



# **ANNUAL REPORT AND STATEMENT OF ACCOUNTS**

**FOR THE YEAR ENDING**

**31<sup>st</sup> MARCH 2010**

**SUBJECT TO AUDIT**

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# Cambridge City Council Annual Report & Statement of Accounts 2009/10

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# Annual Report

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## Who we are and what we do

Cambridge City Council is one of five district councils which, together with Cambridgeshire County Council and Peterborough City Council, provide services to the people of Cambridgeshire.

The City Council serves a population of around 123,000 residents in an almost entirely urban area in an otherwise mainly rural county. The City 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 council resources particularly during a period of economic downturn.

The City is at the centre of a housing growth region and could see its population grow by almost a third over the next 15 years. Despite the economic downturn, progress continues to be made on taking forward the growth agenda. Most of the new homes are planned for sites on the southern, north-west and eastern fringes of Cambridge and in 2009/10 outline planning permission was granted for the development of 1,200 homes at Trumpington Meadows and detailed planning applications were received for new homes at Glebe Farm (286 homes) and Clay Farm (2,300 homes).

House prices in Cambridge are higher than elsewhere in the County and are about £70,000 or 23% over the county average. 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 the larger growth sites.

An independent report produced by the Centre for Cities in January 2010 confirms that, to date, Cambridge has weathered the recession better than most cities, with levels of employment holding up and a low level of benefit claimants as a percentage of the working age population.

The Council employs around 1,160 full-time and part-time staff who provide a wide range of services for residents, local businesses, and people who work in and visit the City. We know how important it is that we provide value for money in all the services we deliver, especially in these difficult economic times and we continue to work to identify opportunities for further efficiencies. The main services that we provide include:

- ◆ Keeping the streets and public open spaces clean
- ◆ Championing recycling and emptying refuse and recycling bins
- ◆ Providing a range of leisure facilities including swimming pools and community centres and providing entertainment in the City's parks and the Corn Exchange
- ◆ Awarding a wide range of grants to support local organisations and community groups
- ◆ Offering planning advice, progressing planning applications and making sure that new buildings and alterations are safe
- ◆ Monitoring and enforcing food and drink hygiene standards together with the control of pests, diseases, noise and air pollution

- ◆ Licensing food and drink premises, street traders and entertainment venues
- ◆ Managing council-run car parks
- ◆ Organising and managing elections and the electoral register
- ◆ Providing housing advice and support and working with partners to meet peoples housing needs
- ◆ Providing and maintaining over 7,400 council dwellings
- ◆ Processing housing benefit and council tax benefit applications
- ◆ Promoting long-term policies which encourage sustainability

## Council Structure

Cambridge residents elect 42 councillors across 14 wards in the City. The full Council meets formally at least five times a year. Its main function is to approve the Council's most significant policies and its budget framework. In February each year the Council sets the budget and level of Council Tax for the coming financial year.

Council elections during May 2010 resulted in no overall change to the political control of the Council. The Council is now made up of 29 Liberal Democrats led by Councillor Sian Reid, 9 Labour, 2 Green, 1 Conservative, and 1 Independent Councillor.

### The Executive Councillors

The Executive is made up of the Leader of the Council and six Executive Councillors. Each Executive Councillor is responsible for a specific group of services. These are currently:

- ◆ Arts and recreation
- ◆ Climate change and growth
- ◆ Community development and health
- ◆ Customer services and resources
- ◆ Environmental and waste services
- ◆ Housing, and
- ◆ Strategy

Executive Councillors can make decisions individually, usually at a meeting of a Scrutiny Committee that is relevant to their group of services. The appropriate Scrutiny Committee examines and comments on recommendations that lead to key decisions before the Executive Councillor makes the final decision. Executive Councillors also meet to decide the overall budget to be recommended to the Full Council.

### Committees and Council Meetings

The Council has three different types of committee where Councillors make decisions on important issues that affect the City:

- ◆ Regulatory
- ◆ Scrutiny
- ◆ Area

Regulatory Committees make decisions that are not allowed by law to be made by an Executive Councillor alone. These committees include: civic affairs, licensing, planning and standards.

Scrutiny Committees receive reports with background information and advice and guidance on issues where decisions need to be taken. Each committee comments on the content of reports and makes recommendations to the relevant Executive Councillor who considers these views before making their decision.

Area Committees cover four geographical areas within the City of Cambridge – north, south, east and west/central. Their purpose is to take decision-making out into the community and to make it easier for people to have a say about decisions that affect them in their local area.

## The Councils Objectives, Performance and Plans

During 2009/10 the Council had four Medium-Term Objectives that were used to determine how to prioritise the use of our resources. These objectives are also reflected in the Sustainable Community Strategy for Cambridge which sets out a three-year vision of what the City Council and its partners from the public sector, the private sector and the voluntary and community sectors want to see happen in the City. The current strategy comes to an end in 2011 so we will be developing a new one over the coming year.

In the following pages we tell you how we are performing against each of these objectives, what we have achieved over the past year and what our plans are for 2010/11.

**1**

**To promote Cambridge as a sustainable city, in particular by reducing carbon dioxide emissions and the amount of waste going into landfill in the City and sub-region.**

During 2009/10 we:

- ◆ Invested £184,500 in 13 projects that are calculated to save the Council £72,500 and 220 tonnes of CO<sub>2</sub> per year.
- ◆ Improved the energy efficiency of our housing stock by installing 630 new high energy efficiency boilers, converting 50 homes from electricity/coal heating to gas, and fitting cavity wall insulation to 200 homes.
- ◆ Were awarded £170,000 to renovate a 3-bed semi-detached steel-framed prefabricated house with the aim of demonstrating how it is possible to reduce CO<sub>2</sub> emissions by 80% and energy consumption by 70% for this type of property.
- ◆ Staged our 20<sup>th</sup> annual Environment Festival which included over 40 events delivered by a broad range of community groups and council teams.
- ◆ Changed our dry recycling system resulting in about 34,000 blue bins being delivered to residents to allow collection of mixed recyclables. These replace the previous blue and black boxes. Four new recycling lorries were launched along with the new blue bins.

- ◆ Installed dry recycling facilities at a further 46 blocks of flats.
- ◆ Recruited 16 Recycling Champions to a volunteer scheme to help residents in their local area reduce, reuse and recycle their waste.
- ◆ Installed 5 new recycling banks around the city for energy saving light bulbs and batteries.
- ◆ Published a Joint Air Quality Action Plan with Huntingdonshire District Council, South Cambridgeshire District Council and Cambridgeshire County Council to improve air quality in the City Centre and along the A14.
- ◆ Won a Travel Plan Award for our employee travel plan to encourage more sustainable travel to work. Between winter 2008 and 2009 the percentage of employees who 'drive alone to work' fell from 34% to 30% and the percentage of employees who walk to work increased from 7% to 9.5%

#### Our plans for 2010/11 include:

- ◆ Implementing a programme of works to maintain the quality of watercourses in the city and reduce the risk of flood.
- ◆ Carrying out new conservation area assessments in the Mill Road and St Matthews area and in West Cambridge.
- ◆ Creating a new local nature reserve at Pye Fen.
- ◆ Protecting and improving the diversity of the grassland at the eastern end of Coldhams Common by re-introducing animal grazing.
- ◆ Continuing to replace diseased trees on public open space on a one-for-one basis, but also to invest in new tree planting on Midsummer Common and Jesus Green.
- ◆ Further developing cycle paths in the City including schemes for The Tins, New Bit, Queens Green and Madingley Road.
- ◆ Completing an energy audit of our community centres and developing an action plan to reduce energy use.
- ◆ Installing LED lighting in the Queen Anne and Grand Arcade car parks.
- ◆ As part of the refurbishment of Brandon Court sheltered housing scheme, installing a 'dirty water' recycling system and improving the energy efficiency of the scheme through improved insulation.
- ◆ Working to provide tetra-pak carton recycling along with plastic bottles at colleges, schools and flats in the City.
- ◆ Introducing a mixed (co-mingled) recycling collection for businesses in the centre of the City.
- ◆ Working with partners to improve the average energy efficiency rating of private sector housing by 2 points per year.



## 2

### **To ensure that residents and other service users have an entirely positive experience of dealing with the Council**

During 2009/10 we:

- ◆ Continued to develop and improve our customer services through the Customer Service Centre with City Centre Management Services going live from the Centre in January and City Homes (housing and estate management services) and Planning Services in February and March 2010.
- ◆ Resolved 91% of calls and 95% of customer visits for services provided through the Customer Service Centre at the first point of contact and reduced the average response times to emails from 5-7 days to less than 4 hours.
- ◆ Began the process of restructuring the Council's senior management structure to improve flexibility and reduce management costs.
- ◆ Re-launched the "Cambridge Matters" magazine to provide information about and seek reader's views on all of the Council's services.
- ◆ Completed the refurbishment and letting of part of the ground floor of the Guildhall creating a new tourist office, café and visitor centre, and a 'Jamie's Italian' restaurant. Opened a new Box Office for the Corn Exchange in Wheeler Street.
- ◆ Completed the refurbishment of the Talbot House sheltered housing scheme.
- ◆ Held a Youth Summit to bring Councillors and young people together to talk about issues that concern young people and to consider a programme of activities funded through budgets delegated to the Council's Area Committees.
- ◆ Introduced twice-yearly Choice Based Lettings Awareness days for those providing services to the most vulnerable people who may have difficulty using this new system for the bidding for and allocation of Council and registered social landlord provided housing.
- ◆ Improved the speed with which we process our planning applications with 59% of 'major' applications being determined within 13 weeks, and 78% of 'minor' applications and 86% of 'other' applications being determined within 8 weeks.
- ◆ Achieved our target of fewer than 6 rough sleepers, 3 being found in the City averaged over two official counts.

Our plans for 2010/11 include:

- ◆ Refurbishing the ground floor of Roman Court to provide general needs housing for older people and supported housing for young people with physical and learning disabilities.
- ◆ Building a new lounge for the School Court sheltered housing scheme.
- ◆ Upgrading New Street Hostel to improve the standard of the temporary housing provided there.

- ◆ Through our Area Committees, seeking to increase the opportunities for local people to get involved in the decisions that affect their lives.
- ◆ Developing a Code of Best Practice on Consultation to make sure that we are consistent in the way we ask for and use public input into decision-making.
- ◆ Creating and providing a programme of training for landlords of houses in multiple occupation to help improve the health and safety and general living conditions of their tenants.
- ◆ Promoting recycling and waste services to new residents through estate agents and letting agents.
- ◆ Increasing the opportunities and facilities for people to recycle litter in the city streets.
- ◆ Exploring the possibility of part-funding with the Primary Care Trust improvements to energy efficiency in the homes of elderly, disabled and other vulnerable people.
- ◆ Creating a babies and children memorial area at the crematorium.

### **3 To maintain a healthy, safe and enjoyable city for all, with thriving and viable neighbourhoods**

#### During 2009/10 we:

- ◆ Through the '60+ Project', supported people over 60 in maintaining independent living in their own homes through provision of a range of advice and practical support.
- ◆ Used money from developers to fund a new community centre, the Trumpington Pavilion, which was opened by the Mayor at the end of November 2009.
- ◆ Opened new changing facilities and all-weather pitches at the Abbey Leisure Complex.
- ◆ Refurbished the Coldhams Common all-weather sports pitch.
- ◆ Launched a new Sports Strategy for Cambridge to support preparations for the London 2012 Olympics and to explain how we will encourage city residents to take up sport and physical activity.
- ◆ Launched a new Urban Play Project to provide opportunities for children and young people living in urban areas to access natural play environments.
- ◆ Set up a new company 'Love Cambridge' with private sector partners to manage and develop the City Centre.

#### Our plans for 2010/11 include:

- ◆ Working with minority community groups to hold a 'Mela' Festival, a celebration of south Asian cultures, as part of the Cambridge 'Big Weekend' Festival.

- ◆ Working with community groups to explore holding an Asian, Chinese and Afro-Caribbean themed market on Parkers Piece.
- ◆ Reviewing and improving the Summerdaze programme for children and young people with the aim of achieving 5,000 attendances at events and activities.
- ◆ Improving the quality of bus shelters around the city.
- ◆ With Cambridgeshire County Council, starting work on the Riverside Improvement Scheme.
- ◆ Undertaking environmental improvements to Fitzroy Street and Burleigh Street, Wulfstan Way and Arbury Court.
- ◆ Making improvements to the changing facilities at Cherry Hinton Village Centre.
- ◆ Making improvements to the Green End Road Play area and recreational green space.
- ◆ Reviewing and updating the bye-laws on parks and open spaces.

## 4

**To lead the growth of Cambridge to achieve attractive, sustainable new neighbourhoods, including affordable housing, close to a good range of facilities, and supported by transport networks so that people can opt not to use the car**

During 2009/10 we:

- ◆ Won a £300,000 grant to provide 7 new affordable houses through a government competition encouraging local authorities to build council houses.
- ◆ Agreed a new Housing Strategy for 2009 to 2012.
- ◆ Granted outline planning permission for 1,200 homes, community facilities, a primary school and a 60-hectare country park at Trumpington Meadows. Development is expected to start in 2010.
- ◆ Received the first detailed planning application for new homes at Glebe Farm (286 homes) and Clay Farm (2,300 homes).
- ◆ Granted outline planning permission for the Cambridge Biomedical Campus which will double the size of the Addenbrooke's hospital site. We expect this development to generate 9,000 jobs, doubling the number of people currently working there.

Our plans for 2010/11 include:

- ◆ Producing a new joint plan for development of the north eastern fringe of the City.
- ◆ Working with partners to submit a bid for Transport Innovation Fund (TIF) money to improve the transport infra-structure of the City.

- ◆ Working with the Office of National Statistics to conduct the 2011 Census.
- ◆ Identifying appropriate sites for Gypsy and Traveller provision in the City.
- ◆ Working to ensure that new communities being built on the edge of the city have adequate community facilities, recreational and play facilities and parks and open spaces.
- ◆ Using university research for ideas for achieving a better future for the City.

## How do we compare?

In 2008/09 the City Council began collecting data for a new set of national performance indicators called the National Indicator Set (NIs). These indicators were introduced by government as part of a new performance framework for local authorities and our partners such as the police and health service, called Comprehensive Area Assessment. Some of the new national indicators are the same as those collected under the old 'Best Value' performance framework so we are able to continue to measure our performance over time.

One of the service areas that is a priority for the Council is waste minimisation and recycling, and this is an area where we continue to perform well.

Indicator	Our performance in			
	2006/07	2007/08	2008/09	2009/10
Percentage of waste reused, recycled and composted	39.63%	41.52%	41.26%	40.83%
Amount of waste that is sent for landfill per dwelling (kg)	Not collected	Not collected	561.30	526.32

The City Council, together with our partners, has a substantial work programme to deliver the government's agenda for growth in the sub-region centred in and around Cambridge. The recent economic downturn has slowed the development of new housing but we fully expect building work to increase when the economic climate improves.

Indicator	Our performance in			
	2006/07	2007/08	2008/09	2009/10
Additional homes provided (net)	662	523	366	?
Number of additional homes classed as affordable	173	70	128	?

An area where we are performing less well is the level of domestic burglary within the City which was 17.5 per 1,000 households in 2009/10 against a target of 15 per 1,000 households. It is likely that the economic recession has had an adverse impact on the level of burglary within the City.

## What do residents say about our services?

In the autumn of 2009 the Council conducted its bi-annual survey of residents, The Citizens Survey. This survey was first undertaken in 1997 and so enables us to measure changes in the views of our residents over time. Some of the figures given below show the comparison between the results of the 2009 survey and the previous survey in 2007.

### Citizens Survey – 2009

#### Perceptions and Overall Satisfaction

Our latest Citizen's Survey shows that levels of satisfaction with the way the council runs things (at 63%) have remained at a similar level to the figure for 2007 (65%).

Our survey respondents were most likely to agree that the Council:

- ◆ is easy to contact if you need to (88%)
- ◆ cares about the environment (85%)
- ◆ is accessible to the public (85%), and
- ◆ works in partnership with other organisations (79%)

They were least likely to agree that the Council:

- ◆ consults residents before making decisions (47%)
- ◆ effectively plans for the growth of the City (49%), and
- ◆ takes residents views into account when making decisions (50%)

#### Council Services

The three services, from the services that the Council is required to provide, that respondents considered to be very important and should be provided to the highest possible standard were:

- ◆ collecting rubbish from properties (68%)
- ◆ collecting recyclable items from properties (41%), and
- ◆ cleaning the streets and public places and removing graffiti (38%)

Our survey respondents considered that enforcing standards in privately rented housing (31%); licensing taxis (30%) and administering Council meetings and supporting Councillors so that they can represent local residents (27%) to be less important and that they could be provided at a lower standard to save money.

The discretionary services that respondents considered to be very important and should be provided to the highest possible standard were:

- ◆ working with the Police to tackle anti-social behaviour (41%)
- ◆ managing and maintaining the City's parks and open spaces (26%)
- ◆ providing community services for children and young people (26%), and
- ◆ providing community services for older people (26%)

Discretionary services provided by the Council that respondents considered to be less important, and that could be provided at a lower standard to save money, were managing and maintaining the City car parks (27%); running the Corn Exchange (26%) and providing events such as the Folk Festival, Big Weekend and Bonfire Night (26%).

The services that our survey respondents would like to see stopped altogether if savings have to be made were managing and maintaining some commercial premises which the Council rent to local businesses (40%), running the Corn Exchange (31%) and subsidising the City's Park and Ride services (29%).

### Satisfaction with Council Services

For those services that the Council is required to provide, respondents were most satisfied with collecting rubbish from properties (81%). 68% of respondents also consider this to be the most important service provided by the Council.

High levels of satisfaction were also expressed for:

- ◆ collecting recyclable items from properties (72%)
- ◆ conserving the City's buildings and green spaces (68%), and
- ◆ cleaning the streets and public places and removing graffiti (63%)

Of the discretionary services the Council provides respondents were most satisfied with:

- ◆ managing and maintaining the City's parks and open spaces (75%)
- ◆ providing events such as the Folk Festival, Big Weekend and Bonfire Night (69%), and
- ◆ managing and maintaining the central market (61%)

### Contact with the Council

Over half the survey respondents had contacted the Council in the last 12 months (57%).

The most popular way to make contact was via the telephone. Since the 2007 survey, the percentage of respondents contacting the Council by telephone has decreased from 71% in 2007 to 56% in 2009 and the percentage of respondents using email has increased from 9% in 2007 to 15% in 2009.

The percentage of respondents saying that the telephone was their preferred method has decreased from 73% in 2007 to 52% in 2009, whilst the percentage preferring email has increased from 12% in 2007 to 26% in 2009.

Three quarters of respondents (78%) who had contacted the Council said they were satisfied with the way their query or problem was handled, with 31% stating they were totally satisfied. Satisfaction levels are higher than 2007 when 74% expressed satisfaction. However, a fifth (22%) were dissatisfied, with the main reasons for dissatisfaction being a slow or no response, followed by the query or problem not being answered.

### Information provided by the Council

Respondents felt the Council was good at keeping residents informed about how to contact the Council, the service the Council provides and how to make a complaint or comment. They felt least well informed about services provided by other agencies, the reasons the Council makes the decisions it does and the dates and times of Council committee meetings.

## The Local Area

Our survey respondents would most like to get involved in local decision-making by:

- ◆ completing postal questionnaires (57%), followed by
- ◆ sending comments via the Council's website (47%)

Two thirds of respondents felt they belonged to Cambridge City (66%). Over half felt they belonged to their immediate neighbourhood (54%). Three in ten felt they belonged to their immediate Ward (31%). A sense of belonging to the immediate ward increases with age whilst a sense of belonging to Cambridge City decreases with age.

## How to find out more

Further information about the Council's performance and the Council's priorities for 2010/11 is available in our Service Plans and Improvement Plans on the Council's website at <http://www.cambridge.gov.uk>





# Statement of Responsibilities for the Statement of Accounts

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## 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 Director of Finance;
- ◆ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- ◆ approve the Statement of Accounts.

## The Director of Finance's Responsibilities

The Director of Finance 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 Director of Finance 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 Director of Finance 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.



# Introduction to the Statement of Accounts

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I am pleased to introduce the Council's Statement of Accounts for 2009/10. Cambridge City Council is a large organisation, employing the equivalent of just over 1,000 full time staff, and provides a diverse range of services to its residents, local businesses and visitors. These services include the provision and upkeep of council housing, collection of refuse, leisure and recreation, car parking, environmental health, planning and development control and many more.

The accounts, set out on pages 9 to 83 have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom' commonly referred to as the Statement of Recommended Practice (SORP). The accounts contain a series of statements, summarising financial activity during the year and setting out the Council's assets and liabilities at the end of the Council's financial year on 31 March, as follows:

- ◆ Income and Expenditure Account
- ◆ Statement of Movement on the General Fund Balance
- ◆ Statement of Total Recognised Gains and Losses
- ◆ Balance Sheet
- ◆ Cash Flow Statement
- ◆ Housing Revenue Account
- ◆ Collection Fund

These accounts are supported by appropriate notes, a statement of the accounting policies of the Council and a glossary of terms.

Once again, the accounts have been produced promptly and to the high standard expected of the Council. This would not have been possible without the hard work of my own staff and other finance staff across the Council, and I would like to thank them, my fellow Directors, and service managers for their assistance in the preparation of these accounts.

## Review of 2009/10

The significant downturn in the national and international economies continued to provide a very challenging financial environment for the Council during 2009/10. Effects have been most marked in relation to the continuing low interest rates during the year and the slowdown in the housing market, leading to reductions in income to the Council. Budgets were reviewed and revised during the year to reflect changing circumstances.

As reported last year, the City Council was one of the 127 English local authorities affected by the collapse of Icelandic banking institutions with a total of £9 million in short term investments with two of the affected banks (Landsbanki Islands hf and Heritable Bank Plc). The security of these investments is still uncertain and the Council may not recover all of its investments. Although the final extent of any financial loss is unknown, the prospects for recovery (albeit over an extended period) of a substantial proportion of these investments remains positive. In drawing up these accounts, the Council has followed the detailed guidance issued by the CIPFA Local Authority Accounting Panel in relation to the anticipated recovery of these deposits and in terms of the valuation shown in the accounts. Further information can be found in notes 28 and 50.

Just as in the private sector, the effects of the economic climate on the values of Council-owned property are reflected in these accounts. Following very significant

reductions in value reflected in the accounts for 2008/09, this year has seen some recovery in property prices and valuation gains totalling £52.3 million are recorded in the accounts for the 2009/10. Further information about the valuation of assets, and how changes in their value must be accounted for, can be found in the Statement of Accounting Policies section.

Financial pressures in the year included a poor Government Grant Settlement with an increase of just 0.5% in grant. In addition the Council continued to bear significant additional costs arising from the introduction of a new national concessionary bus fares scheme.

Despite the prevailing economic climate and financial pressures, it is pleasing to note that:

- ◆ The Council continued its programme of major investment in the provision and improvement of face-to-face, telephone and web-based services to the public. The new Customer Service Centre opened to the public in April 2008 and the final phase of services will transfer to the Centre by June 2010. The initial investment, of over £3.7 million, is being funded from the Council's reserves and will be repaid from savings in running costs achieved through these changes.
- ◆ Service reviews undertaken during 2009/10 have identified worthwhile on-going savings for the Council which will support the Council's financial position going forward.
- ◆ The City Council, along with a number of other similarly affected local authorities, successfully lobbied central government for a fairer share of funding to meet the costs of the new national concessionary fares scheme. Although no additional funding was received for 2009/10, additional grant of £1.31 million will be received in 2010/11.
- ◆ Major investment continued to be made in the repair and improvement of council houses and the Council is on target to achieve the required 'Decent Homes Standard' during 2010.

## Revenue Spending and Income

### General Fund Services

For 2009/10, the Council agreed a budget for net spending on services of £19.5 million. This sum was to be financed in part by government grant together with 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 £162.51 for Band D properties, an increase of 4.5% over the previous year.

The table below compares the final outturn figures with those originally planned.

(£000s)	Original Budget	Actual	Difference
Net General Fund Revenue Spending	19,802	19,881	79
Capital Spending funded from General Fund Reserve	5,166	2,724	(2,442)
Contribution to/(from) General Fund Reserve	(5,476)	(2,881)	2,595
<b>Total</b>	<b>19,492</b>	<b>19,724</b>	<b>232</b>
<b>Financed by:</b>			
General government grants	3,041	3,273	232
Share of NNDR	10,055	10,055	0
Council Tax	6,396	6,396	0
<b>Total</b>	<b>19,492</b>	<b>19,724</b>	<b>232</b>

The Council's actual net revenue spending on services was just £78,103 above the original budget set for the year. The total amount of capital expenditure funded from revenue, however, was £2,442,596 less than originally provided for, largely reflecting slippage on the timing of capital projects. Together with the award of additional grant of £231,278 from central government during the year, the resulting overall use of General Fund Reserves was £2,595,758 less than originally planned.

The net use of the General Fund Reserve for the year was £2,880,451. At the end of the year, the Council's General Fund Reserve stood at £9.30 million. This reserve provides financial flexibility to the Council for meeting exceptional and/or unanticipated items and is used to support the Council's capital investment programme.

## Housing Revenue Account

The Housing Revenue Account budget for 2009/10 was set to deliver a sustainable HRA over the longer term. Part of the longer term budget strategy has been to release HRA reserves over a period of years at the rate of £500,000 per annum, until reserves reduce to a target level of £3,000,000. This strategy provides additional revenue contributions to capital, enabling additional capital investment in our housing stock over the medium term, assisting in meeting the decent homes target by 2010, whilst also allowing for some discretionary investment in our housing stock.

In June 2009, approval was sought to carry forward resources of £370,970 to fund expenditure re-phased from 2008/09. A large proportion of this sum carried forward related to investment required to transfer the first point of contact for housing landlord services into the Council's new Customer Service Centre.

By January 2010, the anticipated use of reserves for 2009/10 was increased to £1,606,320, as part of the revised budget process, due predominantly to increases in the amount of negative housing subsidy required to be paid to central government, coupled with an increased spending need for revenue repairs to the housing stock.

At outturn, the HRA reported a use of reserves of £888,802, with requests to carry forward funding of £324,300 to 2010/11, reflecting re-phasing of a number of projects. The overall use of reserves, therefore, will equate to £1,213,102, with a net under-spending of £393,218 against the revised budget for the year.

Housing Revenue Account reserves stood at £5.17 million at the year-end.

## Capital Spending and Receipts

In 2009/10 the Council spent £22.8 million on capital projects. Of this expenditure £11.2 million was on major repairs and improvements to council dwellings. The other main areas of capital expenditure were:

- ◆ Development of commercial land & property - £3.7 million
- ◆ Leisure and community facilities - £1.28 million
- ◆ Repairs assistance and disabled facilities grants - £0.78 million
- ◆ Vehicle replacement programme - £1.8 million
- ◆ Waste recycling equipment - £0.73 million
- ◆ Environmental improvements - £0.52 million

Capital receipts continue to be generated through the sale of land, council houses, shared ownership dwellings and other property. The Council received £4.6 million in the year, of which £1.5 million had to be paid over to central government.

## External Borrowing

The Council remained debt-free at 31 March 2010.

## Pension Costs

Information relating to the assets, liabilities, income and expenditure of the Council's pension scheme is presented on pages 47 to 51. The Council's share of the assets and liabilities of the County pension fund show an estimated net liability of £106.2 million at 31 March 2010. This liability has no impact on the level of the Council's available reserves.

## Changes in Accounting Policy

In line with the SORP 2009 and related CIPFA guidance, the Council has changed a number of Accounting Policies. The impact of these changes is detailed in Note 36 to the Accounts, starting on page 40.

## Further Information

Further information about the accounts is available from:

Head of Accounting Services  
Cambridge City Council Finance Department  
Lion House  
Lion Yard  
Cambridge CB2 3NA

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.

## Opinion

In my opinion the Statement of Accounts present a true and fair view of the financial position of Cambridge City Council at 31 March 2010 and its income and expenditure for the year then ended.

**David Horspool**  
**Director of Finance**

**Date:** **2010**

### **Signed on behalf of Cambridge City Council:**

I confirm that the accounts were approved by the Civic Affairs Committee held on the 30 June 2010.

**Councillor R A Boyce**  
**Chair of Civic Affairs**

**Date:** **2010**





# MAIN FINANCIAL STATEMENTS



## Income and Expenditure Account

This account summarises the resources that have been applied and generated in providing services and managing the Council during the year ending 31 March 2010. It includes all day-to-day expenses on an accruals basis as well as transactions measuring the value of fixed assets actually consumed and the real value of retirement benefits earned by employees in the year.

(£000s)				2009/10	2008/09
		Gross	Gross	Net	Net
		Expenditure	Income	Expenditure	Expenditure
	Note				(as restated)
<b>Service expenditure &amp; income</b>	1				
Central services to the public		8,638	(7,048)	1,590	1,797
Cultural, environmental, regulatory and planning services		36,153	(14,246)	21,907	23,258
Highways and transport services		8,603	(8,663)	(60)	623
Local authority housing		8,960	(31,293)	(22,333)	50,824
Other housing services		36,862	(34,433)	2,429	2,955
Corporate and democratic core services		2,887	0	2,887	2,991
Exceptional income on settlement of VAT claim	1	0	0	0	(2,349)
Non distributed costs		54	0	54	4,021
<b>Net cost of services</b>		<b>102,157</b>	<b>(95,683)</b>	<b>6,474</b>	<b>84,120</b>
(Surplus)/Deficit on disposal of assets				(876)	2,859
Other income				(103)	(54)
(Surpluses)/deficits on trading undertakings not included in net cost of services	2			(4,808)	(287)
Interest payable and similar charges				9	58
Impairment of investments	28			196	2,634
Amounts payable into the Housing Receipts Capital Pool				1,563	660
Interest and investment income				(1,313)	(4,405)
Pensions cost and expected return on pensions assets				3,479	1,709
<b>Net operating expenditure</b>				<b>4,621</b>	<b>87,294</b>
Income from Council Tax				(6,425)	(6,079)
General government grants	3			(3,273)	(2,058)
Distribution from non-domestic rates pool				(10,055)	(10,810)
<b>Net (Surplus) / Deficit for the year</b>				<b>(15,132)</b>	<b>68,347</b>

David Horspool  
Director of Finance

28 June 2010

## Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- ◆ Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- ◆ Retirement benefits are charged as amounts become payable to the pension fund and pensioners, rather than as future benefits are earned.
- ◆ The General Fund balance shows whether the Council has over or under-spent against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund balance.

(£000s)	Note	2009/10	2008/09 (as restated)
(Surplus) / Deficit for the year on the Income and Expenditure Account		(15,132)	68,347
Net additional amount required by statute and proper practices to be debited or credited to the General Fund balance for the year	13	18,013	(66,913)
<b>(Increase) / Decrease in General Fund balance for the year</b>		<b>2,881</b>	<b>1,434</b>
<b>General Fund balance brought forward</b>		<b>(12,183)</b>	<b>(13,617)</b>
<b>General Fund balance carried forward</b>		<b>(9,302)</b>	<b>(12,183)</b>

## Statement of Total Recognised Gains and Losses

This Statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

(£000s)	Note	2009/10	2008/09 (as restated)
(Surplus) / Deficit on the Income and Expenditure Account for the year		(15,132)	68,347
(Surplus) / Deficit arising on the revaluation of fixed assets	49	(28,949)	12,197
Actuarial (gains)/losses on Pension Fund assets and liabilities	42	61,396	14,816
<b>Total recognised (gains) / losses relating to the year</b>		<b>17,315</b>	<b>95,360</b>

## Balance Sheet

This summarises the overall financial position of the Council at the 31 March 2010 showing its assets, liabilities and reserves.

(£000s)	Note	31 March 2010	31 March 2009 (as restated)
<b>Intangible assets</b>	14	<b>513</b>	<b>595</b>
<b>Tangible fixed assets</b>			
Council dwellings		575,320	528,273
Other land & buildings		91,072	94,041
Vehicles plant & equipment		9,041	6,969
Infrastructure assets		1,324	812
Community assets		678	702
<b>Operational assets</b>		<b>677,435</b>	<b>630,797</b>
Investment properties		89,034	80,870
Assets under construction		470	603
Surplus assets held for disposal		6,369	7,956
<b>Non operational assets</b>		<b>95,873</b>	<b>89,429</b>
<b>Total tangible fixed assets</b>	15-16	<b>773,308</b>	<b>720,226</b>
Long term investments	23	4,785	5,262
Long term debtors	24	1,056	1,824
<b>Total long term assets</b>		<b>779,662</b>	<b>727,907</b>
<b>Current assets</b>			
Stocks and work in progress	25	370	354
Debtors	26	16,235	9,987
Investments	27	39,397	51,879
Cash in hand and bank		3,817	4,728
<b>Total current assets</b>		<b>59,819</b>	<b>66,948</b>
<b>Current liabilities</b>			
Creditors	29	(10,327)	(12,763)
Receipts in advance	30	(2,166)	(2,866)
<b>Total current liabilities</b>		<b>(12,493)</b>	<b>(15,629)</b>
<b>Current assets less current liabilities</b>		<b>47,326</b>	<b>51,319</b>
<b>Total assets less current liabilities</b>		<b>826,988</b>	<b>779,226</b>
Creditors due after more than one year	31	(3,121)	(3,749)
Capital contributions unapplied	32	(6,173)	(4,556)
Capital contributions/grants deferred	33	(12,008)	(10,419)
Provisions	34	(345)	(466)
Pension liability	44	(106,193)	(43,573)
<b>Total assets less liabilities</b>		<b>699,148</b>	<b>716,463</b>
<b>Financed by:</b>	47		
Collection Fund Adjustment Account		42	71
Capital receipts deferred	48	(882)	(918)
Revaluation reserve	49	(44,713)	(15,940)
Financial instruments adjustment account	50	3,312	4,043
Capital adjustment account	51	(717,905)	(696,507)
Capital Receipts reserve	52	(12,155)	(13,719)
Pensions reserve	53	106,193	43,573
Earmarked reserves	54	(18,570)	(18,826)
General Fund		(9,302)	(12,183)
Housing Revenue Account		(5,168)	(6,057)
<b>Total equity</b>	55	<b>(699,148)</b>	<b>(716,463)</b>

David Horspool  
Director of Finance

28 June 2010

## The Cash Flow Statement

This statement summarises the movements of cash into and out of the Council arising from transactions with third parties.

(£000s)	Note	2009/10	2008/09 (as restated)
	56-60		
<b>Net cash flow from revenue activities</b>		<b>(7,456)</b>	<b>(4,927)</b>
<b>Returns on investments and servicing of finance</b>			
<b>Cash outflows</b>			
Interest paid		0	40
Interest on finance lease payments		2	2
<b>Cash inflows</b>			
Interest received		(1,630)	(4,125)
<b>Returns on investment &amp; servicing of finance</b>		<b>(1,628)</b>	<b>(4,083)</b>
<b>net cash outflow</b>			
<b>Capital activities</b>			
<b>Cash outflows</b>			
Capital expenditure		21,407	23,490
Purchase of long-term investments		0	5,000
<b>Cash inflows</b>			
Capital receipts		(4,399)	(2,352)
Capital grants		(1,832)	(1,610)
Other capital contributions		(1,473)	(1,794)
<b>Capital activities net cash outflow</b>		<b>13,703</b>	<b>22,734</b>
<b>Net cash outflow/(inflow) before financing</b>		<b>4,619</b>	<b>13,724</b>
<b>Management of liquid resources</b>			
Short term investments		(12,424)	(12,000)
Other liquid resources		8,716	(2,616)
<b>Financing</b>			
Net repayment of temporary loans		0	0
<b>(Increase)/decrease in cash</b>		<b>911</b>	<b>(892)</b>





# **NOTES TO THE MAIN FINANCIAL STATEMENTS**



# Notes to the Main Financial Statements

## 1 Expenditure & Income on Services

The breakdown of services shown follows the groupings required by the Best Value Accounting Code of Practice and is intended to assist in making comparisons between different local authorities.

Exceptional income has been recognised as follows:

(£000s)	2009/10	2008/09
Claims in respect of over declared VAT (due to HMRC liability errors):		
Cultural and environmental services	0	(2,248)
Transport services	0	(101)
<b>Total</b>	<b>0</b>	<b>(2,349)</b>

## 2 Trading Operations

The financial results of the Council's significant trading activities for the year are set out below.

**General Markets** – The Council operates the general daily market in the City Centre together with a number of other smaller specialist markets.

(£000s)	2009/10	2008/09
Income	(669)	(679)
Fixed asset (impairment reversal)/impairment	(135)	193
Expenditure	312	299
<b>(Surplus)</b>	<b>(492)</b>	<b>(187)</b>

### Surplus on other trading undertakings not included in net cost of services

This includes the surplus on trading activities carried out by the Council's City Services department and the surplus on commercial and industrial properties which the Council rents to local businesses.

#### *Commercial and Industrial Property*

(£000s)	2009/10	2008/09
Income from tenants	(6,313)	(6,314)
Net Fixed asset impairment	816	7,044
Expenditure	1,032	1,123
<b>(Surplus)/Deficit</b>	<b>(4,465)</b>	<b>1,853</b>

In 2009/10 the net surplus on commercial and industrial properties has been included in surplus on trading activities below net cost of service, in 2008/09 and previous years it has been included in Cultural, Environmental, Regulatory and Planning Services.

## City Services Trading Activities

(£000s)	2009/10			2008/09		
	Income	Expenditure	(Surplus)/ Deficit	Income	Expenditure	(Surplus)/ Deficit
Building services	(11,442)	11,368	(74)	(11,106)	11,021	(85)
Waste services	(4,343)	4,280	(63)	(4,888)	4,812	(76)
Streetscene services	(5,416)	5,242	(174)	(5,101)	4,987	(114)
Other services	(1,779)	1,747	(32)	(1,825)	1,813	(12)
<b>Total</b>	<b>(22,980)</b>	<b>22,637</b>	<b>(343)</b>	<b>(22,920)</b>	<b>22,633</b>	<b>(287)</b>

Recharges for internal work carried out by the trading operation have been priced to include a cost of capital recovery, to be comparable with the private sector. As the SORP does not permit charges for cost of capital to be debited to trading accounts, the recharges that have been made have resulted in a surplus for these activities. If cost of capital charges had been made, Building Services would have made a surplus of £696 (£6,687 in 2008/09), Waste Services a deficit of £183 (£143 in 2008/09), Streetscene a surplus of £32,828 (£17 in 2008/09) and other services a surplus of £3,740 (a deficit of £14,757 in 2008/09).

### 3 General Government Grants

General grants due to the Council in 2009/10 were:

(£000s)	2009/10	2008/09
Revenue Support Grant	2,321	1,505
Local Authority Business Growth Incentive	80	531
Housing Planning Delivery Grant	847	0
Area based grant	25	22
<b>Total</b>	<b>3,273</b>	<b>2,058</b>

### 4 Adjustment for Depreciation and Impairment

Each year, a local authority must calculate an amount, to be set-aside from the revenue account, to be used for the future repayment of external borrowing. This amount is known as the minimum revenue provision (MRP). Prior to 31 March 2008, local authorities had to use a regulatory formula to calculate the yearly amount but are now bound by a statutory duty to make provision for a prudent level of MRP. MRP is zero for the Council as it is debt free. The difference between the calculated MRP and depreciation charges and impairment adjustments to revenue have been debited or credited back to the Statement of Movement on the General Fund Balance as follows.

(£000s)	2009/10	2008/09
Statutory MRP	0	0
Depreciation and amortisation charge	3,173	2,676
Net Impairment charge	(17,882)	60,738
<b>Debit/(Credit) to General Fund</b>	<b>14,709</b>	<b>(63,414)</b>
Net MRP	0	0

## 5 Agency Services

Agency Services provided on behalf of Cambridgeshire County Council were:

(£000s)	2009/10	2008/09
<b>Local Authority Parking Enforcement</b>		
Total Costs	1,438	1,408
Parking charge income	(1,256)	(1,243)
Costs reimbursed by the County Council	(288)	(277)
<b>Net Surplus</b>	<b>(106)</b>	<b>(112)</b>
Surplus returned to County Council	53	56
Surplus retained for future transport related expenditure	53	56
<b>On-Street Parking Services</b>		
Net Surplus	(1,121)	(1,289)
Surplus reimbursed to County Council	1,121	1,289
<b>Highways Functions and Services</b>		
Total Costs	166	165
Costs reimbursed	166	165

Agency services provided by Cambridgeshire County Council on behalf of the City were:

(£000s)	2009/10	2008/09
<b>Highway Functions and Services</b>		
Total Costs	21	39
Costs reimbursed	(21)	(39)

## 6 Pension Costs

Details of pension costs are included in the notes on Pensions Costs, Assets & Liabilities starting on page 47.

## 7 Members' Allowances

The total allowances paid to members during the Municipal year 2009/10 were £239,982 (£243,422 in 2008/09) and they were also reimbursed for expenses of £1,884 (£2,836 in 2008/09). Details of payments to individual members are published annually in the local newspaper.

## 8 Operating Leases

The Council made the following payments under operating leases in 2009/10:

(£000s)	2009/10	2008/09
Buildings	376	382
Equipment	86	52
<b>Total</b>	<b>462</b>	<b>434</b>

The Council is lessor of a number of commercial properties. These are accounted for as operating leases. Total rentals receivable for these properties amounted to £6.1 million in 2009/10, (£6.1 million in 2008/09).

## 9 Finance Leases

The Council also holds assets under finance leases. Payments in 2009/10 amounted to £2,247 (£2,247 in 2008/09) and all relate to buildings.

## 10 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 transactions with government departments are set out in note 56 to the Cash Flow Statement.

Members of the Council have direct control over the Council's financial and operating policies. During 2009/10 the Council gave grants totalling £296,649 (£241,932 in 2008/09) to voluntary organisations in which 9 members had an interest. £3,000 (£15,000 in 2008/09) 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 24 to the accounts.

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

## 11 Employee Remuneration

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

	2009/10	2008/09
£50,000 - £54,999	4	4
£55,000 - £59,999	6	5
£60,000 - £64,999	6	6
£65,000 - £69,999	3	3
£70,000 - £74,999	1	0
£75,000 - £79,999	1	1
£80,000 - £84,999	0	1
£85,000 - £89,999	1	3
£90,000 - £94,999	2	0
£105,000 - £109,999	1	0
£125,000 - £129,999	0	1

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

### Senior Officer remuneration 2009/10:

Position/Name	Note	Salary	Agency Fees	Taxable Expense Allowances	Benefits in Kind	Pension Contributions	Total £
Chief Executive R Hammond	1	29,639	0	0	196	5,098	34,933
Chief Executive A Jackson	2	91,545	0	0	51	15,746	107,342
Director of Finance D Horspool		93,066	0	0	883	15,247	109,196
Director of Environment and Planning S Payne		85,406	0	0	554	14,690	100,650
Director of City Services T Ainley		78,921	0	0	70	13,574	92,565
Director of Community Services L Bisset		88,646	0	0	879	15,419	104,944
Director of Customer & Democratic Services A Jackson	3	16,369	0	0	0	2,816	19,185
Interim Director of Customer & Democratic Services L Terry	4	0	73,125	0	0	0	73,125
Head of Human Resources D Simpson		63,778	0	43	10	10,970	74,801

Note 1 Mr Hammond retired from the position of Chief Executive on 21 June 2009.

Note 2 Ms Jackson commenced in the position of Chief Executive from 10 June 2009.

Note 3 Ms Jackson held the position of Director of Customer & Democratic Services up to 9 June 2009.

Note 4 Ms Terry held the position of interim Director of Customer & Democratic Services, between August 2009 and March 2010, on a part time basis working 3 days per week.

**Senior Officer remuneration 2008/09:**

<b>Position/Name</b>	<b>Note</b>	<b>Salary</b>	<b>Taxable Expense Allowances</b>	<b>Benefits in Kind</b>	<b>Pension Contri- butions</b>	<b>Total £</b>
Chief Executive R Hammond	1	127,119	0	833	20,212	148,164
Director of Finance D Horspool		88,646	0	849	14,095	103,590
Director of Environment and Planning S Payne		85,406	0	849	13,580	99,835
Director of City Services T Ainley		78,921	0	45	12,548	91,514
Director of Community Services L Bisset		88,646	0	805	14,095	103,546
Director of Customer & Democratic Services A Jackson		82,161	0	17	13,064	95,242
Head of Human Resources J Foglietta	2	2,980	0	0	474	3,454
Head of Human Resources D Simpson	3	61,475	28	0	9,775	71,278

Note 1 Mr Hammond received an additional gross fee of £5,016 as returning Officer for the City Council elections

Note 2 Mrs Foglietta left the position of Head of Human Resources on 22 April 2008.

Note 3 Ms Simpson commenced in the position of Head of Human Resources on 14 April 2008.

**12 Audit Costs**

In 2009/10 Cambridge City Council incurred the following fees relating to external audit and inspection.

<b>(£000s)</b>	<b>2009/10</b>	<b>2008/09</b>
<b>Fees payable to the Audit Commission in respect of:</b>		
External audit services carried out by the appointed auditor	110	105
Fees payable in respect of statutory inspection	9	17
Certification of grant claims and returns	26	30
Fees payable in respect of other services	0	3
<b>Total</b>	<b>145</b>	<b>155</b>



### 13 Note to the Statement of Movement on the General Fund Balance

(£000s)	2009/10	2008/09 (as restated)
<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund balance for the year</b>		
Depreciation and impairment of fixed assets	14,709	(63,414)
Excess of depreciation charged to HRA services over the Major Repairs Allowance	(2,359)	(3,125)
Government grants deferred amortisation	538	472
Write downs of revenue expenditure funded from capital under statute and de-minimis capital expenditure to be financed from capital resources	(2,301)	(4,104)
Capital contributions for revenue expenditure funded from capital under statute and de-minimis capital expenditure	1,016	2,662
Differences between amounts debited/credited to the Income and Expenditure Account and amounts payable/receivable to be recognised under statutory provisions relating to soft loans	(18)	28
Exceptional impairment of investments	(196)	(2,634)
Reversal of net surplus or deficit on sale of fixed assets	876	(2,859)
Miscellaneous capital receipts (note 1)	103	54
Net charges made for retirement benefits in accordance with FRS17	(6,214)	(6,452)
Amount by which Council Tax income included in the Income and Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	29	(37)
	<b>6,183</b>	<b>(79,409)</b>
<b>Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the movement on the General Fund balance for the year</b>		
Difference between the amortisation of premiums determined in accordance with the SORP and those determined in accordance with statute	546	545
Interest on impaired investments	398	425
Capital expenditure charged to the General Fund balance	5,449	5,776
Capital expenditure charged to the Housing Revenue Account balance	3,155	1,421
Transfer from Capital Receipts reserve to meet payments to the Housing Receipts Pool	(1,563)	(660)
Employer's contributions payable to the Cambridgeshire County Council Pension Fund and retirement benefits payable direct to pensioners	4,990	4,534
	<b>12,975</b>	<b>12,041</b>
<b>Transfers to or from the General Fund balance that are required to be taken into account when determining the movement on the General Fund balance for the year</b>		
Transfer of Housing Revenue Account deficit for the year	(889)	(534)
Net transfer to or from earmarked reserves	(256)	989
	<b>(1,145)</b>	<b>455</b>
<b>Net additional amount required to be debited/(credited) to the General Fund balance for the year</b>	<b>18,013</b>	<b>(66,913)</b>

Note 1: Miscellaneous capital receipts are receipts where no asset has been disposed of during the year.

## 14 Intangible Fixed Assets

The table below explains the movement in the value of intangible fixed assets in the balance sheet for 2009/10.

(£000s)	Purchased Software Licences
<b>Opening gross book value as at 1 April 2009</b>	<b>757</b>
Transfer from assets in the course of construction	32
Expenditure in year	39
<b>Gross book value as at 31 March 2010</b>	<b>828</b>
<b>Amortisation as at 1 April 2009</b>	<b>(162)</b>
Amortised during the year	(153)
<b>Amortisation as at 31 March 2010</b>	<b>(315)</b>
<b>Balance at 31 March 2010</b>	<b>513</b>
<b>Balance at 1 April 2009</b>	<b>595</b>

The amortisation charged in 2009/10 relates to specialist software.

Software purchased in 2009/10 includes specialist software relating to development control. This will be amortised over the expected life of the software.

## 15 Tangible Fixed Assets and Capital Expenditure

The tables below explain the movement in the value of tangible fixed assets in the balance sheet for 2009/10.

## Operational Assets

(£000s)	Operational assets					Total
	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure Assets	Com-munity Assets	
<b>Opening gross book value as at 1 April 2009</b>	<b>580,535</b>	<b>102,702</b>	<b>12,447</b>	<b>959</b>	<b>841</b>	<b>697,484</b>
Transfer opening impairment	(52,262)	(5,262)				(57,524)
Additions	11,154	1,046	3,540	508	117	16,365
Completion of assets under construction		244	49	72		365
Transfers from/(to) other categories		(2,009)	(893)	(45)	(255)	(3,202)
Disposals	(1,383)		(88)			(1,471)
Reverse Impairments	22,349	187				22,536
Impairments	(963)	(1,938)				(2,901)
Revaluations	15,890	1,296				17,186
<b>Gross book value as at 31 March 2010</b>	<b>575,320</b>	<b>96,266</b>	<b>15,055</b>	<b>1,494</b>	<b>703</b>	<b>688,838</b>
<b>Opening depreciation &amp; impairment 1 April 2009</b>	<b>(52,262)</b>	<b>(8,661)</b>	<b>(5,478)</b>	<b>(147)</b>	<b>(139)</b>	<b>(66,687)</b>
Transfer opening impairment	52,262	5,262				57,524
Depreciation	(7,323)	(1,430)	(1,648)	(23)		(10,424)
Transfers to other categories		270	1,045		114	1,429
Depreciation adjustment on revaluations	7,305	281				7,586
Impairment		(916)				(916)
Depreciation/impairment adjustment on disposal	18		67			85
<b>Accumulated depreciation/impairment as at 31 March 2010</b>	<b>0</b>	<b>(5,194)</b>	<b>(6,014)</b>	<b>(170)</b>	<b>(25)</b>	<b>(11,403)</b>
<b>Net book value as at 31 March 2010</b>	<b>575,320</b>	<b>91,072</b>	<b>9,041</b>	<b>1,324</b>	<b>678</b>	<b>677,435</b>
<b>Net book value as at 1 April 2009</b>	<b>528,273</b>	<b>94,041</b>	<b>6,969</b>	<b>812</b>	<b>702</b>	<b>630,797</b>

## Non-Operational Assets

(£000s)	Non- operational assets			Total
	Investment Properties	Assets Under Construction	Surplus Assets for Disposal	
<b>Opening gross book value as at 1 April 2009</b>	<b>90,480</b>	<b>603</b>	<b>10,539</b>	<b>101,622</b>
Transfer opening impairment	(9,610)		(2,583)	(12,193)
Additions	3,385	466	120	3,971
Completion of assets under construction	156	(553)		(397)
Transfer from/(to) other categories	1,664		1,537	3,201
Disposals			(3,559)	(3,559)
Impairments	(1,657)	(46)		(1,703)
Reverse previous impairments	866			866
Revaluations	3,750		315	4,065
<b>Gross book value as at 31 March 2010</b>	<b>89,034</b>	<b>470</b>	<b>6,369</b>	<b>95,873</b>
<b>Opening depreciation &amp; impairment 1 April 2009</b>	<b>(9,610)</b>	<b>0</b>	<b>(2,583)</b>	<b>(12,193)</b>
Transfer opening impairment	9,610		2,583	12,193
Transfer from/(to) other categories	(112)		(1,315)	(1,427)
Depreciation adjustment on revaluation	112			112
Depreciation eliminated on disposals			1,315	1,315
<b>Accumulated depreciation/impairment as at 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value as at 31 March 2010</b>	<b>89,034</b>	<b>470</b>	<b>6,369</b>	<b>95,873</b>
<b>Net book value as at 1 April 2009</b>	<b>80,870</b>	<b>603</b>	<b>7,956</b>	<b>89,429</b>

### 16 Programme of fixed assets revaluation

Programmed current year valuations were carried out by:

Mr A Wilcock MRICS (District Valuer);  
Ms A Briggs BA (Hons) MRICS (Bidwells)

The net book value of assets valued by the District Valuer and Bidwells at 31 March 2010 totalled £575.3 million (74.4% of the total net book value of fixed assets) and £45.0 million (5.8% of the total) respectively.

The Council's internal valuers, Mr D Prinsep MBA BSc (Hons) MRICS and Mr P Doggett BSc (Hons) MRICS, carried out the remaining ad-hoc revaluations required outside of the rolling programme.

The basis for valuation is set out in the statement of accounting policies on page 75.

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

In reaching the final valuation figures, Bidwells has departed from the Appraisal and Valuation Standards prepared by the Royal Institution of Chartered Surveyors. This is because the nature of the portfolio is such that Bidwells have not been instructed to reinspect any of the properties. They have therefore relied on information either obtained by them in 1994, 1999, 2004 and 2009, or first and subsequently provided by Cambridge City Council in order to reach their conclusions.

Bidwells did undertake an external visual inspection of the properties valued. The valuations are based on rental income streams rather than internal inspections due to the nature of the properties. 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 progress of the Council's programme for the revaluation of assets

(£000s)	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure assets	Community Assets	Non-Operational Assets	Total
<b>Valued at historic cost</b>			9,041	1,324	678	470	11,513
<b>Valued at current value as at:</b>							
31 March 2010	575,320	9,756				36,268	621,344
31 March 2009		28,950				18,263	47,213
31 March 2008		6,785				8,675	15,460
31 March 2007		8,145				23,881	32,026
31 March 2006		37,436				8,316	45,752
<b>Total</b>	<b>575,320</b>	<b>91,072</b>	<b>9,041</b>	<b>1,324</b>	<b>678</b>	<b>95,873</b>	<b>773,308</b>

The last full valuation was carried out during 1998/99, using a valuation date of 31 March 1999.

## 17 Depreciation and impairment

The majority of the Council's operational assets are council dwellings. The District Valuer last carried out a full valuation of council dwellings at 31 March 2010. Council dwellings are placed into three useful-life bandings. Assets built before 1945 were assessed as having a remaining useful-life of 32 years, those built

between 1945 and 1974 have a remaining useful-life of 42 years and those built from 1974 onwards having a remaining useful-life of 52 years. These assets are being depreciated in accordance with the HRA Resource Accounting regulations.

The remaining operational assets that have useful lives are being depreciated in accordance with the statement of accounting policies outlined on page 75.

The useful lives of assets are estimated as:

<b>Class of Asset</b>	<b>Council Dwellings</b>	<b>Other Buildings</b>	<b>Plant &amp; Equipment</b>	<b>Vehicles</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>
Useful life by years	38 - 60	60	3 - 20	3 - 10	40	10 - 60

The SORP requires that assets included at current value in the accounts are valued at intervals of not more than five years. However, the present economic climate has resulted in more volatile asset values and in such circumstances the Council is required to consider whether the value of any asset not valued in the year has been impaired.

Bidwells undertook impairment reviews of investment properties and other land and buildings previously valued in the period 31 March 2005 to 31 March 2008 in March 2009. Bidwells consider that there has been some improvement in market conditions and that, therefore, further impairment valuations are not required to be undertaken on the balance of the portfolio not routinely valued this year.

At the end of the financial year additional impairment reviews were carried out on properties other than council dwellings, by the Council's internal Asset Registrar Mr P Doggett BSc (Hons) MRICS, where there had been other material changes to assets. No additional impairments were identified that have not been reflected in these accounts.

Impairments in the value of housing properties were considered by the District Valuer as part of his valuation as at 31 March 2010.

## 18 Physical Assets Held

Major assets held at 31 March 2010 were:-

	31 March 2010 No	31 March 2009 No
<b>Dwellings</b>		
Housing stock	7,364	7,387
Shared ownership	90	92
<b>Operational assets</b>		
Offices	8	11
Sports/swimming	8	8
Depots	1	1
Car parks	8	8
Community centres	7	8
Concert hall	1	1
Public WCs	14	14
Cemeteries	1	1
Crematorium	1	1
Weekly let garages	1,845	1,845
<b>Non-operational assets</b>		
Development sites	3	3
Leased property/land	375	372
Museum/heritage properties	1	1
<b>Infrastructure assets</b>		
Private roads/paths	6	6
<b>Community assets</b>		
Skateboard ramps/play areas	14	14
Pavilions	4	3
Allotment site & buildings	3	3
Nature reserve	3	3
All weather sports surfaces	4	4
	<b>Area in hectares</b>	
Commons	109	109
Allotments	34	34
Public open space	83	83

## 19 Capital expenditure and financing

Total capital expenditure in the year was £22.8 million (£25.3 million in 2008/09). The Council is permitted to treat certain items as capital expenditure under statute, in addition to those that add value to fixed and intangible assets on the balance sheet.

(£000s)	2009/10	2008/09
<b>Opening capital financing requirement</b>	<b>(1,281)</b>	<b>(1,281)</b>
<i>Capital expenditure (as reported in notes 14 and 15)</i>		
Software licences	39	314
Council Dwellings	11,154	12,459
Other Land & Buildings	1,046	2,709
Vehicles Plant & Equipment	3,540	2,119
Infrastructure Assets	508	261
Community Assets	117	115
Investment Properties	3,385	0
Assets under Construction	466	539
Surplus Assets held for disposal	120	2,579
<i>Capital expenditure charged to the income and expenditure account</i>		
Revenue Expenditure Funded from Capital	1,262	3,524
De-minimis capital expenditure	1,039	579
<i>Loans advanced</i>		
Private Sector Housing Improvement Loans	83	133
<b>Financed by:</b>		
Capital receipts	(4,664)	(9,554)
Revenue & Reserves	(13,652)	(12,082)
Contributions & grants released to the income and expenditure account to match Revenue Expenditure Funded from Capital Under Statue and de-minimis assets	(1,015)	(2,662)
Grants & contributions	(2,150)	(1,033)
<b>Closing capital financing requirement</b>	<b>(3)</b>	<b>(1,281)</b>

£1.278 million of the negative capital financing requirement at 1 April 2009 has been used to finance capital spend during the year.

## 20 Capital Commitments

At the 31 March 2010, the Council was contractually committed to capital works valued at approximately £1.85 million, as shown in the following table. Capital expenditure under these contracts will be incurred in 2010/11, apart from £23,000 which it is estimated will be spent in 2011/12.



(£000s)	31 March 2010	31 March 2009
<b>General Fund</b>		
Development land on north side of Kings Hedges Road	587	204
Public conveniences	107	114
Car park infrastructure and equipment	0	115
CCTV control room upgrade	0	117
Grafton East car park	53	89
Customer Access Strategy accommodation	0	20
Lion Yard contribution to works	280	1,162
King George V recreation ground pavilion	7	76
Guildhall redevelopment	22	775
Affordable homes	10	135
Assessment Centre	310	0
Other works – less than £50,000 per contract	220	80
<b>Housing Revenue Account</b>		
Decent Homes capital programme	7	1,732
Orchard upgrade	81	0
Digital TV upgrade	0	429
Retrofit Energy Efficiency Project	116	0
Other works – less than £50,000	53	70
<b>Total</b>	<b>1,853</b>	<b>5,118</b>

## 21 Operating leases

The future liability under existing operating leases was as follows:

(£000s)	31 March 2010		31 March 2009	
	Buildings	Other	Buildings	Other
<b>Future rental liabilities</b>				
Leases expiring within two to five years	1,190	94	307	171
Leases expiring in more than five years	641	7	1,299	9
<b>Total</b>	<b>1,831</b>	<b>101</b>	<b>1,606</b>	<b>180</b>

With regard to the Council's activity as a lessor, the value of assets held for use in operating leases granted on commercial property was £89.0 million (£90.5 million in 2008/09). These assets are held as investment properties in accordance with the SORP and accordingly no depreciation is charged upon them.

## 22 Finance leases

The following assets are held under finance leases by the Council, accounted for as part of Tangible Fixed Assets:

(£000s)	Valuation as at 31 March 2010	Valuation as at 31 March 2009
Property leases	1,547	1,547

As these assets are held as investment properties no depreciation was charged on them during the period. Lease payments in 2009/10 were £2,247. These payments were accounted for as finance costs.

### 23 Long-term Investments

Long-term investments are those due to mature more than 12 months after the balance sheet date. The long-term investments disclosed in the balance sheet are made up of the following categories:

(£000s)	31 March 2010	31 March 2009
Loans and receivables	4,785	5,262

### 24 Long-Term Debtors

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

(£000s)	31 March 2010	31 March 2009
Mortgages	39	62
Grand Arcade reverse lease premium	233	239
Private Sector housing improvement loans	690	667
Sale of land at Kings Hedges	30	780
Long term loan – Kelsey Kerridge Sports Centre	64	76
<b>Long-term debtors</b>	<b>1,056</b>	<b>1,824</b>

## 25 Stocks and Work in Progress

(£000s)	31 March 2010	31 March 2009
<b>Stocks</b>		
City Services department	254	269
Other	13	18
<b>Total stocks</b>	<b>267</b>	<b>287</b>
<b>Work-in-progress</b>		
City Services department	103	67
<b>Total work-in-progress</b>	<b>103</b>	<b>67</b>
<b>Total</b>	<b>370</b>	<b>354</b>

## 26 Debtors

(£000s)	31 March 2010	31 March 2009 (as restated)
<b>Council Tax</b>		
City Council share of Council Tax debt	1,986	1,751
City Council share of Council Tax bad debt provision	(1,292)	(1,143)
County, Police and Fire authorities share of net Council Tax debt	2,605	2,096
County, Police and Fire authorities share of Collection Fund balance	318	541
	<b>3,617</b>	<b>3,245</b>
<b>Other debtors</b>		
Housing tenants and leaseholders	1,736	1,415
Housing Benefit overpayments	2,796	1,323
Government departments	7,816	3,101
Sundry debtors	4,912	4,097
Provision for bad debts	(4,642)	(3,194)
	<b>12,618</b>	<b>6,742</b>
<b>Total</b>	<b>16,235</b>	<b>9,987</b>

As in previous years a full provision is made for housing benefit overpayments. However the Council seeks to recover these debts.

## 27 Current Investments

Current investments are those due to mature within 12 months of the balance sheet date. The current investments disclosed in the balance sheet are made up of the following categories:

(£000s)	31 March 2010	31 March 2009 (as restated)
Loans and receivables	39,397	51,879

## 28 Impairment of Current and Long Term Investments

Investments included in current assets and long term assets in the Balance Sheet at 31 March 2010 include the following investments the values of which have been impaired because of the financial difficulties being experienced by Icelandic banks and their subsidiaries. The impairments reflected in the accounts are based on the latest LAAP guidance issued in May 2010.

In October 2008, the Icelandic Banks Landsbanki Islands hf, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable Bank Plc and Kaupthing Singer and Friedlander, went into administration.

The Council had £9m deposited between Landsbanki Islands hf and its UK subsidiary, Heritable Bank Plc, with varying maturity dates and interest rates as follows:

Bank	Original Investment Date	Original Maturity Date	Amount invested (£000s)	%
Heritable	09/01/08	09/10/08	1,000	5.65
Heritable	13/06/08	22/12/08	1,000	6.21
Landsbanki	30/06/08	06/01/09	2,000	6.22
Heritable	05/09/08	05/03/09	2,000	6.00
Landsbanki	01/07/08	24/04/09	1,000	6.35
Landsbanki	01/07/08	22/05/09	2,000	6.42
			<b>9,000</b>	

All monies within these institutions are currently subject to their respective administration and receivership processes. The amount and timing of payments to depositors such as the Council will be determined by the administrators/receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available, the Council considers that it is appropriate to make an impairment adjustment for the deposits based on the information outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators/receivers, it is likely that further adjustments will be made to the accounts in future years.

The impairment losses recognised in the Income and Expenditure Account in 2009/10 (£196,000) and 2008/09 (£2.6 million) have been calculated by discounting the assumed cashflows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Council until monies are recovered.

The overall position is summarised as follows:

(£000s)	2009/10		2008/09	
	Heritable Bank Plc	Landsbanki Islands hf	Heritable Bank Plc	Landsbanki Islands hf
<i>Balance Sheet Carrying value</i>				
Long Term Investments	1,093	3,692	0	0
Short Term Investments	785	0	2,943	3,848
Increase/(Decrease) in impairment recognised in the I&E Account	(212)	408	1,244	1,390
Cash received	1,424	0	0	0

#### *Heritable Bank Plc*

Heritable Bank Plc is a UK registered bank under Scottish law. The company was placed in administration on 7 October 2008. In relation to the 2008/09 statement of accounts the Council decided to recognise an impairment based on recovering 80p in the £. The latest creditor progress report issued by the administrators Ernst and Young in January 2010 noted that current projections suggest a base case return to creditors of 79 to 85 pence in the £. Total dividends paid to date are 34.98% of the claim. Therefore in calculating the current expected recoverable amount impairment the Council has made the following assumptions in respect of the timing of recoveries:

June 2010	5%
September 2010	5%
December 2010	5%
March 2011	5%
June 2011	5%
September 2011	5%
December 2011	5%
March 2012	5%
June 2012	5%
September 2012	5%

This schedule is based on expected total dividends of 84.98% of the claim. This estimate is at the top end of the range quoted by the administrators but is in line with the approach taken last year, where it was noted that a strategy of winding up the bank before 2012 would lead to lower returns. The Council considers that a recovery at the top end of the estimate is the most likely outcome.

Recoveries are expressed as a percentage of the Council's claim, which includes interest accrued up to 6 October 2008.

#### *Landsbanki Islands hf*

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Old Landsbanki's affairs are being administered under Icelandic law. In respect of the

2008/09 accounts the Council decided to recognise an impairment based on it recovering 83p in the £.

This rate of recovery was based on the assumption that local authority deposits had priority status and would therefore be repaid ahead of any creditors that did not have priority status. This was based on legal advice obtained by local authorities and on announcements made by the banks.

Decisions about the priority status of local authority deposits will be made by the Icelandic courts. Allowing for the court cases to be heard, and for the appeals process to run its course, it is considered unlikely that there will be a settled position on priority status before the second quarter of 2011. However, on the basis of legal advice the Council considers that it remains the most likely outcome that the claims will enjoy priority status.

Therefore in calculating the current expected recoverable amount the Council has made the following assumptions in respect of the timing of recoveries:

October 2011	22.17%
October 2012	8.87%
October 2013	8.87%
October 2014	8.87%
October 2015	8.87%
October 2016	8.87%
October 2017	8.87%
October 2018	19.47%

This schedule is based on expected total dividends of 94.86 pence in the £. Failure to secure priority status would have a significant impact upon the amount of the deposit that is recoverable and, if not achieved, the recoverable amount may only be 38.19 pence in the £.

For the purpose of assessing recoverable amounts the Council has taken the original sum deposited plus interest accrued at the contractual rate to the claim date of 22 April 2009. In the 2008/09 accounts (and in the claim submitted to the administrators) any interest between the maturity date and 22 April 2009 had been included in the claim at an assumed penalty rate of interest of 22%. However, no further information regarding interest beyond the maturity date has been received so, while it remains the case that penalty interest may be paid, the Council feels that it is appropriate to include interest at the lower contractual rate.

Deposits with Landsbanki were converted to Icelandic Krona (ISK) on 22 April 2009. The exchange rate at this date was 190.62 ISK per £. Repayments by the banks will be based on the value of the deposit in ISK; the sterling value received by the Council will depend on the prevailing exchange rate, and may therefore be lower than the rate on 22 April 2009. However, most of the assets of Landsbanki are in currencies other than ISK and the amount of ISK that the bank will recover from its creditors will also vary with exchange rate movements. An analysis of movements to date indicates that any net increase or decrease in the repayments received by the Council due to exchange rate movements would not be material.

Interest credited to the Income and Expenditure Account in respect of these investments is as follows:

(£000s)	2009/10		2008/09	
	Credited	Received	Credited	Received
Heritable Bank Plc	148	0	174	0
Landsbanki Islands hf	251	0	238	0

The Council has taken advantage of the Capital Finance Regulations to defer the impact of impairments on these investments on the General Fund using the Financial Instruments Adjustment Account. Further details are available in note 50.

Further details on the Council's approach to managing credit risks are contained in Note 39.

## 29 Creditors

(£000s)	31 March 2010	31 March 2009 (as restated)
Government departments	1,607	1,972
Capital creditors	1,124	1,079
Developers' contributions	1,152	1,337
Sundry creditors	6,444	8,375
<b>Total</b>	<b>10,327</b>	<b>12,763</b>

## 30 Receipts in Advance

(£000s)	31 March 2010	31 March 2009 (as restated)
Cambridge City Council share of Council Tax receipts in advance	354	333
Developers' contributions towards or for maintenance costs	268	279
Other	1,544	2,254
<b>Total</b>	<b>2,166</b>	<b>2,866</b>

## 31 Creditors due in more than one year

(£000s)	31 March 2010	31 March 2009
Developers' contributions	3,121	3,749
<b>Total</b>	<b>3,121</b>	<b>3,749</b>

## 32 Capital Contributions Unapplied

This account includes unspent capital contributions from developers where the Council has no obligation to repay if projects are not completed within a specified timescale.

### 33 Capital Contributions and Grants Deferred Account

This account reflects the deferred credit method of accounting for capital grants, required under Statement of Standard Accounting Practice (SSAP) 4. Grants or contributions received to meet capital expenditure are credited to this account and a proportion of the sum is released to the Income and Expenditure account over a number of years in line with the depreciation of those assets.

### 34 Provisions

(£000s)	2009/10		2008/09	
	Insurance	PVCu	Insurance	PVCu
<b>Balance as at 1 April</b>	<b>326</b>	<b>140</b>	<b>336</b>	<b>141</b>
Movement in the year	(121)	0	(10)	(1)
<b>Balance as at 31 March</b>	<b>205</b>	<b>140</b>	<b>326</b>	<b>140</b>

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 or motor claim up to a total combined loss in any insurance year of £275,000. 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.

The Council's PVCu windows factory closed in October 2006. A 10-year warranty on all units manufactured since 1997 has been given by the Council and claims could be received until 2017. A warranty provision has been established based on a percentage of the contract values.

### 35 Contingent Liabilities and Assets

#### Contingent Liabilities

#### Compulsory Purchase Orders

##### *Residential dwellings:*

The Council has compulsorily purchased two houses, the first in 2003/04 and the second in 2006/07. The obligation to compensate the previous owners arises when the claimant actually claims compensation and such amount is agreed or awarded by the Lands Tribunal.

The claimants have 12 years from the date of purchase to make a claim for compensation and are entitled to the value of land and property, plus interest accrued in accordance with the interest rate set in the Land Compensation Act 1961. The values plus accumulated interest at 31 March 2010 are £583,448.



The claimants have been notified of their rights but no indication has yet been received on when the amounts may become payable.

In May 2009, the High Court granted permission for a Judicial Review in respect of the Council's decision to continue with a Compulsory Purchase order of a house in Cambridge.

#### *Grand Arcade development:*

The Council, on 28 July 2003, made a Compulsory Purchase Order (CPO) to facilitate a new shopping centre in Cambridge. The CPO was confirmed in September 2004 and the land vested in the Council on 5 January 2005. A total of five claims have now been received. Four claims have been settled and one claimant has received an estimated 90% advance payment of compensation. The Council is working to settle the claim where advance payments have been made.

An indemnity agreement was completed on 17 July 2003 with the Grand Arcade Partnership (GAP), a special purpose vehicle comprising Grosvenor Developments and the Universities Superannuation Scheme, which ensures that monies are transferred to the Council from GAP at least three days before the Council has to make any payments.

### **Insurance**

During 2005/06 the Council settled a mesothelioma claim brought by the widow of a former employee. The Council's previous insurers Municipal Mutual Insurance (MMI) are currently refuting liability to cover the claim, as they believe that the wording of the employer's liability insurance cover is such that the circumstances were not covered. During 2008 a number of test litigation cases were heard at the High Court and in November 2008 the judge found in favour of the local authorities. The Council has received payment of £180,564 from MMI to settle the claim. There is a possibility that the Council will have to repay the monies depending on the judgement from the Court of Appeal hearing that took place in November 2009; currently there is no indication of the likely timescale for the judgement.

In 1992/93 the Council's then insurers, MMI, ceased taking new business and are now being managed under a "scheme of arrangement". City Council claims under this arrangement have totalled £1,034,649. It is possible that a proportion of this may need to be repaid or not be receivable by the Council if the scheme of arrangement triggers insolvency, but the amount cannot be quantified at this stage. The balance sheet as at 30 June 2009 shows the total assets of MMI stood at £159 million. MMI are cautiously optimistic that, on the basis of all the information currently known to them, a solvent run-off can be achieved.

### **Contingent Assets**

#### **VAT**

##### *HM Revenue and Customs (HMRC) v Isle of Wight and others*

The above case is still ongoing with no final determination yet as to whether the VAT liability for the provision of off-street car parking by local authorities should be VAT standard rated or classed as 'non-business' (and hence outside the scope of VAT). The Council has submitted, based on the possible final outcome of the case, claims for the repayment of £17.6 million of VAT (net of fees) paid over to HMRC in relation to off-street car parking since the start of VAT in April 1973. As at 31

March 2010, this claim remained outstanding pending the outcome of a further VAT tribunal (a date for which has yet to be set). This Tribunal will be looking at the question of possible distortion of competition if the provision of off-street parking by local authorities was not subject to VAT but that provided by the private sector was.

#### *Compound Interest*

There have been a number of recent developments in relation to the ability of taxpayers to claim 'compound', as opposed to 'simple', interest on monies repaid (or to be repaid) to them by HMRC. Compound interest can far exceed that of simple interest and the Council has been advised that claims for compound interest can, potentially, go back to 1973. In view of the significant value of VAT repayment claims already made by the Council, both in relation to those still outstanding (as above) and those already repaid by HMRC under 'Fleming', the Council has engaged a firm of lawyers to submit a claim for compound interest to the High Court. Currently there is no known time limit for the outcome of such claims.

### **36 Changes in accounting policy**

#### *Collection Fund*

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and national non-domestic rates (NNDR).

Up to 2008/09 the SORP required the Council Tax income included in the Income and Expenditure Account to be the amount that under regulation was required to be transferred from the Collection Fund to the General Fund of the billing authority.

From the 1 April 2009 the Council Tax included in the Income and Expenditure Account for the year shall be the accrued income for the year. The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the Collection Fund shall be taken to the Collection Fund adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund balance.

The collection of Council Tax and NNDR income must be accounted for as an agency arrangement from 1 April 2009.

Cash collected by the billing authority from council tax debtors belongs proportionately to the billing authority and the major precepting authorities. There will be a debtor or creditor position between the billing authority and each major preceptor to be recognised at the end of each year as the net cash paid to each major preceptor during the year will not exactly match its share of the cash collected from Council Taxpayers.

Cash collected from NNDR taxpayers by billing authorities (net of the cost of collection allowance) belongs to the government and the amount not paid to the government at the balance sheet date shall be included as a creditor; similarly, if cash paid to the government exceeds the cash collected from NNDR tax payers (net of the billing authority's cost of collection allowance), the excess shall be included in the Balance Sheet as a debtor.

The accounts for 2008/09 have been restated to reflect the changes in accounting for Council Tax and NNDR.

A reduction of Council Tax of £37,000 has been reflected in the restated Income and Expenditure Account for 2008/09 (an increase of £29,000 in 2009/10). The change in policy has no impact on the balance on the General Fund for either year.

The change in policy has no net impact on the balance sheet. Council Tax receipts in advance relating to precepting authorities of £2,540,735 at 31 March 2009 (£2,710,680 at 31 March 2010) are now reflected as a reduction to the debtors owed by authorities. NNDR debtors of £3,946,045 (a creditor of £479,775 at 31 March 2010) and receipts in advance of £1,273,037 (£1,355,197 at 31 March 2010) are now reflected in a net NNDR creditor at 31 March 2009 of £1,044,163 (a debtor of £7,384,500 at 31 March 2010).

A net cash inflow of £2,616,000 for 2008/09 (an outflow of £8,717,000 for 2009/10) has been removed from the net cash flow reported on revenue activities in the cash flow statement to movements on other liquid resources to reflect the revised accounting treatments for NNDR and council tax.

#### *Balance on HSBC deposit account*

The balance on the HSBC deposit account at 31 March each year has previously been included as a short-term investment on the balance sheet. As the Council has instant access to the money in this account it is more appropriate to include it within cash balances. An adjustment of £3.8 million has therefore been made between cash and short term investments as at 31 March 2009. Corresponding changes have also been made to the cashflow statement and the notes to the accounts. The balance on the deposit account at 31 March 2010 is £3.52 million.

### **37 Financial Instruments gains and losses**

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows:

(£000s)	Liabilities measured at amortised cost	Loans and Receivables	Total
<i>2009/10:</i>			
Charged to net cost of service			
Bad debts written off direct to services		39	39
Increase in bad debt provisions		120	120
Adjustments to fair value of soft loans		38	38
Interest payable and similar charges	9		9
Impairment of investments		196	196
Interest and investment income		(1,313)	(1,313)
<b>Net (gain) / loss for the year</b>	<b>9</b>	<b>(920)</b>	<b>(911)</b>
<i>2008/09:</i>			
Charged to net cost of service			
Bad debts written off direct to services		29	29
Increase in bad debt provisions		677	677
Adjustments to fair value of soft loans			0
Interest payable and similar charges	58		58
Impairment of investments		2,634	2,634
Interest and investment income		(4,405)	(4,405)
<b>Net (gain) / loss for the year</b>	<b>58</b>	<b>(1,065)</b>	<b>(1,007)</b>

### 38 Fair value of assets and liabilities carried at amortised cost

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 2010 of 3.08% (2.67% at 31 March 2009) has been used to calculate the fair value of private sector housing improvement loans
- ◆ 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 values are calculated as follows:

(£000s)	31 March 2010		31 March 2009 (as restated)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities at amortised cost	(9,112)	(9,112)	(11,192)	(11,192)
Loans and receivables	49,783	49,822	62,362	62,585

The difference between the fair value and carrying value of loans and receivables in 2009/10 relates to the Council's fixed rate 2 year investment with a UK building society which was placed in May 2008. The fair value exceeds carrying value in relation to this investment as market interest rates have fallen since the investment was placed.

### 39 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 authority 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 2009/10 the Council made only minor amendments to its investment strategy and these are outlined below.

#### ***Credit risk***

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

As stated, the Council seeks to minimise its exposure to risks in relation to investments through the operation of its Treasury Management and Investment Strategy. This strategy was subject to major review during 2008/09 and the policies agreed then have not been materially amended during 2009/10.

The Council has, in general, continued with its suspension of lending to overseas financial institutions or their UK subsidiaries and maintained a limit on the total that may be invested within the same company group. However, Council did agree, in July 2009, to remove any limit on the maximum sum that may be invested with the

Government Debt Management Account Deposit Facility (DMADF) and to increase the maximum sum that may be invested with the Council's bankers, HSBC Bank plc, from £10 million to £12 million. These were measures put in place to counter operational problems on those occasions where investments could not be placed with any other approved counterparty, either through lack of demand for funds or because maximum investment quotas had already been reached. In addition, at its February 2010 meeting, Council agreed to amend the approved counterparty list to include UK subsidiaries of foreign institutions where the parent company also meets the Council's lending criteria and resides in a country with a sovereign rating of AAA.

In relation to the lending criteria for investments, the Council continues to monitor the credit risk of financial institutions from (the often daily) information provided by the Council's treasury advisors. Deposits of up to 1 year may only be made with financial institutions that match the criteria explained above and which have a credit rating with a minimum score of F1 (Fitch) or P1 (Moody's), a Fitch individual rating of C and a Fitch support rating of at least 3. In the case of Building Societies, they must also have assets greater than £2.5bn in value. A maximum of £5m is permitted to be invested for up to 3 years but the minimum credit criteria then has to be F1+ with a 'long term' rating of at least AA-, an Individual rating of B and a Support rating of 2.

In addition to the information provided on credit ratings, the Council adopted a revised ratings methodology, issued by its treasury advisors in the early part of 2009/10, based on 'credit default swaps'. This methodology provides earlier warning signs of impending counterparty credit issues than would otherwise be the case if reliance was placed solely on the credit rating agencies.

Limits are set for the amount that may be on deposit with any one institution. At 31 March 2010 these were: a maximum of £12 million with HSBC Bank Plc (the Council's bank), £6 million with other approved counterparties and a maximum of 1.5 times this limit may be invested, in total, with counterparties belonging to the same company group.

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 2010 and that any residual risk cannot be quantified.

The following shows the original principal sums of investments at 31 March analysed by the nature of financial institution, country in which they are domiciled and remaining period to maturity:

### 31 March 2010

(£000s)	Maturity Band					Total
	Overdue	Less than 3 months	3 to 6 months	6 months to 1 year	More than 1 Year	
<b>United Kingdom</b>						
Banks		3,520				3,520
Icelandic Bank Subsidiaries	4,000					4,000
Building Societies		5,000				5,000
Local Authorities		22,000	2,500	8,500		33,000
<b>Iceland</b>						
Banks	5,000					5,000
<b>Total</b>	<b>9,000</b>	<b>30,520</b>	<b>2,500</b>	<b>8,500</b>	<b>0</b>	<b>50,520</b>

(£000s)	Maturity Band					Total
	Overdue	Less than 3 months	3 to 6 months	6 months to 1 year	More than 1 Year	
<b>United Kingdom</b>						
Banks		5,800				5,800
Icelandic Bank Subsidiaries	4,000					4,000
Building Societies		29,000	2,000		5,000	36,000
Local Authorities		5,000				5,000
<b>Republic of Ireland</b>						
Banks		2,000	1,000			3,000
Building Societies				3,000		3,000
<b>Iceland</b>						
Banks	2,000	3,000				5,000
<b>Total</b>	<b>6,000</b>	<b>44,800</b>	<b>3,000</b>	<b>3,000</b>	<b>5,000</b>	<b>61,800</b>

In relation to the sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts. Provision is also made for material individual debts which the Council believes may not be recoverable. In 2008/09 a bad debt provision of £618,000 was made in relation to income not yet received, for the sale of Folk Festival tickets, from the company Secureticket (UK) Ltd. which has gone into creditors' voluntary liquidation.

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 2010		31 March 2009	
	Gross debt	Impairment Allowance	Gross debt	Impairment Allowance
Long-term debtors	822	0	1,584	0
Current and former tenants	1,307	951	1,308	941
Other debtors	5,318	895	4,200	931
<b>Total</b>	<b>7,447</b>	<b>1,846</b>	<b>7,092</b>	<b>1,872</b>

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

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

(£000s)	31 March 2010	31 March 2009
<b>Balance as at 1 April</b>	<b>1,872</b>	<b>1,336</b>
Increase in allowance for impairment	120	677
Balances written off during the year	(146)	(141)
<b>Balance as at 31 March</b>	<b>1,846</b>	<b>1,872</b>

The Council does not generally extend credit to its customers beyond 21 days. At 31 March 2010, of the total debtor and deferred debtor balances of £7.5 million (£7.1 million at 31 March 2009), the past due amount was £2.2 million (£2.1 million at 31 March 2009) and can be analysed by age as follows:

(£000s)	31 March 2010	31 March 2009
<b>Customer debts</b>		
Less than three months	335	236
Three to six months	82	89
Six months to one year	167	759
More than one year	1,624	987
<b>Total</b>	<b>2,208</b>	<b>2,071</b>

### **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. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All financial liabilities as at 31 March 2010 are due within one year.

### **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. They are also of less than one year in duration and so changes to fair value will be minimal. The Council does, however, utilise a bank deposit account 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

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. However, looking back on last year, if interest rates on the bank deposit account had been one percentage point higher, with all other variables held constant, the financial effect would have been an additional income of £40,000 (£34,000 in 2008/09).



*Price risk*

The Council does not invest in equity shares and so is not exposed to this risk.

*Foreign exchange risk*

The Council has no financial assets or liabilities denominated in foreign currencies other than its exposure as detailed in Note 28.

**40 Date the Statement of Accounts were authorised for issue**

The Statement of Accounts were authorised for issue by the Director of Finance on 28 June 2010.

**Pension Costs, Assets & Liabilities****41 Pension Scheme**

Employees of Cambridge City Council may participate in the Local Government Pension Scheme (LGPS), administered by Cambridgeshire County Council. Employee's benefits at retirement are based on final salary and thereafter are index linked. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

**42 Revenue Cost to Cambridge City Council**

The cost of retirement benefits in the Net Cost of Services is recognised in the accounts when employees earn the benefits, rather than when they are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement on the General Fund Balance during the year.

(£000s)	2009/10	2008/09
<b>Income and Expenditure Account</b>		
<b>Net cost of services</b>		
Current service cost	2,727	3,287
Non distributed cost	8	1,456
<b>Net operating expenditure</b>		
Interest cost	9,228	9,496
Expected return on assets	(5,749)	(7,787)
<b>Net charge to the Income &amp; Expenditure Account</b>	<b>6,214</b>	<b>6,452</b>
<b>Statement of Movement in the General Fund Balance</b>		
Reversal of net charges made for retirement benefits in accordance with FRS17	(1,224)	(1,918)
<b>Actual amounts charged against the General Fund balance for pensions in the year:</b>		
<b>Employers contributions payable</b>	<b>4,990</b>	<b>4,534</b>

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £61.4 million (loss of £14.8 million in 2008/09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of recognised Gains and losses based on the full available history is a net loss of £81.8. million.

### 43 Assets and liabilities in relation to retirement benefits

The present value of the Council's share of liabilities in the county council fund, termed 'the Defined Benefit Obligation', has changed as follows:

(£000s)	Funded liabilities: Local Government Pension Scheme	
	2009/10	2008/09
<b>Balance as at 1 April 2009</b>	<b>133,978</b>	<b>136,833</b>
Current Service Cost	2,727	3,287
Interest Cost	9,228	9,496
Contributions by scheme participants	1,731	1,705
Actuarial (gains)/losses	85,248	(13,972)
Past service costs and curtailments	8	1,456
Estimated unfunded benefits paid	(305)	(294)
Benefits paid	(4,660)	(4,533)
<b>Balance as at 31 March 2010</b>	<b>227,955</b>	<b>133,978</b>

The fair value of the Council's share of assets in the county council fund has changed as follows:

(£000s)	Local Government Pension Scheme	
	2009/10	2008/09
<b>Balance as at 1 April 2009</b>	<b>90,405</b>	<b>109,994</b>
Expected return on assets	5,749	7,787
Actuarial gains/(losses)	23,852	(28,788)
Employer contributions	4,990	4,534
Contributions by scheme participants	1,731	1,705
Unfunded benefits paid	(305)	(294)
Benefits paid	(4,660)	(4,533)
<b>Balance as at 31 March 2010</b>	<b>121,762</b>	<b>90,405</b>

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The return on the fund in market value terms for the year to 31 March 2010 is estimated by the actuary based on actual fund returns and index returns where necessary.

The actual return for 1 April 2009 to 31 December 2009 was 24.3% and, based on index returns, the actuary estimates a return for the year of 32.5%. The estimated negative return on the Fund for the year in market value terms, as reported in the 2008/09 statement from the actuaries, was 19.0%.

#### 44 Scheme History

The recent history of the Council's share of the surplus/deficit in the county council fund is as follows:

(£000s)	2009/10	2008/09	2007/08	2006/07	2005/06
Present value of liabilities	(227,955)	(133,978)	(136,833)	(153,765)	(152,709)
Fair value of assets	121,762	90,405	109,994	117,503	108,661
<b>Surplus/(Deficit) in the scheme</b>	<b>(106,193)</b>	<b>(43,573)</b>	<b>(26,839)</b>	<b>(36,262)</b>	<b>(44,048)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits.

The total liability of £106.2 million has a substantial impact on the net worth of the authority as recorded in the balance sheet and has increased by £62.6m since 31 March 2009.

Pension scheme benefits are linked to price inflation and salary inflation. An increase in the level of inflation expectations together with a fall in corporate bond yields has led to a higher value being placed on scheme liabilities. This adverse effect has outweighed the positive return on assets. Improved post-retirement life expectancy assumptions have also served to increase the liability further.

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

The total employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2011 is £4.8m.

#### 45 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on a number of assumptions including salary levels and mortality rates. Hymans Robertson, an independent firm of actuaries, has assessed Cambridgeshire County Council Pension Fund liabilities. Estimates for the fund are based on the latest full valuation of the scheme as at 31 March 2007.

The next formal valuation is due for 31 March 2010.

The principal assumptions used by the actuary have been:

	2009/10	2008/09
<i>Long-term expected rate of return on assets in the scheme:</i>		
Equity investments	7.8%	7.0%
Bonds	5.0%	5.6%
Property	5.8%	4.9%
Cash	4.8%	4.0%
<i>Mortality assumptions:</i>		
<i>Longevity at 65 for current pensioners:</i>		
Men	20.8	19.6
Women	24.1	22.5
<i>Longevity at 65 for future pensioners:</i>		
Men	22.3	20.7
Women	25.7	23.6
Rate of inflation	3.8%	3.1%
Rate of increase in salaries	5.3%	4.6%
Rate of increase in pensions	3.8%	3.1%
Rate for discounting scheme liabilities	5.5%	6.9%
Take-up of option to convert annual pension into retirement lump sum	25%	25%

The pension scheme's assets consist of the following categories, by proportion of the total assets held:

	Proportion of Total Assets held by the Fund	
	31 March 2010	31 March 2009
Equity Investments	72%	64%
Bonds	15%	17%
Property	8%	10%
Cash	5%	9%
<b>Total Fund Assets</b>	<b>100%</b>	<b>100%</b>

#### 46 History of experience gains and losses

The actuarial gains and losses identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March:

%	2009/10	2008/09	2007/08	2006/07	2005/06
Differences between the expected and actual return on assets	19.6	(31.8)	(15.1)	1.0	14.2
Experience gains and (losses) on liabilities	(0.1)	0.3	1.0	0.2	0.0

Further information about the Pension Fund can be found in Cambridgeshire County Council's Pension Fund Annual Report, which is available on request from the Director of Finance, Property and Performance, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

## Reserves

### 47 Summary of Council Reserves

The Council keeps a number of reserves. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 1 April 2009 £000s	Net Movement in Year £000s	Balance 31 March 2010 £000s	Purpose of Reserve	Further Details of Movements
Collection Fund Adjustment Account	71	(29)	42	Holds differences between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund.	Collection Fund Statements, Pages 69 to 72
Capital Receipts deferred	(918)	36	(882)	Holds balance of capital receipts due to the Council in instalments	Note 48
Revaluation Reserve	(15,940)	(28,773)	(44,713)	Store of gains on revaluation of fixed assets not yet realised through sales	Note 49
Financial Instruments Adjustment Account	4,043	(731)	3,312	Balancing account to allow for differences in statutory requirements and proper accounting requirements for borrowings and investments	Note 50
Capital Adjustment Account	(696,507)	(21,398)	(717,905)	Capital resources set aside to meet past expenditure	Note 51
Capital Receipts Reserve	(13,719)	1,564	(12,155)	Proceeds of fixed asset sales available to meet future capital investment	Note 52
Pensions Reserve	43,573	62,620	106,193	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 53
Earmarked Reserves	(18,826)	256	(18,570)	Resources identified for specific purposes	Note 54
General Fund	(12,183)	2,881	(9,302)	Resources available to meet future costs for non-HRA services	Statement of Movement on the General Fund Balance, page 10
Housing Revenue Account	(6,057)	889	(5,168)	Resources available to meet future costs for council houses	HRA Statements, pages 63 to 68
<b>Total</b>	<b>(716,463)</b>	<b>17,315</b>	<b>(699,148)</b>		

#### 48 Capital Receipts Deferred

Deferred Capital Receipts are amounts due from the sale of assets and from loans given to meet capital expenditure, which will be received in instalments over agreed periods of time.

#### 49 Revaluation Reserve

The movement on the Revaluation Reserve can be summarised as follows:

(£000s)	2009/10	2008/09
<b>Balance as at 1 April</b>	<b>(15,940)</b>	<b>(29,303)</b>
Net gains arising on revaluations during the year	(28,949)	12,197
Depreciation in excess of historic cost	171	317
Release of revaluation gains on disposal	5	849
<b>Balance as at 31 March</b>	<b>(44,713)</b>	<b>(15,940)</b>

#### 50 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account records the differences between charging amounts in relation to Financial Instruments (borrowings and investments) to the General Fund in accordance with proper accounting practice and in accordance with statutory regulation.

The Financial Instruments Adjustment Account includes both routine adjustments and those related to the impairment of investments in Icelandic banks.

(£000s)	2009/10	2008/09
Fair value adjustments for Private Sector Housing Loans	113	95
Debt Redemption Premium	1,193	1,739
Investment Impairments	2,006	2,209
<b>Balance as at 31 March</b>	<b>3,312</b>	<b>4,043</b>

Movements on the Financial Instruments Adjustment Account in respect of routine transactions are as follows:

(£000s)	2009/10	2008/09
<b>Balance as at 1 April</b>	<b>1,834</b>	<b>2,406</b>
Amortisation of debt redemption premium	(546)	(545)
Movement in fair value of Private Sector Housing Improvements Loans	18	(27)
<b>Balance as at 31 March</b>	<b>1,306</b>	<b>1,834</b>

Regulations issued in March 2009 allow the authority not to charge amounts relating to impaired investments to the General Fund. The Council must also

credit the Financial Instruments Adjustment Account with interest accrued until such time as the balance has been transferred to the General Fund. The Council has taken advantage of the regulations, and has transferred the following amounts to the Financial Instruments Adjustment Account.

(£000s)	2009/10	2008/09
Heritable Bank Plc	(359)	1,057
Landsbanki Islands hf	157	1,152
	<b>(202)</b>	<b>2,209</b>

Under the regulations as they currently stand, the Council must transfer the balance on the Financial Instruments Adjustment Account, in relation to Icelandic investments, to the General Fund no later than 31 March 2011.

(£000s)	Heritable Bank Plc	Landsbanki Islands hf
Balance at 31 March 2010	698	1,308
Transfers during 2010/11	(698)	(1,308)
<b>Balance at 31 March 2011</b>	<b>0</b>	<b>0</b>

Further details on the impairments can be found in Note 28 to the accounts.

## 51 Capital Adjustment Account

The Capital Adjustment Account reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

(£000s)	2009/10	2008/09
<b>Balance as at 1 April</b>	<b>696,507</b>	<b>751,825</b>
Capital Financing		
- Capital receipts transferred from usable receipts reserve	4,664	9,554
- Revenue and reserves	13,652	12,082
Depreciation, amortisation and impairment	14,709	(63,414)
Write down of deferred capital contributions	538	472
Capital contributions for revenue expenditure funded from capital under statute	1,015	2,662
Write down of revenue expenditure funded from capital under statute	(1,262)	(3,524)
Write down of de-minimis capital expenditure	(1,039)	(579)
Transfer to Major Repairs Reserve	(7,407)	(8,011)
Private sector housing loans	(41)	(19)
Depreciation in excess of historic cost	171	316
Disposal of fixed assets	(3,602)	(4,857)
<b>Balance as at 31 March</b>	<b>717,905</b>	<b>696,507</b>



## 52 Capital Receipts Reserve

This is the balance of capital receipts which remain available to meet capital expenditure after a proportion has been paid to government under their arrangements for the redistribution of housing capital receipts (known as 'pooling').

(£000s)	2009/10	2008/09
<b>Balance as at 1 April</b>	<b>13,719</b>	<b>21,750</b>
Capital Receipts	4,664	2,184
Housing Pooled Capital Receipts	(1,564)	(661)
Transferred to Capital Adjustment Account to finance new expenditure	(4,664)	(9,554)
<b>Balance as at 31 March</b>	<b>12,155</b>	<b>13,719</b>

## 53 Pensions Reserve

The amount chargeable to the General Fund for providing pensions for employees is the amount payable for the year in accordance with statutory requirements. The difference between this and the amount charged to the Income and Expenditure Account for the year is taken to the pensions reserve. Further details of pension assets and liabilities are included in the statement of Pension Costs, Assets and Liabilities starting on page 47.

(£000s)	2009/10	2008/09
<b>Balance as at 1 April</b>	<b>43,573</b>	<b>26,839</b>
Deficit for the year	62,620	16,734
<b>Balance as at 31 March</b>	<b>106,193</b>	<b>43,573</b>

## 54 Earmarked Reserves

These are reserves set aside or earmarked for specific purposes. The total at 31 March 2010 was made up as follows:-

(£000s)	Balance at 1 April	Movement for the period	Balance at 31 March
Asset Repair and Renewal Reserves	(13,863)	(293)	(14,156)
Insurance Fund	(694)	(153)	(847)
Technology Investment Fund	(239)	49	(190)
Shared Ownership Reserve	(300)	0	(300)
Commutation Adjustment	(887)	887	0
Development Plan Reserve	(85)	5	(80)
Compulsory Purchase Order Compensation Reserve	(583)	0	(583)
Major Planning Appeals Reserve	(23)	(7)	(30)
Revenue Contributions to Capital Reserve	(316)	(209)	(525)
Other Reserves	(1,836)	(23)	(1,859)
<b>Total</b>	<b>(18,826)</b>	<b>256</b>	<b>(18,570)</b>

**Asset Repair & Renewal Reserves** are maintained to fund the periodic replacement of assets such as vehicles, plant and equipment and for major repairs to Council owned premises. Annual contributions are based on estimated replacement and repair costs, spread over the anticipated life of assets.

The **Major Repairs Reserve** is maintained to contribute towards the funding for major repairs to Council houses.

The **Insurance Fund** is maintained to provide cover for potential damage to Council assets and other losses, where it is deemed cost effective for the Council to self-insure rather than take out external insurance with a third party.

The **Technology Investment Fund** was set up to contribute towards the costs of investment in Information Technology systems and infrastructure.

The **Shared Ownership Reserve** provides funding for the purchase back by the Council of equity in shared ownership houses.

The **Commutation Adjustment Reserve** is available to assist the financing of any amount required to be set aside from revenue for debt repayment.

The **Development Plan Reserve** was established to provide for the costs of development plan policy documents that make up the Local Development Framework.

A **Compulsory Purchase Order Compensation Reserve** is held to meet claims for compensation following the compulsory purchase by the Council of domestic properties in order to bring them back into use.

The **Major Planning Appeals Reserve** is held against the possibility of major planning appeals in the City.

The **Revenue Contributions to Capital Reserve** contains contributions to capital expenditure that have been agreed but not yet spent.

**Other Reserves** includes:

- Accumulated surpluses from Building Control activities held for future investment in this service
- Sums set aside for the award of Historic Buildings Act grants
- Sums set aside to meet the costs of community development projects
- Sums set aside for improvements to the Council's property holding to assist lettings

## 55 Analysis of Total Equity

(£000s)	31 March 2010	31 March 2009
General Fund	91,516	153,084
Housing Revenue Account	607,632	563,379
<b>Total</b>	<b>699,148</b>	<b>716,463</b>

## Notes to the Cash Flow Statement

### 56 Analysis of Government Grants

The following analyses government grants included in the Cash Flow Statement within net cash flow from revenue and capital activities.

<b>(£000s)</b>	<b>2009/10</b>	<b>2008/09</b>
Housing & Council Tax Benefit	(38,373)	(33,898)
Revenue Support Grant	(2,321)	(1,505)
Supporting People	(855)	(847)
Homelessness Grants	(517)	(500)
Free Swimming	(25)	0
Housing Planning Delivery Grant	(847)	(1,007)
Local Authority Business Growth Incentive	(80)	(531)
Concessionary Fares	(660)	(645)
Employment and support allowance	0	(2)
Pathfinder Playscheme	(87)	0
Vigilance	(48)	0
Recession impact funding	0	(30)
Elections	(45)	(11)
Area Based Grant	(25)	(22)
Active England	0	(500)
Big Lottery Grant	0	(30)
Private Sector Decent Homes	(141)	(159)
Housing Assessment Centre	(1,250)	(750)
Disabled Facilities Grant	(262)	(271)
Places of Change	(130)	0
Dry Recycling Bins	(450)	0
Sweeper Vehicle	(50)	0
Other government grants	(43)	(80)
<b>Total</b>	<b>(46,209)</b>	<b>(40,788)</b>

## 57 Reconciliation of Net Deficit on the Income and Expenditure Account to the Movement in Cash

(£000s)	2009/10	2008/09 (as restated)
<b>Deficit/(Surplus) for the year</b>	<b>(15,132)</b>	<b>68,347</b>
<b>Non-Cash Transactions</b>		
Depreciation and impairment	7,305	(71,425)
Adjustment to fair value of Private Sector Housing Loans	(38)	0
Movement in provisions	121	11
Government grants deferred	538	472
FRS17 adjustments	(1,224)	(1,918)
Write down of de-minimis capital expenditure	(1,039)	(579)
Capital contributions for revenue expenditure funded from capital under statute and de-minimis capital expenditure	352	2,203
Impairment of investments	(196)	(2,634)
Deferred capital receipt	0	780
Other non-cash transactions	0	(520)
<b>Other adjustments</b>		
Surplus / (Deficit) on disposal of assets	876	(2,859)
Miscellaneous capital receipts	103	54
Investment income	1,313	4,405
Interest payable and similar charges	(9)	(58)
<b>Items on an accruals basis</b>		
Increase/(Decrease) in stocks and WIP	16	(4)
Increase/(Decrease) in debtors	(2,173)	581
Decrease/(Increase) in creditors and receipts in advance	1,731	(1,783)
<b>Net cash flow from revenue activities</b>	<b>(7,456)</b>	<b>(4,927)</b>

## 58 Liquid Resources

These include investments on a short-term basis of up to one year.

Other liquid resources are national non-domestic rates collected on behalf of central government and council tax collected on behalf of the County Council, Police and Fire authorities.

## 59 Analysis of Changes in Net Funds

(£000s)	Balance 31 March 2010	Balance 31 March 2009 (as restated)	Cash Movements In Year	Non-cash Movements
Cash	3,817	4,728	(911)	
Short-term investments	39,397	51,879	(12,424)	(58)
Other liquid resources	10,309	1,593	8,716	
<b>Net Funds</b>	<b>53,523</b>	<b>58,200</b>		

## 60 Reconciliation of net cash flow to movement in net funds

<b>(£000s)</b>	<b>2009/10</b>	<b>2008/09 (as restated)</b>
<i>Cash movements</i>		
(Decrease)/Increase in cash during the year	(911)	892
(Decrease) in liquid resources	(3,708)	(14,616)
<i>Non-cash movements</i>		
Net movement in interest accruals	(476)	(9)
Other non-cash movements	418	(2,634)
<b>Total movement in the year</b>	<b>(4,677)</b>	<b>(16,367)</b>
<b>Net Funds Balance at 1 April</b>	<b>58,200</b>	<b>74,567</b>
<b>Net Funds Balance at 31 March</b>	<b>53,523</b>	<b>58,200</b>



# **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	2009/10	2008/09
<b>Income</b>			
Gross rent - dwellings	2	(27,902)	(27,062)
Gross rent - garages/land		(1,140)	(1,132)
Charges for services and facilities		(1,895)	(1,855)
Contributions towards expenditure		(356)	(328)
<b>Total</b>		<b>(31,293)</b>	<b>(30,377)</b>
<b>Expenditure</b>			
Repairs & maintenance		5,019	5,458
Supervision & management		5,809	6,288
Rents, rates, taxes and other charges		257	252
Depreciation and impairment		(13,554)	57,127
Negative Housing Revenue Account Subsidy	3	11,285	11,918
Increased provision for bad debts		144	158
<b>Total</b>		<b>8,960</b>	<b>81,201</b>
<b>(Surplus) / Net cost of HRA services</b>		<b>(22,333)</b>	<b>50,824</b>
<b>HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account</b>			
(Surplus) / Deficit on sale of HRA fixed assets		(1,098)	3,878
Other income		(103)	(54)
Impairment of investments	12	21	283
Interest and investment income		(125)	(475)
<b>Deficit for the year on HRA services</b>		<b>(23,638)</b>	<b>54,456</b>

## Statement of Movement on the Housing Revenue Account Balance

(£000s)	Note	2009/10	2008/09
<b>(Surplus) / Deficit for the year on the HRA Income and Expenditure Account</b>		<b>(23,638)</b>	<b>54,456</b>
<b>Additional items required by statute and non-statutory proper practices to be taken into account in determining the movement in the Housing Revenue Account Balance:</b>			
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA balance for the year</b>			
Depreciation and impairment adjusted via the Capital Adjustment Account		20,961	(49,117)
Surplus / (Deficit) on disposal of fixed assets		1,098	(3,878)
Impairment of investments	12	(21)	(283)
Miscellaneous capital receipts		103	54
Net charges for retirement benefits made in accordance with FRS17		(967)	(163)
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on the HRA balance for the year</b>			
Sums to be debited to the HRA that are not expenditure in accordance with UK GAAP	5	7	41
Difference between the amortisation of premiums and discounts determined in accordance with the SORP and those determined in accordance with statute		546	545
Employer's contributions payable to the Cambridgeshire County Council Pension Fund		1,786	497
Capital expenditure funded by the Housing Revenue Account	8	3,155	1,421
Transfers from Major Repairs Reserve	10	(2,359)	(3,125)
Contribution to earmarked reserves		218	86
<b>Total movement on Housing Revenue Account for the year</b>		<b>889</b>	<b>534</b>
<b>Housing Revenue Account balance brought forward</b>		<b>(6,057)</b>	<b>(6,591)</b>
<b>Housing Revenue Account balance carried forward</b>		<b>(5,168)</b>	<b>(6,057)</b>

## Notes to the Housing Revenue Account

### 1 Introduction

The Local Government and Housing Act 1989 set the framework within which the Housing Revenue Account (HRA) operates. The account is 'ringfenced', meaning that authorities do not have the discretion to fund any 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 2010, 1.78% of properties were vacant (2.07% at 31 March 2009).

The average rent payable in 2009/10 was £80.06 per week based on 48 rent weeks (£73.90 per week on a 52 week basis). The average rent payable in 2008/09 was £77.35 per week based on 48 rent weeks (£71.40 per week on a 52 week basis).

### 3 Housing Revenue Account Subsidy Payable

Following removal of rent rebates from the Housing Revenue Account to the General Fund with effect from 1 April 2004 the Council is now required to pay Housing Revenue Account Subsidy to central government to match the surplus on the notional HRA.

The Authority's HRA subsidy payable for 2009/10 was calculated as follows:

<b>(£000s)</b>	<b>2009/10</b>	<b>2008/09</b>
Management and maintenance	11,279	10,916
Capital charges	797	1,216
	<b>12,076</b>	<b>12,132</b>
Notional rent	(28,284)	(28,773)
Interest on receipts	(5)	(7)
	<b>(16,213)</b>	<b>(16,648)</b>
Major Repairs Allowance	5,048	4,886
Defects Reinstatement Loan	0	7
<b>Negative Subsidy Payable</b>	<b>(11,165)</b>	<b>(11,755)</b>
Adjustment to subsidy required in future years	(130)	(159)
Estimated adjustment to subsidy for prior year	159	(12)
Actual adjustment to subsidy for prior year	(149)	8
<b>Negative Subsidy included in HRA Summary</b>	<b>(11,285)</b>	<b>(11,918)</b>

#### 4 Asset Values within the HRA and Depreciation and Impairment

	Asset Values		Depreciation		Impairment	
	31 March 2010	1 April 2009	2009/10	2008/09	2009/10	2008/09
<b>(£000s)</b>						
<b>Operational Assets</b>						
Dwellings	575,320	528,273	7,323	7,888	963	46,710
Other Land & Buildings	5,015	5,202	75	118	100	1,699
Infrastructure	745	342	8	4	0	0
	<b>581,080</b>	<b>533,817</b>	<b>7,406</b>	<b>8,010</b>	<b>1,063</b>	<b>48,409</b>
Investment Properties	4,162	3,703	0	0	0	685
Surplus Assets held for disposal	0	2,022	0	0	0	0
<b>Total Fixed Assets</b>	<b>585,242</b>	<b>539,542</b>	<b>7,406</b>	<b>8,010</b>	<b>1,063</b>	<b>49,094</b>

Dwelling impairments of £0 (£93,150 in 2008/09) have arisen from a clear consumption of economic benefits. Other impairments shown above did not result from a clear consumption of economic benefits but have been charged to the HRA because there is no balance on the revaluation reserve in respect of these assets.

£22.35 million of dwelling impairments and £108,000 of investment property impairments previously charged to the Income and Expenditure Account have been reversed and credited to the Income and Expenditure Account during the year.

De-minimis capital expenditure of £434,000 (2008/09 £113,000) and revenue expenditure funded from capital of £5,000 have been written off during 2009/10.

The value of council dwellings at 1 April 2009, based on vacant possession, was £1,148 million (2008/09: £1,282 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.

#### 5 Loan Interest Charges

Authorities manage their debt as a whole and no separate record is kept of loans taken out for HRA purposes. However notional HRA debt is estimated by reference to a calculation called the HRA credit ceiling. The credit ceiling is a measure of net HRA indebtedness which takes account of any new borrowing taken out each year, assumed to be for HRA purposes, and the assumed repayment of existing HRA debt. The loan interest charges met by the HRA are calculated by multiplying the mid-year credit ceiling by the Council's average rate of interest for long-term borrowing.

## 6 Housing Stock

The Council was responsible for an average stock of 7,417 dwellings during the year. The stock as at 31 March 2010 was as follows:-

	31 March 2010	31 March 2009
Houses & bungalows	3,711	3,724
Flats	3,064	3,067
Sheltered housing units	589	596
Shared ownership properties	41	42
<b>Total</b>	<b>7,405</b>	<b>7,429</b>

The change in stock during the year can be summarised as follows:

	2010	2009
<b>Stock as at 1 April</b>	<b>7,429</b>	<b>7,480</b>
Right to buy sales	(13)	(6)
Net shared ownership changes	(1)	0
Other changes	(10)	(45)
<b>Stock as at 31 March</b>	<b>7,405</b>	<b>7,429</b>

## 7 Rent Arrears

Rent arrears at 31 March 2010 were £1,267,954 (£1,229,163 at 31 March 2009) and as a proportion of gross rent income have increased from 4.14% in 2008/09 to 4.15% in 2009/10.

At 31 March 2010 a provision for bad debts of £951,442 was held in the balance sheet (£940,604 at 31 March 2009).

## 8 Financing of Capital Expenditure

(£000s)	2009/10	2008/09
Capital Receipts	3,657	6,351
Major Repairs Reserve	5,048	4,886
Revenue financing of capital	3,155	1,421
Capital contributions and grants	623	162
<b>Total</b>	<b>12,483</b>	<b>12,820</b>

Capital expenditure in the year was all in relation to HRA stock apart from £412,000 (£185,000 in 2008/09) which was spent on HRA infrastructure assets, £11,000 on investment properties, £268,000 on assets in the course of construction and £0 (£139,000 in 2008/09) in respect of units earmarked for

disposal. A contribution of £154,000 (£43,000 in 2008/09) was made from revenue in relation to the HRA share of the new customer service centre.

## 9 Capital Income within the HRA (Net of Capital Receipts Pooling)

(£000s)	2009/10	2008/09
Dwellings	2,539	480
Land	509	290
<b>Total</b>	<b>3,048</b>	<b>770</b>

## 10 Major Repairs Reserve (MRR)

(£000s)	2009/10	2008/09
<b>Balance as at 1 April</b>	<b>0</b>	<b>0</b>
Transfer to MRR during the year	7,407	8,011
Amount transferred from MRR to HRA	(2,359)	(3,125)
HRA Capital Expenditure on housing charged to MRR	(5,048)	(4,886)
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>

## 11 Contributions from the Pensions Reserve

The Housing Revenue Account is charged with an attributable share of current service costs in line with FRS17. 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.

## 12 Impairment of Financial Instruments

The Housing Revenue Account Income and Expenditure Account has been charged under proper accounting practice with a share, based on its proportion of investment income, of the impairment charge on financial instruments. This is then reversed in the Statement of Movement on the Housing Revenue Account balance, as it is not a permitted charge under statute. Further details on the impairment can be found in Note 28 to the accounts.

## Collection Fund

This shows the transactions in relation to the collection of Council Tax and National Non-Domestic Rates (NNDR). The account shows how the amounts collected have been distributed to Cambridgeshire County Council, Police and Fire Authorities and to the City Council's General Fund as well as to the NNDR Pool.

<b>(£000s)</b>	<b>Note</b>	<b>2009/10</b>	<b>2008/09</b>
<b>Income and Expenditure Account</b>	1		
<b>Income</b>			
Council Tax	2	(55,736)	(52,980)
National Non-Domestic Rates	3	(76,047)	(75,546)
<b>Total Income</b>		<b>(131,783)</b>	<b>(128,526)</b>
<b>Expenditure</b>			
Precepts and demands	4	55,130	52,935
Allowable costs of NNDR collection		242	235
Payment to NNDR Pool	3	75,805	75,311
Provision for non-payment of Council Tax	5	354	364
<b>Total Expenditure</b>		<b>131,531</b>	<b>128,845</b>
<b>(Surplus)/Deficit for the Year</b>	6	<b>(252)</b>	<b>319</b>
<b>(Surplus)/Deficit as at 1 April</b>		<b>612</b>	<b>293</b>
<b>Deficit as at 31 March</b>	6	<b>360</b>	<b>612</b>

## 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 NNDR 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 2010 was set at £1,400.82, made up as follows:

(£s)	2009/10	2008/09
Cambridge City Council	162.51	155.51
Cambridgeshire County Council	1,017.27	979.11
Cambridgeshire Police Authority	164.70	156.87
Cambridgeshire Fire Authority	56.34	54.45
<b>Total</b>	<b>1,400.82</b>	<b>1,345.94</b>

The following table shows the calculation of the Council Tax Base for 2009/10 (used to determine the tax needed at band D to finance spending).

### Council Tax Base 2009/10

Valuation Band	Total no. Dwellings on Valuation List	Total Equivalent Dwellings (after discounts, exemptions etc.)	Ratio to Band D	Band D Equivalents
A	2,738	2,027	6/9	1,351
B	9,112	7,260	7/9	5,647
C	17,142	14,680	8/9	13,049
D	8,177	6,876	9/9	6,876
E	4,663	4,021	11/9	4,915
F	2,976	2,569	13/9	3,710
G	2,772	2,221	15/9	3,701
H	429	236	18/9	472
<b>Total</b>	<b>48,009</b>	<b>39,890</b>		<b>39,721</b>



The income of £55.74 million in 2009/10 was receivable from the following sources:

(£000s)	2009/10	2008/09
Billed to Council Tax payers	49,731	47,331
Transfer from General Fund		
- Council Tax benefits	5,982	5,536
Ministry of Defence Contributions in Lieu	23	113
<b>Total</b>	<b>55,736</b>	<b>52,980</b>

### 3 National Non-Domestic Rates Income

Under the arrangements for business rates, the council collects non-domestic rates for its area, based on local rateable values multiplied by a nationally set business rate. This amount, less certain allowances and other deductions, is paid into the central NNDR Pool, which pays back to authorities a share of the pool based on a standard amount per head of population.

The local rateable value as at 31 March 2010 was £212,476,285 (£213,570,350 at 31 March 2009) and the Uniform Business Rate in 2009/10 was set by the government at 48.5p (2008/09, 46.2p).

### 4 Precepts and Demands

(£000s)	2009/10	2008/09
Cambridge City Council	6,396	6,116
Cambridgeshire County Council	40,035	38,508
Cambridgeshire Police Authority	6,482	6,170
Cambridgeshire Fire Authority	2,217	2,141
<b>Total</b>	<b>55,130</b>	<b>52,935</b>

### 5 Provision for Non-Payment of Council Tax

A contribution of £353,568 (£363,850 in 2008/09) was made to a provision for bad debts. During 2009/10, £85,977 of irrecoverable debts were written off (2008/09 £1,287).

### 6 Collection Fund Surpluses and Deficits

The deficit of £359,933 at 31 March 2010 (£611,908 deficit at 31 March 2009), which related to Council Tax, will be recovered in subsequent financial years from Cambridgeshire County Council, Cambridgeshire Police and Fire Authorities and the Council in proportion to their shares of the total Council Tax raised.

The total Collection Fund deficit is therefore shared as follows:

<b>(£000s)</b>	<b>31 March 2010</b>	<b>31 March 2009</b>
Cambridge City Council	42	71
Cambridgeshire County Council	261	445
Cambridgeshire Police Authority	42	71
Cambridgeshire Fire Authority	15	25
<b>Total</b>	<b>360</b>	<b>612</b>

**STATEMENT OF ACCOUNTING  
POLICIES**

**AND**

**GLOSSARY OF FINANCIAL TERMS  
AND ABBREVIATIONS**



## Statement of Accounting Policies

### 1 General

The general principles adopted in compiling the accounts and the presentation of the accounts, are those recommended in the Chartered Institute of Public Finance and Accountancy (CIPFA), Code of Practice on Local Authority Accounting. The accounts also reflect guidance issued by CIPFA on the application of statements of standard accounting practice (SSAPs) and financial reporting standards (FRSs). Any variations from these guidelines are detailed in notes to the accounts.

### 2 Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (eg software licences) is capitalised at cost when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

### 3 Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

**Recognition:** expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council, and the services that it provides, for more than one financial year.

A de-minimis level of £2,000 has been adopted for vehicles and £15,000 for all other fixed assets. Assets which cost less than these limits are classified as revenue rather than capital expenditure, but may still be financed from capital resources.

Expenditure that secures but does not extend the previously assessed standards of performance of assets (eg repairs and maintenance expenditure) is charged to revenue as it is incurred.

**Measurement and valuation:** assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- ◆ Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value;
- ◆ Dwellings and other land and buildings – lower of net current replacement cost or net realisable value in existing use;
- ◆ Short life operational assets, such as vehicles, plant and equipment – historical cost less depreciation as a proxy for the lower of net current replacement cost and net realisable value in existing use; and
- ◆ Infrastructure assets and community assets – depreciated historical cost.

Net current replacement cost is assessed as:

- ◆ Non-specialised operational properties – existing use value;
- ◆ Specialised operational properties – depreciated replacement cost; and
- ◆ Investment properties and surplus assets – market value.

Assets in the Balance Sheet at current value are revalued where there have been material changes in the value, but at a minimum interval of 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 Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

**Impairment:** the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

- ◆ Where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account
- ◆ Otherwise – it is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

**Depreciation:** assets are depreciated over their useful economic life. Depreciation is provided on all fixed assets other than freehold land and non-operational investment properties and is calculated on the balance sheet value as at 1 April. Depreciation is not provided for in the year of purchase, however, a full years depreciation is accounted for in the year of disposal. Where we provide for depreciation, it is calculated using the straight-line method.

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 (or 1 April 2007 value if earlier) being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

For assets where the useful life is assessed as being more than 50 years, an impairment review is carried out at the end of each financial year and the value of any impairment is charged in place of depreciation.

**Disposals:** when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Disposal proceeds in excess of £10,000 are categorised as capital

receipts. A proportion of receipts relating to HRA disposals is 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 Statement of Movement on the General Fund Balance.

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

#### **4 Charges to Revenue for Fixed Assets**

Service revenue accounts, support service and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- ◆ Depreciation attributable to the assets used by the relevant service
- ◆ Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- ◆ Amortisation of intangible fixed assets attributable to the service

The Council is not required to raise council tax to cover depreciation, 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, impairment losses and amortisations are therefore removed by way of an adjustment in the Statement of Movement on the General Fund Balance to be replaced by MRP. As the Council is debt-free no MRP is currently charged.

#### **5 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 fixed asset is charged as expenditure to the relevant service revenue account in the year. Where the Council meets the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

#### **6 Council Tax**

The Council Tax income included in the Income and Expenditure Account for the year is the accrued income. The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.

Since the collection of Council Tax is in substance an agency agreement, the cash collected by the Council from Council Tax debtors belongs proportionately to the Council and the precepting authorities. There will therefore be a debtor or creditor position between the billing authority and each preceptor at the end of each year since the net cash paid to each preceptor in the year will not equal its share of cash collected from council tax payers.

The cash flow statement includes in revenue activities cash flows relating only to its own share of council tax collected. The difference between preceptors' share of the net cash collected from council taxpayers and the net cash paid to them is included as a net movement in other liquid resources.

## **7 National Non-Domestic Rates**

The Council collects national non-domestic rates (NNDR) under what is in substance an agency arrangement with central government.

NNDR income is not the income of the Council and is not included in the Income and Expenditure account. The cost of collection allowance is included. NNDR debtor and creditor balances with taxpayers and the impairment allowance for doubtful debts are not assets and liabilities of the Council. Cash collected from NNDR taxpayers by the Council belongs to the government. Any difference between the amount collected and the amount paid to the government at the balance sheet date is included as a debtor or creditor.

The cash flow statement includes in revenue activities only cash retained in respect of the cost of collection allowance. The difference between the cash collected from NNDR taxpayers and the amount paid to the government is included as a net movement in other liquid resources.

## **8 Government Grants and Contributions**

Government grants are accounted for on an accruals basis and income is credited, in the case of revenue grants, to the appropriate revenue account.

Where developers' contributions remain unspent at the year-end they are held in the balance sheet.

Contributions in respect of commuted sum maintenance agreements are held as Receipts in Advance. They are credited to the Income and Expenditure Account to match expenditure incurred.

Where a developers agreement (Section 106) provides for the return of contributions made if capital projects are not carried out within a specified period, any advances are held as creditors until the Council is able to satisfy the conditions for keeping the money, usually on commencement of a project or payment of the sum to another body, for example the County Council.

Members approved a change in accounting policy and practice, effective from 1 April 2008, whereby the Council ceased allocating interest to unspent developers capital contributions held by the Council. Should a contribution become repayable and, under the terms of the individual agreement, the developer was entitled to interest, then that interest would be met from General Fund resources or reserves.

All other unspent contributions are held in the balance sheet as Capital Contributions Unapplied.



Where grants and contributions are spent which are identifiable to fixed assets with a finite useful life, the amounts are credited to the Capital Grants and Contributions Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the relevant assets in line with the depreciation policy applied to them.

## **9 Leases**

Rental payments under finance leases are apportioned between the finance charge (interest) and the principal element. The finance element of rentals is charged to the revenue account over the term of the lease and the principal element is treated as capital expenditure.

Rentals payable or receivable under operating leases are charged to revenue on an accruals basis.

Rentals receivable from operating leases are credited to revenue on a straight line basis over the term of the lease.

## **10 Debtors and Creditors**

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and FRS 18. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. No significant estimates have been included in debtors and creditors.

Provision is made to cover potential losses in collection of income due to the Council. The level of provisions made for bad debts take into account the nature, value and age of debts. Debtors amounts presented in the Balance Sheet are shown net of provision for bad debts.

## **11 Stocks and Work in Progress**

Stocks and Work in Progress held at the year-end are included in the accounts at the lower of cost or net realisable value.

## **12 Provisions and Contingent Liabilities**

The Council sets aside provisions for specific future expenses, which are likely or certain to be incurred and which can be reliably estimated, for example to meet the Council's share of the cost of insurance claims.

If a liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated, the liability is disclosed as a contingent liability.

## **13 Cost of Support Services**

Most of the costs of management and administration have been allocated to services. The basis of allocation used for the main management and administration costs is outlined below:

<b>Basis of Allocation</b>	
<b>Support Services</b>	
Finance	Charges are negotiated in advance with client departments. They are based on a combination of estimated or actual staff time, directly attributable costs and volumes of work.
Reception & Office Services	
Legal	
Human Resources	
Property	
<b>Administrative Buildings</b>	Area Occupied
<b>Computing</b>	Fixed cost element based on predicted consumption of resources plus actual cost of additional work undertaken.

### 14 Reserves

In addition to General Fund and HRA balances, which are held for cash flow purposes and to support future revenue and capital spending, the Council maintains a number of 'earmarked' reserves to meet specific future expenditure. Details of the Council's reserves can be found in notes 47 to 54 to the main financial statements.

### 15 Financial Instruments

#### *Initial Recognition*

A financial asset or liability is recognised on the balance sheet when the Council becomes party to the contractual provisions of the instrument. This will often be the date that a contract is entered into but may be later if there are conditions that need to be satisfied.

#### *Initial Measurement*

Financial assets and financial liabilities are initially measured at fair value less transaction costs that are directly attributable to the acquisition or issue of the asset or liability.

#### *Subsequent measurement*

Subsequent measurement of financial instruments is in accordance with their classification under the SORP.

#### *Financial liabilities*

There are two possible classifications:

Amortised cost – liabilities that are not 'held for trading', e.g operational creditors and borrowings

Fair value through profit and loss – liabilities 'held for trading'.

The Council currently only has liabilities carried at 'amortised cost.' Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

### *Financial Assets*

There are three possible classifications:

- ◆ Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market, e.g operational debtors and bank deposits.
- ◆ Available-for-sale financial assets – assets that have a quoted market price and/or do not have fixed or determinable payments, e.g equity shareholdings and quoted investments.
- ◆ Fair value through profit and loss – assets ‘held for trading.’

The Council currently only has assets classified as ‘loans and receivables.’ This means that these assets are carried at their amortised cost. Annual credits to the Income and Expenditure account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

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 Income and Expenditure Account 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. Over the life of the loan, interest is credited at the effective market rate of interest 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 actual interest receivable for the financial year. The reconciliation of amounts debited and credited to the Income and Expenditure Account 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 Statement of Movement on the General Fund Balance.

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 Income and Expenditure Account.

Any gains or losses that arise on the de-recognition (i.e disposal or maturity) of the asset are credited/debited to the Income and Expenditure account.

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 the interest credited to the Income and Expenditure account is the amount receivable for the year under the loan agreement.

### **16 Retirement Benefits**

Employees of the Council are entitled to become members of the Local Government Pension Scheme, administered by Cambridgeshire County Council. The Local Government Pension Scheme is accounted for as a defined benefit scheme.

The liabilities of the Cambridgeshire County Council pension scheme attributable to Cambridge City Council are included in the balance sheet on an actuarial basis using the projected unit method. This method is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using the discount rate based on the indicative rate of return on high quality corporate bonds.

The assets of the pension fund attributable to the Council are included in balance sheet at their fair value as follows:

- ◆ Quoted securities – current bid price
- ◆ Unquoted securities – professional estimate
- ◆ Unitised securities – current bid price
- ◆ Property – market value

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

- ◆ Current service cost – the increase in liabilities as a result of years of service earning this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked.
- ◆ Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earning in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Cost.
- ◆ Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account.
- ◆ Expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account.
- ◆ Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities (such as employees being transferred to another scheme) or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Service in the Income and Expenditure Account as part of Non Distributed Costs.
- ◆ Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuations or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses.
- ◆ Contributions paid to the pension scheme – cash paid as employer's contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the entries for retirement benefits detailed above and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

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

make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **17 Value Added Tax (VAT)**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

## 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.

### 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.

### 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.

### Debtors

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

### Depreciation

The estimated losses in value of an asset, owing to age, wear and tear, deterioration, or obsolescence.

### 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 arms length transaction.

### **Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed 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.

### **Fixed Asset**

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

### **Government Grants**

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

### **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.

### **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 authority 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 fixed 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.

### **Revenue Support Grant**

The main grant paid by central government to a local authority towards the costs of its services.



## Abbreviations used in the accounts

<b>CIPFA</b>	<b>Chartered Institute of Public Finance and Accountancy</b>
<b>GAAP</b>	<b>Generally Accepted Accounting Practice</b>
<b>FRS</b>	<b>Financial Reporting Standard</b>
<b>HRA</b>	<b>Housing Revenue Account</b>
<b>LAAP</b>	<b>Local Authority Accounting Panel</b>
<b>LGPS</b>	<b>Local Government Pension Scheme</b>
<b>MRP</b>	<b>Minimum Revenue Provision</b>
<b>NNDR</b>	<b>National Non-Domestic Rates</b>
<b>REFFCUS</b>	<b>Revenue Expenditure Funded From Capital Under Statute</b>
<b>SOLACE</b>	<b>Society of Local Authority Chief Executives and Senior Managers</b>
<b>SORP</b>	<b>Statement of Recommended Practice</b>
<b>SSAP</b>	<b>Statement of Standard Accounting Practice</b>