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Cambridge City Council

Civic Affairs

Committee Members: Councillors McPherson (Chair), Benstead (Vice-Chair), Cantrill, Holt, Robertson and Sinnott

Alternates: Councillors Pitt and Ratcliffe

Published & Despatched: Tuesday, 8 September 2015

Date: Wednesday, 16 September 2015
Time: 6.00 pm
Venue: Committee Room 1 & 2 - Guildhall
Contact: Sarah Steed

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

Members are asked to declare at this stage any interests that they may have in any of the following items on the agenda. If any member is unsure whether or not they should declare an interest on a particular matter, they are requested to seek advice from the Head of Legal Services before the meeting.

3 MINUTES OF PREVIOUS MEETING *(Pages 7 - 14)*

To approve the minutes of the meeting held on 26 June 2015.

4 PUBLIC QUESTIONS

5 STATEMENT OF ACCOUNTS 2014-15 *(Pages 15 - 164)*

6 INTERNAL AUDIT PLAN 2015 / 2016: PROGRESS *(Pages 165 - 186)*

7 ANNUAL COMPLAINTS REPORT 2014-15 *(Pages 187 - 218)*

8 INDIVIDUAL ELECTORAL REGISTRATION/REVIEW OF 2015 ELECTIONS *(Pages 219 - 230)*

9 MEETING CALENDAR REPORT *(Pages 231 - 234)*

Information for the Public

Location

The meeting is in the Guildhall on the Market Square (CB2 3QJ).

Between 9 a.m. and 5 p.m. the building is accessible via Peas Hill, Guildhall Street and the Market Square entrances.

After 5 p.m. access is via the Peas Hill entrance.

All the meeting rooms (Committee Room 1, Committee 2 and the Council Chamber) are on the first floor, and are accessible via lifts or stairs.

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CIVIC AFFAIRS

26 June 2015

5.00 - 7.30 pm

Present: Councillors McPherson (Chair), Benstead (Vice-Chair), Holt, Robertson and Sinnott and Pitt

Officers present:

Chief Executive: Antoinette Jackson

Director of Resources: Ray Ward

Head of Legal Services: Simon Pugh

Head of Finance: Caroline Ryba

Democratic Services Manager: Gary Clift

Principal Accountant (Technical & Financial Accounting): Charity Main

Principal Auditor: Bridget Bishop

Committee Manager: Sarah Steed

Others present:

Councillors Bick, Hipkin and Herbert for Item 15/35/Civ

Director of Ernst & Young: Mark Hodgson

Deputy Independent Person: Rob Bennett

FOR THE INFORMATION OF THE COUNCIL**15/31/CIV Apologies for Absence**

Apologies for absence were submitted from Sean Brady (Independent Person) and Councillor Cantrill, Councillor Pitt attended as the alternate.

15/32/CIV Declarations of Interest

No interests were declared.

15/33/CIV Minutes of Previous Meeting

The minutes of the meetings held on 18 and 28 May 2015 were approved as a correct record and signed by the Chair.

15/34/CIV Public Questions

There were no public questions.

15/35/CIV Cambridgeshire Boundary Review

The committee received a report from the Democratic Services Manager regarding the Cambridgeshire Boundary Review.

The Liberal Democrat Group had circulated three amendments to the Boundary Commission's draft recommendations.

Councillor Hipkin addressed the committee and made the following points:

- i. It would be good to have the City Council support for 63 rather than 61 County Councillors; this would assist County Councillors that may find themselves disadvantaged.
- ii. Happy that the City Council did not support a two member division in the City.
- iii. The Boundary Commission should give higher priority to community cohesion.

Councillor Bick addressed the committee on the Liberal Democrat amendments and made the following points:

- i. Supported the comments made by Councillor Hipkin.
- ii. All 3 proposals were based on the Local Government Boundary plans.
- iii. Invited the Committee to consider Mill Road as an obvious boundary.
- iv. The numbers used in the proposal were credible and deserved consideration.

Councillor Herbert addressed the committee and made the following points:

- i. Growth included additional growth, there were no proposals in the Local Plan which significantly altered the numbers to the south of the city.
- ii. There was some merit to support the County Council in exact numbers.
- iii. There may be some merit in amendment 3 however the County Council were better placed to discuss this. The robustness of electoral equality between Castle and Newnham, to advocate two separate divisions should be further explored.

After discussion on the Liberal Democrat amendments, members requested that each proposal be voted on separately.

(1) St Paul's and St Matthews proposed Divisions

On a show of hands proposal (1) was lost by 2 votes to 4 votes.

(2) Romsey Ward (with adjustments to Barnwell, QE, St Matthew's / "Easterly")

On a show of hands proposal (2) was lost by 2 votes to 4 votes.

(3) Arbury and Castle & Newnham / Castle division

On a show of hands proposal (3) was lost by 2 votes to 4 votes.

On dealing with electoral equality of Castle / Newnham Councillor Pitt proposed the following amendment to the Officer recommendation 2.i) (additional text underlined)

To oppose the two member division recommended by the Commission for Castle/Newnham and to propose instead two single member divisions for Castle and Newnham with Madingley Road being the basis of the boundary line as submitted by the City Council to the Commission in January 2015.

This would enable inclusion of some addresses from Castle to Newnham eg: Churchill College.

On a show of hands the Committee resolved unanimously to endorse the amended recommendation 2.i).

On a show of hands the Committee resolved unanimously to endorse the officer recommendation 2.ii).

Councillor Robertson proposed the following additional recommendation 2.iii) The division named Barnwell be named Abbey

On a show of hands the additional recommendation 2.iii) was agreed by 4 votes to 0.

15/36/CIV Review of the Members Allowances Scheme

The committee received a report from the Democratic Services Manager regarding the review of the Member Allowances Scheme.

In response to members' questions the Chief Executive summarised the amendments Members requested to the Panel's Terms of Reference in paragraph 3.7 to the Officer recommendation 2.1) (additional text underlined):

To recommend a scheme or schemes to the Council which-

- i. recognises that councillors undertake council work for the sake of public service and not private gain
- ii. recognises in both basic and special responsibility allowances the varying demands placed upon councillors, dependent upon their roles and responsibilities
- iii. fairly and equitably compensates councillors, so far as the Panel thinks appropriate, for the time and effort they can reasonably be expected to devote to their work as a councillor
- iv. is economic, efficient to administer and effective
- v. is easy to understand and explain
- vi. recognises the level of out of pocket expenses councillors incur
- vii. has flexibility to reflect changes of responsibilities of councillors during the course of the year
- viii. ensures that a benchmarking exercise is undertaken with other comparable Councils.
- ix. ensures that equality and diversity implications are considered so that a diverse range of Councillors can be attracted.

Resolved (unanimously) to:

- i. Agree the Panel's Terms of Reference in paragraph 3.7 as amended.
- ii. Agree the approach to recruiting the Panel as set out in paragraph 3.9

15/37/CIV Changes To The Officer Employment Procedure Rules In Respect Of Disciplinary Action

The committee received a report from the Head of Legal Services regarding the changes to the Officer Employment Procedures Rules in respect of disciplinary action.

In response to members' questions the Head of Legal Services said the following:

- i. The independent person was appointed to act as a statutory watchdog; one of their duties was to consider complaints about councillors' code of conduct and he was satisfied there were sufficient resources to be able to cover any absences.

Resolved (unanimously) to recommend to Council to:

- i. Amend the Officer Employment Procedure Rules in accordance with Appendix 1 to this report.

- ii. Amend the terms of reference of the Employment (Senior Officer) Committee in accordance with Appendix 2 to this report.
- iii. Authorise the Head of Human Resources to convene a panel of “independent persons”, as and when required by the Local Authorities (Standing Orders) (England) Regulations 2001 and to determine its procedure.

15/38/CIV Annual Report On Prevention Of Fraud & Corruption Policy

The committee received a report from the Principal Auditor regarding the annual report on the Prevention of Fraud & Corruption Policy.

In response to members’ questions the Principal Auditor, Benefits Manager and the Chief Executive said the following:

- i. Regarding investigations into Council Tax discounts, the amounts recovered were quite small but the number of cases was large.
- ii. At any given time there was approximately 8400 benefit claims, the numbers of fraud involved were small but some were of high value.
- iii. There was a two pronged approach for investigations, there was a robust approach for checking applications and the claim would be monitored for error and fraud during the period of the claim.
- iv. The Whistleblowing procedure was in place to allow officers to raise concerns about possible corruption in the Council. The risks of both fraud and corruption would be covered as part of the action in the Annual governance Statement to review fraud risks facing the Council.
- v. The risk of corruption was also mitigated through a number of checks and balances during the course of the Council’s procurement processes it was not just about waiting for people to point out fraud and/or corruption.

Resolved (unanimously) to:

- i. Approve the changes recommended to the Policy at Appendix 1
- ii. Note the details of the fraud-whistleblowing activity provided for in the 1 April 2014 – 31 March 2015 in section 3 of the report.

15/39/CIV Effectiveness of Internal Audit: Annual Review 2014 / 2015

The committee received a report from the Director of Business Transformation regarding the Review of Effectiveness.

Councillor Pitt thanked the Audit Team for their hard work and also requested that the proposed external assessment of Internal Audit gave consideration to the support that the Civic Affairs Committee could offer.

Resolved (Unanimously) to:

- i. Note the Review of Effectiveness

15/40/CIV Annual Audit Opinion 2014 / 2015

The committee received a report from the Head of Internal Audit presented by the Principal Auditor regarding the Annual Audit Opinion 2014/15.

In response to members' questions, the Chief Executive and the Principal Auditor said the following:

- i. Audit work did not pick up ward based complaints, if there was a significant complaint then the Ward Councillor would have been informed. The Committee was provided with an annual complaints report which was another mechanism to check when things did not go quite right.
- ii. Since the last Committee there were three overdue actions from pre-2012/13 audit reports. Internal Audit were working with the managers concerned on these and there were reasons why these matters were not closed.
- iii. The fact that the Committee was showing interest in overdue actions helped to focus the attention of Officers.

Resolved (unanimously) to:

- i. Note the opinion of the Head of Internal Audit.

15/41/CIV Assurance Framework, Draft Annual Governance Statement and Draft Code of Corporate Governance 2014/15

The committee received a report from the Head of Legal Services and Monitoring Officer and the Head of Internal Audit regarding the Assurance Framework, Draft Annual Governance Statement and the Draft Code of Corporate Governance 2014/15.

The Committee made the following comment:

- i. Hoped the action plan delivered what was needed and it also provided a useful summary of where the Council was going.

Resolved (unanimously):

- i. To note the arrangements for compiling, reporting on and signing the Annual Governance Statement (AGS).
- ii. Reviewed the draft AGS and incorporated action plan (Appendix A) having regard to the Head of Internal Audit Annual Opinion and
- iii. Advised the Leader of the Council and the Chief Executive on any issues that arose from the draft AGS and action plan.
- iv. Recommend to Council to approve the Code of Corporate Governance (Appendix B) on the 23 July 2015.

15/42/CIV External Audit 2014/15 Audit Plan

The committee received a report from the Principal Accountant (Technical & Financial Accounting) regarding the External Audit 2014/15 and an Audit Plan from the Director of Ernst & Young.

In response to members' questions the Director of Ernst & Young said the following:

- i. Materiality was defined as the level at which an omission or error would mislead a lay person. This was a matter on which every auditor exercised their professional judgement.
- ii. The valuation of the investment in the CCLA Property Fund on p168 of the report was identified as risk partly because the investment was new and because the value was above the threshold.

Resolved (unanimously) to:

- i. Note the contents of the external audit plan.

15/43/CIV Statement of Accounts 2014-15

The committee received a report from the Principal Accountant (Technical & Financial Accounting) regarding the Statement of Accounts for the year ended 31 March 2015.

The Principal Accountant (Technical & Financial Accounting) circulated an A4 sheet which detailed changes to the accounts since the Civic Affairs agenda had been published and also a further A4 sheet which explained the accounting for the CCLA Property Fund.

In response to members' questions the Principal Accountant (Technical & Financial Accounting) and the Director of Ernst & Young said the following:

- i. In relation to the changes made to the accounts since the publication of the agenda, confirmed that the fourth item on the A4 update sheet which detailed changes to the accounts did not affect the level of General Fund reserves. However, it did reduce earmarked reserves as the amount was now included as a provision on the Council's balance sheet.
- ii. The overall opening valuation in the accounts had not changed in relation to Clay Farm; what had changed was the split between the land which was to be retained and the value for the land which was to be sold. There was a specific clause with the s106 agreement which detailed how the affordable housing land should be valued. Once the land was built on, the land would be re-valued.
- iii. The Council purchased units in the CCLA Property Fund at the offer price. This reflected the legal and professional fees incurred by the CCLA on investing the money in property. When the property was valued for accounting purposes the Code of Practice on Local Authority Accounting mandated that the bid price was used and this was why there was an unrealised loss on p223 of the report. It was not unusual to have an unrealised loss.

Resolved (unanimously) to:

- i. Note the contents of the draft Statement of Accounts presented at Appendix 1 and approve the accounting policies and treatments on which they are prepared.

The meeting ended at 7.30 pm

CHAIR

CAMBRIDGE CITY COUNCIL

REPORT OF: Head of Finance

TO: Civic Affairs Committee

16/09/2015

WARDS: None directly affected

ERNST & YOUNG EXTERNAL AUDIT CONCLUSIONS AND APPROVAL OF STATEMENT OF ACCOUNTS

1 INTRODUCTION

- 1.1 The external audit of the Statement of Accounts for 2014/15 by Ernst & Young (EY) is underway and is expected to be concluded by mid-September. Before giving their formal opinion on the accounts there is a requirement to present their audit findings and to obtain a letter of management representation signed by both the Head of Finance and a member on behalf of 'those charged with governance.' Under the Council's Constitution, this responsibility rests with the Civic Affairs Committee.
- 1.2 EY will be at the meeting to present and discuss their audit findings.
- 1.3 The Accounts and Audit Regulations require that the accounts be approved by resolution of a committee of the Council (or the full Council) by 30 September. Under the Council's Constitution, this responsibility rests with the Civic Affairs Committee.

2. RECOMMENDATIONS

- 2.1 That the Committee receive the audit findings presented by EY.
- 2.2 That the Statement of Accounts for the year ending 31 March 2015 be approved.
- 2.3 That the Chair of the meeting be authorised to sign the Letter of Representation and Statement of Accounts for the financial year ending 31 March 2015 on behalf of the Council.

3. BACKGROUND

- 3.1 Approval of the Statement of Accounts for 2014/15 by the Civic Affairs Committee and publication of those accounts is required by 30 September 2015, in line with the Accounts and Audit Regulations.
- 3.2 The Civic Affairs Committee reviewed the draft Statement of Accounts for 2014/15 on 26 June 2015. EY have since been carrying out their audit. The changes made to the accounts agreed to date are discussed in section 4 below. The revised version of the Annual Report and Statement of Accounts, incorporating these changes, is provided at Appendix A.
- 3.3 International Auditing Standard (UK and Ireland) 260 requires auditors to communicate a number of matters to those charged with governance, before issuing their audit opinion.
- 3.4 International Auditing Standard (UK and Ireland) 580 requires the auditor to have received a Letter of Representation drawn up by the Council that provides written confirmation on matters that might be relevant or significant to the statement of accounts. This letter is signed as near as possible to the date of the auditor issuing his opinion. The auditing standard requires that the letter is 'discussed and agreed by those charged with governance and signed on their behalf..... to ensure that all those charged with governance are aware of the representations on which the auditor intends to rely in expressing the auditor's opinion on those financial statements'. EY therefore requires the Letter of Representation to be signed by the Head of Finance and by the Chair of Civic Affairs Committee. A draft of the letter based on that provided last year is included at Appendix B.

4. CHANGES TO THE ACCOUNTS SINCE CIVIC AFFAIRS REVIEW IN JUNE

- 4.1 Over the summer the Valuation Office Agency has started settling appeals in respect of purpose built doctor's surgeries following an Upper Tribunal decision earlier in the year which changed the basis of valuation. The evidence both locally and nationally is that this change has significantly reduced the rateable value of these properties. Although the reduction varies, it is generally around 70% and can be backdated to 1 April 2010 in some cases. These settlements provide evidence of events that existed at the balance

sheet date so in line with the Code of Practice on Local Authority Accounting (The Code) officers have revised the provision for business rates appeals as an adjusting post balance sheet event.

- 4.2 The business rates appeals provision in the Collection Fund has been increased by £2,560k. The Council's share of this is £1,024k. This reduces the Council's share of business rates income for the year and although under statute this is not borne by the General Fund in 2014/15, the Council's policy is to transfer the sum to an earmarked reserve to reflect the liability to pay in future years. The reduction in business rates income also reduces the levy payable by the Council to Central Government in respect of 2014/15 by £512k.
- 4.3 The overall impact of the revision to the appeals provision is to reduce General Fund reserves by £512k, and increase earmarked reserves by £1,024k. The Movement in Reserves Statement (page 9 of the accounts), Balance Sheet, Comprehensive Income and Statement and Collection Fund statement have been adjusted together with the associated notes.
- 4.4 In addition to this change, a number of other changes to the draft accounts presented to Civic Affairs in June 2015 have been agreed following the external audit.
- 4.5 As disclosed in the draft accounts revaluation gains have been credited to the Comprehensive Income and Expenditure Statement to reverse previous revaluation losses. Where this is the case, the Code limits the amount that can be credited by effectively requiring calculation of an adjusting charge for the depreciation that would have been debited to the accounts had the original loss not been posted. In line with the treatment adopted in our fixed asset software the Council presented this depreciation adjustment (totalling £1,920k) in the depreciation charge. EY have asked that it is instead netted off the revaluation gains credited to income and expenditure. This adjustment has been made and is largely a presentational adjustment in the notes to the accounts. It has no effect on the Movement in Reserves, Comprehensive Income and Expenditure Statement or Balance Sheet.
- 4.6 The external audit identified that a £151k increase in the value of an investment property had been included in the Housing Revenue Account (HRA), rather than the General Fund in error. This error has no overall impact on General Fund or HRA usable reserves as these movements are reversed as an adjustment between accounting basis and funding basis in the Movement in Reserves Statement. The

Movement in Reserves Statement (page 9 of the accounts) and the associated note to the accounts (Note 4) have been adjusted, together with the HRA Income and Expenditure Statement and the Statement of Movement on the HRA Balance.

- 4.7 EY has reviewed the financial instruments disclosures in the notes to the accounts and a number of adjustments have been made.
- 4.8 In line with practice in previous years the comparative 2013/14 audit fee (Note 14) was adjusted from that published in the 2013/14 accounts to reflect the final fees charged. External audit has asked that 'restated' is added to the 2013/14 column heading.
- 4.9 The statement of accounting policies has been revised to include some additional detail, notably around accounting for impairments of available-for-sale financial assets and reclassification of property, plant and equipment assets held for sale. There are no transactions of either of these types in 2014/15.
- 4.10 A number of other minor typographical and other errors have been corrected.
- 4.11 Any further changes agreed to the draft version of the accounts will be highlighted to the Committee at the meeting.

5. **IMPLICATIONS**

- (a) **Financial Implications** Included in the report above
- (b) **Staffing Implications** None
- (c) **Equality & Poverty Implications** None
- (d) **Environmental Implications**

None. Paper copies of the Annual Report and Statement of Accounts and the Summary document will only be produced on request. Electronic versions will be available on the Council's website.

- (e) **Procurement** None
- (f) **Consultation and communication**

The accounts will be published on the Councils website. A notice advertising that the audit of the accounts has been concluded will be published in the Cambridge News and on the website.

(g) **Community Safety** None

BACKGROUND PAPERS: The following are the background papers that were used in the preparation of this report:

Annual Report and Statement of Accounts 2014/15

To inspect these documents contact Charity Main on extension 8152

The author and contact officer for queries on the report is Charity Main on extension 8152 .

Report file:

Date originated: 04 September 2015

Date of last revision: 04 September 2015



ANNUAL REPORT AND STATEMENT OF ACCOUNTS

**FOR THE YEAR ENDING
31 MARCH 2015**

**CIVIC AFFAIRS 16/9/15
- AGENDA VERSION**

This document is available on our website at www.cambridge.gov.uk

Cambridge City Council
Annual Report & Statement of Accounts
2014/15

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Annual Report 2014/15

Cambridge City Council provides a wide range of services to people that live in, work in and visit Cambridge.

The services provided by the City Council include:

- ◆ Keeping the streets and public open spaces clean.
- ◆ Emptying refuse and recycling bins.
- ◆ Providing a range of leisure facilities, including swimming pools and community centres, and commissioning entertainment in the City's parks and supporting the Corn Exchange.
- ◆ Awarding a wide range of grants to support local organisations and community groups.
- ◆ Providing a wide range of play activities for children and young people.
- ◆ Developing a new local plan for Cambridge to guide development to 2031, offering planning advice, progressing planning applications and making sure that new buildings and alterations are safe.
- ◆ Providing housing advice and support, and working with partners to meet peoples' housing needs.
- ◆ Acting as landlord to over 7,000 council properties.
- ◆ Processing housing benefit and council tax support applications.
- ◆ Monitoring and enforcing food and drink hygiene standards, together with noise and air pollution.
- ◆ Licensing food premises, street traders and entertainment venues.
- ◆ Addressing anti-social behaviour, in partnership with the Police and other agencies.
- ◆ Managing council run car parks.
- ◆ Organising and managing elections and the electoral register.
- ◆ Administering Council Tax and Business Rates.

The City Council ("the Council") serves a population of about 126,500 residents in an almost entirely urban area in an otherwise mainly rural county. Cambridge is a sub-regional centre with high levels of inward travel to work and for shopping and leisure activities, which adds significantly to the day-time population. The Council provides many services that are used by people who live outside of the city as well as residents, which places additional pressure on our resources.

The city is at the centre of a housing growth region, with many new homes planned for sites on the southern and north-west fringes of Cambridge. The provision of good quality affordable and sustainable housing is a priority for the Council and it has set a target for developers of 40% affordable housing to be provided on all new residential sites, including the larger growth sites.

What we want to achieve

Cambridge City Council's vision guides everything we do. Our vision statement, which is shared with Cambridge citizens and partner organisations, is:

'One Cambridge – Fair for All'

- ◆ A city which believes that the clearest measure of progress is the dignity and well-being of its least well-off residents, which prioritises tackling poverty and social exclusion, recognising that greater social and economic equality are the most important preconditions for the city's success.
- ◆ An international city which celebrates its diversity and actively tackles discrimination on gender, race, nationality, ethnic background, religion, age, disability, gender identity, and sexual orientation.
- ◆ A city in which all citizens feel that they are listened to and have the opportunity to influence public decision making, and which values, supports and responds to individual and community initiatives.
- ◆ A city where all citizens and organisations appreciate their duties as well as their rights, where people are free to enjoy themselves but also show consideration for others, and where the community works together to reduce harm and nuisance including by education and, where needed, robust enforcement of the law.
- ◆ A city where 'town' and 'gown' combine, and where mutual understanding and partnerships are developed through joint working, community initiatives and volunteering.

Cambridge - a great place to live, learn and work

- ◆ A city which strives to ensure that all local households can secure a suitable, affordable local home, close to jobs and neighbourhood facilities.
- ◆ A city which draws inspiration from its unique qualities and environment and its iconic historic centre, and retains its sense of place across the city through positive planning, generous urban open spaces and well-designed buildings, and by providing quality council services.
- ◆ An entrepreneurial city with a thriving local economy, in which businesses are assisted to build on their global and national pre-eminence in learning, discovery and production, and develop a full range of local employment and skills development, while also recognising and delivering on their social responsibilities.
- ◆ A city where getting around is primarily by public transport, bike and on foot.

Cambridge - caring for the planet

- ◆ A city that takes robust action to tackle the local and global threat of Climate Change, both internally and in partnership with local organisations and residents, and to minimise its environmental impact by cutting carbon, waste and pollution.

How we will achieve our vision for Cambridge

Annual Statement

Every year an annual statement setting out what the Council wants to do over the course of the year is adopted by the Council. This annual statement includes actions for specific groups of services, known as a portfolio. The seven councillors who make up the Council's Executive, including the Leader of the Council, are each allocated a portfolio. The Executive councillors are then responsible for the delivery of the services in their portfolio and can make decisions about them.

In 2014/15 the portfolios were:

- Strategy and Transformation
- Finance and Resources
- Housing
- Environment, Waste and Public Health
- Planning Policy and Transport
- Community, Arts and Recreation
- City Centre and Public Places

Further information about the Council's [Annual Statement](#) can be found here:

The following pages outline what we achieved over the past year for these portfolios.

Strategy and Transformation

During 2014/15 we:

- ◆ Concluded the City Deal Agreement and established an Executive Board and Assembly to provide joint decision making with our partners. The deal secures millions of pounds of additional funding for investment in infrastructure to support sustainable economic and housing growth in the area over the longer-term.
- ◆ Agreed with our City Deal partners to use our shared capacity to develop more affordable housing, and to improve skills outcomes in the Greater Cambridge area. We also engaged with residents, businesses and others on the investment priorities, and the Board decided on a £100m+ infrastructure programme for the first five years.
- ◆ Identified alternative models for delivering a range of services more efficiently including the launch of Cambridge Live to manage cultural activities in the city on behalf of the Council; and moved towards implementation of sharing specific services with partners in the local public sector, including sharing our waste collection service with South Cambridgeshire District Council.
- ◆ Secured agreement from Government, alongside other Cambridgeshire councils, that we would retain 100% of any additional business rate growth beyond expected forecasts starting from 1 April 2015.
- ◆ Conducted an innovative consultation about the budget challenges facing the council using an interactive online tool called “You Choose”. A large number of people were involved and councillors took into account the views of residents when confirming spending plans.
- ◆ Our Joint Equalities Group and Diversity Forum organised a range of activities and events during the year, including the promotion of World Mental Health Day. Among the activities for World Mental Health Day were a special stall in Market Square, a pop-up café in Hobson House and coffee mornings in the Customer Service Centre and City Homes South.
- ◆ Changed the way our area committees ran by returning the consideration of local planning applications to a central planning committee, freeing up more time in area committees for other issues of local concern.
- ◆ Secured funding for the Cambridge Community Safety Partnership to continue its work in sponsoring local inter-agency projects tackling crime and disorder. Work also included gaining an improved understanding of the impact of a person’s mental health on alcohol and drug misuse and Anti-Social behaviour, so that we can deliver a better service and solutions to local problems.
- ◆ Successfully included domestic violence and abuse as priorities in the Cambridge Community Safety Partnership’s new Community Safety Plan and achieved, with partners, “White Ribbon” status for the city, so that we are an exemplar of good practice in addressing this issue.
- ◆ Provided £100,000 of additional funding to women’s refuges and women victims of domestic abuse seeking support in the city and launched the Cambridge Community Forum on Domestic and Sexual Violence/Abuse to help shine a light on the issue and encourage both victims and perpetrators to come forward.

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- ◆ Made preparations for the introduction of a Public Spaces Protection Order for three locations along Mill Road, to help reduce problem drinking and anti-social behaviours associated with street drinking in the area. This provides the police with additional powers to help protect the public.
- ◆ Introduced a “Reduce the Strength” campaign with local retailers, based on a voluntary code of conduct, to persuade retailers to reduce their stock of high strength beer. We also worked with the police to use Licence Reviews to clamp down on premises that continuously sell alcohol to the already-drunk and under-aged people.
- ◆ Continued to give victims a say in the solutions to anti-social behaviour and low level crime by increasing the number of referrals to the Neighbourhood Resolution Panels from the City Council Anti-social Behaviour (ASB) and Housing Teams and our partner agencies.
- ◆ Helped launch free public Wi-Fi for the city to give residents, visitors and students free access to the internet in public buildings around the city. This innovative project, as part the Connecting Cambridgeshire initiative, saw the city council working closely with the University of Cambridge and the county council, to provide free Wi-Fi on open spaces, and at sports and community centres.
- ◆ Implemented a new system for registering to vote, called Individual Electoral Registration, which was required by the government. It allows people, for the first time, to go online and register without the need to fill in a paper form.

Finance and Resources

During 2014/15 we:

- ◆ Achieved our difficult savings targets by becoming more efficient at what we do and by doing things in a different way. We did this in part by sharing some services with other local authorities, such as a joint CCTV Control Room and Out of Hours Service with Huntingdonshire District Council, and looking at other opportunities, such as the setting up of a cultural trust called Cambridge Live, to bring about improvements and reduce costs.
- ◆ Continued to be effective in administering benefits and collecting local taxes, preventing and detecting fraud, and providing information and guidance to residents about our council tax support scheme, discretionary housing payments and local social welfare.
- ◆ Were one of just three councils nationally showcased by Citizens Advice as an example of good practice for its work on welfare reform and has continued to offer support and guidance to people affected by the Government’s changes.
- ◆ Made preparations for the introduction of Universal Credit in the city by adapting our systems and liaising with partners, such as the Department for Work and Pensions, Citizens Advice and housing providers to assist people back into work, where appropriate.
- ◆ Extended our apprenticeship programme, so that more young people gained skills and work experience in the Council.
- ◆ Continued to exploit our information systems to help improve our service delivery and the experiences of customers.

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- ◆ Maximised the return of the Council's commercial property portfolio in both capital and revenue terms, recognising the need to use these assets to deliver other Council initiatives. We also completed a stock condition survey of commercial estate.
- ◆ Continued to make the best use of the Council's accommodation in a way that also supports our environmental and sustainability goals.
- ◆ Created a one-stop listing on our website and at our customer service centre showing the many different services new businesses will need to access when looking to set up in Cambridge.
- ◆ Continued to take action to reduce carbon emissions and energy costs across the Council's estate and operations as part of the Council's five-year Carbon Management Plan.
- ◆ Worked with the managing agents of our leisure centres to install solar PV, heat pumps, voltage optimisation units, LED lights, and bringing back online a combined heat and Power (CHP) unit, to reduce emissions by 285 tonnes of CO₂.
- ◆ Increased the promotion and the uptake of new energy efficiency schemes such as Green Deal and the Energy Companies Obligation so that more local people, especially those on low incomes, enjoyed reduced energy bills. We were successful in attracting £7.8 million in Green Deal Community Funding for Cambridgeshire. This has allowed us to target 1,000 private homes and 800 rented homes with energy efficiency measures. To date over 400 households have taken up an offer through the Action on Energy scheme and money remains available until September 2015.
- ◆ Promoted and supported the County Council's Collective Energy Switching Scheme, so that the collective bargaining power of residents in Cambridgeshire can bring about cheaper energy prices for residents. In 2014, over 400 residents switched energy supplier through this scheme, each saving on average £224 per year.
- ◆ Invested in a project to investigate how to reduce water bills for households in the city, especially those that presently pay over the odds or find it difficult to pay for the water they use. This has included the employment of a Home Energy Officer to assist residents in reviewing their water use to establish if they would benefit changing to a meter. A project action plan for the next 18 months has been agreed and begins with a pilot project metering smaller council properties with 1 or 2 bedrooms to look at the savings made.
- ◆ Ran a major consultation asking local people living on a low income, community and voluntary sector groups and agencies involved in addressing poverty, what they thought priorities for an Anti-Poverty Strategy for Cambridge should be.
- ◆ Developed and published, using evidence from our consultation, an Anti-Poverty strategy setting out priorities for action that improve the circumstances of people living on low incomes in the city, who are having a difficult time in making ends meet.
- ◆ Put in place a Sharing Prosperity Fund to support local projects addressing poverty in the city, such as extending Citizen's Advice services and promoting healthy cooking for people on a low income, to make a real difference to people's lives.
- ◆ Achieved accreditation as a Living Wage employer and held an event during Living Wage Week to celebrate our accreditation and to announce the start of an action plan to encourage more Cambridge employers to sign up.

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- ◆ Promoted the use of credit unions so that more local people can access affordable credit. The Council has been looking at a number of options to raise the profile of the Credit Unions active in Cambridge.

Housing

During 2014/15 we:

- ◆ Saw good rates of delivery of housing on the Southern Fringe and the next batch of completions of the new social housing in the Council's programme. The Council's new housing scheme known as the Quads is about to get underway. The next phase of the Council's social housing programme has been agreed and work has commenced with City Deal partners to understand the collective land and funding opportunities that are available to provide more affordable housing.
- ◆ Improved the way we managed our housing stock and sought to minimise the level of rent increases, to lower than that recommended by the government's formula, to make life easier for hard pressed families.
- ◆ Increased the level of support available for tenants presenting with problems, such as debt issues.
- ◆ Gave greater attention to fencing repairs, reducing the backlog, and expanding the "small repairs service", so that people on low incomes can get minor adaptations carried out around their home. We have also strengthened our Housing Committee to give elected tenant representatives a greater say over stock management decisions.
- ◆ Moved forward with early preparations for the introduction of Universal Credit so that we can be in a better position to offer support to people on this benefit.
- ◆ Completed a social lettings agency (non-commercial) pilot, which has nearly doubled the number of people the Council has assisted into private sector housing, to avert homelessness.
- ◆ Worked with partners to maintain rough sleeping numbers at low levels throughout the year.
- ◆ Have been far less reliant on bed and breakfast accommodation to temporarily house homeless families by providing more affordable housing and better quality temporary accommodation. The Council and its partners have also prevented more homelessness than in previous years with 470 households assisted to maintain their existing accommodation.
- ◆ Extended our Emergency Cold Weather Protocol to cover a wider range of severe weather conditions so that shelter can be provided to rough sleepers more frequently – when it is needed most. Fortunately the winter this year was milder than usual.
- ◆ Worked with Cambridgeshire County Council to provide a coordinated support service for older people across the city. This new service will work with others, including Age UK, the NHS and Social Care, to enhance the lives of elderly people, giving them advice and support to live independently.
- ◆ Helped alleviate pressure on Addenbrooke's Hospital by arranging for a number of flats at Ditchburn Place, that were going to be left vacant as a result of a refurbishment, to be available to provide interim care for people leaving hospital who are not able to return home immediately.

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This innovative approach, whilst supporting local people, generated income for the service from the rent of the flats.

- ◆ Took effective enforcement action to address poor housing conditions and management practices in affordable accommodation in the city. During the year 44 statutory notices were served and successful prosecutions were made in relation to five properties.
- ◆ Reviewed the Landlord Accreditation Scheme and identified enhancements to assist landlords in gaining accreditation. We also re-launched the council's Landlord Forum during the year to improve the way we work with private sector landlords.
- ◆ Continued to prioritise bringing back into occupation long standing empty homes in the city. During the year 10 private properties were brought back into use through direct intervention. A House Condition survey was carried out to help assess the current condition of the private housing stock, including energy efficiency, to inform future policies and interventions.
- ◆ Helped drive down anti-social behaviour by investigating 1,273 neighbour noise cases, served abatement notices in relation to 44 properties to prevent noise nuisances and undertook 6 prosecutions where these notices were not complied with.

Environment, Waste and Public Health

During 2014/15 we:

- ◆ Used the Cambridge Local Health Partnership to advocate the health and social care needs of the city, so that local commissioners can take account of the views of local people about their priorities.
- ◆ Signed a partnership agreement with Nando's under a Primary Authority Partnership Scheme (PAPS). This means that the Council's environmental health commercial team will work with Nando's to develop agreed standards for health and safety and food hygiene across all of the company's outlets.
- ◆ Invested in our pest control service so that all residents (including low income families) continued to receive a free domestic service for public health pests. During the year over 750 pest complaints were responded to, an increase of over 10% for the year. In addition, the service also controlled the level of rodent activity in some of the Council's larger open spaces and commons to prevent infestations affecting local homes.
- ◆ Successfully negotiated a joint Materials Recycling Facility contract and extended the range of materials that can be placed in blue bins, which now includes materials, such as plastic bags. We also increased the number of textile and shoe banks at recycling points in the city to provide residents with easier access for recycling these materials.
- ◆ Recruited more volunteer "recycling champions" to encourage local communities to recycle their waste.
- ◆ Launched a new commercial waste collection service that allows food waste to be collected from catering establishments in Cambridge for as many days as they need it – with the aim of improving businesses food ordering and management, and so reducing the total amount of food waste produced in the city.

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- ◆ Achieved ISO certification for the highest standards in business quality and environmental standards for the council's commercial waste service, which collects recycling and waste from over 2,500 businesses in and around the city, after scrutiny by external auditors. The service was subsequently awarded the prestigious ISO 9001 for quality management and ISO 14001 for environmental management.
- ◆ Completed a major refurbishment of public conveniences located within the Lion Yard city centre shopping complex, providing a much more modern, accessible and comfortable experience for its many thousands of visitors every year and including improved baby-change facilities.
- ◆ Doubled the size of our public realm enforcement team from 3 to 6 officers to improve the local environmental quality across the city. This has reduced the incidents of littering, fly-tipping and abandoned vehicles left on local streets, making the local environment more pleasant and reducing the impact of the actions of an anti-social minority.
- ◆ Successfully prosecuted offenders for littering on the streets, abandoning vehicles and for fly tipping.
- ◆ Worked with the Dogs Trust to deliver seven summer events for free dog micro chipping across the city, resulting in 35 dogs being chipped in preparation for the micro chipping law change in April 2016. We also took part in a pioneering dog fouling campaign with Keep Britain Tidy, which saw glow in the dark "We're watching you" posters appear across the city in areas where dog mess is an issue.
- ◆ Undertook month long 'Ward Blitzes' in six city wards involving the Council's City Rangers, Rapid Response, Public Realm Enforcement and Street Cleansing teams, involving coordinated public realm maintenance, enforcement and educational action at these events. Ward blitz activities have included cleansing of litter and dog bins, signage and recycling centres, increased dog warden and public realm enforcement presence.
- ◆ Delivered a programme of education led by the City Rangers, to children at Key Stage 1 and 2, by visiting 12 schools across the city, talking to an audience of over 1,000 children about subjects such as litter, dog mess and graffiti. We also worked with the Cambridgeshire Fire Safety and other partner agencies to deliver sessions as part of the 'Safety Zone' educational activities across the city, focusing on how children can stay safe in parks.
- ◆ Progressed a programme of environmental and minor highways improvements across Cambridge, including: refurbishments of war memorials in Cherry Hinton, Trumpington and St Giles Churchyard; removal of unsightly and inappropriate highway trees in Arbury Road, and; new benches for Grange Road.
- ◆ Carried out a consultation on streetscape improvements for Tenison Road and Devonshire Road to help soften the impact of new buildings around the railway station area, and in Cherry Hinton High Street, in conjunction with Cambridgeshire County Council.

Planning Policy and Transport

During 2014/15 we:

- ◆ Submitted a new local plan for Cambridge and the Council's approach to the Community Infrastructure Levy for independent examination. These documents, which will guide the development and growth of the city over the next 15 years, have been prepared in parallel with

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South Cambridgeshire. During the year a government appointed inspector began the independent public examination of that plan and oversaw a number of joint public hearings covering matters such as housing, employment, retail needs, green belt land and transport.

- ◆ Continued to work jointly with the county and South Cambridgeshire District Council on the review of the Transport Strategy for Cambridge and South Cambridgeshire (TSC&SC), including area transport plans, and opportunities to develop local projects using the City Deal and other funds.
- ◆ Dealt with significant numbers of planning applications resulting in the construction of 1,300 new and affordable homes within the city as well as the granting of planning permissions for Papworth Hospital and Astra Zeneca.
- ◆ Worked with our City Deal partners on the development of infrastructure and other improvements needed to help support growth. Detailed plans are currently being worked up to deliver the initial £100m within the next 5 years.
- ◆ Continued to support and implement new 20 mph speed limits across the city, where residents say they want them. Some roads have been re-engineered so that they are suitable and safe for inclusion and discussions have taken place with the Police and County Council, to ensure that the new speed limits are enforceable. Wards across the north of Cambridge (Arbury, Kings Hedges, East and West Chesterton) had the majority of their roads reduced to a 20mph maximum during spring 2014, and good progress is being made within East and West/Central areas - with target completion during early 2016.
- ◆ Delivered further new transport measures and actions to improve facilities for pedestrians, cyclists and public transport users. This has included (for instance) provision of guidance and advice for developers on cycling in the new developments. A number of new projects were also implemented including path widening (Downhams Lane, Jesus Green and Queens Green), lighting (Jesus Green, and Parkers Piece), highway safety (Perne Road/Radegund Road roundabout) and improvements to bus shelters (Milton Road, Barton Road, Birdwood Road, Teversham Drift, Mill Road, Castle Street and Buchan Street).
- ◆ Carried out a customer and business consultation into the future of Park Street car park and options for development of the site.
- ◆ Won an award devised by Disabled Motorists UK to encourage improvements in parking for disabled people and reduce abuse of disabled spaces. Cambridge was recognised for its innovative self-service scheme for blue badge holders at Grand Arcade car park.

Community, Arts and Recreation

During 2014/15 we:

- ◆ Established a new Arts Trust Charity called Cambridge Live, which started running the Cambridge Corn Exchange, Guildhall Halls, Cambridge Folk Festival and City Events, and other aspects of the arts and recreation service from 1 April 2015.
- ◆ Organised and supported a wide variety of events throughout the year. These ranged from world-class orchestras (which included the development of an education programme), ballet, music, comedy and conferences at the Cambridge Corn Exchange and the Guildhall Halls.

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- ◆ Successfully hosted the start of the third stage of the Tour de France on Parkers Piece, delivered the critically acclaimed 50th Cambridge Folk Festival to a sell-out audience at Cherry Hinton Hall, co-ordinated the historic Midsummer Fair, the 5th November Fireworks and other city events.
- ◆ Reviewed the way we prioritised our community grants and decided to direct them through community and voluntary sector organisations that provide services to local people and communities in most need and who experience social inequality and disadvantage. This will be implemented in 2015-16.
- ◆ Refurbished and enhanced our community centres making provision for nursery providers at two of our centres and maximising good quality space available to the community at all of our centres.
- ◆ Supported local community led events, such as the Arbury, Cherry Hinton and Chesterton festivals and neighbourhood community days and promoted the diversity of our city.
- ◆ Ran a community fair event in the Guildhall to promote volunteering opportunities in the city. This involved a large number of community and voluntary organisations who set out how they supported local people and make a difference within communities – demonstrating the variety and richness of civil life in Cambridge.
- ◆ Provided three new splash pads for fun interactive water play around the City in recreation grounds at Coleridge, Kings Hedges and Abbey Pool.
- ◆ Worked to improve access and investment through developer contributions to sports facilities and playing fields at school and college sites, including provision of new cricket nets and an artificial wicket at Netherhall School.
- ◆ Developed and implemented our action plan for the new Sports and Physical Activity Strategy, including a new ‘Learn to Swim – Access’ initiative that provided free swimming lessons for young people living in low income households, and more outdoor table tennis tables in open spaces through external “Ping!” project funding.
- ◆ Increased the capacity for Exercise Referral in the city through the creation of a new fitness centre at Parkside Pool provided by our leisure contractors, GLL; and worked to secure NHS funding for the scheme for the coming year.
- ◆ Begun discussion with stakeholders to achieve sustainable management arrangements for new community facilities at Clay Farm and Darwin Green. Involved residents in the design of a new community facility at NW Cambridge.
- ◆ Delivered SummerDaze 2014 a city-wide programme of holiday activities for families featuring urban adventure activities, art activities, play and sport run by our Council’s Children and Young People’s Service (ChYpPS). ChYpPS also offered other play activities to local children throughout other holidays including a daily drop in for local children at Brown’s Field Community Centre and activities on the ChYpPS Community Play Boat.
- ◆ Delivered “Take-Over 2014” involving local children in a competition to win the opportunity to spend the day shadowing the Mayor.

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City Centre and Public Places

During 2014/15 we:

- ◆ Appointed a coordinator for the Chesterton and Mitcham's Corner area to work with local businesses and community groups to deliver projects aimed at improving the vibrancy and vitality of this area. This will ensure that the neighbourhood centre makes use of local opportunities and attracts local investment.
- ◆ Undertook an audit of the accessibility of our city centre. We will be working in partnership with local businesses and other public agencies to try to reduce the number of street obstructions, such as "A Boards" and giving greater attention to resolving uneven surfaces and poor walk ways.
- ◆ Secured support to develop a new business led partnership, called a Destination Management Organisation (DMO) to deliver tourism for Cambridge and the surrounding area. This will reduce the cost of tourism to the City Council and deliver a model better equipped to maximise the economic benefits from tourism to the city and surrounding areas.
- ◆ Delivered improvements to the running of our markets through a review of the operational management of the City Centre Management Markets and Street Trading service and themed promotions.
- ◆ Opened the doors of the cemetery on Newmarket Road and the crematorium on Huntingdon Road as part of the Open Cambridge weekend, to allow visitors to find out more about the work of our Bereavement Service. This provided a chance to see the recently refurbished chapels, waiting rooms and family rooms, which have been modernised to provide a better service for customers. The service also retained its Gold Status – the highest standard available – from the Institute of Cemetery and Crematorium management.
- ◆ Continued to involve local people and community groups in decision making about improvements to open spaces and their future management
- ◆ Gave specialist advice to aid the planned urban expansion and growth of the city in respect of the built and natural environment and created opportunities for volunteering at local nature reserves.
- ◆ Utilised developer contributions to make significant improvements to open and green space, and sports and recreation provision in the city, including: better drainage on Jesus Green; more play and recreation facilities on Coleridge and Cherry Hinton Recreation Grounds; new splash pads for Abbey, Coleridge and King's Hedges, and; investment in nature reserves for Logan's Meadow (East Chesterton) and Paradise (Newnham).
- ◆ Introduced new heritage style lighting on the paths across Parkers' Piece and the improved and widened main diagonal path across Jesus Green, both including free Wi-fi facilities, and in keeping with the historic and sensitive local settings.
- ◆ Provided several hundred new cycle parking stands across the city centre, both to keep pace with demand and also reduce the predominance of inappropriately parked cycles impeding access.

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- ◆ Supported a programme of changes to facilitate cycling contra-flow in many access controlled and one-way streets, to improve accessibility and convenience for more active and sustainable modes of transport.
- ◆ Undertook a comprehensive review and rationalisation of on-street parking facilities across the Kite area adjacent to the city centre, to maximise the usage of available space and provide enhanced provision for local residents.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council 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 Council, that officer is the chief financial officer;
- ◆ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- ◆ approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The chief financial officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing the Statement of Accounts, the chief financial officer has:

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that were reasonable and prudent; and
- ◆ complied with the Code of Practice.

The chief financial officer has also:

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

Opinion

I certify that the Statement of Accounts present a true and fair view of the financial position of Cambridge City Council at 31 March 2015 and its income and expenditure for the year then ended.

Caroline Ryba
Head of Finance

Date: 2015

Annual Governance Statement

Scope of Responsibility

Cambridge City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Cambridge City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Cambridge City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Cambridge City Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is on our website at www.cambridge.gov.uk or can be obtained from the Chief Executive, The Guildhall, Cambridge. This statement explains how Cambridge City Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2011 regulation 4(3), which requires all relevant bodies to prepare an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which Cambridge City Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Cambridge City Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Cambridge City Council for the year ended 31 March 2015 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework

The key elements of the systems and processes that comprise the authority's governance arrangements include:

- ◆ The Council's Objectives, which focus the Council's efforts in achieving the vision for Cambridge.
- ◆ The Annual Statement, which reiterates the vision and sets out a range of activities the Council will undertake in the year ahead to achieve the vision, and its core underpinning values.

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- ◆ The Annual Report, which contains information on financial performance and achievement of business objectives as articulated in the portfolio plans.
- ◆ The annual budget and service planning process which translates the Council's Objectives into actions at portfolio and operational level.
- ◆ The Council's Mid-Year Financial Review, which identifies how the Council will resource its aspirations and plans for any financial risks.
- ◆ The Budget Setting Report, which sets out the Council's overall spending plans for both revenue and capital expenditure.
- ◆ The Treasury Management Strategy and an Annual Treasury Report which reviews treasury management activities during the year and complies with the requirements of the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- ◆ The arrangements for regular budget monitoring and reporting of significant variances to senior management.
- ◆ An independent Internal Audit function with a risk-based audit plan.
- ◆ An annual opinion of the Head of Internal Audit on the authority's internal control environment and risk management framework.
- ◆ The Council's Constitution, which sets out the decision-making process, the terms of reference for each committee and the roles and responsibilities of Members and officers.
- ◆ The Member/Officer protocol, which aids effective communication between officers and Members and clarifies their respective roles and responsibilities.
- ◆ Codes of Conduct for Members and officers, which have been formally approved and are reviewed regularly and available to all Members and staff.
- ◆ The Council's Civic Affairs Committee, which promotes and maintains high standards of conduct by Members and which has overall responsibility for the Council's compliance with laws and regulations.
- ◆ The role of the Council's Civic Affairs Committee, which fulfils the core functions of an Audit Committee as identified in CIPFA's 'Audit Committees – Practical Guidance for Local Authorities'.
- ◆ The Council's Prevention of Fraud and Corruption Policy which is in place and reviewed regularly by the Council's Civic Affairs Committee.
- ◆ A Register of Interests, which is maintained and reviewed regularly.
- ◆ Financial Regulations and Financial Procedure Rules which provide a framework for managing the Council's financial affairs and set out the financial accountabilities and responsibilities for Members and officers.

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- ◆ A corporate Risk Management Framework, which includes a Risk Management Strategy approved by Members and a comprehensive risk register identifying the key controls and actions required to manage the Council's principal risks.
- ◆ The Procurement Policy and Strategy and the Council's Contract Procedure Rules, which set out how the Council will promote effective procurement across the Council.
- ◆ The Chief Executive is the Council's Head of Paid Service and the Head of Legal Services is the Council's Monitoring Officer. Their roles and responsibilities are set out in the Council's Articles of the Constitution.
- ◆ A 'Whistleblowing' Policy, which is in place and available on the Council's intranet.
- ◆ The Council's Complaints Procedure, which is available on the Council's website and the Independent Complaints Investigator who can investigate how the Council has dealt with its complaints.
- ◆ The annual complaints report to Civic Affairs Committee, which analyses trends in complaints against the Council and what has been done to address them.
- ◆ Member Induction training and a guide for new Members, together with ongoing training for Members on key skills and more in-depth explanations of issues concerning the Council.
- ◆ The Council's Performance Review process which is undertaken annually across the Council for all staff.
- ◆ The Council's Competency Framework, which is in place for all staff and managers.
- ◆ The Council's People Strategy, which sets out how the Council will recruit, reward and develop its staff to reach their full potential.
- ◆ The Media Protocol, which sets out the processes for drafting and clearing news releases and engaging with the media.
- ◆ The Programme Office, which commissions and monitors projects to implement change and transformation.
- ◆ The Citizens' Survey and/or budget consultation, which are undertaken periodically to gauge the public's perception of Council services, our spending priorities, communication with us and feelings of safety.
- ◆ The Code of Corporate Governance, which sets out the ways in which the Council ensures that its business is conducted in accordance with law and proper standards and that public money is safeguarded and properly accounted for.
- ◆ A framework to guide the Council's engagement with external partnerships that will ensure the Council's partnerships are accountable and effective.
- ◆ The corporate website, residents' magazine and social media channels, which along with other publications and communications provide for informing and engaging residents and other stakeholders in service delivery and policy formulation.

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- ◆ A Code of Best Practice on Consultation and Community Engagement, adopted by the Council which sets out the Council's approach to consultation.
- ◆ Internal quarterly performance reporting against key performance indicators for each service prepared for and presented to the strategic leadership team to consider necessary remedial action.

CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010) sets out some principles regarding the status of the Chief Financial Officer (also referred to as the "section 151 officer".) The statement says:

"Local authorities are required to have a suitably qualified CFO with certain defined responsibilities and powers. The governance requirements in the Statement are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the Leadership Team, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the authority's Annual Governance Report, together with how these deliver the same impact."

The Head of Finance is the Council's Chief Financial Officer and fulfils the role of the S151 officer, reporting to the Director of Business Transformation. Although this is not a director level appointment, and not a direct report to the Chief Executive, organisational arrangements are in place to ensure that the outcomes of the CIPFA governance requirements are met. Whilst line management responsibility rests with the Director of Business Transformation, the Head of Finance is a full member of the Council's Strategic Leadership Team and reports directly to the Chief Executive on financial matters.

Review of Effectiveness

Cambridge City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Heads of Service within Cambridge City Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual opinion, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council's Constitution details Directors' responsibilities for the maintenance of controls within their departments. The system of internal control is subject to regular review by Internal Audit. The work of the service is informed by the Council's risk register, with the allocation of audit resources controlled through an annual risk-based operational plan, which is agreed, annually, by the Council's Civic Affairs Committee.

Individual Internal Audit reports are issued directly to the Chief Executive, the relevant Director, the Director of Business Transformation, the Council's Monitoring Officer, the Head of Finance (S151 Officer), the Leader of the Council and the relevant Executive Councillor. Each audit report contains an independent assurance opinion on the adequacy and effectiveness of the internal controls in place to mitigate risks. Management actions agreed in Internal Audit reports are entered into to the Council's Risk Register and progress on their implementation is reported to and monitored by the Chief Executive and the Strategic Leadership Team. Implementation rates of agreed actions are also reported to Civic Affairs.

Annual Governance Statement

In addition to these arrangements the Council receives and responds to reports from other review and assurance mechanisms.

The Head of Finance is the Authority's Chief Financial Officer and is therefore responsible for the proper administration of the authority's financial affairs. The Head of Finance is line managed by the Director of Business Transformation but reports directly to the Chief Executive on financial matters and is a full member of the Strategic Leadership Team.

The Council's Civic Affairs Committee is responsible for advising on and monitoring the Members Code of Conduct and for advising the Council on the ethical aspects of the corporate governance framework. This arrangement replaces the previous responsibilities of the Council's Standards Committee, which was disbanded in July 2012.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Civic Affairs Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those specifically addressed with new actions planned are outlined below.

Annual Governance Statement

Action Plan to Address Significant Governance Issues

1 Delivery of Savings Targets

The Council is embarking on a long term programme of transformation which will make fundamental changes to the way its services are delivered, in order to achieve the required savings targets for the next three years.

Work undertaken by Internal Audit in 2014/15 on the 'Achievement of Income and Savings' identified that while there were regular budget variance monitoring arrangements in place at the time of audit:

- ◆ There was no formal process for monitoring progress with and delivery of the specific savings initiatives identified in the Budget Setting Report.
- ◆ The budget monitoring process did not require regular identification of the year end (outturn forecast) position.
- ◆ For some initiatives there had been a lack of due diligence in quantifying the savings figures at the time of budget preparation.

Actions were agreed with management to address these points going forward and since then significant improvements to controls have been implemented as follows:

- ◆ Forecast outturns have been reported to SLT and SLT/Executive for a number of months; and
- ◆ The first review of the delivery of savings targets for 2015/16 has been performed and reported, and this will continue quarterly through 2015/16.

Action

[Target date & Officer Responsible]

- ◆ Complete follow-up review of the audit on 'Achievement of Income & Savings' to ensure all agreed actions have been implemented.

*Head of Internal Audit
31 March 2016*

2 Business Transformation

As part of the transformation agenda there is a need to ensure that appropriate governance arrangements are set up for any new service delivery methods put in place to ensure that the Council's interests are protected.

Action

[Target date & Officer Responsible]

- ◆ Ensure that appropriate governance arrangements are put in place for all new service delivery operations.

*Director of Business Transformation
31 March 2016*

Annual Governance Statement

3 Whistleblowing Arrangements

The Council's Whistleblowing Policy was last reviewed in July 2010. It is felt appropriate to review the policy now in light of recent recommendations arising from the NHS 'Freedom to Speak up' review and also to take into account how whistleblowing procedures will work under forthcoming changes to service delivery arrangements, such as shared services.

Action

[Target date & Officer Responsible]

- ◆ Review the Council's Whistleblowing Policy taking into account the issues identified.

*Head of Internal Audit / Head of Human Resources
31 March 2016*

4 People Strategy

The Council's People Strategy sets out how the Council will recruit, reward and develop its staff to reach their full potential. This strategy is currently under review.

Action

[Target date & Officer Responsible]

- ◆ Complete the review of the Council's People Strategy.

*Head of Human Resources
31 March 2016*

5 Information Security

Information Security remains a key risk to the Council. A great deal of work has been undertaken over the last couple of years to address this issue, including revision and re-issue of the Council's policies and guidance for staff and the commissioning of Data Protection training for staff and managers across the organisation.

There have been two minor data security breaches during 2014/15 which have been reported to the ICO and addressed appropriately. It is important, however, that the Council continues to review its processes and raise awareness across the Council amongst all staff and managers to ensure that data security is effectively managed.

Action

[Target date & Officer Responsible]

- ◆ The Information Security Group (ISG) to continue to review data security arrangements across the Council and respond to any security breaches as appropriate.

*Head of Corporate Strategy (as Chair of ISG)
31 March 2016*

Annual Governance Statement

6 Homelessness

A review of the Homelessness service was undertaken by Internal Audit in 2013/14 in light of three Local Government Ombudsman reports and a number of key actions were agreed to address the issues raised. A follow up audit was undertaken in 2014/15 and whilst significant improvements had been made, some of the agreed Internal Audit actions had not yet been implemented in full. All of the actions are now in hand and where they have not yet been completed this is a matter of timing, for example the Homelessness Strategy will be incorporated into the Housing Strategy, which is due go to committee in September 2015.

Action

[Target date & Officer Responsible]

- ◆ Undertake a further follow up audit to ensure all agreed Internal Audit actions have been implemented in full.

*Head of Internal Audit
31 March 2016*

7 Counter-Fraud Arrangements

In April 2015 responsibility for Housing Benefit (HB) fraud investigation work transferred to the Single Fraud Investigation Service operated by the Department for Work Pensions (DWP) and fraud investigation resources have since been re-aligned.

The Council's Fraud Prevention Team (FPT) still acts as the 'single point of contact' for HB fraud and continues to undertake Housing Tenancy and Council Tax Support fraud investigations. The FPT has been successful in securing funding from the Department for Communities and Local Government (DCLG) to fund a post for 6 months to support the Housing fraud investigation work and is also employing an apprentice for an 18 month period as well as a two year fixed-term contract post.

Following the recent changes to the FPT and to ensure compliance with CIPFA's Code of Practice on 'Managing the Risk of Fraud and Corruption' issued in 2014, it is now timely to review the approach to counter-fraud delivery work.

Action

[Target date & Officer Responsible]

- ◆ Conduct a review to identify potential fraud risks facing the Council and populate the Risk Register with the details.
- ◆ Develop a strategy to set out the Council's approach to managing these risks and its counter-fraud delivery arrangements.

*Head of Internal Audit in conjunction with Head of Revenues & Benefits and the Head of Finance (S151 Officer)
31 March 2016*

Annual Governance Statement

8 Business Planning and Performance Measurement

The current business planning process has been in place for four years since 2011-12 and involves the production of 7 strategic portfolio plans, underpinned by more detailed operational plans at service level.

Performance against the portfolio and operational plans is partly measured by a set of 40 performance indicators (PIs), which were agreed by Strategic Leadership Team in 2011 and are monitored by them on a quarterly basis. The PIs themselves are reviewed regularly by SLT to ensure they remain relevant to corporate policies.

It has been proposed to review the current business planning process with a view to streamlining arrangements and draw on best practice in this area.

Action

[Target date & Officer Responsible]

- ◆ Complete the review of the business planning process, including links to key performance indicators, to ensure a more streamlined approach to business planning.

*Head of Corporate Strategy
28 February 2016*

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Councillor Lewis Herbert
Leader of the Council

Date: 2015

Antoinette Jackson
Chief Executive

Date: 2015

Introduction to the Statement of Accounts

The preceding Annual Report section of this document describes the diverse range of services provided by Cambridge City Council to its residents, local businesses and visitors and provides details of some of the key activities and achievements during the year.

The Statement of Accounts, set out on pages 9 to 103, contain a series of statements, summarising the financial implications to the Council during the year in delivering these services. In addition, details of the Council's assets and liabilities at the beginning and end of the Council's financial year are presented. The financial year ran from 1 April 2014 to 31 March 2015.

The accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom' (The Code). The code is based on International Financial Reporting Standards (IFRS) and sets out the format and content of the key financial statements and accompanying notes in this publication.

The key financial statements are as follows:

- ◆ Movement in Reserves Statement
- ◆ Comprehensive Income and Expenditure Statement
- ◆ Balance Sheet
- ◆ Cash Flow Statement
- ◆ Housing Revenue Account
- ◆ Collection Fund

These accounts are supported by a comprehensive set of notes together with a statement of the accounting policies of the Council and a glossary of terms. An index to the main notes to the accounts is provided on page 16.

Introduction to the Statement of Accounts

Review of 2014/15

As in previous years, budgets were closely monitored during the year and revisions made, where necessary, to reflect changing circumstances. These revisions included changes to reflect Council's approval to carry forward budgets from 2014/15 to meet the costs of re-phased expenditure, additional savings identified during the year and also to provide for unavoidable additional costs.

Just as in the private sector, changes in the values of Council-owned property are reflected in the accounts each year. Further information about the valuation of assets, and how changes in their value must be accounted for, can be found in the section that details accounting policies.

Given the prevailing economic climate, reductions in funding from central government and resulting pressures on the Council's finances, it is pleasing to note that:

- ◆ Improvements were made to the Council's open spaces, sports, recreation and public art provision through a range of projects funded by developers.
- ◆ The Council continued to work closely with public sector partners to plan the provision of new services and facilities in the North West and Southern fringes of the City (where major development is taking place) including a new primary school at Trumpington Meadows and a new multi-use community centre at Clay Farm.
- ◆ Major investment continued to be made in the Council's housing stock. In addition to expenditure on repairs and improvements to existing dwellings we are delivering a new council house building programme and are working with planners, developers and others to increase the supply of affordable housing.

The Council continues to identify alternative models for delivering both front and back office services more efficiently. These include a move towards implementation of sharing specific further services with local councils, including sharing waste collection with South Cambridgeshire District Council (South Cambs) and ICT with South Cambs and Huntingdonshire District Council.

Revenue Spending and Income

General Fund Services

For 2014/15, the Council agreed a budget for net spending of £19.0 million. This sum was financed in part by government grant together with the New Homes Bonus and the Council's share of Business Rates, with the remainder being raised through Council Tax. The Council Tax for City Council services was set at £173.29 for Band D properties.

During the year the budget was revised for a number of factors, including requests to carry forward expenditure from 2013/14 and changes in capital to be funded from revenue.

The outturn figures, as reported to members, do not reflect a number of statutory accounting adjustments made at the year end. These accounting adjustments do not impact on the level of General Fund Reserves.

Note 9 to the accounts reconciles the actual outturn figures to the results presented in the Comprehensive Income and Expenditure Statement.

The table below compares the outturn figures for the General Fund with the revised budget.

Introduction to the Statement of Accounts

(£000s)	Revised Budget	Actual	Difference
Committee			
Community Services	10,860	10,708	(152)
Environment	8,942	7,510	(1,432)
Housing (General Fund)	3,475	3,186	(289)
Strategy & Resources	(1,718)	(3,341)	(1,623)
Net Spending on Services	21,559	18,063	(3,496)
Capital Accounting Adjustments	(4,985)	(4,983)	2
Capital and Revenue Projects Spending Funded from Revenue	2,230	1,840	(390)
Contribution to NNDR earmarked reserve - recovery of deficit in future years	0	2,327	2,327
Contributions to Earmarked Reserves – before statutory accounting adjustments	617	(208)	(825)
Contributions to/(from) General Fund Reserve	(1,752)	2,535	4,287
Total	17,669	19,574	1,905
Financed by:			
Revenue Support Grant	4,311	4,311	0
New Homes Bonus (NHB)	3,376	3,389	13
Non-domestic rates – net income	3,182	5,055	1,873
Other Specific Grants	94	113	19
Council Tax	6,706	6,706	0
Total	17,669	19,574	1,905

The Council's actual net revenue spending on the provision of services was £3,496,000 less than the revised budget set for the year. A variety of factors contributed to this overall position. In many areas there have been underspends on staff costs. In addition there have been increases in income over budget, for example in the Council's car parks.

The total amount of capital and revenue project expenditure funded from revenue was below the revised budget by £390,000 largely reflecting slippage on the timing of expenditure.

In addition to Council Tax and Revenue Support Grant from central government, the Council retains an element of business rates collected in the city above an assumed 'baseline' level, paying the remainder to central government as a 'levy'. If business rates income falls to less than 92.5% of the baseline, the Council receives a 'safety net' payment so that any loss of income below the baseline is capped at 7.5%.

Whilst there is the potential for the Council to benefit from business rates growth in the City, there is also a degree of risk in that the Council has to bear a proportion of any reduction in business rates,

Introduction to the Statement of Accounts

for example as a consequence of demolition of premises or reductions in the rateable value of existing properties (including retrospective reductions).

Under statutory regulation the amount of business rates credited to the General Fund in 2014/15 is based on an estimate, with any resulting difference being recovered from the General Fund, or paid to it in future years. However any safety net or levy payments are accounted for in 2014/15. The Council maintains an earmarked reserve to manage business rates retention and these timing differences.

Income from the business rates scheme (including business rate relief compensatory grants from central government and payment of a levy to central government of £155,000) exceeded the revised budget by £1,873,000. However, £2,327,000 will be payable back to the Collection Fund in future years so has been set aside in an earmarked reserve.

Excluding the contribution above, at outturn the General Fund received a net income from earmarked reserves (before statutory adjustments) of £208,000, against a budgeted contribution of £617,000. Business rates income planned to be earmarked for future investment in commercial property has instead been credited to General Fund Reserves.

A net contribution to the General Fund Reserve of £2,535,000 was made for the year and, at the year-end, the reserve stood at £11,525,000.

Housing Revenue Account

The Housing Revenue Account (HRA) budget for 2014/15 was set based upon a revised investment strategy, to deliver a sustainable financial position over the coming 30-year period of the HRA Self-Financing Business Plan, providing for funds to be set-aside to allow the authority to redeem 25% of its debt portfolio at loan maturity, should the authority so choose, whilst facilitating significant investment in the delivery of new affordable housing.

For 2014/15 the budget was originally set with the intention of contributing £70,000 to HRA reserves, with the expectation that by the end of 2015/16, reserves would be reduced to, and maintained at, the agreed target level of £3 million. The current strategy includes a minimum level of reserves of £2 million, with a target level of £3 million, creating the ability to invest in short-term projects which are anticipated to pay back quickly.

During the financial year, in June 2014, approval was given to carry forward resources of £3,393,000, to fund expenditure re-phased from 2014/15. The majority of this sum was towards meeting the costs of capital investment in the housing stock. Further changes in the planned use of reserves for 2014/15 were made as part of the HRA Mid-Year financial review.

Introduction to the Statement of Accounts

The table below compares the final outturn figures (before statutory accounting adjustments) for the HRA as reported to Housing Scrutiny Committee in June 2015, with the revised budget for 2014/15.

(£000s)	Revised Budget	Actual	Difference
Dwelling Rents and Other Income	(40,140)	(40,116)	24
Expenditure	24,803	26,246	1,443
Net cost of HRA Services	(15,337)	(13,870)	1,467
Interest receivable on HRA balances	(154)	(278)	(124)
Loan interest	7,547	7,502	(45)
Contributions to housing set aside earmarked reserve	811	811	0
Depreciation adjustment (Transfer from Major Repairs Reserve)	(2,394)	(4,147)	(1,753)
Revaluation loss on non-dwelling assets	0	95	95
Direct Revenue Financing of Capital	14,338	5,115	(9,223)
Contribution from earmarked reserves to General HRA reserves	(1,213)	(1,213)	0
(Surplus)/deficit for the year	3,598	(5,985)	(9,583)

The variance on net cost of HRA services largely reflects a variance on depreciation of £1,746,000. This was compensated for by an increased transfer from the Major Repairs Reserve. In the accounts this has been netted off the revaluation gains posted to the income and expenditure account, with a corresponding adjustment to the Major Repairs Reserve transfer. This has no effect on the HRA surplus for the year as reported, or the balance on HRA reserves.

The outturn position was a net contribution to reserves of £5,985,000. Requests have been made to carry forward funding of £9,092,000 into 2015/16, reflecting re-phasing of a number of projects, but particularly recognising the deferred need to use reserves to fund capital expenditure in light of slippage in the Housing Capital Investment Programme.

HRA available reserves stood at £14,865,000 at the year-end.

Capital Spending and Receipts

In 2014/15 the Council spent £27,271,000 on property, plant and equipment. Of this £13,248,000 was on major repairs and improvements to council dwellings, £1,733,000 on vehicles, plant and equipment and £9,927,000 on assets in the course of construction (including £9,159,000 on the redevelopment of housing stock).

Capital receipts continue to be generated through the sale of land, council houses, shared ownership dwellings and other property. The Council received £12,744,000 in the year, of which £1,279,000 had to be paid over to central government.

External Borrowing

The Council did not need to undertake any new external borrowing during the year. The external debt of £214 million shown in the Balance Sheet at the end of the financial year relates to borrowing

Introduction to the Statement of Accounts

undertaken in 2011/12 to meet a one-off debt settlement payment to Central Government in relation to new Self-Financing arrangements for the Housing Revenue Account.

Pension Costs

The Council's share of the assets and liabilities of the County Pension Fund show an estimated net liability of £124.8 million at 31 March 2015. This liability has no impact on the level of the Council's available reserves.

The liability has increased significantly this year as a result of a reduction in the discount rate used by the actuary to estimate the Council's liability. Further information on this change and relating to the assets, liabilities, income and expenditure of the Council's pension scheme is presented in note 36 starting on page 63.

Looking ahead to 2015/16

The current Spending Round period finishes at the end of 2015/16. It is anticipated that the next Spending Review will continue to reflect increased financial pressures on local government.

The Council's Business Transformation Programme will continue to develop major new initiatives, both in terms of sharing services with other Councils and in terms of the Council's own support services.

A new arts trust charity, Cambridge Live, started running the Cambridge Corn Exchange and Folk Festival, as well as other aspects of the arts and recreation service from 1 April 2015.

The Chancellor of the Exchequer announced a business rates retention scheme pilot in the Budget Statement in March 2015.

The pilot scheme will allow councils in Cambridgeshire to retain 100% of any additional business rate growth beyond expected forecasts starting from 1 April 2015. The purpose of the scheme is to incentivise local authorities to encourage business growth within their areas.

Further Information

Further information about the accounts is available from:

Head of Finance
Business Transformation Department
Cambridge City Council
PO Box 700
Cambridge
CB1 0JH

In addition, interested members of the public have a right to inspect the accounts each year before the audit is completed. The availability of the accounts for public inspection is advertised in the local press and on the Council's web site.

MAIN FINANCIAL STATEMENTS

Main Financial Statements

Movement in Reserves Statement

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

Financial year 2014/15

(£000s)	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account Balance	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
Balance at 1 April 2014	(8,990)	(23,973)	(8,880)	(4,320)	(17,593)	(4,919)	(11,058)	(79,733)	(453,550)	(533,283)
Movement in reserves during 2014/15										
(Surplus) / deficit on the provision of services	3,042	0	(30,030)	0	0	0	0	(26,988)	0	(26,988)
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	(9,196)	(9,196)
Total Comprehensive income and expenditure	3,042	0	(30,030)	0	0	0	0	(26,988)	(9,196)	(36,184)
Adjustments between accounting basis and funding basis under regulations (Note 4)	(7,471)	0	24,195	0	(4,491)	2,700	(379)	14,554	(14,554)	0
Net (increase) / decrease before transfers to earmarked reserves	(4,429)	0	(5,835)	0	(4,491)	2,700	(379)	(12,434)	(23,750)	(36,184)
Transfers to / from earmarked reserves (Note 5)	1,894	(1,894)	(150)	150	0	0	0	0	0	0
(Increase) / decrease in 2014/15	(2,535)	(1,894)	(5,985)	150	(4,491)	2,700	(379)	(12,434)	(23,750)	(36,184)
Balance at 31 March 2015	(11,525)	(25,867)	(14,865)	(4,170)	(22,084)	(2,219)	(11,437)	(92,167)	(477,300)	(569,467)

Main Financial Statements

Financial Year 2013/14

(£000s)	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account Balance	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
Balance at 1 April 2013	(7,995)	(20,236)	(5,495)	(3,863)	(13,210)	(5,111)	(4,155)	(60,065)	(425,125)	(485,190)
Movement in reserves during 2013/14										
(Surplus) / deficit on the provision of services	(3,275)	0	(16,325)	0	0	0	0	(19,600)	0	(19,600)
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	(28,493)	(28,493)
Total Comprehensive income and expenditure	(3,275)	0	(16,325)	0	0	0	0	(19,600)	(28,493)	(48,093)
Adjustments between accounting basis and funding basis under regulations (Note 4)	(1,457)	0	12,483	0	(4,383)	192	(6,903)	(68)	68	0
Net (increase) / decrease before transfers to earmarked reserves	(4,732)	0	(3,842)	0	(4,383)	192	(6,903)	(19,668)	(28,425)	(48,093)
Transfers to / from earmarked reserves (Note 5)	3,737	(3,737)	457	(457)	0	0	0	0	0	0
(Increase) / decrease in 2013/14	(995)	(3,737)	(3,385)	(457)	(4,383)	192	(6,903)	(19,668)	(28,425)	(48,093)
Balance at 31 March 2014	(8,990)	(23,973)	(8,880)	(4,320)	(17,593)	(4,919)	(11,058)	(79,733)	(453,550)	(533,283)

Main Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting costs in the year, of providing services, in accordance with generally accepted accounting practices, rather than the amounts 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.

(£000s)	Notes	2014/15			2013/14		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Central services to the public		2,453	(763)	1,690	2,422	(829)	1,593
Cultural and related services		13,824	(4,555)	9,269	15,032	(4,867)	10,165
Environmental and related services		14,922	(6,464)	8,458	13,788	(5,610)	8,178
Planning Services		8,406	(3,238)	5,168	8,287	(3,043)	5,244
Highways and transport services		6,704	(9,858)	(3,154)	6,894	(8,965)	(2,071)
Housing Revenue Account	3	10,152	(40,045)	(29,893)	17,381	(38,162)	(20,781)
Other housing services		46,050	(41,135)	4,915	43,586	(39,192)	4,394
Corporate and democratic core		2,788	0	2,788	2,818	0	2,818
Non distributed costs		130	0	130	112	0	112
Cost of Services		105,429	(106,058)	(629)	110,320	(100,668)	9,652
Other operating expenditure	6	1,133	(5,143)	(4,010)	1,178	(1,485)	(307)
Financing and investment income and expenditure	7	12,846	(12,265)	581	12,503	(12,331)	172
Taxation and non-specific grant income	3/8	0	(22,930)	(22,930)	0	(29,117)	(29,117)
(Surplus) / deficit on provision of services	9	119,408	(146,396)	(26,988)	124,001	(143,601)	(19,600)
<i>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</i>							
(Surplus) / deficit on revaluation of Property, Plant and Equipment assets	3/32			(34,239)			(25,490)
Remeasurements of the net defined benefit liability	3/36			24,477			(3,003)
				(9,762)			(28,493)
<i>Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services</i>							
Surplus or deficit on revaluation of available for sale financial assets				566			0
Other comprehensive (income) / expenditure				(9,196)			(28,493)
Total comprehensive (income) / expenditure				(36,184)			(48,093)

Main Financial Statements

Balance Sheet

The Balance Sheet shows the value at the stated date of the Council's assets and liabilities. The net assets are matched by reserves. Reserves are reported in two categories. The first category is usable 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 (e.g the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes those reserves that hold unrealised gains and losses (e.g the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

(£000s)	Notes	31 March 2015	31 March 2014
Property, Plant and Equipment	15	687,238	643,773
Heritage Assets		470	430
Investment Property	20	121,765	118,529
Intangible Assets		456	506
Long Term Investments	22	15,484	6,128
Long Term Debtors	23	1,146	1,029
Long Term Assets		826,559	770,395
Short Term Investments	22	86,318	70,069
Assets Held for Sale	24	9,708	4,492
Inventories		268	274
Short Term Debtors	25	11,790	17,195
Cash and Cash Equivalents	26	7,268	6,573
Current Assets		115,352	98,603
Short Term Borrowing	34	(82)	0
Short Term Creditors	27	(17,360)	(11,682)
Receipts in Advance	28	(4,287)	(6,314)
Provisions	29	(4,245)	(3,543)
Current Liabilities		(25,974)	(21,539)
Long Term Borrowing	34	(213,572)	(213,654)
Other Long Term Liabilities	36	(124,811)	(95,201)
Capital Grants Receipts in Advance	30	(8,087)	(5,321)
Long Term Liabilities		(346,470)	(314,176)
Net Assets		569,467	533,283
Usable Reserves	31	(92,167)	(79,733)
Unusable Reserves	32	(477,300)	(453,550)
Total Reserves		(569,467)	(533,283)

These financial statements replace the unaudited statements authorised for issue on 29 June 2015..

Main Financial Statements

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation, grant income and by 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 show claims that will be made on future cash flows by providers of capital (i.e. borrowing) to the Council.

(£000s)	Notes	2014/15	2013/14
Cash flows from operating activities			
Cash receipts		168,368	151,711
Cash payments		(132,568)	(129,808)
Net cash flows from operating activities	37	35,800	21,903
Net cash flows from investing activities	38	(35,259)	(24,883)
Net cash flows from financing activities	39	154	1,819
Net (decrease) / increase in cash and cash equivalents		695	(1,161)
Cash and cash equivalents at the beginning of the year	26	6,573	7,734
Cash and cash equivalents at the end of the year	26	7,268	6,573

NOTES TO THE MAIN FINANCIAL STATEMENTS

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Notes to the Main Financial Statements

1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out on pages 87 to 103, 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:

- There is a degree of uncertainty about future levels of funding for local government. 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 significantly reduce levels of service provision.

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

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

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

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 consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The net pension liability at 31 March 2015 is estimated to be £124.8 million and the estimated effects on the liability of changes in individual assumptions is disclosed in Note 36.

Property, Plant and Equipment

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

If the useful life of assets is reduced, depreciation increases and the carrying value of the assets fall. It is estimated that the annual depreciation charge for assets would increase by approximately £800,000 for every year that useful lives had to be reduced.

Business Rates

Since the introduction of the Business Rates Retention Scheme from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses, both in the current financial year and earlier years, in proportion to their local share of business rates income. The Council's General Fund share of business rates income is 40%.

Notes to the Main Financial Statements

A provision has therefore been recognised for the best estimate of the amount that will be repayable in respect of years up to 31 March 2015 following successful rating valuation appeals. The Council's share of this provision is £2.5 million as disclosed in Note 29. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and historical data on successful appeals to date. It is possible that appeals will be settled at amounts which differ from the estimate made on historical experience.

3 Material Items of Income and Expenditure

The following material items of income and expenditure are included in the relevant lines of the Comprehensive Income and Expenditure Statement.

A net credit for reversal of previous revaluation losses of £15.0 million on council housing stock has been credited to expenditure within the HRA net cost of service line. The comparative figure for 2013/14 includes a net credit of £6.8 million. More detail on the movements in the value of the Council's housing stock can be found in note 15 to the main financial statements.

The Council's share of non-domestic rates income totalling £36.2 million (£33.9 million in 2013/14) and the tariff of £32.9 million (£32.3 million in 2013/14) payable to central government under the rates retention scheme have been included in taxation and non-specific grant income.

The surplus on revaluation of Property, Plant and Equipment includes a net £24.2 million gain (£7.8 million in 2013/14) in respect of the Council's housing stock.

There is a total charge for the measurements of the Council's net defined benefit pension liability of £24.5 million. This net charge reflects a number of aspects as detailed in note 36 to the accounts. Most significantly, there is a charge of £41.4 million in respect of 2014/15 reflecting a change in the financial assumptions used by the actuary to estimate the pension liability.

4 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

The total comprehensive income and expenditure recognised by the Council in the year, is prepared in accordance with proper accounting practice. This note details the adjustments that are made to income and expenditure to reflect the resources that are specified by statute 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 that statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority 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 its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. The balance is not available to be applied to fund Housing Revenue Account (HRA) services.

Notes to the Main Financial Statements

Housing Revenue Account (HRA) Balance

The HRA balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.

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 expenditure for which there are no outstanding grant conditions 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.

Notes to the Main Financial Statements

Financial year 2014/15

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily 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	(4,989)	(10,330)	0	0	0	15,319
Net revaluation (losses)/gains on property, plant and equipment	(2,049)	15,024	0	0	0	(12,975)
Net revaluation (losses)/gains on assets held for sale	146	0	0	0	0	(146)
Movements in the market value of investment properties	3,481	(9)	0	0	0	(3,472)
Amortisation of intangible assets	(130)	0	0	0	0	130
Revenue expenditure funded from capital under statute and de minimis capital expenditure	(1,526)	(597)	0	0	0	2,123
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(935)	(10,051)	0	0	0	10,986
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Private sector housing loan repayments – original loan less than £10,000	(33)	0	0	0	0	33
Capital expenditure charged against General Fund and HRA balances	2,449	5,115	0	0	0	(7,564)

Notes to the Main Financial Statements

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	3,386	1,230	0	0	(4,616)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	4,237	(4,237)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	24	12,720	(12,744)	0	0	0
Other capital receipts	0	180	(180)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	7,178	0	0	(7,178)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,279)	0	1,279	0	0	0
Transfer to capital receipts reserve on receipt of loan payment	0	0	(12)	0	0	12
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(12)	0	0	12
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sales proceeds credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal	0	3,193	0	0	0	(3,193)
Adjustments primarily involving the Major Repairs Reserve:						
Transfer allowed by statute between the HRA and Major Repairs Reserve	0	7,929	0	(7,929)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	10,629	0	(10,629)

Notes to the Main Financial Statements

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily 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	34	0	0	0	0	(34)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(8,966)	(1,262)	0	0	0	10,228
Employer's pension contributions and direct payments to pensioners payable in the year	4,050	1,045	0	0	0	(5,095)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(1,141)	0	0	0	0	1,141
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	15	0	0	0	0	(15)
Adjustments primarily involving the Housing Revenue Account:						
Amounts transferred from the Housing Revenue Account to the General fund under statutory regulation	(8)	8	0	0	0	0
Total adjustments	(7,471)	24,195	(4,491)	2,700	(379)	(14,554)

Notes to the Main Financial Statements

Financial year 2013/14

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily 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	(4,658)	0	0	0	0	4,658
Net revaluation (losses)/gains on property, plant and equipment	(1,717)	6,734	0	0	0	(5,017)
Net revaluation (losses)/gains on assets held for sale	(152)	17	0	0	0	135
Movements in the market value of investment properties	3,090	756	0	0	0	(3,846)
Amortisation of intangible assets	(114)	0	0	0	0	114
Revenue expenditure funded from capital under statute and de minimis capital expenditure	(1,786)	(404)	0	0	0	2,190
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(230)	(7,127)	0	0	0	7,357
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Private sector housing loan repayments – original loan less than £10,000	(23)	0	0	0	0	23
Capital expenditure charged against General Fund and HRA balances	2,569	6,406	0	0	0	(8,975)

Notes to the Main Financial Statements

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	10,829	549	0	0	(11,378)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	4,475	(4,475)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	147	8,648	(8,795)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	3,414	0	0	(3,414)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,044)	0	1,044	0	0	0
Transfer to capital receipts reserve on receipt of loan payment	0	0	(31)	0	0	31
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(15)	0	0	15
Adjustments primarily involving the Major Repairs Reserve:						
HRA depreciation	0	0	0	(10,619)	0	10,619
Reversal of Major Repairs Allowance credited to the HRA	0	(2,941)	0	2,941	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	7,870	0	(7,870)

Notes to the Main Financial Statements

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily 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	0	0	41
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(9,167)	(1,018)	0	0	0	10,185
Employer's pension contributions and direct payments to pensioners payable in the year	4,090	858	0	0	0	(4,948)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(3,238)	0	0	0	0	3,238
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(6)	(1)	0	0	0	7
Adjustments primarily involving the Housing Revenue Account:						
Amounts transferred from the Housing Revenue Account to the General fund under statutory regulation	(6)	6	0	0	0	0
Total adjustments	(1,457)	12,483	(4,383)	192	(6,903)	68

Notes to the Main Financial Statements

5 Movement in Reserves Statement – Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans together with the amounts of earmarked reserves used to meet General Fund and HRA expenditure in 2014/15.

(£000s)	2013/14			2014/15		Balance at 31 March 2015	
	Balance at 1 April 2013	Transfers In	Transfers Out	Balance at 31 March 2014	Transfers In		Transfers Out
General Fund:							
Asset Repair and Renewals Reserves	(14,153)	(3,363)	3,601	(13,915)	(3,706)	3,257	(14,364)
Insurance Fund	(1,075)	(754)	663	(1,166)	(722)	991	(897)
Technology Investment Fund	(141)	0	8	(133)	0	4	(129)
Development Plan Reserve	(395)	(317)	135	(577)	(182)	208	(551)
Compulsory Purchase Order Compensation Reserve	(583)	0	361	(222)	0	0	(222)
Major Planning Appeals Reserve	0	(428)	293	(135)	(26)	0	(161)
Revenue Contributions to Capital	(178)	0	42	(136)	0	18	(118)
Efficiency Fund	(490)	0	117	(373)	(19)	175	(217)
Pension Reserve	(493)	(493)	0	(986)	0	0	(986)
Climate Change Fund	(410)	(3)	66	(347)	0	0	(347)
Keep Cambridge Moving	0	(436)	0	(436)	0	0	(436)
Business Rates Retention	0	(3,405)	0	(3,405)	(2,327)	1,292	(4,440)
Fixed Term Priority Projects	0	0	0	0	(286)	0	(286)
Sharing Prosperity	0	0	0	0	(493)	0	(493)
Other	(2,318)	(454)	630	(2,142)	(826)	748	(2,220)
Total	(20,236)	(9,653)	5,916	(23,973)	(8,587)	6,693	(25,867)
Housing Revenue Account:							
Asset Repair and Renewal Reserve	(2,149)	(338)	95	(2,392)	(545)	1,108	(1,829)
Shared Ownership Reserve	(300)	0	0	(300)	0	0	(300)
Other	(1,414)	(231)	17	(1,628)	(845)	432	(2,041)
Total	(3,863)	(569)	112	(4,320)	(1,390)	1,540	(4,170)

Notes to the Main Financial Statements

6 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

(£000s)	2014/15		2013/14	
	Income	Expenditure	Income	Expenditure
Payments to the Government Housing Capital Receipts Pool	0	1,279	0	1,044
Impairment losses on assets held for sale	0	(146)	0	134
(Gains) / losses on the disposal of non-current assets	(4,963)	0	(1,485)	0
Other income	(180)	0	0	0
	(5,143)	1,133	(1,485)	1,178

7 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

(£000s)	2014/15		2013/14	
	Income	Expenditure	Income	Expenditure
Interest payable and similar charges	0	7,496	0	7,496
Impairment of investments	0	(59)	0	(343)
Net interest on the net defined benefit liability	0	4,111	0	4,201
Gains and losses on trading	(125)	69	(35)	0
Interest receivable and similar income	(789)	0	(710)	0
Income and expenditure in relation to investment properties and changes in their fair value	(11,351)	1,229	(11,586)	1,149
	(12,265)	12,846	(12,331)	12,503

8 Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Incomes

(£000s)	2014/15	2013/14
Council tax income	(6,601)	(6,421)
Net council share of business rates income	(3,330)	(1,618)
Non-domestic rates retention – safety net payment due from central government	0	(1,571)
Non-ringfenced government grants	(8,783)	(8,129)
Capital grants and contributions	(4,216)	(11,378)
	(22,930)	(29,117)

Notes to the Main Financial Statements

The business rates income retained by the Council under the business rates retention scheme of £3,330,000 (2013/14 - £1,618,000) comprises the Council's share of income of £36,245,000 (2013/14 - £33,904,000) less a tariff payment due to central government of £32,915,000 (2013/14 - £32,286,000).

9 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 (SERCOP). However, decisions about resource allocation are taken by the Council's Executive on the basis of financial information analysed by portfolio. Reports presented to members are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to revaluation losses and revenue expenditure funded from capital under statute.
- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.
- The net income generated by the Council's commercial property service is reported below 'cost of services' in 'financing and investment income and expenditure'.
- Reports include contributions to Repairs and Renewals Funds rather than the actual expenditure reflected in the accounts.

Notes to the Main Financial Statements

The income and expenditure of the Council's service portfolios recorded in the budget reports for the year and how it reconciles to that included in the net cost of services in the Comprehensive Income and Expenditure Statement is as follows:

(£000s)	2014/15	2013/14
Net Expenditure for the year as reported to management		
General Fund		
Community Services		
City Centre and Public Places	2,753	2,109
Community Arts and Recreation	7,955	7,469
	10,708	9,578
Environment		
Environment, Waste and Public Health	7,776	7,880
Planning Policy and Transport	(266)	1,039
	7,510	8,919
Housing		
Housing General Fund	3,186	3,479
Strategy & Resources		
Finance and Resources	(5,999)	(6,259)
Strategy and Transformation	2,658	3,449
	(3,341)	(2,810)
Total General Fund	18,063	19,166
Housing Revenue Account		
Housing – HRA	(13,870)	(15,074)
	4,193	4,092
Amounts in the Comprehensive Income and Expenditure Statement not reported to management	(8,997)	1,083
Amounts reported to management not included in the Comprehensive Income and Expenditure Statement	4,175	4,477
Cost of Services in the Comprehensive Income and Expenditure Statement	(629)	9,652

Notes to the Main Financial Statements

This reconciliation (analysed subjectively) shows how the figures for the income and expenditure included in the reports to management relate to the Surplus or Deficit on the provision of services included in the Comprehensive Income and Expenditure Statement.

Financial year 2014/15

(£000s)	Portfolio Analysis	Amounts reported to management below portfolio analysis	Amounts reported to management which do not form part of CIES	Amounts not reported to management for decision making	Allocation of recharges	Total
Fees, charges and other service income	(77,864)	0	33	(102)	12,276	(65,657)
Interest and investment income	(484)	(278)	0	(3,499)	(7,879)	(12,140)
Income from council tax	0	(6,706)	0	105	0	(6,601)
Income from non-domestic rates	0	(3,853)	0	523	0	(3,330)
Gain on disposal of assets and other capital receipts	0	0	0	(5,143)	0	(5,143)
Government grants, donations and contributions	(40,406)	(8,503)	0	(4,616)	0	(53,525)
Total Income	(118,754)	(19,340)	33	(12,732)	4,397	(146,396)
Employee expenses	23,471	0	0	1,007	13,159	37,637
Other service expenses	67,931	0	(3,328)	4,922	(3,005)	66,520
Recharges	15,552	0	0	0	(15,552)	0
Depreciation, amortisation and impairment	15,991	95	0	(14,722)	1,060	2,424
Interest payments	2	7,502	(8)	4,111	(59)	11,548
Payments to Housing Receipts Pool	0	0	0	1,279	0	1,279
Total Expenditure	122,947	7,597	(3,336)	(3,403)	(4,397)	119,408
(Surplus) / Deficit on the provision of services	4,193	(11,743)	(3,303)	(16,135)	0	(26,988)

Notes to the Main Financial Statements

Financial year 2013/14

(£000s)	Portfolio Analysis	Amounts reported to management below portfolio analysis	Amounts reported to management which do not form part of CIES	Amounts not reported to management for decision making	Allocation of recharges	Total
Fees, charges and other service income	(74,090)	0	0	0	12,897	(61,193)
Interest and investment income	(580)	(113)	0	(3,863)	(7,740)	(12,296)
Income from council tax	0	(6,254)	0	(167)	0	(6,421)
Income from non-domestic rates	0	(6,396)	0	3,207	0	(3,189)
Gain on disposal of assets and other capital receipts	0	0	0	(1,485)	0	(1,485)
Government grants, donations and contributions	(39,509)	(8,130)	0	(11,378)	0	(59,017)
Total Income	(114,179)	(20,893)	0	(13,686)	5,157	(143,601)
Employee expenses	22,682	0	0	1,043	13,999	37,724
Other service expenses	66,282	0	(2,965)	3,848	(3,795)	63,370
Recharges	16,404	0	0	0	(16,404)	0
Depreciation, amortisation and impairment	12,901	0	(84)	(3,880)	1,572	10,509
Interest payments	2	7,494	0	4,387	(529)	11,354
Payments to Housing Receipts Pool	0	0	0	1,044	0	1,044
Total Expenditure	118,271	7,494	(3,049)	6,442	(5,157)	124,001
(Surplus) / Deficit on the provision of services	4,092	(13,399)	(3,049)	(7,244)	0	(19,600)

10 Agency Services

Box Office Services

The Council operates a box office for private promoters for performances and events held at the Corn Exchange. Gross income collected and paid over to promoters was £3,141,000 in 2014/15 (£3,186,000 in 2013/14.)

Notes to the Main Financial Statements

11 Members' Allowances

The total allowances paid to members during the financial year 2014/15 were £244,295 (£240,236 in 2013/14) as analysed below. Details of payments to individual members are published annually in a local newspaper.

(£)	2014/15	2013/14
Basic allowance payments	116,146	115,683
Special responsibility payments	125,057	121,488
Childcare allowance	534	345
Travel and subsistence payments:		
Subsistence	323	170
Travel claims	629	543
Travel warrants	555	503
Taxi fares	169	177
Mileage claims	882	1,327
	244,295	240,236

Additional civic responsibility payments were made to the Mayor and Deputy Mayor outside of the Members Allowances Scheme. These totalled £5,810 (£5,700 in 2013/14).

12 Related Party Transactions

The Council is required to disclose 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 or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central government has effective control 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 transactions that the Council has with other parties (for example, Housing Benefits). Details of government grants received are set out in Note 30.

Members of the Council have direct control over the Council's financial and operating policies. During 2014/15 the Council gave funding totalling £159,762 (£232,091 in 2013/14) to voluntary organisations in which 6 (10 in 2013/14) members were in positions of influence. £0 (£0 in 2013/14) of these grants were unpaid at the year end.

The relevant members did not take part in any discussion or decision relating to the grants. In addition one of these organisations has a long term loan from the Council as disclosed in Note 23 to the accounts.

The Council transferred the running of the Cambridge Folk Festival, Corn Exchange and other aspects of the arts and recreation service to a new arts trust charity, Cambridge Live, on 1 April 2015. Two members of the Council are appointed as trustees. As disclosed in note 23, start-up costs of £108,684 were paid by the Council on behalf of the charity and are due to be repaid from

Notes to the Main Financial Statements

2017/18. No interest is due on the repayment. Short term creditors include £2,295,821 of balances (mostly receipts for events taking place in 2015/16) due to the charity on transfer.

No other material transactions have been identified for disclosure which are not already included elsewhere in this Statement of Accounts.

13 Employee Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

	2014/15	2013/14
£50,000 to £54,999	2	1
£55,000 to £59,999	4	4
£60,000 to £64,999	2	5
£65,000 to £69,999	6	6
£70,000 to £74,999	3	3
£80,000 to £84,999	1	0
£85,000 to £89,999	2	1
£90,000 to £94,999	1	1
£115,000 to £119,999	1	1
£135,000 to £139,999	0	1
Total	22	23

The remuneration of senior officers, who are included in the above table, is disclosed in more detail, including employer's pension contributions, below:

Financial year 2014/15

(£) Position / Name	Note	Salary	Honorarium	Pension Contribution	Total
Chief Executive (A Jackson)	1	117,859	0	20,961	138,820
Director of Environment (S Payne)		89,089	0	15,502	104,591
Director of Customer & Community Services (L Bisset)		92,350	2,000	16,417	110,767
Director of Business Transformation (R Ward)		89,089	0	15,502	104,591
Head of Corporate Strategy (A Limb)	2	68,431	0	11,907	80,338
Head of Finance (Section 151 Officer) (C Ryba)	3	49,029	0	8,531	57,560

Notes to the Main Financial Statements

Notes:

- 1 The Chief Executive received Election Payments of £2,609 in addition to the above.
- 2 The Head of Corporate Strategy received Election Payments of £500 in addition to the above.
- 3 The Head of Finance joined the Council on 14 July 2014.

Between April and July 2014 the Section 151 (Chief Financial Officer) role was undertaken by Alex Colyer, the Executive Director, Corporate Services and Chief Finance Officer of South Cambridgeshire District Council. The Council paid South Cambridgeshire £5,307 for this service.

Financial year 2013/14

(£) Position / Name	Note	Salary	Allowances & Benefits in Kind	Redundancy	Pension Contribution	Total
Chief Executive (A Jackson)	1	117,859	0	0	21,922	139,781
Director of Resources (D Horspool)	2	91,891	10	44,939	17,092	153,932
Director of Environment (S Payne)		88,646	0	0	16,488	105,134
Director of Customer & Community Services (L Bisset)		91,891	0	0	17,092	108,983
Director of Business Transformation (R Ward)	3	20,970	0	0	3,900	24,870
Head of Corporate Strategy (A Limb)		65,951	0	0	12,267	78,218

Notes:

- 1 The Chief Executive received Election Payments of £4,550 in addition to the above.
- 2 The Director of Resources left the Council on 31 March 2014.
- 3 The Director of Business Transformation joined the Council on 6 January 2014.

During February and March 2014 the Section 151 (Chief Financial Officer) role was undertaken by Alex Colyer, the Executive Director, Corporate Services and Chief Finance Officer of South Cambridgeshire District Council. The Council paid South Cambridgeshire £1,914 for this service during 2013/14.

Notes to the Main Financial Statements

The number of exit packages, analysed between compulsory redundancies and other departures, and the total cost per band are set out in the table below:

Exit Package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed		Total Number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
£0 - £20,000	8	17	0	1	8	18	82	70
£20,001 - £40,000	3	3	0	0	3	3	88	72
£40,001 - £60,000	0	2	0	0	0	2	0	102
£60,001 - £80,000	0	1	0	0	0	1	0	64
Total	11	23	0	1	11	24	170	308

The cost of exit packages includes the capital costs of early retirements (which are not relevant in every case) due to be paid to the Local Government Pension Scheme by the Council. These costs are disclosed as post employment benefit costs within non-distributed costs on the Comprehensive Income and Expenditure Statement.

Prior year bandings and the total cost of exit packages have been restated where there were differences between the estimated cost of departure as used in the note in last year's accounts and the actual cost.

14 Audit Costs

Cambridge City Council incurred the following fees relating to external audit.

(£000s)	2014/15	2013/14 (restated)
Fees payable to the appointed external auditor in respect of:		
External audit services	69	69
Certification of grant claims and returns	16	21
	85	90

Notes to the Main Financial Statements

15 Property, Plant and Equipment

Financial year 2014/15

(£000s)	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment
Cost or Valuation								
At 1 April 2014	497,772	127,172	17,259	2,589	1,122	5,230	6,365	657,509
Additions	13,248	1,403	1,733	945	15	0	9,927	27,271
Revaluation increases/(decreases) recognised in the revaluation reserve	14,280	5,069	0	0	0	4	(32)	19,321
Revaluation increases/(decreases) recognised in the surplus / deficit on provision of services	15,025	(2,146)	0	0	0	2	0	12,881
Derecognition – disposals	(3,778)	0	(412)	0	0	0	(34)	(4,224)
Derecognition – other	(344)	(949)	0	0	0	(2,662)	(11)	(3,966)
Assets reclassified (to) / from intangible assets	0	0	0	0	0	0	(26)	(26)
Assets reclassified from Investment Properties	0	400	0	0	0	0	0	400
Assets reclassified (to) / from held for sale	0	(3,294)	(489)	0	0	(1,977)	0	(5,760)
Assets reclassified (to) / from other categories of property, plant and equipment	1,897	1,237	94	45	14	(400)	(2,899)	(12)
At 31 March 2015	538,100	128,892	18,185	3,579	1,151	197	13,290	703,394
Accumulated Depreciation and Impairment								
At 1 April 2014	0	(4,334)	(8,902)	(378)	0	(122)	0	(13,736)
Depreciation charge	(10,035)	(3,451)	(1,645)	(76)	0	(113)	0	(15,320)
Depreciation written out to the Revaluation Reserve	9,954	1,704	0	0	0	2	0	11,660
Derecognition – disposals	77	0	409	0	0	0	0	486
Derecognition – other	0	41	0	0	0	144	0	185
Assets reclassified to / from Held for Sale	0	1	470	0	0	83	0	554
Assets reclassified to / from other categories of property, plant and equipment	4	2	0	0	0	6	0	12
Other movements	0	0	3	0	0	0	0	3
At 31 March 2015	0	(6,037)	(9,665)	(454)	0	0	0	(16,156)
Net Book Value								
At 31 March 2015	538,100	122,855	8,520	3,125	1,151	197	13,290	687,238
At 31 March 2014	497,772	122,838	8,357	2,211	1,122	5,108	6,365	643,773

Notes to the Main Financial Statements

Financial year 2013/14

(£000s)	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment
Cost or Valuation								
At 1 April 2013	486,503	116,418	15,059	2,042	1,077	4,216	2,288	627,603
Opening adjustment between cost and accumulated depreciation	0	164	0	0	(25)	0	0	139
Additions	12,471	987	2,422	547	52	1,444	4,306	22,229
Revaluation increases/(decreases) recognised in the revaluation reserve	(2,477)	13,024	0	0	0	0	0	10,547
Revaluation increases/(decreases) recognised in the surplus / deficit on provision of services	6,759	(1,742)	0	0	0	0	0	5,017
Derecognition – disposals	(4,133)	0	0	0	0	0	0	(4,133)
Derecognition – other	(627)	(85)	0	0	0	(1,166)	(16)	(1,894)
Assets reclassified (to) / from intangible assets	0	0	0	0	0	0	(38)	(38)
Assets reclassified (to) / from held for sale	0	(495)	(312)	0	0	(1,134)	0	(1,941)
Assets reclassified (to) / from other categories of property, plant and equipment	(724)	(1,099)	90	0	18	1,870	(175)	(20)
At 31 March 2014	497,772	127,172	17,259	2,589	1,122	5,230	6,365	657,509
Accumulated Depreciation and Impairment								
At 1 April 2013	0	(5,736)	(7,579)	(323)	(25)	(68)	0	(13,731)
Opening adjustment between cost and accumulated depreciation	0	(164)	0	0	25	0	0	(139)
Depreciation charge	(10,382)	(3,140)	(1,615)	(55)	0	(85)	0	(15,277)
Depreciation written out to the Revaluation Reserve	10,247	4,698	0	0	0	0	0	14,945
Derecognition – disposals	81	0	0	0	0	0	0	81
Derecognition – other	0	6	0	0	0	54	0	60
Assets reclassified to / from Held for Sale	0	0	292	0	0	12	0	304
Assets reclassified to / from other categories of property, plant and equipment	54	2	0	0	0	(35)	0	21
At 31 March 2014	0	(4,334)	(8,902)	(378)	0	(122)	0	(13,736)
Net Book Value								
At 31 March 2014	497,772	122,838	8,357	2,211	1,122	5,108	6,365	643,773
At 31 March 2013	486,503	110,682	7,480	1,719	1,052	4,148	2,288	613,872

Notes to the Main Financial Statements

16 Property Plant and Equipment - Revaluations

The Council carries out a rolling programme that ensures that Property, Plant and Equipment to be measured at fair value are revalued at least every five years.

Current year revaluations were carried out externally by:

Mr G Harbord MA MRICS IRRV(Hons) (Wilks Head and Eve)
Ms A Briggs BA (Hons) MRICS (Bidwells LLP)
Ms A Groom MA MRICS (Bidwells LLP)
Ms B Darby MRICS (Bidwells LLP)

The basis for valuation is set out in the statement of accounting policies on page 98.

The following statement should be noted with regard to the valuations carried out by Bidwells LLP:

In reaching the final valuation figures, Bidwells has departed from the RICS Valuation – Professional Standards (January 2014) prepared by the Royal Institution of Chartered Surveyors. This is because the valuation of the portfolio is such that Bidwells has not been instructed to re-inspect any of the properties. They have therefore relied on information either obtained by them in 1995, 2000, 2005, 2010 and 2015, or subsequently provided by Cambridge City Council in order to reach their conclusions.

Bidwells did undertake an external visual inspection of the properties valued. The Council provides updated information on each property to Bidwells to supplement the detail they already hold and meetings are held to plan and discuss the valuations. These would highlight any significant changes.

The Council has chosen to depart from the Appraisal and Valuation Standards on the grounds of achieving best value for money in relation to property valuation work.

The following table shows the current carrying value of assets by the date of the most recent valuation:

(£000s)	Council Dwellings	Other Land and Buildings	Surplus Assets	Total
Valued at fair value as at:				
31 March 2015	538,100	111,471	197	649,768
31 March 2014	0	3,213	0	3,213
31 March 2013	0	750	0	750
31 March 2012	0	4,150	0	4,150
31 March 2011	0	3,271	0	3,271
Total Valuation	538,100	122,855	197	661,152

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

Notes to the Main Financial Statements

17 Property, Plant and Equipment - Depreciation

The majority of the Council's Property, Plant and Equipment are council dwellings. These are placed into four useful-life bandings. In general, assets built before 1945 are assessed as having a remaining useful life of 27 years, those built between 1945 and 1974 have a remaining useful life of 37 years, those built between 1974 and 2010 have a remaining useful life of 47 years and those built after 2010 have a useful life of 80 years.

The useful lives of other assets are generally estimated as:

- Infrastructure Assets – 20 to 40 years
- Other buildings (main structure) – 20 to 90 years. Material components may be depreciated over a lesser term.
- Vehicles, Plant and Equipment – 3 to 20 years

Notes to the Main Financial Statements

18 Capital Expenditure and Capital Financing

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

(£000s)	2014/15	2013/14
Opening Capital Financing Requirement	215,906	215,604
Capital Expenditure		
Property, Plant and Equipment	27,271	20,507
Investment Properties	164	322
Intangible Assets	53	110
Non-current assets held for sale	114	152
Donated Assets		
Property, Plant and Equipment	0	1,722
Capital Expenditure Charged to the Comprehensive Statement of Income and Expenditure		
Revenue Expenditure Funded from Capital	1,428	1,576
De-minimis capital expenditure	695	614
Loans Advanced		
Private Sector Housing Improvement Loans	35	33
Purchase of Shares		
Local Government Finance Company	50	0
Revaluation losses on non-dwelling HRA assets charged to the Comprehensive Statement of Income and Expenditure	(96)	0
Sources of finance		
Capital receipts	(7,178)	(3,414)
Government grants and other contributions	(4,237)	(4,475)
Revenue and reserves	(18,193)	(16,845)
Closing capital financing requirement	216,012	215,906

Notes to the Main Financial Statements

19 Capital Commitments

At 31 March 2015, the Council was contractually committed to capital work valued at approximately £16.4 million, as shown in the following table.

(£000s)	31 March 2015	31 March 2014
Property, Plant and Equipment		
Clay Farm Community Centre	217	213
Vehicle asset replacements	178	87
Roman Court	0	633
HRA New Build Properties	9,743	4,245
Housing Capital Programme	1,926	0
Logan's Meadow nature reserve extension	0	79
Box Office ticketing system	0	58
Water play areas	0	351
Other works – less than £50,000 per contract	0	108
Assets held for sale/Property Plant and Equipment		
Land at Clay Farm	1,692	2,522
Assets Held For Sale		
Development land on Kings Hedges Road	67	42
Investment Properties		
Lion Yard contribution to works	78	14
Kettle's Yard	0	40
Revenue Expenditure Funded from Capital Under Statute		
Private Sector Housing Improvements	284	0
Community Development Grants Programme	121	260
Green Deal Grants	2,274	0
	16,580	8,652

Notes to the Main Financial Statements

20 Investment Properties

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

(£000s)	2014/15	2013/14
Rental income from investment property	(7,879)	(7,740)
Direct operating expenses arising from investment property	365	503
Net gain	(7,514)	(7,237)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the receipt of income and the proceeds of disposal.

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

(£000s)	2014/15	2013/14
Balance at start of the year	118,529	114,476
<i>Additions:</i>		
Subsequent expenditure	164	322
Net gains / (losses) from fair value adjustments	3,472	3,846
Disposals	0	(115)
<i>Transfers:</i>		
(To) / from Property, Plant and Equipment	(400)	0
Transfers from assets in the course of construction	0	0
Balance at the end of the year	121,765	118,529

Notes to the Main Financial Statements

21 Leases

Council as Lessee

Finance Leases

The carrying value of investment properties held under finance leases was £1,660,000 at 31 March 2015 (£1,660,000 at 31 March 2014). Secondary lease payments of £2,247 in each of 2013/14 and 2014/15 were accounted for as finance costs. This annual charge will continue until 2035.

These relate to industrial units held under finance leases which are then leased out under operating leases and the total minimum lease payments are £53,866 at 31 March 2015 (£80,632 at 31 March 2014).

The Council leases in three car parks under long-term peppercorn leases. The carrying value of these car parks included in Property, Plant and Equipment was £25,027,500 at 31 March 2015 (£23,957,500 at 31 March 2014).

Operating Leases

The Council leases in a number of operational properties and some equipment under operating leases.

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

(£000s)	31 March 2015	31 March 2014
Not later than one year	80	388
Later than one year and not later than five years	250	283
Later than five years	0	50
	330	721

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

(£000s)	2014/15	2013/14
Minimum lease payments	371	493

Council as Lessor

Operating Leases

The Council leases out commercial properties across the City under operating leases. The portfolio includes shops, industrial units and shopping centres.

Notes to the Main Financial Statements

The future minimum lease payments receivable, under leases which cannot be cancelled, are:

(£000s)	31 March 2015	31 March 2014
Not later than one year	3,761	4,192
Later than one year and not later than five years	10,615	11,835
Later than five years	95,610	99,104
	109,986	115,131

The minimum lease payments receivable do not include contingent rents such as those based on turnover. In 2014/15 £2,160,045 of contingent rents were receivable by the Council (2013/14 £2,085,334).

22 Short-Term and Long-Term Investments

(£000s)	2014/15		2013/14	
	Long Term	Short Term	Long Term	Short Term
Investments in Icelandic banks and their UK subsidiaries	0	101	1,128	951
Other investments	15,484	86,217	5,000	69,118
	15,484	86,318	6,128	70,069

Investments in Icelandic Banks and their UK Subsidiaries

In October 2008, a number of Icelandic Banks and their UK subsidiaries went into administration.

The Council had £5 million deposited with Landsbanki Islands hf (subsequently renamed LBI hf), and £4 million with its UK subsidiary, Heritable Bank Plc.

All monies within these institutions are subject to their respective administration and receivership processes.

The overall position in respect of both institutions is summarised as follows:

(£000s)	2014/15		2013/14	
	Heritable Bank Plc	LBI hf	Heritable Bank Plc	LBI hf
Balance sheet carrying value				
Long term investments	0	0	0	1,128
Short term investments	101	0	101	850
Increase / (decrease) in impairment recognised in the Comprehensive Income and Expenditure account	0	(63)	(343)	0
Cash received	0	2,040	682	260

Notes to the Main Financial Statements

LBI hf

The Council sold its remaining claims against the insolvent estate of LBI in autumn 2014.

Heritable Bank Plc

The Council has received just over 94% of its claim to date. The administrators have not given any firm indications as to the likely timing and scale of further dividends, but given the information available to it, the Council has assumed an overall recovery of 96.5%.

23 Long-Term Debtors

Long-term debtors which fall due after a period of at least one year:

(£000s)	31 March 2015	31 March 2014
Mortgages	1	1
Grand Arcade reverse lease premium	205	211
Private sector housing improvement loans	793	769
Sale of land at Kings Hedges	30	30
Long term loan – Kelsey Kerridge Sports Centre	1	11
Cambridge Live	109	0
Mortgage Repossessions Loans	7	7
	1,146	1,029

Notes to the Main Financial Statements

24 Assets Held for Sale

(£000s)	Current		Long Term	
	2014/15	2013/14	2014/15	2013/14
Balance at 1 April	4,492	841	0	3,354
Assets newly classified as held for sale:				
Property, plant & equipment	5,207	1,635	0	0
Transfers between current and long term assets held for sale	0	3,354	0	(3,354)
Assets sold	(3,469)	(1,355)	0	0
Clay Farm change in estimate of value – Revaluation Reserve	3,217	0	0	0
Clay Farm change in estimate of value – Reverse previous impairment loss	152	0	0	0
Enhancement expenditure	114	152	0	0
Impairment losses	(5)	(135)	0	0
Balance at 31 March	9,707	4,492	0	0

The 2014/15 impairment loss relates to a vehicle.

25 Debtors

(£000s)	31 March 2015	31 March 2014
Central government bodies	1,371	10,638
Other local authorities	963	490
NHS bodies	32	10
Public corporations and trading funds	0	10
Council Tax payers (City share)	500	640
National Non Domestic Rate Payers (City Share)	270	381
Council Tax payers (Precepting Bodies Share)	1,658	2,156
Housing tenants and leaseholders	477	578
Trade and other	6,519	2,292
	11,790	17,195

Notes to the Main Financial Statements

26 Cash and Cash Equivalents

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

(£000s)	31 March 2015	31 March 2014
Cash held by the Council	4	5
Bank current accounts	864	458
Bank deposit accounts	6,400	6,110
	7,268	6,573

27 Short-Term Creditors

(£000s)	31 March 2015	31 March 2014
Central government bodies	(2,984)	(1,931)
Other local authorities	(2,174)	(783)
Public corporations and trading funds	0	(3)
Other entities and individuals	(12,202)	(8,965)
	(17,360)	(11,682)

28 Receipts in Advance

(£000s)	31 March 2015	31 March 2014
Cambridge City Council share of Council Tax receipts in advance	(385)	(357)
Cambridge City Council share of non-domestic rates receipts in advance	(644)	(597)
Capital grants receipts in advance	(75)	(452)
Housing Tenants and Leaseholders	(1,128)	(1,300)
Other	(2,055)	(3,608)
	(4,287)	(6,314)

Notes to the Main Financial Statements

29 Provisions

Insurance Provision

The insurance provision has been set aside to meet the estimated cost to the Council of outstanding insurance claims. However, the actual cost (if any) of individual claims and the timing of payments are uncertain and may be dependent upon the results of negotiation and/or legal action.

Under current insurance arrangements, the Council takes responsibility for meeting the first £10,000 of any liability claim up to a total combined loss in any insurance year of £200,000. For motor claims the Council takes responsibility for meeting the first £10,000 of any claim. For property losses, the Council is responsible for meeting up to £150,000 of claims in respect of General Fund property from the provision and up to £250,000 for HRA property from the HRA. The Council's external insurers meet claims or losses in excess of these amounts.

Business Rates Appeals Provision

Since the introduction of the Business Rates Retention Scheme from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses, both in the current financial year and earlier years, in proportion to their local share of business rates income. The Council's share of business rates income is 40%.

A provision has therefore been recognised for the best estimate of the amount that will be repayable in respect of years up to 31 March 2015 following successful rating valuation appeals. This estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and historical data on successful appeals to date. The timing of the settlement of these appeals is uncertain as they are outside of the Council's control.

(£000s)	Insurance Provision	Business Rates Appeals Provision	Other Provisions	Total
Balance at 1 April 2014	(275)	(3,239)	(29)	(3,543)
Additional provisions made in 2014/15	(586)	(3,135)	0	(3,721)
Amounts used in 2014/15	54	1,214	20	1,288
Unused amounts reversed in 2014/15	115	1,616	0	1,731
Balance as at 31 March 2015	(692)	(3,544)	(9)	(4,245)

Notes to the Main Financial Statements

30 Grant Income

The Council credited the following significant grants and contributions to the Comprehensive Income and Expenditure Statement in 2014/15:

(£000s)	2014/15	2013/14
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(4,311)	(5,639)
New Homes Bonus	(3,389)	(2,117)
New Burdens and Transitional Grants	(112)	(119)
Individual Electoral Registration Grants	(128)	0
Homelessness Grants	(103)	0
Site Delivery Planning Grant	(50)	0
Small Business Rate Relief Grant	(283)	(254)
Other Business Rate Relief Grants	(407)	0
Donated Assets	0	(1,722)
Green Deal Capital Grant	0	(7,758)
Other Capital grants and contributions	(4,216)	(1,898)
	(12,999)	(19,507)
Credited to Services		
Discretionary Housing Payments	(183)	(182)
Rent Allowance and Rent Rebates Admin Subsidy	(526)	(622)
Rent Allowance Subsidy	(18,775)	(18,051)
Rent Rebates Subsidy	(19,062)	(18,959)
Non HRA Rent Rebates Subsidy	(295)	(158)
Other Housing Benefit Grants	(156)	0
Other capital grants and contributions	(400)	0
	(39,397)	(37,972)

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

(£000s)	31 March 2015	31 March 2014
Capital Grants Receipts in Advance		
Due within 12 months	(75)	(452)
Due in more than 12 months	(8,087)	(5,321)
Total	(8,162)	(5,773)

Notes to the Main Financial Statements

31 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 4 and 5.

32 Unusable Reserves

(£000s)	31 March 2015	31 March 2014
Deferred Capital Receipts	(3,226)	(45)
Revaluation Reserve	(104,993)	(72,434)
Capital Adjustment Account	(499,567)	(480,287)
Financial Instruments Adjustment Account	90	122
Pensions Reserve	124,811	95,201
Collection Fund Adjustment Account	4,536	3,395
Available for Sale Reserve	566	0
Accumulated Absences Account	483	498
Total Unusable Reserves	(477,300)	(453,550)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by capital receipts. When the deferred cash settlement actually takes place, amounts are transferred to the Capital Receipts Reserve.

(£000s)	2014/15	2013/14
Balance at 1 April	(45)	(60)
Deferred sale proceeds on disposal of non-current assets	(3,193)	0
Transfer to the Capital Receipts Reserve upon receipt of cash	12	15
Balance at 31 March	(3,226)	(45)

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- 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.

Notes to the Main Financial Statements

(£000s)	2014/15	2013/14
Balance at 1 April	(72,434)	(48,019)
Net (gains) / losses on revaluations during the year	(34,239)	(25,490)
Amounts written off to the Capital Adjustment Account		
Amounts to be transferred to capital adjustment account following reconciliation of new asset database	0	24
Difference between fair value depreciation and historical cost depreciation	1,474	955
Accumulated gains on assets sold or scrapped	206	96
Balance at 31 March	(104,993)	(72,434)

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.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 4 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

Notes to the Main Financial Statements

(£000s)	2014/15	2013/14
Balance at 1 April	(480,287)	(470,742)
Charges for depreciation and impairment of non-current assets	15,319	15,277
Revaluation (gains)/losses on property, plant and equipment	(12,977)	(5,017)
Impairment losses on assets held for sale	(146)	135
Amortisation of intangible assets	130	114
Revenue expenditure funded from capital under statute and de minimis capital spend	2,123	2,190
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	10,780	7,261
Amounts to be transferred from revaluation reserve following reconciliation of new asset database	0	(24)
Depreciation in excess of historic cost transfer from revaluation reserve	(1,474)	(955)
Use of the Capital Receipts Reserve to finance new capital expenditure	(7,178)	(3,414)
Use of the Major Repairs Reserve to finance new capital expenditure	(10,629)	(7,870)
Application of grants and contributions to capital financing	(4,237)	(4,475)
Repayment of private sector housing loans	45	54
Capital expenditure charged against the General Fund and Housing Revenue Account balances	(7,564)	(8,975)
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(3,472)	(3,846)
Balance at 31 March	(499,567)	(480,287)

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 pensions funds or eventually pays any pensions for which is it 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 details on pension transactions are shown in note 36.

Notes to the Main Financial Statements

(£000s)	2014/15	2013/14
Balance at 1 April	95,201	92,967
Remeasurements of the net defined benefit liability/(asset)	24,477	(3,003)
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	10,228	10,185
Employer's pension contributions and direct payments to pensioners payable in the year	(5,095)	(4,948)
Balance at 31 March	124,811	95,201

Collection Fund Adjustment Account

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

(£000s)	2014/15	2013/14
Balance at 1 April	3,395	157
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	105	(167)
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different to the non-domestic rates income calculated for the year in accordance with statutory requirements	1,036	3,405
Balance at 31 March	4,536	3,395

33 Contingent Liabilities

Contingent Liabilities

Legal Cases

There is a judicial review application in respect of an arboricultural issue. If the applicant obtains the court's permission for a judicial review hearing, and is ultimately successful, the Council may be liable for some or all of the claimant's costs.

Rating List Proposal

The Council has been informed by the Valuation Office Agency (VOA) of a proposal made by a business rates payer to merge their national network, which currently appears in individual council rating lists nationwide, into a single listing forming one hereditament in one council area. The proposal is with effect from 1 April 2010.

The VOA need to consider this proposal and at this stage are unable to give any indication of the likelihood of the proposal succeeding or how long the proposal will take to determine.

The rateable value of the network in the Council's area is around £700,000 and it has been estimated that if the proposal were accepted the backdated loss of business rates income to the 31 March 2015 to the Collection Fund would be in the order of £1.5 million. The Council's share of this loss would be around £600,000.

Given the information available to it, the Council does not currently assess that it is probable that the VOA will accept the proposal and has therefore not provided for the impact in the 2014/15 accounts.

Notes to the Main Financial Statements

34 Financial Instruments

Categories of Financial Instrument

The following categories of financial instrument are carried in the balance sheet:

(£000s)	Long Term		Current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Investments				
Loans and receivables	6,000	6,128	86,317	70,069
Available-for-sale financial assets	9,434	0	0	0
Unquoted equity investment at cost	50	0	0	0
Debtors				
Loans and receivables	1,146	1,029	3,671	11,668
Creditors & Receipts in Advance				
Financial liabilities at amortised cost	(8,087)	(5,321)	(14,968)	(14,981)
Borrowing				
Financial liabilities at amortised cost	(213,572)	(213,654)	(82)	0
	(205,029)	(211,818)	74,938	66,756

Private Sector Housing Improvement Loans

The Council makes means-tested loans of up to £20,000 to individuals, secured on the value of their property, in order to fund major improvements. These loans are normally repayable on sale of the property. These loans are interest free and are therefore deemed to be soft loans. The notional interest rate used for these loans is based on the Council's prevailing cost of borrowing for a maturity loan of 5 years duration. No allowance is made for the risk that the loans might not be repaid as they are secured.

(£000s)	2014/15	2013/14
Balance sheet (fair) value as at 1 April	769	832
Nominal value of new loans recognised in the year	35	33
Interest – increase in discounted amount	27	17
Loans repaid	(45)	(54)
Fair value adjustments	7	(59)
Balance sheet (fair) value as at 31 March	793	769
Loan payments outstanding (nominal value) at 31 March	881	892

Notes to the Main Financial Statements

Income, Expense, Gains and Losses

The following items of income, expense, gain or loss are reflected in the Statement of Comprehensive Income and Expenditure in respect of financial instruments:

(£000s)	2014/15			2013/14		
	Financial Liabilities at amortised cost	Financial Assets – Loans and Receivables	Financial Assets – Available for Sale	Financial Liabilities at amortised cost	Financial Assets – Loans and Receivables	Financial Assets – Available for Sale
Interest expense	7,496	0	0	7,496	0	0
Reductions in fair value	0	0	0	0	59	0
Reversal of losses on impaired financial assets	0	(63)	0	0	(343)	0
Impairment losses	0	187	0	0	173	0
Total expense in Surplus or Deficit on the Provision of Services	7,496	124	0	7,496	(111)	0
Increases in fair value	0	(7)	0	0	0	0
Interest Income	0	(714)	(75)	0	(558)	0
Interest income accrued on impaired financial assets	0	0	0	0	(152)	0
Total income in Surplus or Deficit on the Provision of Services	0	(721)	(75)	0	(710)	0
Losses on revaluation	0	0	566	0	0	0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	566	0	0	0

Notes to the Main Financial Statements

Fair Value of Assets and Liabilities

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

- ◆ An estimated interest rate at 31 March 2015 of 2.15% (3.00% at 31 March 2014) has been used to calculate the fair value of private sector housing improvement loans
- ◆ Estimated ranges of interest rates at 31 March 2015 of 2.16% to 2.21% (3.37% to 3.41% at 31 March 2014) for loans from the PWLB based on premature repayment rates at that date
- ◆ No early repayment 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 trade and other receivables is taken to be the invoiced or billed amount
- ◆ The fair value of capital contributions received in advance is taken to be the amount received

The fair values are calculated as follows:

(£000s)	31 March 2015		31 March 2014	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Liabilities at amortised cost				
Current liabilities	(14,968)	(14,968)	(14,981)	(14,981)
Long term liabilities	(8,087)	(8,087)	(5,321)	(5,321)
Short term borrowing	(82)	(82)	0	0
Long term borrowing	(213,572)	(278,397)	(213,654)	(218,515)
Loans and receivables:				
Long term debtors	1,146	1,146	1,029	1,029
Current debtors	3,671	3,671	11,668	11,668
Long term investments	6,000	5,973	6,128	6,127
Current investments	86,317	86,317	70,069	70,069

The fair value of the assets is lower than the carrying amount because the Council's portfolio of investments includes a fixed rate loan where the interest rate receivable is lower than prevailing rates at the balance sheet date.

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

Notes to the Main Financial Statements

Available for sale assets are carried in the balance sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. The exception to this treatment is the Council's shareholding in the Local Government Finance Company. The shares in this company are carried at cost of £50,000 and have not been valued as a fair value cannot be measured reliably. The company is only recently established and has no trading history. There is no organisation which might provide comparable market data. The Council has no current intention to dispose of the shareholding.

35 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 for the Council as a result of changes in such measures as interest rates and stock market movements.

How the Council manages those risks

The Council maintains principles for overall risk management, as well as approved policies covering specific areas, such as Treasury Management. The principles behind how the Council intends to manage overall credit, liquidity and market risk in its investments are contained within the Annual Treasury Management and Investment Strategy report, submitted to full Council before the start of each financial year. This strategy can be amended, but only by full Council. During 2014/15 the Council made amendments to its investment strategy. The increase in limits and diversification in using other financial instruments was necessary to offset the effects of further decreases in market interest rates without unduly increasing risk.

Credit risk

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

The Council seeks through the operation of its Treasury Management and Investment Strategy to minimise its exposure to risks in relation to investments.

Notes to the Main Financial Statements

The table below summarises current Treasury Management limits and the changes during the year.

Counterparty	Limit	Change in 2014/15
Government Debt Management Account Deposit Facility (DMADF), UK Government Gilts and Treasury Bills	Unlimited	Unchanged
HSBC Bank Plc	£25m	Increase of £5m
Single named Institution (Nationalised Banks, Local Authorities, Nationwide Building Society & UK Domiciled Banks excluding Santander)	£20m	Increase of £5m
UK Banks Group Limit	£30m	Increase of £7.5m
Certificates of Deposit with UK Banks (Included within single counterparties limit)	£15m	Increase of £5m
AAA Money Market Funds	£15m total per fund	Increase of £5m
UK subsidiary of foreign bank (Santander UK)	£5m	New
Named Foreign Banks (Svenska Handelsbanken and Deutsche Bank)	£5m	New
Certificates of Deposit with the Named Foreign Banks (included within single counterparties limit)	£2m	New
Building Society (dependent on asset base and investment type)	£2m to £20m	New
CCLA Local Authorities' Property Fund	£10m	New

In addition Council approved an investment of £50,000 in the Local Government Capital Finance Company.

The Council uses the 'creditworthiness service' provided by Capita. This service has been progressively enhanced and uses a sophisticated modelling approach using credit ratings from the following rating agencies – Fitch, Moodys and Standard and Poor's. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the appropriate duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service gives an appropriate level of security for its investments.

In light of the above investment strategy, the Council considers that it has taken all reasonable steps to reduce to a minimum any exposure to credit risks in relation to its investments at 31 March 2015 and that any residual risk cannot be quantified.

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The following shows the original principal sums of investments at 31 March analysed by the nature of financial institution and remaining period to maturity:

(£000s)	Maturity Band				Total
	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	
31 March 2015					
United Kingdom					
Banks	11,000	20,000	34,000	0	65,000
Building Societies	7,000	4,000	0	0	11,000
Local Authorities	5,000	3,000	2,000	6,000	16,000
Total	23,000	27,000	36,000	6,000	92,000

(£000s)	Maturity Band				Total
	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 2 years	
31 March 2014					
United Kingdom					
Banks	3,000	28,000	16,500	0	47,500
Building Societies	15,000	0	0	0	15,000
Local Authorities	4,500	2,000	0	5,000	11,500
Total	22,500	30,000	16,500	5,000	74,000

In addition to these the Council has investments in long term available for sale assets as detailed in note 34, which do not have a defined maturity date.

These tables exclude the investments in Heritable Bank and LBI as detailed in Note 22.

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

(£000s)	31 March 2015		31 March 2014	
	Gross Debt	Impairment Allowance	Gross Debt	Impairment Allowance
Long term debtors	1,146	0	1,029	0
Current and former tenants	1,479	1,203	1,711	1,259
Other debtors	7,926	352	3,714	357
	10,551	1,555	6,454	1,616

Long-term debtors include private sector housing improvement loans and council house mortgages. These debts are secured on properties.

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The movement in the impairment allowance during the year can be summarised as follows:

(£000s)	31 March 2015	31 March 2014
Balance at 1 April	1,616	1,511
Increase in allowance for impairment	172	165
Balances written off during the year	(233)	(60)
Balance at 31 March	1,555	1,616

The Council does not generally extend credit to its customers beyond 21 days. At 31 March 2015, of the total debtor and deferred debtor balances of £10.6 million (£6.5 million at 31 March 2014), the past due amount was £2.0 million (£2.1 million at 31 March 2014) and can be analysed by age as follows:

(£000s)	31 March 2015	31 March 2014
Customer Debts		
Less than three months	563	385
Three to six months	139	115
Six months to one year	186	210
More than one year	1,154	1,361
Balance at 31 March	2,042	2,071

Debts are not generally specifically impaired, so the impairment allowance is based on the age of overdue debt and can be analysed as follows:

(£000s)	31 March 2015	31 March 2014
Impairment allowance by age of debt		
Less than three months	190	199
Three to six months	85	61
Six months to one year	115	138
More than one year	1,165	1,218
Balance at 31 March	1,555	1,616

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the Public Works Loan Board (PWLB). There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

On 28 March 2012 the Council took out a number of fixed rate maturity loans with the PWLB to meet the cost of the HRA self-financing settlement due to central government. These loans had terms of between 26 and 45 years. The HRA business plan confirms the affordability of interest payments and the repayment of these loans on maturity and that the Council may be able to

Notes to the Main Financial Statements

consider earlier redemption if advantageous. However, this will not be considered in the short-term, due to current market conditions.

The maturity analysis of the loans is as follows:

(£000s)	31 March 2015	31 March 2014
Between 20 and 25 years	32,036	10,683
Between 25 and 30 years	53,393	53,413
Between 30 and 35 years	53,393	53,413
Between 35 and 40 years	53,393	53,414
Between 40 and 45 years	21,357	42,731
	213,572	213,654

Accrued interest due on the PWLB loans to 31 March 2015 was £82,000 (£82,000 in 2013/14). This was shown in long term liabilities in 2013/14. In the 2014/15 accounts this is shown in current liabilities.

Market risk

Interest rate risk

The Council is exposed to minimal risk in terms of its exposure to movements in interest rates. This is because the majority of its investments are at fixed rates. These investments are also of less than one year in duration and so changes to fair value will be minimal. The Council does, however, utilise bank deposit accounts for very short term cash deposits and the interest rate on this account moves in line with movements in the bank rate.

In general terms, a rise in interest rates would have the following effects:

- ◆ Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- ◆ Investments at fixed rates – the fair value of the assets will fall
- ◆ Loans at fixed rates – the fair value of liabilities will fall.

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. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. During 2014/15, if interest rates on the bank deposit accounts had been one percentage point higher, with all other variables held constant, the financial effect would have been an additional income of £380,000 (£341,000 in 2013/14).

Price risk

The Council does not generally invest in equity shares in individual companies. However it did invest £50,000 in the Local Government Finance Company in 2014/15. This company has been set up with the aim of providing an alternative source of debt, in the form of bonds, to local authorities.

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The initial subscription has been provided towards the funding of operating capital during the start-up phase.

The Council also invested £10 million in the Local Authorities' Property Fund in 2014/15. This is a professionally managed diversified property portfolio.

Both investments are classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure.

The Council is exposed to potential losses arising from future movements in the value of the Local Government Finance Company shares, but given the size of the current shareholding these are not material.

A loss of £566,000 in respect of the Local Authorities' Property Fund has been recognised in Other Comprehensive Income and Expenditure in 2014/15. This reflects general movements in the value of the shares, and the spread between the 'offer' price at which the shares were purchased and the 'bid' price that any purchaser would pay for them. A further movement in the bid price of 5% (positive or negative) would have resulted in a £472,000 gain or loss being recognised in Other Comprehensive Income and Expenditure in 2014/15.

The statutory accounting arrangements around these investments mean that any gains or losses arising from price movements recognised in the Comprehensive Income and Expenditure Statement are not borne by the General Fund for taxation purposes until the investments are sold. The Council intends to hold these investments over the long term.

Foreign exchange risk

The Council has no material financial assets or liabilities denominated in foreign currencies.

36 Defined Benefit Pension Schemes

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.

The Council participates in the Local Government Pension Scheme, administered locally by Cambridgeshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme in 2014/15 was the responsibility of the Pension Fund Board of Cambridgeshire County Council. Policy is determined in accordance with the pension fund regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the

Notes to the Main Financial Statements

General Fund and the Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Transactions relating to post employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the employer contributions payable in the year, so the real cost of post employment/retirement 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:

(£000s)	Local Government Pension Scheme	
	2014/15	2013/14
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	6,098	5,872
Past service costs (including curtailments)	19	112
Financing and Investment Income and Expenditure:		
Net interest cost	4,111	4,201
Total post employment benefit charged to the surplus or deficit on the provision of services	10,228	10,185
Other post employment benefit charged to the comprehensive income and expenditure statement		
Remeasurement of net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(11,993)	(3,806)
Changes in demographic assumptions	0	(4,486)
Changes in financial assumptions	41,357	11,047
Other experience changes	(4,887)	(5,758)
Total post employment benefit charged to the comprehensive income and expenditure statement	34,705	7,182
Movement in reserves statement		
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code	(29,610)	(2,234)
Employers' contributions payable to the scheme	5,095	4,948

Notes to the Main Financial Statements

Pensions Assets and Liabilities Recognised in the Balance Sheet

(£000s)	2014/15	2013/14
Present value of the defined benefit obligation	(302,046)	(253,978)
Fair value of plan assets	177,235	158,777
Net liability arising from defined benefit obligation	(124,811)	(95,201)

The net liability shows the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £124.8 million has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

(£000s)	2014/15	2013/14
Opening balance at 1 April	(253,978)	(241,392)
Current Service Cost	(6,098)	(5,872)
Past service cost	(19)	(112)
Interest Cost	(10,926)	(10,873)
Contributions by scheme participants	(1,609)	(1,559)
Benefits paid	6,947	6,303
Estimated unfunded benefits paid	107	330
Remeasurements – changes in financial assumptions	(41,357)	(11,047)
Remeasurements – other experience	4,887	5,758
Remeasurements – changes in demographic assumptions	0	4,486
Closing balance at 31 March	(302,046)	(253,978)

Changes in financial assumptions reflect the change in the discount rate used by the actuary to estimate the Council's liability as detailed in Note 41.

Reconciliation of fair value of the scheme (plan) assets:

(£000s)	2014/15	2013/14
Opening balance at 1 April	158,777	148,425
Interest income on plan assets	6,815	6,672
Contributions by scheme participants	1,609	1,559
Employer Contributions	4,988	4,618
Contributions in respect of unfunded benefits	107	330
Benefits paid	(6,947)	(6,303)
Unfunded benefits paid	(107)	(330)
Remeasurements – return on assets excluding amount in net interest expense	11,993	3,806
Closing balance at 31 March	177,235	158,777

Notes to the Main Financial Statements

Local Government Pension Scheme asset breakdown

(£000s)	Fair value of scheme assets	
	2014/15	2013/14
Cash and cash equivalents	5,311	2,117
Equity instruments:		
Consumer	17,554	13,864
Manufacturing	10,866	13,103
Energy & utilities	4,993	5,627
Financial Institutions	14,495	16,018
Health and care	8,629	4,681
Information technology	8,013	9,495
Other	0	441
Private Equity	12,566	9,445
Investment Funds and Unit Trusts:		
Equities	54,599	51,053
Bonds	27,023	24,202
Other	13,186	8,731
Closing balance at 31 March	177,235	158,777

Cash and cash equivalents and equity instruments have quoted prices in active markets except for private equities. Investment funds and unit trusts have quoted prices, but not in active markets.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed for the County Council Fund by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2013.

Notes to the Main Financial Statements

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2014/15	2013/14
Mortality Assumptions:		
<i>Longevity at 65 for current pensioners</i>		
Men	22.5	22.5
Women	24.5	24.5
<i>Longevity at 65 for future pensioners</i>		
Men	24.4	24.4
Women	26.9	26.9
Rate of increase in salaries	4.3%	4.6%
Rate of increase in pensions	2.4%	2.8%
Rate for discounting scheme liabilities	3.2%	4.3%
Take up of option to convert annual pension into retirement lump sum (in respect of pre April 2008 service)	25.0%	25.0%
Take up of option to convert annual pension into retirement lump sum (in respect of post April 2008 service)	63.0%	63.0%

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

Change in assumption at 31 March 2015	Approximate % increase to Employer Liability	Approximate Monetary amount (£000s)
0.5% decrease in the real discount rate	11%	32,571
1 year increase in member life expectancy	3%	9,061
0.5% increase in the salary increase rate	4%	11,118
0.5% increase in the pensions increase rate	7%	20,716

Notes to the Main Financial Statements

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve an appropriate funding level over the period until 31 March 2017.

The next triennial revaluation is due to be completed as at 31 March 2016.

There were a number of changes to the Local Government Pension Scheme from 1 April 2014 which included the introduction of a new career average revalued earnings scheme to pay pensions.

The Council expects to pay contributions of £5,528,000 in 2015/16.

The weighted average duration of the defined benefit obligation for scheme members is:

	Weighted average duration
Active members	25.2
Deferred members	23.2
Pensioner members	11.6
Total	19.7

The weighted average duration is the weighted average time until the payment of expected future discounted cashflows, determined based on membership and the financial and demographic assumptions as at the most recent actuarial valuation. These durations are as they stood at the previous formal valuation as at 31 March 2013.

Notes to the Main Financial Statements

37 Cashflow Statement – Operating Activities

The cash flows for operating activities include the following items:

(£000s)	2014/15	2013/14
Housing rents	19,422	18,284
Revenue Support Grant	4,311	5,639
Council Share on non-domestic rates income collected	37,133	37,406
Non domestic rates – tariff payment to central government	(32,915)	(32,286)
New Homes Bonus Grant	3,389	2,117
Non domestic rates – safety net payment received from central government	1,571	0
Non domestic rates – Section 31 grants received from central government	675	0
Green Deal Grant	7,857	0
Housing Benefit subsidies	39,867	36,779
Council share of Council Tax receipts	6,769	6,558
Cash paid to and on behalf of employees	(26,861)	(26,424)
Employer national insurance and pension contributions paid	(6,240)	(6,295)
Payments to the capital receipts pool	(1,120)	(1,009)
Housing Benefit paid	(19,298)	(18,539)
Interest received	583	521
Interest paid	(7,496)	(7,496)
Other cashflows	8,153	6,648
	35,800	21,903

38 Cashflow Statement – Investing Activities

The cash flows for investing activities are as follows:

(£000s)	2014/15	2013/14
Purchase of property, plant and equipment, investment property and intangible assets	(21,726)	(19,676)
Purchase of short-term and long-term investments	(118,475)	(222,780)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,102	7,461
Proceeds from short-term and long-term investments	92,465	207,922
Other receipts from investing activities	5,375	2,190
	(35,259)	(24,883)

Notes to the Main Financial Statements

39 Cashflow Statement – Financing Activities

(£000s)	2014/15	2013/14
Other receipts from financing activities	154	1,819
Net cash flows from financing activities	154	1,819

Other receipts from financing activities reflect movements in the cash collected for Non-Domestic Rates and Council Tax collected by the Council as an agent for others.

40 Impact of the adoption of new accounting standards on the financial statements – effective for the 2015/16 financial year

The 2015/16 Local Authority Accounting Code of Practice (The 2015/16 Code) includes a number of changes resulting from revisions to accounting standards. These are:

- IFRS13 Fair Value Measurement
- Annual Improvements to IFRSs 2011-13
- IFRIC12 Levies

Annual improvements to IFRSs 2011-13 and IFRIC 12 are not expected to have a material impact on the financial statements.

IFRS 13 will impact on the valuation basis used for surplus items of Property, Plant and Equipment. However, this standard is being applied prospectively from 1 April 2015 so there will be no impact on the values as stated at 31 March 2015.

41 Changes in accounting estimates

The Council has made the following significant changes to accounting estimates.

Change in discount rate for assessing pension liabilities

In assessing liabilities for retirement benefits at 31 March 2014 for the 2013/14 Statement of Accounts the actuary assumed a discount rate of 4.3%. For the 2014/15 Statement of Accounts the actuary has advised that a rate of 3.2% is appropriate. Application of this rate (and related RPI/CPI inflation and salary increase assumptions) has resulted in an increase in liabilities of £41.4 million, as reflected in the remeasurement losses recognised for the year in Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Land at Clay Farm

The Council owns an area of 6.75 acres at Clay Farm on the southern fringe of the city. The element of this land that will be retained by the Council for the development of social housing is held within the asset category of property, plant and equipment. The remainder, which is to be disposed of for market housing, is held in assets held for sale. Prior to the 2014/15 Statement of Accounts, the Council determined the proportion of the value of the whole site to be included in assets held for sale and property, plant and equipment based on the estimated land areas for each use of 50%.

As plans for the site have developed, detailed areas now indicate that of the total site area 56% of the site will be sold to the developer for market housing, 37% will be retained for social housing and

Notes to the Main Financial Statements

7% for open space. In addition, detailed discussions have indicated that the value for land for social housing on this site is negligible. The open space also has negligible market value as protected amenity space. The estimate of the apportionment of the value of the site has therefore been revised in the 2014/15 accounts so that 100% of the site value is apportioned to the asset held for sale.

The value of the land held in property, plant and equipment as at 1 April 2014 has therefore been reduced by £3,369,000 to nil, with a corresponding increase in the value of the asset held for sale. As historic costs continue to be apportioned on the basis of relative areas, there has been a corresponding increase in the balance on the revaluation reserve of £1,110,000 and a net charge to the Comprehensive Income and Expenditure Statement of the same amount.

42 Date the Statement of Accounts were authorised for issue

The audited accounts were authorised for issue by the Council's Section 151 officer on 22 September 2015. This is the date up to which events after the balance sheet date have been considered.

Additional Financial Statements and Information

Additional Financial Statements and Information

Housing Revenue Account Income and Expenditure Account

This statement sets out details of the income and expenditure in relation to the provision of Council dwellings.

(£000s)	Note	2014/15	2013/14
Income			
Dwelling rents	2	(35,983)	(34,175)
Non-dwelling rents		(673)	(689)
Charges for services and facilities		(2,896)	(2,801)
Contributions towards expenditure		(460)	(478)
Reimbursement of costs		(33)	(19)
Total		(40,045)	(38,162)
Expenditure			
Repairs & Maintenance		7,051	6,060
Supervision & Management		6,810	6,536
Rents, rates, taxes & other charges		259	370
Depreciation, impairment & reversal of revaluation losses on non-current assets		(4,113)	4,290
Increased provision for bad debts		145	125
Total		10,152	17,381
Net cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(29,893)	(20,781)
HRA services share of Corporate and Democratic Core		294	295
HRA Services share of Non-Distributed Costs		111	0
Net Cost of HRA Services		(29,488)	(20,486)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement			
(Surplus) or deficit on sale of HRA non-current assets		(5,862)	(1,521)
Other income		(180)	0
Impairment (gains)/losses on assets held for sale		0	(17)
Interest payable on PWLB loans		7,494	7,494
Interest and Investment Income		(764)	(1,246)
Capital Grants and Contributions Receivable		(1,230)	(549)
(Surplus) / Deficit for the year on HRA services		(30,030)	(16,325)

Additional Financial Statements and Information

Statement of Movement on the Housing Revenue Account Balance

(£000s)	Note	2014/15	2013/14
(Surplus) / Deficit for the year on the HRA Income and Expenditure Account		(30,030)	(16,325)
Adjustments between accounting basis and funding basis under statute			
Gain on sale of non-current assets		5,862	1,521
Other capital receipts		180	0
Impairment gain/(loss) on assets held for sale		0	17
Net revaluation gains/(losses) on property, plant and equipment		15,024	6,734
Revenue expenditure funded from capital under statute and de-minimus capital expenditure		(597)	(404)
Capital Contributions unapplied credited to the Comprehensive Income and Expenditure Statement		1,230	549
Movement in investment property value		(9)	756
Movement in short term accumulating absences		0	(1)
Net charges made for retirement benefits made in accordance with IAS19	10	(1,262)	(1,018)
Employers Contributions payable to the Cambridgeshire County Council Pension Fund	10	1,045	858
Sums to be debited or credited to the HRA that are not income or expenditure in accordance with GAAP		8	6
Capital Expenditure funded by the Housing Revenue Account	7	5,115	6,406
Transfer from the Major Repairs Reserve	9	(2,401)	(2,941)
Net (increase) / decrease before transfers to or from reserves		(5,835)	(3,842)
Transfers to reserves		(150)	457
Total movement on Housing Revenue Account for the year		(5,985)	(3,385)
Housing Revenue Account balance brought forward		(8,880)	(5,495)
Housing Revenue Account balance carried forward		(14,865)	(8,880)

Additional Financial Statements and Information

Notes to the Housing Revenue Account

1 Introduction

The Local Government and Housing Act 1989 set the framework within which the HRA operates. The account is 'ringfenced', meaning that authorities do not have discretion to fund any HRA deficits from the General Fund. Transfers from the General Fund can only be made at the direction of the Secretary of State.

2 Gross Rent

This represents income receivable in respect of all dwellings within the HRA, gross of rent rebates and net of rents not payable when properties are empty. As at 31 March 2015, 0.8% of properties were vacant (2.5% at 31 March 2014).

The average rent payable in 2014/15 was £106.92 per week based on 48 payable rent weeks (£98.70 per week on a 52 week basis). The average rent payable in 2013/14 was £100.46 per week based on 49 payable rent weeks (£92.88 per week on a 53 week basis).

3 Asset Values within the HRA

(£000s)	Asset Values		Depreciation	
	31 March 2015	1 April 2014	2014/15	2013/14
Dwellings	538,100	497,772	10,035	10,382
Other Land and Buildings	7,230	7,749	131	124
Infrastructure	1,732	1,276	33	27
Vehicles, Plant and Equipment	216	187	18	0
Investment Properties	5,208	5,193	0	0
Assets held for sale - current	0	1,368	0	0
Surplus Assets	196	5,109	113	86
Assets in the course of construction	11,925	3,761	0	0
	564,607	522,415	10,330	10,619

The value of council dwellings at 1 April 2014, based on vacant possession, was £1,276 million (1 April 2013: £1,247 million). Vacant possession value is the estimate of the total sum that would be received if all the dwellings were sold on the open market. The balance sheet value is calculated on the basis of rents receivable on existing tenancies. These are less than the rent that would be obtainable on the open market, and the balance sheet value is therefore lower than the vacant possession valuation. The difference between the two values shows the economic cost of providing housing at less than market value.

Net revaluation loss reversals on Property, Plant and Equipment of £15.0 million have been credited to the Comprehensive Income and Expenditure Statement in 2014/15 (net revaluation loss reversals credited of £6.7 million in 2013/14). Remaining valuation movements in the value of property, plant and equipment have been charged to the revaluation reserve.

Additional Financial Statements and Information

4 Loan Interest Charges

The Council made an HRA self-financing settlement payment of £213.6 million on 28 March 2012. To meet this payment the Council took out a number of long-term maturity loans with the Public Works Loan Board (PWLB).

Under HRA self-financing the Council has adopted a 'two-pool' approach so that HRA self-financing loans and the resultant interest are directly attributable to the HRA. This has led to external interest charges of £7,494,000 being charged to the HRA in 2014/15 (£7,494,000 in 2013/14).

5 Housing Stock

The Council was responsible for an average stock of 7,172 dwellings during the year. The stock as at 31 March 2015 was as follows:-

	31 March 2015	31 March 2014
Houses & bungalows	3,607	3,621
Flats	2,900	2,917
Sheltered housing units	509	507
Shared ownership properties	36	39
Total	7,052	7,084
The change in stock during the year can be summarised as follows:		
Stock at 1 April	7,203	7,274
Right to buy sales	(51)	(60)
Open market disposals	0	(1)
Net shared ownership changes	(3)	(0)
New properties	18	33
Other changes	(6)	1
Demolitions	(109)	(44)
Stock as at 31 March	7,052	7,203
Vacant awaiting re-development/disposal	0	(119)
Lettable Stock at 31 March	7,052	7,084

Those properties which are vacant awaiting demolition or significant redevelopment are no longer treated as lettable HRA dwellings and are therefore included in Property, Plant and Equipment as Other Land and Buildings, or as Assets Held for Sale as appropriate.

6 Rent Arrears

Rent arrears at 31 March 2015 were £1,401,226 (£1,587,742 at 31 March 2014) and as a proportion of gross rent income have decreased from 4.29% in 2013/14 to 3.66% in 2014/15.

At 31 March 2015 a provision for bad debt of £1,203,043 was held in the balance sheet (£1,259,257 at 31 March 2014).

Additional Financial Statements and Information

7 Financing of Capital Expenditure

(£000s)	2014/15	2013/14
Capital Expenditure		
Dwellings	13,248	12,471
Land and Buildings	189	0
Vehicles, Plant and Equipment	47	119
Infrastructure Assets	490	296
Assets under Construction	9,188	3,372
Investment Properties	24	13
De minimis capital expenditure	597	404
	23,783	16,675
Financed by:		
Capital receipts	6,799	1,850
Major repairs reserve	10,629	7,870
Revenue financing of capital	5,115	6,406
Capital contributions and grants	1,240	549
	23,783	16,675

8 Capital receipts within the HRA

(£000s)	2014/15	2013/14
Dwellings	6,952	7,150
Land	5,948	1,500
Total receipts	12,900	8,650
Payable to central government	(1,279)	(1,044)
Useable capital receipts	11,621	7,606

9 Major Repairs Reserve (MRR)

(£000s)	2014/15	2013/14
Balance at 1 April	(4,919)	(5,111)
Transfer to MRR during the year	(10,330)	(10,619)
Amount transferred from MRR to HRA	2,401	2,941
HRA capital expenditure on housing charged to MRR	10,629	7,870
Balance at 31 March	(2,219)	(4,919)

10 Contributions from the Pensions Reserve

The Housing Revenue Account is charged with an attributable share of current service costs in line with IAS19. The difference between this cost and employer contributions payable is then appropriated from the pensions reserve so that the overall amount to be met from rent and government subsidy reflects employer contributions payable by the Council.

Additional Financial Statements and Information

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities 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.

(£000s)	Note	2014/15		2013/14	
		Council Tax	Non-domestic rates	Council Tax	Non-domestic rates
Council Tax	2	(60,241)	0	(57,416)	0
Non domestic rates income		0	(93,386)	0	(93,851)
Contributions towards previous year's estimated Collection Fund deficit					
Central Government		0	(1,614)	0	0
Cambridge City Council		0	(1,292)	(140)	0
Cambridgeshire County Council		0	(291)	(895)	0
Cambridgeshire Police & Crime Commissioner		0	0	(145)	0
Cambridgeshire Fire Authority		0	(32)	(50)	0
Total Income		(60,241)	(96,615)	(58,646)	(93,851)
Council Tax Expenditure					
Cambridge City Council	4	6,706	0	6,394	0
Cambridgeshire County Council	4	43,419	0	41,397	0
Cambridgeshire Police & Crime Commissioner	4	7,018	0	6,696	0
Cambridgeshire Fire Authority	4	2,486	0	2,418	0
Impairment of Council Tax debts	5	1,548	0	268	0
Non-domestic rates Expenditure					
Cambridge City Council		0	38,727	0	37,309
Cambridgeshire County Council		0	8,713	0	8,394
Cambridgeshire Fire Authority		0	968	0	933
Non-domestic rates due to central government		0	48,408	0	46,636
Transitional protection payments		0	1,074	0	454
Impairment of non-domestic rates debts	6	0	322	0	315
Provision for non-domestic rates appeals	6	0	765	0	8,095
Allowable costs of non-domestic Rates Collection		0	228	0	227
Total Expenditure		61,177	99,205	57,173	102,363
(Surplus)/Deficit for the year		936	2,590	(1,473)	8,512
(Surplus)/Deficit as at 1 April		(92)	8,512	1,381	0
(Surplus)/Deficit as at 31 March	6	844	11,102	(92)	8,512

Additional Financial Statements and Information

Notes to the Collection Fund

1 General

This statement shows the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts for income relating to Council Tax and non-domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of collection are accounted for in the General Fund.

2 Council Tax

Under the arrangements for Council Tax, each domestic property within the Council's area is assigned to one of eight 'valuation bands' (A to H) based on the estimated price it would have achieved if it had been sold at 1 April 1991. The Council Tax is set for band D properties and the tax for other bands is calculated as a proportion of the band D tax. The band D Council Tax for the year ended 31 March 2015 was set at £1,540.84, made up as follows:

(£000s)	2014/15	2013/14
Cambridge City Council	173.29	169.90
Cambridgeshire County Council	1,121.94	1,100.07
Cambridgeshire Police & Crime Commissioner	181.35	177.93
Cambridgeshire Fire Authority	64.26	64.26
Total	1,540.84	1,512.16

The following table shows the calculation of the Council Tax Base for 2014/15 (used to determine the tax needed at Band D to finance spending).

Council Tax Base 2014/15

Valuation Band	Total number of dwellings on the Valuation List	Total Equivalent Dwellings (after discounts, exemptions etc)	Ratio to Band D	Band D Equivalents
A	2,986	1,590	6/9	1,060
B	9,613	5,775	7/9	4,492
C	17,932	13,427	8/9	11,935
D	8,937	7,186	9/9	7,186
E	5,109	4,193	11/9	5,124
F	3,225	2,705	13/9	3,907
G	2,857	2,314	15/9	3,857
H	453	263	18/9	527
Total	51,112	37,453		38,088
Tax Base adjustments				587
Tax base for Council Tax Setting				38,675

Additional Financial Statements and Information

Adjustments to the Council Tax base are made for growth, losses in collection, student exemptions and empty and second homes to calculate the base for Council Tax setting purposes.

The income of £60.2 million in 2014/15 was receivable from the following sources:

(£000s)	2014/15	2013/14
Billed to Council Tax payers	60,231	57,421
Council Tax benefits	(17)	(32)
Ministry of Defence Contributions in Lieu	27	27
Total	60,241	57,416

3 National Non-Domestic Rates Income

The local rateable value as at 31 March 2015 was £256,210,175 (£257,745,401 at 31 March 2014) and the Uniform Business Rate in 2014/15 was set by the government at 48.2p (2013/14, 47.1p).

4 Council Tax Expenditure

(£000s)	2014/15			2013/14		
	Precepts and Demands	Distribution of previous years' surplus	Total	Precepts and Demands	Distribution of previous years' surplus	Total
Cambridge City Council	6,702	4	6,706	6,394	0	6,394
Cambridgeshire County Council	43,391	28	43,419	41,397	0	41,397
Cambridgeshire Police and Crime Commissioner	7,013	5	7,018	6,696	0	6,696
Cambridgeshire Fire Authority	2,485	1	2,486	2,418	0	2,418

5 Provision for Non-Payment - Council Tax

A contribution of £1,548,257 (£267,768 in 2013/14) was made to a provision for bad debts. During 2014/15, £3,873 of debts were written off (in 2013/14 £2,057 of previously irrecoverable debts written off were written back).

6 Provision for Non-Payment and appeals - Non-Domestic Rates

A contribution of £219,526 (a contribution of £57,899 in 2013/14) was made to a provision for bad debts. Irrecoverable debts of £101,980 (£256,945 in 2013/14) were written off.

A provision for appeals relating to rateable value reductions in respect of 2014/15 and prior years has been established following the introduction of the new business rates retention scheme for local government. At 31 March 2015 this provision is £8,859,516 (£8,094,925 at 31 March 2014).

Additional Financial Statements and Information

7 Collection Fund Surpluses and Deficits

The deficit of £844,442 at 31 March 2015 (£92,275 surplus at 31 March 2014), which related to Council Tax, will be redistributed in subsequent financial years to Cambridgeshire County Council, Cambridgeshire Police and Fire Authorities and the Council in proportion to their shares of the total Council Tax raised.

The total Council Tax Collection Fund deficit/ (surplus) is therefore shared as follows:

(£000s)	31 March 2015	31 March 2014
Council Tax:		
Cambridge City Council	95	(10)
Cambridgeshire County Council	615	(68)
Cambridgeshire Police & Crime Commissioner	99	(11)
Cambridgeshire Fire Authority	35	(3)
	844	(92)

The deficit of £11,101,749 at 31 March 2015 (£8,512,491 at 31 March 2014) in respect of non-domestic rates will be recovered in subsequent financial years from Cambridgeshire County Council, Cambridgeshire Fire Authority, Central Government and the Council in proportion to their shares of business rates income.

The total non-domestic rates deficit is therefore shared as follows:

(£000s)	31 March 2015	31 March 2014
Non-Domestic Rates:		
Cambridge City Council	4,441	3,405
Cambridgeshire County Council	999	766
Cambridgeshire Fire Authority	111	85
Central Government	5,551	4,256
	11,102	8,512

**Statement of Accounting Policies and Glossary of Financial
Terms and Abbreviations**

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily 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 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.

2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. 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 those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for 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 there is evidence that debts are unlikely to 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 non-domestic rates and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

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3 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 highly liquid investments that mature in less than three months from the date of acquisition and that are convertible to known amounts of cash with an insignificant risk of change in value (no loss of interest). The Council therefore treats all fixed term deposits, which have no contractual provision for early redemption, and if they were redeemed early would suffer a penalty of at least a loss of interest, as investments.

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.

4 Changes in Accounting Policies and 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, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, ie, in the current and future years affected by the change.

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

5 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 non-current assets during the year:

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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This provision, known as Minimum Revenue Provision (MRP), is equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the 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. No MRP is currently charged as the debt acquired in relation to HRA self-financing is outside the scope of this regime.

The provisions for charges to revenue for non-current assets in the HRA were amended on 1 April 2012 following the introduction of HRA self-financing. The Major Repairs Reserve is credited and the HRA balance is debited with a sum equal to depreciation on all HRA non-current assets. The

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HRA balance is credited and the Capital Adjustment Account debited with the depreciation charged on dwelling assets so that the depreciation on non-dwelling assets is now a charge to the HRA.

6 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, flexi-leave and time off in lieu for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services 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 remuneration rates applicable in the following financial year. 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.

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 and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring..

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 termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners.

Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Cambridgeshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Cambridgeshire County Council pension fund 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.

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- Liabilities are discounted to their value at current prices, using a discount rate of 3.2% (based on the yields of the constituents of the iBoxx £ Corporates AA index, gilts yields, and the Council's weighted average duration).
- 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 the following components:
 - Service Cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/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 benefit liability – ie the net interest expense for the Council. This is 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 line of the Comprehensive 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.
 - Remeasurements comprising:
 - The return on plan assets excluding amounts included 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Contributions paid to the Cambridge City Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, 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, not 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 pensioners and any such amounts payable but unpaid at the

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year-end. The balance 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 than as benefits are earned by employees.

7 Events after the Reporting Period

Events after the reporting period 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 Account.

8 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the account.

9 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.

This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the

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net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

10 Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and Receivables

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. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The Council has made interest-free loans for private sector housing improvements (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) 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. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for items specific to a service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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Available-for-Sale Assets

Available-for-sale assets are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the balance sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain or loss is recognised in the surplus or deficit on revaluation of available-for-sale financial assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is measured at cost (less any impairment losses).

11 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, 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

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- The grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) 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.

12 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licence) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

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 to the relevant service line(s) 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 posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted 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

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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.

13 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the first-in first-out (FIFO) costing formula.

14 Investment Properties

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

Investment properties are measured initially at a 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, but assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Gains and losses on revaluation are posted 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.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result 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 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.

15 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 and the fair value of the property, plant or equipment at lease inception is above the Council's de-minimis levels of £2,000 for vehicles and £15,000 for other items. 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.

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The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (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.

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 provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision 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.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, 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 (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. 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 (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

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Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received), and
- Finance income (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 will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. 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 paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets 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.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, 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, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

16 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SERCOP). 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 – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on surplus assets in Property, Plant and Equipment.

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

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17 Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the 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.

A de-minimis level of £2,000 has been adopted for vehicles and £15,000 for all other items. Assets that cost less than these limits are classified as revenue, rather than capital expenditure.

The Council is paying 7% of the infrastructure costs of Clay Farm, which is being developed for housing, net of the contributions made towards these costs by affordable housing providers. The Council is paying the infrastructure costs gross and receiving a credit in relation to the contribution made by affordable housing providers separately. The Council accounts for 93% of the gross costs as an enhancement to its land, recognising a net debtor or receipt in advance at the end of each financial year dependant on the credits received in respect of affordable housing providers. The Council does not consider the accounting for these costs net of affordable housing contributions leads to any material misstatement.

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
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance and therefore will not increase the cash flows of the Council. In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- All other assets – fair value, determined the amount that would be paid for the asset in its existing use (existing use – EUV)

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 sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five 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 a revaluation or impairment loss previously charged to a service.

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

- 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)
- 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, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed 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 this 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 by:

- 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)
- 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

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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

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 end 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.

The Council is undertaking a number of housing redevelopments where part of the cost of building social housing units is being 'paid' by the transfer of land on which the developer will build and sell market units. The Council assesses that it transfers the risks and rewards of ownership of this land at the point that the agreement with the developer becomes unconditional rather than at legal disposal (once the value of social housing build work equals the value of the land).

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. Housing sold under the Right to Buy legislation is not reclassified as Assets Held for Sale as its primary purpose remains as a dwelling until the point of disposal and it is only considered significantly more likely than probable that a disposal will actually occur very close to the disposal itself. The carrying value of housing sold under right to buy remains the same as if it had been transferred to 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 also 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. A proportion of receipts relating to housing disposals are payable to the Government. 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

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 the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Infrastructure – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

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.

18 Heritage Assets

Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.

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

Civic Regalia

The collection of civic regalia includes ceremonial maces, chains of office and other civic items. These items are reported in the balance sheet at insurance valuation which is based on market values. These valuations are reviewed regularly to ensure that they are current. These items are deemed to have indeterminate lives and high residual values so the Council does not consider it appropriate to charge depreciation.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example where there is physical deterioration, breakage or doubts as to authenticity. Any impairment is recognised and measured in accordance with the Council's general policy on impairment of non-current assets.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

The Council does not normally make any purchases or disposals of these items. Further information on the most significant items in the collection can be found on the Council's website.

19 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

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

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

Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

20 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. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score 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.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

21 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

22 Value Added Tax (VAT)

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.

23 Foreign Exchange Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate on the date that the transaction was effective. Where amounts in foreign currency are outstanding at the year end they are converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Glossary of Financial Terms and Abbreviations

Accounting Period

The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Amortisation

A measure of the consumption of the value of intangible assets, based on the remaining economic life.

Capital Expenditure

Expenditure on new assets such as land and buildings, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

Capital Receipt

Income from the sale of capital assets such as council houses, land or other buildings.

Cash Equivalents

Cash equivalents are investments that mature in 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Contingent Liabilities

Potential liabilities which are either dependent on a future event or cannot be reliably estimated.

Creditors

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

Current Assets

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

Current Liabilities

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

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Debtors

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

Depreciation

A measure of the consumption of the value of non-current assets, based on the remaining economic life.

Effective rate of interest

The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance sheet at initial measurement.

Equity instrument

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (e.g. an equity share in a company.)

Fair Value

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

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

Financial Asset

A right to future economic benefits controlled by the Council. Examples include bank deposits, investments, trade receivables and loans receivable.

Financial Liability

An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Government Grants

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

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.

Impairment

The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.

Non-current assets

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

Operating Lease

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

Outturn

Refers to actual income and expenditure or balances as opposed to budgeted amounts.

Precepts

The amount which a local council which cannot levy a council tax directly on the public (for example a County Council or Police Authority) requires to be collected on its behalf.

Provisions

Monies set aside for liabilities which are likely to be incurred but where exact amounts or dates are uncertain.

Reserves

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

Revenue Expenditure

Spending on day to day items including employees' pay, premises costs and supplies and services.

Revenue Expenditure Funded From Capital Under Statute

Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Revenue Support Grant

Grant paid by central government to a local council towards the costs of its services.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15. This specifies the principals and practices of accounting required to give a 'true and fair' view of the financial position and transactions of a local authority.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Abbreviations used in the accounts

CIPFA	Chartered Institute of Public Finance and Accountancy
GAAP	Generally Accepted Accounting Practice
HRA	Housing Revenue Account
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard
LAAP	Local Authority Accounting Panel
LGPS	Local Government Pension Scheme
MRP	Minimum Revenue Provision
NNDR	National Non-Domestic Rates
SERCOP	Service Reporting Code of Practice
SOLACE	Society of Local Authority Chief Executives and Senior Managers

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Mark Hodgson
Ernst & Young LLP
One Cambridge Business Park
Cowley Road
Cambridge
CB4 0WZ

16 September 2015

Dear Mr Hodgson

Cambridge City Council - Audit for the 2014/15 year ended 31 March 2015

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers and members of Cambridge City Council, the following representations given to you in connection with your audit of Cambridge City Council's financial statements for the 2014/15 year ended 31 March 2015. All representations cover the Authority's accounts included within the financial statements.

Financial Statements and Financial Records

I have fulfilled my responsibility, under the relevant statutory authorities, for preparation of the financial statements in accordance with the CIPFA Code of Practice on Local Authority Accounting (CIPFA Code).

I acknowledge my responsibility for the fair presentation of the financial statements. I believe that the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Council in accordance with the CIPFA Code and are free of material misstatements, including omissions. I have approved the financial statements.

I have reviewed the accounts, reviewed all relevant written assurances relating to the accounts and made other enquiries as appropriate.

The significant accounting policies adopted in the preparation of the financial statements are appropriately described within them.

I believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA Code that are free from material misstatement, whether due to fraud or error.

Fraud

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I confirm that I have disclosed the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

I have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Council's internal controls over financial reporting. In addition, I have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. I have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.

Compliance with Laws and Regulations

I have disclosed to you all known actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

Information Provided and Completeness of Information and Transactions

The Council has provided:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement;
- Additional information as requested for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All material transactions have been recorded in the accounting records and are reflected in the financial statements.

All minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting held on 16 September 2015.

I confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including

sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

I have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of outstanding debt.

Liabilities and Contingencies

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

I have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

I have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees given to third parties.

Subsequent events

Other than described in the financial statements, there have been no events subsequent to the period end which require adjustment or disclosure in the financial statements or notes thereto.

Accounting Estimates

I believe that the significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

In respect of accounting estimates recognised or disclosed in the financial statements:

- The measurement processes, including related assumptions and models, used in determining accounting estimates are appropriate and the application of these processes is consistent.
- The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- The assumptions used in making accounting estimates appropriately reflects the intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.

- No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

Segmental Reporting

I have reviewed the operating segments reported internally to management and I am satisfied that it is appropriate to aggregate these as, in accordance with IFRS 8 Operating Segments, they are similar in each of the following respects:

- The nature of the products and services.
- The nature of the production processes.
- The type or class of customer for their products and services.
- The methods used to distribute their products.

Going Concern

I am not aware of any issues that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

Retirement Benefits

On the basis of the process established by the Council, and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with my knowledge of the Council. All significant retirement benefits and settlements and curtailments have been identified and properly accounted for.

Use of Management Experts

I agree with the findings of the experts engaged to evaluate the values of the Council's land and buildings and have adequately considered the qualifications of the experts in determining the amounts and disclosures included within the Council's financial statements and the underlying accounting records. I did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.

Signed on behalf of Cambridge City Council

I confirm that this letter has been discussed and agreed by the Civic Affairs Committee of Cambridge City Council on 16 September 2015.

Signed :

Signed :

Caroline Ryba

Councillor R McPherson

Head of Finance

Chair of Civic Affairs Committee

Date :

Date :

Draft

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CAMBRIDGE CITY COUNCIL

REPORT OF: Director of Business Transformation

TO: Civic Affairs Committee

16 September 2015

WARDS: All

INTERNAL AUDIT PLAN 2015 / 2016: PROGRESS REPORT

1 INTRODUCTION

- 1.1 The purpose of this report is to provide members with an update on progress with the annual Internal Audit Plan for 2015 / 2016. The original audit plan was agreed by Civic Affairs Committee on 18 March 2015.

2. RECOMMENDATIONS

- 2.1 Civic Affairs Committee is requested to note:

- Progress against the original audit plan together with the associated assurance levels established;
- Any proposed amendments / re-phasing of the audit plan; and
- Progress on the delivery of prior agreed actions by management.

3 INTERNAL AUDIT PLAN 2015 / 2016 PROGRESS (Appendix A)

Work In Progress

- 3.1 The details within the Appendix are based on audit activities up to and including 11 August 2015.
- 3.2 The staffing of the service has remained constant during the year following the successful recruitment to the vacant Senior Auditor post at the end of March 2015 (commencement June 2015).
- 3.3 We are mindful of the ever-changing environment and the audit plan has been reviewed to ensure that it is still providing appropriate assurance. The original plan included provisions for follow-up work, special investigations, request work, risk work and finalisation of audits carried forward from last year. At the present moment there are no plans to re-phase or delete audits from the plan, nor has any new areas been identified for inclusion.

- 3.4 We will continue to give priority to those audits identified in the audit plan as critical.
- 3.5 The result of the work set out in the Internal Audit plan will be the production of the annual opinion by the Head of Internal Audit for this Committee.

Follow-up Audits and Implementation of Agreed Actions

- 3.6 Time was built into the original Audit Plan to undertake a number of key follow-up audits where the original audit received a 'No' or 'Limited' assurance rating and these are identified in the covering Appendix A.
- 3.7 In conjunction with the Support Services Manager, Internal Audit continues to assist in the monitoring of the risk management framework across the authority, providing regular progress reports to the Strategic Leadership Team and Departmental Management Teams.
- 3.8 Progress continues to be made in completing actions to timescales. The majority of longstanding actions from previous years have now been addressed. Where actions are still outstanding, work is ongoing by management to address these. In a small number of cases, it may be that the action is in fact complete, but this has not been updated on the risk register.

4 IMPLICATIONS

(a) Financial Implications

None

(b) Staffing Implications

The audit plan has been re-phased to take account of resource availability and changes to the organisation.

(c) Legal Implications

The Council has a legal obligation to maintain an adequate and effective system of internal audit, and the council has delegated this responsibility to the Civic Affairs Committee and s.151 Officer. This report comments on Internal Audit performance relating to period ended 11 August 2015. There are no adverse legal implications relating to the reporting progress.

(d) Risk Implications

In terms of risk management, the Internal Audit Plan and its outcomes are a key part of the Council's risk management and assurance framework. The Internal Audit Plan is based on risk assessments that include a review of the Council's risk register.

(e) Equality and Poverty Implications

None

(f) **Environmental Implications**

None

(g) **Community Safety**

None

BACKGROUND PAPERS: The following are the background papers that were used in the preparation of this report:

Internal Audit Plan 2015 / 2016
Public Sector Internal Audit Standards, 2013

To inspect these documents contact Steve Crabtree on extension 8181. The author and contact officer for queries on this report is Steve Crabtree.

Report file:

Date originated: 03 September 2015
Date of last revision: 03 September 2015

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APPENDIX A

HEAD OF INTERNAL AUDIT

INTERNAL AUDIT PLAN 2015/2016: PROGRESS REPORT

1... INTRODUCTION

1.1 The purpose of this report is to bring the Civic Affairs Committee up to date with progress made against the delivery of the 2015 / 2016 Internal Audit Plan, as at 11 August 2015. The report aims to:

- Provide a high level of assurance, or otherwise, on internal controls operating across the Council that have been subject to audit;
- Advise the Committee of significant issues where controls need to improve to effectively manage risks;
- Advise of any planned changes to reviews, slippage or deletions to that originally agreed in March 2015; and
- Track progress on the delivery of agreed actions which are monitored through the risk register.

1.2 The information included in the progress report will feed into and inform our overall opinion in the annual Head of Internal Audit report issued at the year-end. This opinion will in turn be used to inform the Annual Governance Statement included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.

1.3 Where appropriate each report we issue during the year is given an overall opinion based on four levels of assurance:

- **FULL;**
- **SIGNIFICANT;**
- **LIMITED** and
- **NO.**

1.4 To obtain the level of assurance, this is partly based on the number of type of recommendations we make in each report and is for any control weakness that jeopardises the complete operation of the service. The prioritisation of these being:

- **CRITICAL;**
- **HIGH;**
- **MEDIUM** and
- **LOW.**

1.5 It is managers' responsibility to ensure that effective controls operate within their service areas. However, we undertake follow up work to provide independent assurance that agreed actions arising from audit reviews are implemented in a timely manner.

2... AUDIT TEAM / RESOURCES

2.1 Since the Internal Audit Plan was agreed in March 2015; the following changes have been made within the service:

June 2015

- Following interviews in March we successfully appointed a new Senior Auditor and they commenced duties in June.
- Agreement at Civic Affairs Committee to the carry forward of a number of audits identified within the Head of Internal Audit Opinion.

Ongoing

- Improvements in risk register monitoring and implementation of agreed actions;
- Assisting in a number of key service contract / gateway reviews;

3... RE-PHASING OF AUDIT PLAN

3.1 Previous years have seen requests to re-phase the audit plan or delete audits and replace with new risk areas. At this present moment, there are no proposals to amend the agreed Audit Plan.

4... IMPLEMENTATION OF ACTIONS

4.1 Good progress has been made in the implementation of audit actions across the whole Council. Previous reports have identified actions being overdue for a number of years.

AUDIT PLAN COVERAGE: 2014 / 2015 PROGRESS**(INFORMATION AS AT 11 AUGUST 2015)**

CORE SYSTEM ASSURANCE WORK	
Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s151 officer to make his statement included in the Annual Accounts on the reliability of the supporting financial systems.	
Housing Benefits	COMPLETED Use of External Audit diagnostic templates to verify calculations in relation to the housing benefit grants. Two diagnostic tools have been completed / submitted.
Main Accounting	SCHEDULED: QUARTER 3 / 4
BACS Payments	PLANNING STAGE

ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK

Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section details audit work that specifically relates to the production of the Annual Governance Statement

Annual Governance Statement	<p>COMPLETED</p> <p>Internal Audit led the working group set up to review and update the Annual Governance Statement. This was submitted to Civic Affairs in June 2015 for comment, challenge and endorsement. The draft Annual Governance Statement has then been provided to External Audit and subsequent inclusion in the final accounts (elsewhere on September 2015 agenda).</p>
Annual Audit Opinion	<p>COMPLETED</p> <p>The Annual Audit Opinion was submitted to Civic Affairs Committee in June 2015, highlighting all Internal Audit activity for the previous 12 months together with any areas of concern.</p>
Internal Audit Effectiveness	<p>COMPLETED</p> <p>The annual review of the Effectiveness of Internal Audit was submitted to Civic Affairs Committee in June 2015. Following discussions at Civic Affairs Committee, when the external review of the service is commissioned, an element of the review will be to consider how Members of the Committee can support the works of Internal Audit.</p>
Prevention of Fraud and Corruption Policy and Annual Fraud Survey	<p>COMPLETED</p> <p>The annual report on fraud and whistle-blowing was submitted to Civic Affairs Committee in June 2015. Furthermore, the Annual Fraud Survey was completed on behalf of the authority and submitted in June 2015.</p>
National Fraud Initiative	<p>ONGOING</p> <p>Work continues to investigate anomalies identified through the previous data matching exercise.</p>

CORPORATE / CROSS-CUTTING AUDITS	
Standards / Gifts and Hospitality / Ethics & Culture / Bribery Act	WORK IN PROGRESS The Public Sector Internal Audit Standards require Internal Audit to evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities. This includes a review against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014); an assessment of our current policies and the establishment of a fraud and corruption risk register.
CCTV	SCHEDULED: QUARTER 3 / 4
Implementation of key Council Strategies	SCHEDULED: QUARTER 3 / 4

CONTRACTS AND PROJECTS	
Transforming How We Deliver Services	SCHEDULED: QUARTER 3 / 4
Building Cleaning Contract – Post Implementation Review	SCHEDULED: QUARTER 3 / 4
Fleet Review (Refuse and Environment)	SCHEDULED: QUARTER 3 / 4
Banking Contract	ON-GOING Participation in working group overseeing delivery of the new contract. Invitations to Tender have been issued.
Redevelopment of Park Street Car Park (Specialist Services)	PLANNING STAGE
Ditchburn Place Refurbishment (City Homes)	SCHEDULED: QUARTER 3 / 4
Cultural Trust – Post Implementation Review	ON-GOING Participation in working group prior to transfer and subsequent review.
Tourism – Destination Management Organisation	PLANNING STAGE
Joint Waste Service / Relocation to Waterbeach (Refuse and Environment)	ON-GOING Liaison with Project Board over Waste Project shared service arrangements.
Community Infrastructure Levy (Planning)	ON-GOING
Clay Farm Community Centre (Strategic Housing)	ON-GOING

CHIEF EXECUTIVE	
Transparency Agenda	SCHEDULED: QUARTER 3 / 4
Carbon Management Information	DRAFT REPORT ISSUED Evaluating of data collated in order to establish the correct baseline position for carbon emissions.
Member Training	SCHEDULED: QUARTER 3 / 4

CUSTOMER AND COMMUNITY SERVICES	
Former Tenant Arrears (City Homes)	SCHEDULED: QUARTER 3 / 4
Stores Review (Estates and Facilities)	FIELDWORK STAGE Audit work will feed into the review of the Stores function which is currently being undertaken.
Town Hall Lettings Scheme (Strategic Housing)	SCHEDULED: QUARTER 3 / 4
ChYpPS Activities (Communities, Arts and Recreation)	SCHEDULED: QUARTER 3
Management of Premises – Hostels and Sheltered Accommodation (City Homes)	SCHEDULED: QUARTER 3 / 4
Cambridge BID (Revenues and Benefits)	SCHEDULED: QUARTER 3 / 4
Housing Benefits – Risk Based Verification (Revenues and Benefits)	SCHEDULED: QUARTER 3 / 4

ENVIRONMENT	
Bereavement Services (Specialist Services)	SCHEDULED: QUARTER 3 / 4
Car Parks Management System (Specialist Services)	PLANNING STAGE Initial meetings held to scope the review which will now cover all key car park related projects to provide a critical friend role.
Contaminated Land (Refuse and Environment)	SCHEDULED: QUARTER 3 / 4
Streets and Open Spaces – Project Delivery	SCHEDULED: QUARTER 3 / 4
Managing Income (Refuse and Environment)	SCHEDULED: QUARTER 3 / 4

BUSINESS TRANSFORMATION	
Compliance with RIPA Legislation (Legal)	SCHEDULED: QUARTER 3 / 4
Recharges / Central Support Costs (Finance)	SCHEDULED: QUARTER 3 / 4
Procurement Cards (Support Services)	SCHEDULED: QUARTER 3 / 4
Commercial Property – Management of Asbestos, Legionella, Fire Risk Assessments (Property)	SCHEDULED: QUARTER 3 / 4

CARRY FORWARD ACTIVITIES							
Discharge of s.151 Responsibilities	Assurance: Significant	Critical: 0	High: 2	Medium: 2	Low: 0	Total: 4	COMPLETED Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and to appoint a Chief Financial Officer (CFO) to have responsibility for those arrangements. Following a restructure of the former Department of Resources in 2013/2014, the Council invested the role of S.151 Officer in a new post of Head of Finance (HoF) from July 2014 reporting to the Director of Business Transformation rather than directly to the Chief Executive. The Annual Governance Statement states the reasons for the Council's different organisational arrangements, together with how these deliver the same impact.
Governance Arrangements – Shared Services	DRAFT REPORT						
Community Infrastructure Levy	ON GOING						
Tender Evaluation	FIELDWORK STAGE						
Discretionary Housing Payments	FIELDWORK STAGE						
Mobile Working	Assurance: Significant	Critical: 0	High: 3	Medium: 7	Low: 0	Total: 10	COMPLETED The Mobile Working project aimed to make the appointments process more efficient and improve communication with repairs operatives via mobile hand held devices, thereby improving customer satisfaction and increasing value for money within the service. The project so far covers normal working hours responsive repairs, and will continue to be rolled out for repairs to void properties and the Out of Hours service.

							The report identifies actions to help maximise potential productivity within the existing framework. In order to make further significant improvements a more dynamic system would need to be adopted that increased visibility of operative capacity and availability, thereby leading to greater flexibility and increased productivity.
Budget Setting Process	FIELDWORK STAGE						
Subsidence Claims	FIELDWORK STAGE						
Health & Safety: Asbestos Management	Assurance: Limited / Significant	Critical: 0	High: 8	Medium: 4	Low: 0	Total: 12	<p>COMPLETED</p> <p>This Audit has reviewed the controls in place to manage asbestos in Council homes and the Council's admin buildings (but not commercial properties) and in particular whether recommendations made by Dawson Asbestos Consulting (DAC) in their review of July 2013 have been fully implemented.</p> <p>Prior data entry backlogs to the MICAD system (the system for recording details of asbestos surveys and removals) has been cleared and there is clear evidence that asbestos surveys are being carried out to the required standard.</p> <p>At the time of audit, there were sound procedures in place for ensuring that information held on MICAD is made available to operatives via their handheld devices before any works are undertaken on Council properties, to ensure that they are aware of the 'status' of the property with regard to asbestos. In addition, all operatives receive annual training on asbestos management procedures, which is considered good practice.</p> <p>Internal Audit recently learnt that MICAD was 'parked' for reasons of cost, pending the implementation of a replacement asbestos database, which has just been procured. Interim</p>

							<p>arrangements have been put in place for recording details of any new asbestos surveys undertaken and for making operatives aware of asbestos in Council properties. However, they necessitate checking in several different locations for the asbestos status of a property, rather than just on MICAD, which could increase the risk of errors arising. Information on asbestos removals is currently being held in a separate file pending the introduction of the new system.</p> <p>Audit testing demonstrated that sufficient controls were in place at the time of audit for the management of asbestos in Council homes before MICAD system was parked and 'Significant' assurance could be given on these arrangements. Due to the increased risk of the interim arrangements described above and the fact that at the time of audit, the scheduled annual inspections of the Council's admin buildings were overdue, a 'Limited' assurance rating has been given to the Management of Asbestos in Council homes and the Council's admin buildings.</p>
Safeguarding: Use of Volunteers	DRAFT REPORT ISSUED						
HMO Licences / Use of Temporary Accommodation	SCHEDULED: QUARTER 3 / 4						
Safeguarding: Children and Vulnerable Adults (Information Sharing Protocols)	SCHEDULED: QUARTER 3 / 4						
IDOX – Post Implementation Review	Discussions to be held within the organisation as to the merits of continuing with this project as alternative options have been introduced in Revenues and Benefits.						
Housing Allocations	SCHEDULED: QUARTER 3 / 4						
Organisational Change Management	SCHEDULED: QUARTER 3 / 4						

Contract Management Arrangements	FIELDWORK STAGE
Closedown of Contracts	SCHEDULED: QUARTER 3 / 4
Office Re-organisation – Post Implementation Review	SCHEDULED: QUARTER 3 / 4
Compliance with FoI / EIR Legislation	FIELDWORK STAGE
Ground Maintenance Recharges	SCHEDULED: QUARTER 3 / 4
Business Continuity Arrangements	SCHEDULED: QUARTER 3 / 4
Data Security / Data Sharing Protocols	SCHEDULED: QUARTER 3 / 4
Customer Complaints	DRAFT REPORT ISSUED

FOLLOW-UP AUDITS	
Home Improvement Agency	DRAFT REPORT ISSUED
Cash Handling at Depot	SCHEDULED: QUARTER 3 / 4
PCI DSS Compliance	SCHEDULED: QUARTER 3 / 4
Business Use of Private Vehicles	FIELDWORK STAGE

UNPLANNED ACTIVITIES: PROJECT MANAGEMENT / GENERAL ADVICE

Various pieces of ad-hoc advice have been provided to management during the year across the organisation. Members of the Internal Audit team also participate in the following internal working groups:

- Information Security Group
- Capital Programme Board

UNPLANNED ACTIVITY: SPECIAL INVESTIGATIONS – E.G. ALLEGATIONS OF BREACHES OF OFFICER CODE OF CONDUCT / WHISTLEBLOWING

Internal Audit have undertaken **ONE** separate special investigations so far this year, within **CUSTOMER & COMMUNITY SERVICES**

RISK MANAGEMENT

On-going work includes the review and monitoring of the Council's risks and implementation of actions agreed to mitigate these.

IMPLEMENTATION OF ACTIONS

AGREED AUDIT ACTIONS: OVERDUE AT 11 AUGUST 2015									
		ANALYSIS BY DEPARTMENT				ANALYSIS BY CATEGORY			
YEAR	TOTAL ACTIONS OVERDUE	Business Transformation	Chief Executive & Corporate Strategy	Customer & Community Services	Environment	Critical	High	Medium	Low
Pre 2012 / 2013	5	1	–	2	2	–	3	1	1
2012 / 2013	6	4	–	2	–	–	1	4	1
2013 / 2014	15	5	–	8	2	–	10	5	–
2014 / 2015	13	2	–	2	9	–	4	7	2
TOTAL	39	12	–	14	13	–	18	17	4

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The Head of Audit Opinion (June 2015) identified the audit action status as:

	Not Due	Outstanding
Pre 2012 / 2013	2	3
2012 / 2013	2	4
2013 / 2014	4	14
2014 / 2015	18	9
	26	30

CAMBRIDGE CITY COUNCIL

REPORT OF: Business and Transformation

TO: Civic Affairs Committee

16/9/2015

WARDS: None directly affected

ANNUAL COMPLAINTS AND FEEDBACK REPORT 2014-15

1 INTRODUCTION

- 1.1 This report provides an analysis of the complaints and compliments received by the Council during 2014/15 under the Corporate Complaints, Compliments and Comments procedure.
- 1.2 The purpose of the report is to identify topics and trends in relation to complaints; identify areas of organisational learning that have taken place over the past year as a result of the complaints received and make further recommendations based on trend data to improve services.
- 1.3 The report also highlights those areas of good practice within the Council and seeks to identify topics and trends in relation to comments made by members of the public so that the Council can also take action where appropriate to improve services

2. RECOMMENDATIONS

2.1 Civic Affairs to:

Consider the draft Annual Complaints Report for 2014-15, shown at Appendix A, and approve for publication on the Council's website.

3. **BACKGROUND**

3.1 The City Council has been recording information about complaints for the last eleven years and trend data is included in the report from 2010. In 2014-15 we received 484 complaints an 11.5% increase on the previous year.

3.2 The report in Appendix A includes:

- A summary of complaints received, their trends and action taken,
- Details of compliments and comments,
- Complaints investigated by the Independent Complaints Investigator,
- Complaints escalated to the Local Government Ombudsman,
- Complaints relating to conduct of councilors.

3.3 As well as complaints we also receive many positive comments about the Council's services and staff. A section on compliments is included in the report because knowing where things are working well and are appreciated is as important as knowing where things are not working well.

3.4 Subject to approval by Civic Affairs on the 16th September, officers will finalise and publish the report on the Council's website with hard copies being made available on request.

4. **CONSULTATIONS**

4.1

The Annual Complaints report is compiled by Customer Services on behalf of the Council. Data on complaints and compliments is collected quarterly by a designated complaints coordinator within each department and collated by Customer Services.

5. **CONCLUSIONS**

The City Council has worked hard to understand the reasons for the complaints, and has taken action to prevent the poor service that triggered those complaints from being repeated. We continue to work hard to deliver high quality services to all residents and customers, and welcome all feedback on our services and suggestions for improvement.

6. IMPLICATIONS

(a) Financial Implications

The time and resources spent on responding to complaints is a not insignificant cost to the Council. Our aim should be to get things right first time as often as we can.

(b) Staffing Implications – None

(c) Equality and Poverty Implications

Analysis and action taken as a result of complaints has an important role to play in ensuring that our services are accessible to all those who wish or need to use them and, that as far as possible, we are able to respond flexibly to the differing needs of our citizens and visitors. EQIA assessment booked for 1.9.2015

(d) Environmental Implications

None

(e) Procurement

None

(f) Consultation and communication

None

(g) Community Safety

None

BACKGROUND PAPERS: The following are the background papers that were used in the preparation of this report:

Departmental Quarterly monitoring reports – June '14, September '14, December '14, March '15

For enquiries or to inspect these documents contact the author, Jenna Varga Business and Development Manager, Customer Services on extension 8607.

Report file:

Date originated: 04 September 2015

Date of last revision: 04 September 2015

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Cambridge City Council

Annual Complaints and Feedback Report 2014-2015

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CAMBRIDGE CITY COUNCIL'S ANNUAL COMPLAINTS REPORT

Every year we publish our Annual Complaints Report, which gives an overview of the complaints the Council has received and how we have dealt with them, though we do not publish names or other personal details of people who have complained.

Why we produce this report

- To learn from our mistakes so that we can improve our services
- To encourage people who have cause to complain to make comments and suggestions to help us make these improvements.
- To show how we've responded to complaints and what we've done to try and put things right.
- To publicise and explain our complaints process.

Our Complaints Procedure

What is a complaint?

A complaint is defined as: ***'an expression of dissatisfaction, however made, about the standard of service, action or lack of action by the Council, or its staff, affecting an individual customer or group of customers.'***

To set these complaints in context, it should be explained that where an issue is brought to the Council's attention for the first time (for example, a missed bin) that is dealt with as a request for action, and is not processed as a formal complaint. However, the Council's response, or lack of response, to that first time notification might lead to a complaint if the customer were still dissatisfied.

Customers complain to the Council if they:

- Are unhappy about something we have or haven't done.
- Are not satisfied with the way a member of staff has treated them.
- Are not happy with the way a councillor has treated them.
- Want to complain for any other reason.

Directorates and Services

Chief Executive	Corporate Strategy
-----------------	------------------------------------

Environment	Environmental Health
	Refuse
	Specialist Services
	Streets and Open Spaces
	Parking Services
	Planning
	Tourism and City Centre Management
	Garages

Customer and Community	Estates and facilities
	City Homes
	Strategic Housing
	Arts and Recreation
	Revenues and Benefits
	Community and Development

Business Transformation	Customer Services
	Property Services
	Accounting

[Independent Complaints Investigator](#)

[The Local Government Ombudsman](#)

[Complaints under the Councilors' Code of Conduct](#)

Executive Summary

General Summary

In 2014/15 Cambridge City Council received 484 complaints, an 11.5% increase from the previous year. The Council also received 263 compliments and 8,798 comments via GovMetric, a customer satisfaction rating system.

Independent Complaints Investigator (ICI)

Nineteen complaints were made to the Independent Complaints Investigator and 2 carried over from last year. Of these twenty-one complaints, four were upheld and one partially upheld.

Local Government Ombudsman (LGO)

Sixteen LGO complaints were investigated, with four upheld.

Reporting and Recording

The City Council has worked hard to understand the reasons for the complaints, and has taken action to prevent the poor service that triggered those complaints from being repeated. We continue to work hard to deliver high quality services to all residents and customers, and welcome all feedback on our services and suggestions for improvement. This report allows us to reflect on our successes and areas of development. Following feedback and a review of our complaints process we have changed the way we record and monitor complaints, compliments and comments.

The Lead complaints Officers review all data and feedback on a quarterly basis to establish themes and trends within services. This is then discussed with Directors and Heads of service to gain an understanding of what the service is doing to improve, change or prevent a reoccurrence. This helps to create a rolling yearly report, ensuring accuracy and that changes and improvements made are captured and reviewed on a regular basis. Particular attention is focused on reducing complaints being escalated to the independent complaints investigator by making sure that complaints that involve more than one service at stage one are dealt with more efficiently.

Service Movement

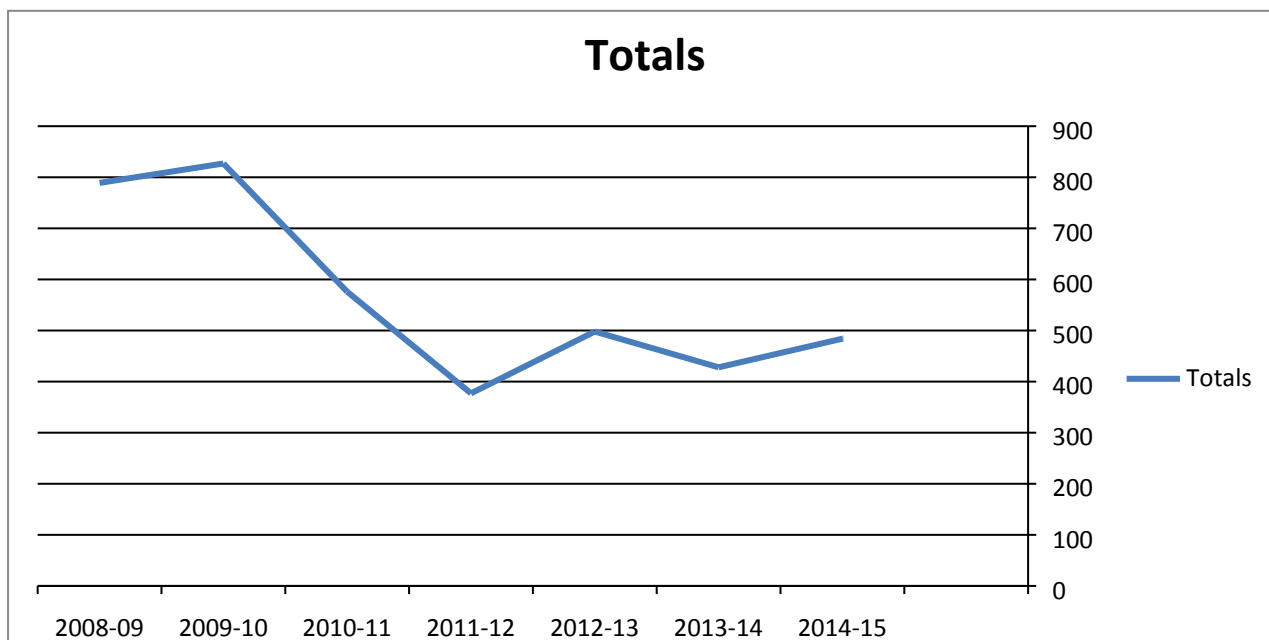
In early 2014 we saw a change in services and directorates. Estates and Facilities services moved from Business Transformation to Customer and Community Services directorate and Customer Services moved from Customer and Community Services to Business Transformation directorate. Due to the higher volume of complaints received in Estates and facilities compared to Customer Services this year we have recorded complaints by service rather than directorate.

Community Development and Arts and Receptions merged in autumn 2014. As this change happened during the financial year the services will continue to show separately until next year's report.

Complaints to the City Council in 2014-15

We received 484 complaints in 2014-15. This was an 11.5% increase on those received in the previous year as can be seen in table below.

Cambridge City Council complaint totals 2008 – 2015



Year	Chief Exec's	Environment	Business and Transformation	Customer & Community	Totals	Change %
2014-15	1	240	20	223	484	+11.5%

Year	Chief Exec's	Environment	Resources	Customer & Community	Totals	Change %
2013-14	0	210	93	125	428	-14
2012-13	2	72	83	341	498	+32
2011-12	0	65	40	272	377	-34.5
2010-11	8	81	56	431	576	-30
2009-10	21	168	61	577	827	+5
2008-09	8	169	36	576	789	

In early 2014 we saw a change in services and directorates. The tables above have been separated to show this clearly.

Analysis

In 2014-15 43% of complaints came from 3 services, Refuse, Streets and Open Spaces and Estates and Facilities.

Out of the 240 complaints received, 60 were waste related waste collections. There are approximately 49,000 households visited each week, this number of complaints is therefore a very small percentage. However every time a complaint is made about a missed collection or bins have not been put back, the enquiry is investigated and crews are reminded of their duties.

The second largest source of complaints related to Open Spaces with 62 complaints. The service is currently carrying out a complete review of the service to deliver increased management capacity to monitor/ manage customer service standard performance. A monthly customer complaint reporting system had been introduced to monitor management issues across the service and agree any required changes or improvements with service managers.

Estates and Facilities received 87 complaints. The complaints logged cover a wide range of issues associated with both the in-house delivery of response repairs and planned works delivered by partnered external contractors. The service delivers over 15000 responsive repairs a year in addition to planned works. The planned works contract arrangements have progressively improved with a replacement contractor. Over half of the complaints received fall into categories, such as mould or delays to planned works.

To put the number of complaints in broader context, last year over 190,000 telephone contacts and over 40,600 face to face and cashiers visits were recorded at the customer service centre. The number of complaints is relatively low in relation to the number of customer contacts received by Council services, but the Council recognises that it is important to respond to all complaints in a timely and appropriate manner, and to take any steps necessary to prevent repeat occurrences in future.

In 2014-15 the Council received 263 compliments, as well as 5191 positive comments through GovMetric, a customer satisfaction rating system. This channel of communication continues to be popular with our customers with nearly 9000 comments overall.

The number of complaints offered to the Council has fluctuated over the last six years, since 2008 complaints have reduced by 39%. A review of our reporting and recording procedure last year has enabled us to record data more accurately. Alongside these discussions with Directors and Head of Service has seen an increase in communications to customer to encourage feedback to help us to identify areas of development.

The Customer Service Centre

27 Council services use the Customer Service Centre for their initial enquiry. This allows the CSC to have an overview of how council services are performing.

In March 2014 an afternoon appointment only service for customers with Benefits and Council Tax enquiries was introduced. This initiative has been very successful with our customers now receiving a consistent and timely service when they visit us face to face. The impact on the team has also been very positive with regular references to the difference it has made from staff. We are now reviewing how this system can be rolled out to other service areas where there is a face to face demand.

In 2014-2015, the consistent theme regarding complaints for customer services related to our response times for answering telephone calls. The reasons for delays during the year were many and varied, however the key factors in our response times were:

- A higher than average amount of long term sickness absence within the team
- Staff attrition rates and the resultant vacancies within the team while recruitment and training took place
- Service re-structure and the resultant re-training of staff
- The percentage of customers contacting us with straightforward enquiries which could be reported/resolved via self service offerings

In response to these issues we are working closely with the team and human resources, taking proactive measures with the team to improve attendance. For example offering occupational health sessions, promoting the use of the corporate counselling service and offering free flu jabs to those who want them.

A review of our recruitment processes is also taking place. Customer services is a demanding place to work, and whilst our current practises allow us to identify if potential employees have the customer service skill we require, it does not demonstrate their robustness to pressure, or their ability to multi –task. We are introducing a test in our assessment centre to evaluate applicants in these areas, by employing staff who are resilient and dedicated, our attrition rates should reduce.

The major plans to improve the service offerings in 2015-2016 come in the form of new technology. A telephone information giving and gathering service is about to be introduced for customers contacting us by telephone with council tax and benefit enquiries and the corporate telephony upgrade is planned for an autumn implementation. Both initiatives will facilitate customers to serve themselves easily whilst freeing up advisors for those enquiries which are complicated or sensitive.

In addition, recruitment for an apprentice CSA and work experience applicants are being pursued for customer services, with the aim that we contribute to the employment of young people. It will provide experience and training for those out of work, whilst providing more self-service advice and guidance for customers who want to use our on-line offerings but do not have the confidence or understanding on how to use them.

Customer services are continuing to support the Citizens Advice Bureau (CAB), credit unions and community navigators with desk space and customer referrals. These organisations help customers with their enquiries and ensure they are aware what support is available to them.

How complaints were received

Year	Face to Face %	Letter %	Email %	Telephone %	Other (Comment Cards) %
2014-15	2	8	61	11	18
2013-14	2	13	78	7	2
2012-13	1	19	70	8	2
2011-12	2	26	48	6	18
2010-11	1	24	56	4	15
2009-10	4	34	47	11	4

The majority of complaints were received in writing, with the number of letters declining over the past five years and the number of emails increasing over the same period.

Compliments

Cambridge City Council Compliment totals 2014-15

Year	Chief Exec's	Environment	Business and Transformation	Customer & Community	Totals
2014-15	0	64	79	120	263

Year	Chief Exec's	Environment	Resources	Customer & Community	Totals
2013-14	0	19	15	148	182
2012-13	0	8	23	571	602
2011-12	0	7	3	531	541
2010-11	6	35	12	408	461

The way in which we receive feedback has changed last year with the introduction of GovMetric feedback system. We have seen a significance decrease in compliments received via e-mail and letter to the customer service centre as customers are choosing to use the GovMetric instead.

GovMetric customer feedback system

GovMetric was introduced by customer services to monitor feedback and measure improvement. The tool allows us to record how the feedback was received, ratings of good, average or poor can be selected by customers. They are also able to select service areas/departments and give more specific detail about their experiences.

We currently use GovMetric to monitor feedback from the website, face to face visits in Mandela House reception and via service e-mails and incoming calls at Mandela House.

Each council department reviews the complaints and compliments it receives on a quarterly basis. This enables services to identify if there are any trends in the types of complaint being made or the services that complaints are being made about. As a result, changes are made to services and how they are provided.

Total feedback via GovMetric 2014-15

Channel	Date	Total	Good %	Average %	Poor %
Web	01.04.2014-31.03.2015	4316	48%	14%	37%
Phone	02.12.2014-31.03.2015	317	85%	7%	8%
Email	02.12.2014-31.03.2015	610	74%	9%	17%
Face to Face	01.04.2014-31.03.2015	3555	67%	13%	21%

Face to Face Govmetric Feedback

Mandela House reception continues to offer Customers advice for Council Tax, Housing benefit, Housing and homelessness advice. Many of the complaints made to face to face are often with regards to the decision the service has made, rather than the service received by staff. Customers are made aware of escalation routes to support them in their enquiries and feedback is monitored on a regular basis and discussed in operational meetings between the services. Refer to Page 8 for more information on Customer Service Centre developments during 2014-15.

Website GovMetric feedback

48% of people (2089 customers) providing feedback on the website thought that it was good. The majority of the good and average reports are about ease of use of the website and clear information given, particularly for customers to get a contact number.

37% (1613 Customers) poor comments relate to a range of items, including difficulties customers face using the e-revenues system for reporting council tax issues/checking

personal accounts, as well as customers suggesting they need more detailed and clearer information, particularly around planning issues, mapping / directions and fees for services.

Other reports include services which are provided by the County and some instances where the customer was simply looking in the wrong place for information.

The majority of average comments 14% (614 Customers) are about ease of use of the website and clear information given, particularly for customers to get a contact number.

Action taken in response to feedback

Each report is reviewed on a regular basis. Where there is a suggestion for additional web content, an indication that something is out of date the web team pass these on to the respective service team. Often the service team will update their web pages in response, and or reply to the customer directly (if they gave their details) to provide further information or a response to any query raised.

The Web Team also use the reports to monitor and review the general functionality of the website.

Further actions

The website was user-tested in the summer of 2014, and the results indicated that although customers are largely happy with the functionality, they found the content too long and wordy / peppered with jargon, difficult to find and the site too cluttered, particularly the home page.

Since then the Web Team have been building a new-look website to address the issues around the cluttered layout and have undertaken a major review of the most used content, working with service teams to rewrite many sections to be more customer focussed, easier to understand, find, and to provide quick navigation to the 'task' elements, which is usually what customers want to do on the site.

The new-look website will launch in September 2015 and the Web Team will continue to monitor, review the site functionality and its content on an ongoing basis.

Service Complaint Trends and feedback

Below are the comments from Services on what they have done to prevent, improve or change as a result of the feedback received in 2014-15.

Directorate – Chief Executive

[Corporate Strategy](#)

Corporate Strategy	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	1	0	100%	0
Theme Identified				
<ul style="list-style-type: none"> • Time out session expiring after 20 minutes on the Website 				
Changes and improvements made				
<p>The forms system is part of the Northgate CRM system and our ability to develop them is very limited. The forms are 'session based' and it's the 'session' that times out after 20 minutes, and we cannot change this. After feedback from other customers a red 'time-out' notice has been added. Forms are kept as short as possible and only collecting necessary information to ensure user shouldn't need more than 20 minutes to complete. This may not be possible for every form and we will review them as part of the new website developments.</p> <p>A 'save' option is not currently available within the system.</p>				

Directorate – Environment

[Environmental Health](#)

Environmental Health	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	9	1	100%	3
Theme Identified				
<ul style="list-style-type: none"> • 4 busker complaints mainly about policy • 1 inspecting HMOs (stage 2) 				
Changes and improvements made				
<ul style="list-style-type: none"> • A comprehensive procedure has been put in place between City Centre Management, Environmental health, the city Rangers and the Customer service centre. The buskers code of conduct leaflet has been given to local businesses to be support/enable them to communicate at first point of contact. • More Environmental Health staff are in post to support the service. • City Centre Management are working to have more frontline staff and a more thorough structure to support and respond and enquiries. • HMO inspection policy has been reviewed and we are continuing in the way we inspect as per the legal framework and our policy. 				

Refuse

Refuse	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	60	1	80%	9
Theme Identified				
<ul style="list-style-type: none"> • Missed bin collections • Charge for second green bin 				
Changes and improvements made				
<p>A collection catch up following national industrial action accounted for an increase in the numbers of missed bins in Quarter 2. In the second half of the year the rate of missed bin collection fell towards the target of no more than 30 bin collections missed per 100,000. Regular meetings with the Crews and Leading Hands to review performance have been key together with better communication with residents through the Customer Service Centre. This has been helped by in-cab technology which helps provide more accurate information about cases where bins cannot be emptied due to over filling or contamination.</p> <p>The Introduction of a charge for a second green bin generated complaints however the numbers and rate of these complaints has reduced significantly as residents have become accustomed to the policy through our communications.</p>				

Streets and Open Spaces

Streets and Open Spaces	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	62	5	79%	14
Theme Identified				
<ul style="list-style-type: none"> • Silver Street toilet condition • Cycle removal due to Tour de France • Delayed response to complaints (across service) • All Stage 2 complaints arose as a result of initial complaint not being dealt with within 14 day standard, i.e. delayed response 				
Changes and improvements made				
<ul style="list-style-type: none"> • Silver Street toilet condition - We will continue to respond to complaints by investigation and take remedial action if needed. We have a rapid response team to deal with emergencies where there is a danger posed to the public. It is recognised that toilets are not up to modern standards and there is a project on capital plan to refurbish/ resite them. Currently exploring possible options with Planning/ Conservation colleagues and anticipate 18 month delivery plan. Meanwhile working with Churchill (new cleaning contractor) to try and improve standard and recently undertook deep clean. Unfortunately, the day (17/7/15) following the deep clean, the toilets were inundated by flash flood requiring need to be deep cleaned again. Once deep clean, Churchill will have a good base standard to maintain them to. • Cycle removal for Tour de France - No recommended changes/ improvements. Public notices warning cyclists of the need to remove bikes were displayed weeks before this major event to remind cyclists to remove their bikes by the specified date or have them forcibly removed. • Delayed response to complaints (across service) - New service structure (arising from Service Review implemented from April 2015) delivers increased management capacity to monitor/ manage customer service standard performance. Head of Service has introduced new monthly customer complaint reporting system, which they will use to monitor management issues across the service and agree any required changes/ improvements with service managers. 				

[Specialist Services](#)

Specialist Services*	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	13	0	85%	18
Theme Identified				
<ul style="list-style-type: none"> • Errors in customer service • Lack of responses to customer enquiries • Low standard of service 		<ul style="list-style-type: none"> • Bereavement Services - 11 • CCTV - 1 • Out of Hours call handling - 1 		
Changes and improvements made				
<ul style="list-style-type: none"> • Programmes of mentoring and training have been introduced • Reorganisation of service management to improve supervision levels • Recruitment of new staff has helped to reduce delays in response times and improve service. 				

The report separates out Parking Services as a discrete category.

[Parking Services](#)

Parking Services	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	45	1	91%	4
Theme Identified				
<ul style="list-style-type: none"> • Price of Parking • Operational - Blue Badge validation • Customer Service 				
Changes and improvements made				
<ul style="list-style-type: none"> • The price of parking is a council set policy, we continue to educate visitors via our website and communication boards around throughout the car park. • Blue Badge (BB) - We have Implemented changes to the operation of the three hours free parking concession for disabled drivers. The new system has reduced the volume of queues at the exit of the Grand Arcade car park with no more requirements for the BB user to recite their BB badge details to the parking attendants. A recently conducted customer services survey at the Grand Arcade incorporated questions about BB parking bay locations and the new BB operating system. Overall, comments were positive and in favour of the new BB validation procedure. • Customer services investigations are conducted by managers when complaints are raised about staff. If it is identified that there has been poor service given then either additional customer service training will be carried out or if warranted, disciplinary action taken against the staff member. Customer service standards are a key part of the PR process and are also discussed during staff meetings. As part of the mystery shopping exercise early this year staff were assessed on their overall customer services skills as well as knowledge of service. Comments from the company who conducted this said that overall, the car parks service in Cambridge is very good, with well-informed and helpful staff, and an excellent Shop mobility service. We would also mention that the Council's web-site in respect of car park information is informative and one of the best we have seen overall. 				

Planning

Planning	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	44	1	73%	4
Theme Identified				
<ul style="list-style-type: none"> • Service provided by officers • Decisions made • Planning procedures and policies 				
Changes and improvements made				
<ul style="list-style-type: none"> • All Complaints are discussed at team meetings. Officers are reminded to check neighbour notification and to communicate regularly with customers. • Officers have been reminded that customers should be given the chance to submit a revised plan if an extension of time is agreed. • The Constraints Maps have been updated to include Buildings of Local Interest (BLI) • Regular one to ones are carried out to review staff workload. • The Planning website pages have been reviewed and updated to provide customers with ready access to information about the planning process. • IT issues have been resolved so the IDOX system is more robust and we can be more confident that information is available online. • We plan to introduce an appointment based service to help manage volumes and customer expectations in relation to access to the Duty Planner (September 2015) at Mandela House 				

Garages

Garage	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	5	0	100%	1
Theme Identified None				
Changes and improvements made				
<ul style="list-style-type: none"> • If a complaint requires a change in procedures it is discussed at team meetings or a tool box talk held by the Workshop Supervisor to avoid reoccurrence. • Complaints relating to customer services are investigated; the staff member made aware and offered additional customer service training if necessary. • Discussions with the suppliers have taken place where errors have been made. 				

Directorate – Customer and Community

[Estates and facilities](#)

Estates and Facilities	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	87	4	71%	37
Theme Identified				
<p>The complaints logged cover a wide range of issues associated with both the in-house delivery of response repairs and planned works delivered by partnered external contractors. This has to be viewed in the context of 15000 individual response repairs/annum and a planned works expenditure of £12m and particularly as the vast majority of work involves some level of access to customer's homes.</p> <p>In Q1 and Q2 of the 2014/15 reporting period (until October 2014) a significant proportion of the Planned Works delivery was reliant upon a single partnered contract arrangement which was terminated prematurely this resulted in formal adjudication procedures to resolve disputes about incomplete delivery of works ordered. The planned works contract arrangements post October 2014 have progressively improved with the appointment of a replacement contract partner.</p> <p>There are no significant themes but of the 87 complaints recorded, some limited trends can be identified by volume of complaints as follows:</p> <ul style="list-style-type: none"> • 6 concerned mould growth/condensation issues (Quarters 3 & 4 winter months) • 10 concerned delays to works • 6 concerned scaffolding issues • 11 concerned staff conduct, response or service. 				
Changes and improvements made				
<ul style="list-style-type: none"> • Mould Growth - Mould growth, (reported as damp) is a recurring issue during winter months in older, poorly insulated properties. The solution long term is better insulation and education of residents about the need for ventilation to increase air flows and reduce conditions for condensation to occur. In the cases reported the surveyors visited properties and provided damp meters to allow residents to continuously monitor heat/humidity conditions with advice on how to respond when conditions deteriorate. Funding for external wall insulation is very limited so where there is little prospect of early completion of insulation work then additional measures to provide enhanced mechanical ventilation systems are implemented. • Delays to Works - The majority of complaints have arisen from customer expectation of delivery of planned work (kitchen, bathroom, fencing etc.) allocated to a specific financial year. Works are identified for a full year ahead but all programmes are profiled with contractors for delivery within a 12 month period and complaints can therefore arise when works are due toward a year end. Additionally, in periods Q1 and Q2, significant issues arose with the outgoing Planned works contractor who failed to properly liaise with customers about planned work timescales. Improvements have been made to the management and programming arrangements now operated by the two principal planned work contractors such that all works are carried out within contracted time periods. Additionally, in January 2015, Estates & Facilities (E&F) published a complete programme of Planned Work for 2014/15 in the Spring Open Door tenant newsletter with instructions for tenants to check individual property work via data made available to the CSC. Some complaints about delayed work also arose from delivery of the Response Repairs Service, data suggests no consistent trend and any significant delays associated with larger repairs requiring more complicated remedial works which have to be pre-planned and require particular permissions (egg scaffold permits, party wall agreements) or the procurement of specialist parts. • Scaffolding issues - Complaints again relate to a small number of occasions where there was either insufficient notification to customers of scaffolding or to delayed removals. Scaffold work is always sub-contracted and the process of management of an extended supply chain and communication to customers can occasionally fail. Planned work contractors are aware of the issue and ensure that wherever practical that customers are properly advised and consulted. Removal of scaffolding is also given high priority when works are completed. • Staff conduct, response or service - Customer service requirements, customer satisfaction and complaints data are all regularly reported in presentations to all E&F staff at monthly staff briefings. All complaints data is closely managed by E&F management team and complaints about staff conduct are investigated with customers and staff involved. Where appropriate action, in the form of additional guidance or instruction in processes, is given to employees to avoid recurrence. 				

City Homes

City Homes	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	40	1	89%	26
Theme Identified				
<ul style="list-style-type: none"> • Delayed response from Housing Officers • Building cleaning 				
Changes and improvements made				
<ul style="list-style-type: none"> • 35% of the complaints related to Officers not responding within the timescales. Several of these occurred when Officers have had unplanned absence from work. Measures put in place by Area Managers: • Greater promotion of generic Housing Officer Email address to reduce the numbers of complaints relating to no or delayed response to customers. • Complaints to continue to be sent to appropriate Housing Officers and copied to Area Managers for monitoring purposes. Response and timescales are monitored by the Area Managers. • 23% of complaints related to the condition of the neighbourhood, in particular about dumped rubbish, grounds maintenance and general appearance of the estate. An outcome of the Caretakers service review saw the Estate Champion posts extended to cover the Housing Estates City wide to help reduce complaints. • 18% of the complaints related to standards of cleaning within the communal areas of flats. Procurement of Building Cleaning took place last year and a new external contractor commenced in June 2015. As part of this new contract measures have been put in place and service standards are monitored and any complaints addressed. • New initiatives around Resident Inspector role mean that a wider range of services (including building cleaning) will be scrutinised by involved residents. A new incentive scheme (Time Credits) has been introduced to increase the overall number of Resident Inspectors and a new smartphone app has been developed to make inspections even easier for residents to carry out which will provide an earlier solution to the issues before becoming a complaint. • The remaining 24% covered areas around Anti-Social Behaviour, redevelopment sites, repair issues and three miscellaneous complaints. 				

Arts and Recreation

Arts and Recreation	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	20	0	90%	3
Theme Identified				
<p>The majority of complaints relate to issues at the swimming pools, categorised into two core themes;</p> <ul style="list-style-type: none"> • Cold pool water temperatures – particularly for the disabled swimming sessions on a Thursday afternoon at Parkside Pool • Programming issues from non-consistent opening times at the outdoor pool to cancellation of an over 50's Forever Active class 				
Changes and improvements made				
<p>Our swimming pools are managed by Greenwich Leisure limited contractor (GLL).</p> <ul style="list-style-type: none"> • GLL have changed the diving pool water heat exchanger plate and upgraded the size of the pool pipe work to allow the heat to get into the pool quicker. This resolved the complaints and better control of heat into the pool. • Six complaints were received from the six members that regularly attended the over 50's water aerobics class at Abbey Pool. The class was re-established in a new partnership arrangement between GLL and Forever Active. • More information has been put onto the website including pricing schedules and timetables for the public to access. • Corn Exchange - complaint about another spectator taking excessive number of photographs and spoiling their experience - remind stewards to look out for behaviour that may be affecting the enjoyment of other patrons. • Folk Festival - complaint about noise level of a particular band - review information to festival goers about the use and availability of ear-plugs. 				

Strategic Housing

Strategic Housing	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	36	1	92%	0
Theme Identified				
<ul style="list-style-type: none"> • 53% of Strategic Housing complaints related to Home-Link application processing. A further 8% were objections to policies affecting Home-Link registration. 19% of complaints related to homelessness assessments. A further 5.5% related to emergency and temporary accommodation placements. The remaining 5.5% were complaints about how our services are set up, including a limited mutual exchange service, and an inability to carry out home visits in all cases where banding reviews are requested. • 4 cases highlighted a lack of clarity in procedures • 2 complaints were about the time taken to process applications. • 4 complaints were about system issues with bidding. • Of the 7 complaints about homelessness assessment, 4 focussed on the time taken to reach a homelessness determination. In a further 2 cases, the customer was dissatisfied with the officer's manner, when delivering a decision. • Complaints about emergency and temporary accommodation highlighted a lack of cleanliness, and also the fact that house rules about visitors were not adequately explained to a B&B guest in advance of their stay. 				
Changes and improvements made				
<p>In many cases, complaints are made to the service because the applicant has not achieved the outcome they had hoped for (either a level of priority on the register or an acceptance of a full housing duty under homelessness legislation). In some instances, the level of service provided could have been better, but in over half of cases, policy had been correctly applied, and service standards fully met. The inference is that customers use the complaints system to attempt to change or improve their personal circumstances, rather than to highlight service shortfalls. Nevertheless, it is clear that improved information for customers (about policy, procedures and practices) could avert some of these unnecessary contacts.</p> <ul style="list-style-type: none"> • During the year, there has been a considerable increase in housing advice cases handled by the service, and the increased pressure on resources has had an inevitable effect on processing times. However, we have invested time in developing a detailed online procedure manual, to help improve the efficiency and accuracy of the service. Each time that a complaint has highlighted a lack of procedural clarity, additional information has been incorporated into this manual. New guidance is launched to the team via an email alert, and a review session in team meetings. • We have considerably improved our individual and team performance monitoring. Monthly reports show how officers' performance relates to team averages. Housing advice and homelessness assessment cases are randomly selected for review. Spot checks are carried out on advice provided by Assessment and Support Officers to customers via email. • In order to improve the time taken to reach homelessness decisions, change to the delivery of the face-to-face advice service are in train, including a reduction in the hours that the face-to-face service is available, and an assessment of the merits of introducing of a telephone-based 'triage' service. • Some complaints have highlighted misunderstandings on the part of the complainant, about policies and processes. Improvements have therefore been made to customer leaflets. As part of a larger website improvement project, the housing advice webpages have been reviewed and improved. Work is currently being carried out on a 'Frequently Asked Questions' resource for customers (in conjunction with Customer Services). • Our transactional system has been re-tendered, and the issues identified through complaints have been accounted for in the specification of the new system. 				

Community and Development

Community and Development	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	9	0	100%	50
Theme Identified				
<ul style="list-style-type: none"> • There were no themes 				
Changes and improvements made				
<ul style="list-style-type: none"> • Trumpington Pavilion - complaint about inadequate IT/WiFi - course moved to a more suitable venue. In future courses will be checked for their ICT needs. • Buchan Street - noisy gate - remedial works instructed • Buchan Street - bright lights - replaced with lower wattage lightbulbs. • Buchan Street - equipment used by other group - manager has addressed issue with users. • Play Boat - complaint about unsafe activity - full investigation and some safety procedures were reiterated to staff. • Meadows - noise levels from public affecting yoga class - apologised and staff will consider bookings and potential clashes of use in the future. • Ross St - complaint about unsupervised children - added additional notes to T&C of hire regarding supervision of children. • Referral from City MP to query Council grant to COPE - full explanation of process and decision given. 				

Revenues and Benefits

Revenues and Benefits	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	29	1	86%	4
Theme Identified				
<ul style="list-style-type: none"> • Delayed response to the complaint • Staff/letter error • Letter content and wording • Aggrieved at Recovery/Court Action 				
Changes and improvements made				
<ul style="list-style-type: none"> • Changes have been made with working practices, streamlining processes so dealt with by one officer instead of two to speed up refunds which should reduce delays and waiting times. • On our website we have replaced downloadable forms with web-based forms that automatically email responses to capture information and increase processing time. • Use of standard letter templates has been expanded in an effort to reduce editing errors and increase officer processing time. • Unfortunately, despite issuing a bill, and at least one reminder, occasional complaints are received upon receipt of a summons. These cases are resolved quickly if fresh information is made available. Cross-system checks are made prior to recovery documents being issued to prevent complaints. • A recently completed service review between Council Tax and Customer Service Centre to assist with processing times and make delays to responses less likely in the future. • A central complaints monitoring officer is also responsible for ensuring complaints are dealt with on time, which should reduce the likelihood of out of time complaint responses. • Where there are officer errors made, this is referred back to the officer concerned to ensure best possible accuracy is maintained. 				

Directorate – Business Transformation

[Accounting](#)

Accounting	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	1	0	100%	1
Theme Identified				
• Delayed response to enquiry				
Changes and improvements made				
This complaint was dealt with on an individual basis and the customer contacted by telephone.				

[Customer Services](#)

Customer Services	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	16	0	100%	79
Theme Identified				
Waiting times for calls to be answered				
Changes and improvements made				
<p>Waiting times in the contact centre have increased due to:</p> <ul style="list-style-type: none"> • Consistently high contact levels • Increasingly complex enquiries • High levels of staff turn over • High levels of long term staff absence <p>To reduce the impact of these constraints and therefore improve the service and speed with which calls can be answered customer services have reviewed our recruitment processes and made changes to these, specifically testing for resilience and ability to multi-task. We have also re-visited our health and well-being practices offering appointments to staff with our occupational health team. We have reviewed how we use our telephony messaging to proactively encourage customers to use the website to report their change in circumstances. The biggest issue we are faced with relates to contact levels and increased channels available for customers to contact us by. To reduce the number of calls we have offered to advisors we are implementing the following:</p> <ul style="list-style-type: none"> • An automated switchboard – estimated implementation Winter 2015-2016 • A 24/7 call answering service for revenues and benefits services – estimated implementation date September 2015 • A social media management tool - estimated implementation Winter 2015-2016 • Re-designing our contact us page to encourage customers to find the answers to their query while they are already using the website services – estimated implementation date September 2015 <p>We are also trying to recruit an apprentice and a staff member on work experience to support customers to use the self service options face to face. The idea being that if face to face demand is reduced then staff can be moved to the contact centre.</p>				

[Property Services](#)

Property Services	No. of Complaints	Number of Stage 2 Complaints	Complaints in Target	Number of compliments
	2	0	50%	0
Theme Identified				
Complaint about property not being let to customer when first vacant				
Changes and improvements made				
<p>This was not originally a complaint but an FOI request that after discussion between the Head of Service and complainant on 7th August 2014 was then treated as a complaint as the most appropriate way to provide the complainant with the information required.</p> <p>The prospective tenant was unhappy that they were not successful in acquiring a particular property. The reasons for the decision to let to another party were clearly set out in the response to the complaint letter.</p>				

Independent Complaints Investigator (ICI)

From the period April 2013 until March 2014, two investigations were carried over. From 1st April 2014 until 18th March 2015, nineteen complaints have been submitted to the Independent Complaints Investigator.

Of these twenty-one complaints which have been submitted, twelve submissions were investigated, currently, one investigation is on-going and awaiting report regarding Planning Services.

Upheld and partially upheld complaints to the ICI 2014-15

Directorate	Service	Date	Decision
CCS	Estates & Facilities	17th April 2014	UPHELD
ENV	Streets & Open Spaces	5 th August	PARTIALLY UPHELD with recommendations
CCS	Planning, Property Services & City Homes North	30 th September	UPHELD
CCS	Estates & Facilities	7 th November	UPHELD
CCS	Estates & Facilities	5 th January 21015	UPHELD
CCS	Planning Services	20 th February	Ongoing

ICI Complaints received between 2012 – 2015

Year	Complaints received	Partially upheld	Upheld	Services where complaint upheld.
2014-15	20 + 2*	1	4	<ul style="list-style-type: none"> • Estates and Facilities • Environmental Services, Planning Services, Property Services
2013-14	28	5	2	<ul style="list-style-type: none"> • Planning Services, Housing Needs, Anti-Social Behaviour and Environmental Services • Accountancy and Support Services and Estates and Facilities.
2012-13	21 + 3*	1	3	<ul style="list-style-type: none"> • Planning • Estates and Facilities • Streets and Open Spaces

*Complaints carried over from the previous financial year.

ICI Multi Service Complaint 2014-15

Directorate	Service	Decision
Environment and Business Transformation	Environmental Services, Planning Services, Property Services	Upheld
Complaint Overview		
<p>Following advice both from Planning Services and from Property Services, the customer made an application for a change of use to premises. Full planning permission was approved, subject to a noise condition. An acoustic report was received and the noise condition was discharged by Environmental Services. The premises opened for business. Following complaints by residents of noise nuisance caused by the shop, an Abatement Notice was served. The customer sought advice from all of the relevant departments involved - Planning Services, Property Services, and Environmental Services - and complied with all advice.</p>		
Changes and improvements made		
<p>This cross service complaint identified the need to work closely with colleagues in environmental health and property services where activities being permitted through planning may be generators of bespoke noise issues, needing a one-off approach to mitigate them.</p> <p>Noise from gyms has led to a coordinated approach between, Environmental Health and Property Services to come to a resolution. A gymnasium will not be allowed in premises with residential property nearby without noise testing taking place early in the process.</p> <p>The procedure between planning and Environmental Health has been updated to ensure such planning applications are identified at an early stage, and the necessary advice given.</p> <p>Changes in procedures regarding investigating noise complaints has also changed to ensure we carry out proactive monitoring for such cases.</p>		

Streets and Open Spaces - Independent Complaints Investigator (ICI)

Directorate	Service	Decision
Environment	Streets and Open Spaces	Partially Upheld
Complaint overview		
<p>Complaint regarding the refusal to grant two, separate, individual mooring licenses. The Customer also complained that contact with Council officers had not received a response, and that the management of mooring licences, generally, is unsatisfactory.</p>		
Changes and improvements made		
<p>The following are the Independent Complaint Investigator's recommendations and actions in relation to this complaint. All recommended actions have been completed.</p> <ul style="list-style-type: none"> • Amended both the Mooring Licence and the Mooring Agreement • Improved complaints procedure to ensure all actions and conversations are recorded. Better time keeping on response times and manager kept update to with the progress. • The Tree Officer meet with the Customer in November 2014 • Complainant has now escalated complaint to Local Government Ombudsman. Currently preparing submission of evidence/ case. 		

Estates and Facilities - Independent Complaints Investigator (ICI) 1

Directorate	Service	Decision
Customer and Community Services	Estates and Facilities	Upheld
Complaint		
The customer complained that repairs notified to the Council had not been made as agreed, or within the Council's agreed timeframes; that email complaints had not been responded to with the promptness required by the Council's complaints procedure and the complaint has not been escalated properly.		
Comments		
<ul style="list-style-type: none"> • The complainant was visited by the E&F Operations Manager and all matters were discussed in detail prior to an apology being tendered and accepted • Ongoing review of all outstanding repairs orders (where works not addressed at first visit) is carried out by Repairs Team Leader on a daily basis • All complaints are centrally logged and complaints responses, tracked and collated by single point admin position • All staff regularly re-briefed on complaints logging and management procedures 		

Estates and Facilities - Independent Complaints Investigator (ICI) 2

Directorate	Service	Decision
Customer & Community Services	Estates and Facilities	Upheld
Complaint Overview		
The Customer reported on-going concerns regarding the management of asbestos in their domestic, residential property - including both the identification, and the removal of asbestos; failure to record the presence of asbestos on the MICAD register; failure to respond appropriately to the complainant; and failure to instruct properly the contractor who was commissioned to remove the asbestos.		
Changes and improvements made		
<ul style="list-style-type: none"> • Although the HSE enquired, following direct contact by the customer no concerns were raised by the HSE who were satisfied with the CCC management of asbestos containing materials. • The in-house works team have now transferred to electronic works orders (Via PDA) which includes automatic reference to all relevant/current asbestos data prior to work. • Process established so that where no asbestos register information is provided when an operative receives a works order via PDA, then Operative instructed to seek advice from manager before proceeding. If relevant to work then asbestos survey is ordered by the manager but if not then work can proceed. • All Operatives receive annual re-training in recognition and management of asbestos containing materials. • Compensation was paid as recommended. • The removal of asbestos is not a statutory requirement. CCC as landlord has a duty to manage but not to remove asbestos unless justified. 		

Estates and Facilities - Independent Complaints Investigator (ICI) 3

Directorate	Service	Decision
Customer and Community Services	Estates and Facilities	Upheld
Complaint Overview		
The initial complaint was regarding the noise nuisance, and disturbance caused by the erection of scaffolding early on a week-end morning. The complainant proceeds that their complaint did not receive a response in its own right, and that the response which was received as a result of the prompting of the Independent Complaints Investigator was not accurate. Finally, the complainant did not receive an answer to a request for information regarding the reason for scaffolding being erected when apparently no work was taking place.		
Changes and improvements made		
<ul style="list-style-type: none"> • The complaint arose from works ordered via a sub-contract heating installation contractor for a new boiler at first floor level. The heating contractor arranged for a scaffold to be erected within normal working hours but unfortunately the scaffolding contractor did not adhere to these and arrived on site early on a Saturday morning. This contractor is no longer used. • An unreserved apology was confirmed to the complainant for any inconvenience caused. The delay in responding was caused due to the fact that the original complaint was miss-directed within E&F heating and an unnecessarily long time elapsed before the work was correctly identified and the relevant contractor who had commissioned the scaffold company was identified. This, together with annual leave of staff aware of the work made it difficult to establish full details and to respond in a timely manner. 		

The Local Government Ombudsman, (LGO).

If customers are not satisfied with the way their complaint has been handled they can contact the Local Government Ombudsman's office. The Local Government Ombudsman investigates complaints of injustice arising from maladministration by local authorities and other bodies.

In 2014-15 the Local Government Ombudsman received 16 enquiries and complaints, of those 3 not upheld and 4 were upheld.

Department	No of Complaints	Decision
Benefits & Tax	2	Referred back for local resolution
Environmental Services	3	Closed after initial enquiries
Highways & Transport	1	Closed after initial enquiries
Housing	6	2 Upheld
Planning	4	2 Upheld
Total	16	-

Comments from Planning relating to upheld Complaints:

Two complaints were made to the LGO about a planning matter where the decision to grant planning permission by an area committee had been made without all material information being put before members. When the planning service became aware of this they apologised to all parties and took the planning application back to committee for further consideration. Processes and procedures were revised and changes introduced to avoid this happening in future. The LGO found maladministration but praised the council for being proactive in addressing the issues without being requested to do so by them.

Comments from Housing relating to upheld Complaints:

The first complaints was with regards to failing to take a homelessness application early enough. Staff received legal training around when we have a duty to take homelessness applications and tighter casework monitoring/reporting to ensure that there are clear actions and deadlines for homelessness cases that exceed 33 working days.

The second complaint was with regards to the length of taken to process the application once in had been taken. We have introduced a better system for monitoring households in bed and breakfast and one that reports on families that have been in bed and breakfast for 2 weeks and on a weekly basis thereafter to ensure that we identify alternative accommodation before the 6 week stage is reached. A procedure has been agreed on circumstances when the interim accommodation duty may be ended and a staff briefed on this procedure.

Both of the complaints have been reported to Housing Committee with a detailed report on actions taken by the service.

Yearly comparison 2009 – 2015

Year	Total Complaints Received	Change %
2014-15	16	0
2013-15	16	+56
2012-13	7	-65
2011-12	20	+5
2010-11	19	-40
2009-10	32	-

Complaints under the Councilors' Code of Conduct

Councillors must adhere to the Council's Code of Conduct whenever they are conducting Council business, representing the Council or conducting the business of the office to which they were elected. The purpose of the Code of Conduct is to ensure high standards of ethics and conduct are maintained and that Councilors treat everybody in an equal capacity and with respect, ensuring at all times that the integrity of the Council is not compromised in any way.

Complaints about councillors are considered initially by the Council's Monitoring Officer (who is also the Head of Legal Services). When he receives a complaint about breach of the Code of Conduct, he consults one of two "Independent Persons" appointed by the Council. The role of the "Independent Persons" is to introduce external scrutiny of the complaints process. The Monitoring Officer can respond to a complaint, can commission a formal investigation or can refer it for consideration by the Council's Standards Sub-Committee. The Council's Standards Sub-Committee is made up of three councillors.

During 2014-15, the Council received four complaints about the conduct of councillors. One of the complaints was rejected, one was not pursued by the complainant, one could not be considered as the subject of the complaint had ceased to be a councillor and one was resolved without the need for a finding, following the acceptance of an apology by the complainant.

The first complaint related to comments reported in the press and made via Twitter about safety in the City Centre. The complainant considered that the comments were disrespectful and prejudiced with regard to people who visited the City Centre in the evening. The Monitoring Officer concluded that the words complained of did not bear the meaning attributed to them and were robust comments of the kind that one might expect a councillor to make about a matter of public interest. The complaint was rejected.

The second complaint related to comments made to or about an individual via Twitter. Before it was possible to consider the complaint, the May 2014 elections led to the councillor concerned ceasing to hold office. The Council has no jurisdiction over former councillors in respect of breaches of the Code of Conduct. Had it been possible to consider the complaint, the main issue was likely to be whether the subject of the complaint had been acting as a councillor or acting in a personal capacity when sending the tweets. The Code of Conduct only applies to councillors when they are acting or purporting to act as councillors.

The third complaint was part of a more general complaint about the Council's conduct of a planning enforcement investigation. The complaint included allegations that a councillor had trespassed on private property and had given instructions without authority to a contractor. The Monitoring Officer wrote to the complainant and asked whether they wished to pursue a formal complaint against the councillor. No reply was received and the complaint against the councillor was closed.

The fourth complaint related to a comment about the complainant in an email sent by a councillor to a relative of the complainant. When the complaint was drawn to the attention of the councillor, the councillor offered an apology to the complainant, which was accepted. There was therefore no need to pursue the complaint further.

There were three complaints in 2011/12, two complaints in 2012/13 and three complaints in 2013/14.

To find out more about the Council's Code of Conduct and how to make a complaint about a councillor go to

<https://www.cambridge.gov.uk/compliments-complaints-and-suggestions>

or contact the Council's Monitoring Officer, Simon Pugh (simon.pugh@cambridge.gov.uk).

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CAMBRIDGE CITY COUNCIL

REPORT OF: Returning Officer/Electoral Registration Officer

TO: Civic Affairs Committee

16/9/2015

WARDS: All

ELECTIONS MAY 2015 (REVIEW) AND UPDATE ON INDIVIDUAL ELECTORAL REGISTRATION

1. INTRODUCTION

The purpose of this report is to review the two by elections held during the last year and the two local and parliamentary elections held on 7 May 2015. It also updates the committee on the Government's recent decision to end the transition period for Individual Electoral Registration (IER) in December 2015 and reviews the impact of IER on the electoral register in Cambridge and the steps being taken to encourage registration.

2. RECOMMENDATIONS

- 2.1 That the Committee notes the issues raised in the report with regard to Elections in 2015 and the implementation of Individual Elector Registration (IER) and gives feedback to the Returning Officer on issues it would like her to consider in the planning and running of future elections and managing the transition to IER.

3. ELECTIONS 2015

Project planning

- 3.1 2015 was a combined Parliamentary and city council election year – parliamentary elections always produce the greatest test for the electoral service because of both the volume involved and the level of general interest.
- 3.2 An Election Project Team, chaired by the Electoral Services Manager, and comprising officers from across the Council was

tasked with leading on the known service requirements to run a successful election. An Election Steering Group, chaired by the Returning Officer met throughout 2014/15 because of the introduction of IER, in addition to its election remit. Its role was to monitor progress against the project plan, statutory electoral timetables and consider any ad-hoc matters.

- 3.3 The challenge of running elections in a university city meant that we were also under scrutiny from the Electoral Commission this year as part of their performance standard monitoring. Copies of our project plan, risk register and count plans were submitted to them for analysis.
- 3.4 Due to the Parliamentary election, that part of the city which falls within the South Cambridgeshire constituency (Queen Edith's ward) was wholly managed by the Returning Officer and election team at South Cambridgeshire District Council.

Party Agents and potential candidates briefing

- 3.5 On 12 February, the local party agents and potential candidates were briefed on the preparations required and the electoral timetable. Particular emphasis was placed on the process for submitting nomination papers, access to the election process and the Electoral Commission's code of conduct for campaigners.

Communication

- 3.6 In addition to the usual communication methods, such as press releases, the website and social media, the relevant election deadlines were publicised in a number of ways. Bike seat covers were distributed across bikes in student heavy areas and an ad-van and ad-bike toured the city in the four days leading to the registration deadline.
- 3.7 The creation of a fixed-term post within the electoral services team, which has been funded from central Government grants, has allowed more focused and creative outreach work to form part of the electoral team's remit. The Electoral Services Support Officer, appointed in October 2014, has been able to engage with Cambridge and Anglia Ruskin Universities and their student unions, sixth form colleges, nursing and residential homes, homeless shelters and disability groups in order to promote voting and to register some of the harder to reach groups. We have been able also to support initiatives run by others, such a Cambridge University student union 'vote race'

registration drive which was held to coincide with the University boat race. Finally, a number of events were held across the city on national voter registration day, 5 February, to target young people and help them to engage with the democratic process and register to vote.

Correspondence

- 3.8 The Customer Service Centre received 1,927 telephone calls in April compared to 487 in 2014 and in the first 10 days of May a total of 1,665 compared to 729 in 2014. On polling day there was a total of 711 calls between 07.00-17.00 and we also took calls 17.00-22.00 for the first time with 163 being dealt with.
- 3.9 These telephone call figures are similar to 2010 when the last parliamentary election was held with 3,051 calls in April and 687 in May.
- 3.10 A further 1,043 telephone calls were received by the Electoral Services office during April and early May with a further 276 on polling day. The Electoral Services office received 2,482 e-mails this year, compared with 654 in 2014.

Training

- 3.11 As Returning Officer I required every person working at a polling station to receive training – if they did not attend the training, they were not employed. Three training sessions for presiding officers and four sessions for poll clerks were held. Training information was provided by the Electoral Commission and adapted to local circumstances with reference to local case studies from previous elections as learning points. On-line training was also trialled for some staff for the first time.

Issue of postal votes

- 3.12 Postal vote packs were issued in-house. This year, 12,861 postal vote packs were issued, an increase of 18% on 2014. The total number re-issued due to being reported as lost or not-received was 102.
- 3.13 The vast majority of postal votes are issued in one go as soon as possible after the deadline for applications. There are then subsequent despatches to pick up applications made very close to the deadline, which need to be processed before ballot papers can

be issued. The first postal votes were sent out on 22 April, the day after the application deadline. We encountered some production delays from our printer with the later applications and this resulted in delays to the subsequent issues of postal votes, with the very last few not being issued until Monday 27 April.

- 3.14 A large number of overseas electors registered close to the deadline and due to new rules regarding IER verification of their details, postal votes could not legally be issued until one week before polling day. This resulted in a number of those overseas electors not being able to return the completed ballot packs in time to be counted.
- 3.15 This was a problem across the country. The Cabinet Office and Electoral Commission are aware of the need to improve the process in this regard. We do advise overseas electors it may be better to appoint a proxy when making applications close to deadlines, but it is clear from complaints received that not all overseas electors were aware this was an alternative option for them (see para 3.25 below). In the light of this we will be revising the information on our website and how we manage this message for future elections to ensure that overseas electors are making informed decisions on their absent vote options in future. We will also be asking government to make this information clearer on the national online application portal.
- 3.16 The tight deadlines between close of nominations and the need to issue postal votes, coupled with the volumes of postal votes now being issued and the additional complexity of IER verification is causing severe pressure on the electoral process. We will continue to make representations to the Electoral Commission and Government about the need to review the cumulative impact of these issues on the postal vote process and whether the current registration and application deadlines are realistic.

Opening of postal votes

- 3.17 Postal votes were opened on four separate days and on polling day itself. 87.5% of postal votes were returned for inclusion in the count (76.3% in 2014). Signature and date of birth checking was carried out for 100% of returned postal votes and 0.9% were rejected due to either an invalid or missing signature/date of birth. (2.3% in 2014).

Polling stations

- 3.18 Overall there were 43 stations, with 43 Presiding Officers and 112 poll clerks. The polling stations used were exactly the same as in

2014. In Romsey, a portacabin was used again as a temporary solution. It is expected that the 3C's Church (at Coldham's Lane roundabout) will be completed this autumn and can be used for the 2016 elections.

- 3.19 In anticipation of increased volumes of electors, polling station assistants were employed this year to help on double stations and manage queues. These proved a success and we will be using them again in those stations where it will have the most impact.
- 3.20 There were still queues at some polling stations and regular calls were made to those polling stations with the most severe queues. Stations with significant student numbers had particular challenges as students did not always know under which address they were registered and queues built up while staff tried to assist individuals with this. There were no queues at 10pm when stations closed. Following feedback after the election from councillors (including two in Romsey), we will be reviewing the staffing levels of stations for 2016.

Inspectors

- 3.21 Four Polling Station Inspectors were responsible for checking all the polling stations at least twice during the course of the day. This was in addition to the Returning Officer visiting all polling stations.

The Count

- 3.22 There were two elections to verify and one election to count overnight, which inevitably resulted in a long count process. Staffing was six counters per ward and both halls were used. The limitations of our accommodation means this is the maximum of counting staff we can accommodate, which in turn affects the speed of the count. The Parliamentary result was declared at 5:50 am with staff leaving shortly after. Unlike Cambridge, 74 constituencies did not begin to count into favour the parliamentary votes by 2.00am as required by law. The local election count commenced at noon on Friday and the last result was declared at 3:37 pm.
- 3.23 As part of our planning for disaster recovery, the University Sports Centre on the West Cambridge site was held as an emergency fall-back count venue. We will be investigating if this could become the count venue for future large combined elections as it is a bigger venue with the potential to have higher numbers of counting staff than we can fit within the Guildhall. The venue also offers more

space and better facilities for staff and observers. We will need to carefully weigh up the benefits and drawbacks for such a move before we make any decision.

Complaints

- 3.24 The majority of complaints received related to postal votes.
- 3.25 We received nine complaints from overseas postal voters whose postal packs arrived too late to return. As explained in paragraph 3.14 the changes to registration legislation make it very difficult to get postal votes out any earlier (and our experience with this is no different to that of other local authorities).
- 3.26 The requirement to inform electors whose postal votes have been rejected resulted in one complaint for an elector who believed that his vote had been rejected in error. It was clear when we retrieved the paperwork from secure storage to investigate his complaint, that he was right and we had wrongly rejected his vote. His complaint prompted me to review all 102 rejected votes and I found there were five others which were rejected inappropriately.
- 3.27 The postal vote system requires that the date of birth and signature match on each returned form. This legal requirement is designed to weed out potential fraudulent applications. An automatic scanning system is used to check all forms and any discrepancies are rejected and are adjudicated manually.
- 3.28 Five of the forms had been rejected during the scanning process because the postal vote renewal application form did not have a date of birth and this was highlighted as a discrepancy. Whilst an original postal vote application requires a date of birth on the form, it is optional at renewal. Therefore the manual check should have picked up that the lack of date of birth was not an issue as we already held this electronically. However, this was not picked up and the postal votes were rejected. The sixth form was rejected because the scanning process had distorted the position of the signature.
- 3.29 I am deeply disappointed that the system failed and that the manual double check did not pick up that the votes were in fact valid. The wrongly rejected votes would not have changed the outcome of local or parliamentary results but six voters were in effect denied their right to vote because of human error. I have written to all six voters to make them aware of what happened, to apologise and to make them aware of the steps I am taking to stop a recurrence in future years

3.30 In the light of this issue, I will change our adjudication processes to ensure any rejected votes are adjudicated by two people in future years. I will also be looking at how we can flag renewal applications better within our records, so the reason for a lack of date of birth is obvious.

By elections

3.31 In addition to the anticipated elections in May 2015 there have also been two by-elections in the last year.

3.32 On 13 November 2014, a city council by-election was held in Queen Edith's ward and the turnout was 37.2%. On 25 June 2015, a county council by-election was held in Romsey division with a turnout of 32.5%.

3.33 These were the first by-elections to be held independently of any scheduled May election since 2011 and in both cases the turnouts were slightly down on that at the last equivalent stand-alone scheduled election (42.2 in 2012 & 37.0% in 2013 respectively).

3.34 Both by-elections were unanticipated and, as the legislation demands, needed to be arranged at short notice. The timing of both was unfortunate as the Returning Officer was on sick leave in November and the Electoral Services manager on pre-planned annual leave in June. However, the work that has been undertaken in recent years to build resilience within the service and to develop well-trained and motivated team members enabled these elections to run smoothly, despite the absence of key personnel. Team members who were present worked very hard to ensure this was the case whilst balancing other work pressures in the service.

Conclusion

3.35 51,967 votes were cast in the Cambridge constituency, a turnout of 62.3% for the Parliamentary election (electorate: 83,384). In 2010, turnout was 67.5%.

3.36 59,231 votes were cast in the City Council elections, a turnout of 58.8% (electorate: 100,770). In 2014, turnout was 41.7%.

3.37 The focus and interest around a Parliamentary election made the election period an intense and demanding time for a small team. The Election Steering Group have already had an initial review of the

election and will be reviewing how we manage the postal vote part of the election going forward as this is where there is significant pressure in the system.

3.38 In its review of the elections, the Association of Electoral Administrators has commented:

“.... the 18 months prior to the polls represented the most challenging and complex period in electoral history. For those who were responsible for the introduction of IER, followed by the delivery of the parliamentary election, it became a task of epic proportions. The difficulties of introducing IER in advance of the combination of the parliamentary election with other polls in most areas, and the added complexity of parliamentary boundaries crossing local authority boundaries in many areas cannot be understated.”

3.39 Despite the challenges faced, the Electoral Commission has recently confirmed that this authority continues to meet its performance standards.

3.40 As stated earlier, the issues raised in the report will inform how we plan and run future elections and the known forward programme of elections are:

5 May 2016 combined Police and Crime Commissioner and city council;

4 May 2017 county council elections;

‘sometime’ in 2016 or 2017 the EU Referendum (which will not be on the date of the scheduled elections above)

4. INDIVIDUAL ELECTORAL REGISTRATION (IER)

4.1 One year on from the introduction of IER, the Government has announced its decision to end the transition period on 1 December 2015. The Minister for Constitutional Reform has explained that nationally the registers contain 4% of electors who are not registered under the new system and that their inclusion in the December 2015 register would inflate the electorate and result in inaccurate registers going forward.

4.2 The Electoral Commission has advised against ending transition in December 2015, as it is of the view that it would disenfranchise people ahead of the May 2016 local and Police & Crime Commissioner elections. However, the Association of Electoral

Administrators (AEA) supports the Government's decision because of the inherent inaccuracy of current registers.

4.3 At the time of writing this report, the electorate in Cambridge is (97,105), of which (13,189) are not registered under IER (13.6%). These figures are similar to other University registration areas.

4.4 Of this number, the electors breakdown into:

Students carried forward on register who have not responded to the invitation to register under IER	7,411
Ordinary electors carried forward who have not responded to the invitation to register under IER	2,908
Electors believed to have moved away and are currently under review	2,767
Electors who failed verification and have been requested to provide identification	77
Electors verified as no longer resident who are due to be removed at the next update	26

4.5 The total of 13,189 electors not registered under IER has reduced from a high of 25,658 after the launch of IER in June 2014

4.6 These electors will have been through a number of processes in an attempt to register them. They will have failed verification against Dept. for Work and Pensions data initially. We will then have then tried to verify them against other council databases and failed, and then attempted to contact them on five separate occasions. We are currently conducting the annual canvass of electors, and the responses received from households will reduce the number of non-IER electors further. We will, in the course of the current canvass, make four further attempts to contact them including one visit.

4.7 Following the 7 May elections, we evaluated a small number of non-IER registered electors from all wards to see if they had voted. Of the 280 elector records checked 31 had voted (11.1%). Using this assessment, potentially 89% of non-IER electors are either no longer resident or registered elsewhere in the city. The current situation inflates our register artificially and could impact in other areas, such as boundary reviews, where use of inaccurate electorates will result in unequal boundary divisions. Furthermore it will affect turnout figures, which will appear to have decreased because there are non-existent people registered to vote; indeed the turnout on 7 May was down on the last parliamentary election in 2010 probably because of the currently inflated register.

- 4.8 A complete and accurate register is fundamental to the electoral process. By retaining non-IER electors on the register, it is inaccurate and increases the potential for fraud to occur.
- 4.9 It is clear from the figures in paragraph 4.6 that there is a still a significant number of people (11%) who do want to vote but have not registered under IER despite the significant publicity there has been nationally and locally. They will be removed from the register in December if they do not take action to register in response to the current canvass. We will write to anyone removed from the register informing them of this fact and provide an application form and information about registering online.
- 4.10 Our engagement strategy focuses on under registered groups in the city, who we will continue to target during the current canvass and up to the 2016 elections.
- 4.11 On current numbers, the Cambridge register would be around 84,000 electors after transition ends in December 2015. A large number of those removed would be students, although it is likely many are now no longer in the city. Students and young people remain a priority for registration activity and we will concentrate on registering the student population through university channels, social media and registration events which worked well in the past year. We will also continue to taking steps to engage other hard to reach groups across the city to ensure the registration message is promoted.

Complaints related to IER

- 4.12 In April and May we received approximately 4,500 poll cards and other pieces of electoral post back through the postal system marked as 'no longer at this address'. In working through this correspondence the software used in the election team generated 425 letters to electors across the city in error. The letter told them they needed to provide further evidence or they would be removed from the register, when in fact we did have sufficient proof of address for those electors.
- 4.13 A number of these residents made contact with us to say they had been identified in error or to complain about the letter. We made contact with all electors who had been affected to apologise for what had happened and to reassure them that they were still on the register. These electors were not actually removed from the register at any time during this process. We are continuing to pursue the

issue with our software company to ensure the same software error is not repeated.

- 4.14 When we recently sent the annual household forms out, we wrote separately to these electors to reassure them they had not been singled out again, but needed to respond alongside everyone else to the normal annual process.

5. CONSULTATIONS

- 5.1 Local Party Agents have been asked for their feedback on the election and this will be reported to Committee at the meeting. All councillors have been sent a copy of this report and any feedback will be reported.

6 IMPLICATIONS

(a) Financial Implications.

For 2015/16, the Council received Government funding of £89,000 to help with the extra costs of IER. A portion of this funding is being used to employ a fixed-term post whose remit is to “engage, educate and enrol”; allowing us to implement outreach work that previously was not possible and will be with the Council until October 2016. Further funding will be made available shortly to assist with the end of transition and will be used to target electors who do match the DWP data and to continue to engage with under registered groups. It is expected that once transition ends, there will be no further Government funding. At this stage it is difficult to anticipate what ongoing resources may be required once IER is fully implemented and we will continue to keep this under review.

(b) Staffing Implications

We increased permanent staffing in the elections team in anticipation of IER and in addition to the fixed term post mentioned above, we also recruited additional temporary admin support in the six weeks up to the election.

It remains an ongoing challenge to find enough staff willing to do postal vote opening, and to staff polling stations and the count. We do use some staff from other sections of the council to support us in this but given the volume of work involved we need to bring in significant numbers from outside the council.

- (c) **Equal Opportunities Implications** – there will be an equality impact assessment of any new proposed polling station prior to it being confirmed.
- (d) **Environmental Implications** - none
- (e) **Community Safety** - none

BACKGROUND PAPERS: There were no background papers.

The contact officer for queries on the report is Vicky Breeding 01223 457057 vicky.breeding@cambridge.gov.uk

Date originated: 04 September 2015

Date of last revision: 04 September 2015

CAMBRIDGE CITY COUNCIL

REPORT OF: Democratic Services Manager

TO: Civic Affairs Committee

16/09/2015

WARDS: None directly affected

MUNICIPAL YEAR 2016/17

1 INTRODUCTION

The report seeks comments on the Council's meeting calendar for the Municipal Year 2016/17.

2. RECOMMENDATIONS

- i) To comment on the meetings calendar 2016/17 and delegate final approval to the Chief Executive in consultation with Group Leaders no later than 31 October 2015.
- ii) To agree that for future years the calendar of meetings is approved by the Chief Executive in consultation with Group Leaders.

3. BACKGROUND

3.1 This committee currently sets the forward programme of dates for the Council and committee meetings, following consultation with Leaders of all party groups (who were informed on 14.08.15). Area Committees agree their own dates. The proposed calendar respects conventions of avoiding school holidays and political party conferences where possible.

3.2 The calendar reflects a similar pattern to 2015/16. Refinements were agreed to the 2015/16 calendar which aimed to reduce the number of scheduled meetings in the calendar ie:

- quarterly Development Plan Scrutiny Sub-Committees (special meetings may still be called if necessary)

- deletion of the S&R Scrutiny Committee in late September (the Mid Year Financial Review will be reported to the October meeting).
- deletion of January and March Civic Affairs Committee, replacing these with a meeting in February.

3.3 As a result of the Planning Inspector's decision mid-Inquiry for further work on the Local Plan, there is a requirement for two additional Council and Development Scrutiny Sub-Committees in 2015/16.

4. **CONSULTATIONS**

Officers in Internal audit, Planning, Legal and Finance have been consulted on the changes proposed.

5. **OPTIONS**

The Committee can suggest alternatives to the calendar proposed.

6. **IMPLICATIONS**

- (a) **Financial Implications** n/a
- (b) **Staffing Implications** n/a
- (c) **Equality and Poverty Implications**

The calendar spreads the meetings across the days of the week (Monday-Thursday) and the hours of the day. There are more meetings in the late afternoon/evening to suit councillor preferences.

Councillors from across the political groups are in the process of considering changes to Council meetings to see if they can finish at an earlier time. An oral update on this work will be given at the meeting.

- (d) **Environmental Implications**
- (e) **Procurement**
- (f) **Consultation and communication**
- (g) **Community Safety**

BACKGROUND PAPERS: The following are the background papers that were used in the preparation of this report: None

The author and contact officer for queries on the report is Gary.Clift@cambridge.gov.uk 01223 457011.

Date originated: 04 September 2015
Date of last revision: 04 September 2015

Cambridge City Council - Meeting Card - 2016/2017

2016												2017												
May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Sat 1					1			Sat 1				Sat 1											Sat 1	
Sun 2	Bank Holiday				2			Sun 2	New Year Day			Sun 2	Bank Holiday										Sun 2	Bank Holiday
Mon 3					3			Mon 3				Mon 3											Mon 3	
Tue 4					4	5:30pm Environment		Tue 4				Tue 4											Tue 4	
Wed 5		10am Planning			5	10am Planning		Wed 5	10:00am Planning			Wed 5	10:00am Planning										Wed 5	
Thur 6	Elections				6	2:30pm Comm Services		Thur 6				Thur 6											Thur 6	Election
Fri 7					7			Fri 7				Fri 7											Fri 7	
Sat 8					8			Sat 8				Sat 8											Sat 8	
Sun 9		10:00am Licensing C*			9			Sun 9				Sun 9											Sun 9	
Mon 10					10			Mon 10				Mon 10											Mon 10	
Tue 11	10:00am DCF Planning**				11			Tue 11	5:30pm Housing			Tue 11	5:30pm Housing										Tue 11	
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