Huntingdonshire District Council

Annual Financial Report

For the year ended 31 March 2015

Contents

Annual Financial Report

Statement of Accounts

Main Financial Statements

Notes to the Accounts

Explanatory Foreword

By the Head of Resources

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2014/15 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2015.

The purpose of this foreword is to provide a guide to the most significant matters reported in the Council's accounts and is in three sections.

- Commentary and review of 2014/15.
- The Financial Statements.
- Technical information.

Commentary and review of 2014/15

Review of the Year

2014/15 has been another challenging year for the Council with the reduction of grant funding from Central Government as austerity measures continue.

The Council set a net budget for the year of £20.870m (2013/14; £22.764m), a net decrease of £1.894m (8.3%). After allowing for the following non-ring fenced government grants:

- Revenue Support Grant of £4.562m (2013/14; £6.019m),
- Business Rates Retention scheme (NDR) of £4.218m (2013/14; £4.004m),
- New Homes Bonus and Council Tax Freeze Grant £3.426m (2013/14; £2.906m),
- Council Tax Collection Fund surplus of £21,000 (2013/14; £76,000)

and the use of revenue reserves of £1.005m (2013/14; £2.253m), this left the Council to raise £7.639m (2013/14; £7.506m) from Council Tax. This equated to a Council Tax of £133.18 (2013/14; £133.18) for a Band D equivalent property, freezing the Council Tax for a second year running.

The Council's success in supporting the development of new homes across the District has meant the Council has been able to benefit from the New Homes Bonus. During 2014/15 659 new homes were completed against a target of 721, missing the target by 62 homes.

The following paragraphs outline how the Council has performed during 2014/15:

Theme: Strong local economy

<u>Local Enterprise Partnership (LEP)</u>
On 29 January 2015, the Government announced an additional £38m of investment for the Local Enterprise partnership (LEP) via the second phase of its Growth Deal Funding.

The District will benefit directly from the funding of a local Highways & Civil Engineering academy to provide skilled labour for the many key transport schemes planned over the coming years. £16.6m will go into the LEP's Growing Places Fund scheme that provides affordable finance to overcome key barriers to growth. This will be available for local authorities and organisations will be able to put forward applications for this funding.

This is in addition to the £3.6m and £11.0m previously awarded for the Alconbury Weald Enterprise Zone High Tech Company Expansion and the Alconbury Weald Technical and Vocational Centre respectively in July 2014.

Increased influence of the component LEP local authorities over the course of the past financial year correlates directly to improved levels of funding received. Exerting influence over LEP infrastructure prioritisation will be an on-going priority.

Alconbury Weald Enterprise Campus
The Building Foundations for Growth (BFG) grant funding of £5.0m from the Department of Communities and Local Government (DCLG) secured in March 2014 for demolition and remediation works on the Alconbury Enterprise Campus has been received during this financial year. The business case for the application was based on the bringing forward of the delivery of the Enterprise Zone by approximately 3 years.

Urban & Civic, partner applicants have delivered the works and received the majority of the grant (just over £3.0m). The Council as the accountable body are in possession of just under £2.0m from an unanticipated underspend and the deduction of £0.5m (equating to land value uplift) from eligible costs. In accordance with DCLG's grant determination letter this must be spent delivering growth priorities for the Enterprise Zone, as a result the £2.0m underspend has been earmarked within a specific reserve for capital funds.

Fast track Pre-Application planning advice
Fast track pre-application planning advice has been operational since January 2015 with a nominated case officer responsible for the process. The aim is to enable accelerated business growth with Huntingdonshire district. As at the end of March no fast-track eligible pre-applications had been received.

Enterprise Zone (EZ) skills
The Council has been leading on the establishment of a new one-stop-shop service (called 'EDGE: sharper skills for Enterprise') which will be a key part of the EZ skills strategy. EDGE will bring together a range of existing job brokerage and skills development services, making access more effective and joined up for businesses and people. EDGE is an innovative example of an output that addresses Public Sector Rewiring, a new format of delivery which adds value to partners and prospective customers alike.

The EZ Skills Group is currently firming up EDGE service planning, while EDGE frontline operational resources have just completed their induction training and are planning for the official launch event in Westminster in October 2015. The service planning will bring with it revised target/outcome reporting that will reflect the joint activities of EDGE.

A successful apprenticeship promotion event was held in December 2014 with 75 businesses and around 600 Year 8 students attending the exhibition.

Theme: Enable sustainable growth

Local Plan
Following the latest round of consultation on the Local Plan that ended in March 2015, work will continue in 2015/16 to carry out additional surveys/work required to enable it to be submitted.

Local Housing
2014/15 has seen significant progress on 3 large sites. Outline planning permission was granted in October 2014 for 5,000 homes, 150 hectares of employment land and associated facilities. The Council's Development Management Panel has also resolved to support in principle two applications for a total of some 3,800 homes, employment land and associated land to the east of St Neots.

Crest Nicholson, a major house builder, was selected by Defence Infrastructure Organisation, to take forward the proposed redevelopment of Wyton airfield in October 2014.

A seminar was held on 21 January 2015 for District, County and Parish Councillors from the areas that surround Wyton. Work on the Wyton project, including infrastructure, master-planning and community engagement, will continue through 2015/16 and beyond.

Affordable housing continues to be negotiated, where relevant, in line with the Local Plan policy and viability of sites, although a further Government policy amendment has introduced a 'vacant building credit' whereby the floor area of existing buildings on a site can be subtracted from the affordable housing obligation. This will further reduce the Council's ability to provide affordable housing on brownfield sites, most notably at RAF Brampton where no affordable housing is likely to be provided.

In 2014/15, staff vacancies within the Development service meant that staff costs were £0.193m less than budgeted. Recruitment to the vacant posts was delayed due to the Zero Based Budgeting (ZBB) and shared service reviews that were taking place. The reduced capacity within the team has had the following impact: the determined planning application timescale targets were not achieved; work programmes such as the improvement strategy, the action plan for St Neots, updating the Buildings at Risk Register and the Design Guide update were not completed.

The above work programmes were all part of the Council's Corporate Plan and at the end of 2014/15 6 out of 9 actions were outstanding (4 Red and 2 Amber), this equates to 67% of actions not achieved. There are fewer 2015/16 objectives as a result of the outstanding 2014/15 objectives.

Theme: Working with our communities.

CCTV
A shared service commenced operation in July 2014, bringing together the CCTV control rooms of Huntingdonshire District Council and Cambridge City Council. The shared service provides financial savings to each of the local authorities, but also increases efficiency and resilience of the service. However the start-up costs for the service were higher than expected due to increased costs for moving the CCTV equipment (£34,000) and higher redundancy costs (£9,000). The Council's additional net share from these increased costs was £20,000.

Community
The Community Chest budget provides small capital grants to community groups and associations for the provision of community activities and community resources. 83% of the £30,000 2014/15 award has been claimed by recipients. The money was awarded on a 12 month claim down period from the date of the award, the outstanding claims are expected to be submitted by the end of July 2015.

Sports and Active Lifestyles
The Sports and Active Lifestyle team have achieved excellent performance during 2014/15 with attendance of 46,110 for all Sports and Active Lifestyle Team activities (23% up on the previous year) and:

- 933 attendances to Street Sports with 200 young people attending.
- 2,638 attendances to other diversionary or positive activities, with 1,421 young people attending.
- Best results so far for Cardiac Rehabilitation Group Classes (16% up on 2013/14), Right Start Group Exercise Classes (17% up on 2013/14), Adult Sports Tasters (52% up 2013/14) and Exercise Referral (41% up on 2013/14). However this has had an impact on the length of time that individuals are waiting to access the scheme.
- Health Walks are also up 16% on 2013/14 but not an all-time best.
- A review of the charging regime of some activities, including the instructed use of the outdoor gym has meant that usage numbers have declined and ultimately the class cancelled as it was unsustainable.

One Leisure

- During 2014/15 there were 2,306,758 admissions to the five One Leisure facilities – this is a 10% increase on the previous year.
- The cost of operating the facilities has reduced significantly and the end of year out-turn reported (excluding recharges) an operating loss of £61,000, this is a £314,000 improvement on the previous year's performance. As shown in Note 29 the total operating loss was £1.873m for 2014/15.
- One Leisure St Ives including the Burgess Hall (£0.226m) and One Leisure St Neots (£0.293m) provide a substantial operating surplus (before internal recharges are included) and significantly improved on the previous year.
- However there are still areas of the service that are not performing as expected (these results are for all 5 sites and do not take into account internal recharges);
    - Zest café is still down on target by £36,000,
    - Leo's fun zone is also down on target by £16,000,
    - Fitness classes are down against budget by £94,000.

  These results have been affected by increased competition and by the Councils pay review which has impacted on the morale of staff and the ability to retain Fitness Instructors from leaving.
- One Leisure Sawtry reported a deficit of £0.183m, £28,000 worse than the previous year. A review of Sawtry Operation is being undertaken during 2015/16.
- The net cost per head across all of One Leisure is -£0.02, which is an improvement from -£0.21 for the previous year.
- There are a total of 158,589 members of One Leisure and 27,479 are currently active (January – March 2015).
- A review of the membership package for One Leisure was undertaken this has resulted in the introduction of a number of new membership packages to meet customer needs.

Housing Needs & Resources

At the end of 2014/15, three properties with shared facilities were introduced and are used to temporarily house homeless families. This allows the Housing Needs team to find better temporary accommodation for customers who need the Councils help the most and reduce the reliance on B&B. The implementation of these new properties has contributed towards the reduction of £22,000 in the B&B expenditure for 2014/15 compared to 2013/14.

The Housing Needs team have successfully bid for funding (with partners) from the Government to continue providing a Domestic Violence support service helping victims of domestic violence stay safe. The amount awarded was £96,000.

Improving the Energy Efficiency of Homes in the District

In 2014/15, as part of the Cambridgeshire wide Action on Energy scheme the council had a target of undertaking 400 Home Energy assessments in homes across Huntingdonshire. After a slow start the number of assessments increased as the year progressed, resulting in a final total of 375 assessments undertaken and the allocation of over £350,000 of grant funding from the Governments Green Deal Communities Fund to improve the thermal efficiency of homes in the district.

Theme: Ensuring we are a customer focused and service led council

Zero Based Budgeting (ZBB)

The ZBB process was introduced in 2014/15 to deliver savings and efficiencies in the base budget. Tranche 1 of the ZBB process was completed during 2014/15 and presented to Cabinet in February 2015. The total net savings were £2.4m; this was as a result of ZBB savings of £1.8m, 'Facing the Future' savings of £0.8m and additional growth expenditure of £0.2m. The budget was approved by Full Council in February 2015.

Improving the Energy Efficiency of the Council's Buildings
There is considerable potential for the Council to save energy and money by improving the thermal efficiency of its own buildings. In 2014/15, Desktop Energy Efficiency Assessments were undertaken at each of the Council's 9 main sites.

The assessments identified potential savings £110,000 per annum through the implementation of invest-to-save energy efficiency projects at the Councils sites. To enable the prioritisation of projects going forward, full business cases will be developed during 2015/16.

Communications
The Council carried out a staff survey during July and August 2014 and the results were considered poor and indicated that staff morale was particular low. An Action Plan was produced and implemented from September 2014. The updates on the action plan have been regularly reported back to the Council's staff focus group sessions (self-selected) and the Member Employment Panel with most actions being completed by December 2014 and only a few still outstanding; some of which were targeted for 2015/16. The survey will be repeated in 2015/16, with the same base of questions so that the Council can see the changes from 2014/15.

Housing Benefits
Different elements of Housing Benefits are reviewed each year by the Councils external auditors. During the 2013/14 audit, the auditors found £205 of incorrect payments during their sampling from a total level of payments of just over £36million. The Department of Works and Pension (DWP) audit requirements set out that if an error is found in the sample tested, additional testing is required regardless of the values involved. This additional testing cost the Council an extra £8,869.

Fraud Team
The award of £330,000 of funding from the DCLG to the Council and partners to work more closely on tackling fraud across Cambridgeshire is an indication of the appetite for the Council to tackle fraud. The bid indicated a significant return in investment and was successful against a number of other rival bids.

During 2014/15 there were significant changes to the way fraud is investigated. In early 2015/16 some officers from the Council will be transferring to the Department of Works and Pension (DWP), considerable effort went into planning and delivering this change. The Council have retained a smaller fraud team, removing a number of posts from the establishment which will save £65,000 from 2015/16 onwards.

Document Centre
The Council has seen continued income from the selling of Document Centre services. The team now has a client list of over 250 external customers and in 2014/15 brought in external income of £71,000 to contribute to the net cost of the service.

Information Management
The Information Management Division (IMD) completed the roll out of replacement desktops and PCs across the Council during 2014/15, which enabled all systems to be supported when Microsoft withdrew support for Windows XP.

The IMD team also kept the website 'up' 99.8% of the time and have won an award for the best LLPG in the East of England and started their journey towards a shared service with South Cambridgeshire DC and Cambridge City Council. The shared service is intended to go live in 2015/16.

The Council's website has limited self-service functionality for users. It was recognised in 2014/15 that a project would be needed to upgrade the website to allow further self-service functionality for customers as well as delivering more efficient back office processes. However, this project was not initiated as quickly as anticipated, an additional post was carried in Customer Services for longer than intended.

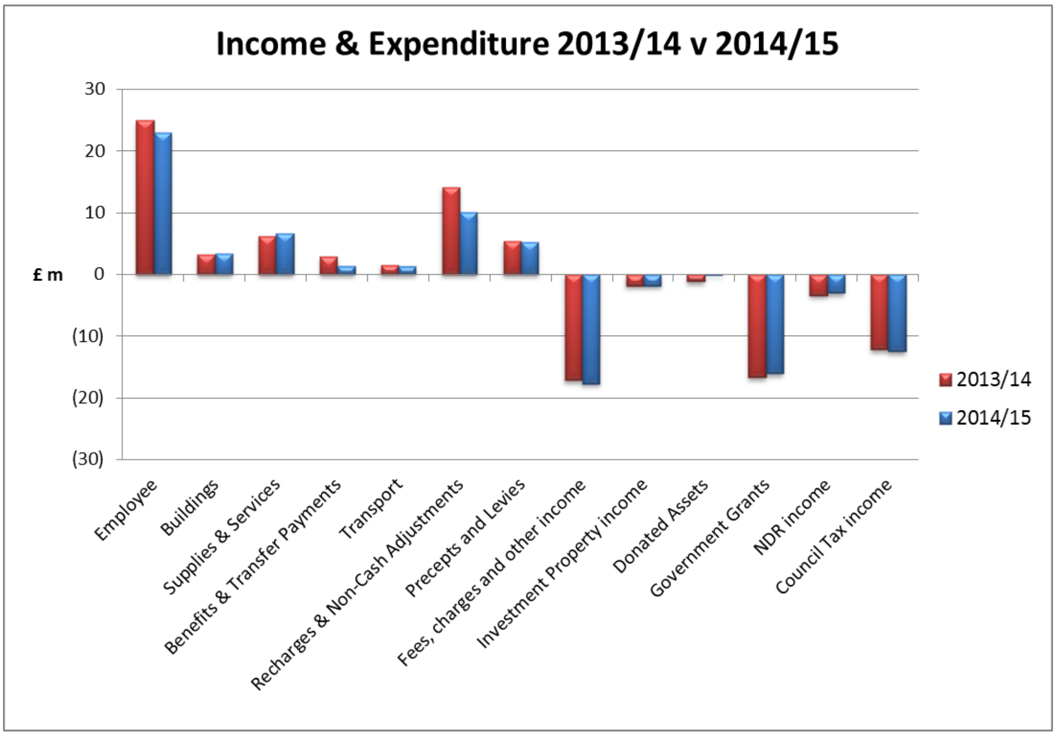
Revenue Spending and Sources of Income

The table below mirrors the format required in the formal statement of accounts and shows the total impact on reserves as a result of the Council's activities in 2014/15. It shows an increase of £0.603m to reserves compared to a budgeted reduction of £1.005m. A breakdown of all the changes to earmarked reserves during 2014/15 is shown at the foot of the table below:

2013/14 Outturn £000		Budget £000	2014/15 Outturn £000	Variation £000
95,805	Gross Expenditure	81,575	86,128	4,553
(9,033)	Statutory Adjustments	(5,064)	(3,962)	1,102
86,772		76,511	82,166	5,655
	Income and Other Items			
(16,212)	Fees & Charges	(15,208)	(16,879)	(1,671)
(42,401)	Government Grants (including reimbursement of housing benefits)	(38,160)	(43,152)	(4,992)
(242)	Investment Income	(606)	(85)	521
(2,740)	Trading undertakings (surplus)/deficit	(1,667)	(2,815)	(1,148)
(61,595)		(55,641)	(62,931)	(7,290)
25,177	**Net expenditure**	**20,870**	**19,235**	**(1,635)**
	Funding			
(7,506)	Council Tax	(7,639)	(7,649)	(10)
(9,662)	Revenue support grant and other special grants	(7,987)	(8,895)	(908)
(3,442)	Non-Domestic Rates	(4,218)	(3,076)	1,142
(85)	Collection fund (surplus)/deficit	(21)	(101)	(80)
(1,419)	Capital Grants	0	(38)	(38)
(1,160)	Donated Assets	0	(79)	(79)
(23,274)		**(19,865)**	**(19,838)**	**27**
1,903	**Deficit met from reserves/(Surplus) to Reserves**	**1,005**	**(603)**	**(1,608)**
	Application of General Fund Reserve			
(3,669)	Disapplied to meet the costs of Council services		3,283	
	Earmarked Reserves			
2,009	- contribution to Capital Investment Reserve		0	
1,241	- contribution to Special Reserve		0	
2,768	- contribution to Collection Fund Reserve		0	
477	- increase in Capital Grants Reserve		(3,133)	
22	- increase in S106 Reserve		(19)	
(945)	- increase in other earmarked reserves		(734)	
1,903	**Total**		**(603)**	

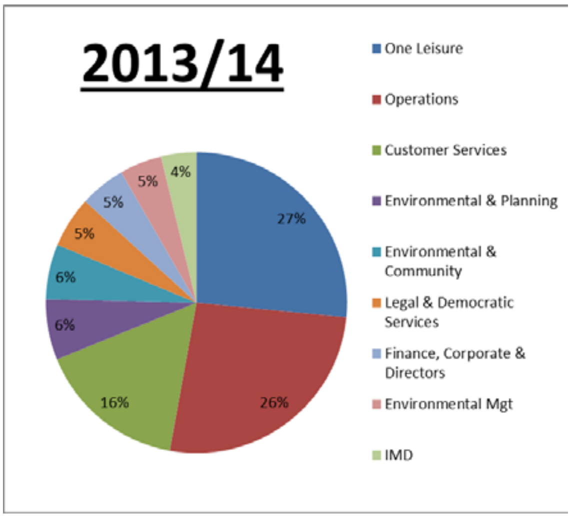
Analysis of Revenue Income & Expenditure

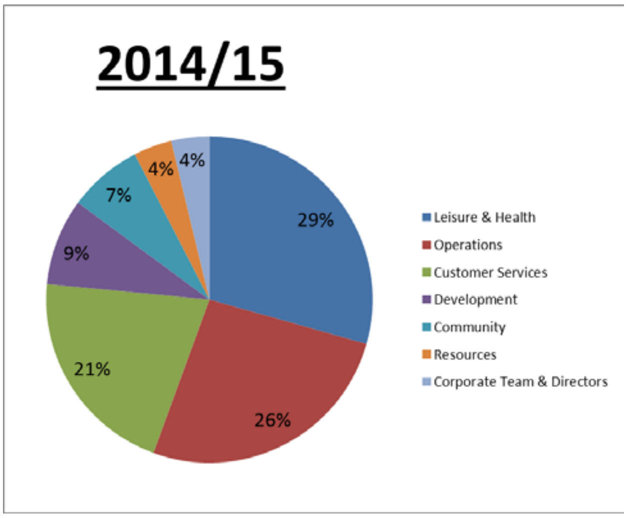
The graph below compares the income and expenditure for 2014/15 against the previous year 2013/14.



Full Time Equivalent Staff

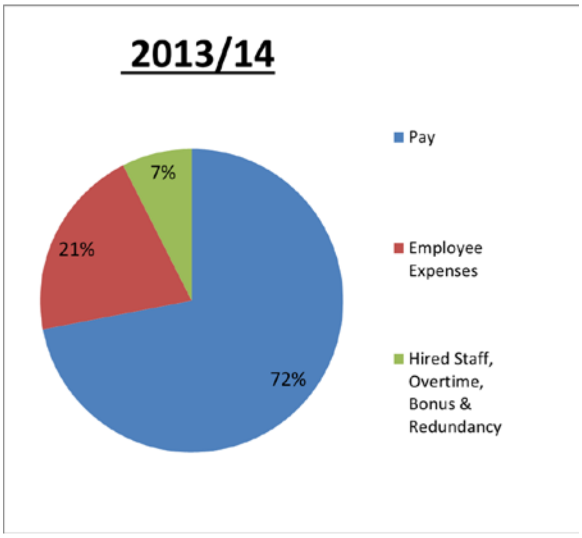
As at 31 March 2015 the Council employed 607 full time equivalent employees, this is a reduction of 66.5 FTE's (9.87%) compared to 31 March 2014. The following graph shows the Council's staff numbers in 2014/15 and 2013/14 for each service.

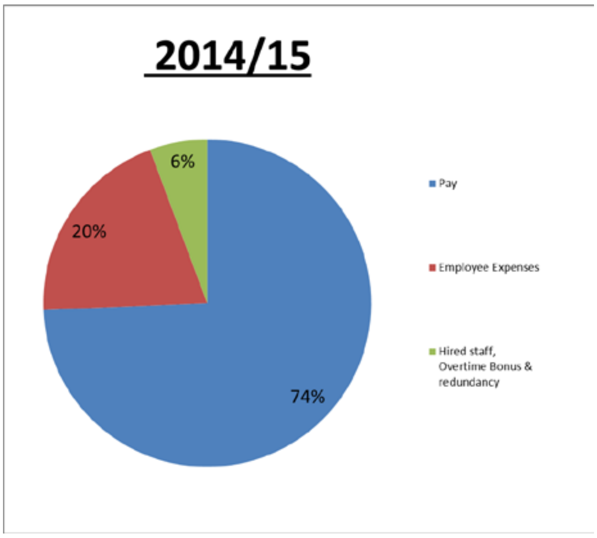




Cost of Employment

Of the total cost of employing staff, £22.259m in 2014/15, this is a reduction of £1.986m compared to 31 March 2014. The split of this cost based on pay type is as follows:





Reserves

The table below shows the movement in the useable reserves during the year to 31 March 2015.

Revenue Usable Reserves 2014/15	B/f £000	Contributions To £000	Contributions From £000	C/f £000
General Fund	**8,684**	**603**	**0**	**9,287**
Earmarked				
Capital Investment	2,009	2,728	0	4,737
Delayed Projects	245	17	0	262
Special Reserve	2,500	0	0	2,500
S.106	2,885	663	(645)	2,903
Other	4,579	791	(75)	5,295
	12,218	**4,199**	**(720)**	**15,697**
Total Usable Reserves	**20,902**	**4,802**	**(720)**	**24,984**

The 2014/15 Outturn report reported a service expenditure underspend of £2.699m and additional funding of £2.017m against the original budget approved in February 2014. On the 18 June 2015 the report was presented to Cabinet who approved the report's recommendation for the following transfers to Earmarked reserves:

- £0.100m Alconbury & Molesworth Support and Challenge reserve.
- £0.261m Carry forwards to the 2015/16 service revenue budget.
- £0.443m TCA Funding for Shared Service reserve.
- £0.500m Chequers Court Development reserve.
- £2.728m Commercial Investment Strategy reserve.

Capital Spending

The final capital budget for 2014/15 was £3.488m and the table below shows the movement from the original capital programme approved in February 2014. The programme is split £2.9m on assets and £0.1m on loans.

Capital Programme	£ m	£ m
Original Approved Capital Programme 2014/15	4.623	
Approved Slippage from 2013/14	1.945	
February 2015 Approved Changes	(3.080)	
Updated Capital Programme for 2014/15		**3.488**
Capital Outturn		2.999
Variation Against Updated Budget		**(0.489)**

The most significant scheme in 2014/15 was the Alconbury Weald remediation project. The project expenditure totalled £3.015m, which was funded in total by a central government grant. The remainder of the grant of £1.985m has been set aside to fund expenditure in future years.

Other schemes in the 2014/15 programme were disabled facilities grants and housing improvement grants to householders (£1.390m), updating of IT and business systems (£0.450m) and replacement of the vehicle fleet (£0.820m).

Sales of assets in the year were limited, the most significant being clawback of housing right to buy receipts (£0.675m), and the sale of the Greenhouse environmental home in St Neots (£0.210m). The total receipts (£1.087m) have been used to reduce the requirement to borrow to finance the capital programme, which will have a consequential impact in reducing that amount needed to meet future year's minimum revenue provision commitments.

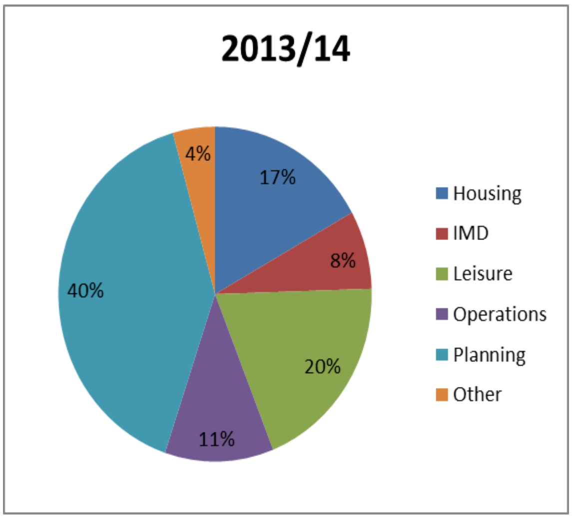
The table below shows the breakdown of the capital spend by project, the capital contributions and the funding pie charts show the capital spend by service area.

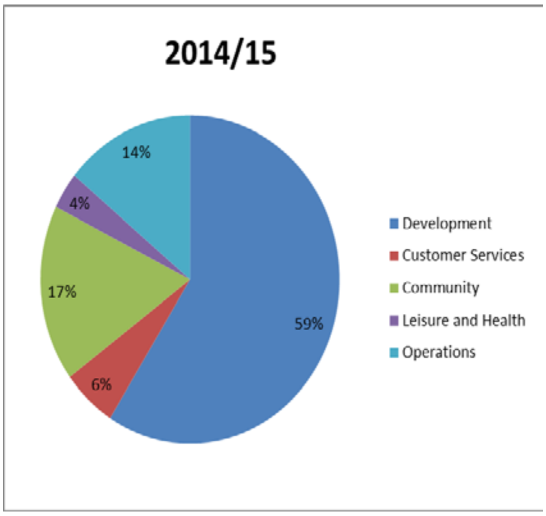
2013/14 £m	Capital Spending	2014/15 £m
0.3	Environmental Projects	0.1
2.0	Housing Grants	1.4
0.7	Vehicle Replacement Programme	0.8
0.7	Information & Communication Technology	0.5
3.2	St Neots Railway Station Improvements	0.0
0.3	Leisure & Recreation	0.2
1.4	One Leisure St Ives Redevelopment	0.1
0.5	Huntingdon West Development	0.6
4.6	Multi-Storey Car Park	0.2
0.0	Alconbury Weald Remediation	3.0
0.2	Other	0.6
13.9	**Gross Expenditure**	**7.5**
	Less	
(5.4)	External contributions and capital grants	(4.3)
(0.0)	Castle Hill House capital receipt	(0.2)
8.5	**Net Expenditure**	**3.0**
	Funded from	
(1.0)	Capital Receipts	(0.9)
(0.3)	Capital Receipts Reserve Applied	(0.0)
(1.1)	Provision for Debt Repayment	(1.3)
(6.1)	Borrowing	(0.8)
(8.5)		**(3.0)**

2013/14 £m	Capital Investments	2014/15 £m
1.6	Loans to Organisation	0.1
1.6	**Net Expenditure**	**0.1**
	Funded from	
(1.6)	**Borrowing**	**(0.1)**
(1.6)		**(0.1)**

Capital Expenditure by Service

The pie charts below show the capital spend by service area for 2014/15 and the previous year 2013/14.





Short term borrowing for the Council is undertaken throughout the year to help maintain daily cash flow and for the year this averaged £1.8m per day. This was carried out at very low interest rates due to a combination of the bank base rate remaining at 0.50% and borrowing from local authorities willing to offer lower rates to other local authorities as they are seen as a safe counterparty.

The economic climate and the Euro crisis led to the downgrading of credit ratings for several financial institutions. In order to manage risk, surplus funds have been invested mainly in AAA rated Money Market Funds or in Call or Liquidity accounts that offer instant access to funds, with the added benefit of interest rates at or above the bank base rate.

In March 2014 the long-term rating of both the Royal Bank of Scotland and NatWest Bank were downgraded to Baa1. This rating is below the Council's minimum investment credit criterion of AA-. Following advice from ArlingClose, the Council's treasury management advisors, the bank was withdrawn from the Council's counterparty list for investment purposes. The NatWest bank will continue to be used for operational banking purposes (cash flow and day-to-day banking) but not for investments. All bank accounts held with NatWest are maintained at or as close to zero as day to day banking processes allow.

The Financial Statements

The Council's financial statements for 2014/15 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2014/15 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 based on International Financial Reporting Standards.

- Accounts and Audit Regulations 2011.

The primary financial statements are supported by explanatory notes, including details of the accounting policies adopted by the Council.

The Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, *rather than the amount to be funded from taxation*. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

	Gross Expenditure £m	Gross Income £m	Net Expenditure £m
Cost of Services	**79.268**	**(59.938)**	**19.330**
Other Operating Expenditure	4.641	0	4.641
Financing & Investment Income & Expenditure	3.091	(2.895)	196
Taxation & Non-Specific Grant Income	18.477	(43.135)	(24.658)
(Surplus) or Deficit on Provision of Services			**(491)**
Other CIES adjustments			**15.177**
Total Comprehensive Income & Expenditure			**14.686**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves', (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves. The surplus or deficit from the CIES (which shows the true economic cost) is then adjusted in accordance with statutory provisions to give the net increase/decrease before transfers to earmarked reserves. A final adjustment shows any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Total Useable Reserves £m	Total Unusable Reserves £m
Balance – 31 March 2014	**21.859**	**(9.109)**
Total Comprehensive Expenditure & Income	0.491	(15.177)
Adjustments between accounting & funding basis.	7.095	(7.095)
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**7.586**	**(22.272)**
Transfers to/from Earmarked Reserves	(0.371)	0.371
Increase/(Decrease) in 2014/15	**7.215**	**(21.901)**
Balance – 31 March 2015	**29.074**	**(31.010)**

Usable Reserves:	31 March 2015 £m
General Fund	9.287
Earmarked Reserves	15.697
Capital Grants Unapplied	4.090
Total	**29.074**

Balance Sheet

The Balance Sheet shows the value at the 31 March of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are unusable and 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 at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

	31 March 2015 £m
Long Term Assets	90.067
Current Assets	12.591
Current Liabilities	(12.537)
Long Term Liabilities	(92.057)
Net Assets	**(1.936)**
Useable Reserves	29.074
Unusable Reserves	(31.010)
Total Reserves	**(1.936)**

For the first time, the Councils balance sheet is showing a negative balance of (£1.936m) which is a reduction of £14.686m on the previous year's balance of £12.750m; a negative balance indicates that the Councils liabilities exceed its assets. However, this reduction is solely due to an increase in the deficit on the pension fund of £18.620m to £80.084m. A detailed explanation of the Council's pension liabilities is shown in Note.39 Defined Benefit Pension Scheme and in summary:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme and actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

At this time, the statutory arrangements for funding the Pension deficit mean that the financial position of the Council remains fair.

The Cash Flow Statement

The Cash Flow Statement shows the changes in "cash" (cash and cash equivalents) of the Council during the reporting period. The statement shows how the Council generates and uses "cash" by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Net cash flows from:	31 March 2015 £m
- operating activities	5.700
- investing activities	798
- financing activities	(6.043)
Net increase or (decrease) in cash and cash equivalents	**0.455**
Cash & Cash Equivalents	
- at the beginning of the reporting period	(0.223)
- **at the end of the reporting period**	**0.232**

The supplementary accounting statements comprise:

The Collection Fund Revenue Account

The Collection Fund is a separate account into which are paid amounts raised from local taxation. As well as including amounts collected in respect of Council tax, it now includes amounts collected from local businesses, which following the introduction of the Local Business Rates scheme, now means that Non-Domestic Rates as distributed subject to predetermined government set formulae. The Fund also accounts for payments due to preceptors.

	£m	£m
Income		
Council Tax	(91.905)	
NDR	(55.700)	
Total Income		**(147.605)**
Expenditure		
Precepts, Demands and Shares:		
- Central Government	29.029	
- Huntingdonshire District Council	32.189	
- Parish Precepts	4.819	
- Cambridgeshire County Council	69.580	
- Cambridgeshire Fire and Police	14.669	150.286
Collection Fund adjustments:		
- Prior year net surplus for preceptors	(2.110)	
- Debts Impaired	0.720	
- Provision for Appeals	3.163	1.773
Total Expenditure		**152.059**
Deficit/(Surplus) for the year		**4.454**
(Surplus) at beginning of the year		**7.072**
Deficit/(Surplus) for the year		4.454
Deficit/(Surplus) at end of year		**11.526**

Pension Fund

The Council is part of the Local Government Pension Scheme, administered by Cambridgeshire County Council. The pension fund's actuary is required to review the fund to ensure that it can meet its future liabilities. To achieve this, the actuary undertakes a full revaluation of the fund every three years, the most recent having been undertaken at the 31 March 2013. Between each full revaluation, annual interim revaluations take place to ensure that the Council can appropriately report the current financial position of the fund. The 31 March 2015 actuarial valuation identified a deficit of £80.084m, which was an increase of £18.620m on the deficit of £61.464m that was reported as at 31 March 2014.

Although this deficit represents the sum that would have to be added to meet forecast claims on the fund, if all the actuary's assumptions turn out to be valid, it is standard practice for the deficit to be met by making extra annual contributions over a period of years to reflect the detailed full revaluation results every three years. A triennial revaluation was undertaken during 2013/14. The Council has accepted the actuary's recommendation that employer contribution remains at 17.8%, with contributions topped up by lump sum deficit payment contributions of £0.789m in 2014/15, £1.135m in 2015/16, and £1.510m in 2016/17. The next triennial review is due in 2016/17 and its recommendations will apply from 1 April 2017.

Provisions and Contingencies

Provisions
The Council has established two new provisions for 2014/15, totalling £0.237m (2013/14; £2.133m). The provisions are in respect of local land charge litigation £0.198m and employee litigation £39,000. The two existing prior year provisions are for the outstanding NDR valuation appeals £3.319m (2013/14; £2.054m) and the Alconbury Weald Enterprise Zone £79,000 which is planned to be paid in 2015/16.

Contingent Assets and Liabilities
The Council has no contingent assets. In respect of contingent liabilities, the total disclosed for 2014/15 is £5.496m (2013/14; £4.625m).

Details of provisions, contingent assets and liabilities are shown in Note 40 of the statement of accounts.

Technical Information

Huntingdonshire's financial statements for 2014/15 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2014/15 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 based on International Financial Reporting Standards.

- Accounts and Audit Regulations 2011.

International Financial Reporting Standards
The Council has reported its financial position based on the requirements of International Financial Reporting Standards (IFRS) and this is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Statement of Accounting Policies
The accounting polices applicable to the 2014/15 statement of accounts are the same as those that were applied to the 2013/14.

True and Fair View Override
As required by the Accounts and Audit Regulations 2011, paragraph 8.2, it is noted that the Responsible Financial Officer has not had to use the "true and fair view override".

Changes to the Statement of Accounts
There are no material changes to the Statement of Accounts.

Material and Unusual Charges or Credits in the Accounts
There are no material and unusual charges or credits in the accounts.

Material Events after the Reporting Date
There have not been any material events after the reporting date.

Material Assets Acquired or Liabilities Incurred
There have not been any material assets acquired or liabilities incurred during the year.

Changes in Statutory Functions
There were no changes in statutory functions in 2014/15.

Clive Mason CPFA

Head of Resources

25 September 2015

Further Information
Further information about the accounts is available from Rebecca Maxwell, Accountancy Manager.
☎ 01480 388157 or email rebecca.maxwell@huntingdonshire.gov.uk

Independent auditors' report to the Members of Huntingdonshire District Council (the "Authority")

Report on the financial statements

Our opinion

In our opinion, Huntingdonshire District Council's financial statements (the "financial statements"):

- give a true and fair view of the state of the Authority's affairs as at 31 March 2015 and of the Authority's income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Comprehensive Income and Expenditure Statement for the year then ended;
- the Movement in Reserves Statement for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Collection Fund for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

In applying the financial reporting framework, the Head of Resources has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Code of Audit Practice

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012) or is misleading or inconsistent with information of which we are aware from our audit; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we make any recommendations under section 11 of the Audit Commission Act 1998 that requires the Authority to consider it at a public meeting and to decide what action to take in response ; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Head of Resources

As explained more fully in the Statement of Responsibilities set out on page 20 the Head of Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Authority's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Head of Resources; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Head of Resources' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Financial Report 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.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 13 October 2014, we are satisfied that, in all significant respects, Huntingdonshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 13 October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Our responsibilities and those of the Authority

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.

We are required under Section 5 of the Audit Commission Act 1998 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 Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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.

Certificate

We certify that we have completed the audit of the financial statements of Huntingdonshire District Council in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Clive Everest (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

10 Bricket Road
St Albans
Hertfordshire
AL1 3JX

28th September 2015

(a) The maintenance and integrity of the Huntingdonshire District Council website 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 Statement of Accounts since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of the Statement of Accounts may differ from legislation in other jurisdictions.

Statement of Responsibilities

The Authority's Responsibilities
The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Head of Resources Responsibilities
The Head of Resources is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts the Head of Resources has:

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

The Head of Resources has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2015 and its income and expenditure for the year ended 31 March 2015

Clive Mason CPFA
Head of Resources

25 September 2015

Chairman's Approval of the Statement of Accounts

This is the Annual Financial Report, incorporating the Statement of Accounts with all audit activities completed. The Corporate Governance Panel of Huntingdonshire District Council at its meeting on 16 September 2015 delegated authority to me as Chairman of the Panel to approve the Statement of Accounts.

Cllr Mike Frances
Chairman of the Corporate Governance Panel

25 September 2015

Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000 Note 8	Capital Grants Unapplied £000 Note 33	TOTAL USEABLE RESERVES £000	Unusable Reserves £000 Note 23	TOTAL COUNCIL RESERVES £000
Movement in reserves during 2014/15						
BALANCE AT 31 MARCH 2014 B/F	**8,684**	**12,218**	**957**	**21,859**	**(9,109)**	**12,750**
Surplus/(Deficit) on provision of services	491	0	0	**491**	0	**491**
Other comprehensive income and expenditure	0	0	0	**0**	(15,177)	**(15,177)**
Total comprehensive income and expenditure	**491**	**0**	**0**	**491**	**(15,177)**	**(14,686)**
Adjustments between accounting basis and funding basis under regulations (Note 7)	3,962	0	3,133	**7,095**	(7,095)	**0**
Net increase/(decrease) before transfers to earmarked reserves	**4,453**	**0**	**3,133**	**7,586**	**(22,272)**	**(14,686)**
Transfers (from)/to earmarked reserves (Note 8)	(3,850)	3,479	0	**(371)**	371	**0**
Increase/(Decrease) in Year	**603**	**3,479**	**3,133**	**7,215**	**(21,901)**	**(14,686)**
BALANCE AT 31 MARCH 2015 C/F	**9,287**	**15,697**	**4,090**	**29,074**	**(31,010)**	**(1,936)**
Movement in reserves during 2013/14						
BALANCE AT 31 MARCH 2013 B/F	**10,587**	**6,804**	**798**	**18,189**	**(8,438)**	**9,751**
Surplus/(Deficit) on provision of services	(5,522)	0	0	**(5,522)**	0	**(5,522)**
Other comprehensive income and expenditure	0	0	0	**0**	8,521	**8,521**
Total comprehensive income and expenditure	**(5,522)**	**0**	**0**	**(5,522)**	**8,521**	**2,999**
Adjustments between accounting basis and funding basis under regulations (Note 7)	9,033	0	159	**9,192**	(9,192)	**0**
Net increase/(decrease) before transfers to earmarked reserves	**3,511**	**0**	**159**	**3,670**	**(671)**	**2,999**
Transfers (from)/to earmarked reserves (Note 8)	(5,414)	5,414	0	**0**	0	**0**
Increase/(Decrease) in Year	**(1,903)**	**5,414**	**159**	**3,670**	**(671)**	**2,999**
BALANCE AT 31 MARCH 2014 C/F	**8,684**	**12,218**	**957**	**21,859**	**(9,109)**	**12,750**

Comprehensive Income and Expenditure Statement

2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000		2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000
16,042	(7,235)	8,807	Cultural and Recreational Services	11,485	(7,214)	4,271
5,322	(1,514)	3,808	Environmental Services	5,198	(1,625)	3,573
3,351	(155)	3,196	Refuse Collection	3,187	(170)	3,017
4,977	(2,392)	2,585	Planning Services	7,477	(8,448)	(971)
44,269	(40,206)	4,063	Housing Services	41,643	(38,112)	3,531
5,858	(5,283)	575	Highways and Transport Services	2,927	(2,482)	445
661	(315)	346	Council Tax Benefits	681	(186)	495
1,349	(639)	710	Local Taxation Collection	1,353	(588)	765
926	(639)	287	Other Central Services	1,149	(531)	618
2,534	(67)	2,467	Corporate and Democratic Core	2,709	(584)	2,125
1,945	(67)	1,878	Non-Distributed Costs	1,459	2	1,461
87,234	**(58,512)**	**28,722**	**Cost of Services** (note 27)	**79,268**	**(59,938)**	**19,330**
4,644	0	4,644	Other Operating Expenditure (Note 9)	4,641	0	4,641
3,165	(3,086)	79	Financing and Investment Income and Expenditure (Note 10)	3,091	(2,895)	196
18,124	(46,047)	(27,923)	Taxation and Non-specific Grant Income (Note 11)	18,477	(43,135)	(24,658)
113,167	**(107,645)**	**5,522**	**(Surplus)/Deficit on provision of services**	**105,477**	**(105,968)**	**(491)**
		(9,617)	(Surplus) or deficit in the revaluation of non-current assets (Note 23)			(802)
		348	Impairment losses on non-current assets charged to the Revaluation Reserve (Note 23)			24
		748	Actuarial losses/(gains) on pension assets and liabilities (Note 39)			15,955
		(8,521)	**Other comprehensive income and expenditure**			**15,177**
		(2,999)	**TOTAL COMPREHENSIVE INCOME AND EXPENDITURE**			**14,686**

Balance Sheet

31 March 2014 £000		Notes	31 March 2015 £000
66,811	Property, Plant and Equipment	12	65,489
65	Heritage Assets	13	65
19,615	Investment Property	14	20,874
1,782	Intangible Assets	15	1,452
2,406	Long Term Debtors	16	2,187
90,679	**Long Term Assets**		**90,067**
1,909	Short Term Investments	16	2,463
62	Inventories	17	94
9,670	Short Term Debtors	18	9,297
0	Cash and Cash Equivalents	19	232
144	Assets held for sale	20	505
11,785	**Current Assets**		**12,591**
(223)	Cash and Cash Equivalents	19	0
(6,282)	Short Term Borrowing	16	(282)
(7,461)	Short Term Creditors	21	(8,620)
(2,133)	Provisions	40	(3,635)
(16,099)	**Current Liabilities**		**(12,537)**
(11,368)	Long Term Borrowing	16	(11,202)
(783)	Other Long Term Liabilities	16	(771)
(61,464)	Net Pensions Liability	39	(80,084)
(73,615)	**Long Term Liabilities**		**(92,057)**
12,750	**Net Assets**		**(1,936)**
21,859	Useable Reserves	22	29,074
(9,109)	Unusable Reserves	23	(31,010)
12,750	**Total Reserves**		**(1,936)**

Clive Mason CPFA
Head of Resources

25 September 2015

Cash Flow Statement

2013/14 £000		2014/15 £000
(5,522)	Net Deficit on the provision of services	491
8,553	Adjustments to net surplus or deficit on the provision of services for non-cash movements	7,808
(1,940)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(2,599)
1,091	Net cash flows from Operating Activities (**Note 24**)	**5,700**
(2,211)	Investing Activities (**Note 25**)	798
(5)	Financing Activities (**Note 26**)	(6,043)
(1,125)	Net increase/(decrease) in cash and cash equivalents	**455**
902	Cash and cash equivalents at the beginning of the reporting period	(223)
(223)	**Cash and cash equivalents at the end of the reporting period (Note 19)**	**232**

Note 1. Accounting Policies

Accounting Policies in respect of Concepts and Principles

➢ General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

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

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

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

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

➢ Government Grants and Contributions (IAS 20)

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are credited to the Comprehensive Income and Expenditure Statement if the conditions attached to the grant or contribution have been met. However, if the conditions require that the grant or contribution is returned where these conditions are not met, it cannot be credited to the Comprehensive Income and Expenditure Statement.

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 line or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment

Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

The Council receives monies from developers, S106 monies, which are credited to the Comprehensive Income and Expenditure Statement and transferred to an earmarked fund. The condition for these contributions is that they are returnable 10 years after receipt if they are not used. It is considered that 10 years is too far into the future to be treated as receipts in advance.

➢ **Accruals of Income and Expenditure**

Income and expenditure are accounted for in the year to which they relate, not simply when cash payments are made or received, by the creation of debtors and creditors which are recorded in the Balance Sheet. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where the Council is acting as an agent for another party (e.g. in the collection of NDR and Council tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services provided or the Council incurs expenses directly on its own behalf in providing the services.

➢ **Overheads and Support Services**

The costs of overheads and support services are charged to services on the basis of use in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15. The basis of the charge varies according to the nature of the support service provided (e.g. administrative buildings are apportioned on the basis of area occupied.) The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – for example the cost of lump sum employer contributions to the pension scheme.

These two cost categories are defined in the Service Reporting Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement.

The cost of overheads relating to staff time spent on capital projects is treated as a revenue charge to the service rather than a charge to the capital project.

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. For 2014/15, there are no new accounting policies in respect of statutory requirements or to ensure local circumstances are better reflected within the Annual Financial Report.

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

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

➢ Exceptional Items

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

➢ Interest Receipts

Interest receipts credited to the General Fund include all amounts received in respect of balances held and invested externally, except for interest earned on the S106 reserve (one of the earmarked reserves) which is credited to that reserve. Interest receipts are included in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

➢ Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement; they are included in the Balance Sheet as the General Fund Balance, Capital Reserve, Earmarked Reserves or Capital Grants Unapplied.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

However, there are other reserves that cannot be used to finance expenditure:

- Capital Adjustment Account – these are capital resources set aside to meet past expenditure.

- Revaluation Reserve – the gains of valuation of assets not yet realised by sales.
- Financial Instruments Adjustment Account – balancing account to allow for differences in statutory requirements and accounting requirements for borrowing and investments.
- Collection Fund Adjustment Account – holds the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund.
- Pensions Reserve – balancing account to allow the pensions liability to be included in the Balance Sheet.
- Accumulated Compensated Absences Adjustment Account – the value of untaken leave and other employee benefits.

➢ **Value Added Tax**

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

➢ **Events after the Balance Sheet Date**

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

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

➢ **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. Cash equivalents are investments that mature in three months or less from the investment date and that are readily convertible to 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 Council's cash management.

Accounting Policies in respect of Non-Current Assets

➢ **Property, Plant and Equipment (IAS 16)**

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

- Recognition

  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 associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an 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. There is a de minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

- Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement.

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

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

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

Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying value is not materially different from their fair value at the year end, but as a minimum every three years. 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 an impairment loss previously charged to a service revenue account. Thus there is no impact on the council tax.

Where decreases in value are identified, the revaluation loss is accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

- Components

The Council will separately account for components where the cost of the component is significant in relation to the overall total cost of the asset, and the useful economic life of the component is significantly different from the useful economic life of the asset.

Individual components with similar useful lives and depreciation methods will be grouped.

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

This policy has been applied prospectively when non-current assets have been revalued and will be considered only for new revaluations carried out after 1 April 2012 and when enhancement and/or acquisition expenditure is incurred after that date. The only assets that have been split into components in the 2014/15 accounts are offices and leisure centres. This is consistent with the prior year.

The impact is that some components have a useful life of between 15 and 35 years, which in some instances is different to the useful life of the main asset and therefore the depreciation charge varies from that based on the same useful life for the whole asset.

- Impairment

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

  Where impairment losses are identified, they are accounted for:

  - where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
  - where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

  Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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.

- Disposals and Non-Current Assets Held for Sale

  When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

- Depreciation

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

Depreciation is calculated as follows:

Asset Type	Depreciation basis	Useful Economic Life
Operational Buildings	Straight-line allocation over the estimated life of the building or component where identified separately	5 years to 45 years
Vehicles, Plant, Furniture & Equipment	Straight line allocation over the estimated life of the asset	1 year to 48 years
Infrastructure		3 years to 44 years

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

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

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

➢ Depreciation and other Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant and equipment 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
- amortisation (annual charge) of intangible assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue, known as the minimum revenue provision (MRP), to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by MRP in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement to reflect the difference between the two.

The basis for calculating MRP is restricted by legislation and the policy has to be approved by the Council. From 2013/14, the Council adopted the following which clarifies the policy to be applied in differing circumstances:

i. <u>MRP Policy in respect of Loans to Organisations or Loans with Security (as defined within the Treasury Management Strategy</u>)

Where the Council has provided:

- loans to local organisations or businesses, and/or
- loans with security

and where these loans are repaid, at least on an annual basis, the principal repayments received can replace the need to make a minimum revenue provision.

ii. <u>MRP Policy in respect of Debt not relating to Loans to Organisations</u>

MRP for this category will be on an annuity basis. This results in the MRP increasing over the life of the asset to match the fall in the interest cost as the debt is “notionally” repaid. The net result is a consistent charge to the Council’s accounts over the assumed life of the asset.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal; receipts from disposals are credited to the same line. Any accumulated revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

➢ Heritage Assets

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as heritage assets)

Heritage Assets are those that are held and maintained by the Council principally for their contribution to knowledge and culture. Such assets can have historical, artistic, scientific, geophysical or environmental qualities.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Authority's Heritage Assets are accounted for as follows:

- Cultural

  The Council has identified the Norman Cross and Eagle as a Heritage Asset and this is disclosed in the Balance Sheet, based on insurance valuation, at £0.065m. It should be noted that there is no phased basis of valuation. This asset is:

  - deemed to have an indeterminate life and consequently the Council does not consider it appropriate to charge depreciation.
  - static and located at Norman Cross, Cambridgeshire, near to the intersection with the A1.

- Mayoral Regalia and Art Collection

  The Council has two mayoral chains of office and two paintings; however the total estimated value of these assets, based on insurance valuations, is £0.033m. As individually these assets are not material, they have not been included in the Balance Sheet.

- **Intangible Assets**

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life and debited to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are debited to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is debited or credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

- **Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if they are used in any way for the delivery of services.

Investment properties are measured initially at cost and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated and are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental income received in relation to investment properties is credited to the Financing and Investment Income and Expenditure line and results in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance and are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

➢ **Leases**

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

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

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

- The Council as Lessee

  - <u>Finance leases</u>

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

    Lease payments are apportioned between:

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

    Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period.)

    The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

In practice the Council has two categories of finance leases in primary rental for industrial units and secondary leases for certain items of equipment.

- o Operating leases.

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

- The Council as Lessor

  - o Finance Leases

    Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal, matched by a lease (long-term) debtor in the Balance Sheet.

    Lease rentals receivable are apportioned between:

    - a charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
    - finance income which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

    The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for this capital receipt for the disposal of the asset is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.

    The written-off values of disposals are not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

  - o Operating Leases.

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

➢ Revenue Expenditure funded from Capital under Statute

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised under statutory provisions but does not result in the creation of property, plant and equipment. Items incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where it has been determined to meet the cost of the item from existing capital resources or by borrowing, amounts charged are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Accounting Policies in respect of Current Assets

➢ Inventories

The Council has a number of inventories but none either individually or in aggregate are material to the accounts. However, the valuation approach in respect of the main inventory types (Fuel and Stock for Sale) is First In First Out.

➢ Contingent Assets

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

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

➢ Provisions and Contingent Liabilities

- Provisions

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

- Contingent Liabilities

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

Accounting Policies in respect of Employee Benefits

➢ Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees provide services to the Council.

An accrual is made against services in the Comprehensive Income and Expenditure Statement for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement. Thus there is no impact on the council tax.

➢ **Termination Benefits**

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

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council 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 the year-end.

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

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

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

- The assets of the Cambridgeshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

    - 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** – the increase in liabilities as a result of years of service earned this year – debited in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - **net interest on the net defined liability**, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
    - **the return on plan assets** – excluding amounts charged in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - **actuarial gains and losses** – 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 – debited to the Pensions Reserve.
    - **contributions paid to the Cambridgeshire Pension Fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, rather than the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end. The balance (currently negative) that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

- **Discretionary Benefits**

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

Accounting Policies in respect of Financial Instruments

- **Financial Assets**

The main financial assets attributable to the Council are:

- Loans and receivables

    Financial assets that are applicable to the Council are loans and receivables which are assets with a fixed or determinable payment but not quoted in an active market (e.g.

trade debtors, fixed term investments). Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The Council has the following loans and receivables:

- Debtors

  Debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end, taking into account the nature, value and age of debts and historic losses for similar groups of assets. Bad debts are written off when they are identified.

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

- Cash and equivalents

  Cash and equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash. Due to their nature and short-term maturity, the fair values for debtors and cash and equivalents are estimated using their carrying values.

- Investments

  The Council has both long and short-term investments with various financial institutions. Investments are carried at their amortised cost. The fair value of investments is determined by discounting the future cash flows using a relevant market rate of interest comparable to the rate for the same investment from a comparable institution, available at the Balance Sheet date.

  The Council has made loans for home improvement which are interest-free (soft loans). When these soft loans are made, a loss is recorded in the Housing Services line in the Net Cost of Services in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Statutory provisions require that the impact of soft loans in the Comprehensive Income and Expenditure Statement is managed by a transfer to the Financial Instruments Adjustment Account. It is included in the ‘Adjustment between accounting basis and funding basis under regulation’ line in the Movement in Reserves Statement.

➢ **Financial Liabilities**

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

- Creditors

  Creditors are carried at their original invoice amount.

- Bank overdrafts

  Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand. Due to their nature and short-term maturity, the fair values for creditors and bank overdrafts are estimated using their carrying values.

- Short-term borrowing

  Loans of less than 1 year and carried at amortised cost.

- Long-term loan

  Loans with the Public Works Loans Board are carried at their amortised cost but with the fair value disclosed as a note.

Note 2. Accounting Standards that have been Issued but have not yet been Adopted

The following are the accounting policies that have been issued but as yet have not been adopted by the Council as at the balance sheet date:

- **IAS 1 – Presentation of Financial Statements**

  A possible regrouping of items currently disclosed within “Other Comprehensive Income & Expenditure” to “(Surplus)/Deficit in the Provision of Services”; including items where a profit/loss might occur at some future point. The main impact of this change will be on the available for sale financial assets under IFRS 9.

  It is expected that this will have a marginal impact on the Council.

- **IFRS 10 – Consolidate Financial Statements**

  This standard establishes principles for the presentation and preparation of consolidated financial statements when the Council controls one or more other entities.

  This standard is not applicable to the Council as it does not exert control over any other entities but this will be kept under review as the Council undertakes a period of service transformation that may include alternative service delivery models.

  http://www.iasplus.com/en/standards/ifrs/ifrs10

- **IFRS 11 – Joint Arrangements**

  This standard outlines the accounting by the Council in respect of jointly controlling an arrangement. Joint control involves the contractually agreed sharing of control and arrangements subject to joint control that are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounts for accordingly).

  The Council is in a joint arrangement with South Cambridgeshire District Council and Cambridge City Council in respect of the Cambs Home Improvement Agency; whose role is to approve Disabled Facilities Grants. The Council’s interest is not material.

  http://www.iasplus.com/en/standards/ifrs/ifrs11

- **IFRS 13 – Fair Value Measurement**

  This standard outlines the fair value measurement and disclosure requirements that the Council will be required to make where fair value measurement is used. The standard defines fair value as the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

  The Council uses fair value measurement basis in Note 12 Property Plant and Equipment, Note 14 Investment Property and Note 16 Financial Instruments. Any amendments due to the adoption of this IFRS will be prospective from 1 April 2015 and therefore it is not anticipated that a third balance sheet will need to be presented. It is expected that this will have a marginal impact on the Council.

  http://www.iasplus.com/en/standards/ifrs/ifrs13

- **IRRIC 21 – Levies**

  This standard provides guidance on when to recognise a liability for a levy imposed by government, both for levies that are accounted for in accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

  It considered that this standard will have limited applicability to the Council.

  http://www.iasplus.com/en/standards/ifric/ifric21

- **Annual Improvements to IFRSs 2011 - 2013 Cycle**

  The IASB has an improvement process for efficiently dealing with a collection of amendments to IFRSs. This process enhances the quality of the standards, clarifies guidance and corrects minor inconsistencies. The amendments do not propose new principles or changes to existing ones. The IFRSs included in this cycle will not have a material impact on the Council's financial statements:
  - IFRS 1: Meaning of effective IFRSs,
  - IFRS 3: Scope exceptions for joint ventures,
  - IFRS13: Scope of paragraph 52 (portfolio exception),
  - IAS 40: Clarifying the interrelationship of IFRS3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property.

  http://www.iasplus.com/en/projects/completed/aip/annual-improvements-2011-2013

- **IAS 27 – Separate Financial Statements**

  This standard outlines the accounting and disclosure requirements for “separate financial statements”, which are financial statements prepared by a parent or an investor in a joint venture or associate, where those investments are accounted for either at cost of in accordance with IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements.

It considered that this standard will have limited applicability to the Council.

http://www.iasplus.com/en-gb/standards/ias/ias27-2011

- **IAS 28 Investments in Associates and Joint Ventures**

  This standard outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those polices).

  The applicability of this standard will be in line with IFRS 11 – Joint Arrangements.

  Balance Sheet Restatement

  The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, page 293/295 has stated that the changes in respect of IFRS 10, 11 12 and 13 and IAS 27 and 28 may require the publication of a restated Balance Sheet as at the beginning of the preceding period (i.e. a third Balance Sheet).

Note 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. The critical judgements made in the Statement of Accounts are:

- The new Conservative government has announced that there will be a summer budget in July of 2015 and it is anticipated that there will be further austerity measures for local government. In light of the current financial environment, the Council has adopted the Zero Based Budgeting (ZBB) methodology to deliver savings and efficiencies, of which £2.4m was identified in the 2015/16 budget approved in February 2015. The Medium Term Financial Strategy (MTFS), which was also approved in February 2015, removed the reliance on Revenue Support Grant (RSG) from Central Government funding to where in 2019/20 it has been removed completely from the funding profile. Additional to these measures, it is the Council's vision, as set out in the 'Plan on a page' to remove reliance on Central Government funding over the MTFS. At present further ZBB reviews are ongoing and these may impact on service provision.

  However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

- In line with the Code of Practice on local authority accounting in the United Kingdom 2014/15, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, assets held for sale and assets under construction. For all these assets, the total value for 2014/15 for land is £13.427m and Buildings (NBV) is £16.367m (2013/14; land is £13.067m and Buildings (NBV) is £14.466m).

- The Council has taken professional advice from the Pension Fund's actuary, Hymans Robertson LLP, to determine the overall net liability of the fund which is £80.084m for 2014/15; this has increased by £18.620m since 2013/14. However:

- This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 39.
- The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.

- The participants in the Council's Non Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014.

  To estimate the provision for outstanding appeals, the Council has sought and reviewed expert opinion from "inform CPI Limited". An estimated provision of £8.298m has been included in the Collection Fund in respect of successful appeals costs. Of the total estimated provision, £6.663m is for backdated costs prior 1 April 2014 and £1.635m for costs attributable to 2014/15. The Council's share of any such Collection Fund costs is 40% or £3.319m of the total provision and this is included in the General Fund balance.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	All Property is reviewed on a 3 year rolling basis. Where an asset has not been specifically reviewed a "table-top" analytical review is undertaken to determine if the principle valuation indexes show a material change in the current assets valuation. In addition, an annual impairment review is undertaken to determine if any of the Council's assets have been impaired.	74% of the Council's assets are valued at fair value, so the impact of changes in market is significant. If there was a 1% fall in market value, it is estimated that the value of the Council's property assets would reduce by £0.486m.
Plant and Equipment	Plant and Equipment are valued on an historic cost basis.	There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.

Investment Properties	Investment Properties are valued on an annual basis and are valued at fair value.	It is estimated that a 1% fall in market value would reduce the value of the Council's investment properties by £0.209m.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance: • A 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of 10% or £19.905m. • A 1 year increase in life expectancy would result in an increase in pension liability of 3% or £5.770m. • A 0.5% increase in the salary increase rate would result in an increase in pension liability of 3% or £6.719m. • A 0.5% increase in the pension increase rate would result in an increase in pension liability of 7% or £12.732m.
Sundry Debt Arrears	The Bad Debt Provision (BDP), also known as Debtor Impairment, calculation is based on the current aged debt profile, past payment behaviour and past write off activity. At 31 March 2015 the Council has a net debtors balance of £9.297m	Each debt type has an independent BDP rate determined by previous debt activity. If only Sundry Debtor debt is considered, increasing the BDP by 10% would have an additional £40,335 impact on revenue. However, to achieve such an increase in the BDP, the actual debt would have to increase by £120,152.
Sundry Creditors (Housing Benefits)	During the year the Council pays Housing Benefits to local residents who are entitled to receive it; these payments are reimbursed by Central Government subsidy. The Subsidy reimbursement relates to amounts paid on or before 28 March, however, accruals have been made to reflect the period that the payments actually cover. The Housing Benefit payments made by the Council are on one of the two following bases: i. 4-week in arrears, or ii. 2-weeks in arrears/2-weeks in advance.	The amount of Housing Benefit in payment at any given time is dependent on the number of claims made at that time, which is itself affected by both local and national economic conditions. Consequently it is difficult to provide a meaningful sensitivity analysis.

Provision – Rateable Value Appeals	Appeals by non-domestic ratepayers for a reduction in the rateable value of their premises are outstanding. Appeals are determined by Valuation Office and are not within the Council's control. However, expert independent advice has been sought in arriving at an estimated provision.	The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of individual estimates for the outcome of each outstanding appeal rather than a mean estimate for all appeals. The appeals provision was based on a review by expert opinion from "inform CPI Ltd". It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation). A 10% variation in the estimated provision would be £0.829m for the Collection Fund of which £0.332m would be the share of the attributable to the General Fund. It should be noted that no adjustment, or other disclosure, has been made in respect of NDR Appeals that have yet to be lodged by local businesses.

Note 5. Material Items of Income and Expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e. extraordinary). During 2014/15 no such items of income or expenditure were incurred (2013/14; nil.)

Note 6. Events after the Balance Sheet Date

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Head of Resources on 30 June 2015.

With regard to 2014/15:

- **Adjusting Events**
  The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2015.

- **Non-Adjusting Events**

  Partnership Working
  During the Spring of 2014 the Council made a public announcement that is was entering into a 'strategic partnership' with Cambridge City Council and South Cambridgeshire District Council. The aim of the partnership is to improve council services and the resilience of those services, as well as protecting residents from the national cuts to local government funding. The Building Control, Information Management & Communications and Legal Services are the first main phase of services that will be shared and the Business Cases were approved in July 2015 with a "go-live" date of October 2015. At this stage, the level of savings estimated by the Council for these three services is not material but this is the start of a formal process of cost sharing that will roll-out over the next few years.

  NDR Safety Net Calculations
  In August 2015, Central Government updated the basis for the NDR Safety net / levy calculation for 2014/15. The change has resulted in a non-adjusting event of £845,000. The impact of this is that this will be additional income to the Council i.e. be a movement to a net asset position.

Note 7. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a council are required to be paid and out of which all liabilities of the council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2014/15

	Useable Reserves			
	General Fund balance £000	**Capital receipts reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(3,788)	0	0	3,788
Amortisation of intangible fixed assets	(423)	0	0	423
Fair value of investment properties	1,259	0	0	(1,259)
Net Revenue expenditure funded from capital under statute	(1,096)	0	0	1,096
Net carrying amount of non-current assets sold	(410)	0	0	410
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	116	0	0	(116)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Minimum revenue provision for capital funding	1,331	0	0	(1,331)
Adjustments involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to fund capital expenditure	0	1,087	0	(1,087)
Proceeds of sale of non-current assets	897	(897)	0	0
Repayment of loan	0	(190)	0	190
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(22)	0	0	22
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 5 of Pension Fund)	(6,493)	0	0	6,493
Employer's pensions contributions and direct payments to pensioners payable in the year	3,828	0	0	(3,828)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,395)	0	0	2,395
Adjustments involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	3,133	0	(3,133)	0
Adjustment involving the Accumulated Compensated Absences Adjustment Account				
Adjustments in relation to short-term compensated absences	101	0	0	(101)
Total Adjustments	**(3,962)**	**0**	**(3,133)**	**7,095**

2013/14

	Useable Reserves			
	General Fund balance £000	**Capital receipts reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(8,003)	0	0	8,003
Amortisation of intangible fixed assets	(296)	0	0	296
Fair value of investment properties	1,191	0	0	(1,191)
Net Revenue expenditure funded from capital under statute	(1,786)	0	0	1,786
Net carrying amount of non-current assets sold	(42)	0	0	42
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement:	2,579	0	318	(2,897)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Minimum revenue provision for capital funding	1,120	0	0	(1,120)
Adjustments involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to fund capital expenditure	0	965	0	(965)
Proceeds of sale of non-current assets	821	(821)	0	0
Repayment of loan	0	(145)	0	145
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1)	1	0	0
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	41	0	0	(41)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	(6,244)	0	0	6,244
Employer's pensions contributions and direct payments to pensioners payable in the year	3,962	0	0	(3,962)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,864)	0	0	2,864
Adjustments involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	477	0	(477)	0
Adjustment involving the Accumulated Compensated Absences Adjustment Account				
Adjustments in relation to short-term compensated absences	12	0	0	(12)
Total Adjustments	**(9,033)**	**0**	**(159)**	**9,192**

Note 8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts transferred back from earmarked reserves to meet General Fund expenditure (either revenue expenditure or direct revenue financing of capital).

	Balance 31.3.13 £000	Transfers in £000	Transfers out £000	Balance 31.3.14 £000	Transfers in £000	Transfers out £000	Balance 31.3.15 £000	Purpose of Reserve
S106 agreements	**(1,528)**	(253)	74	**(1,707)**	0	566	**(1,141)**	**A**
Commuted S106 payments	**(1,335)**	(4)	161	**(1,178)**	(663)	79	**(1,762)**	**B**
Repairs and renewals funds	**(1,090)**	(292)	180	**(1,202)**	(173)	75	**(1,300)**	**C**
Delayed projects	**(986)**	0	741	**(245)**	(17)	0	**(262)**	**D**
Collection Fund	**0**	(2,768)	0	**(2,768)**	0	0	**(2,768)**	**E**
Capital Investment	**0**	(2,009)	0	**(2,009)**	(2,728)	0	**(4,737)**	**F**
Special reserve	**(1,260)**	(1,241)	1	**(2,500)**	0	0	**(2,500)**	**G**
Other reserves	**(605)**	(99)	95	**(609)**	(618)	0	**(1,227)**	**H**
Total	**(6,804)**	**(6,666)**	**1,252**	**(12,218)**	**(4,199)**	**720**	**(15,697)**	
Net movement in Earmarked Reserves			**(5,414)**			**(3,479)**		

Purpose of Reserve		
A	S106 agreements	Contains payments made by developers to meet their planning approval obligation to contribute to the funding of infrastructure and community requirements. As a relevant project is completed it is funded in all or part from this reserve.
B	Commuted S106 payments	Represents payments made by developers to meet their planning approval obligation to contribute to the funding of the maintenance of specified assets for a set period of years. As relevant maintenance costs are incurred funding is transferred from the reserve.
C	Repairs and renewals funds	The services contribute an annual sum and the funds are used to pay for one-off repair or renewal items; thereby evening out the spending on large maintenance items.
D	Delayed projects	To fund items that were included in the budget for one year but will not be spent until the following year.
E	Collection Fund	Excess NDR and Council Tax received from the Collection Fund due to be repaid in future years.
F	Capital Investment	Revenue allocation to meet future spend to save capital investment projects.
G	Special reserve	To support business activity that will achieve future savings.
H	Other reserves	This is a summary of other less significant reserves that support ongoing service activity, including the: • Building Control reserve, • Home Improvement Agency reserve, • Housing Association footpaths reserve, • Alconbury & Molesworth support and challenge fund, and • Chequers Court Development fund

Note 9. Other Operating Expenditure

2013/14 £000		2014/15 £000
5,006	Parish Council precepts	4,820
382	Drainage Board Levies	390
1	Payments to the Government housing capital receipts pool	0
(745)	(Gains)/losses on the disposal of non-current assets	(569)
4,644	**Total**	**4,641**

Note 10. Financing and Investment Income and Expenditure

2013/14 £000		2014/15 £000
440	Interest payable and similar charges	454
2,621	Pensions interest cost and expected return on pensions assets	2,642
(242)	Interest receivable	(85)
(2,738)	Income and expenditure in relation to investment properties and changes in their fair value	(2,764)
(2)	Trading operations	(51)
79	**Total**	**196**

Note 11. Taxation and Non Specific Grant Income

2013/14 £000		2014/15 £000
(12,240)	Council tax income	(12,571)
(3,442)	Non domestic rates	(3,076)
(9,662)	Non-ringfenced government grants	(8,895)
(1,419)	Capital grants	(37)
(1,160)	Donated Assets	(79)
(27,923)	**Total**	**(24,658)**

Note 12. Property, Plant and Equipment

Movements in 2014/15	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2014	**49,831**	**17,308**	**10,607**	**1,406**	**385**	**9**	**79,546**
Additions in year	529	1,495	0	0	0	370	**2,394**
Revaluation increases and decreases recognised in the Revaluation Reserve	150	0	0	0	0	0	**150**
Revaluation increases and decreases recognised in Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	**0**
Non-enhancing capital expenditure	0	0	0	0	0	0	**0**
Transfer within Property, Plant and Equipment	0	0	0	0	0	0	**0**
Transfer to other types of assets	0	0	0	0	(385)	0	**(385)**
Adjustment for disposal	(535)	(427)	0	0	0	0	**(962)**
At 31 March 2015	**49,975**	**18,376**	**10,607**	**1,406**	**0**	**379**	**80,743**
Accumulated Depreciation At 1 April 2014	**(553)**	**(9,017)**	**(3,165)**	**0**	**0**	**0**	**(12,735)**
Depreciation charged in year	(1,667)	(1,633)	(488)	0	0	0	**(3,788)**
Depreciation written out to revaluation reserve	778	0	0	0	0	0	**778**
Depreciation written out to Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	**0**
Adjustment for disposal	73	418	0	0	0	0	**491**
At 31 March 2015	**(1,369)**	**(10,232)**	**(3,653)**	**0**	**0**	**0**	**(15,254)**
Net Book Value							
At 31 March 2015	**48,606**	**8,144**	**6,954**	**1,406**	**0**	**379**	**65,489**
At 31 March 2014	**49,278**	**8,291**	**7,442**	**1,406**	**385**	**9**	**66,811**

Movements in 2013/14	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2013	**37,484**	**16,095**	**10,617**	**1,406**	**0**	**4,211**	**69,813**
Additions in year	7,137	1,551	0	0	0	9	**8,697**
Revaluation increases and decreases recognised in the Revaluation Reserve	6,296	0	0	0	85	0	**6,381**
Revaluation increases and decreases recognised in Comprehensive Income and Expenditure Statement	(1,171)	0	0	0	0	0	**(1,171)**
Non-enhancing capital expenditure	(3,892)	0	0	0	0	0	**(3,892)**
Transfer within Property, Plant and Equipment	4,211	0	0	0	0	(4,211)	**0**
Transfer to other types of assets	(144)	0	0	0	300	0	**156**
Adjustment for disposal	(90)	(338)	(10)	0	0	0	**(438)**
At 31 March 2014	**49,831**	**17,308**	**10,607**	**1,406**	**385**	**9**	**79,546**
Accumulated Depreciation At 1 April 2013	**(2,627)**	**(7,770)**	**(2,683)**	**0**	**0**	**0**	**(13,080)**
Depreciation charged in year	(1,236)	(1,585)	(492)	0	0	0	**(3,313)**
Depreciation written out to revaluation reserve	2,926	0	0	0	0	0	**2,926**
Depreciation written out to Comprehensive Income and Expenditure Statement	373	0	0	0	0	0	**373**
Adjustment for disposal	11	338	10	0	0	0	**359**
At 31 March 2014	**(553)**	**(9,017)**	**(3,165)**	**0**	**0**	**0**	**(12,735)**
Net Book Value							
At 31 March 2014	**49,278**	**8,291**	**7,442**	**1,406**	**385**	**9**	**66,811**
At 31 March 2013	**34,857**	**8,325**	**7,934**	**1,406**	**0**	**4,211**	**56,733**

Capital Commitments

As at 31 March 2015 the Council was contractually committed to capital works valued at approximately £2.546m (31 March 2014; £1.671m).

The main schemes are:

		£m
Community	Loves Farm Community Centre	0.097
Development	Alconbury Weald – Building Foundations for Growth	1.984
Development	Housing Grants	0.465
Total		**2.546**

Note;
The Council is committed to spending £1.984m on the Alconbury Weald Enterprise Campus. This is the balance of the Building Foundations for Growth capital grant funding, for which due diligence is not yet complete.

Revaluations

Land and buildings
These assets are held at current value (fair value) and are revalued as at 1 April 2014 onwards. The Council currently operates a three year rolling programme of revaluations in place of the previous five year valuation. Where there has been significant capital expenditure on properties a revaluation will take place.

The valuations were carried out externally and independently by Mr MJ Beardall BLE (Hons) MRICS (Member, Royal Institution of Chartered Surveyors) of Barker Storey Matthews. Mr Beardall has relevant experience in valuing these types of property and is a member of the Valuer Registration Scheme, and meets the requirements of the Red Book with regard to qualifications of the valuer, knowledge and skills, and independence and objectivity.

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

- The updated valuations have been prepared in accordance with the publication Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (7th edition). With specific reference made to UK Appendix 5 – Valuation of Local Authority Assets.

- The assets have been valued in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting (the code), published by CIPFA.

- The fair value has been calculated by reference to comparable market evidence, including market evidence from the local geographical area. Adjustments have been made to factor in any unusual or onerous obligations, such as repairing obligations.

- Where market evidence is unavailable due to the nature of the property; a depreciated replacement cost (DRC) method has been used. The DRC approach requires an estimate of the value of the land in its existing use together with the current gross replacement costs of the building and its external works. Adjustments have been made to reflect the age, condition, economic, functional and environmental obsolescence and other locational factors. The build cost for DRC purposes has been calculated using the Building Cost Information Service quarterly review of building prices and is representative for an instant build approach.

- No adjustments have taken place for changes in value which may have taken place since the valuation date or for prospects of future growth.

- Useful economic lives are based on how long the asset will deliver economic benefits for any purpose. This is based on the type of construction, the current age, and the condition of the asset.

- It has been assumed that there are no unusual or especially onerous restrictions, encumbrances or outgoings and that a good title can be shown. Also that the valuation would not be affected, by any matter that would be revealed by a local search.

- Assets falling outside of specific revaluation in the current financial year, have been considered and it is the valuer's belief that no other assets require an impairment review.

- Components have been considered in relation to LAAP 86 Componentisation of Property, Plant and Equipment, and the Council's componentisation policy.

- The properties have been assumed to be in reasonable tenantable condition, with no particular works being required that would prejudice a sale or the fair value of the property, the properties have been assumed to be in a good state of repair.

- Building surveys have not been carried out, nor have inaccessible parts of buildings been inspected.

- No investigation has been made to determine whether or not any deleterious or hazardous material has been used in the construction of the properties or has since been incorporated. It has therefore been assumed in valuing the properties that such investigations would not disclose the presence of any such materials.

- We have assumed no contamination to be affecting the properties or neighbouring properties, which would affect our opinion on value.

- The properties are assumed to be in areas not prone to flooding.

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

Revaluation Profile	**Other Land and Buildings** **£000**	**Total** **£000**
Valued at Fair Value as at:		
31 March 2015	9,513	9,513
31 March 2014	39,093	39,093
Total Cost of Valuation	**48,606**	**48,606**

Note 13. Heritage Assets

Cultural Heritage Assets

The Council has identified the Norman Cross Eagle as a Heritage Asset and this is disclosed in the Balance Sheet, based on insurance valuation, at £0.065m. It should be noted that there is no phased basis of valuation. This asset is:

- deemed to have an indeterminate life and consequently the Council does not consider it appropriate to charge depreciation.
- static and located at Norman Cross, Cambridgeshire, near to the intersection with the A1.

Changes to the Heritage Asset Portfolio and Valuations

There have not been any additions, disposals, revaluations or reclassifications to the Heritage Assets portfolio during 2014/15.

Reconciliation of the Carrying Value of Heritage Assets held by the Council:

	Cultural	Total Heritage Assets
	£000	£000
Cost or Valuation		
At 1 April 2014	**65**	**65**
At 31 March 2015	**65**	**65**
Cost or Valuation		
At 1 April 2013	**65**	**65**
At 31 March 2014	**65**	**65**
Net Book Value		
At 31 March 2015	**65**	**65**
At 31 March 2014	**65**	**65**

Note 14. Investment Property

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement as financing and investment income and expenditure.

2013/14		2014/15
£000		£000
(1,871)	Rental income from investment property	(1,869)
324	Direct operating expenses arising from investment property	364
(1,547)		**(1,505)**
(1,191)	Revaluation Adjustment	(1,259)
(2,738)	Net (gain)/loss	**(2,764)**

The movement in investment properties balances during the year are shown below.

2013/14		2014/15
£000		£000
18,424	**Balance at start of the year**	**19,615**
1,191	Net gain/(loss) for fair value	1,259
19,615	**Balance at end of the year**	**20,874**

There are no restrictions on the Council's ability to realise the value inherent in the investment properties or the Council's right to receive the income and proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment property or repair, maintenance or enhancement.

Note 15. Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.423m was charged to revenue in 2014/15. This was either charged to the Information Management Division for inclusion in the overhead across all the service headings in the Net Expenditure of Services, or directly to services.

Intangible Capital Commitments
As at 31 March 2015 the Council was not committed contractually to capital works (31 March 2014; Nil).

The movement on intangible asset balances during the year is as follows:

2013/14 £000		2014/15 £000
	Balance at start of year:	
3,306	Gross carrying amounts	3,655
(1,752)	Accumulated amortisation	(1,873)
1,554	**Net carrying amount at start of year**	**1,782**
524	Additions	157
(296)	Amortisation for the period	(423)
(175)	Disposals or retirements	(237)
175	Amortisation on Disposal	173
1,782	**Net carrying amount at end of year**	**1,452**
3,655	Gross carrying amounts	3,575
(1,873)	Accumulated amortisation	(2,123)
1,782	**Net carrying amount at end of year**	**1,452**

Note 16. Financial Instruments

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

Long-term 2013/14 £000	Long-term 2014/15 £000		Current 2013/14 £000	Current 2014/15 £000
		Investments and Cash & Cash Equivalents		
0	0	Loans and receivables	1,909	2,695
0	**0**	**Total investments and Cash & Cash Equivalents**	**1,909**	**2,695**
		Debtors		
2,406	2,187	Loans and receivables	9,245	8,868
2,406	**2,187**	**Total Debtors**	**9,245**	**8,868**
		Borrowings		
(11,368)	(11,202)	Financial liabilities at amortised cost	(6,282)	(282)
(11,368)	**(11,202)**	**Total borrowings**	**(6,282)**	**(282)**
		Other Long-Term Liabilities		
(783)	(771)	Fair value through profit and loss	0	0
(783)	**(771)**	**Total Other Long-Term Liabilities**	**0**	**0**
		Creditors		
0	0	Financial liabilities at amortised cost	(6,441)	(7,772)
0	**0**	**Total creditors**	**(6,441)**	**(7,772)**

Gains and losses on income and expense

Financial Liabilities (Liabilities measured at amortised cost) 2013/14 £000	Financial Liabilities (Liabilities measured at amortised cost) 2014/15 £000		Financial Assets (Loans and Receivables) 2013/14 £000	Financial Assets (Loans and Receivables) 2014/15 £000
440	454	Interest expenses	0	0
0	0	Interest income	(242)	(85)
440	**454**	**Net gain/(loss) for the year**	**(242)**	**(85)**

Fair value of assets and liabilities carried at amortised cost

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

- An estimated interest rate based on 10 year PWLB rates with a range of 2.91% to 5.15%, depending on the relevant year, has been used to calculate the fair value of private sector housing improvements loans.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value.
- The fair value of debtors is taken to be the invoiced or billed amount.

2013/14 Carrying amount £000	2013/14 Fair value £000		2014/15 Carrying amount £000	2014/15 Fair value £000
		Liabilities		
(26,368)	(27,725)	Financial liabilities	(19,255)	(21,355)
		Assets		
13,560	13,556	Loans and receivables	13,750	13,757

The Financial Liabilities are shown below:

Financial Instrument	2013/14 Carrying amount £000	2014/15 Carrying amount £000	Details
Long Term			
PWLB (3.91%)	(5,000)	(5,000)	3.91%; 19 December 2008 to 19 December 2057
PWLB (3.90%)	(5,000)	(5,000)	3.90%; 19 December 2008 to 19 December 2058
PWLB (2.24%)	(1,296)	(1,159)	2.24% 7 August 2013 to 7 August 2023
Salix Loan	(72)	(43)	
Accrued Interest	(115)	(115)	
	(11,483)	**(11,317)**	
Short Term			
PWLB (2.24%)	(137)	(137)	
Portsmouth City Council	(4,000)	0	0.40%; 14 March 2014 to 14 April 2014
South Lanarkshire	(2,000)	0	0.32%; 18 March 2014 to 22 April 2014
Salix Loan	(29)	(29)	
Accrued Interest	(1)	0	
	(6,167)	**(166)**	
Creditors	**(8,495)**	**(7,772)**	
Bank Balance	**(223)**	**0**	
	(26,368)	**(19,255)**	

The fair value of the liabilities is higher than the carrying amount because the portfolio of loans includes fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain arising from a commitment to pay interest to lenders below current market rates.

The net fair value of the assets is higher than the carrying amount because the portfolio includes investments where the interest rate receivable is higher than the rates available for similar investments at the Balance Sheet date. This shows a notional future gain arising from a commitment to receive interest above current market rates.

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

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Note 17. Inventories

The main items in ‘other inventories’ are refuse sacks £0.013m, printing stock £0.005m and uniforms £0.008m (2013/14; £0.009m, £0.004m, £0.008m respectively)

	Leisure Centres		Diesel		Other		Total	
	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Balance outstanding 1 April 2014	**81**	**66**	**25**	**(28)**	**41**	**24**	**147**	**62**
Purchases	0	0	598	568	49	14	647	582
Issued in year	0	0	(642)	(578)	0	0	(642)	(578)
Stock adjustment	(15)	(22)	(9)	62	(66)	(12)	(90)	28
Balance outstanding 31 March 2015	**66**	**44**	**(28)**	**24**	**24**	**26**	**62**	**94**

Note 18. Debtors

2013/14 £000		2014/15 £000
4,635	Central Government bodies - Her Majesty’s Revenue and Customs, and Community and Local Government	3,321
580	Other Local Authorities	1,183
6,014	Other entities and individuals	6,569
(1,559)	Bad debt provision (Impairment of loans and receivables)	(1,776)
9,670		**9,297**

Note 19. Cash and Cash Equivalents

2013/14 £000		2014/15 £000
10	Cash held by the Council	10
1,432	Bank balances	296
(1,665)	Bank current accounts (overdraft)	(74)
(223)	**Net Total Cash and Cash Equivalents**	**232**

Note 20. Assets Held for Sale

Assets held for sale are expected to be sold within twelve months, (at the Balance Sheet date). The asset is carried at book value or expected sale proceeds, whichever is lower.

2013/14 £000		2014/15 £000
300	**Balance at Start of Year**	**144**
	Assets Transferred to Property, Plant and Equipment	
(300)	Land at St Mary's Street Huntingdon	0
(300)	**Net Assets Held for Sale**	**0**
	Assets Sold	
	Impairment Losses	
0	Land at Hermitage Earith	**(24)**
0		**(24)**
	Transfers from Non-Current Assets	
0	Land at St Marys Street Huntingdon	385
144	Land at Hermitage Earith	0
144		**385**
144	**Balance at End of Year**	**505**

Note 21. Creditors

2013/14 £000		2014/15 £000
967	Central Government bodies - Her Majesty's Revenue and Customs, and Department of Communities and Local Government	2,481
3,827	Other Local Authorities	4,843
336	National Health Service	311
430	Public Corporations'	52
1,901	Other entities and individuals	933
7,461		**8,620**

Note 22. Useable Reserves

Movements in the Council's useable reserves are detailed in the Movement in Reserves

Statement.

Note 23. Unusable Reserves

2013/14 £000		2014/15 £000
(40,462)	Capital Adjustment Account	(39,220)
(15,161)	Revaluation Reserve	(15,438)
190	Financial Instruments Adjustment Account	212
61,464	Pensions Reserve	80,084
2,767	Collection Fund Adjustment Account	5,162
311	Accumulating Compensated Absences Adjustment Account	210
9,109	**Total Unusable Reserves**	**31,010**

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 financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment and Investment Properties before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains and losses. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 £000	2013/14 £000	Capital Adjustment Account	2014/15 £000	2014/15 £000
	(44,361)	**Balance at 1 April**		**(40,462)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
8,003		Charges for depreciation and impairment of non-current assets	3,788	
296		Amortisation of intangible assets	423	
1,786		Revenue expenditure funded from capital under statute	1,096	
42		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	410	
(200)		Adjusting amounts written out of the Revaluation Reserve	(501)	
		Capital financing applied in the year:		
(965)		Use of the Capital Receipts Reserve to finance new capital expenditure	(1,087)	
0		Use of S106 earmarked reserves	(371)	
(2,579)		Application of grants to finance capital expenditure	(116)	
(318)		Application of grants to capital financing from the Capital Grants Unapplied Account	0	
(1,120)		Statutory provision for the financing of capital investment charged against the General Fund (MRP)	(1,331)	
145		Repayment of long term debtors	190	
(1,191)		Movement in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,259)	
	3,899	Total movements		**1,242**
	(40,462)	**Balance at 31 March**		**(39,220)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. It is identified at individual asset level. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost. If no surplus remains on a particular asset's account any further impairment must be charged to the surplus/deficit on the provision of services within the Comprehensive Income and Expenditure Statement;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2013/14 £000	Revaluation Reserve	2014/15 £000
(6,092)	**Balance at 1 April**	**(15,161)**
(9,655)	Upward revaluation of assets	(928)
38	Other adjustments for assets disposed of or transferred - written off to Capital Adjustments Account	126
(9,617)	**(Surplus) or deficit in the revaluation of non-current assets**	**(802)**
348	Downward revaluation or impairment of assets not charged to the surplus/deficit on the provision of services	24
200	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	501
(15,161)	**Balance at 31 March**	**(15,438)**

Financial Instruments Adjustment Account

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

2013/14 £000	Financial Instruments Adjustment Account	2014/15 £000
231	**Balance at 1 April**	**190**
(41)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	22
190	**Balance at 31 March**	**212**

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 Council 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 Council 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 Council 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. Further information is found in Note 39 in respect of Defined Benefit Pension Scheme.

2013/14 £000	Pensions Reserve	2014/15 £000
58,434	**Balance at 1 April**	**61,464**
748	Actuarial (gains) or losses on pensions assets and liabilities	15,955
6,244	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	6,493
(3,962)	Employer's pensions contributions and direct payments to pensioners payable in the year	(3,828)
61,464	**Balance at 31 March**	**80,084**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account identifies the element of the Collection Fund balance that is due to this Council. It is included in the Comprehensive Income and Expenditure Statement as it relates to 2014/15 and previous years although it is only actually transferred from the Collection Fund in line with regulations.

2013/14 £000	Collection Fund Adjustment Account	2014/15 £000
(97)	**Balance at 1 April**	**2,767**
2,864	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic income calculated for the year in accordance with statutory requirements	2,395
2,767	**Balance at 31 March**	**5,162**

Accumulating Compensated Absences Adjustment Account

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 i.e. annual leave entitlement and accrued flexitime carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Accumulating Compensated Absences Adjustment Account.

2013/14 £000	Accumulating Compensated Absences Adjustment Account	2014/15 £000
323	**Balance at 1 April**	**311**
(323)	Settlement or cancellation of accrual made at the end of the preceding year	(311)
311	Amounts accrued at the end of the current year	210
311	**Balance at 31 March**	**210**

Note 24. Operating Activities

The interest items of the cash flows for operating activities are as follows:

2013/14 £000		2014/15 £000
(242)	Interest Received	(87)
440	Interest Paid	454

Note 25. Investing Activities

2013/14 £000		2014/15 £000
(12,660)	Purchase of property, plant and equipment, investment property and intangible assets	(8,410)
(1,689)	Other payments for investing activities	(47)
965	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,087
4,276	Proceeds from short-term and long-term investments	(576)
6,897	Other receipts from investing activities	8,744
(2,211)	**Net cash flows from investing activities**	**798**

Note 26. Financing Activities

2013/14 £000		2014/15 £000
(1,544)	Other receipts from financing activities	123
1,368	Movement on long-term borrowing	(166)
171	Movement on short-term borrowing	(6,000)
(5)	**Net cash flows from financing activities**	**(6,043)**

Note 27. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice, however, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across services in a bespoke manner that best fits the Council's needs. These reports are prepared on a different basis from the basis used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to the services in the Comprehensive Income and Expenditure Statement);
- The cost of retirement benefits is based on cash flows (payment of employer's pension's contributions) rather than current service cost of benefits accrued in the year.

The following statements reconcile the revenue expenditure by service as reported to Members and Chief Officers, with that in the comprehensive income and expenditure account. The analysis by service is reported to Members three times a year – budget (February), forecast outturn (the following February) and actual net expenditure (July). The income and expenditure of the main services is as follows:

2014/15	Environ-mental Services	Housing Services (Includes Housing Benefits)	Community Services	Direct costs recharged to services	Other expenditure	TOTAL
	£000	£000	£000	£000	£000	£000
Fees, charges and other income	(1,795)	(1,526)	(7,110)	(730)	(5,619)	(16,780)
Government grants	(1)	(36,054)	(177)	0	(1,119)	(37,351)
Total income	**(1,796)**	**(37,580)**	**(7,287)**	**(730)**	**(6,738)**	**(54,131)**
Employee expenses	3,270	58	4,892	11,490	3,281	22,991
Other service expenses	1,490	36,848	2,985	3,437	3,059	47,819
Support service recharges	3,070	3,239	2,278	6,501	6,662	21,750
Total operating expenses	**7,830**	**40,145**	**10,155**	**21,428**	**13,002**	**92,560**
Recharges to other accounts	(364)	32	42	(21,868)	(284)	(22,442)
Net expenditure	**5,670**	**2,597**	**2,910**	**(1,170)**	**5,980**	**15,987**

2013/14	Environ-mental Services	Housing Services (Includes Housing Benefits)	Community Services	Direct costs recharged to services	Other expenditure	TOTAL
	£000	£000	£000	£000	£000	£000
Fees, charges and other income	(1,667)	(1,795)	(7,137)	(308)	(5,007)	(15,914)
Government grants	(2)	(38,364)	(212)	(0)	(3,965)	(42,543)
Total income	**(1,669)**	**(40,159)**	**(7,349)**	**(308)**	**(8,972)**	**(58,457)**
Employee expenses	3,010	41	4,986	14,291	2,611	24,939
Other service expenses	1,561	38,898	3,180	3,755	2,700	50,094
Support service recharges	3,578	3,423	2,546	7,536	8,285	25,368
Total operating expenses	**8,149**	**42,362**	**10,712**	**25,582**	**13,596**	**100,401**
Recharges to other accounts	(460)	(91)	(19)	(26,320)	(212)	(27,102)
Net expenditure	**6,020**	**2,112**	**3,344**	**(1,046)**	**4,412**	**14,842**

<u>Reconciliation of service income and expenditure to cost of services in the Comprehensive Income and Expenditure Statement</u>

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2013/14 £000		2014/15 £000
14,842	**Net expenditure in service analysis**	**15,987**
13,950	Amounts in the Comprehensive Income and Expenditure Statement not included in the service analysis of revenue expenditure for budget monitoring	3,320
(70)	Amounts included in the service analysis of revenue expenditure and reported to management, but not included in net cost of services section of the Comprehensive Income and Expenditure Statement	23
28,722	**Net cost of services in Comprehensive Income and Expenditure Account**	**19,330**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Service Analysis £000	Not reported to management £000	Not included in cost of services £000	Net cost of services £000	Corporate amounts £000	TOTAL £000
Fees, charges and other income	(16,780)	0	79	**(16,701)**	(941)	**(17,642)**
Income from Council Tax	0	0	0	**0**	(12,570)	**(12,570)**
Income from NDR	0	0	0	**0**	(21,553)	**(21,553)**
Income from Investment properties	0	0	0	**0**	(1,869)	**(1,869)**
Interest and investment income	0	0	0	**0**	(85)	**(85)**
Donated asset	0	0	0	**0**	(79)	**(79)**
Government Grants	(37,351)	(5,886)	0	**(43,237)**	(8,933)	**(52,170)**
Total income	**(54,131)**	**(5,886)**	**79**	**(59,938)**	**(46,030)**	**(105,968)**
Employee expenses	22,991	0	0	**22,991**	(4)	**22,987**
Other service expenses	47,819	0	(37)	**47,782**	130	**47,912**
Support service recharges	21,750	0	0	**21,750**	752	**22,502**
Recharges to other accounts	(22,442)	0	(19)	**(22,461)**	12	**(22,449)**
Depreciation and impairment	0	9,206	0	**9,206**	0	**9,206**
Interest payments	0	0	0	**0**	454	**454**
Pensions interest cost and expected return on pensions assets	0	0	0	**0**	2,642	**2,642**
Expenditure in relation to investment properties and changes in their fair value	0	0	0	**0**	(895)	**(895)**
Precepts and levies	0	0	0	**0**	5,210	**5,210**
NDR Payments to Other Local Authorities	0	0	0	**0**	18,477	**18,477**
Gain or loss on disposal of property, plant and equipment	0	0	0	**0**	(569)	**(569)**
Total operating expenses	**70,118**	**9,206**	**(56)**	**79,268**	**26,209**	**105,477**
(Surplus) or deficit on the provision of services	**15,987**	**3,320**	**23**	**19,330**	**(19,821)**	**(491)**

2013/14	Service Analysis £000	Not reported to management £000	Not included in cost of services £000	Net cost of services £000	Corporate amounts £000	TOTAL £000
Fees, charges and other income	(15,914)	0	(55)	**(15,969)**	(974)	**(16,943)**
Income from Council Tax	0	0	0	**0**	(12,240)	**(12,240)**
Income from NDR	0	0	0	**0**	(21,566)	**(21,566)**
Income from Investment properties	0	0	0	**0**	(1,870)	**(1,870)**
Interest and investment income	0	0	0	**0**	(242)	**(242)**
Donated asset	0	0	0	**0**	(1,160)	**(1,160)**
Government Grants and contributions	(42,543)	0	0	**(42,543)**	(11,081)	**(53,624)**
Total income	**(58,457)**	**0**	**(55)**	**(58,512)**	**(49,133)**	**(107,645)**
Employee expenses	24,939	0	0	**24,939**	(11)	**24,928**
Other service expenses	50,094	0	(54)	**50,040**	124	**50,164**
Support service recharges	25,368	0	0	**25,368**	729	**26,097**
Recharges to other accounts	(27,102)	0	39	**(27,063)**	6	**(27,057)**
Depreciation and impairment	0	13,950	0	**13,950**	125	**14,075**
Interest payments	0	0	0	**0**	440	**440**
Pensions interest cost and expected return on pensions assets	0	0	0	**0**	2,621	**2,621**
Expenditure in relation to investment properties and changes in their fair value	0	0	0	**0**	(869)	**(869)**
Precepts and levies	0	0	0	**0**	5,388	**5,388**
NDR Payments to Other Local Authorities	0	0	0	**0**	18,124	**18,124**
Payments to housing capital receipts pool	0	0	0	**0**	1	**1**
Gain or loss on disposal of property, plant and equipment	0	0	0	**0**	(745)	**(745)**
Total operating expenses	**73,299**	**13,950**	**(15)**	**87,234**	**25,933**	**113,167**
(Surplus) or deficit on the provision of services	**14,842**	**13,950**	**(70)**	**28,722**	**(23,200)**	**5,522**

Note 28. Acquired and Discontinued Operations

There are no acquired or discontinued operations during 2014/15 (2013/14; nil).

Note 29. Trading Operations

From a local authority context, a trading operation is one where a Council is trading and taking operational risks and could, if the economic environment so dictated, expose the Council to a financial loss on the service provided. Considering this the following disclosure provides a list of Council operations where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council, from other organisations or the general public.

2013/14 £000		2014/15 £000
	Trading Operations included in the Net Cost of Service	
	Car Parks	
	The Council collects car parking income from both its own off-street car parks and from the on-street car parking operations that it operates, as an agent, for the Highways Authority. The income is generated from a mix of parking fees and excess parking charges. The Council operates 22 chargeable off-street car parks across the district and 3 on-street car parking areas in Huntingdon, St Ives, and St Neots.	
(1,819)	Gross Income	(2,125)
1,230	Gross Expenditure	1,493
(589)	**(Surplus)/Deficit**	**(632)**
	Leisure Services	
	The Council operates 5 leisure centres across the district, under the name One Leisure; namely Huntingdon, St. Ives, St Neots, Sawtry and Ramsey. The facilities provided vary across the district but include amongst others; Swimming Pools, Sports Halls, Astro-Turf, Athletics Track, Gymnasium, Spa facilities and Ten-Pin Bowling.	
(6,738)	Gross Income	(6,774)
8,970	Gross Expenditure	8,647
2,232	**(Surplus)/Deficit**	**1,873**
1,643	**Net (Surplus)/Deficit on Trading Operations included in Net Cost of Service**	**1,241**
	Trading Operations included in the Financing and Investment Income and Expenditure	
	Information Management Department: IT Software	
	The Council's Information Technology Service develops and sells a number of IT software packages (e.g. SharePoint related products, including Resource Booking and a Project Management Toolkit) and IT support (e.g. Business Analysis Consultancy).	
(61)	Gross Income	(13)
85	Gross Expenditure	52
24	**(Surplus)/Deficit**	**39**
	Markets	
	The Council operates 3 stall markets in the towns of Huntingdon, Ramsey and St. Ives. In addition to the general market days Huntingdon has a separate farmers market and St Ives a bank holiday market.	
(151)	Gross Income	(144)
256	Gross Expenditure	127
105	**(Surplus)/Deficit**	**(17)**

	Building Control The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement shows the total cost of operating the building control unit for chargeable activities.	
(406)	Gross Income	(380)
343	Gross Expenditure	356
(63)	**(Surplus)/Deficit**	**(24)**
	Printing The Council operates a Document Processing Centre that produces a range of documents for both internal and external customers. All external work is undertaken on a marginal cost basis (i.e. excluding recharges) and on this basis external work has made a contribution to the net cost of the service. However, statutory reporting requires full cost.	
(38)	Gross Income	(71)
52	Gross Expenditure	72
14	**(Surplus)/Deficit**	**1**
	Grounds Maintenance The Council's in-house Grounds Maintenance Team provides a wide range of services, primarily in respect of green spaces. However, the service also provides some services for external organisations, namely Luminus Housing Association and Cambridgeshire County Council.	
(214)	Gross Income	(233)
172	Gross Expenditure	219
(42)	**(Surplus)/Deficit**	**(14)**
	Commercial Waste The Council operates a waste collection service that is available to all businesses across the district. As this is a non-statutory service it is a chargeable activity.	
(98)	Gross Income	(100)
58	Gross Expenditure	64
(40)	**(Surplus)/Deficit**	**(36)**
(2)	**Net (Surplus)/Deficit on Trading Operations included in Financing and Investment Income and Expenditure**	**(51)**
1,641	**Net (Surplus)/Deficit on Trading Operations**	**1,190**

The above figures include non-cash adjustments; including IAS19 pensions and depreciation.

Note 30. Members' Allowances

The Council paid the following amounts to members of the Council during the year:

2013/14 £000		2014/15 £000
376	Allowances	374
34	Expenses	23
410		**397**

Note 31. Officers' Remuneration

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

2013/14	£		£	2014/15
14	50,000	but less than	55,000	10
3	55,000	but less than	60,000	3
0	60,000	but less than	65,000	1
3	65,000	but less than	70,000	2
1	70,000	but less than	75,000	2
2	75,000	but less than	80,000	2
2	80,000	but less than	85,000	0
1	85,000	but less than	90,000	0
1	90,000	but less than	95,000	0
1	95,000	but less than	100,000	0
0	130,000	but less than	135,000	1
28				**21**

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

Remuneration of Senior Employees

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

2014/15 Post holder	Salary including allowances £	Election Fees (1) £	Termination Costs £	Salary including allowances and fees £	Bonus £	Benefits in kind £	Total remuneration £	Employer pension contributions £	Remuneration including pension contributions £
Managing Director	125,955	7,899	**0**	**133,854**	0	0	**133,854**	22,250	**156,104**
Corporate Director (Services) (2)	44,917	0	**0**	**44,917**	0	0	**44,917**	7,995	**52,912**
Corporate Director (Delivery) (3)	48,395	0	**0**	**48,395**	0	0	**48,395**	8,548	**56,943**
Assistant Director Environment, Growth and Planning (4)	16,824	0	**40,518**	**57,342**	0	0	**57,342**	2,752	**60,094**
Head of Resources (S151 Officer) (5)	65,594	610	**0**	**66,204**	0	0	**66,204**	11,654	**77,858**

Key – 2014/15

Note 1 The election fees do not include fees for General, European and County Council elections paid for by third parties.
Note 2 The Corporate Director for Services, started at the Council on 1 September 2014.
(annualised salary; excluding employer pension contributions is £77,000)
Note 3 The Corporate Director for Delivery, started at the Council on 17 August 2014.
(annualised salary; excluding employer pension contributions is £77,000)
Note 4 The Assistant Director (Environment, Growth and Planning) post was created on 1 March 2013 and the post holder left the Council on 10 June 2014.
(annualised salary; excluding employer pension contributions is £79,000)
Note 5 As of the 2 June 2014, the RFO responsibility has passed to the newly appointed Head of Resources.
(annualised salary; excluding employer pension contributions for the Head of Resources is £66,000)

2013/14 **Post holder**	**Salary including allowances** **£**	**Election Fees** (1) **£**	**Salary including allowances and fees** **£**	**Benefits in kind (7)** **£**	**Total remuneration** **£**	**Employer pension contributions** **£**	**Remuneration including pension contributions** **£**
Managing Director (2)	98,026	104	**98,130**	0	**98,130**	17,367	**115,497**
Managing Director Communities, Partnerships and Projects (3)	42,146	0	**42,146**	2,182	**44,328**	7,435	**51,763**
Managing Director, Resources (4)	2,972	0	**2,972**	0	**2,972**	496	**3,468**
Assistant Director, (Finance and Resources) (5)	88,411	0	**88,411**	0	**88,411**	14,596	**103,007**
Assistant Director, (Environment, Growth and Planning) (6)	82,142	0	**82,142**	2,030	**84,172**	13,884	**98,056**

Key – 2013/14

Note 1 The election fees do not include fees for General, European and County Council elections paid for by third parties.
Note 2 The Managing Director, started at the Council on 20 June 2013.
(annualised salary; excluding employer pension contributions is £125,000)
Note 3 The Managing Director, Communities, Partnerships and Projects left the Council on 31 July 2013, the post was deleted from the establishment at that point.
(annualised salary; excluding employer pension contributions is £125,000)
Note 4 The Managing Director, Resources left the Council on 8 April 2013. The post was deleted from the establishment at that point
(annualised salary, excluding employer pension contributions is £127,000)
Note 5 The Assistant Director (Finance and Resources) post was created on 1 March 2013 and was the Councils Responsible Financial Officer (RFO); the post holder left the Council on 31 March 2014 and the post was deleted from the establishment at that point.
(annualised salary; excluding employer pension contributions for the Assistant Director (Finance and Resources) is £82,000).
As of 1 April 2014, on an interim basis the RFO responsibility was allocated to the Accountancy Manager pending a permanent appointment to the new senior management structure. As of 2 June 2014, the RFO responsibility has passed to the newly appointed Head of Resources (annualised salary; excluding employer pension contributions for the Head of Resources is £66,500).
Note 6 The Assistant Director (Environment, Growth and Planning) post was created on 1 March 2013; the post holder will be leaving the Council on 10 June 2014, and the post will be deleted from the establishment at that point.
(annualised salary; excluding employer pension contributions is £78,000).
Note 7 Benefits in Kind relating to Car Benefit.

Note 32. External Audit Related Costs

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

2013/14 £000		2014/15 £000
84	External audit	79
28	Grant claim certification	18
0	National Fraud Initiative	2
(10)	Audit Commission rebate	(6)
102		**93**

Of the £28,000 Grant claim certification costs noted within 2013/14, £3,000 is in respect of 2012/13.

Note 33. Grant Income

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

2013/14 £000		2014/15 £000
	Credited to taxation and non-specific income	
6,019	Revenue support grant	4,563
2,940	New Homes Bonus	3,358
703	Other Non-ring fenced Grants	892
0	Council Tax Freeze Grant	82
1,160	Donated Assets	79
10,822	**Total**	**8,974**
	Credited to Services	
36,979	Rent allowances	35,081
296	Council tax benefits	0
651	Benefits administration	786
557	Improvement grants	530
3,436	Transportation Development	356
0	Alconbury Weald Development Grant	5,000
0	Shared Services Grant	529
482	Other	870
42,401	**Total**	**43,152**

The Council has received some grants that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned. The balances at the year-end are as follows:

2013/14 £000	Grants Receipts in Advance	2014/15 £000
	Government grants	
52	Mortgage Rescue Scheme	52
61	Preventing Repossessions	61
113		**113**

The Council has received some grants that have no conditions attached; they have been recognised as income but are held in the Capital Grants Unapplied Account pending their use to fund the relevant Capital Scheme. The balances at the year-end are as follows:

2013/14 £000	Capital Grants Unapplied Account	2014/15 £000
210	Government grant for housing	210
0	Building Foundations for Growth	1,985
747	Community Infrastructure Levy	1,895
957		**4,090**

Note 34. Related Parties

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

Central government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties' e.g. council tax bills. Grants received from government departments are set out in the analysis in Note 27 on reporting resources allocation decisions and also in Notes 11 and 33 in respect of government grant.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 30. Some elected members are also members of other bodies, the most common being the County Council, Parish and Town Councils and Drainage Boards. In addition, the Council also nominates members to be its representative on various local and national organisations and also the Council provides some direct funding to local organisations.

The Council has a significant operational relationship with Cambridgeshire County Council. The County Council is the administering authority for the Council's pension fund and many of the Council's services work with County Council services on a day-to-day basis e.g. the Council is the statutory waste collection authority whereas the County Council is the statutory waste disposal authority but each of the Councils has to pay the other in respect of certain types of waste. With regard to transactions between the Council and Cambridgeshire County Council, for 2014/15, the Council has:

- paid £7.472m to Cambridgeshire County Council; £3.474m for pension payments and £3.998m for services (2013/14; £6.509m), and
- received £2.749m from the County Council (2013/14; £5.903m).

Each year the Council appoints members onto local organisations to represent the Council. The 'Representatives on Organisations' list was approved by Cabinet on the 17 July 2014 and a copy can be found at the following website location - http://moderngov.huntsdc.gov.uk:8070/documents/s67246/Reps%20on%20Organisation%202014.pdf

In respect of 2014/15:

- No officers have disclosed any significant interests.
- By 30 June 2014, of the 52 members who served during the year, 35 had returned a Related Party Transaction disclosure form, with one member sadly passing away before the forms were submitted. Following a comprehensive review of relevant statutory and voluntary disclosures and other “ad-hoc” information sources, two members, Councillor Morris and Councillor M Baker (as either an individual or family interest) has disclosed a related party with which there was a transaction requiring disclosure; this is shown below.

Councillor	Organisation	Relationship with Organisation	Payments received from the Council
Morris	King’s Street Housing Society	Board Member	£199,652 (crash bed for homelessness)
M Baker	Hunts Voluntary	Chairman	£37,000 (community grant for voluntary organisations)

With regard to this organisation, the Council has either procured goods or services or provided funding that has supported them in providing their core services. The items disclosed are in the normal course of business and are at arm’s length.

As mentioned in Note 6, the Council has entered into a ‘strategic partnership’ with Cambridge City Council and South Cambridgeshire District Council. In June 2014 a combined CCTV shared service was created between the Council and Cambridge City Council.

Note 35. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance 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. The CFR is analysed in the second part of this note.

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

2013/14 £000		2014/15 £000
26,972	**Opening Capital Financing Requirement**	**34,685**
7,537	Property, Plant and Equipment	2,315
524	Intangible Assets	157
5,779	Revenue Expenditure Funded from Capital under Statute	4,998
1,689	Repayable Advances	47
15,529	**Additional Requirement**	**7,517**
	Sources of finance	
(965)	Capital receipts	(1,087)
(5,413)	Grants and other contributions in year	(3,939)
(318)	Capital Grants Unapplied Reserve	0
(1,120)	Minimum revenue provision	(1,331)
0	S106 reserve	(371)
(7,816)		**(6,728)**
34,685	**Closing Capital Finance Requirement**	**35,474**
	Movements in year	
7,713	Increase in underlying need to borrowing (unsupported by government financial assistance)	789

Note 36. Leases

<u>Council as Lessee</u>

Finance Leases

The Council has acquired some industrial units under finance leases. The assets acquired under these leases are carried as investment property in the Balance Sheet at the following amounts:

2013/14 £000		2014/15 £000
1,773	Investment Properties	**1,773**

The Council is committed to making minimum payments under these leases, comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2013/14 £000		2014/15 £000
	Finance lease liabilities (net present value of minimum lease payments)	
0	Current	0
545	Non-current	545
3,027	Finance costs payable in future years	2,988
3,572	**Minimum lease payments**	**3,533**

The minimum lease payments will be payable over the following periods:

	Minimum lease payments		Finance lease payments	
	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Not later than 1 year	39	39	0	0
Later than 1 year and not later than 5 years	156	156	0	0
Later than 5 years	3,377	3,338	545	545
	3,572	**3,533**	**545**	**545**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 £0.081m contingent rents were payable by the Council (2013/14; £0.089m).

Operating Leases

The Council has a number of operating leases for land which vary from 3 years to 50 years. There were leases for pool cars and cars for individual members of staff, these have now been terminated, with no liability in 2013/14 or 2014/15, however, there were some residual payments totalling £0.014m within 2013/14. The operating lease payments made in the year, are as follows:

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

2013/14 £000		2014/15 £000
29	Not later than 1 year	27
73	Later than 1 year and not later than 5 years	59
28	Later than 5 years	15
130		**101**

The expenditure charged to the appropriate service in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2013/14 £000		2014/15 £000
66	Minimum lease payments	**61**

Service Concessions

The Council does not have any contracts that include service concessions

Council as Lessor

Finance leases

The Council has no finance leases as lessor.

Operating Leases

The Council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses.

The future lease payments receivable under non-cancellable leases in future years are noted below.

2013/14 £000		2014/15 £000
1,654	Not later than 1 year	1,628
5,703	Later than 1 year and not later than 5 years	5,848
19,367	Later than 5 years	17,999
26,724		**25,475**

The lease payments receivable do not include rents that are contingent on events taking place after the Balance Sheet date, such as adjustments following rent reviews.

Note 37. Impairment Losses

During 2014/15 the Council has recognised impairments to Property, Plant and Equipment of £0.024m (2013/14; £5.038m).

Note 38. Termination Benefits and Exit Packages

Other departures (Including Voluntary Redundancy):
In respect of:

- 2014/15, 0 voluntary redundancies were approved.
  A further employee left the council in 2014/15 where there was pension enhancement
- 2013/14, 4 voluntary redundancies were approved. All 4 left the Council in 2013/14.

Compulsory Redundancy:
In respect of:

- 2014/15, the Council approved the compulsory redundancy of 3 employees
- 2013/14, the Council approved the compulsory redundancy of 11 employees; 4 employees leaving the Council during 2013/14 and a further 7 leaving during 2014/15.

All costs in respect of Termination benefit and exit packages have been debited to the year in which the decision was made. The following table shows the banding of employee terminations and the total cost to the Council band.

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages agreed		Total cost of packages	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £000	2014/15 £000
£0 to less than £20,000	3	1	2	0	5	1	42	11
£20,000 to less than £40,000	2	0	2	1	4	1	111	23
£40,000 to less than £60,000	2	0	0	0	2	0	91	0
£60,000 to less than £80,000	2	0	0	0	2	0	144	0
£80,000 to less than £100,000	1	1	0	0	1	1	84	89
£100,000 to less than £150,000	1	1	0	0	1	1	114	126
	11	**3**	**4**	**1**	**15**	**4**	**586**	**249**

Note 39. Defined Benefit Pension Scheme

Participation in Pension Schemes

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

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

Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2013.
To avoid the impact of potential reductions in the workforce the actuary proposed that a fixed percentage of 17.8% be applied for 2014/15, 2015/16 and 2016/17.
This should be used to provide for future service liabilities, together with a lump sum contribution to reduce the existing deficit related to past service.
The lump sums proposed were:
2014/15 £0.789m
2015/16 £1.135m
2016/17 £1.510m

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

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The Council and employees pay contributions into a fund, at a level calculated to balance the pension liabilities with investment assets. 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 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:

2013/14 £000		2014/15 £000
	Comprehensive Income & Expenditure Statement	
	Cost of Services:	
3,579	Current Service Cost	3,648
44	Past Service Cost	203
	Financing and Investment Income and Expenditure:	
6,830	Net interest expense	6,965
(4,209)	Expected Return on Scheme Assets	(4,323)
6,244	**Total post-employment benefit charged to the deficit on the provision of services**	**6,493**
	Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:	
	Re-measurement of the net defined benefit liability comprising:	
2,943	Return on plan assets (Excluding the amount included in the net interest expense)	7,609
2,862	Actuarial gains and losses arising on changes in demographic assumptions	0
(7,387)	Actuarial gains and losses arising on changes in financial assumptions	(25,383)
834	Other experience	1,819
(748)		(15,955)
5,496	**Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement**	**9,462**
	Movement in Reserves Statement	
(6,244)	Reversal of net charges made to the surplus/deficit on the provision of services for post-employment benefits in accordance with the Code	(6,493)
	Actual amount charged against the General Fund Balance for Pensions in the Year:	
3,767	Employer's contributions payable to the scheme	3,686
195	Retirement benefits payable to pensioners*	142
(2,282)	**Total Movement in Reserves Statement**	**(2,665)**

* The unfunded benefits are those relating to the early retirement of scheme members where the Council makes an additional contribution to the Pension Fund

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2015 is a loss of £69.59m, and to the 31 March 2014 is a loss of £53.634m.

Assets and Liabilities in relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities in respect of Huntingdonshire District Council:

31 March 2014 £000		31 March 2015 £000
151,909	**Opening balance as at 1 April**	**162,360**
3,579	Current Service Cost	3,648
6,830	Interest Cost	6,965
947	Contributions by scheme participants	951
(2,862)	Actuarial losses / (gains) from changes in demographic	0
7,387	Actuarial losses / (gains) from changes in financial assumptions	25,383
(834)	Other	(1,819)
44	Past service costs	203
(4,445)	Benefits paid	(5,216)
(195)	Estimated unfunded benefits paid *	(142)
162,360	**Closing balance at 31 March**	**192,333**

* The unfunded benefits are those relating to the early retirement of scheme members where the Council makes an additional contribution to the Pension Fund

Reconciliation of fair value of the scheme assets in respect of Huntingdonshire District Council:

31 March 2014 £000		31 March 2015 £000
93,475	**Opening fair value of scheme assets balance as at 1 April**	**100,896**
4,209	Interest Income	4,323
2,943	The return on plan assets (Excluding amount included in net interest expense)	7,609
3,767	Contributions by the employer	3,686
947	Contributions by employees into the scheme	951
195	Contributions for unfunded benefits*	142
(4,445)	Benefits paid	(5,216)
(195)	Unfunded benefits paid*	(142)
100,896	**Closing Balance at 31 March**	**112,249**

* The unfunded benefits are those relating to the early retirement of scheme members where the Council makes an additional contribution to the Pension Fund.

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

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

The actual return on scheme assets in the year was £11.932m (2013/14; £7.152m).

Scheme History

2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000		2014/15 £000
(123,552)	(132,435)	(151,909)	(162,360)	Present value of liabilities	(192,333)
82,115	81,094	93,475	100,896	Fair value of assets	112,249
(41,437)	**(51,341)**	**(58,434)**	**(61,464)**	**Deficit in the scheme**	**(80,084)**

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment benefits. The total liability of £192.33m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £80.08m. However, the statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme and actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Council expects to contribute £3.63m into Cambridgeshire County Council's Local Government Pension Fund in the year to 31 March 2016. With regard to discretionary benefits, there were no such awards in 2014/15 (2013/14; Nil).

Basis for estimating Liabilities and Assets

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2013. The results of this valuation were projected forward using approximate methods.

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

2013/14	County Fund – Main Assumptions	2014/15
4.6%	Rate of increase in salaries	4.3%
2.8%	Rate of increase in pensions	2.4%
4.3%	Rate of discounting scheme liabilities	3.2%
	Mortality assumptions:	
	Longevity at 65 for current pensioners	
22.5 years	Men	22.5 years
24.5 years	Women	24.5 years
	Longevity at 65 for future pensioners	
24.4 years	Men	24.4 years
26.9 years	Women	26.9 years

Local Government Pension Scheme Assets Comprised:

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

31 March 2014 £000		31 March 2015 £000
1,345	Cash and cash equivalents	3,364
	Equity instruments by industry:	
8,810	Consumer	11,118
8,327	Manufacturing	6,882
3,575	Energy and utilities	3,162
10,179	Financial institutions	9,180
2,975	Health and care	5,465
6,033	Information technology	5,075
280	Other	0
40,179	Sub-total equity	40,882
	Private equity:	
6,002	All not in active markets	7,958
6,002	Sub-total private equity	7,958
	Other investment funds:	
15,380	Bonds	17,115
32,442	Equity	34,579
5,548	Other	8,351
53,370	Sub-total other investment funds	60,045
100,896	**Total Assets**	**112,249**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2014/15 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2015.

2010/11	2011/12	2012/13	2012/13 Restated	2013/14		2014/15
(2.17%)	(6.3%)	8.1%	8.85 %	2.92%	Differences between expected and actual return on assets	2.62%
(1.54%)	(1.1%)	0.06%	0.06%	0.51%	Experience gains/ losses on liabilities	0.95%

Assumptions from 2010/11 to 2011/12 have not been restated since updated assumptions were not obtained from the Scheme Valuer.

Sensitivity analysis:

Increase in assumption 31 March 2014 £000	Impact on the defined benefit obligation in the scheme	Increase in assumption 31 March 2015 £000
4,871	Longevity (increase or decrease in 1 year)	5,770
5,210	Rate of increase in salaries (increase or decrease by 0.5%)	6,719
10,519	Rate of increase in pensions (increase or decrease by 0.5%)	12,732
(15,961)	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(19,905)

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

Note 40. Provisions, Contingent Assets and Liabilities

Provision

	Short Term Provision				
	Enterprise Zone Retained NDR (1) £000	**NDR Appeals Provision (2) £000**	**Employee Litigation (3) £000**	**Local Land & Charges (4) £000**	**Total £000**
Balance at 31 March 2014	**79**	**2,054**	**0**	**0**	**2,133**
Amounts used in 2014/15	0	(1,411)	0	0	**(1,411)**
Amounts charged 2014/15	0	2,676	39	198	**2,913**
Balance at 31 March 2015	**79**	**3,319**	**39**	**198**	**3,635**

Short Term Provision

1. Enterprise Zone Retained NDR
The Council retains the Non Domestic Rates (NDR) income arising from increases in the rateable value of premises within the Alconbury Weald Enterprise Zone; however, there is a requirement to apply this retention to the Enterprise Zone. As no formal request to draw down this retention had been made by the Local Enterprise Partnership as at 31 March 2015, a provision for this liability has been recognised.

2. NDR Appeals Provision
As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review which included taking external expert advice a provision for appeals outstanding was estimated to be £8.298m; of which £3.319m would have to be met by the Council, and £4.979m by other Collection Fund participants.

3. Employee Litigation
Amount set aside to meet the cost of employee litigation.

4. Local Land Charges
A group of Property Search Companies have sought to claim refunds on Land Charges from Local Authorities. The Council has been informed that the settlement of this claim will be within the next 12 months, although this claim has neither been verified nor accepted by the Council. The provision included is a prudent estimate based on the latest information available and includes legal costs and interest.

Contingent Liabilities

The Council's Contingent Liabilities cover various on-going litigations and these are detailed below. In the 2013/14 Annual Financial Report (Note 40) the total value of liabilities that was reported was £4.625m; however, this included £0.186m in respect of Local Land Charges. During 2015/16, the variables relating to the Local Land Charges liability have crystallised and it is now shown within the Provisions table shown earlier within this note. Consequently, the total expected value of these liabilities is £4.746m (2013/14; £4.439m)

2013/14 Estimated value of contingent liability £000	Details of Contingent Liability	2014/15 Estimated value of contingent liability £000
	Environmental Related:	
3,450	**Contaminated Land** The Environmental Protection Act 1990 Part IIA makes the Council Liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. If the planning application made to the County Council is approved, this will reduce the probability of abandonment and the likelihood of the Council becoming liable will reduce considerably. However, at this time there is a possibility that the Council could be liable if the site is abandoned. Current estimates are that the cost of leachate treatment would cost £150,000 per annum for 30 Years.	3,750
3,450	**Total for Environmental Related**	**3,750**
	Housing Related:	
458	**Disabled Facilities Grants** The Council has agreed to paying disabled facilities grants; however, as yet the schemes have not yet started. The expense will only be incurred if the householders carry out the home alterations.	465
458	**Total for Housing Related**	**465**

	Corporate Related	
511	**Municipal Mutual Insurance Liquidation**	511
	Some years ago, the Council was insured by Municipal Mutual Insurance (MMI); unfortunately whilst the Council was insured by MMI they went into liquidation. Following the collapse of MMI, a Scheme of Arrangement was made that allowed MMI to 'run-off' the business and deal with outstanding claims. Due to increasing numbers of liability claims that MMI continued to receive, MMI pursed the matter of their continuing liability through the Courts. The Supreme Court gave judgement in March 2012. This clarified MMI's position in respect of future claims and led ultimately to increasing liabilities for MMI. The Council's Insurance Brokers informed the Council that following a February 2013 creditors meeting, the Scheme of Arrangement was likely to be enforced and in January 2014 a levy was charged against the Council, totalling £90,206, which represents 15% of the total claims paid by MMI on behalf of the Council since 1993 (£0.601m). The Contingent Liability shown for 2014/15 is the balance of the total claims paid by MMI on behalf of the Council.	
20	**Assets of Community Value**	20
	In 2014/15, the Council has listed 2 sites owned by private individuals or companies as Assets of Community Value, as required by the Localism Act 2011. The Assets of Community Value scheme includes provisions for owners to claim compensation for loss and expense incurred through the assets being listed or previously listed. All claims must be considered and decisions may be subject to a review and an independent appeal. The Council is liable for all compensation payments awarded up to a maximum of £20,000 in each financial year.	
531	**Total for Corporate Related**	**531**
4,439	**Total for Contingent Liabilities**	**4,746**

The above litigations are prudent estimates of the potential cost to the Council. It is not possible, due to considerations of legal privilege to either provide further information or to give an assessment of the likelihood of success of any of the litigations.

Note 41. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise as a result of changes in measures such as interest rates.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the treasury management team with due regard to the Annual Treasury Management Strategy approved by the Council.

<u>Credit risk</u>

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

In relation to investments the Council has adopted CIPFA's *Code of Practice on Treasury Management in the Public Services,* has an agreed Treasury Management Strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £17.908m (2013/14; £23.340m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2015 that this was likely to occur and there are no investments that as at 31 March 2015, were with institutions that had failed.

In relation to the sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts whilst maintaining a robust approach to the collection of debts. The older the debt, the greater is the provision for bad debts. The bad debt provision has taken into account the current economic climate and the increased likelihood of debtors not being able to settle their debts.

The following analysis summarises the Council's potential maximum exposure to credit risk on receivables, based on historical experience of default and uncollectability. It relates to the sundry debtors element of the total debtors, including debts of individuals, entities and housing benefit claimants.

	Amount at 31 March 2015 £000	Historical experience of default %	Historical experience of default adjusted for market conditions %	Impairment allowance 31 March 2015 £000	Impairment allowance 31 March 2014 £000
Sundry debtors	3,146	4.55%	4.55%	1,471	1,337

The Council does not generally allow credit for customers. The past due, but not impaired amount can be analysed by age as follows:

31/03/14 £000		31/03/15 £000
268	Less than three months	260
227	Three to six months	220
795	Six months to one year	1,197
1,313	More than one year	1,469
2,603		**3,146**

Liquidity risk

The Council maintains a cash flow projection that assists in ensuring that cash is available as needed. If unexpected movement happens the Council has ready access to borrowings from the money markets, and if necessary from the Public Works Loans Board (PWLB), although the Council does not generally use the PWLB for short-term cash-flow deficits. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is shown below. The financial liabilities of more than one year are loans with the PWLB of which £1.3m matures in August 2023 and £5m each in December 2057 and 2058. Therefore there is no immediate concern about funding the repayment.

31/03/14 £000		31/03/15 £000
6,282	Less than one year	281
11,368	More than one year	11,202
17,650		**11,483**

All trade and other payables are due to be paid in less than one year.

Market risk – interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of liabilities borrowings will fall.

- Investment at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

However the impact on the Surplus or Deficit on the Provision of Services is reduced because the Council does not generally borrow or invest at variable rates. Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The Council manages interest rate risk by not having any borrowings in variable rate loans. At times of falling interest rates and where economic circumstances make it favourable, consideration would be given to repaying fixed rate loans early to limit exposure to losses.

The treasury management team assesses the interest rate exposure that feeds into the setting of the annual budget and it is used to update the budget at least quarterly during the year.

If in 2014/15 interest rates on all of its investments and borrowings had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on borrowings of less than 1 year	0
Increase in interest receivable on investments of less than 1 year	79
Impact on the surplus on the Provision of Services	79
Increase in the fair value of fixed rate investments	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings (No impact on the Comprehensive Income and Expenditure Statement)	3,194

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk and foreign exchange risk

The Council does not hold equity shares and does not hold foreign currency; consequently these risks are not applicable.

Collection Fund

Non-Domestic Rates 2013/14 £000	Council Tax 2013/14 £000	TOTAL 2013/14 £000		Non-Domestic Rates 2014/15 £000	Council Tax 2014/15 £000	TOTAL 2014/15 £000
			INCOME			
0	(88,721)	(88,721)	Council Tax Receivable	0	(91,905)	(91,905)
(55,343)	0	(55,343)	Non Domestic Rates Receivable	(55,700)	0	(55,700)
(512)	0	(512)	Enterprise Zone Relief	0	0	0
(71)	0	(71)	Transitional Relief	0	0	0
(55,926)	**(88,721)**	**(144,647)**	**Total Income**	**(55,700)**	**(91,905)**	**(147,605)**
			EXPENDITURE			
			Repay Previous Years Surplus			
0	0	0	Central Government	(1,423)	0	(1,423)
0	76	76	District Council - General	(1,138)	101	(1,037)
0	404	404	County Council	(256)	520	264
0	64	64	Police	0	84	84
0	14	14	Fire	(28)	30	2
0	558	558		(2845)	735	(2110)
			Precepts Demands and Shares			
28,674	0	28,674	Central Government	29,029	0	29,029
23,422	7,506	30,928	District Council - General	24,327	7,639	31,966
0	4,649	4,649	District Council - Parishes	0	4,819	4,819
270	0	270	District Council - Retained Amounts	223	0	223
5,270	61,997	67,267	County Council	5,229	64,351	69,580
0	10,028	10,028	Police	0	10,402	10,402
586	3,622	4,208	Fire	581	3,686	4,267
58,222	87,802	146,024		59,389	90,897	150,286
			Charges to Collection Fund			
262	289	551	Less Write Off Uncollectable Amounts	73	219	292
(69)	12	(57)	Less Increase / (Decrease) in Bad Debt Provision	237	(31)	206
5,135	0	5,135	Less Increase / (Decrease) in Provision for Appeals	3,163	0	3,163
221	0	221	Less Cost of Collection	222	0	222
5,549	301	5,850		3,695	188	3,883
63,771	**88,661**	**152,432**	**Total Expenditure**	**60,239**	**91,820**	**152,059**
			Movement in Fund Balance			
7,845	**(60)**	**7,785**	**(Surplus)/Deficit For Year**	**4,539**	**(85)**	**4,454**
0	(713)	(713)	(Surplus)/Deficit Brought Forward 1 April	7,845	(773)	7,072
7,845	**(773)**	**7,072**	**(Surplus)/Deficit Carried Forward 31 March**	**12,384**	**(858)**	**11,526**

Notes to the Collection Fund

1. Purpose of Fund

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

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

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

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

2. Council Tax

Tax base at 31 March 2015 **Tax band**	**Properties**	**Exemptions & discounts**	**Band D multiplier**	**Band D equivalent**
A	11,432	(2,027)	6/9	6,270
B	19,678	(2,345)	7/9	13,482
C	17,547	(1,607)	8/9	14,169
D	11,632	(871)	9/9	10,761
E	8,783	(659)	11/9	9,929
F	3,640	(261)	13/9	4,881
G	1,711	(122)	15/9	2,649
H	163	(26)	18/9	274
Total	**74,586**	**(7,918)**		**62,415**

Council tax charge per band D property for 2014/15 £1,584.76.
Council tax charge per band D property for 2013/14 £1,557.92.

3. Non Domestic Rates (NDR)

The uniform business rate set by the Government for 2014/15 was 48.2p (2013/14 46.2p).

Total rateable value at 31 March 2015 £142.03m.
Total rateable value at 31 March 2014 £140.80m.

4. Non Domestic Rates Appeals

The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of individual estimates for the outcome of each outstanding appeal rather than a mean estimate for all appeals. The appeals provision was based on a review by expert opinion from “inform CPI Limited”. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by the Safety Net calculation (the calculation of which is limited by regulation).

A 10% variation in the estimated provision would be £0.829m for the Collection Fund.

It should be noted that no adjustment, or other disclosure, has been made in respect of NDR Appeals that have yet to be lodged by local businesses.

GLOSSARY OF TERMS AND ABBREVIATIONS

GLOSSARY OF TERMS

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

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

Amortisation
The gradual write off of initial costs of assets.

Asset
An item having value to the Council in monetary terms.

Balance
Unallocated reserves held to resource unpredictable expenditure demands.

Business Improvement District
A levy on local business to provide funding to develop the immediate area covered by the levy. The levy is agreed by majority vote.

Capital Charges
Charges made to service department revenue accounts, comprising depreciation (where appropriate) based on the value of the asset employed.

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

Capital Financing Charges
The annual cost of depreciation, leasing charges and other costs of funding capital expenditure.

Capital Adjustment Account
The account which reflects the extent to which the District Council's resources have been applied to finance capital expenditure and to meet future debt redemption or other credit liabilities.

Capital Receipts
Income received from selling non-current assets.

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

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

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

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

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

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

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

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

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

Depreciation
The amount an asset has dropped in value is the amount it has been judged to have depreciated. Accountants use depreciation to demonstrate how much of the property, plant and equipment value has been used and therefore lowered during a financial year, for example because of wear and tear.

Earmarked Reserves
Money set aside for a specific purpose.

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

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

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

Impairment
A reduction in the value of property, plant and equipment to below its carrying amount on the Balance Sheet.

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

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

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

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

Local Enterprise Partnership
A Government initiative to boost economic growth within defined and agreed geographical areas. Funding to enable this growth is derived from the Non Domestic Rates collected for that area and channelled into the “partnership” to fund schemes.

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

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

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

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

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

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

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

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

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

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

Revenue Expenditure Funded from Capital under Statute
Spending on items normally classed as revenue but which are defined by statute as capital e.g. improvement grants.

Revaluation Reserve The account that reflects the amount by which the value of the Council’s assets has been revised following revaluation or disposal.

Revenue Expenditure
Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

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

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

Section 106
Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

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

True and Fair View Override
As required by the Accounts and Audit Regulations 2011, paragraph 8.2, the Responsible Financial Officer is required to certify that the statement of accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the “true and fair view override”. This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e. to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

Zero Based Budgeting
A budgeting methodology where the starting point is zero and the budget is based on service need and anticipated demand for that year.

ABBREVIATIONS

CFR Capital Financing Requirement

CIES Comprehensive Income and Expenditure Statement

CIL Community Infrastructure Levy

CIPFA Chartered Institute of Public Finance and Accountancy

CPFA Chartered Public Finance Accountant

DCLG Department for Communities and Local Government

DRC Depreciated replacement cost

FTE Full Time Equivalent

IAS International Accounting Standards

IFRIC International Financial Reporting Interpretations Committee

IFRS International Financial Reporting Standards

LEP Local Enterprise Partnership

LGPS Local Government Pension Scheme

LLPG Local Land and Property Gazetteer (UK)

MRP Minimum Revenue Provision

MTFS Medium Term Financial Strategy

NBV Net Book Value

NDR Non Domestic Rates

NNDR National Non Domestic Rates (Business Rates)

PWLB Public Works Loans Board

RICS Royal Institution of Chartered Surveyors

RSG Revenue Support Grant

S106 Section 106

SOLACE Society of Local Authority Chief Executives

ZBB Zero Based Budgeting