regulatory			2,760	370		3,130
<b>NET COST OF SERVICES</b>			<b>9,487</b>	<b>(777)</b>	<b>(71)</b>	<b>8,639</b>
Other Operating Expenditure plus Taxation & Grant Income			(10,535)		872	(9,663)
<b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b>			<b>(1,048)</b>	<b>*(777)</b>	<b>*801</b>	<b>(1,024)</b>
Other Comprehensive I&E				(2,272)	(25)	(2,297)
<b>TOTAL</b>			<b>(1,048)</b>	<b>(3,049)</b>	<b>776</b>	<b>(3,321)</b>

<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	1,332	334	1,666	1,329		2,995
Resource & Finance	6,080	(1,181)	4,899	(2,465)	451	2,883
Regulatory	3,111	381	3,492	376		3,868
<b>NET COST OF SERVICES</b>	<b>10,523</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>

## **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 31).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 31 to 48).
- (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 48 in support of the Assets and Liabilities sections of the Balance Sheet.

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

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

The standards that may be relevant for additional disclosures that will be required in the 2017/18 and 2018/19 financial statements in respect of accounting changes that are introduced in the 2018/19 Code are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 7 Statement of Cash Flows.

## **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 2017/18, 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 2017/18 for Land and Buildings (NBV) is £14.607 million (2016/17; Land and Buildings (NBV) is £14.005 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 £22.366 million for 2017/18; this has increased by £0.626 million since 2016/17. 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 2018. An estimated provision of £1.504 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 £0.601 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 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	<p>All Property is reviewed on a 4 year rolling basis. Where an asset has not been specifically reviewed a “table-top” analytical review is undertaken to determine if the principle valuation indexes show a material change in the current assets valuation.</p> <p>In addition, an annual impairment review is undertaken to determine if any of the Council's assets have been impaired.</p>	62% of the Council's assets are valued at fair value, so the impact of changes in market is significant. If there was a 1% fall in market value, it is estimated that the value of the Council's property assets would reduce by £0.141 million.
Plant and Equipment	Plant and Equipment are valued on an historic cost basis.	There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance a:</p> <ul style="list-style-type: none"> <li>• 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £5.681 million.</li> <li>• 1 year increase in life expectancy would result in an increase in pension liability of £1.777 million.</li> <li>• 0.5% increase in the salary increase rate would result in an increase in pension liability of £0.681 million.</li> <li>• 0.5% increase in the pension increase rate would result in an increase in pension liability of £4.933 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.	The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NNDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).  A 10% variation in the estimated provision would be £0.092 million for the Collection Fund of which £0.035 million which would be attributable to the General Fund.
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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 2017/18 no such items of income or expenditure were incurred (2016/17 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 2018.

With regard to 2017/18:

- **Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2018.
- **Non-Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2018; however, it should be noted that the contract of the Waste Service was transferred from Veolia to East Cambs. Street Scene (a wholly owned company of the Council) on the 1<sup>st</sup> April 2018.

Since the production of the Statement of Accounts, the Council's new Leisure Centre, the Hive, has opened and the Paradise Swimming Pool has been closed. As the swimming pool was a current asset at the balance sheet date, and remained in use for two months into the new financial year, we do not believe that IFRS5 is relevant and as such the Pool has been included on the balance sheet in line with the most recent Valuers valuation. During the course of 2018-19 potential uses for the site will be considered and any adjustment to the carrying value necessary will be reflected in the 2018-19 Statement of Accounts.

Further, the Tourist Information Centre was transferred to Ely City Council on the 1<sup>st</sup> April 2018.

## Note 8 Expenditure & Income by Nature

2016/17			2017/18			
General Fund £000	Other Reserves £000	TOTAL £000		General Fund £000	Other Reserves £000	TOTAL £000
6,835	(65)	6,770	* Employee Costs	7,023	502	7,525
29,930	0	29,930	* Other Service Expenses	32,337	(1,906)	30,431
0	386	386	* Depreciation & Impairment	0	1,836	1,836
(480)	480	0	* REFCUS	(1,000)	1,000	0
0	753	753	Interest Payable	0	584	584
2,358	0	2,358	Precept Payments	2,408	0	2,408
<b>38,643</b>	<b>1,554</b>	<b>40,197</b>	<b>TOTAL EXPENDITURE</b>	<b>40,768</b>	<b>2,016</b>	<b>42,784</b>
(22,930)	(1,649)	(24,579)	* Government Grant etc. (services)	(23,328)	(1,741)	(25,069)
(3,343)	7	(3,336)	Government Grants (Central)	(2,178)	52	(2,126)
(3,868)	0	(3,868)	* Sales, Fees & Charges	(4,975)	0	(4,975)
(156)	0	(156)	Interest Receivable	(208)	0	(208)
(6,062)	(46)	(6,108)	Council Tax	(6,061)	(45)	(6,106)
(3,332)	158	(3,174)	Business Rates	(5,068)	(52)	(5,120)
<b>(39,691)</b>	<b>(1,530)</b>	<b>(41,221)</b>	<b>TOTAL INCOME</b>	<b>(41,818)</b>	<b>(1,786)</b>	<b>(43,604)</b>
<b>(1,048)</b>	<b>24</b>	<b>(1,024)</b>	<b>NET EXPENDITURE</b>	<b>(1,050)</b>	<b>230</b>	<b>(820)</b>
<b>9,487</b>	<b>(848)</b>	<b>8,639</b>	<b>*Cost of Services</b>	<b>10,057</b>	<b>(309)</b>	<b>9,748</b>

**Note 8a. Grant Income**

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

2016/17 £000		2017/18 £000
	<b>Credited to non-specific income</b>	
(1,149)	Revenue Support Grant	(660)
(2,026)	New Homes Bonus	(1,336)
(161)	Rural Services Grant	(130)
<b>(3,336)</b>	<b>Total</b>	<b>(2,126)</b>
	<b>Credited to Services</b>	
(19,240)	Benefits	(18,370)
(1,136)	Section 106	(1,009)
(474)	Disabled Facilities	(1,000)
(1,707)	Community Infrastructure Levy	(4,419)
(371)	Waste Recycling Credits	(286)
(1,651)	Other	15
<b>(24,579)</b>	<b>Total</b>	<b>(25,069)</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:

31-March-2016 £'000	Movement in Year 16/17 £'000	31-March 2017 £'000	Other Earmarked	Movement in Year 17/18 £'000	31-March 2018 £'000
<b>4,861</b>	<b>920</b>	<b>5,781</b>	<b>General Fund Core and Surplus Savings</b>	<b>1,172</b>	<b>6,953</b>
1,214	374	1,588	Community Infrastructure Levy	(61)	1,527
0	797	797	Medium Term Financial Strategy	(796)	1
808	(285)	523	Weekly Waste Collection	(298)	225
886	(819)	67	Business Rates Retention Pilot	1,299	1,366
578	0	578	New Homes Bonus	0	578
254	(10)	244	Change Management	0	244
0	170	170	Affordable Housing	83	253
154	(35)	119	Asset Management	(92)	27
140	(26)	114	Planning Specialists	(114)	0
116	0	116	Housing	0	116
95	11	106	Environmental	(50)	56
598	(47)	551	Other Earmarked	(93)	458
<b>4,843</b>	<b>130</b>	<b>4,973</b>	<b>Total Earmarked</b>	<b>(122)</b>	<b>4,851</b>
<b>9,704</b>	<b>1,050</b>	<b>10,754</b>	<b>TOTAL</b>	<b>1,050</b>	<b>11,804</b>

Community Infrastructure Levy – to fund relevant infrastructure projects.

Medium Term Financial Strategy – much of this fund was moved into the Surplus savings reserve in year, but a balance remained to fund the transfer of Waste service to the Council's trading company.

Weekly Waste Collection – Government grant awarded to fund continuation of weekly service (the balance of this will be used in 2018-19)

Business rates retention pilot – retention of business growth from the Cambridgeshire Deal.

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.

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 31 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 2007 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 2007 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 2016/17	Useable Capital Receipts Reserve £000	Useable Capital Grants Unapplied Reserve £000	Un-useable Capital Adjustment Reserve £000	Un-useable Revaluation Reserve £000	Un-useable Deferred Capital Receipts Reserve £000	Total Capital Outturn for the year £000
Opening Balance Adjustment			(125)	125		0
Transfers between Reserves	653		(653)			0
GF Contribution to Capital			(800)			(800)
Capital Grant Receipts		(31)	(693)			(724)
Expenditure Grants to Third Parties			480			480
Profit Upon Disposals	(141)		102	613	(693)	(119)
Depreciation			554	106		660
Amortisation			30			30
Impairment			(304)			(304)
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE (Capital Items)	512	(31)	(1,409)	844	(693)	(777)
Revaluation				(2,272)		(2,272)
<b>Total Reserve Movement</b>	<b>512</b>	<b>(31)</b>	<b>(1,409)</b>	<b>(1,428)</b>	<b>(693)</b>	<b>(3,049)</b>

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

Movements in 2017/18	Useable Capital Receipts Reserve £000	Useable Capital Grants Unapplied Reserve £000	Un-useable Capital Adjustment Reserve £000	Un-useable Revaluation Reserve £000	Un-useable Deferred Capital Receipts Reserve £000	Total Capital Outturn for the year £000
Transfers between Reserves	1,485		(1,485)			0
GF Contribution to Capital			(1,891)			(1,891)
Capital Grant Receipts		52	(1,741)			(1,689)
Expenditure Grants to Third Parties			1,000			1,000
Profit Upon Disposals	(43)				29	(14)
Depreciation				535	111	646
Amortisation				23		23
Impairment			1,166			1,166
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE						
(Capital Items)	1,442	52	(2,393)	111	29	(759)
Revaluation				(561)		(561)
<b>Total Reserve Movement</b>	<b>1,442</b>	<b>52</b>	<b>(2,393)</b>	<b>(450)</b>	<b>29</b>	<b>(1,320)</b>

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

<b>2016/17 £'000</b>		<b>2017/18 £'000</b>
<b>(777)</b>	<b>Total Capital Items from previous page</b>	<b>(759)</b>
753	Net interest on the Pension Liability	584
(73)	Current & Past Cost Pension Adjustment	517
<b>680</b>	<b>Pensions Reserve (see Note 21 for detail)</b>	<b>1,101</b>
(45)	Change in Council Tax Entitlement	(45)
158	Change in Business Rates entitlement	(52)
<b>113</b>	<b>Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)</b>	<b>(97)</b>
<b>8</b>	<b>Other Items</b>	<b>(15)</b>
<b>24</b>	<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION</b>	<b>230</b>
<b>1,024</b>	<b>SURPLUS UPON PROVISION OF SERVICES</b>	<b>820</b>
<b>1,048</b>	<b>GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)</b>	<b>1,050</b>

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

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

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

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

<b>Council Movements in 2017/18</b>	<b>Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>							
<b>At 1 April 2017</b>	<b>14,215</b>	<b>6,105</b>	<b>720</b>	<b>877</b>	<b>0</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 and decreases recognised in the Revaluation Reserve	506						506
Revaluation increases and decreases recognised in Comprehensive Income and Expenditure Statement	(1,165)						(1,165)
Adjustment for disposal							
<b>At 31 March 2018</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</b>							
<b>At 1 April 2017</b>	<b>(212)</b>	<b>(3,522)</b>	<b>(60)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,794)</b>
Depreciation charged in year	(212)	(430)	(4)				(646)
Depreciation written out to revaluation reserve	55						55
Depreciation written out to Comprehensive Income and Expenditure Statement							
Adjustment for disposal							
<b>At 31 March 2018</b>	<b>(369)</b>	<b>(3,952)</b>	<b>(64)</b>				<b>(4,385)</b>
<b>Net Book Value</b>							
<b>At 31 March 2018</b>	<b>14,607</b>	<b>3,165</b>	<b>656</b>	<b>877</b>	<b>0</b>	<b>14,980</b>	<b>34,285</b>
<b>At 31 March 2017</b>	<b>14,005</b>	<b>2,583</b>	<b>660</b>	<b>877</b>	<b>0</b>	<b>4,379</b>	<b>22,504</b>

Capital Commitments

At 31 March 2018, the Authority had one major contract in place, that for the building of the new Leisure Centre. This was concluded when the Leisure Centre was formally opened on the 11<sup>th</sup> May 2018. The total value of the contract with Pellikaan is £12 million of which £11.539 million had been incurred by 31 March 2018.

RevaluationsLand and buildings

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

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



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

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

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

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

<b>Revaluation Profile</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant &amp; Equipment £000</b>	<b>Total £000</b>
Carried at Historic Cost	0	3,165	
Valued at Fair Value as at:			
31 Mar 2018	5,823		
31 Mar 2017	7,798		
31 Mar 2016	1,345		
31 Mar 2015	0		
Assets Below De-minimus	10		
<b>Total Cost of Valuation</b>	<b>14,976</b>	<b>3,165</b>	<b>18,141</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.

<b>2016/17 Restated £000</b>		<b>2017/18 £000</b>
<b>(324)</b>	<b>Opening Capital Financing Requirement</b>	<b>1,704</b>
	<b>Capital Enhancement</b>	
3,068	Property, Plant and Equipment	13,003
626	Investment in Subsidiary Company	2,090
0	Intangible Assets	69
480	Revenue Expenditure Funded from Capital under Statute	1,000
0	Repayable Advances	
<b>4,174</b>	<b>TOTAL CAPITAL ENHANCEMENT</b>	<b>16,192</b>
	<b>Sources of Finance</b>	
(653)	Capital receipts	(1,485)
(693)	Grants and other contributions	(1,741)
(800)	Direct Revenue Financing – Other	(1,891)
0	Minimum revenue provision	0
<b>(2,146)</b>	<b>TOTAL SOURCES OF FINANCE</b>	<b>(5,117)</b>
<b>1,704</b>	<b>Closing Capital Finance Requirement</b>	<b>12,779</b>
	The Closing Capital Financing requirement is fully covered by a combination of the Leisure Centre Asset Under Construction and the investment in ECTC and therefore no Statutory Minimum Provision is applicable.	

**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**

<b>Council 2016/17 £000</b>		<b>Council 2017/18 £000</b>
1,045	Loan to Trading Company	3,135
0	Trading Company Land Purchase	690
305	Loans to Individuals & Private Sector	361
<b>1,350</b>	<b>TOTAL LONG TERM DEBTORS</b>	<b>4,186</b>

**Note 17. Debtors**

Council 2016/17 £000		Council 2017/18 £000
315	Council Taxpayers	373
315	Non-Domestic Rate Payers	314
12	Housing Act Advances	0
201	Payments in Advance	67
2,118	Sundry Debtors & Accruals	1,492
(1,047)	Bad Debt Provisions	(1,314)
<b>1,914</b>	<b>Sub Total Financial Instruments definition</b>	<b>932</b>
715	Trading Company re Housing Development	911
	Sport England	1,139
11	Local Govt.	602
337	Central Govt. – Customs & Excise	755
473	Central Govt. – DWP	509
<b>3,550</b>	<b>TOTAL</b>	<b>4,848</b>

**Note 18. Cash and Cash Equivalents**

Council 2016/17 £000		Council 2017/18 £000
4,850	Short term investments repayable on notice	4,550
179	Bank Account – Investments	0
53	Bank Account – Operational	199
(573)	Cash in Transit	(219)
<b>4,509</b>	<b>Net Total Cash and Cash Equivalents</b>	<b>4,530</b>

**Note 19. Creditors**

Council 2016/17 £000		Council 2017/18 £000
(219)	Payroll Creditors	(247)
(1,342)	Sundry Creditors	(2,913)
(951)	Receipts in Advance	(222)
<b>(2,512)</b>	<b>Sub Total Financial Instruments Definition</b>	<b>(3,382)</b>
(844)	Local Govt. - Collection Fund Account	(1,128)
(551)	Central Govt. – Collection Fund Account	(949)
(295)	Central Govt. – Cambridgeshire Deal	0
(284)	Parish Councils and other Local Govt.	(376)
(21)	Central Govt. – DWP, DCLG & External Audit	(5)
	Trading Company	(262)
	National Practitioners	(363)
<b>(4,507)</b>	<b>TOTAL</b>	<b>(6,465)</b>

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

	NDR Appeals Provision (1) £000	Maintenance of Amenity Areas (2) £000	Sports, Recreation & Historic Building Grants (3) £000	Total £000
<b>Balance at 31 March 2017</b>	<b>(367)</b>	<b>(36)</b>	<b>(31)</b>	<b>(434)</b>
Net movement in year 2017/18	(234)		(1)	<b>(235)</b>
<b>Balance at 31 March 2018</b>	<b>(601)</b>	<b>(36)</b>	<b>(32)</b>	<b>(669)</b>

**1. NDR Appeals Provision**

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review, a provision for appeals outstanding was estimated to be £1.504 million of which £0.601 million would have to be met by the Council, and £0.903 million by other Collection Fund participants.

**2. Maintenance of Amenity Areas**

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

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

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

**Contingent Liabilities**

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

At the 31<sup>st</sup> March 2017 the below Contingent Liability was reported:

<b>Position at 31<sup>st</sup> March 2017</b>	<b>Up-dated Position 31<sup>st</sup> March 2018</b>
<p><b>Single Status Exercise</b> The Council has not yet formally completed a Job Evaluation Project to determine the salaries of all posts under the National Single Status Agreement. Any cost is not expected to be material.</p>	<p>The Council continues to move forward work to complete this task, but focus in 2017-18 has been on the implementation of a new HR and payroll system, which has meant that progress has been slower than hoped.</p>

No new contingent liabilities were identified as at 31<sup>st</sup> March 2018.

**Contingent Assets**

There were no material contingent assets at the 31<sup>st</sup> March 2018.

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

31 March 2017		31 March 2018
£000	GROSS LIABILITIES	£000
<b>(51,468)</b>	<b>Opening balance as at 1 April</b>	<b>(59,224)</b>
(1,795)	[I] Interest Cost	(1,544)
(6,259)	[A] Actuarial losses / (gains) from changes in financial assumptions	1,112
(1,113)	[C] Current Service Cost	(1,747)
(287)	[N] Contributions by scheme participants	(292)
1,619	[N] Benefits paid	1,543
79	[N] Estimated unfunded benefits paid *	78
<b>(59,224)</b>	<b>Closing balance at 31 March</b>	<b>(60,074)</b>

31 March 2017		GROSS ASSETS	31 March 2018
£000			£000
<b>29,893</b>	<b>Opening fair value of scheme assets balance as at 1 April</b>		<b>36,994</b>
1,042	[I] The return on plan assets (Excluding amount included in net interest expense)		960
6,284	[A] Actuarial losses / (gains) from changes in financial assumptions		(147)
1,107	[C] Contributions by the employer		1,152
79	[C] Contributions for unfunded (Discretionary benefits)		78
287	[N] Contributions by employees into the scheme		292
(1,619)	[N] Benefits paid		(1,543)
(79)	[N] Unfunded (Discretionary benefits)		(78)
<b>36,994</b>	<b>Closing Balance at 31 March</b>		<b>37,708</b>
<b>(22,230)</b>	<b>TOTAL NET LIABILITIES</b>		<b>(22,366)</b>

Net Movement		Net Movement
In 2016/17 £000		In 2017/18 £000
(73)	[C] Other Items to Net Cost of Services	517
753	[I] Interest Cost minus return on Plan Assets to Financing Income & Expenditure	584
(25)	[A] Actuarial Gains / Losses to Other Income & Expenditure	(965)
<b>655</b>	<b>TOTAL MOVEMENT IN YEAR</b>	<b>136</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

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

### Participation in Pension Schemes

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

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

### Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2018.

In 2017/18 the Council paid an employer's contribution of £1.23 million representing 18.15% of employees' pensionable pay (2016/17 £1.186 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 £22.366 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 2019 is £1.201 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 2018. The results of this valuation were projected forward using approximate methods.

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

2016/17	County Fund – Main Assumptions	2017/18
2.7%	Rate of increase in salaries	2.7%
2.4%	Rate of increase in pensions	2.4%
2.6%	Rate of discounting scheme liabilities	2.7%
	<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 March 2017 £000		31 March 2018 £000
1,056	Cash and cash equivalents	1,215
	<b>Equity instruments by industry:</b>	
993	Consumer	1,047
643	Manufacturing	677
854	Energy and utilities	811
1,499	Financial institutions	1,625
393	Health and care	400
163	Information technology	178
0	Other	
4,545	Sub-total equity	4,738
	<b>Private equity:</b>	
3,218	All not in active markets	3,498
3,218	Sub-total private equity	3,498
	<b>Other investment funds:</b>	
3,902	Bonds	3,790
20,816	Equity	20,883
997	Debt Securities – UK Government	950
2,460	Other	2,634
28,175	Sub-total other investment funds	28,257
<b>36,994</b>	<b>Total Assets</b>	<b>37,708</b>

Sensitivity analysis:

<b>Increase in assumption 31 March 2017 £000</b>	<b>Impact on the defined benefit obligation in the Scheme</b>	<b>Increase in assumption 31 March 2018 £000</b>
1,777	Longevity (increase or decrease in 1 year)	1,777
681	Rate of increase in salaries (increase or decrease by 0.5%)	679
4,933	Rate of increase in pensions (increase or decrease by 0.5%)	5,172
5,681	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	5,913

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.

	Current	
	2016/17 £000	2017/18 £000
<b>Investments and Cash &amp; Cash Equivalents</b>		
Short term Investments	11,948	0
Loans & Receivables	4,471	0
<b>Total investments and Cash &amp; Cash Equivalents</b>	<b>16,419</b>	<b>4,530</b>
Debtors	1,914	2,246
Long Term	305	361
<b>TOTAL FINANCIAL ASSETS</b>	<b>18,638</b>	<b>7,137</b>
<b>Borrowings</b>		
<b>Total borrowings</b>	0	0
<b>Creditors</b>		
Financial liabilities at amortised cost	(2,512)	(3,382)
<b>Total creditors</b>	<b>(2,512)</b>	<b>(3,382)</b>
<b>Total Financial Liabilities</b>	<b>(2,512)</b>	<b>(3,382)</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 £4.53 million (2016/17; £16.939 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 2018 that this was likely to occur and there are no investments that as at 31 March 2018 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 £378k (£907k in 2016/17) of the £5,230k (£3,550k in 2016/17) 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 2018 £000
Less than three months	173	295
Three to six months	174	26
Six months to one year	237	0
More than one year	325	57
Total	907	378

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

Foreign Exchange Risk

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

**Note 24. Acquired and Discontinued Operations**

There are no acquired or discontinued operations during 2017/18 (There were also none in 2016/17).

**Note 25. Trading Operations**

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

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

Trading Operations	2016-17		2017-18	
	Turnover £	Surplus/ (loss) £	Turnover £	Surplus/(loss) £
Ely Markets	288,528	(3,606)	315,812	(612)
Business Units	33,882	22,347	117,278	3,282
E Space North	252,451	342,476	266,027	66,886
Building Control	293,185	114,487	270,884	65,756
Maltings Hall	0	(2,779)	0	(1,516)
<b>Total</b>	<b>868,046</b>	<b>472,925</b>	<b>970,001</b>	<b>133,796</b>

The loss figure for Maltings Hall includes £1,516 for Depreciation and Impairment in 2017-18 (£1,555 for 2016/17)

**Note 26. Members' Allowances**

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

2016/17 £		2017/18 £
203,495	Allowances	204,898
6,049	Expenses	8,027
<b>209,544</b>		<b>212,925</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.

2016/17	£		£	2017/18
0	50,000	but less than	55,000	3
3	55,000	but less than	60,000	0
0	60,000	but less than	65,000	0
2	65,000	but less than	70,000	2
1	70,000	but less than	75,000	0
1	75,000	but less than	80,000	1
0	80,000	but less than	85,000	1
0	85,000	but less than	90,000	1
0	90,000	but less than	95,000	0
0	95,000	but less than	100,000	0
0	100,000	but less than	105,000	0
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
0	135,000	but less than	140,000	0
1	140,000	but less than	145,000	0
<b>8</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>2016/17</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	9,592	<b>140,795</b>	22,305	<b>163,100</b>
Director – Operations	76,617	1,458	<b>78,075</b>	13,024	<b>91,099</b>
Director - Commercial	65,474	314	<b>65,788</b>	11,131	<b>76,919</b>
Director - Resources	58,588	58	<b>58,646</b>	9,960	<b>68,606</b>

Key – 2016/17

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

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

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

<b>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>160,191</b>
Director – Operations	90,221	871	<b>91,092</b>	15,668	<b>98,212</b>
Director - Commercial	77,656	0	<b>77,656</b>	13,357	<b>90,858</b>
Legal Services Manager	52,068	0	<b>52,068</b>	8,956	<b>60,920</b>
Finance Manager	53,327	310	<b>53,637</b>	9,172	<b>62,703</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

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

2016/17			2017/18			
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
3	2	5	£0 to less than £20,000		1	1
0	1	1	£20,000 to less than £40,000		0	0
3	3	6	<b>Total</b>		1	1
		Cost £'000				Cost £'000
		33	£0 to less than £20,000			18
		20	£20,000 to less than £40,000			
		<b>53</b>	<b>TOTAL</b>			<b>18</b>

## Note 28. External Audit Related Costs

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

2016/17		2017/18	
£		£	
58,632	External audit	35,204	
2,921	Grant claim certification	12,004	
<b>61,553</b>		<b>47,208</b>	

## Note 29. Related Parties

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

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

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

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



Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2017/18 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 2017/18, there were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

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

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

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

The aim of the business is the promotion of economic development by providing a Managed Workspace Centre. This contains small business units and associated common facilities for new and very small businesses. The shared facilities help to reduce the costs for the businesses as it saves them having to purchase equipment and provides meeting / training rooms. The workspaces are let on a short-term basis to allow them to expand or contract as necessary without being locked into a long- term tenancy agreement.

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

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

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

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

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

#### **Anglia Revenue Partnership**

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

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

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

2016/17 £000		2017/18 £000
335	Public Conveniences, Car Park, Open Space	326

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:

2016/17 £000		2017/18 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
7	Current	17
69	Finance costs payable in future years	4
<b>76</b>	<b>Minimum lease payments</b>	<b>21</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:

2016/17 £000		2017/18 £000
48	Not later than 1 year	12
293	Later than 1 year and not later than 5 years	325
33	Later than 5 years	32
<b>374</b>		<b>369</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 2017/18 £0 contingent rents were receivable by the Authority (2016/17 £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 **2017/18** financial year and its position at the year-end of 31 March **2018**. 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 **2017/18** and the Service Reporting Code of Practice **2017/18**, 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.
- 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

## ➤ 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 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.

- 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.

➤ **Provisions and Contingent Liabilities**

- Provisions

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

- Contingent Liabilities

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

**Collection Fund**

<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>		<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>
<b>2016/17</b>	<b>2016/17</b>	<b>2016/17</b>		<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>						
0	(47,541)	(47,541)	Council Tax Receivable	0	(48,235)	(48,235)
(19,855)		(19,855)	Non-Domestic Rates Receivable	(20,889)		(20,889)
(13)		(13)	Transitional Relief	(872)		(872)
<b>(19,868)</b>	<b>(47,541)</b>	<b>(67,409)</b>	<b>Total Income</b>	<b>(21,761)</b>	<b>(48,235)</b>	<b>(69,996)</b>
<b>EXPENDITURE</b>						
<b>Repay Previous Years Surplus/(Deficit)</b>						
396		396	Central Government	313		313
317	92	409	East Cambridgeshire District Council	251	10	261
71	516	587	Cambridgeshire County Council	56	56	112
	83	83	Cambridgeshire Police & Crime Commissioner		9	9
8	30	38	Cambridgeshire Fire Authority	6	3	9
<b>792</b>	<b>721</b>	<b>1,513</b>		<b>626</b>	<b>78</b>	<b>704</b>
<b>Precepts Demands and Shares</b>						
9,506		9,506	Central Government	9,504		9,504
7,605	5,969	13,574	East Cambridgeshire District Council	8,074	6,052	14,126
1,711	33,475	35,186	Cambridgeshire County Council	1,817	34,458	36,275
	5,254	5,254	Cambridgeshire Police & Crime Commissioner		5,406	5,406
190	1,879	2,069	Cambridgeshire Fire Authority	202	1,933	2,135
<b>19,012</b>	<b>46,577</b>	<b>65,589</b>		<b>19,597</b>	<b>47,849</b>	<b>67,446</b>
<b>Charges to Collection Fund</b>						
51	70	121	Less Write Off Uncollectable Amounts	(177)	(102)	(279)
(45)	(183)	(228)	Less Increase / (Decrease) in Bad Debt Provision	280	49	329
(145)		(145)	Less Increase / (Decrease) in Provision for Appeals	586		586
94		94	Less Cost of Collection	95		95
279		279	Renewable Energy Retentions	367		367
<b>234</b>	<b>(113)</b>	<b>121</b>		<b>1,151</b>	<b>(53)</b>	<b>1,098</b>
<b>20,038</b>	<b>47,185</b>	<b>67,223</b>	<b>Total Expenditure</b>	<b>21,374</b>	<b>47,874</b>	<b>69,248</b>
<b>Movement in Fund Balance</b>						
<b>170</b>	<b>(356)</b>	<b>(186)</b>	<b>(Surplus)/Deficit for the Year</b>	<b>(387)</b>	<b>(361)</b>	<b>(748)</b>
(600)	(160)	(760)	(Surplus)/Deficit Brought Forward 1 April	(430)	(516)	(946)
<b>(430)</b>	<b>(516)</b>	<b>(946)</b>	<b>(Surplus)/Deficit Carried Forward 31 March</b>	<b>(817)</b>	<b>(877)</b>	<b>(1,694)</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 band	Tax base at 31 March 2018			Band D multiplier	Band D equivalent
	Properties	Exemptions & discounts	Chargeable Dwellings		
A	4,610	(808)	3,802	6/9	2,533.8
B	10,998	(1,137)	9,861	7/9	7,669.5
C	7,583	(641)	6,942	8/9	6,171.0
D	6,779	(515)	6,264	9/9	6,264.4
E	4,456	(333)	4,123	11/9	5,038.8
F	2,062	(125)	1,937	13/9	2,797.7
G	708	(60)	648	15/9	1,079.6
H	81	(12)	69	18/9	138.0
<b>Total</b>	<b>37,277</b>	<b>(3,631)</b>	<b>33,646</b>		<b>31,692.8</b>

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

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



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

The uniform business rate set by the Government for 2017/18 was 47.9p (2016/17 49.7p).

Total rateable value at 31 March 2018 £56.524 million.

Total rateable value at 31 March 2017 £48.669 million.

**4. Non Domestic Rates Appeals**

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

**5. Collection Fund Balance Sheet**

Non-Domestic Rates	Council Tax	TOTAL		Non-Domestic Rates	Council Tax	TOTAL
31 Mar 2017	31 Mar 2017	31 Mar 2017		31 Mar 2018	31 Mar 2018	31 Mar 2018
£000	£000	£000		£000	£000	£000
1,099	841	1,940	Cash Held by ECDC	1,896	1,072	2,968
725	2,420	3,145	Debtors	1,148	2,491	3,639
(250)	(1,272)	(1,522)	Receipts in Advance	(394)	(1,266)	(1,660)
(227)	(1,473)	(1,700)	Impairment Provision	(329)	(1,420)	(1,749)
(917)	0	(917)	Appeals Provision	(1,504)	0	(1,504)
(430)	(516)	(946)	Fund Surplus	(817)	(877)	(1,694)
0	0	0	TOTAL	0	0	0

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

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

Non-Domestic Rates 31 Mar 2017 £000	Council Tax 31 Mar 2017 £000	TOTAL 31 Mar 2017 £000		Non-Domestic Rates 31 Mar 2018 £000	Council Tax 31 Mar 2018 £000	TOTAL 31 Mar 2018 £000
291	315	606	Debtors	458	323	781
(100)	(165)	(265)	Receipts in Advance	(158)	(165)	(323)
(90)	(191)	(281)	Impairment Provision	(132)	(180)	(312)
(367)	0	(367)	Appeals Provision	(601)		(601)
(110)	(733)	(843)	Creditors – Local government	(187)	(940)	(1,127)
(551)		(551)	Creditors – Central government	(949)		(949)
(172)	(67)	(239)	Fund Surplus to Collection Fund Adjustment Account	(327)	(110)	(437)
(1,099)	(841)	(1,940)	TOTAL	(1,896)	(1,072)	(2,968)

## 7. Collection Fund Adjustment Reserve

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

2016/17 £000	Collection Fund Adjustment Account	2017/18 £000
471	Opening Balance	358
(113)	Movement In Year	97
<b>358</b>	<b>Closing Balance</b>	<b>455</b>
<b>66</b>	<b>Council Tax</b>	<b>110</b>
<b>172</b>	<b>Non-Domestic Rates – core</b>	<b>327</b>
<b>120</b>	<b>Non- Domestic rates – renewable energy</b>	<b>18</b>

**GROUP Comprehensive Income & Expenditure Account**

2016/17			2017/18			
Expend £'000	Income £'000	Net Expenditure £'000		Expenditu re £'000	Income £'000	Net Expenditure £'000
3,976	(1,984)	1,992	Community Services	4,973	(1,977)	2,996
24,325	(22,190)	2,135	Regulatory & Finance Services	29,982	(27,586)	2,396
9,312	(4,436)	4,876	Regulatory Services	6,910	(3,043)	3,867
<b>37,613</b>	<b>(28,610)</b>	<b>9,003</b>	<b>NET COST OF SERVICES</b>	<b>41,865</b>	<b>(32,606)</b>	<b>9,259</b>
2,358		2,358	Other Operating Costs	2,408		2,408
776	(156)	620	Financing & Investment Items	722	(208)	514
	(12,618)	(12,618)	Taxation & Grant Income		(13,352)	(13,352)
<b>40,747</b>	<b>(41,384)</b>	<b>(637)</b>	<b>NET SURPLUS DEFICIT UPON PROVISION OF SERVICES</b>	<b>44,995</b>	<b>(46,166)</b>	<b>(1,171)</b>
	<b>(2,206)</b>	<b>(2,206)</b>	<b>OTHER COMPREHENSIVE INCOME &amp; EXPENDITURE</b>		(1,526)	(1,526)
<b>40,747</b>	<b>(43,590)</b>	<b>(2,843)</b>	<b>TOTAL</b>	<b>44,995</b>	<b>(47,692)</b>	<b>(2,697)</b>

**GROUP Movement in Reserves Statement**

2016/17				2017/18			
Opening Balance £'000	Adjusts between Account Basis and Fund Basis £'000	Other Income & Expenditu- re £'000	Closing Balance £'000		Adjusts between Account Basis and Fund Basis £'000	Other Income & Expendi- ture £'000	Closing Balance £'000
9,710	24	637	10,371	General Fund	230	1,171	11,772
2,723	(512)		2,211	Capital Receipts Reserve	(1,443)		768
21	31		52	Capital Grants Unapplied	(51)		1
<b>12,454</b>	<b>(457)</b>	<b>637</b>	<b>12,634</b>	<b>TOTAL USEABLE</b>	<b>(1,264)</b>	<b>1,171</b>	<b>12,541</b>
13,680	1,409		15,089	Capital Adjustment account	2,393		17,482
5,826	(844)	2,181	7,163	Revaluation Reserve	(111)	561	7,613
(20,871)	(108)	25	(20,954)	Other Un-useable	(1,018)	965	(21,007)
<b>(1,365)</b>	<b>457</b>	<b>2,206</b>	<b>1,298</b>	<b>TOTAL UNUSEABLE</b>	<b>1,264</b>	<b>1,526</b>	<b>4,088</b>
<b>11,089</b>	<b>0</b>	<b>2,843</b>	<b>13,932</b>	<b>TOTAL</b>	<b>0</b>	<b>2,697</b>	<b>16,629</b>

**Balance Sheet**

<b>Group 31 March 2017 £000</b>		<b>Notes</b>	<b>Group 31 March 2018 £000</b>
24,523	Property, Plant and Equipment	12	38,497
105	Heritage Assets	14	105
49	Intangible Assets	15	93
0	Investments in subsidiaries		0
304	Long Term Debtors		991
<b>24,981</b>	<b>Long Term Assets</b>		<b>39,686</b>
11,910	Short Term Investments		0
51	Inventories	16	51
3,002	Short Term Debtors	17	4,557
4,563	Cash and Cash Equivalents	18	4,618
<b>19,526</b>	<b>Current Assets</b>		<b>9,226</b>
0	Cash and Cash Equivalents	18	0
(4,691)	Short Term Creditors	19	(6,683)
(434)	Provisions	20	(669)
<b>(5,125)</b>	<b>Current Liabilities</b>		<b>(7,352)</b>
(3,220)	Capital Grants Receipts in Advance		(2,565)
(22,230)	Net Pensions Liability	21	(22,366)
<b>(25,450)</b>	<b>Long Term Liabilities</b>		<b>(24,931)</b>
<b>13,932</b>	<b>Net Assets</b>		<b>16,629</b>
12,634	Useable Reserves	10	12,541
1,298	Unusable Reserves	11	4,088
<b>13,932</b>	<b>Total Reserves</b>		<b>16,629</b>

**Ian Smith - CPFA**  
Section 151 Officer

31 July 2018

**Group Cash Flow Statement**

Council 31 March 2017 £000	Notes	Council 31 March 2018 £000
<b>637</b>	<b>Net Surplus / (Deficit) on the Provision of Services – (i)</b>	<b>1,171</b>
	Adjustments for Non-cash Items:	
689	Depreciation & Amortisation	671
(305)	Impairment	1,165
680	Pension Liability	1,101
(353)	Change in Debtors, Creditors and Provisions (excluding Collection Fund)	(33)
<b>711</b>	<b>Total Adjustments (ii)</b>	<b>2,904</b>
<b>1,348</b>	<b>A- Net Cash Flows from Operating Activities (i)+(ii)</b>	<b>4,075</b>
(3,068)	Purchase of Property, Plant & Equipment	(15,295)
0	Change in Long Term Debtors	(737)
(1,930)	Net (Purchase) of Investments	11,985
<b>(4,998)</b>	<b>B- Investing Activities</b>	<b>(4,047)</b>
(1,064)	Net receipt / (application) of Capital Grants	(655)
(198)	Change in Collection Fund agencies Debtors & Creditors	682
<b>(1,262)</b>	<b>C- Financing Activities</b>	<b>27</b>
<b>(4,914)</b>	<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>55</b>
<b>9,477</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>4,563</b>
<b>4,563</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,618</b>

## Notes to Group Accounts

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

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

	31 March 2017 £000	In Year Movement 2017/18 £000	31 March 2018 £000
Surplus Savings Reserve – Profit & Loss Account	(380)	351	(29)
Revaluation Reserve	130	0	130
<b>TOTAL COMPANY RESERVES PORTION OF GROUP BALANCE SHEET</b>	(250)	351	101
<b>Represented by:</b>			
East Cambs Trading Company Profit & Loss	(405)	347	(58)
East Cambs Business Centres Profit & Loss	25	4	29
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	Business Centres	Inter Company	TOTAL change upon Council
Property, Plant & equipment	0	678	3,534	4,212
Company Share Capital – Council Investment	0	(496)	(50)	(546)
Long Term Debtor/Creditor	(3,145)			(3,145)
Debtors + Cash	423	64	(690)	(203)
Inventories*	3,534		(3,534)	0
Creditors	(870)	(87)	740	(217)
<b>TOTAL ASSETS NET OF COUNCIL SHARE</b>	<b>(58)</b>	<b>159</b>	<b>0</b>	<b>101</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