South Cambridgeshire District Council

STATEMENT OF ACCOUNTS

2016/17

22/01/2018 V7.0

CONTENTS

South Cambridgeshire District Council
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NARRATIVE REPORT

1. Introduction

This report has been compiled to provide a summary of the development and performance of the Council over the financial year, outline planned future developments in service delivery including revenue and capital investment plans and to provide assistance in understanding the financial statements and the Council’s financial position.

2. Key Facts about South Cambridgeshire

South Cambridgeshire is a vibrant rural district at the heart of the rapidly growing East of England region. We are home to world-leading centres of science and technology such as Granta Park, the Babraham Institute and Genome Campus at Hinxton, to the Imperial War Museum at Duxford and some of England’s oldest villages and newest and most exciting modern communities.

South Cambridgeshire is the second largest and most populous district in Cambridgeshire covering approximately 350 square miles of countryside, completely surrounding Cambridge City.

It is largely rural with most of the population of 156,500 (ONS Mid-Year 2016) living in small, relatively isolated, outlying rural settlements, and with larger settlements situated on strategic routes into Cambridge such as Histon, Milton and Cambourne, and Cambridge Fringe developments such as Orchard Park and Trumpington Meadows. There are currently no towns in South Cambridgeshire, although Cambridge city is expanding outwards into the district, and construction has begun on the new town of Northstowe. Cambourne, itself a new settlement begun in the late 1990s, has become the largest village in the district with approximately 9,000 people, and is still growing.

Overall, South Cambridgeshire is a prosperous area with high levels of economic activity and low levels of unemployment. There were 330 residents claiming Job Seeker’s Allowance in November 2016, equating to only 0.3% of the resident population aged 16-64.

NARRATIVE REPORT

South Cambridgeshire forms part of the Cambridge Sub-Region. It is also a key location within the London-Stansted-Cambridge corridor and on the key Oxford to Cambridge Arc. The district is a key contributor to the growth that makes Greater Cambridge a major driver of UK economic prosperity, competing for inward investment on a global stage with areas such as Massachusetts, California, Europe and the Far East.

The district's population has increased by 12% since 2008 (twice the percentage for the whole of England), and it is projected to increase by a further 17.1% to 183,200 residents by 2026. This population increase has contributed to rising house prices; as such, housing affordability is a key issue, as pressure for new housing development is considerable and growing. The average house price in June 2016 was £396,480, over 12 times the average income.

South Cambridgeshire is a healthy area, one of the least deprived in England, with high life expectancy compared with national rates and the lowest crime rate in Cambridgeshire. A hidden pepper pot of local need and deprivation can, however, be found at a sub-parish level.

3. Key Statistics

24.2% of population aged 60+. 18.7% 14 and under *(ONS Mid-Year 2015)*	Average house price £396,480 (June 2016) *(Hometrack, Automated Valuation Model)*	330 (0.3%) Working Age Residents claiming job seekers' allowance (national average 1.1%) *(DWP, November 2016)*
Avg. Gross Weekly (Full-time) earnings £671.50 (£541 national average) *(ONS Annual Survey of hours and earnings)*	84.2% economically active (77.8% nationally) *(ONS, January - December 2016)*	Sixth best place to live in the UK (Halifax Quality of Life Survey 2016)

4. South Cambridgeshire District Council Corporate Plan 2017-2022

The Corporate Plan 2017-2022 is the document that sets out the Council's vision and strategic objectives, providing the context for the agreement of financial strategies and subsequent departmental budgets to deliver them. The Plan contains:

- Our Vision for the district;
- Four Strategic Objectives setting out how the Vision will be achieved, delivered through 22 key Actions;
- What we will do to achieve each objective, and what success will look like;
- Key performance measures.

Our Strategic Objectives are as follows:
Living Well - Support our communities to remain in good health whilst continuing to protect the natural and built environment.
Homes For Our Future - Secure the delivery of a wide range of housing to meet the needs of existing and future communities.
Connected Communities - Work with partners to ensure new transport and digital infrastructure supports and strengthens communities and that our approach to growth sustains prosperity.
An Innovative and Dynamic Organisation - Adopt a more commercial and business-like approach to ensure we can continue to deliver the best possible services at the lowest possible cost.

The Plan runs for a rolling five-year period and is refreshed annually. Performance against 2016-2021 Plan objectives was reported to Scrutiny and Overview Committee and Cabinet in July 2017, including a review of financial performance and updates on the Council's Strategic Risk Register. The reports are available to view here:
https://www.scambs.gov.uk/content/our-performance

5. Political and Management Structure

South Cambridgeshire District Council is split into 34 Wards, represented by a total of 57 Councillors, currently elected in thirds to serve four-year terms of office. During 2016/17, the breakdown of councillors by political group was as follows:

Conservative	36
Liberal Democrat	14
Independent Group	6
Labour	1

There were no District Elections in May 2017, other than a by-election for the Bourn Ward, the result of which did not alter the political balance. Following a boundary review, we will hold all-out elections to 45 seats in May 2018.

The Council operates a Leader and Cabinet model of governance under which the Leader of the Council, elected by the whole Council to serve a four-year term of office, appoints a Cabinet of up to ten councillors, each of which are given a Portfolio to reflect a corporate priority. The Cabinet implements the strategic policy and budgetary framework agreed by all Councillors each February. It is held to account by our two scrutiny committees:

- the Scrutiny and Overview Committee (which focusses on the Council's service delivery, performance and budget from an internal perspective) and
- the Partnerships Review Committee (which focuses on how the Council works with other bodies and organisations within the District).

Both bodies consist of 9 Members and meet a minimum of four times a year.

The Council's Executive Management Team is responsible for ensuring that the plans agreed by Council and Cabinet are delivered. At 31 March 2017, the Team consisted of the Interim Chief Executive and Head of Paid Service (Alex Colyer), supported by:

- Affordable Homes Director – Stephen Hills
- Health and Environmental Services Director – Mike Hill
- Planning and Economic Development Director (Joint with Cambridge City Council) – Stephen Kelly
- Head of Organisational Development – Susan Gardner Craig

The Council's three statutory officers are as follows:

- Head of Paid Service (see above) and Chief Financial Officer – Alex Colyer
- Monitoring Officer – Tom Lewis

Further details about these arrangements, and how they operated during 2016/2017, are set out in the Annual Governance Statement accompanying these Accounts.

6. An Explanation of the Financial Statements

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom which is based on International Financial Reporting Standards.

The Statement of Accounts brings together on the following pages the major financial statements of the Council and consists of:

Core Financial Statements

Responsibilities for the Financial Statements-

This statement shows the responsibilities of the Council and the Chief Financial Officer.

Expenditure and Funding Analysis- (new Statement for 2016/17)

This shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates / services / departments. It represents what the Council spends its money on and how that is funded based on management decisions.

Comprehensive Income and Expenditure Statement (CIES)-

This records all the Council's income and expenditure for the year. The statement analyses income and expenditure by service area as well as non-service specific or corporate transactions and funding. The format followed is provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) so that comparisons of local authority accounts can be undertaken.

Movement in Reserves Statement-

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves i.e. those that can be applied to fund expenditure or reduce local taxation, and other unusable reserves, which do not represent real resources available to the Council;

Balance Sheet-

The Balance Sheet shows the value at the year-end 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.

Cash Flow Statement-

This statement shows the changes in the Council's cash balances in the year. Cash flows are classified as;

- Operating –these give an indication of the extent to which services provided by the Council are funded by way of taxation, grant income or payments from recipients of services;
- Investing – how much income has been generated from resources held to contribute to future service delivery; and
- Financing activities – 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

Notes to the Core Financial Statements including Accounting Policies.

Supplementary Financial Statements:

Housing Revenue Account-

This account summarises the transactions relating to the provision, maintenance and sale of council houses and flats. This is a ring-fenced account to prevent any cross-subsidy between general income and rents.

Collection Fund-

This statement shows the income received from council tax and business rates payers and how the income is distributed among authorities and the government.

Group Accounts-

These statements and notes show the consolidated position of the Council with its 100% owned subsidiary, South Cambs Limited, trading as Ermine Street Housing. The company began active trading on the 1 April 2014.

Auditor's Report and Certificate

Glossary

7. Summary of Financial Performance

The financial year began with the setting of the budget on 25th February 2016, including a savings requirement of £0.3m. The following sections describe the actual performance against this budget. The Council incurs both revenue and capital expenditure, the revenue account, known as the General Fund, bears the cost of providing day to day services. The capital account shows the net cost of transactions to buy or sell land, property or other assets, build new property, make improvements and provide grants or loans to other bodies to undertake this type of activity. The tables below show the outturn position and variances for the General Fund (services for the whole community) and the Housing Revenue Income and Expenditure Account (Council housing).

The additional costs to comply with accounting practices are reversed out in the Movement in Reserves Statement. If the two Statements are combined, then the position for General Fund Revenue Account and the council tax can be summarised as shown below.

When the council tax for the financial year ending 31 March 2017 was set in February 2016, the surplus was estimated at £1.884m (Appropriation to General Fund Balance line). The variance of £2.5m is attributable to the following:

	Budget 2016/17	Actual Income and Expenditure	Variance for year 2016/17		Commentary
	£'000	£'000	£'000	%	
Portfolio					
Leader	400	366	(34)	-9%	Savings on staff costs
Finance & Staffing	2,852	2,621	(231)	-8%	Higher than budgeted grants receipts, staff savings
Corporate & Customer Services	1,905	1,530	(375)	-20%	Release of contingent liability, savings on staff costs
Economic Development	215	127	(88)	-41%	Delay in providing some services, while maintaining the income levels, also reflected in salary savings
Environmental Services	6,313	6,017	(296)	-5%	Significant salary costs savings, additional income in Single Shared Waste Service
Housing (General Fund)	1,463	1,742	278	19%	Additional Capital (depreciation) charges not included in Budget. These are reversed below the
Planning	2,672	2,382	(290)	-11%	Significant delay in Planning Policy work and additional income in Development Management
Strategic Planning & Transport	693	648	(44)	-6%	Higher income and lower expenditure on Consultants
Sub-total for Portfolios	**16,512**	**15,433**	**(1,080)**	**-7%**	
Transfer to Provisions/Reserves for the year	2,958	3,145	187	6%	Less than budgeted used on Infrastructure projects
Expenditure/income not included in Portfolio Estimates	1,337	198	(1,139)	-85%	Provisions made in the year not utilised, income and savings allocated to services
Capital Asset Management	(675)	(975)	(301)	45%	Reversal of higher capital costs referred above
Interest on Balances	(511)	(679)	(168)	25%	Higher interest received on specific investments
Net District Council General Fund Revenue Expenditure	**19,622**	**17,121**	**(2,501)**	**-15%**	
Funded by:					
Appropriation (to)/from General Fund Balance	(1,884)	617	2,501	406%	Increase in transfer to reserves, reflecting
Council Tax	(7,852)	(7,852)	0	0%	
Retained Business Rates	(3,604)	(3,604)	0	0%	
Revenue Support Grant	(1,131)	(1,131)	(0)	0%	
New Homes Bonus	(5,265)	(5,265)	0	0%	
Collection Fund Surplu[ses]/Deficit[s]	115	115	0	0%	
Funding Total	**(19,622)**	**(17,121)**	**2,501**	**-15%**	

Housing Revenue Account

The Housing Revenue Account (HRA) summaries the transactions relating to the provision, management and maintenance of Council houses and flats. Although this account is also included within the core financial statements it represents such a significant proportion of the services provided by the Council that it is a requirement that it has a separate account. The account has to be self-financing and there is a prohibition on cross subsidising to or from the council tax payer. The HRA statement and notes are included after the main statement notes.

Housing Revenue Account (2016/17)	**Budget £000**	**Outturn £000**	**Var. under/(over) £000**
Dwelling rents	(28,267)	(28,357)	(90)
Non-dwelling rents	(401)	(403)	(2)
Service charges	(1,081)	(1,566)	(485)
Other income	(448)	(424)	24
Total Income	**(30,197)**	**(30,750)**	**(553)**
Repairs & maint.	5,661	4,966	(695)
Supervision & Man.	5,265	4,911	(354)
Depreciation	6,333	6,451	118
Other expenditure	101	265	164
Total Expenditure	**17,360**	**16,593**	**(767)**
	(12,837)	**(14,157)**	**(1,320)**
Transfers (reserves)	(55)	0	55
Interest payable	7,183	7,195	12
Interest receivable	(320)	(454)	(134)
Cap. Exp. from rev.	9,748	6,496	(3,252)
Def./(Surp.) for year	**3,719**	**(920)**	**(4,639)**

The table above compares the final outturn figures (before statutory accounting adjustments) for the HRA with the final budget for 2016/17. The variance of £4.639m (under) is primarily due to delays in capital investment, where revenue funding (£3.252m) was not required as budgeted. Other large variances include increased income from services recharged, a reduction in repairs and maintenance costs, with savings delivered from new planned maintenance contracts and a reduction in management costs. Overall the outturn position was a contribution to HRA reserves of £0.9m against a budget that assumed a contribution from reserves of £3.719m. HRA reserves stood at £8.992m at 31 March 2017.

Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £17.970 million. The major part of the programme involved the provision of housing; with £14.739 million being invested in the Council's own housing stock and new build initiatives.

Treasury management

At the 31 March 2017, investments totalled £52.497 million, an increase of £2.968 million over the previous year-end. These investments produced interest of over £1.128 million, which was used towards the cost of services.

The Council has debt of £205.123 million funding Housing Revenue Account assets.

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £9.985 million and £8.992 million respectively as at 31 March 2017 - this compares to the proposed minimum level of balances of £2.5 million (General Fund) and £2.0 million (Housing Revenue Account). These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £12.2 million, consisting of the usable capital receipts reserve and capital grants unapplied.

Pensions

The accounting policy relating to pensions reflects International Accounting Standard 19 Employee Benefits whereby pension liabilities incurred during the year are charged to the cost of services and then reversed out with the pension deficit being shown as a liability in the balance sheet.

South Cambridgeshire's pension deficit is estimated at £57.496 million as at 31 March 2017 on an IAS 19 basis. With 77% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

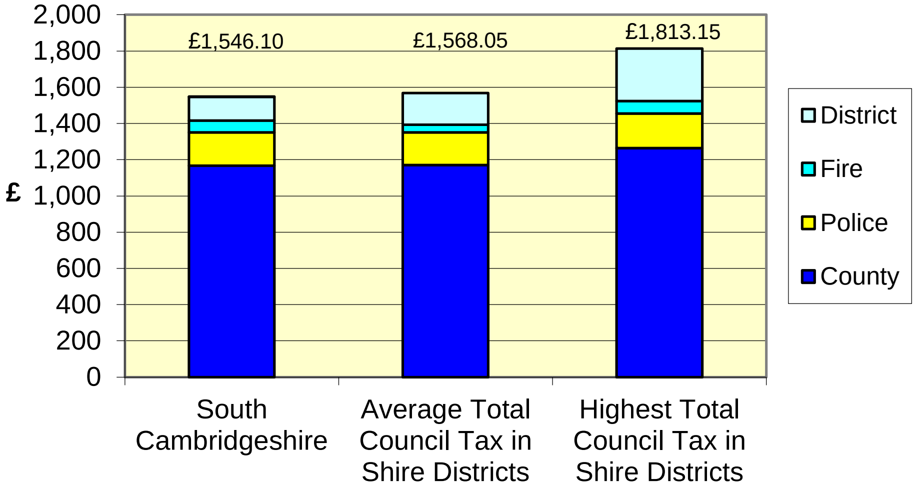
The employer's contribution rate for 2016-17 was 17.5%.

The triennial valuation discounts future liabilities at a rate based on the expected return from the pension fund's investments which are mainly stocks and shares. A valuation using a risk free discount rate, that is, based on Government Bonds, would give a much lower funding level and the employer's contribution rate would be substantially higher.

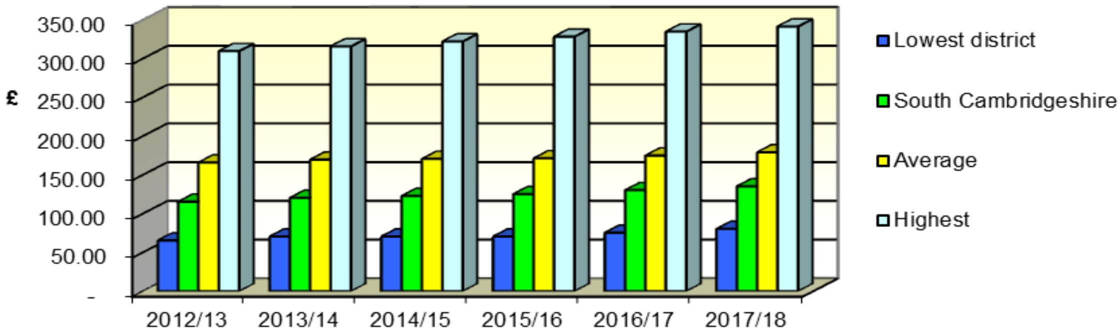
In view of the uncertainty over future pension costs, an additional lump sum has been charged against the General Fund and the Housing Revenue Account and placed in a reserve for use in future years (Notes 6, 12 and 20 to the Financial Statements).

Council Tax

Council tax is set in terms of a band D property which is in the valuation band from £68,001 to £88,000 at 1991 prices. For a band D property, the council tax for 2016-17 was £1,546.10. This remains one of the lowest tax levels in the country and most of the money was raised on behalf of the County Council, as shown below;



However, looking only at the district element of the overall tax bill, South Cambridgeshire is the 22nd lowest in 2016-17 at £130.31 in a range of £80.46 to £341.46, with the average being £179.25.



The ranking is:

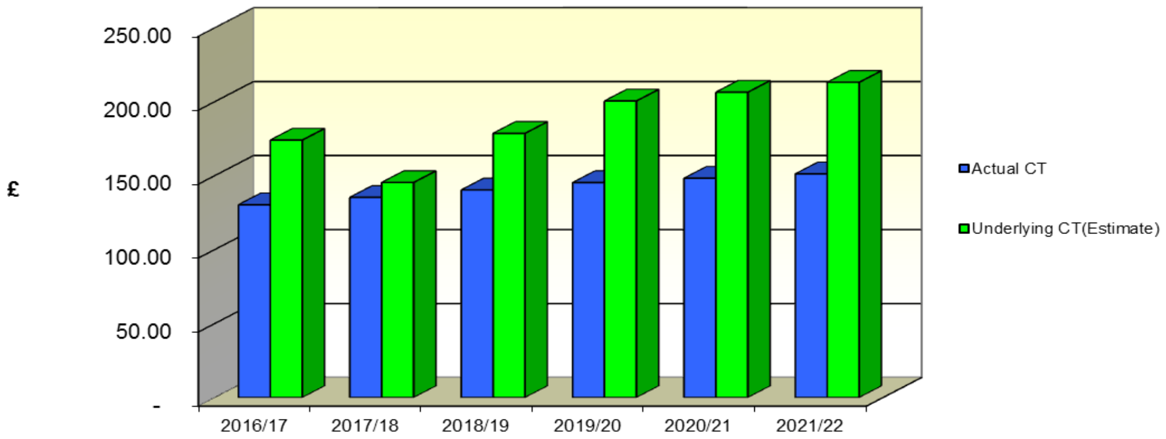
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
South Cambridgeshire	13th lowest	13th lowest	15th lowest	17th lowest	20th lowest	22nd lowest	23rd lowest
Total no. shire districts	201	201	201	201	201	201	201

The Council has to provide the same services and meet the same demands as other district councils but with substantially less council tax income and is not compensated for this lower council tax income through the system of Government grants.

Current and Future Developments

Council Tax

Council Tax was introduced in 1993-94 and since then the Council Tax set by this Council has been substantially below the average charged by other shire districts as the Council was using its reserves (savings) to keep down the amount of Council Tax residents would have to pay. Without the use of reserves, the Council Tax would be at its higher, underlying level. The increasing gap between the actual and underlying council tax reflects the expectation that government grant will continue to decrease in future years and that the Council's expenditure demands will increase further than projected income,requiring the continuing use of reserves and/or additional savings or income generation; this assumption and others is monitored and reviewed in the Council’s financial strategy on a regular basis.



Retained Business Rates

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. It also enables local authorities to implement tax increment financing, giving the ability to undertake borrowing against future business rates growth, supported by the forecast tax increment that accrues from additional development.

The Council is part of a pilot scheme which would allow the participant local authorities to retain 100% of additional growth in business rates in their area. Where additional growth is realised this will be initially held in a reserve for future use.

Reporting Cycle

The General Fund and Housing Revenue Account estimates are presented to Cabinet and Council for approval every year, in February, and are published on the Council website at: http://moderngov/ieListDocuments.aspx?CId=293&MId=6504&Ver=4

During the year expenditure and income is monitored and significant variances reported to Cabinet. The Council's Forward Plan providing information on key reports is published on the Council's website http://scambs.moderngov.co.uk/mgPlansHome.aspx?bcr=1

The Council regularly monitors performance against key performance indicators, this information and the Corporate Plan is available from: https://www.scambs.gov.uk/council-aims-and-objectives

Population Growth

The District population of 156,500 people (source: 2016 ONS Mid-Year Population Estimates) is projected to increase to 194,500 by 2031 (source: Cambridgeshire Insight). This is a reflection of the development of large numbers of additional houses in the district, particularly through the creation of a new settlement at Northstowe and the development of the Cambridge fringe areas. The officer capacity to develop these policies has to be paid for now. These initial costs are not reflected in Government grants or in the Council's tax base for raising income locally. However, when new dwellings come into use, the Council now receives the New Homes Bonus government grant.

The Current Economic Climate and Other Significant Risks

The Government's actions to reduce the fiscal deficit mainly by reducing public spending have resulted in substantial cuts for local government. The Council's medium term financial strategy is in its strategic risk register with an assessed risk of high impact / likely. The financial situation is dependent amongst other things on the continuation of New Homes Bonus and the redistribution of retained business rates from 2015-16 onwards.

The Homeless Reduction Act has significantly increased duties owed by the Council, this added to increased costs to meet statutory obligations mean Homelessness is a considerable risk now and in future. The Council is likely to see increased demand for the service and more in-depth support and assessment for those that do approach the Council.

Sale of Higher Value Vacant Council Homes
The Government has now published the Housing and Planning Act 2016. This Act sets out a number of changes to housing legislation which will impact on the current delivery of services to tenants and the resources required to do so. One of these changes relates to the sale of higher value vacant council homes. The Act enables the Government to set out a definition of 'higher value' homes and creates a duty on local authorities to consider selling homes that meet this definition when they become vacant. The Government intends to use the receipts from these sales to fund the extension of the right to buy scheme to housing association tenants and to create a Brownfield Development Fund. The Act also allows the Government to estimate the amount of money it would expect each individual authority to receive, in each financial year, from sales of higher value homes. Authorities are then required to pay this amount to the Government. Implementation has been deferred until at least April 2018 with secondary legislation required in order to implement the policy. Once full details are published the impact on the HRA Business Plan will be assessed, both in the potential number of homes that will be required to be sold and the amount due to be paid to Government under the annual calculation.

Affordable Housing

Following on from the Housing Revenue Account self-financing debt settlement at the end of March 2012, the Council has embarked upon a new build development programme. In 2016/17 construction was completed on 19 new homes in Foxton and Linton, with the new build programme continuing into 2017/18. 12 existing market homes were also acquired in 2016/17 for letting as affordable housing by the authority.

Ermine Street Housing

In November 2012 approval was given by Council to set up a subsidiary housing company, now registered as South Cambs Ltd and trading as Ermine Street Housing with a principal activity being the management of both purchased and leased properties for the purpose of residential lettings; after a period of planning the company became active in April 2014.
http://www.erminestreethousing.co.uk/content/about-us
Ermine Street Housing has a growing portfolio of both owned and leased market housing stock, with a year-end portfolio of 143 leased properties, 126 properties acquired for rental across Cambridgeshire, Suffolk and Northamptonshire and 3 properties held for re-sale. Further additions are planned over the next years. A full business case was reported to Council in the autumn of 2015. This was updated and presented to Council in February 2017.
As an independent but wholly owned subsidiary and in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy Code of Practice; the Council has prepared group accounts to show the overall financial position and results of the District Council.

Greater Cambridge Partnership (formerly known as the Greater Cambridge City Deal)

The Greater Cambridge Partnership (GCP) is (an agreement with Central Government) a partnership of local councils, including South Cambridgeshire, business and academia to deliver the City Deal. The Partnership constitutes a 15-year plan to improve the infrastructure of the area, supporting economic growth and securing long-term prosperity and quality of life for the people of Cambridge and South Cambridgeshire. The other partners to the Partnership are Cambridge City Council, Cambridgeshire County Council, the GCGP Local Enterprise Partnership and Cambridge University.

A thriving and vibrant city region, Greater Cambridge has achieved rapid growth and economic success through world-leading innovation and collaboration between entrepreneurs and academics. It has the highest cluster of technology firms in the UK and competes on a global stage as a gateway for high-tech investment into the UK. However, this success and the area’s appeal as an attractive place to live and work, has resulted in significant transport congestion, a shortage of housing and access to relevant skills. These issues have to be addressed to secure future economic growth and quality of life. Through the deal, the GCP has secured powers and funding from Central Government to make vital improvements to secure future economic growth and quality of life in the city region. The GCP aims to deliver over £1 billion of investment, thousands of new homes and jobs, and improved transport links. The 15-year plan focuses on four key issues: Transport, Housing, Skills and Innovation.
The Council has given a commitment to pay over half of the new homes bonus received in 2016-17; this is projected to amount to £2.6 million. In addition South Cambridgeshire District Council provides the democratic service resource to the formal decision-making bodies of the partnership.
www.greatercambridge.org.uk

United Kingdom EU Referendum (Brexit)

At the time of the publication of the statement of accounts, the implications of the leave referendum result continue to be unclear, this will be kept under review.

Cambridgeshire and Peterborough Combined Authority- Devolution
The Cambridgeshire and Peterborough Combined Authority was formally constituted in March 2017, following a Devolution deal with government which will unlock hundreds of millions of pounds of new funding for the county, including £100 million for affordable homes. Councillor Peter Topping, Leader of the Council, represents SCDC on the Combined Authority, and will be leading the housing delivery workstream on its behalf.

Auditor's Opinion
The Statement of Accounts has been audited and the Auditor’s opinion is shown at the end of this document.

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Alex Colyer
Executive Director (Corporate Services) as Chief Financial Officer
Dated- January 2018

Statement of Accounts
for the year ended 31st March 2017

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The responsibilities of the Executive Director (corporate Services) as Chief Financial Officer

The Executive Director (Corporate Services) as Chief FInancial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Executive Director (Corporate Services) as Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently,
- made judgements and estimates that were reasonable and prudent, and
- complied with the local authority Code.

The Executive Director (Corporate Services) as Chief Financial Officer has also:

- kept proper accounting records which were up to date, and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2017 and its income and expenditure for the year then ended. These financial statements replace the unaudited financial statements signed by the Executive Director on 30th June 2017.

Signed ………..………………………….. **Date: January 2018**
Alex Colyer
Executive Director (Corporate Services) as Chief Financial Officer

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 it is the Executive Director (Corporate Services) who is the Chief Financial Officer,
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets, and
- approve the Statement of Accounts.

Signed ………..………………………….. **Date: January 2018**
Cllr Andrew Fraser
Chairman of Audit and Corporate Governance Committee

Single Entity Statements (2016/17)
South Cambridgeshire District Council

- Expenditure and Funding Analysis
- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

EXPENDITURE AND FUNDING ANALYSIS

This statement shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting principles. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates / services / departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Narrative Report to the Comprehensive Income and Expenditure Statement.

This statement is new for 2016/17.

2015/16					2016/17		
Net Exp. Chargeable to the GF and HRA £000	**Adj. between the funding and accounting basis £000**	**NET EXPEND-ITURE in CIES £000**		**Note**	**Net Exp. Chargeable to the GF and HRA £000**	**Adj. between the funding and accounting basis £000**	**NET EXPEND-ITURE in CIES £000**
3,381	0	3,381	Finance and Staffing		3,155	0	3,155
5,159	357	5,516	Environmental Services		5,214	409	5,623
1,409	115	1,523	Housing (General Fund)		2,174	292	2,466
(9,172)	(1,192)	(10,364)	Housing Revenue Account		(6,003)	6,966	963
1,380	9	1,389	Planning		2,475	0	2,475
144	0	144	Economic Development		111	0	111
377	1	378	Leader		389	(0)	389
2,040	0	2,040	Corporate and Customer Services		1,617	0	1,617
729	(0)	729	Strategic Planning & Transportation		606	0	606
(3,488)	785	(2,703)	Other Corporate Adjustments		1,355	(679)	677
1,960	**74**	**2,034**	**Net Cost of Services**		**11,093**	**6,988**	**18,082**
(12,036)	0	(12,036)	Other Income and Expenditure	16	(18,284)	0	(18,284)
(10,076)	**74**	**(10,002)**	**(Surplus) / Deficit**		**(7,191)**	**6,988**	**(202)**
(29,002)			Opening General Fund and HRA Balances		(39,078)		
(10,076)			(Surplus) / Deficit on General Fund and HRA Balance in year		(7,172)		
(39,078)			**Closing General Fund and HRA Balances #**		**(46,250)**		

#: For a split of this balance between the GF and HRA- see Movement in Reserves Statement

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the 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 both the Expenditure and Funding Analysis (Note 16) and in the Movement In Reserves Statement.

2015/16- Restated					2016/17		
GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000		Note	GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000
31,909	(28,528)	3,381	Finance and Staffing		33,781	(30,627)	3,155
8,118	(2,602)	5,516	Environmental Services		8,724	(3,101)	5,623
2,038	(515)	1,523	Housing (General Fund)		3,337	(871)	2,466
20,035	(30,399)	(10,364)	Housing Revenue Account		31,712	(30,749)	963
3,661	(2,272)	1,389	Planning		4,518	(2,043)	2,475
151	(7)	144	Economic Development		160	(50)	111
473	(95)	378	Leader		406	(16)	389
2,740	(700)	2,040	Corporate and Customer Services		2,141	(524)	1,617
933	(204)	729	Strategic Planning & Transportation		1,453	(848)	606
(91)	(2,612)	(2,703)	Other Corporate Adjustments		677	0	677
69,968	**(67,934)**	**2,034**	**Net Cost of Services**		**86,911**	**(68,829)**	**18,082**
		4,265	Other Operating (Income)/Expenditure	7			2,498
		8,439	Financing and Investment (Income)/Expenditure	8			7,927
		(24,740)	Taxation and Non-Specific Grant (Income)	9			(28,709)
		(10,002)	**(Surplus) / Deficit on Provision of Services**				**(202)**
		(35,796)	(Surplus) / Deficit on Reval. of Non-current assets	12			17,051
		(11,386)	Remeasurement of the Net Defined Liability/(Asset)	20			3,044
		(47,182)	**Other Comprehensive (Income) and Expenditure**				**20,095**
		(57,184)	**Total Comprehensive (Income) and Expenditure**				**19,893**

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other resources. The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Note	General Fund Balance £000	Earmarked Reserves-GF £000	Housing Revenue Account £000	Earmarked Reserves-HRA £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Authority Reserves £000**
	Note	11	6&11	11	6&11	39	11a	11b	11	12	-
Balance at 1 April 2015		**(10,253)**	**(6,146)**	**(3,178)**	**(9,425)**	**0**	**(6,364)**	**(433)**	**(35,799)**	**(205,209)**	**(241,008)**
Movement in Reserves during 2015/16											
(Surplus) or Deficit on provision of services	CIES	(3,841)	0	(6,162)	0		0	0	**(10,003)**	0	**(10,003)**
Other Comprehensive (Income) & Expenditure	CIES	0	0	0	0		0	0	**0**	(47,181)	**(47,181)**
Total Comprehensive Income & Expenditure		(3,841)	0	(6,162)	0		0	0	**(10,003)**	(47,181)	**(57,184)**
Adjustments between accounting basis & funding basis under regulations	5	(1,266)	0	1,192	0	0	(2,126)	0	**(2,200)**	2,200	**0**
Net (increase) / decrease before transfers to earmarked reserves		(5,107)	0	(4,970)	0	0	(2,126)	0	**(12,203)**	(44,981)	**(57,184)**
Transfers to/from earmarked reserves	6	4,773	(4,773)	75	(75)	0	0	0	**0**	0	**0**
(Increase) / Decrease in 2015/16		(334)	(4,773)	(4,895)	(75)	0	(2,126)	0	**(12,203)**	(44,981)	**(57,184)**
Balance as at 31 March 2016		**(10,587)**	**(10,919)**	**(8,073)**	**(9,500)**	**0**	**(8,490)**	**(433)**	**(48,002)**	**(250,190)**	**(298,192)**
Balance at 1 April 2016		**(10,587)**	**(10,919)**	**(8,073)**	**(9,500)**	**0**	**(8,490)**	**(433)**	**(48,002)**	**(250,190)**	**(298,192)**
Movement in Reserves during 2016/17											
(Surplus) or deficit on provision of services	CIES	(6,249)	0	6,047	0		0	0	**(202)**	0	**(202)**
Other Comprehensive Expenditure and (Income)	CIES	0	0	0	0		0	0	**0**	20,095	**20,095**
Total Comprehensive Expenditure and Income		(6,249)	0	6,047	0	0	0	0	**(202)**	20,095	**19,893**
Adjustments between accounting basis & funding basis under regulations	5	(23)	0	(6,966)	0	0	(2,732)	(53)	**(9,774)**	9,774	**0**
Net (increase) / decrease before transfers to earmarked reserves		(6,272)	0	(919)	0	0	(2,732)	(53)	**(9,977)**	29,869	**19,893**
Transfers to/from earmarked reserves	6	6,874	(6,853)	0	0	0	0	0	**21**	(21)	**(0)**
(Increase) / Decrease in 2016/17		602	(6,853)	(919)	0	0	(2,732)	(53)	**(9,956)**	29,849	**19,893**
Balance as at 31 March 2017		**(9,985)**	**(17,772)**	**(8,992)**	**(9,500)**	**0**	**(11,222)**	**(486)**	**(57,958)**	**(220,340)**	**(278,298)**

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority 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 Reserves that may only be used to fund capital or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold 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 line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2016				31 March 2017	
£000	£000		Note	£000	£000
510,556		Property, Plant and Equipment	25	483,509	
233		Intangible Assets	-	184	
2,598		Long Term Investments	32	9,320	
971		Long Term Debtors	32	970	
	514,358	**Long Term Assets**			**493,983**
46,931		Short Term Investments	32	58,830	
72		Inventories	-	88	
5,151		Short Term Debtors	27	8,083	
4,795		Cash and Cash Equivalents	15	7,872	
1,751		Assets Held for Sale	25	1,154	
	58,700	**Current Assets**			**76,027**
(13,981)		Short Term Creditors	28	(24,434)	
0		Cash and Cash Equivalents	15	(1,578)	
(2,921)		Provisions	29	(3,082)	
	(16,902)	**Current Liabilities**			**(29,093)**
(52,841)		Liability Related to Defined Benefit Pension Scheme	20/34	(57,496)	
(205,123)		Long-term Borrowing	34	(205,123)	
	(257,964)	**Long Term Liabilities**			**(262,619)**
	298,192	**Net Assets**			**278,299**
	(48,002)	**Usable Reserves**	11		**(57,957)**
	(250,190)	**Unusable Reserves**	12		**(220,342)**
	(298,192)	**Total Reserves**			**(278,299)**

The accounts were issued subject to audit on 31st July 2017.

Signed ……….………………………….. **Date: January 2018**

Alex Colyer
Executive Director (Corporate Services) as Chief Financial Officer

Signed ……….…………………………….. **Date: January 2018**

Cllr Andrew Fraser
Chairman of Audit and Corporate Governance Committee

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority'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 authority.

2015/16 Restated £000	2015/16 Restated £000		Note	2016/17 £000	2016/17 £000
10,002		**Net surplus/(deficit) on provision of services**		202	
9,118		Adj to net surplus/deficit on provision of services for non-cash movements		35,170	
1,246		Adj for items included in the net surplus/deficit on provision of services that are investing and financing activities		(14,909)	
	20,366	**Net cash flows from Operating Activities**	13		20,463
(15,044)		Investing Activities	14	(28,045)	
(686)		Financing Activities	15	9,081	
	4,636	**Net (increase)/decrease in cash and cash equivalents**			1,499
	159	**Cash and Cash equivalents at the beginning of the reporting period**			4,795
	4,795	**Cash and Cash equivalents at the end of the reporting period**	15		6,294

NOTES TO THE CORE FINANCIAL STATEMENTS

1 Statement of Accounting Policies

a General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 and the Service Reporting Code of Practice. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The accounting convention adopted is historical cost modified by the revaluation of certain categories of non-current assets.

b Accruals of Income and Expenditure

The accounts of the Council are maintained on an accruals basis, that is, sums due to the Council for goods/services provided or due from the Council for goods/services received during the year are included as income or expenditure whether or not the cash has actually been received or paid in the year. Any differences between the actual and accrued amounts will be reflected in the accounts of the following year.

Exceptions to this principle relate, for example, to quarterly payments where payments are charged in the year rather than apportioning charges between financial years. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts. Grants payable to other organisations are included in the accounts on a payments basis.

Where income and expenditure has been recognised in the accounts but cash has not been received or paid, a debtor or creditor is recorded in the balance sheet.

c Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. They include deposits in constant Net Asset Value money market funds that are available for withdrawal with 24 hours' notice. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

d Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information on the Authority's financial position or performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period.

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

e Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:-

- depreciation attributable to the assets used by the relevant service,
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off, and
- amortisation of intangible assets attributable to the service.

Any depreciation, revaluation and impairment losses and amortisation charged to the relevant accounts is reversed out in the movement in reserves statement and transferred to the capital adjustment account so that these charges are not met by council tax or rents.

The provisions for charges to revenue for non-current assets in the HRA were amended on 1 April 2012 following the introduction of self-financing. The Authority is required to charge the Housing Revenue Account a notional amount for depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvement works. The transition period will continue till 2017-18, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2018-19.

The Authority is required to charge an annual provision to revenue as a contribution towards reducing its overall borrowing requirement. This provision, known as the Minimum Revenue Provision (MRP), is an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. No minimum revenue provision is currently charged on the debt acquired in relation to Housing Revenue Account self-financing as this is outside the scope of this regime.

f Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits, such as flexi-time, for current employees and are recognised as an expense for services in the year in which employees render services to the Authority. Other long term benefits are those benefits not falling wholly before twelve months after the end of the annual reporting period and are accounted for in the same manner as defined benefit post-employment benefits.

Compensated absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Compensated absences may be accumulating or non-accumulating. Accumulating absences are those that are carried forward and can be used in future periods if the current entitlement is not used in full. Annual leave, flexi-time and time in lieu are usually accumulating absences. Accumulating absences may be either vesting or non-vesting. Where vesting, employees who leave are entitled to a cash payment in respect of any unused entitlement. Where non-vesting, benefits lapse if an employee leaves before the vesting date.

The Government has issued regulations that mean the Council is only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used. The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in year. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

An accrual is made for the cost of holiday entitlements and/or other forms of leave earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the cost of services in the comprehensive income and expenditure account but then reversed out in the movement in reserves statement and transferred to the accumulating compensated absences adjustment account.

Non-accumulating absences are those that cannot be carried forward for use in future periods if the current entitlement is not used in full. Sick leave, maternity leave, paternity leave and jury service will usually be non-accumulating. The cost of non-accumulating compensated absences is recognised when the absences occur. The cost of providing non-monetary benefits is recognised according to the same principles as benefit payable in cash. The amount recognised as a liability and an expense is the cost to the employer of providing the benefit.

Other Long Term Benefits

Long term benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and, are charged on an accruals basis to the relevant service account or, where applicable, to Non Distributed Costs in the Comprehensive Income and Expenditure account at the earlier of when the authority can no longer withdraw the offer of those benefits, or when the authority recognises the costs for a restructuring that is within the scope of the Code and involves the payment of termination benefits.

Termination benefits are often lump-sum payments, but also include

- enhancement of retirement benefits, and
- salary until the end of a specified notice period if the employee renders no further service that provides economic benefit to the Council

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year end.

Post Employment Benefits

Post-employment benefits are employee benefits (other than termination and short-term benefits) that are payable after the completion of employment.

Employees of the Authority are eligible to be members of the Local Government Pension Scheme, administered by Cambridgeshire County Council, which is accounted for as a defined benefit scheme whereby:

- the Authority's share of the liabilities of the pension fund are included in the balance sheet on an actuarial basis using the projected unit cost method, that is, 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 earnings for current employees;
- these liabilities are then discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds;
- the Authority's share of the assets of the pension fund are included in the balance sheet at their fair value being;

quoted securities	current bid price
unquoted securities	professional estimate
unitised securities	current bid price
property	market value;

The change in the net pensions liability is analysed into seven components:

- current service cost being the increase in liabilities as a result of years of service earned in the current year where the cost is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost being the increase or decrease in liabilities arising from decisions in the current year affecting liabilities incurred in past years where the cost is charged or credited to non-distributed costs in the comprehensive income and expenditure account;
- net interest on the net defined benefit liability (asset), that is, the net interest expense for the authority being the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged where the cost is charged to financing and investment income and expenditure in the comprehensive income and expenditure Statement.;
- expected return on assets being expected annual investment return on the fund assets, excluding amounts included in net interest on the defined benefit liability (asset), based on the average of the expected long term returns where the return is credited to the financing and investment section of the comprehensive income and expenditure account;
- gains or losses on settlements, being the result of actions to relieve the Authority of liabilities, and curtailments, being events that reduce the expected future service or accrual of benefits of employees, where the gains or losses are credited or charged to non-distributed costs in the comprehensive income and expenditure account;
- actuarial gains and losses being changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions where the gains and losses are credited or charged to the pensions reserve; and
- contributions paid to the pension fund in the year being the payments made by the Authority as employer, that is, cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The charges and credits to the comprehensive income and expenditure account mentioned above are reversed out in the movement in reserves statement to the pensions reserve and replaced with the contributions paid.

The negative balance on the pensions reserve in the balance sheet measures the future liability in respect of benefits due to members of the fund.

Discretionary Benefits

The Authority also has powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any employee are accrued in the year of the decision to make the award.

g 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. There are two types of events:

- 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 of the nature of the events and their estimated financial effect

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

h Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the financing and investment section of the Income and Expenditure Account for interest are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that discounts estimated future cash payments over the life of the instrument to the fair value at which it was originally recognised.

The only financial liabilities for this Council are trade payables of short duration, measured at original or estimated invoice amount, and long term borrowing which is shown in the balance sheet as the outstanding principal repayable with interest charged to the comprehensive income and expenditure account being the amount payable for the year in accordance with the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the financing and investment income and expenditure line in the Comprehensive income and Expenditure Statement in the year of repurchase or settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets consist of:
- loans and receivables and
- available-for-sale assets – financial instruments

The financial assets applicable to this Council are loans and receivables which have the defining characteristics of fixed and determinable payments and are not quoted in an active market and, equity shares in the Local Capital Finance Company (Municipal Bond Agency) with no quoted market prices.

Loans and receivables are recognised on the balance sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at amortised cost. Annual credits to the financing and investment section of the comprehensive income and expenditure account for interest are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans and receivables owed to the Council, the amount shown in the balance sheet is the outstanding principal or invoice amount receivable and interest credited to the comprehensive income and expenditure account is the amount receivable for the year in the loan agreement.

The Council has made a number of loans for disabled facilities and renovation of dwellings to individuals and landlords at a nil rate of interest repayable on the sale/transfer of the property. As these loans have no fixed or determinable repayment, they have not been classified as loans and receivables but have been shown as long-term debtors.

i Government Grants and Other Contributions

Government grants and other contributions and donations are recognised as due to the Authority when there is a reasonable assurance that:

- the Authority will comply with the conditions attached to the payment, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the comprehensive income and expenditure statement until such conditions (as distinct from a restriction) attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor, i.e. if the grant or contribution is not used as intended, then it has to be repaid.

Restrictions are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified. The key difference between a condition and a restriction is that a condition requires the grant funder or donor to have a right to the return of their monies or the donated asset (or similar equivalent compensation).

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors (receipts in advance). When conditions are satisfied, the grant or contribution is credited to the relevant service (attributable revenue grants and contributions) or to the taxation and non-specific grant income section (non-ringfenced revenue grants and all capital grants) in the comprehensive income and expenditure statement.

When the conditions of a grant have been met and it has been reflected as income in the Comprehensive Income and Expenditure Statement, the Council still has discretion to carry the grant income forward through an earmarked reserve if it deems this appropriate. This could arise in cases where there is no condition on the timescale in which a grant can be spent, but it has not been spent at the year-end.

In relation to capital grants or contributions recognised as income in the Comprehensive Income and Expenditure Statement, where the expenditure has not been incurred at the balance sheet date, the grant recognised as income is transferred to the Usable Reserves (Capital Grants Unapplied Account) representing capital resources not yet utilised.

Where capital grants are credited to the comprehensive income and expenditure statement, they are

- to the capital grants unapplied reserve if the grant has yet to be used to finance capital expenditure; or
- to the capital adjustment account if the grant has been used to finance capital expenditure.

Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account when they are applied to fund capital expenditure.

j Group Accounts

The boundary for Group Accounts is determined by the extent of the Council's control or influence over an entity, and the materiality of the relationship to users of the Council's accounts.

A subsidiary is an entity which the Council controls through the power to govern its financial and operational activities, so as to obtain benefits from the entity. Control is deemed to exist where the Council owns more than half of the entity.

An associate is an entity where the Council has significant influence over decision making, but stopping short of control. It is normally presumed that significant influence exists where the Council owns 20% or more of the entity.

A jointly controlled entity exists where the Council is party to the contractually and binding agreed shared control of an organisation, where strategic financial and operating decisions require unanimous consent of the parties sharing control.

From 2014-15, group accounts have been prepared for South Cambs Ltd (trading as Ermine Street Housing) a wholly owned subsidiary. Investments in South Cambs Limited are recognised in the Balance Sheet as unquoted equity investments at cost.

k Heritage Assets

Heritage assets have cultural, environmental or historical associations that make their preservation for future generations important and are maintained principally for their contribution to knowledge and culture.

Heritage assets are recognised in the balance sheet where the Council has information on the cost or value of the asset. Where such information is not available, and the cost of obtaining the information outweighs the benefits to the users of the accounts, heritage assets are not shown in the balance sheet but are disclosed in note 27 to the accounts.

Heritage assets may be valued by any method that is appropriate and relevant and, where valuations are not practicable, may be carried at historical cost. Where appropriate, the Authority’s heritage assets have been included in the balance sheet at insurance valuation. Depreciation is not required on heritage assets which have indefinite lives and impairment reviews are only required where there is evidence of physical deterioration or breakage or where new doubts arise as to authenticity.

Any impairment is recognised and measured in accordance with the Authority’s general policies on impairment. The Authority may occasionally dispose of heritage assets, the proceeds of such items are accounted for in accordance with the Authority’s general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

l Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority (e.g. software and licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion and intangible assets are, therefore, carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the comprehensive income and expenditure statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired and any impairment losses recognised are charged to the other operating expenditure section in the comprehensive income and expenditure statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is charged to the relevant service line in the comprehensive income and expenditure statement.

Amortisation, impairment losses and disposal gains and losses charged to the comprehensive income and expenditure statement are reversed out in the movement in reserves statement and transferred to the capital adjustment account and the capital receipts reserve for any sale proceeds greater than £10,000.

m Investment Property

An investment property is one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property and is accounted for as property, plant and equipment. An investment property is measured initially at cost; the cost of investment includes its purchase price, transaction costs and directly attributable expenditure. Where an investment property is acquired through a non-exchange transaction its costs shall be measured at fair value as at the date of acquisition.

After initial recognition, an investment property is accounted for under the fair value model; that is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date.

A gain or loss arising from a change in the fair value of investment property is recognised in the surplus or deficit on the provision of services for the period in which it arises. The fair value of investment property reflects market conditions at the balance sheet date. This means that a periodic revaluation approach may only be used where the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date. An investment property held at fair value is not depreciated.

An Investment property shall be recognised on disposal or when permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of Investment property shall be recognised in the Surplus or Deficit on the Provision for Services for the period of the retirement or disposal.

Compensation from third parties for Investment property that becomes impaired, lost or is given up is recognised in the Surplus or Deficit on the Provision for Services when it becomes receivable.

n Inventories and Long Term Contracts

Inventories comprise such items as refuse and recycling bins, refuse sacks, unused postage and some canteen stocks. In addition, the Council’s subsidiary company hold properties for refurbishment and resale which are also classified as Inventory assets. Inventories are included in the balance sheet at the lower of cost or net realisable value, being the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Long-term contracts are accounted for on the basis of charging the relevant service in the comprehensive income and expenditure statement with the value of works and services received under the contract during the financial year.

Where Inventories are damaged or become wholly or partially obsolete or if their selling prices have declined, their cost shall be written down to net realisable value or current replacement cost.

Where the circumstances which previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value or current replacement cost because of a change in economic circumstances, the amount of the write down shall be reversed so the new carrying amount is the lower of cost and the revised current replacement cost.

o Leases

Leases are classified as either finance leases or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

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 and 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.

Rentals paid under operating leases are charged to the comprehensive income and expenditure statement as an expense of the service benefiting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

Arrangements such as contract hire agreements 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 the fulfilment of the arrangement is dependent on the use of specific assets.

p Overheads and Support Services

The costs of overheads and support services are charges to those services which benefit from the provision of the overheads and support services in accordance with the costing principles in the Service Reporting Code of Practice. The full cost of overheads and support services are charged out to users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core — costs relating to the Authority’s status as a multi-functional, democratic organisation, and
- Non-distributed costs include pension costs, relating to past service costs and gains and losses on settlements and curtailments, and any depreciation and impairment losses chargeable on assets held for sale. Pension costs, depreciation and impairment are reversed out in the movement in reserves statement.

These two categories were defined in the Service Reporting Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, these are now reported in line with the management reporting structure of the Council in accordance with the Expenditure and Funding Analysis in the revised Code of Practice.

q Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply 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

Expenditure 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 or service potential associated with the asset will flow to the Authority and the cost of the asset can be measured reliably. Expenditure that maintains but does not add to the asset’s potential to deliver future economic benefits or service potential, i.e. repairs and maintenance, is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and 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 the Authority.

Assets are then carried in the balance sheet using the following measurement bases:

- Infrastructure, community assets- historical cost
- Assets under construction- historical cost
- Dwellings- fair value, determined using the basis of existing use value for social housing
- Investment property- fair value
- Assets held for sale- current value
- Non-commercial assets held for sale- lower of carrying amount and fair value less costs to sell
- Non-property assets that have short useful lives and/or low values- depreciated historical cost basis is used as a proxy for fair value, and
- All other assets- fair value, which for this purpose is enterpreted as being met by provision of a market value figure which will reflect all potential uses.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets included in the balance sheet at fair value and market values are revalued sufficiently regularly (at least every five years) to ensure that their carrying amount is not materially different from their fair value at the year-end. Valuations are undertaken by a professionally qualified valuer and also carry out a material change review at year end to ensure revaluations are kept up to date. Revaluations also take place when there has been a significant change to the asset (e.g. major building works).

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of a loss previously charged to a service.

Decreases in valuations are accounted for by writing down the balance (if any) of revaluation gains in the revaluation reserve for that asset and then charging any remaining decrease in value to the relevant service in the comprehensive income and expenditure statement.

The revaluation reserve only contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

Impairment

Assets are assessed at the end of each year 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 this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Impairment losses are accounted for by writing down the balance (if any) of revaluation gains in the revaluation reserve for that asset and then charging any remaining impairment to the relevant service in the comprehensive income and expenditure statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided on all property, plant and equipment calculated on a straight-line allocation over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, if any, and assets that are not yet available for use, i.e. assets under construction, if any.

The residual value of an item of property, plant and equipment and its useful life are reviewed at the end of each financial year and, if expectations differ from previous reviews or there has been a significant change in the consumption of economic benefits or service potential, the change is accounted for as a change in accounting estimate.

Where property, plant and equipment assets have major components whose cost is significant in relation to the total cost of the asset, depreciation on the components has been calculated and is not materially different from depreciation on the depreciable part of the whole asset. Components have not, therefore, been depreciated separately.

Revaluation gains are also depreciated by an amount equal to the difference between the current value depreciation charges on the assets and the historic cost depreciation charges on the assets, with this difference being transferred each year from the revaluation reserve to the capital adjustment account.

Componentisation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts are grouped together in determining the depreciation charge.

The Council has determined that dwellings and other property is subject to componentisation and are assessed against 2 components determined by the Council's valuer, namely land and buildings, components within buildings being assessed annually for materiality.

Disposals and Non-current Assets Held for Sale

An asset is reclassified as an asset held for sale when it becomes probable that the carrying amount of the asset will be recovered principally through a sale transaction. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any subsequent decrease to fair value less costs to sell is posted to the other operating expenditure section in the comprehensive income and expenditure account but any gains in fair value are only recognised up to the amount of any previously recognised losses. Depreciation is not charged on assets held for sale.

Assets no longer meeting the criteria to be classified as assets held for sale 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.

When an asset is disposed of, the carrying amount of the asset in the balance sheet is written off and any receipts on disposal are credited to the other operating expenditure section in the comprehensive income and expenditure account so that this section shows the net gain or loss on the disposal of non-current assets. The net gain or loss is then is reversed out in the movement in reserves statement with the carrying amount transferred to the capital adjustment account and the receipts on disposal credited to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

Any revaluation gains in the revaluation reserve in respect of the asset are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

A proportion of capital receipts relating to housing disposals (75% for dwellings and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government and shown in the other operating expenditure section in the comprehensive income and expenditure. This is then is reversed out in the movement in reserves statement to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

r Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation in the future that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service in the comprehensive income and expenditure statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties. Any payments eventually made are charged against the provision, provisions are reviewed at the end of each financial year and any reduction in the need for the provision is credited back to the relevant service.

Contingent Liabilities

Contingent liabilities arise where events have taken place which gives the Authority possible obligations whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise where a provision would otherwise be made but either it is not probable that a settlement will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

Contingent Assets

Contingent assets arise where events have taken place which gives the Authority possible assets whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

s Reserves and Developers' Contributions

The Authority sets aside certain amounts as reserves for expenditure in future years by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the relevant service in the comprehensive income and expenditure account and an equivalent amount is appropriated back to the general fund balance in the movement in reserves statement so that the expenditure is not a charge against the council tax.

Some reserves, as set out in the unusable reserves note to the accounts, are kept for accounting purposes and do not represent usable resources for the Authority. A detailed make up of specific reserves is given in the movement in reserves note.

Developers' contributions are monies received from developers under Section 106 of the Town and Country Planning Act 1990 for future expenditure on affordable housing, drainage, community costs and development, etc. Any unused balances of these contributions are shown as receipts in advance under creditors.

t Revenue Expenditure Funded from Capital under Statute

Expenditure which is incurred during the year and which may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement. Such expenditure which is met from capital resources or from borrowing is then transferred out in the movement in reserves statement from the General Fund balance to the Capital adjustment account then reverses out the charge so that there is no impact on the council tax.

u Value Added Tax (VAT)

VAT is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

2 Accounting Standards that have been issued but have not yet been adopted

For 2017/18 the Local Authority Accounting Code of Practice includes a number of changes resulting from revisions to accounting standards, these are;

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration (see paragraph 6.5.5.1 (m) of the 2017/18 Code)

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events, this includes a degree of uncertainty about the levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision or through changes to arrangements for service provision.

4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Pension Liability:

The main item in the Council's balance sheet as at 31 March 2017 for which there is a significant risk of material adjustment is the estimation of the pension liability by a consulting Actuary engaged by the pension fund administrator, Cambridgeshire County Council.

The estimation is over several decades where a small change in one of the assumptions can have a large effect on the liability and the Actuary has provided the following sensitivity analysis:

Change in assumption	2015-16 Inc. in Liability (£m)	2016-17 Inc. in Liability (£m)
0.5% decrease in real discount rate	14.09	14.90
0.5% increase in salary increase rate	3.92	2.15
0.5% increase in pension increase rate	9.96	12.55

Property, Plant and Equipment:

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council did not sustain its current spending on repairs and maintenance the useful lives currently assigned to assets may be reduced.

If the useful life of assets is reduced, depreciation increases and the carrying value of the asset will decrease. The largest category of assets is Council dwellings and it is estimated that the annual depreciation charge for these would increase by approximately £600k+ for every year that useful lives had to be reduced.

Business Rates:

Following the introduction of the business rates retention scheme which came into effect from 1 April 2013 the Authority, acting as agent on behalf of the major preceptors, central government and itself is required to make provision for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, this includes amounts relating to non-domestic rates charged to businesses in 2016-17 and earlier financial years. The Council has estimated an amount, included in the collection fund which is considered to reflect the present obligation. NHS Trusts in the District have indicated their intention to lodge an application for mandatory business relief if successful this will impact the business rate income received by the Council, the associated risk has been recognised as a contingent liability.

Fair Value Measurements:

When the fair value of assets and liabilities cannot be measured based on quoted prices in an active market (Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observation data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities.

Where Level 1 input is not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

The most significant assets that the Authority has measured at fair value in the Balance Sheet where Level 1 inputs are not available are Investment Properties (Group Accounts) and Surplus Property, Plant and Equipment. Significant changes in any of the unobservable inputs in these valuations would result in significantly higher/lower fair value measurements.

Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities can be found in Notes 25, 32 and 46.

5 Adjustments between Accounting Basis and Funding Basis under Regulations and other Comprehensive Expenditure and Income

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper practices to arrive at the movement in funds on a statutory basis which are available to meet future expenditure.

2015/16 £000		2016/17 £000
	General Fund- reversal of items included in the CIES	
(1,011)	Depreciation of non-current assets	(1,201)
211	Reversal of impairment of non-current assets (net)	(551)
1,606	Capital grant and contributions applied to capital financing	146
0	Capital grant and contributions unapplied	624
(423)	Revenue expenditure funded from capital under statutue (REFCuS)	(733)
68	Net gain/(loss) on sale of non-current assets	465
(1,894)	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(1,295)
154	Amount by which council tax and non-domestic rating income in the CIES is different from the amount taken to the GF in accordance with regulations	2,617
0	Amount by which officer remuneration on an accruals basis is different from remuneration chargable by statutue	(11)
0	Deferred capital receipts transfer to/(from) reserve	(1)
1	Capital Reciepts transferred to reserve	0
	Insertion of items not included in the CIES	
(484)	Transfer from Capital Receipts Reserve to finance payment to Gov. housing capital receipts pool	(480)
190	Capital expenditure charged against the GF	18
317	Statutory provision for financing of capital investment (MRP)	379
(1,265)	**Total Adjustments**	**(23)**
	Housing Revenue Account- reversal of items included in the CIES	
5,835	Reversal of impairment of non-current assets (net)	(6,771)
(7,405)	Excess of depreciation over major repairs allowance element of housing subsidy	(8,381)
0	Capital grant and contributions applied to capital financing	0
0	Capital grant and contributions unapplied	0
895	Net gain/(loss) on sale of non-current assets	2,005
(487)	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(315)
3	Amount by which officer remuneration on an accruals basis is different from remuneration chargable by statute	0
	Insertion of items not included in the CIES	
2,351	Capital expenditure charged against the HRA	6,496
1,192	**Total Adjustments**	**(6,966)**
	Capital Receipts Reserve	
(4,791)	Transfer of sale proceeds credited to the net gain/loss on disposal of non-current assets in the CIES	0
2,182	Use of Capital Receipts Reserve to finance new capital expenditure	3,734
0	Capital Reciepts transferred to reserve	(6,946)
484	Use of Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	480
(2,125)	**Total Adjustments**	**(2,732)**
	Capital Grant Unapplied	
0	Use of Capital Grants unapplied Reserve to finance new capital expenditure	571
0	Capital Grants Unapplied transferred to reserve	(624)
0	**Total Adjustments**	**(53)**
(2,198)	**Grand Total Adjustments**	**(9,774)**

6 Movement in Reserves Statement- Transfers (to)/from Earmarked Reserves

This note sets out the amount set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2015-16 and 2016-17.

Balance at 01 Apr 15 £000	Appropriations to Reserve £000	Appropriations from Reserve £000	Balance at 31 Mar 16 £000		Appropriations to Reserve £000	Appropriations from Reserve £000	Balance at 31 Mar 17 £000
				GF Capital:			
(35)	0	0	(35)	Preservation of historic buildings	0	0	**(35)**
(5)	0	5	0	Arts grants	0	0	**0**
(84)	(110)	161	(33)	Community development	0	3	**(30)**
(5)	(5)	5	(5)	Sports development	0	0	**(5)**
(212)	(329)	0	(541)	Environmental services	(394)	17	**(917)**
0	0	0	0	Webbs Sluice (new)	(10)	0	**(10)**
(100)	0	0	(100)	Other	0	0	**(100)**
				GF Revenue:			
(1)	0	0	(1)	Conservation	0	0	**(1)**
(203)	0	203	0	Building control	(158)	158	**0**
0	(24)	0	(24)	Health & Env. Services	(8)	0	**(32)**
(1,025)	(130)	181	(974)	Planning	(50)	49	**(976)**
(12)	0	0	(12)	Community Safety & grants	0	11	**(1)**
0	0	0	0	Sports	0	0	**0**
(500)	0	0	(500)	Travellers	0	0	**(500)**
(2,247)	(2,255)	0	(4,502)	Infrastructure	(3,135)	0	**(7,637)**
0	(2,181)	0	(2,181)	Growth & renewables	(3,562)	0	**(5,743)**
(1,033)	(894)	878	(1,049)	Add. Pensions	(911)	1,257	**(703)**
(684)	(502)	224	(962)	Other	(197)	75	**(1,084)**
				Hou. Revenue Account			
(925)	(75)	0	(1,000)	Self-insurance	0	0	**(1,000)**
(8,500)	0	0	(8,500)	Investment repayment	0	0	**(8,500)**
(15,571)	**(6,505)**	**1,657**	**(20,419)**	**Total**	**(8,424)**	**1,571**	**(27,272)**
(441)	(444)	171	(714)	**Capital (GF)**	(404)	21	(1,097)
(5,705)	(5,986)	1,486	(10,205)	**Revenue (GF)**	(8,020)	1,550	(16,675)
(9,425)	(75)	0	(9,500)	**Revenue (HRA)**	0	0	(9,500)
(15,571)	**(6,505)**	**1,657**	**(20,419)**	**Total**	**(8,424)**	**1,571**	**(27,272)**

7 CIES- Other Operating Expenditure

2015/16 Net Exp. £000		Note:	2016/17 Net Exp. £000
	Other Operating Expenditure		
4,554	Precepts of Local Precepting Authorities		4,775
190	Internal Drainage Boards		192
484	Payment to the Government for Housing Pooled Capital Receipts		480
(963)	(Gains)/Losses on Disposal of Non-current Assets	5	(2,949)
4,265	**Total**		**2,498**

8 CIES- Financing and Investment Income and Expenditure

2015/16 Net Exp. £000		Note:	2016/17 Net Exp. £000
	Financing and Investment Income and Expenditure		
1,986	Pension interest cost and expected return on assets	20	1,862
7,193	Interest Payable		7,193
(740)	Interest and Investment income Receivable		(1,128)
8,439	**Total**		**7,927**

9 CIES- Taxation and Non-specific Grant Income

2015/16 Net Exp. £000		Note:	2016/17 Net Exp. £000
	Taxation and Non-specific Grant Income		
(12,057)	Income from Council Tax		(12,767)
(2,059)	Business Rates Income and Expenditure		(5,353)
(9,018)	Non-ringfenced Government Grants	31	(9,966)
(1,606)	Capital Grants & Contributions	31	(624)
(24,740)	**Total**		**(28,709)**

10 Material or Exceptional Items of Income and Expenditure

There are no material items in the comprehensive income and expenditure statement in 2016-17 outside the normal course of business. There are no exceptional items in the comprehensive income and expenditure statement in 2016-17.

11 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and notes 5 and 6.

Balance at 31 Mar 16 £000	Reserve	Net Movem't in year £000	Balance at 31 Mar 17 £000	Further Detail Note
(8,490)	Capital Receipts Reserve	(2,731)	(11,221)	11a
(10,919)	Earmarked Reserves- General Fund	(6,853)	(17,772)	6
(9,500)	Earmarked Reserves- Housing Revenue Account	0	(9,500)	6
(433)	Capital Grants Unapplied	(53)	(486)	11b
(10,587)	General Fund Balance	602	(9,985)	MiRS
(8,073)	Housing Revenue Account	(919)	(8,992)	MiRS
(48,002)	**Total**	**(9,955)**	**(57,957)**	

a) Capital Receipts Reserve

The Usable Capital Receipts Reserve holds capital receipts from the sale of assets which have been received and have not yet been used to finance capital expenditure. The balance on the Reserve is restricted by statute from being used other than to fund future years' expenditure in the approved capital budget or set aside to finance historical capital expenditure.

2015/16 £000		2016/17 £000
(6,364)	Balance brought forward at 1 April	(8,489)
(4,791)	Received in year	(6,946)
2,182	Applied in year (to Capital Adjustment Account Reserve)	3,734
484	Payment to Department for Communities and Local Government (DCLG)	480
(8,489)	**Balance carried forward at 31 March**	**(11,221)**

b) Capital Grants Unapplied

The Capital Grant Unapplied Reserve is the resources available to meet future grant funded projects. The unallocated of resources held are set out below:

2015/16 £000		2016/17 £000
(433)	Balance brought forward at 1 April	(433)
0	Additions	(624)
0	Used	571
(433)	**Balance carried forward at 31 March**	**(486)**

12 Unusable Reserves

Movements in the Authority's unusable reserves are detailed in the Movement in Reserves Statement and detailed below.

Balance at 31 Mar 16 £000	Reserve	Net Movem't in year £000	Balance at 31 Mar 17 £000	Further Detail Note
(104,580)	Revaluation Reserve	21,595	(82,985)	12a
(199,173)	Capital Adjustment Account	6,204	(192,969)	12b
52,842	Pensions Reserve	4,654	57,496	12c
563	Collection Fund Adjustment Account	(2,617)	(2,054)	12d
(85)	Deferred Capital Receipts	1	(84)	12e
243	Accumulated Absences Reserve	11	254	12f
(250,190)	**Total**	**29,848**	**(220,342)**	

a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when the gain is lost through a downward revaluation or impairment, when used in the provision of services and the gains are consumed through depreciation or, when the assets are disposed of and the gains realised.

2015/16 £000		2016/17 £000
(71,500)	Balance brought forward at 1 April	(104,580)
(35,796)	Net Revaluation of assets not charged to Surplus/Deficit on provision of services	17,067
(97)	Other adjustments	0
2,388	Difference between fair value depreciation and historical cost depreciation	3,587
425	Release of accumulated revaluation gains on disposal (to CAA)	941
(104,580)	**Balance carried forward at 31 March**	**(82,985)**

b) Capital Adjustment Account

The Capital adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the financing of the acquisition or enhancement of assets. The account is debited with the cost of depreciation, impairment losses or reversals and amortisation which are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic basis. The account is credited with amounts provided by the Council for the costs of acquisition and enhancement of assets.

2015/16 £000		2016/17 £000
(196,435)	Balance brought forward at 1 April	(199,173)
	Capital expenditure financed from;	
(3,171)	Capital receipts and contributions	(3,751)
(2,541)	Revenue	(6,514)
(1,707)	Grants and Reserves	(738)
(6,260)	Major repairs allowances	(6,452)
(317)	Internal financing (Minimum Revenue Provision)	(379)
(425)	Write out of revaluation gain on disposal (from Revaluation Reserve)	(941)
3,512	Disposal of assets	4,476
12,727	Depreciation, amortisation and impairment	16,034
0	Depreciation, amortisation and impairment written off to revaluation reserve	(3,587)
(5,581)	Net impairment on revaluation through CIES	7,322
1,025	Write out of revenue expenditure funded from capital under statute and loans repaid	733
(199,173)	**Balance carried forward at 31 March**	**(192,969)**

c) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or, eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2015/16 £000		2016/17 £000
61,849	Balance brought forward at 1 April	52,842
(11,386)	Remeasurements of the net defined benefit liability/(asset)	3,044
5,284	Reversal of items relating to retirment benefits debited/(credited) to the Surplus/Deficit on the Provision of Services in the CIES	4,872
(2,905)	Employer's pension contributions and direct payments to pensioners payable in year	(3,262)
52,842	**Balance carried forward at 31 March**	**57,496**

d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2015/16 £000		2016/17 £000
717	Balance brought forward at 1 April	563
(272)	Amount by which non-domestic rates income credited to CIES is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(2,595)
118	Amount by which council tax income credited to CIES is different from council tax income calculated for the year in accordance with statutory requirements	(22)
563	**Balance carried forward at 31 March**	**(2,054)**

e) Deferred Capital Receipts

Deferred capital receipts are amounts derived from the sales of assets that will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

f) Accumulated Absences Reserve

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. The amounts accrued at the end of each year reflect untaken leave, time off in lieu and flexitime balances. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2015/16 £000		2016/17 £000
246	Balance brought forward at 1 April	243
(3)	Amount by which officer remuneration on an accruals basis is different from remuneration chargable by statute	11
243	**Balance carried forward at 31 March**	**254**

13 Cash Flow Statement- Operating Activities

The cash flows for operating activities include the following items:

2015/16 Restated £000	£000		2016/17 £000	£000
740		Interest received	1,128	
(7,193)		Interest paid	(7,193)	
0		Dividends received	0	
	(6,453)			(6,065)
		Non-Cash Movements		
12,727		Depreciation	16,034	
(5,272)		Impairment and valuations	16,392	
0		Amortisation	0	
0		Inc/(dec) in impairment for bad debts (loans&advances)	0	
108		Inc/(dec) in creditors	2,297	
(270)		(Inc)/dec in debtors	(5,172)	
(19)		(Inc)/dec in inventories	(16)	
2,367		Movement on pension liability- inc/(dec)	996	
3,512		Carrying amount of non-current assets and held for sale, sold	4,476	
(4,035)		Other non-cash items charged to net surp/def on prov of services	163	
	9,118			35,170
		Investing and Financing Activities		
0		Proceeds from short term and long term investments	0	
(4,791)		Proceeds from the sale of PPE, Inv. Property and Intangibles	(6,946)	
6,037		Any other items for which the cash effects are investing or financing	(7,963)	
	1,246			(14,909)

14 Cash Flow Statement- Investing Activities

The cash flows for investing activities include the following items:

2015/16 restated £000	£000		2016/17 £000	£000
(13,580)		Purchase of property, plant & equipment & intangible assets	(17,140)	
(274,160)		Purchase of short and long term investments	(58,820)	
0		Other payments from investing activities	0	
5,261		Proceeds from the sale of property, plant & equipment	6,946	
267,430		Proceeds from short and long term investments	40,199	
5		Other receipts from investing activities	770	
	(15,044)			(28,045)

15 Cash Flow Statement- Financing Activities

The cash flows for financing activities include the following items:

2015/16 restated £000	£000		2016/17 £000	£000
0		Repayment of short and long term borrowing	0	
(686)		Other payments for financing activities	9,081	
	(686)			9,081

Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 Mar 16 £000		31 Mar 17 £000
	Current Assets	
0	Cash held by the Authority	0
1,144	Bank Current Accounts	0
3,651	Money Market funds (cash)	7,872
4,795		7,872
	Current Liabilities	
0	Bank overdrafts	(1,578)
4,795	**Total**	**6,294**

Payments for financing activities include annual interest of £7.193m (£7.193m 2015/16) relating to long term borrowing by the Housing Revenue Account, further details are provided in Note 37.

16 Expenditure and Funding Analysis

a)

Adjustments between Funding and Accounting Basis	**2015/16 £000**	**2015/16 £000**	**2015/16 £000**	**2015/16 £000**
	Adj. for Capital Purposes	**Net change for the Pensions Adj.**	**Other Differences**	**Total Adj.s**
Finance and Staffing	0	0	0	0
Environmental Services	(357)	0	0	(357)
Housing (General Fund)	(115)	0	0	(115)
Housing Revenue Account	1,676	(487)	3	1,192
Planning	(9)	0	0	(9)
Economic Development	0	0	0	0
Leader	(1)	0	0	(1)
Corporate and Customer Services	0	0	0	0
Strategic Planning & Transportation	0	0	0	0
Other Corporate Adjustments	955	(1,894)	154	(785)
Net Cost of Services	**2,150**	**(2,381)**	**157**	**(74)**
Other Income and Expenditure from the Exp. and Funding Analysis	0	0	0	0
Diff. between GF surplus/deficit and CIES surplus/deficit on the provisions of services	**2,150**	**(2,381)**	**157**	**(74)**

Adjustments between Funding and Accounting Basis	**2016/17 £000**	**2016/17 £000**	**2016/17 £000**	**2016/17 £000**
	Adj. for Capital Purposes	**Net change for the Pensions Adj.**	**Other Differences**	**Total Adj.s**
Finance and Staffing	0	0	0	0
Environmental Services	(409)	0	0	(409)
Housing (General Fund)	(292)	0	0	(292)
Housing Revenue Account	(6,651)	(315)	0	(6,966)
Planning	0	0	0	0
Economic Development	0	0	0	0
Leader	0	0	0	0
Corporate and Customer Services	0	0	0	0
Strategic Planning & Transportation	0	0	0	0
Other Corporate Adjustments	(632)	(1,295)	2,606	679
Net Cost of Services	**(7,984)**	**(1,610)**	**2,606**	**(6,988)**
Other Income and Expenditure from the Exp. and Funding Analysis	0	0	0	0
Diff. between GF surplus/deficit and CIES surplus/deficit on the provisions of services	**(7,984)**	**(1,610)**	**2,606**	**(6,988)**

Adjustments for Capital Purposes

1) Adjustments for capital purposes- this column adds depreciation and impairment and revaluation gains/losses in the services line, and for:

- Other operating expenditure- adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure- the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure- capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year withour conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

2) Net changes for the removal of pensions contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure- the net interest on the defined liability is charged to the CIES.

Other Differences

3) Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts
- the charge under Taxation and non-specific grant income and expenditure represents the differences between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is timing differences as any difference will be brought forward in future surpluses/deficits on the Collection Fund.

b) Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

2015/16 £000	Subjective Analysis	2016/17 £000
	Expenditure	
18,299	Employee Expenses (including Benefits)	18,294
41,646	Other Service Expenses	39,215
447	Support Service Recharges	(781)
9,410	Depreciation, Amortisation and Impairment	23,380
7,193	Interest Payments	7,193
4,744	Precepts and Levies	4,967
484	Payment to Housing Capital Receipts Pool	480
(963)	Gain on the disposal of assets	(2,470)
81,261	**Total Expenditure**	**90,278**
	Income	
(35,510)	Fees, Charges and Other Service Income	(33,060)
(37,924)	Government Grants and Contributions	(38,172)
(740)	Interest and Investment Income	(1,128)
(12,057)	Income From Council Tax	(12,767)
(5,032)	Business Rates Income and Expenditure	(5,353)
(91,263)	**Total Income**	**(90,480)**
(10,003)	**(Surplus)/Deficit on Provision of Services**	**(202)**

17 Members' Allowances

The total of Members' allowances paid in the year was £387,209 (£381,354 in 2015-16). Further information is available upon request from the Democratic Services Manager, South Cambridgeshire District Council, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA.

18 Officers' Remuneration

The number of employees, excluding Senior Officers shown below, whose remuneration was £50,000 or more were:

2015/16 No. of employees	Remuneration Band	2016/17 No. of employees
3	£50,000 - £54,999	4
2	£55,000 - £59,999	0
1	£60,000 - £64,999	1
0	£65,000 - £69,999	3
6	**Total**	**8**

Remuneration for these purposes includes all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits other than in cash. As remuneration includes redundancy and compensation for loss of office, the number of employees in each salary band can vary from year to year. Pension contributions payable by either the employee or employer are excluded.

Exit Package:

Exit packages are those that have been agreed by the Authority, i.e. those packages for which the Authority is demonstrably committed and, have been paid in 2016-17 or are committed to be paid within 12 months. The costs included are those termination benefits defined and measured in accordance with the Code of Practice and include all relevant redundancy costs, pension contributions in respect of early retirement, ex gratia payments and other departure costs.

2015/16 Total number of compulsory redundancies	2015/16 Total number of other departures	2015/16 Total cost £'000 of exit packages	Cost Band			2016/17 Total number of compulsory redundancies	2016/17 Total number of other departures	2016/17 Total cost £'000 of exit packages
1	1	13	£0	-	£20,000	3	1	56
0	0	0	£20,001	-	£40,000	1	0	38
1	1	0	£40,001	-	£60,000	1	0	59
1	**1**	**13**	**Total**			**5**	**1**	**153**

Senior Officer Remuneration:

In 2016-17 Senior Officers whose salary are less than £150,000 but equal to or more than £50,000 per year were:

2015/16 Post	Actual Salary Paid £	Returning Officer Fees £	Election Fees £	Total remun. Excluding pension contributions £	Employers pension contributions £	Total remun. Including pensions contributions £
Chief Executive	123,636	13,115	0	136,751	23,931	**160,682**
Executive Director (Corporate Services)	102,860	0	525	103,385	18,000	**121,385**
Director of Health & Environmental Services	83,615	0	300	83,915	14,633	**98,548**
Director of Housing	83,615	0	0	83,615	0	**83,615**
Director of New Communities & Planning	83,615	0	0	83,615	14,633	**98,248**
Total	**477,341**	**13,115**	**825**	**491,281**	**71,197**	**562,478**

2016/17 Post	Actual Salary Paid £	Returning Officer Fees £	Election Fees £	Compen-sation for Loss of Office £	Total remun. Excluding Pension Contributions £	Employers Pension Contributions £	Total remun. Including Pensions Contributions £
Chief Executive [1]	73,317	19,904	0	0	93,221	13,585	**106,806**
Interim Chief Executive (till Oct'16) [2]	49,429	0	0	0	49,429	8,650	**58,079**
Executive Dir. (Corporate Services)	61,093	0	748	0	61,841	10,691	**72,532**
Director of Health & Env. Services	84,451	0	688	0	85,139	14,779	**99,918**
Director of Housing	84,451	0	0	0	84,451	6,158	**90,609**
Dir. of New Comm. & Plan. (till Jul'16) [3]	25,463	0	0	59,281	84,744	3,973	**88,717**
Jnt Dir.ofPlan.&Eco.Dev.(fromJun'16) [4]	81,225	0	0	0	81,225	14,214	**95,439**
Total	**459,429**	**19,904**	**1,436**	**59,281**	**540,050**	**72,050**	**612,100**

[1] Resigned - Last day of employment 21 October 2016
[2] Executive Director acting up to Interim Chief Executive with effect from Novermber 2016
[3] Post redundant - Last day of employment 7 July 2016
[4] New Shared Director with Cambridge City Council. 100% of Remuneration costs shown above, shared 50:50.

There were no benefits in kind for senior officers in either year.

19 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims and returns:

2015/16 £000		2016/17 £000
52	Audit Fee (including group accounts audit cost)	57
9	Certification of grant claims and returns	14
61	**Total**	**71**

20 Defined Benefit Pension Scheme

The Council participates in the national Local Government Pension Scheme which is a funded defined benefit (final salary) scheme and which also provide historic unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council. With the funded scheme, the Council (the employer) and employees both pay contributions into the pension fund with the employer's contribution calculated every three years at a level intended to balance the scheme assets and liabilities over a twenty year period.

Transactions relating to Retirement Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2015/16 LGPS £000	2015/16 Disc. Ben. Arr. £000		2016/17 LGPS £000	2016/17 Disc. Ben. Arr. £000
		Comprehensive Income & Expenditure Statement (CIES)		
		Costs of Service:		
		Service cost comprising:		
3,298	0	current service cost	2,928	0
0	0	past service cost	82	0
0	0	(gain)/loss effects from settlement	0	0
		Financing and Investment Income and Expenditure		
1,986	0	Net Interest Expense	1,862	0
5,284	**0**	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**4,872**	**0**
		Other Post Employment Benefit Charged to the CIES:		
		Remeasurement of the net defined benefit liability comprising:		
3,612	0	Return on plan assets	(13,232)	0
0	0	Actuarial gains/losses on changes in demographic assumptions	(1,350)	0
(13,311)	0	Actuarial gains/losses on changes in financial assumptions	21,691	0
(1,687)	0	Other	(4,065)	0
(11,386)	**0**	**Total Remeasurement recognised in Other CIES**	**3,044**	**0**
(6,102)	**0**	**Total Post Employment Benefit Charged to CIES**	**7,916**	**0**
		Movement in Reserves Statement		
(5,284)	0	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(4,872)	0
2,800		Employers' contributions payable to the scheme	3,140	
	103	Contributions in respect of unfunded benefits		122
(2,484)	**103**	**Total Movement in Reserves**	**(1,732)**	**122**

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2015/16 LGPS £000	2015/16 Disc. Ben. Arr. £000		2016/16 LGPS £001	2016/17 Disc. Ben. Arr. £000
(135,919)	(1,756)	Present value of the defined benefit obligation	(156,031)	(2,180)
84,833	0	Fair value of plan assets	100,715	0
(51,086)	**(1,756)**		**(55,316)**	**(2,180)**
		Other Movements in the Liability (Asset)		
0	0	Less capital contribution to early retirement included in scheme assets	0	0
0	0	Liability for cost of early retirement shown separately under creditors in the Balance Sheet	0	0
(51,086)	**(1,756)**	**Net liability arising from defined benefit obligation**	**(55,316)**	**(2,180)**

Reconciliation of the Movements in the Fair Value of Scheme Assets

2015/16 LGPS £000	2015/16 Disc. Ben. Arr. £000		2016/17 LGPS £000	2016/17 Disc. Ben. Arr. £000
86,499	0	Opening fair value of scheme assets at 1 April	84,833	0
2,755	0	Interest income	2,944	0
		Remeasurement gain/(loss):		
(3,612)	0	Return on plan assets, exc. net interest expense	13,232	0
2,800	0	Contributions from employer	3,140	0
708	0	Contributions from employees into the scheme	732	0
(4,317)	(103)	Benefits paid	(4,166)	(122)
0	103	Contributions in respect of unfunded benefits	0	122
84,833	**0**	**Closing fair value of scheme assets at 31 March**	**100,715**	**0**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2015/16 Funded liab. LGPS £000	2015/16 Unfund ed Liab. Disc. Ben. £000		2016/17 Funded liab. LGPS £000	2016/17 Unfund ed Liab. Disc. Ben. £000
(146,612)	(1,734)	Opening Balance at 1 April	(135,919)	(1,756)
(3,298)	0	Current service costs	(2,928)	0
(4,741)	0	Interest cost	(4,806)	0
(708)	0	Contributions from scheme participants	(732)	0
		Remeasurement (gains) and losses:		
0	0	Actuarial gains/losses on changes in demographic assumptions	1,350	0
13,311	0	Actuarial gains/losses on changes in financial assumptions	(21,691)	0
1,812	(125)	Other	4,611	(546)
0	0	Past service costs	(82)	0
0	0	Losses/(gains) on curtailments	0	0
4,317	103	Benefits paid	4,166	122
(135,919)	**(1,756)**	**Closing Balance at 31 March**	**(156,031)**	**(2,180)**

Local Government Pension Scheme assets comprised

2015/16 Quoted active market £000	2015/16 Quoted non-active market £000	2015/16 Total £000		2016/17 Quoted active market £000	2016/17 Quoted non-active market £000	2016/17 Total £000
1,727.1	0.0	1,727.1	Cash and cash equivalents #1	2,877.2	0.0	2,877.2
			Equity instrument: by industry type #1+#2			
1,969.4	0.0	1,969.4	Consumer	2,703.1	0.0	2,703.1
1,647.6	0.0	1,647.6	Manufacturing	1,751.5	0.0	1,751.5
1,437.8	0.0	1,437.8	Energy and Utilities	2,324.9	0.0	2,324.9
3,121.2	0.0	3,121.2	Financial Institutions	4,081.5	0.0	4,081.5
1,343.5	0.0	1,343.5	Health and Care	1,069.2	0.0	1,069.2
676.9	0.0	676.9	Information Technology	444.7	0.0	444.7
0.0	0.0	0.0	Other	0.0	0.0	0.0
(101.6)	0.0	(101.6)	Adjustment	0.0	0.0	0.0
10,094.8	0.0	10,094.8	Sub-total equity	12,374.9	0.0	12,374.9
			Debt Securities: by sector			
0.0	0.0	0.0	Corporate Bonds (inv. grade)	0.0	0.0	0.0
0.0	0.0	0.0	UK Government	0.0	2,714.0	2,714.0
0.0	0.0	0.0	Other	0.0	0.0	0.0
0.0	0.0	0.0	Sub-total bonds	0.0	2,714.0	2,714.0
			Private Equity:			
0.0	6,555.3	6,555.3	All (UK & Overseas) #3	0.0	8,761.5	8,761.5
0.0	765.5	765.5	Adjustment	0.0	0.0	0.0
0.0	7,320.8	7,320.8	Sub-total private equity	0.0	8,761.5	8,761.5
			Investment Funds and Unit Trusts #3			
0.0	45,822.3	45,822.3	Equities	0.0	56,669.7	56,669.7
0.0	12,758.8	12,758.8	Bonds	0.0	10,624.4	10,624.4
0.0	0.0	0.0	Commodities	0.0	0.0	0.0
0.0	0.0	0.0	Infrastructure	0.0	0.0	0.0
0.0	7,258.1	7,258.1	Other	0.0	6,693.3	6,693.3
0.0	(148.9)	(148.9)	Ajustment	0.0	0.0	0.0
0.0	65,690.3	65,690.3	Sub-total other investment funds	0.0	73,987.4	73,987.4
11,821.9	**73,011.1**	**84,833.0**	**Total Assets**	**15,252.1**	**85,462.9**	**100,715.0**

#1 *All scheme assets have quoted prices in active markets*
#2 *The risk relating to assets in the scheme are also analysed percentage of total assets below:*
#3 *Quoted prices not in active markets*

2015/16 £000		2016/17 £000
	Fair value of scheme assets:	
	Equity Instruments:	
12%	Equity Securities	12%
8%	Private equity	9%
0%	Debt Securities	3%
78%	Investment funds and Unit Trusts	73%
98%	**Sub total**	**97%**
2%	Cash and cash equivalents	3%
100%	**Total**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities 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 the assumptions about mortality rates, salary levels etc.

Both the Local Government pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full (triennial) valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

31 Mar 16		31 Mar 17
	Mortality Assumptions	
	Longevity at 65 for current pensioners	
22.5	• Men	22.4
24.5	• Women	24.4
	Longevity at 65 for future pensioners	
24.4	• Men	24.0
26.9	• Women	26.3
4.2%	Rate of increase in salaries	2.7%
2.2%	Rate of increase in pensions	2.4%
3.5%	Rate for discounting scheme liabilities	2.6%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumption in longevity, for example, assume that life expectancy increases (or decreases) for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme.

	2016/17 Monetary value £000	2016/17 Employer Liability %
Rate for discounting scheme liabilities (decrease by 0.5%)	14,901	9%
Rate of increase in salaries (increase by 0.5%)	2,150	1%
Rate of increase in pensions (increase by 0.5%)	12,549	8%

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers’ contributions at as constant rate as possible. A strategy has been agreed with the scheme’s actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The last triennial valuation was completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public pensions Services Act 2013. Under the Act, the local Government pension Scheme in England and wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The estimated contributions by the employer in 2017-18 are £3,457,000. In addition, the employer has contributed approximately £1,257,500 in 2016-17 to the past service pension deficit.

21 Events After the Balance Sheet Date (Post Balance Sheet Events (PBSE))

The un-audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 30 June 2017 *and the audited accounts were authorised for issue by the Executive Director on 29th September 2017 TBC*. This is the date up to which events after the balance sheet have been considered.

There were no adjusting events to report.

22 Related Party Transactions

The Council is required to disclose material transactions with related parties – 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 the reader to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties, for example Collection Fund surplus or deficit. Details of transactions with government departments and Precepting authorities are set out in Note 34 and the Collection Fund Statement.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2016-17 is shown in Note 17.

In 2014-15, South Cambs Limited trading as Ermine Street Housing began trading. The company is wholly owned by the Council, transactions between this organisation and the Council are accounted within the Councils group accounts. Please see Note 47 to the Group Accounts regarding loans and investments.

In 2016-17, there were no reported material related party transactions that are not disclosed elsewhere in the accounts. Members and Senior Officers are required to ensure up-to-date disclosures with respect to related parties, through registers of interests.

23 Leases

There were no finance lease agreements during 2016/17

The Council has no operating leases. Payments of £676,163 in respect of vehicle contract hire were made in 2016-17 (£739,343 in 2015-16).

The future minimum contract hire payments due under non-cancellable agreements in future years are:

31 Mar 16 £000		31 Mar 17 £000
590	Not later than one year	40
40	Later than one year and not later than five years	0
0	Later than 5 years	0
630	**Total**	**40**

24 Impairment Losses

During 2016/17 the Authority has recognised an impairment loss of £33.3m in relation to its total assets of £485m, including assets held for sale and intangible. This includes a loss on dwellings valuation of £33.8m. The recoverable amount for dwellings has been reduced and the impairment loss charged to the Comprehensive Income and Expenditure Statement. Value in use was determined by assessing how much the Authority would have to pay to acquire the service potential of the asset, in the open market. This is modified for Social Housing under statute.

25 Property, Plant and Equipment

Depreciation starting in the year after acquisition is provided for on non-current assets by writing down the cost (or re-valued amount) less estimated residual value, on a straight-line basis to the appropriate revenue account over the following periods:

- Council dwellings – 13 to 54 years,
- Buildings other than dwellings – 8 to 40 years,
- Vehicles, plant and equipment – 3 to 14 years.

No depreciation is charged on Heritage assets, surplus assets held for sale or freehold land in accordance with standard accounting policies. The depreciation charged on dwelling stock is reversed out at 31 March each year when the housing stock is revalued so this charge has no impact on the fair value of the housing stock as recorded in the Balance Sheet.

a) Movement of Property, Plant and Equipment

2015/16	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra-structure £000	Assets Under Constr'n £000	Surplus Assets £000	Total PPE £000
Cost or valuation							
At 1 April 2015	447,601	24,013	6,867	906	0	519	479,906
Adjustments	2	1	0	0	0	(1)	2
Inter-asset transfer	0	(354)	0	0	386	(386)	(354)
Additions	6,299	1,998	566	589	3,040	0	12,492
Revaluation increases / (decreases) recognised in the Revaluation Reserve	21,109	821	0	0	31	16	21,977
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	4,766	184	0	0	0	15	4,965
Impairment recognised in the Surplus / Deficit on the provisions of services	(124)	(173)	0	0	0	(12)	(309)
Derecognition - Disposals	(3,031)	(51)	0	0	0	0	(3,082)
Derecognition - Other	0	0	0	0	0	0	0
Reclass (to)/fr. HeldforSale	0	0	0	0	0	0	0
Other changes in cost/val.	0	0	0	0	0	0	0
At 31 March 2016	**476,622**	**26,439**	**7,433**	**1,495**	**3,457**	**151**	**515,597**
Accumulated Depreciation & Impairment							
At 1 April 2015	0	(399)	(4,008)	(86)	0	0	(4,493)
Depreciation Charge	(13,601)	(404)	(520)	(28)	0	0	(14,553)
Depreciation written out to the Revaluation Reserve	12,992	397	0	0	0	0	13,389
Depreciation written out to the surplus / deficit on the provision of services	609	7	0	0	0	0	616
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
At 31 March 2016	**0**	**(399)**	**(4,528)**	**(114)**	**0**	**0**	**(5,041)**
Bal. Sheet 31 March 2016	**476,622**	**26,040**	**2,905**	**1,381**	**3,457**	**151**	**510,556**
Bal. Sheet 1 April 2015	**447,601**	**23,614**	**2,859**	**820**	**0**	**519**	**475,413**

2016/17	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra-structure £000	Assets Under Constr'n £000	Surplus Assets £000	Total PPE £000
Cost or valuation							
At 1 April 2016	476,622	26,439	7,433	1,495	3,457	151	515,597
Adjustments	37	0	0	0	0	0	37
Inter-asset transfer	0	0	0	0	0	0	0
Additions	14,249	201	1,183	56	102	0	15,791
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(32,128)	724	0	0	0	0	(31,404)
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(7,434)	(71)	(13)	0	0	1	(7,517)
Impairment recognised in the Surplus / Deficit on the provisions of services	0	0	0	0	0	0	0
Derecognition - Disposals	(3,087)	(9)	(6)	0	0	0	(3,102)
Derecognition - Other	0	0	0	0	0	0	0
Reclass (to)/fr. HeldforSale	0	0	0	0	0	0	0
Other changes in cost/val.	3,440	(48)	0	0	(3,446)	0	(54)
At 31 March 2017	**451,699**	**27,236**	**8,597**	**1,551**	**113**	**152**	**489,348**
Accumulated Depreciation & Impairment							
At 1 April 2016	0	(399)	(4,528)	(114)	0	0	(5,041)
Depreciation Charge	(14,764)	(596)	(527)	(43)	0	0	(15,930)
Depreciation written out to the Revaluation Reserve	14,096	374	0	0	0	0	14,470
Depreciation written out to the surplus / deficit on the provision of services	663	11	0	0	0	0	674
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on the	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	(13)	0	0	0	(13)
Derecognition - Other	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
At 31 March 2017	**(5)**	**(610)**	**(5,068)**	**(157)**	**0**	**0**	**(5,840)**
Bal. Sheet 31 March 2017	**451,694**	**26,626**	**3,529**	**1,394**	**113**	**152**	**483,508**
Bal. Sheet 1 April 2016	**476,622**	**26,040**	**2,905**	**1,381**	**3,457**	**151**	**510,556**

b) Assets Held For Sale

2015/16 Total £000		2016/17 Total £000
	Cost or valuation	
445	**At 1 April**	**1,751**
354	Assets newly reclassified as held for sale from Other Land and Buildings	0
983	Additions	1,349
430	Revaluation increases / (decreases) recognised in the Revaluation Reserve	(153)
0	Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of	(466)
(31)	Impairment recognised in the Surplus / Deficit on the provisions of services	0
0	Depreciation	0
0	Depreciation written out to the surplus / deficit on the provision of services	0
(430)	Derecognition - Disposals	(1,374)
0	Other movements in cost or valuation	47
1,751	**At 31 March**	**1,154**

c) Heritage Assets

Heritage assets are those assets that are intended to be held in trust for future generations because of their cultural, environmental or historical associations and include historical buildings, civic regalia and works of art. Heritage assets held include St Denys' Church, East Hatley which is owned and maintained by the Council and is included in the Council's accounts at insurance valuation, the property has been transferred to assets held for sale, in accordance with the Statement of Accounting Policies and was disposed of in July 2017. Other heritage assets held include civic regalia, Landbeach Tithe Barn, a woven wall hanging and two vases, these items not considered to be of material value.

d) Revaluations

It is a requirement that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. The Council carries out a programme that will ensure the valuer undertakes an annual desk top revaluation review with an in depth valuation at least every five years.

Valuations, with an effective date of 31 March 2017, on the bases set out in the statement of accounting policies have been carried out for all land and buildings, as follows:

a) Council dwellings relating to the Housing Revenue Account, by Wilks, Head & Eve LLP and

b) Non-operational assets relating to the Housing Revenue Account, by Mr Paul Gedge, MRICS, District Valuer, East of England and

c) Other land and buildings, by Mr Paul Gedge, MRICS, District Valuer, East of England.

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 36.

The valuation of operational property was on the basis of existing use value except for specialised operational assets which are assessed on the basis of depreciated replacement cost and non-specialised valued to fair value. Further detail the basis for valuation is set out in the statement of accounting policies.

Surplus assets are valued at fair value (at level 3 of the fair value hierarchy) as at 31 March 2017. This value represents the development potential based on a value per net developable acre taking into account planning risk.

Details on investment property valuation can be found in Note 46 (Group Accounts).

Vehicles, Plant and Equipment as short life operational assets, are held at historical cost less depreciation as a proxy for fair value.

e) Capital Commitments

Material capital commitments as at 31 March 2017 were £0.172 million on Housing and £0.187 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

26 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Capital expenditure was financed as follows:

2015/16 £000		2016/17 £000
208,996	**Opening Capital Financing Requirement**	209,610
	Expenditure	
0	Loan to Ermine Street Ltd *	15,653
102	Intangible Assets	65
13,478	Non-current	17,140
1,030	Revenue Expenditure Funded from Capital Under Statute (REFCuS)	733
14,610		33,591
	Financing	
(3,171)	Capital receipts and contributions	(3,751)
(2,541)	Revenue	(6,514)
(1,707)	Grants and Reserves	(738)
(6,260)	Major repairs reserve	(6,452)
(317)	MRP from Capital Adjustment Account	(379)
(13,996)		(17,834)
209,610	**Closing Capital Financing Requirement**	**225,367**

*** The loans made to Ermine Street, from cash balances, are recognised as capital in year, increasing the Council's underlying need to borrow.**

27 Debtors - Short Term

An analysis of debtors falling due within one year is shown below:

31 Mar 16 Restated £000		31 Mar 17 £000
1,054	Central Government Bodies	4,943
389	Local Authorities	283
0	NHS	55
0	Public Corporations	0
5,807	Other Entities and Individuals	4,799
634	Payments in Advance	769
7,884		10,849
	Less: Provision for Bad Debts / Impairment	
(62)	Council Tax- District Council share	(309)
(362)	Business Rates- District Council share	(124)
(369)	Housing Rents	(366)
(1,940)	Sundry Debtors	(1,967)
(2,733)		(2,766)
5,151	**Total**	**8,083**

The credit risk associated with accounts payable to the Council is reflected in the provisions made in the accounts for doubtful debts the methodology applied being given in Note 32.

28 Creditors - Short Term

An analysis of creditors falling due within one year is shown below:

31 Mar 16 Restated £000		31 Mar 17 £000
(3,827)	Central Government Bodies	(9,090)
(2,753)	Other Local Authorities	(2,760)
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
(6,782)	Other Entities and Individuals (including Developer Contributions, see next table)	(12,015)
(619)	Receipts in Advance	(569)
(13,981)	**Total**	**(24,434)**

Developer Contributions:

Developers' contributions are monies received from developers under section 106 of the Town and Country Planning Act 1990 which contribute to the infrastructure costs for drainage and to community arts and development and are detailed below:

Balance at 31 Mar 16 £000	Reserve	Net Movem't in year £000	Balance at 31 Mar 17 £000
	Capital		
(82)	Commuted sums	(158)	(240)
(252)	Partnership works on awarded watercourses	33	(219)
(27)	Drainage	0	(27)
0	Community Transport Initiative	(259)	(259)
(2,221)	Affordable Housing s106	(1,700)	(3,921)
(2,582)		(2,085)	(4,667)
	Revenue		
(54)	Sustainability s106 Orchard park	0	(54)
(50)	Public art s106 Orchard Park	0	(50)
(11)	Community development s106	0	(11)
(90)	Electorial arrangements	(26)	(116)
(156)	Waste Management	40	(116)
(361)		14	(347)
(2,943)	**Total**	**(2,071)**	**(5,014)**

29 Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts, which have been netted off debtors and Accumulated Compensated Absences of £254,311 as shown in the Balance Sheet and Note12.

New arrangements for the retention of business rates came into effect on 1 April 2013, at which time the Council assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which will include amounts that were paid over to central Government in respect of 2012-13 and prior years. A provision for these liabilities of £2.8m has been recognised in the 2016-17 accounts, and the in-year movement is shown in Note 32.

30 Contingent Assets and Liabilities

Contingent liabilities as at the balance sheet date include:

A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The parties have reached agreement on the claims. The Council has agreed to pay the property search companies legal costs to be subject to detailed assessment by way of costs only proceedings if not agreed. The Council is in discussions with the claimants about the costs aspect of the claim. At present it is not possible to put a final value on these potential liabilities.

NHS Trusts in the District have indicated their intention to lodge an application for mandatory business relief, if successful this will impact the business rate income received by the Council, the associated risk has been recognised as a contingent liability but, at this time is not quantifiable as the detail of the application is not yet known.

31 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:-

2015/16 Restated £000		2016/17 £000
	Credited To Services	
	Department of Work and Pensions	
(27,953)	Housing Benefit Administration, Discretionary and Fraud	(27,057)
	Cabinet Office	
(40)	Electoral registration	(26)
	Department for Environment, Food and Rural Affairs	
0	Section 31 grant	0
	Department of Communities and Local Government	
(221)	NNDR cost of collection allowance	(223)
(38)	Council tax / Business rates	(51)
0	Improvement grant (included in "capital grants" below)	0
(342)	Other Government grants	(283)
	Homes and Communities Agency	
0	Growth Agenda / New Communities (included in "capital grants" below)	0
	Private Sector	
(29)	s106 contributions	(16)
0	Other (included in "capital grants" below)	0
(988)	Contributions from other Local Authorities	(0)
(29,611)		(27,655)
	Credited To Taxation and Non-Specific Grant Income	
	Department of Communities and Local Government	
(1,830)	Revenue Support Grant	(926)
(4,216)	New Homes Bonus	(5,265)
(2,972)	Other non-ringfenced government grants	(3,775)
(1,606)	Capital grants and contributions	(616)
(10,624)		(10,582)
(40,235)	**Total**	**(38,237)**

32 Disclosure of Nature and Extent of Risk Arising from Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Council has the following financial instruments:
- financial liabilities: trade payables and long term borrowing
- financial assets: loans and receivables comprising bank deposits, trade receivables, investments, shares and long term mortgages

The Council has given interest free loans, repayable on the sale/transfer of charged properties, which have not been classified as financial instruments. These loans are included in the balance sheet as long term debtors', the outstanding amount was £329k as at 31 March 2017 (£329k in 2015-16).

Categories of Financial Instrument

The Balance Sheet includes the following financial instruments:

Long Term 31 Mar 16 Restated £000	Current 31 Mar 16 Restated £000		Long Term 31 Mar 17 £000	Current 31 Mar 17 £000
		Investments		
2,599	46,931	Loans, shares and receivables	9,320	58,828
		Debtors		
972	7,909	Loans and receivables	970	2,726
0	4,795	Cash and Cash Equivalents	0	7,872
		Borrowing		
(205,123)	0	Financial liabilites at amortised cost	(205,123)	0
		Creditors		
0	0	Cash and Cash Equivalents	0	(1,578)
0	(8,072)	Financial liabilities at amortised cost	0	(6,829)
(201,552)	**51,563**	**Total**	**(194,833)**	**61,019**
(149,989)			**(133,814)**	

Income, Expense, Gains and Losses

31 Mar 16 Fin. Liab. At amortised cost £000	31 Mar 16 Fin. Assets, loans & rec'ables £000		31 Mar 17 Fin. Liab. At amortised cost £000	31 Mar 17 Fin. Assets, loans & rec'ables £000
7,193	0	Interest expense	7,193	0
7,193	**0**	**Total expense in surplus/deficit on the provision of services**	**7,193**	**0**
0	(740)	Interest income	0	(1,128)
0	**(740)**	**Total expense in surplus/deficit on the provision of services**	**0**	**(1,128)**

Fair Value of Assets and Liabilities

Financial liabilities and assets are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions.

For trade payables, bank deposits and trade receivables, being of short duration, and for long term mortgages, being at variable rates, the carrying value in the balance sheet is considered approximate to their fair value.

For investments, which are mainly at fixed rates, fair value has not been calculated and the Code has not been complied with in this respect.

Estimated ranges of interest rates at 31 March 2017 of 1.65% to 1.44% (2.21% to 1.99% at 31 March 2016) for loans from the Public Works Loans Board based on premature repayment rates at that date.

Fair value is the amount determined by knowledgeable, willing parties in an arm's length transaction. Local authorities are required to follow the fair value hierarchy prescribed by paragraphs 76-90 of IFRS13. This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value, these include:

- Level1 inputs- quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date
- Level2 inputs- inputs other than quoted prices included within level1 that are observable for the asset or liability, either directly or indirectly
- Level3 inputs- unobservable inputs for the asset or liability

The fair value hierarchy gives the highest priority to quoted prices (unadjusted0 in active markets for identical assets or liabilities (Level1 inputs) and the lowest priority to unobservable inputs (Level3 inputs).

The fair values are calculated as follows:

31 Mar 16 Carrying value £000	31 Mar 16 Fair value £000		31 Mar 17 Carrying value £000	31 Mar 17 Fair value £000
		Financial liabilities at amortised cost		
(8,072)	(8,072)	Creditors	(6,829)	(6,829)
(205,123)	(269,019)	Long term borrowing	(205,123)	(298,515)
(213,195)	**(277,091)**	**Total**	**(211,952)**	**(305,344)**
		Loans and receivables		
7,909	7,909	Current debtors	2,726	2,726
46,931	46,931	Current investments	58,830	58,830
2,599	2,599	Long term investments	9,320	9,320
57,439	**57,439**	**Total**	**70,876**	**70,876**

Equity shares, as available for sale assets are required to be valued at fair value if material. The Council has made an exception to this treatment in respect of its shareholding in the UK Municipal Bonds Agency Plc. The shares in this company are carried at cost of £50,000 and have not been valued as a fair value cannot be measured reliably. The company is only recently established and has no trading history. There is no organisation which might provide comparable market data. The Council has no current intention to dispose of the shareholding.

The fair value of the long term PWLB loans measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for a market transaction undertaken at the balance sheet date. The difference between the carrying amount and the fair value measure the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing rates.

The fair value of the loans from the PWLB has been assessed using the new loans rate. IFRS13 and the Code require that in the absence of a quoted price for a liability, fair value should be measured from the perspective of a market participant. For PWLB loans, measurement is therefore required from the perspective of the PWLB, assessing the price that they would be able to secure if they were to sell the loans in an orderly market transaction. However, it is sometimes not possible to find observable active markets.

If the Council were to seek to take advantage of the lower prevailing market rates by repaying current PWLB loans, the PWLB would charge a penalty and the Council would have to pay an early redemption rate. The exit price for PWLB loans including this penalty would be over £250m.

The fair value of the liabilities is greater than the carrying amount because the Council's loan portfolio includes fixed rate loans where the interest rate payable is greater than the prevailing rates at the balance sheet date.

Key Risks

a) Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions which are included as counterparties in the Council's Investment Strategy, which regards the successful identification, monitoring and control of risk to be the prime criteria. The Council has a policy of tiered maximum investments with the up-most limit not more than £10.0 million of its surplus balances to any one institution. With no historical experience of default, the exposure to credit risk on bank deposits and investments is not considered material. The main exposure to credit risk relates to housing rents where a provision for bad debts is made.

Where sums are owed by the Council's customers and contractual debtors the Council makes provision for doubtful debt, detailed in Note 29, based on an assessment of the risks for each type and the age of those debts, the Council does not generally extend credit beyond 21 days.

b) Financial assets that are either past due or impaired

The following analysis summarises the Council's analysis of its potential maximum exposure to credit risk (impairment allowance) in relation to debtors:

Provisions 2016/17	Business rates appeals £000	Customer debt £000	Other debtors £000
Balance at 1 April	**(2,678)**	**(1,940)**	**(793)**
Additional provisions	(1,286)	(113)	(684)
Amounts used	1,137	87	677
Balance at 31 March	**(2,827)**	**(1,966)**	**(800)**

The Council does not normally extend credit beyond 21 days. At 31 March 2017, of the total debtor balance of £2.7 million (£7.9 million at 31 March 2016), the past due amount was £1.376 million and can be analysed as follows:

31 Mar 16 £000		31 Mar 17 £000
	Customer Debts:	
820	Less than 3 months	865
99	More than 3 months	511
919	**Total**	**1,376**

c) Liquidity risk

All trade and other payables are due to be paid in less than one year. The PWLB loans have maturities of between 25 and 45 years as detailed in Note 34, interest being paid half yearly, a Repayment Reserve being used to manage the future repayment of principal.

d) Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments as most investments are at fixed rates. Movement in interest rates can have an impact on the Council's interest receipts from investments; for example, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the assets will fall (but the carrying amount will not change)

As most investments are at fixed rates, a sensitivity analysis for interest rate changes has not been carried out.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget which is used to update the Council's medium term financial strategy periodically during the year, this allows any adverse changes to be accommodated.

Price risk and foreign exchange risk are not applicable.

33 Nature and extent of risks arising from Financial Instruments

Credit risk arises from investments with banks and other financial institutions, as well as credit exposures to the Council's customers.

Investments

The following shows the original principal sum invested at 31 March analysed by the nature of the financial institution and by maturity, these investments are fixed time and callable deposits where the deposits are redeemed for the same value as the amount invested. The deposits are with United Kingdom banks and building societies and, therefore, no provision is made for possible loss of principal.

31 Mar 16 £000		31 Mar 17 £000
0	Local Authorities	3,001
11,297	Ermine Street Housing	24,924
20,587	Clearing Banks	24,610
0	Subsidaries of Clearing Banks	0
2,511	Banks (other)	3,004
2,652	Money Market Funds	4,869
16,085	Building Societies with assets: greater than £10 billion	15,563
50	Government Securities and Equity Shares	50
53,182		76,020
(3,652)	Less: cash and cash equivalents	(7,870)
49,530	**Total**	**68,150**
	Principal Investment analysed by maturity	
46,713	2016/17	-
0	2017/18 (short term asset)	58,386
2,542	2020/21 (long term asset)	9,270
50	Governement Securities and Equity Shares (long term asset)	50
49,305		67,706
225	Accrued Interest	444
49,530	**Total**	**68,150**

34 Long Term Liabilities

31 Mar 16 £000		Note:	31 Mar 17 £000
(52,841)	Liability related to defined benefit pension scheme	20	(57,496)
0	Deferred liability- pensions		0
(52,841)			(57,496)
(205,123)	Borrowing for HRA Self Financing		(205,123)
(257,964)	**Total**		**(262,619)**

Long Term Borrowing

Housing Revenue Account self-financing has given the Council an obligation to pay the Government a lump sum to ‘buy out’ of a negative housing subsidy position, in 2012 the Council obtained 41 individual loans with maturity dates between 2037 and 2057 from the Public Works Loan Board (PWLB) to finance the one-off payment. The loans have been included in the Balance Sheet at amortised cost, administration charges where incurred are charged directly to the Housing Revenue Income and Expenditure Account. An analysis of the PWLB long term liability is provided below:

Financial Instrument- PWLB loan	**£000**
Repayable within 25 years	(55,000)
Repayable within 30 years	(50,000)
Repayable within 35 years	(50,000)
Repayable within 40 years	(50,123)
Repayable within 45 years	0
	(205,123)

35 Prior Period Adjustments

There are no prior period adjustments included in the statements.

Housing Revenue Income and Expenditure Account

The HRA Income and Expenditure Statement shows the economic cost in the year for providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

31 March 2016				31 March 2017	
£000	£000		Note	£000	£000
		INCOME			
(28,575)		Dwelling Rents (Gross)		(28,357)	
(387)		Non-dwelling Rents (Gross)		(403)	
(1,555)		Charges for Services and Facilities		(1,868)	
		Contributions towards expenditure:			
(94)		* General Fund		(117)	
(9)		* Other Sources		(5)	
	(30,620)	**Total Income**			**(30,749)**
		EXPENDITURE			
3,864		Repairs and Maintenance		3,720	
		Supervision and Management:			
2,054		* General		2,494	
1,083		* Repairs and Maintenance		1,246	
2,136		* Special Services		1,834	
202		Rent, Rates and Other Charges		172	
7,844		Depreciation and Impairment of non-current assets	36&38	21,603	
34		Treasury Management Costs		17	
70		Inc./(Dec.) Prov. for Bad/Doubtful Debts		52	
	17,287	**Total Expenditure**			**31,138**
	(13,333)	Net Exp./Income of HRA Services as included in the whole Authority Income and Expenditure Account			**389**
618		HRA services share Corporate+Democratic Core		566	
0		Mortgage Interest		(0)	
	618				**566**
	(12,715)	**Net Exp./Income of HRA Services**			**955**
(895)		Loss/(Gain) on sale of HRA non-current assets	5	(2,005)	
7,193		Interest Payable on self-financing Debt	8	7,195	
(120)		Interest and Investment Income		(454)	
389		Pension interest cost and expected return on pension assets		356	
0		Capital grant and contributions	5	0	
	6,567				5,092
	(6,148)	**Deficit/(surplus) for the year on HRA services**			**6,047**

Housing Revenue Income and Expenditure Account

Statement of Movement on the Housing Revenue Income & Expenditure Account

Additional items required by statute and proper practices to be taken into account in determining the movement in the Housing Revenue Account balance;

31 March 2016 £000	31 March 2016 £000		31 March 2017 £000	31 March 2017 £000
(6,149)		(Surplus)/Deficit for the year on the HRA Income and Expenditure Account	6,047	
3		Amount by which officer remuneration on an accruals basis is	0	
5,822		Impairment taken to Capital Adjustment Account	(6,771)	
895		(Loss)/Gain on sale of HRA non-current assets	2,005	
(487)		HRA share of contributions to the Pensions Reserve	(315)	
(7,405)		Transfer from Major Repairs Reserve / Capital Asset Accounting Adjustment	(8,381)	
2,351		Capital expenditure funded by the HRA	6,496	
0		Adjustments between accounting basis and funding basis under statute	0	
	(4,970)	**Net inc/dec before transfers to/from res.**		**(919)**
	75	Transfer to/from earmarked reserves		0
	(4,895)	**Dec/(inc) in the HRA balance for the year**		**(919)**
	(3,178)	HRA balance brought forward		(8,073)
	(8,073)	**HRA balance carried forward**		**(8,992)**

36 Housing Stock

The Housing Revenue Account includes all the expenditure and income associated with the following stock of Housing Revenue Account dwellings:

31 Mar 16 Re-stated Number		Conversions Number	Additions Number	Disposals Number	31 Mar 17 Number
1,065.50	1 Bedroom	0.00	10.30	(4.00)	1,071.80
2,299.49	2 Bedroom	3.00	31.25	(12.00)	2,321.74
1,880.06	3 Bedroom	(3.00)	10.00	(18.50)	1,868.56
73.00	4 + Bedroom	0.00	1.00	(1.00)	73.00
5,318.05	**Total**	**0.00**	**52.55**	**(35.50)**	**5,335.10**

Disposals:

Right to Buy	33.00
Equity Share	0.50
Other	2.00
	35.50

The total balance sheet values of dwellings and other property and land within the HRA are;

31 Mar 16 Asset Value £'000	31 Mar 16 Depreciation £'000		31 Mar 17 Asset Value £'000	31 Mar 17 Depreciation £'000
		Property, Plant & Equipment		
476,622	(13,601)	Council Dwellings (HRA only)	451,694	(14,764)
-	13,601	Depreciation adj on revaluation	-	14,764
5,880	(64)	Other Land & Buildings	7,050	(89)
-	64	Depreciation adj. on revaluation	-	89
151	-	Surplus assets held	161	-
100	-	Infrastructure	146	-
482,753	**0**		**459,051**	**0**

In 2016-17, depreciation on buildings is based on the asset lives as assessed by the District Valuer. Land is not depreciated. The dwellings are valued in accordance with Guidance on Stock Valuation for Resource Accounting issued by the Office of the Deputy Prime Minister. This requires the dwellings to be valued at open market value with vacant possession, which is then adjusted to reflect tenancies at less than open market rents by using an adjustment factor based on the ratio of local authority rents to open market rents for the relevant region. The adjustment factor for the eastern region is 38%.

The value of council dwellings (Housing Revenue Account) at 31 March 2017, based on vacant possession, was £1.197 million.

37 Capital expenditure, financing and receipts

Capital expenditure and financing relating to the HRA during the financial year was:

31 Mar 16 £'000		31 Mar 17 £'000
204,429	**Opening capital financing requirement**	**204,429**
	Expenditure:	
183	* Acquisition and Improvement of land	38
2,889	* New build- dwellings	2,254
7	* Re-provision of existing dwellings	57
332	* Acquisition of existing dwellings	3,254
6,289	* Improvement of housing stock and other buildings	9,136
	Financing:	
(1,143)	* Capital receipts and contributions	(1,873)
(2,297)	* Revenue #	(6,360)
0	* Grants and Reserves	(54)
(6,260)	* Major Repairs Allowance	(6,452)
0	* GF Internal Financing	0
204,429	**Closing capital financing requirement**	**204,429**

In addition, £135k was spent relating to HRA contribution to cap. expenditure on IT & software.

Capital receipts relating to the HRA during the financial year were:

31 Mar 16 £'000		31 Mar 17 £'000
0	Sale of Land	30
	Sale of Dwelling:	
3,179	* Right to Buy	4,978
641	* Other	620
3,820		**5,628**

38 Impairment

Impairment is a reduction in the value of non-current assets. When this occurs through the clear consumption of economic benefit or through market value reduction, it has been identified and is written off against any revaluation gains in the Revaluation Reserve for that group of assets until the gain is reduced to zero and then any balance is charged to Housing Revenue Income and Expenditure Account.

31 Mar 16 £'000 restated		31 Mar 17 £'000
	Operational assets	
(5,806)	Net Impairment charged through HRA Income and Expenditure	6,771
	Non operational assets	
(16)	Net Impairment charged through HRA Income and Expenditure	0
(5,822)	**Total**	**6,771**

39 Major Repairs Reserve

Previously, within the housing subsidy scheme, there was an annual allowance for major repairs which could only be used for expenditure on major repairs and/or improvements to Housing Revenue Account dwellings. The housing subsidy scheme and, therefore the Major Repairs Allowance, ceased at the end of 2011-12 with the advent of the Self Financing regime. In 2012-13 the Council was required to charge the Housing Revenue Account a notional amount for depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvement works. The transition period continued until the end of 2016-17, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2017-18.

31 Mar 16 £'000		31 Mar 17 £'000
0	**Opening balance**	**0**
(13,665)	Transfer to Capital Adjustment Account	(14,832)
7,405	Amount transferred to Statement of Movement on the HRA balance	8,380
6,260	HRA capital expenditure charged to Major Repairs Reserve	6,452
0	**Closing Balance**	**0**

40 HRA share of contributions to/from the Pensions Reserve

This contribution, shown in the Statement of Movement on the Housing Revenue Income and Expenditure Account, reverses out the pensions liabilities apportioned to net operating expenditure and adds back in the payments to the pension scheme so that the adoption of International Accounting Standard 19 (IAS 19) Employee Benefits has no effect on the deficit/surplus for the year. In view of the uncertainty over future pension costs, an additional percentage of pensionable pay has been charged against the Housing Revenue Account and placed in a reserve for use in future years (Note 6).

41 Rent arrears on dwellings

31 Mar 16 £'000		31 Mar 17 £'000
448	Arrears	422
(300)	Provision for uncollectable amounts	(300)
1.49%	Arrears as a percentage of gross rents collectable	1.43%

COLLECTION FUND

This account reflects the statutory requirement for the Council, as the billing authority, to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (Business Rates).

2015/16 £000 NNDR	2015/16 £000 Ctax	2015/16 £000 Total		Note	2016/17 £000 NNDR	2016/17 £000 Ctax	2016/17 £000 Total
			Income:				
-	(95,222)	(95,222)	Council Tax Payers		-	(98,240)	(98,240)
(70,560)	-	(70,560)	Business Rate Payers		(78,903)	-	(78,903)
(70,560)	(95,222)	(165,782)	Total Income		(78,903)	(98,240)	(177,143)
			Expenditure:				
			Apportionment of previous years surplus/(deficit)				
(1,803)	-	(1,803)	Central Government		(191)	-	(191)
(324)	805	481	Cambridgeshire County Council		(34)	214	180
(36)	46	10	Cambridgeshire & Peterborough Fire Authority		(4)	12	8
-	130	130	Cambridgeshire Police and Crime Commissioner		-	34	34
(1,442)	143	(1,299)	South Cambridgeshire District Council		(153)	38	(115)
(3,605)	1,124	(2,481)			(383)	298	(85)
			Precepts, Demands and Shares				
34,979	-	34,979	Central Government		36,295	-	36,295
6,296	68,289	74,585	Cambridgeshire County Council		6,533	70,327	76,860
700	3,835	4,535	Cambridgeshire & Peterborough Fire Authority		726	3,948	4,674
-	10,823	10,823	Cambridgeshire Police and Crime Commissioner		-	11,036	11,036
27,984	7,479	35,463	South Cambridgeshire District Council		29,036	7,852	36,888
-	4,554	4,554	Special Expenses- Parish Precepts		-	4,775	4,775
69,959	94,980	164,939			72,591	97,939	170,529
			Charges to Collection Fund				
28	87	115	Write offs of uncollectable amounts		0	0	0
66	(33)	33	Increase/(Decrease) in Bad Debt Provision		142	(149)	(7)
2,536	0	2,536	Increase/(Decrease) in Provision for Appeals		374	0	374
221	-	221	Cost of Collection		223	-	223
675	-	675	Disregarded Amounts		1,873	-	1,873
3,526	54	3,580			2,612	(149)	2,463
(680)	**936**	**256**	**(Increase) / Decrease in Collection Fund Balance**		**(4,084)**	**(152)**	**(4,236)**
2,284	(1,556)	728	Fund Balance - (Surplus) / Deficit at 1 April		1,604	(620)	984
1,604	**(620)**	**984**	**Fund Balance - (Surplus) / Deficit at 31 March**		**(2,480)**	**(772)**	**(3,252)**

Collection Fund balances:

Attribution of (surplus) / deficit carried forward:

2015/16 £000 NNDR	2015/16 £000 Ctax	2015/16 £000 Total		Note	2016/17 £000 NNDR	2016/17 £000 Ctax	2016/17 £000 Total
			Proportional split:				
802	0	802	Central Government		(1,240)	0	(1,240)
144	(446)	(302)	Cambridgeshire County Council		(223)	(555)	(778)
16	(25)	(9)	Cambridgeshire & Peterborough Fire Authority		(25)	(31)	(56)
0	(70)	(70)	Cambridgeshire Police and Crime Commissioner		0	(87)	(87)
962	(541)	421	Total		(1,488)	(673)	(2,161)
642	(79)	563	District Council		(992)	(100)	(1,091)
1,604	**(620)**	**984**	**Deficit / (Surplus)**		**(2,480)**	**(772)**	**(3,252)**

42 General

This account represents the transactions of the Collection Fund, which have been prepared on the accruals basis.

43 Council Tax

The Council Tax is raised to finance local authority net expenditure which is not met from government grants, and there is one bill for each dwelling based on the valuation band in which the dwelling is placed. There is a discount scheme for dwellings with fewer than two liable persons, a benefit scheme for persons on low incomes and a reduction for people with disabilities.

The Council Tax base for tax setting purposes is calculated as:

2015/16 Equivalent Number of Band D Dwellings	Valuation Band	2016/17 Total Chargeable Dwellings	2016/17 Conversion Faction (Proportion)	2016/17 Equivalent Number of Band D Dwellings
1.1	-A Up to £40k	2.8	5/9	1.5
1,199.9	A Up to £40k	1,865.8	6/9	1,243.8
4,785.8	B £40k-£52k	6,269.2	7/9	4,876.0
15,954.2	C £52k-£68k	18,210.0	8/9	16,186.7
11,108.5	D £68k-£88k	11,284.0	9/9	11,284.0
12,389.7	E £88k-£120k	10,221.5	11/9	12,492.9
10,006.0	F £120k-£160k	6,989.5	13/9	10,095.9
6,568.3	G £160k-£320k	3,988.2	15/9	6,647.0
688.0	H More than £320k	353.0	18/9	706.0
62,701.5		**59,183.9**		**63,533.9**
(359.6)	Less: Allowance for losses on collection			(363.2)
62,341.9	Tax Base for Calculation of Council Tax			63,170.7
(2,661.5)	Add: Adjustment for changes during the year for new properties expected, contributions in lieu and Local Council Tax Support Scheme (LCTSS)			(2,913.7)
59,680.4	**Council Tax Base for the Year**			**60,257.0**

	2016/17
Tax base for tax setting purposes (number of Band D equivalent dwellings)	60,257.0
Tax rate for a Band D property (excluding Parishes)	£1,546.10
Estimated income due	**£93,163,349**

44 Business Rates

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by Central Government. The total non-domestic rateable value as at 31 March 2017 was £188,260,022 (VOA report dated 05-APR-2017) and the standard uniform rate was 49.7 pence in the £, and the small business uniform rate 48.4 pence in the £.

GROUP ACCOUNTS

2016/17

Group Accounts for the year ended 31 March 2017

Introduction

In order to provide a full picture of the economic and financial activities of the Council and its exposure to risk, the accounting statements of material subsidiary companies are consolidated with those of the Council. The resulting Group Accounts are presented in addition to the Council's single entity accounts. They include the core accounting statements, similar in presentation and purpose to the Council's accounts, and any explanatory notes considered necessary to explain material movements from the single entity accounts. Where no notes are given, users of the accounts should refer to the notes in the single entity accounts.

Group accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, consolidating any material subsidiary, associate or joint venture entities over which the Council exercises control or influence. The basis for determining the Group Boundary is as set out in the Council's Accounting Policies.

South Cambs Limited, trading as Ermine Street Housing, began active trading on 1 April 2014; of which the Council owns 100% shares (cash consideration £1), and has been consolidated as a subsidiary.

Accounting Policies

South Cambs Ltd, trading as Ermine Street Housing, has prepared 2016-17 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies. Both entities have a financial year end of 31 March, with South Cambs Ltd producing full year accounts.

As a subsidiary, the accounts of South Cambs Ltd have been consolidated with those of the Council on a line by line basis, and any balances and transactions between parties have been eliminated in full. South Cambs Ltd expenditure and income, adjusted for transactions with the Council, is included on the relevant service lines in the Comprehensive Income and Expenditure Statement; and balance sheet values are similarly incorporated into the relevant heading of the Balance Sheet, removing balances owed between the two parties.

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority and South Cambs Ltd, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and rent setting purposes. The net increase/ decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £000	Earmarked Reserves-GF £000	Housing Revenue Account £000	Earmarked Reserves-HRA £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	South Cam. LTD (Profit /Loss) £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Group Reserves £000**
Balance at 1 April 2015	**(10,068)**	**(6,146)**	**(3,178)**	**(9,425)**	**(6,364)**	**(433)**	**(35,614)**	**96**	**(35,518) -**	**205,209**	**(240,727)**
Movement in Reserves during 2015/16									**0**		
(Surplus) or Deficit on provision of services	(3,425)	0	(6,162)	0	0	0	(10,002)	(706)	**(10,708)**	-	**(10,708)**
Other Comprehensive (Income) & Expenditure	0	0	0	0	0	0	0	0	**0 -**	47,181	**(47,181)**
Total Comprehensive Income & Expenditure	(3,425)	0	(6,162)	0	0	0	(10,002)	(706)	**(10,708) -**	47,181	**(57,889)**
							0		**0**		
Adjustments for subsidiary group accounts							177				
Net increase or decrease before transfers (group accounts only)											
Adjustments between accounting basis & funding basis under regulations	(1,266)	0	1,192	0	(2,126)	0	(2,200)	571	**(1,629)**	1,629	**0**
							0		**0**		
Net (increase) / decrease before transfers to earmarked reserves	(4,691)	0	(4,970)	0	(2,126)	0	(11,787)	(135)	**(11,922) -**	45,552	**(57,889)**
							0		**0**		
Transfers to/from earmarked reserves	4,773	(4,773)	75	(75)	0	0	0	0	**0**	-	**0**
							0		**0**		
(Increase) / Decrease in 2015/16	82	(4,773)	(4,895)	(75)	(2,126)	0	(11,787)	(135)	**(11,922) -**	45,552	**(57,889)**
							0		**0**		
Balance as at 31 March 2016	**(9,986)**	**(10,919)**	**(8,073)**	**(9,500)**	**(8,490)**	**(433)**	**(47,401)**	**(39)**	**(47,440) -**	**250,761**	**(298,616)**
Balance at 1 April 2016	**(9,986)**	**(10,919)**	**(8,073)**	**(9,500)**	**(8,490)**	**(433)**	**(47,401)**	**(39)**	**(47,440) -**	**250,761**	**(298,201)**
Other adjustments	(601)	0	0	0	0	0	**(601)**	76	**(525)**	571	**46**
Restated Balance at 1 April 2016	**(10,587)**	**(10,919)**	**(8,073)**	**(9,500)**	**(8,490)**	**(433)**	**(48,002)**	**37**	**(47,965) -**	**250,190**	**(298,155)**
Movement in Reserves during 2016/17									**0**		**0**
(Surplus) or deficit on provision of services	(6,031)	0	6,047	0	0	0	(202)	218	**16**	0	**16**
Other Comprehensive Expenditure and (Income)	0	0	0	0	0	0	0	0	**0**	20,095	**20,095**
Total Comprehensive Expenditure and Income	(6,031)	0	6,047	0	0	0	(202)	218	**16**	20,095	**20,111**
									0		**0**
Adjustments for subsidiary group accounts	350	0	0	0	0	0	350	48	**398**	(399)	**(1)**
Net increase or decrease before transfers (group accounts only)							148	266	414	19,696	20,110
									0		**0**
Adjustments between accounting basis & funding basis under regulations	(23)	0	(6,966)	0	(2,732)	(53)	(9,774)	0	**(9,774)**	9,774	**0**
									0		**0**
Net (increase) / decrease before transfers to earmarked reserves	(5,704)	0	(919)	0	(2,732)	(53)	(9,627)	266	(9,361)	29,470	20,110
									0		**0**
Transfers to/from earmarked reserves	6,874	(6,853)	0	0	0	0	21	0	**21**	(21)	**0**
									0		**0**
(Increase) / Decrease in 2016/17	1,170	(6,853)	(919)	0	(2,732)	(53)	(9,606)	266	**(9,340)**	29,450	**20,110**
									0		**0**
Balance as at 31 March 2017	**(9,417)**	**(17,772)**	**(8,992)**	**(9,500)**	**(11,222)**	**(486)**	**(57,608)**	**303**	**(57,305)**	**(220,740)**	**(278,045)**

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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.

2015/16- Restated					2016/17		
GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000	GROUP CIES STATEMENT	Note	GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000
31,909	(28,528)	3,381	Finance and Staffing		32,116	- 28,980	3,155
8,118	(2,602)	5,516	Environmental Services		8,468	- 2,845	5,623
2,038	(515)	1,523	Housing (General Fund)		3,166	- 521	2,816
20,035	(30,399)	(10,364)	Housing Revenue Account		30,177	- 29,214	963
3,661	(2,272)	1,389	Planning		4,654	- 2,179	2,475
151	(7)	144	Economic Development		126	- 16	111
473	(95)	378	Leader		489	- 99	389
2,740	(700)	2,040	Corporate and Customer Services		2,141	- 524	1,617
933	(204)	729	Strategic Planning & Transportation		1,453	- 848	606
(91)	(2,612)	(2,703)	Other Corporate Adjustments		198	-	677
69,968	**(67,934)**	**2,034**	**Net Cost of Services**		**82,990**	**- 65,226**	**18,432**
		4,265	Other Operating (Income) and Expenditure				2,498
		8,195	Financing and Investment (Income)/Expenditure				7,795
		(24,740)	Taxation and Non-Specific Grant Income				- 28,709
		(10,246)	**Group (Surplus) / Deficit**				**16**
		(35,796)	(Surplus) / Deficit on revaluation of long-term assets				17,051
		(11,386)	Actuarial (gains) or losses on pension assets and liabilities				3,044
		(47,182)	**Other Comprehensive (Income) and Expenditure**				**20,095**
		(57,428)	**Total Comprehensive (Income) and Expenditure**				**20,111**

GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the group. The net assets of the group (assets less liabilities) are matched by the reserves held by the group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the group 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 Reserves that may only be used to fund capital or repay debt). The second category of reserves is those that the group is not able to use to provide services. This category of reserves includes reserves that hold 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 line ‘Adjustments between accounting basis and funding basis under regulations’.

31 March 2016				31 March 2017	
£000	**£000**		Note	**£000**	**£000**
510,620		Property, Plant and Equipment		483,889	
11,669		Investment Properties	46	24,412	
233		Intangible Assets		184	
50		Long Term Investments		268	
971		Long Term Debtors		970	
	523,543	**Long Term Assets**			**509,723**
38,223		Short Term Investments		42,958	
527		Inventories		513	
5,720		Short Term Debtors		7,840	
5,056		Cash and Cash Equivalents		8,136	
1,751		Assets Held for Sale		1,154	
	51,277	**Current Assets**			**60,601**
(15,733)		Short Term Creditors		(25,000)	
0		Cash and Cash Equivalents		(1,578)	
(2,921)		Provisions		(3,082)	
	(18,654)	**Current Liabilities**			**(29,660)**
(52,842)		Liability Related to Defined Benefit Pension Scheme		(57,496)	
(205,123)		Long-term Borrowing		(205,123)	
	(257,965)	**Long Term Liabilities**			**(262,619)**
	298,201	**Net Assets**			**278,045**
	(47,440)	**Usable Reserves**			**(57,305)**
	(250,761)	**Unusable Reserves**			**(220,740)**
	(298,201)	**Total Reserves**			**(278,045)**

The Group Balance Sheet shows the Council's position at the end of the year for all activities and services, all internal transactions have been eliminated.

Signed ……….………………………….. **Date: 29th September 2017**

Alex Colyer
Executive Director (Corporate Services) as Chief Financial Officer

Signed ……….………………………….. **Date: 29th September 2017**

Cllr Andrew Fraser
Chairman of Audit and Corporate Governance Committee

GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the group during the reporting period. The statement shows how the group generates and uses cash and cash equivalents 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 group are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the group'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 group.

2015/16 Restated				2016/17	
£000	£000		Note	£000	£000
10,246		**Net surplus/(deficit) on provision of services**		(16)	
9,228		Adj to net surplus/deficit on provision of services for non-cash movements		34,626	
8,439		Adj for items included in the net surplus/deficit on provision of services that are investing and financing activities		(14,909)	
	27,913	**Net cash flows from Operating Activities**	13		19,701
(15,154)		Investing Activities	14	(27,280)	
(7,879)		Financing Activities	15	9,081	
	4,880	**Net (increase)/decrease in cash and cash equivalents**			1,502
	175	**Cash and Cash equivalents at the beginning of the reporting period**			5,055
	5,055	**Cash and Cash equivalents at the end of the reporting period**	15		6,557

45 Comprehensive Income and Expenditure - Financing and Investment Income

2015/16 £000		2016/17 £000
1,986	Pension Interest Cost and Expected Return on Pension Assets	1,862
7,193	Interest Payable	7,193
(501)	Interest and Investment Income	(473)
(706)	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	(437)
7,972		**8,145**

46 Investment Properties

The group balance sheet includes properties which have been purchased by South Cambs Ltd for the purpose of earning rentals or for capital appreciation or both, properties for refurbishment, improvement and resale are classified as stock in hand and are included within Inventories.

The Council carries out a programme that ensures that all Investment Property are valued annually, at the end of each reporting period. Property, Plant and Equipment is required to be measured at fair value and is re-valued at least every five years.

Valuations on the bases set out in the statement of accounting policies have been carried out for: Investment Property assets relating to South Cambs Limited as at 31 March 2017 by Mr Paul Gedge, MRICS, District Valuer, East of England.

The following items of income and expense have been accounted for in respect of Investment Properties and have been recognised in the company Income and Expenditure Account and Group comprehensive income and expenditure account.

2015/16 £000		2016/17 £000
(600)	Rental Income	(1,690)
956	Direct Expenses	1,301
356		**(389)**

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date.

The following summarises the movement in the fair value of investment properties over the year.

2015/16 £000		2016/17 £000
4,094	**As at 1st April**	**11,669**
(754)	Reallocation of Investment Properties to Inventories	(14)
7,733	Acquisitions	12,614
0	Disposals	(255)
596	Revaluation inc/(dec) recognised in surplus/deficit on provision of services	398
11,669	**As at 31st March**	**24,412**
	Fair Value	
4,094	**At 1st April**	**11,669**
11,669	**At 31st March**	**24,412**

Fair Value Measurement of Investment Properties

Investment properties are held at fair value. Investment properties are classified as Level 2 within the value hierarchy as defined within IFRS13. Level 2 inputs used in valuing the properties are those which are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

The portfolio is valued in line with the accounting policy.

The valuation is undertaken by the District Valuer, on a fair value basis in line with IFRS13 and in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors (RICS) Valuation-Professional Standards.

South Cambs Limited provides data to the valuer including current lease and tenant data. These valuations and the assumptions they have made have been discussed with officers representing the company. The valuation technique applied in respect of Investment Property is the market approach. The market approach is described at paragraphs B5 to B7 of IFRS13; it uses prices and other relevant information generated by market transactions involving identical or comparable assets.

There has been no change in the valuation technique used during the year for investment properties.

47 Loans and Investments

The Council has undertaken fixed term investments of £24.662m (£11.260m 2015/16) with South Cambs Ltd a corresponding liability transaction has been shown on the balance sheet of South Cambs Ltd these transactions have been eliminated in the group accounts.

48 Leases

There were no finance lease agreements during 2016/17

The Council has no operating leases. Payments of £676,163 in respect of vehicle contract hire were made in 2016-17 (£739,343 in 2015-16). South Cambs Ltd has operating leases with payments of £602,175 in 2016/17 (£201,202 in 2015/16) in respect of property leases.

The future minimum contract hire payments due under non-cancellable agreements in future years are:

31 Mar 16 £000		31 Mar 17 £000
1,176	Not later than one year	634
2,077	Later than one year and not later than five years	1,473
0	Later than 5 years	0
3,253	**Total**	**2,107**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Opinion on the Authority's financial statements

We have audited the financial statements of South Cambridgeshire District Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- the related notes 1 to 35 to the Authority Accounts, including the Authority Expenditure and Funding Analysis and notes 45 to 48 to the Group Accounts,
- Housing Revenue Account and related notes 36 to 41; and
- Collection Fund and the related notes 42 to 44.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of South Cambridgeshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director (Corporate Services) as Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities of the Executive Director (Corporate Services) as Chief Financial Officer set out on page 16, the Executive Director (Corporate Services) as Chief Financial Officer is responsible for the preparation of the 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 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director (Corporate Services) as Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of South Cambridgeshire District Council as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2016/17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on South Cambridgeshire District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether the South Cambridgeshire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether South Cambridgeshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, South Cambridgeshire District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, South Cambridgeshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the accounts of South Cambridgeshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Suresh Patel
for and on behalf of Ernst & Young LLP, Appointed Auditor
Cambridge Office
January 2018

The maintenance and integrity of the South Cambridgeshire District Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GLOSSARY OF TERMS AND ABBREVIATIONS

Accounting Period
The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting Policies
Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:
- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured, and where in the revenue account or balance sheet it is to be presented.

Accounting Standards
A set of rules which explain how accounts are to be kept. By law, local authorities must follow ‘proper accounting practices’, which are set out in Act of Parliament and in professional codes and statements of recommended practices. These make comparability, among other things, possible.

Accruals
Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payment has not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

Actuarial gains and losses
For a defined benefit pension scheme; the changes in actuarial deficit or surplus that arise because:
- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or
- The actuarial assumption have changed

Capital Charges
Depreciation charges made to service revenue accounts based on the value of the assets they use.

Capital Expenditure
Spending which produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery, and intangible assets such as computer software. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure which does not fall within the definition must be charged to a revenue account.

Capital Receipts
The proceeds from the sale of Long Term Assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on Long Term Assets or to finance new capital expenditure, within rules set down by government. Capital receipts cannot, however, be used to finance revenue expenditure.

Contingent Assets/Liabilities
Potential gains and losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a debtor or provision in the accounts.

Creditors
Amounts owed by the Council at 31 March for goods or services rendered but not yet paid for.

GLOSSARY OF TERMS AND ABBREVIATIONS

Current Assets
Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities
Amounts which will become due or could be called upon during the next accounting period.

Debtors
Amounts owed to the Council which are collectable or outstanding at 31 March.

Defined Benefit Scheme
A pension or other retirement benefit scheme other than a defined contributions scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation
The measure of the wearing out, consumption or other reduction in the useful life of a Long Term Asset.

Finance Lease
Arrangement whereby the lessee is treated as the owner of the leased asset, and is required to include such assets within Long Term Assets on the balance sheet.

Impairment
An asset is impaired when the amount at which an asset is recognised in the Balance Sheet is higher than the asset value.

Inventories
Stock held by the Council e.g. refuse or recycling bins.

Minimum Revenue Provisions
An amount that the Council is required to charge to the General Fund, to provide for the repayment of debt related to capital expenditure.

Non-current Asset
Assets which can be expected to be of use or benefit to the Council in providing its service for more than one accounting period.

Government Grant
Payments by central government towards local authority expenditure. Grants may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

Operating Lease
An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company.

Precepting Authorities
Those authorities which are not billing authorities, for example County Councils, Fire, Police, Parish and Town councils.

GLOSSARY OF TERMS AND ABBREVIATIONS

Precept
The amount by which a Precepting Authority (e.g. a County Council) requires from a Billing Authority (e.g. a District Council) to meet its expenditure requirements.

Provisions
Sums set aside to meet future expenditure where a specific liability is known to exist but cannot be measured accurately.

Reserves
Amounts set aside in the accounts for the purpose of meeting future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

Revenue Expenditure
Spending on day to day items including employee's pay, premises costs and supplies and services.

Revenue Expenditure Funded From Capital Under Statute
Capital expenditure which is allowable by statute to be funded from capital resources but which does not fall within the Code of Practice definition of Long Term Assets. Examples include grants and similar advances made to other parties to finance capital investment.

Revenue Support Grant
This funding is a Government Grant provided by the Department for Communities and Local Government (DCLG), which is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year.

Abbreviations

CAA	Capital Adjustment Account
CIPFA	Chartered Institute of Public Finance and Accounting
The Code	Code of Practivce on Local Authority Accounting
DLO	Direct Labour rganisation
DSO	Direct Service Organisation
HRA	Housing Revenue Account
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
MRA	Major Repairs Allowance
NNDR	National Non-Domestic Rates (Business Rates)
RR	Revaluation Reserve