

# East Cambridgeshire District Council



## Draft Statement of Accounts 2022/23

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## **Narrative Report By the Finance Manager**

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2022/23 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2023.

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

- Commentary and review of 2022/23.
- The Financial Statements
- Technical information

## **Commentary and Review of 2022/23 Review of the Year**

Within the Corporate Plan 2022-23, there are 5 priority areas.

- (1) Sound Financial Management
- (2) Improving Transport
- (3) Housing
- (4) Cleaner, Greener East Cambridgeshire
- (5) Social & Community Infrastructure

The following information details the outcomes against the promises over the past twelve months:

### **Sound Financial Management**

**Keep Council Tax and fees low; keep delivering great services.**

Council Tax was frozen for 2022/23 and 2023/24.

**Be more commercial, but within reason: 'commercial for community'.**

This is an on-going commitment and is at the heart of commercial decisions that are taken.

**Ensure developer contributions are used effectively to maximise community benefit.**

The Council continues to maximise CIL and Section 106 contributions to deliver local infrastructure.

**Minimise bureaucracy, duplication and ensure efficiency and transparency across Council services.**

The Council continues to keep services under review to ensure that it is providing the best possible service to meet the needs of the community.

### **Improving Transport**

**Support better bus services: more frequent, more rural routes.**

The Council continues to promote the 'New Bus Service Proposals for East Cambridgeshire' Prospectus so that East Cambridgeshire can be considered for any future initiatives.

The District Council provided funding to support the continuation of the Ely Zipper bus service when it faced a break in service last summer.

### **Champion and improve the East Cambs Strategic Cycle / Footpath Network**

The Council has secured funding to commission Sustrans, the cycling and walking charity, to produce another five route feasibility studies to support funding bids for new cycling routes in East Cambridgeshire.

### **Support the A14 / A142 junction upgrade at Exning.**

The Council continues to work with West Suffolk Council, Suffolk County Council and Cambridgeshire County Council to establish how improvements can be made at this junction.

### **Support the A10 dualling project, including an off road cycle path from Ely to Cambridge, a segregated pedestrian / cycle crossing near the BP roundabout, and junction improvements.**

The Council continues to make representations to the Combined Authority and is represented on the BP Roundabout A10 Non-Motorised User Crossing Project Board.

### **Continue to work with stakeholders and neighbouring authorities to improve rail connectivity and services across the district and wider areas.**

The Council continues to support the Ely Area Capacity Enhancement project, including the road improvement scheme and to promote other local rail enhancements.

### **Keep free car parking in our city and town centre car parks.**

The Council is committed to keeping free parking in our city and town centre car parks. This is an on-going commitment which has been enshrined in the constitution.

## **Housing**

### **Continue to support existing Community Land Trusts across the district.**

The Council continues to provide advice and grant support to Community Land Trusts. A Pre-Development Support Grant was awarded to Kennett CLT.

### **Encourage communities to set up new Community Land Trusts**

The Council has continued to support local communities to develop new CLTs and offer guidance in areas such as project planning, fundraising and housing management.

### **Continue to secure well designed high quality places that enable people to live and work locally.**

The Council continues to champion well designed, high quality places that enable people to live and work locally. This is done through the planning process.

**Deliver First Homes for people who live and work locally.**

The Council has supported the delivery of First Homes in Littleport.

**Deliver £100k Homes in Ely and Kennett**

The Council has worked with Palace Green Homes to progress the delivery of four £100k Homes at Eden Square, Ely.

**Cleaner, Greener East Cambridgeshire****Continue to clamp down on fly-tipping, graffiti and litter and prosecute where there is evidence to do so.**

The Service issued 19 fixed penalty notices (FPNs) and 5 warnings relating to litter, fly-tipping and householder duty of care. And began work with the Parish Councils to identify hotspots for fly-tipping and the potential to use CCTV.

**Deliver the very best Waste / Recycling and Street Cleaning Service capable of meeting the challenges ahead.**

East Cambs Street Scene experience acute pressures within the service following waste collection round reconfiguration, in addition the cost of living crisis and macro-economic environment created financial pressures within the service. An action plan was successfully completed to address staffing issues and stabilise the service. A further review of the service and a new Programme was agreed (Project Street Smart) to deliver a resilient and high quality service through 2023/24.

The Council agreed the purchase of ten new waste vehicles and in cab system to improve reporting and the customer journey.

**Continue our Purge on Plastics campaign - to reduce single use plastics and encourage others across the district to do the same.**

The Campaign remains in place and has focussed on communications through different social media channels. Due to staffing pressures officers were not able to attend as many community events. The Purge on Plastics will form part of a broader communications and behaviour change campaign focussed on reducing food waste, reducing the amount of waste produced and ensuring people recycle as much as possible.

**Support the Doubling Nature campaign.**

The Council continues to work with stakeholders as part of the Doubling Nature campaign.

**Implement the Council's Environment and Climate Change Strategy and Action Plan (EnvPlan)**

The majority of the actions were completed in full, and progress towards finalising any outstanding actions underway. Particular highlights include:

- Installation of solar panels on the two south orientated roofs at E-Space North, Littleport,
- 28 community-based orchards now planted across the district.

- The Council agreed to purchase ten new waste and recycling vehicles with the intention to run them running off Hydrotreated Vegetable Oil (HVO), which has around 90% lower carbon emissions than traditional diesel.

**Retain a kerbside Green Waste Collection service.**

The Council retains a kerbside Green Waste Collection service.

**Social & Community Infrastructure****Continue to provide a great homelessness, housing & advice service and provide a Housing & Community Advice Service with multiple agencies, to our harder to reach rural areas across the district.**

The Service has been expanded to include support for asylum seekers and refugee advice. The Community Bus has toured the District comprehensively, the service was reviewed to ensure that it responded to areas of the District with most need. We have also increased our officer availability for walk in appointments at the Grange and provide home visits to those harder to reach residents.

**Support of the delivery of improved Health facilities across the district**

The Council continues to work with stakeholders to deliver improved Health facilities in Soham and other areas in the District.

**Support the delivery of new and/or improved community facilities.**

The Council continues to work with organisations to facilitate the delivery of improved community facilities.

A Growth and Infrastructure Fund was established. £2,307,216 was awarded to nine local projects across the district.

CIL funding was also allocated towards the Stretham Community Hub project and New Recreation Ground – Haddenham.

**Support Leisure Providers across the district**

Officers are working with leisure providers and partner agencies to help develop facilities and programmes following the emergence from the pandemic. Community Sports Facilities Grants were awarded to Ely Outdoor Sports Association, Littleport Leisure and Ross Peers Sports Centre, Soham.

**Explore opportunities to deliver improved outdoor sporting facilities.**

Officers are working with sports agencies and local stakeholders to support a range of improvements in outdoor facilities.

**Continue to support and enable our local businesses and communities.**

The Council continues to support local businesses and communities in various ways.

**Submit Market Town bids to the Combined Authority**

Following approval from the Combined Authority for Ely and Soham Market Town Funds, project delivery continued throughout 2022/23.

**Deliver a crematorium in East Cambridgeshire**

The Council secured planning permission for the Crematorium at the Mepal site, based on the outline Business Case. Further work was undertaken to review the business case and develop a final proposal for members to consider in 2023/24.

**Work with delivery partners to secure superfast broadband for our district.**

The Council continues to work with Connecting Cambridgeshire to secure superfast broadband throughout the District.

**Work with the Internal Drainage boards to increase system capacity for Water Management and Flood Prevention**

The Council has included Water Management and Flood Prevention on the CIL Infrastructure List and continue to be an active participant in the Drainage Boards.

**Work with partners and the community to reduce anti-social on-street parking in our towns and villages.**

The Council continued to work with the Police to develop an innovative scheme to use volunteers to reduce anti-social parking. We currently await details from the Police on their final proposals.



## Revenue Spending and Sources of Income

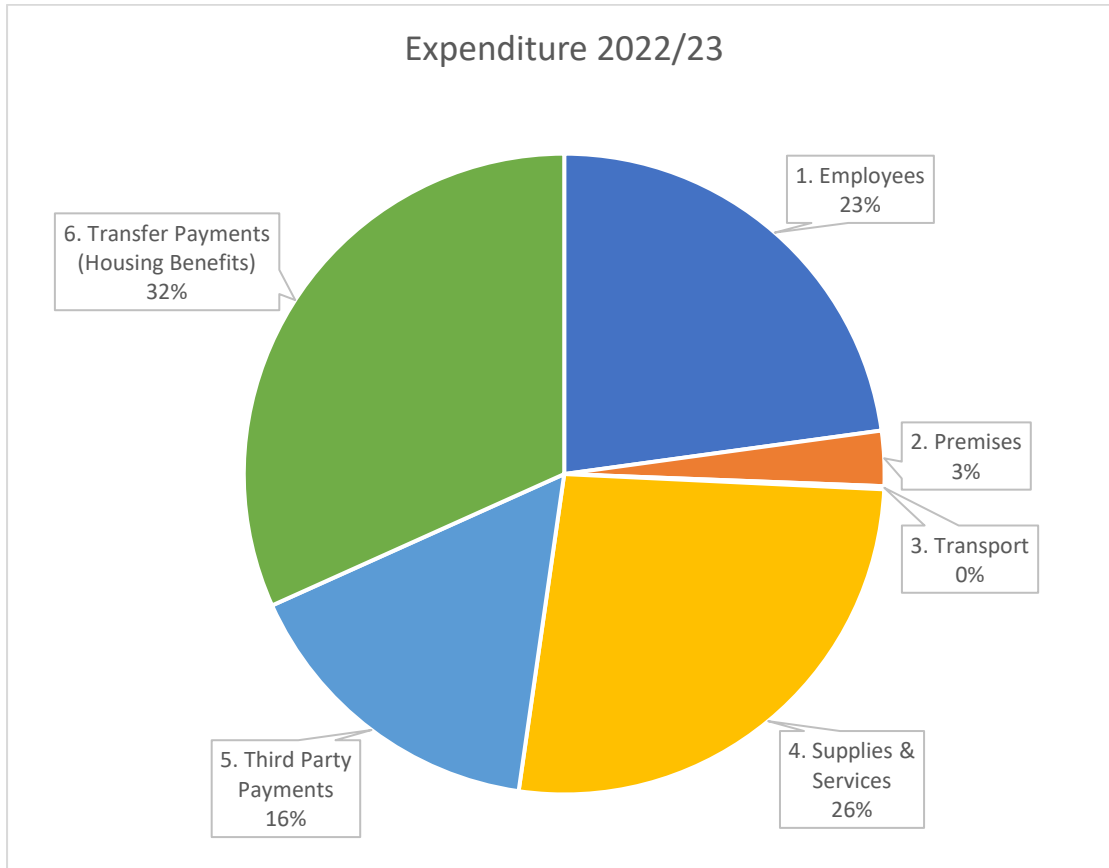
The Table below sets out the Council's budget for 2022/23 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	Budget	Outturn	Variance
	£000	£000	£000
Service			
Finance & Assets	5,824	4,432	(1,392)
Operational Services	5,802	6,560	758
<b>Service Net Revenue Expenditure</b>	<b>11,626</b>	<b>10,992</b>	<b>(634)</b>
Land Drainage	572	555	(17)
Parish Precepts	2,740	2,740	0
Movement in Corporate Reserves		165	
<b>Total Net Revenue Expenditure</b>	<b>14,938</b>	<b>14,452</b>	<b>(486)</b>
Financing			
Council Tax	(7,407)	(7,407)	0
Non Domestic Rates	(4,731)	(5,777)	(1,046)
Revenue Support Grant	(13)	(13)	(0)
Other Government Grants	(1,565)	(1,678)	(113)
Budget - draw from Surplus Savings Reserve	(1,222)	(1,222)	(0)
<b>Total Financing</b>	<b>(14,938)</b>	<b>(16,097)</b>	<b>(1,159)</b>
<b>Transfer to Surplus Savings Reserve</b>			<b>(1,645)</b>
<b>Net (Increase)/Decrease in Earmarked Reserves</b>			<b>237</b>
<b>Total Reported General Fund Movements</b>			<b>(1,408)</b>
Adjustment between funding & accounting basis			(425)
<b>Reported (Surplus) upon Services in Income &amp; Expenditure Account</b>			<b>(1,832)</b>

The net cost of individual committees in the above table are different to those in the formal Statement of Accounts due to the statutory charges that are applied to the formal Accounts and the treatment of movements to and from reserves. The above table however reflects the structure of the accounts as presented to Council throughout the year and in the Outturn, report reported to Finance and Assets Committee on 3rd July 2023. Reasons for yearend variances can be found in this report, for both revenue and capital.

## Analysis of Revenue Expenditure

The Council spent £38.559 million in 2022/23 and the chart below shows the type of expenditure this was spent on.



**Reserves**

The table below shows the movement in the useable reserves during the year.

<b>Usable Reserves 2022/23</b>	Brought Forward £'000	Contributions		Carried Forward £'000
		To £'000	From £'000	
General Fund	1,051	12	0	1,063
Surplus Savings & Earmarked	23,415	5,670	(4,274)	24,810
<b>TOTAL GENERAL FUND</b>	<b>24,466</b>	<b>5,682</b>	<b>(4,274)</b>	<b>25,873</b>
Capital Receipts Reserve	1,536	234	(289)	1,480
Capital Grants Unapplied	380	24	0	404
<b>Total Usable Reserves</b>	<b>26,382</b>	<b>5,941</b>	<b>(4,563)</b>	<b>27,758</b>

## Capital Spending

The final capital budget for 2022/23 was £10.835 million and the table below shows the movement from the original capital programme approved in February 2023.

Capital Programme	£'000	£'000
Original Approved Capital Programme 2022/23	4,407	
Approved slippage from 2021/22	828	
Approved Additions	<u>5,600</u>	
Updated Capital Programme for 2021/22		10,835
Capital outturn		8,851
Underspend against revised budget		1,984

Spend in 2022/23 was as shown below:

2021/22 £'000	Capital Spending	2022/23 £'000
377.9	Housing Grants	675.6
42.8	Vehicle Replacement Programme	249.1
	ECDC A14 Contribution	1,250.9
0.0	Loan to subsidiary company	6,000.0
	Loan to EC CLT	234.6
0.0	Lisle Lane Land	160.3
0.0	Depot Improvements	209.3
60.0	Wheelie Bins	70.8
<u>480.7</u>	Gross Expenditure	<u>8,850.6</u>
	Funded From	
100.0	Capital Receipts Reserve Applied	289.4
334.0	Grants	607.3
1,143.1	CIL Earmarked Reserve Contribution	1,018.0
(1,131.4)	Internal Borrowing Contributions	5,871.0
35.0	Other Revenue Contributions	1,064.9
0.0	Section 106	0.0
<u>480.7</u>		<u>8,850.6</u>

## Treasury Management

East Cambridgeshire District Council was in cash surplus during the whole of the 2022/23 financial year. The Council invested this “surplus” cash in both fixed, short term investments and in Money Market funds during the year, this to maximise interest receipts, but while ensuring, as its main focus, the security and availability of the invested funds.

## Looking to the Future

The Council's Medium Term Financial Strategy (MTFS) sets a robust financial framework for the Council's plans over the next four years which support the delivery of the Council's priorities within a context of an annual balanced budget. Specifically, the MTFS:

- Looks to the longer term to help plan sustainable services within an increasingly uncertain external economic and funding environment.
- Maximises the Council's financial resilience and manage risk and volatility, including managing adequate reserves.
- Helps ensure that the Council's financial resources are directed to support delivery of the Council's priorities over the medium term.

The current MTFS covers the period 2023/24 to 2026/27. The MTFS figures as approved by Council in February 2023 assumed that the Government's Fair Funding Review for local government will be introduced in April 2025. However, the likelihood of this happening to this timescale is now considered unlikely, due mainly to the upcoming General Election, now expected sometime in 2024, which would give little time for the new Government to get everything in place in time for this deadline. The Fair Funding review and particularly the baselining of Business Rates, expected to be part of the process, is considered to lead to a worse financial position for the Council, so the MTFS is considered the worst case position, with the possible delay to these processes providing up-side for the Council.

The current MTFS, shows the budgets for 2023/24 and 2024/25 are fully funded – by use of the Surplus Savings Reserve - based on the assumptions detailed below. However, there are significant budget shortfalls projected in the subsequent years (£1,645,402 in 2025/26 and £4,797,033 in 2026/27). Clearly many things will change between now and then, not least the funding we receive from Central Government as detailed above, but it will be necessary to continue to identify and implement strategies around commercialisation and transformation to meet these shortfalls. While the Council does have time to put plans in place, the need for these is becoming increasingly important and urgent.

The Council also has access to a good level of reserves, although these are expected to reduce over the MTFS period as money is withdrawn from, in particular the Surplus Savings Reserve.

The assumptions in the current MTFS (as approved in February 2023) include:

- Government funding through New Homes Bonus, Lower Tier Grant and the Funding Guarantee Grant will all end in 2025/26.
- Significant increases in inflation.
  - Inflation on staff pay is included at 4% for 2023/24, 3% in 2024/25 reducing to 2% in future years.
  - 21% inflation was added to the Waste contract in 2023/24, reducing to 4% in 2024/25 and again reducing to 2% on an annual basis thereafter, however additional budget is provided from 2024/25 when the new recycling vehicles (budgeted to be purchased in 2023/24) will start being charged to ECSS. (This cost increase would have occurred regardless of whom is undertaking the contract at this point).
  - Gas and electricity budgets were increased by 80% for inflation in 2023/24.
  - Internal Drainage Board levies were increased by 14%.
  - With other expenditure budgets increased by 6% in 2023/24.
- The loans to ECTC are planned to be repaid by March 2026, the interest received by the Council on these loans will therefore stop at this point. The loan repayments will be used to reduce / prevent the Council needing to borrow externally.

- There remains no assumption in the MTFS for any dividends being received from ECTC. (While noting that no dividends are budgeted for, it should not be forgotten that the Council continues to get significant benefits from ECTC, with interest being paid on the loans provided, the recharge of management and support services costs to the Company (forecast to be £158,913 in 2023/24), the hire of the Market Place and part of the depot, as well as Capital Receipts, Section 106 contributions and eventually additional Council Tax receipts from the properties developed.)
- In recognition on the cost of living crisis the assumption on Council Tax collection was reduced from 98.75% to 98.5%.

The Council has a track record of delivering cost reductions; it is anticipated therefore that a contribution to the budget deficit forecast in future years will be achieved during the term through general efficiencies and income generating opportunities; however, to be prudent, no account of these are shown within the forecasts within the MTFS.

There have been a number of up-dates on these assumptions, in year since the 2023/24 budget and MTFS were approved, and these were detailed in the MTFS report presented to Finance and Assets Committee in September 2023. This report was based on the Fair Funding Review now taking place in April 2026 and the benefit to the Council of this delay, now means that both the 2024/25 and 2025/26 budgets are balanced by use of the Surplus Savings Reserve.

## The Financial Statements

The Council's financial statements for 2022/23 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2022/23 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

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

## The Comprehensive Income and Expenditure Statement (CIES)

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

### Movement in Reserves Statement

The CIES differs from the Council's management accounts, as it contains a number of transactions that are required for accounting purposes but disregarded for management reporting purposes as they are deemed not to be covered by Council Tax. A reconciliation is presented at Notes 1 & Note 8 to the accounts.

This statement also shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves', (i.e., those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

### Balance Sheet

The Balance Sheet shows the value at the 31 March 2023 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are unusable reserves and include unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the asset to which they relate was sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

31 Mar 22 £'000		31 Mar 23 £'000
43,176	Long Term Assets	43,019
36,707	Current Assets	34,628
(17,617)	Current Liabilities	(13,328)
(24,351)	Long Term Liabilities	(5,532)
37,915	Net Assets	58,787
26,382	Useable Reserves	26,776
11,533	Unusable Reserves	32,011
37,915	Total Reserves	58,787

The Council's Balance Sheet has moved from a position at 31<sup>st</sup> March 2022 of £37.915 million to £58.787 million at 31 March 2023. The principal reasons for this movement of

£20.872 million is largely attributable to the decrease in movement on the Pension Assets/Liability. The full Balance Sheet is on page 23 of the Accounts.

At this time, the statutory arrangements for funding the Pension deficit mean that the financial position of the Council continues to remain healthy.

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

### The Cash Flow Statement

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

Net Cash Flows from:	31 March 2023 £'000
Operating activities	(2,883)
Investing activities	(12,191)
Financing activities	475
<b>Net Increase or Decrease in cash and cash equivalents</b>	<b>(14,599)</b>
Cash and cash equivalents	
At the beginning of the reporting period	27,643
At the end of the reporting period	13,044

### The Collection Fund Revenue Accounts

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

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

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

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



## Technical Information

East Cambridgeshire's financial statements for 2022/23 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2022/23 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

### International Financial Reporting Standards

The Council has reported its financial position based on the requirements of International Financial Reporting Standards (IFRS) and this is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

### Statement of Accounting Policies

The accounting policies applicable to the 2022/23 Statement of Accounts are the same as those that were applied to the 2021/22.

### True and Fair View Override

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, it is noted that the Responsible Financial Officer has not had to use the "true and fair view override".

### Changes to the Statement of Accounts

There are no material changes to the Statement of Accounts.

### Material and Unusual Charges or Credits in the Accounts

There are no material and unusual charges or credits in the accounts.

### Material Events after the Reporting Date

There have not been any material events after the reporting date.

### Material Assets Acquired or Liabilities Incurred

There have not been any material assets acquired or liabilities incurred during the year.

### Changes in Statutory Functions

There were no changes in statutory functions in 2022/23.

**Ian Smith - CPFA**  
Director, Finance

## **Independent auditor's report to the members of East Cambridgeshire District Council**

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## Statement of Responsibilities

### The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Finance Manager & Section 151 Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts the Section 151 Officer has:

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

The Section 151 Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

**Ian Smith - CPFA**  
Director, Finance

### Audit Committee Certificate for the Approval of the Accounts

## COUNCIL Comprehensive Income and Expenditure Statement

2021/22			2022/23			
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000	NO TE	GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
26,763	(24,283)	2,480		23,011	(16,234)	6,777
13,265	(11,035)	2,230		15,764	(11,686)	4,078
<b>40,028</b>	<b>(35,318)</b>	<b>4,710</b>		<b>38,775</b>	<b>(27,344)</b>	<b>10,855</b>
2,521		2,521		2,740		2,740
515		515		555		555
	(4)	(4)			(4)	(4)
24		24		28		28
<b>3,060</b>	<b>(4)</b>	<b>3,056</b>		<b>3,323</b>	<b>(4)</b>	<b>3,319</b>
	(201)	(201)			(809)	(809)
609		609		580		580
<b>609</b>	<b>(201)</b>	<b>408</b>		<b>580</b>	<b>(809)</b>	<b>(229)</b>
	(6,999)	(6,999)			(7,271)	(7,271)
	(5,305)	(5,305)			(6,928)	(6,928)
	(827)	(827)			(1,578)	(1,578)
<b>0</b>	<b>(13,131)</b>	<b>(13,131)</b>		<b>0</b>	<b>(15,777)</b>	<b>(15,777)</b>
<b>43,699</b>	<b>(48,654)</b>	<b>(4,955)</b>		<b>42,678</b>	<b>(43,934)</b>	<b>(1,832)</b>
	(1,566)	(1,566)			991	991
	(10,896)	(10,896)			(20,607)	(20,607)
<b>0</b>	<b>(12,462)</b>	<b>(12,462)</b>		<b>0</b>	<b>(19,616)</b>	<b>(19,616)</b>
<b>43,699</b>	<b>(61,116)</b>	<b>(17,417)</b>		<b>42,678</b>	<b>(63,550)</b>	<b>(21,448)</b>

**COUNCIL Movement in Reserves Statement 2021/22**

	General Fund	Other Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Useable Reserves	Total Unusable reserves	TOTAL Council Reserves
<b>Carried Forward at 31 March 2021</b>	<b>(1,046)</b>	<b>(18,132)</b>	<b>(60)</b>	<b>(1,472)</b>	<b>(20,710)</b>	<b>215</b>	<b>(20,496)</b>
<b>Movement in reserves</b>							
(Surplus) or Deficit on provision of services		(4,955)			(4,955)		(4,955)
Other Comprehensive Income and Expenditure						(12,121)	(12,121)
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>(4,955)</b>	<b>0</b>	<b>0</b>	<b>(4,955)</b>	<b>(12,121)</b>	<b>(17,076)</b>
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		(333)	(319)	(64)	(717)	373	(343)
<b>Net Increase/Decrease before Transfers to/from earmarked reserves</b>	<b>0</b>	<b>(5,289)</b>	<b>(319)</b>	<b>(64)</b>	<b>(5,673)</b>	<b>(11,748)</b>	<b>(17,419)</b>
Transfer To/from Earmarked reserves	(5)	5			0		0
<b>(Increase)/Decrease in 2021/22</b>	<b>(5)</b>	<b>(5,284)</b>	<b>(319)</b>	<b>(64)</b>	<b>(5,673)</b>	<b>(11,748)</b>	<b>(17,419)</b>
<b>Balance at 31 March 2022</b>	<b>(1,051)</b>	<b>(23,415)</b>	<b>(380)</b>	<b>(1,536)</b>	<b>(26,382)</b>	<b>(11,533)</b>	<b>(37,915)</b>

**COUNCIL Movement in Reserves Statement 2022/23**

	General Fund	Other Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Useable Reserves		Total Unusable reserves	TOTAL Council Reserves
<b>Carried Forward at 31 March 2022</b>	<b>(1,051)</b>	<b>(23,415)</b>	<b>(380)</b>	<b>(1,536)</b>	<b>(26,382)</b>		<b>(11,533)</b>	<b>(37,915)</b>
<b>Movement in reserves</b>								
(Surplus) or Deficit on provision of services		(1,256)			(1,256)			(1,256)
Other Comprehensive Income and Expenditure	(12)	12					(19,616)	(19,616)
<b>Total Comprehensive Income and Expenditure</b>	<b>(12)</b>	<b>(1,244)</b>			<b>(1,256)</b>		<b>(19,616)</b>	<b>(20,872)</b>
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		(151)	(24)	56	(119)		(861)	(981)
<b>Net Increase/Decrease before Transfers to/from earmarked reserves</b>	<b>(12)</b>	<b>(1,395)</b>	<b>(24)</b>	<b>56</b>	<b>(1,375)</b>		<b>(20,477)</b>	<b>(21,276)</b>
<b>(Increase)/Decrease in 2022/23</b>	<b>(12)</b>	<b>(1,395)</b>	<b>(24)</b>	<b>56</b>	<b>(1,375)</b>		<b>(20,477)</b>	<b>(21,276)</b>
<b>Balance at 31 March 2023</b>	<b>(1,063)</b>	<b>(24,234)</b>	<b>(404)</b>	<b>(1,481)</b>	<b>(27,758)</b>		<b>(32,010)</b>	<b>(59,768)</b>

**Balance Sheet**

31 Mar 2022 £'000		Note	31 Mar 2023 £'000
	<b>LONG TERM ASSETS</b>		
37,837	Property, Plant and Equipment	<b>12</b>	36,357
105	Heritage Assets		105
15	Intangible Assets	<b>14</b>	0
5,219	Long Term Debtors	<b>16</b>	6,557
<b>43,176</b>	<b>TOTAL LONG TERM ASSETS</b>		<b>43,019</b>
	<b>CURRENT ASSETS</b>		
6,000	Investments (Short Term)		17,000
165	Assets Held for Sale	<b>12</b>	165
2,860	Short Term Debtors	<b>17</b>	4,402
39	Inventories		17
27,643	Cash and Cash Equivalents	<b>18</b>	13,044
<b>36,707</b>	<b>TOTAL CURRENT ASSETS</b>		<b>34,628</b>
<b>79,883</b>	<b>TOTAL ASSETS</b>		<b>77,647</b>
	<b>CURRENT LIABILITIES</b>		
(15,571)	Short Term Creditors & Receipts in Advance	<b>19</b>	(11,296)
(2,045)	Provisions	<b>20</b>	(1,050)
<b>(17,617)</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>(12,346)</b>
19,090	TOTAL CURRENT ASSETS/LIABILITIES		22,282
<b>62,266</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>65,301</b>
	<b>LONG TERM LIABILITIES</b>		
(3,474)	Capital Grants Received in Advance		(3,467)
(20,877)	Net Pensions Liability	<b>21</b>	(2,065)
<b>(24,351)</b>			<b>(5,532)</b>
<b>37,915</b>	<b>NET ASSETS</b>		<b>59,769</b>
	<b>FINANCED BY:</b>		
26,382	USABLE RESERVES	<b>10</b>	27,758
11,533	UNUSABLE RESERVES	<b>11</b>	32,011
<b>37,915</b>	<b>TOTAL RESERVES</b>		<b>59,769</b>

**Ian Smith – CPFA**  
Director, Finance

**Cash Flow Statement**

<b>31 March 2022 £'000</b>		<b>31 March 2023 £'000</b>
<b>4,955</b>	<b>Net Surplus/(Deficit) on the Provision of Services</b>	<b>1,256</b>
	Adjustments for Non cash items:	
(201)	Interest Receivable	(809)
2,443	Depreciation & Amortisation, Impairment	1,168
1,992	Pension Liability	1,795
1,493	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	(6,293)
<b>5,728</b>	<b>Total Adjustments</b>	<b>(4,139)</b>
<b>10,683</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(2,883)</b>
(103)	Purchase of PPE & Intangibles	(662)
4	Change in Long Term Debtors	(1,338)
(1,000)	Net (purchase) of Investments	(11,000)
201	Interest Received	809
<b>(906)</b>	<b>Investing Activities</b>	<b>(12,191)</b>
115	Net Receipt/(application) of Capital Grants	(6)
4,069	Change in Collection Fund agencies, Debtors & Creditors	481
<b>4,184</b>	<b>Financing Activities</b>	<b>475</b>
<b>13,960</b>	<b>Net (decrease) in cash and cash equivalents</b>	<b>(14,599)</b>
<b>13,682</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>27,643</b>
<b>27,643</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>13,044</b>



**Note 1 Expenditure & Funding Analysis**

The Expenditure and Funding Analysis is complementary to the Movement in Reserves Statement. The latter defines which of the Authorities Reserves align to the categories of 'General Fund and Earmarked', 'Capital Purposes' and 'Pension and Other Purposes'. The 'General Fund and Earmarked' category reflects the financial outturn of the Council in accordance with statutory reporting requirements. The 'Capital Purposes' and 'Pension and Other Purposes' categories reflect the Movements from the Statutory base of accounting to the Full Accounting base required under IFRS. The 'Total Movement in Year' reflects the latter and equates to the Total Income and Expenditure for the year as reported in the Comprehensive Income & Expenditure Account. The overall purpose of the Expenditure and Funding Analysis is to analyse the amounts reported in the Comprehensive Income and Expenditure Account as operating reporting segments across specific purpose headings. \* Items represent 'Adjustments between Accounting basis and Funding Basis under regulation.'

<b>2021/22</b>	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Finance & Assets	(2,906)	5,228	2,321	(1,224)	1383	2,480
Operational Services	1,792	60	1,852	378		2,230
<b>NET COST OF SERVICES</b>	<b>(1,114)</b>	<b>5,288</b>	<b>4,174</b>	<b>(846)</b>	<b>1,383</b>	<b>4,710</b>
Other Operating Expenditure plus Taxation & Grant Income	(7,844)		(7,844)	(381)	(1,441)	(9,667)
<b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b>	<b>(8,958)</b>	<b>5,288</b>	<b>(3,670)</b>	<b>(1,227)</b>	<b>(58)</b>	<b>(4,956)</b>
Other Comprehensive I&E				(1,566)	(10,896)	(12,462)
<b>TOTAL</b>	<b>(8,958)</b>	<b>5,288</b>	<b>(3,670)</b>	<b>(2,793)</b>	<b>(10,954)</b>	<b>(17,418)</b>

<b>2022/23</b>	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Finance & Assets	8,608	(2,031)	6,577	(1,015)	1,215	6,777
Operational Services	1,138	2,863	4,001	653		4,654
<b>NET COST OF SERVICES</b>	<b>9,746</b>	<b>832</b>	<b>10,578</b>	<b>(362)</b>	<b>1,215</b>	<b>11,430</b>
Other Operating Expenditure plus Taxation & Grant Income	(11,057)		(11,057)	256	(1,885)	(12,686)
<b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b>	<b>(1,311)</b>	<b>832</b>	<b>(479)</b>	<b>(106)</b>	<b>(670)</b>	<b>(1,256)</b>
Other Comprehensive I&E				991	(20,607)	(19,616)
<b>TOTAL</b>	<b>(1,311)</b>	<b>832</b>	<b>(479)</b>	<b>885</b>	<b>(21,277)</b>	<b>(20,872)</b>

## Note 2. Explanation of order of Notes to the Financial Statements

Following on from the Expenditure & Funding Analysis, the Notes to the main Financial Statements are organised in 4 distinct groups:

- (i) Introductory Notes explaining current context issues (Notes 2 to 7, Pages 26 to 29).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 30 to 46).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 47 to 60).
- (iv) Accounting Policies (Note 31, Pages 60 to 70).

In relation to section (ii) above, the Notes are organised as follows:

- (a) Note 8 in support of the Comprehensive Income and Expenditure Account.
- (b) Note 9 supplementary information in support of the General Fund Statutory Outturn.
- (c) Notes 10 & 11 in support of the Movement in Reserves Statement and the Reserves section of the Balance Sheet.
- (d) Notes 12 to 21, Pages 38 to 46 in support of the Assets and Liabilities sections of the Balance Sheet.

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

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

The following accounting standards have been issued but not yet adopted:

- (1) IFRS16 Leases will require Local authorities that are lessees to recognise most leases on their balance sheet as right of use assets with corresponding lease liabilities. For Local authorities, the code of practice on local authority accounting in the UK has delayed the implementation of IFRS16 to 1<sup>st</sup> April 2024. However local authorities are allowed to early adopt the IFRS16 principles on 1<sup>st</sup> April 2023 in accordance with the code. East Cambridgeshire has opted to defer until 1<sup>st</sup> April 2024
- (2) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- (3) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- (4) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

(5) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued

#### **Note 4. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 31, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- In line with the Code of Practice on local authority accounting in the United Kingdom 2022/23, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, assets held for sale and assets under construction. For all assets subject to valuation, the total value for 2022/23 for Land and Buildings (NBV) is £33.491 million (2021/22; Land and Buildings (NBV) is £34.671 million).
- The Council has taken professional advice from the Pension Fund's actuary, Hymans Robertson LLP, to determine the overall net liability of the fund which is £2.065 million for 2022/23; this has decreased by £18.812 million since 2021/22. However:
  - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 4.
  - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2010.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2022. An estimated provision of £2.585 million has been included in the Collection Fund in respect of successful appeals costs. The Council's share of any such Collection Fund costs is 40% or £1.034 million of the total provision and this is included in the General Fund balance.

#### **Note 5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	<p>All Property is reviewed on a 4 year rolling basis. Where an asset has not been specifically reviewed a “table-top” analytical review is undertaken to determine if the principle valuation indexes show a material change in the current asset’s valuation.</p> <p>In addition, an annual impairment review is undertaken to determine if any of the Council’s assets have been impaired.</p>	<p>74% of the Council’s assets are valued at fair value, so the impact of changes in market is significant. If there was a 1% fall in market value, it is estimated that the value of the Council’s property assets would reduce by £0.334 million.</p>
Depreciation	<p>Assets are depreciated over useful lives that are dependent on assumptions about their level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.305 million for every year that the useful lives had to be reduced.</p>
Plant and Equipment	<p>Plant and Equipment are valued on an historic cost basis.</p>	<p>There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension’s liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance, a:</p> <ul style="list-style-type: none"> <li>• 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £0.909 million.</li> <li>• 0.1% increase in the salary increase rate would result in an increase in pension liability of £0.071 million.</li> <li>• 0.1% increase in the pension increase rate would result in an increase in pension liability of £0.852 million.</li> </ul>

Provision – Rateable Value Appeals	Appeals by non-domestic ratepayers for a reduction in the rateable value of their premises are outstanding. Appeals are determined by the Valuation Office and are not within the Council's control. However, expert independent advice has been sought in arriving at an estimated provision.	The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NNDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).  A 10% variation in the estimated provision would be £0.259 million for the Collection Fund of which £0.103 million would be attributable to the General Fund.
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## Note 6. Material Items of Income and Expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e., extraordinary). During 2022/23 no such items of income or expenditure were incurred (2021/22 was also nil.)

## Note 7. Events after the Balance Sheet Date

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Section 151 Officer on 29<sup>th</sup> September 2023.

With regard to 2022/23:

- **Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2023.
- **Non-Adjusting Events**
- The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2023.

**Note 8. Expenditure & Income by Nature**

2021/22	2021/22	2021/22		2022/23	2022/23	2022/23
General Fund	Other Reserves	Total		General Fund	Other Reserves	Total
8,135	1,383	9,518	Employees (*)	8,774	1,215	9,989
29,785	(1,224)	28,562	Other Service Expenses (*)	27,915	380	28,295
(493)	2,443	1,950	Depreciation, Amortisation & Impairment (*)	0	1,168	1,168
(378)	378	0	REFCUS (*)	(1,342)	653	(689)
0	609	609	Interest payable	0	580	580
381	(381)	0	Statutory Minimum Provision	334	(334)	0
3,037	0	3,037	Precept Payments	3,295	0	3,295
24	0	24	Loss/(Gain) on disposal of non-current assets	0	28	28
<b>40,490</b>	<b>3,209</b>	<b>43,699</b>	<b>TOTAL EXPENDITURE</b>	<b>38,976</b>	<b>3,690</b>	<b>42,666</b>
(25,065)	(334)	(25,399)	Government Grants (Services) (*)	(21,139)	0	(21,139)
(508)	(319)	(827)	Government Grants (Central)	(1,958)	380	(1,578)
(9,919)	0	(9,919)	Sales Fees & Charges (*)	(6,194)	0	(6,194)
(173)	(31)	(205)	Interest Receivable	(819)	6	(813)
(6,806)	(193)	(6,999)	Council Tax	(7,407)	136	(7,271)
(3,479)	(1,826)	(5,305)	Business Rates	(4,321)	(2,607)	(6,928)
<b>(45,950)</b>	<b>(2,704)</b>	<b>(48,654)</b>	<b>TOTAL INCOME</b>	<b>(41,838)</b>	<b>(2,085)</b>	<b>(43,922)</b>
(5,460)	505	(4,955)	<b>NET EXPENDITURE</b>	<b>(2,861)</b>	<b>1,605</b>	<b>(1,256)</b>
<b>2,065</b>	<b>2,646</b>	<b>4,710</b>	<b>COST OF SERVICES (*)</b>	<b>8,014</b>	<b>3,416</b>	<b>11,430</b>

Cost of service line made up with items marked by Asterix \*

**Note 8a. Grant Income**

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

2021/22 £000		2022/23 £000
	<b>Credited to non-specific income</b>	
(12)	Revenue Support Grant	(13)
(541)	New Homes Bonus	(1,113)
(274)	Rural Services Grant	(452)
<b>(827)</b>	<b>TOTAL</b>	<b>(1,578)</b>
	<b>Credited to services</b>	
	<b>Covid Grants</b>	
(59)	SFC Grants	0
(106)	Covid-19 Emergency unringfenced funding	0
(144)	Business Rates - CARF	0
(8)	Protect & Vaccinate	0
(2,482)	Additional Restrictions Grant	0
(26)	Reopening High Streets Safely Fund	0
(124)	Test & Trace Isolate	0
(475)	Residents Support	0
(4)	Taxi Support	0
<b>(3,428)</b>		<b>0</b>
	<b>Non Covid Grants</b>	
(12,724)	Benefits	(12,140)
0	HB Admin Grants	(111)
(187)	Section 106	(815)
(6,935)	Community Infrastructure Levy	(5,790)
(830)	Homelessness	(1,565)
(188)	Collection Costs	(477)
(155)	Sport England	(7)
(953)	Other	(234)
<b>(21,972)</b>		<b>(21,139)</b>
<b>(25,399)</b>	<b>TOTAL Credited to services</b>	<b>(21,139)</b>

**NOTE 9. Statutory Out-turn****General Fund Balance (Useable Reserve)**

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

The elements of the General Fund Balance at the Balance Sheet date are as follows:

<b>Other Earmarked</b>	<b>31 March 2021 £'000</b>	<b>Transfers In 21/22 £'000</b>	<b>Transfers Out 21/22 £'000</b>	<b>31 March 2022 £'000</b>	<b>Transfers In 22/23 £'000</b>	<b>Transfers Out 22/23 £'000</b>	<b>31 March 2023 £'000</b>
<b>General Fund Core and Surplus Savings</b>	<b>8,927</b>	<b>2,372</b>	<b>(2,073)</b>	<b>9,227</b>	<b>1,657</b>	<b>(1,222)</b>	<b>9,663</b>
Community Infrastructure Levy	5,450	2,334	0	7,784	2,879	(9)	10,654
Enterprise Zone NNDR	390	269	0	659	165	(85)	739
Change Management	349	0	(5)	344	0	(12)	331
Major Project Development	100	0	0	100	0	0	100
Affordable Housing	413	53	(244)	221	0	0	221
Vehicle Replacements	89	0	0	89	0	(15)	74
Housing	91	0	(25)	66	0	0	66
Building Control	23	0	0	23	0	(23)	0
Leisure Centre	88	212	0	300	0	(12)	288
Business Rates S31	3,106	1,458	(3,106)	1,458	0	(1,458)	0
Cambridgeshire Horizons	0	3,892	(52)	3,840	307	(1,409)	2,738
Other Earmarked	153	202	0	354	674	(29)	999
<b>Total Earmarked</b>	<b>10,251</b>	<b>8,420</b>	<b>(3,432)</b>	<b>15,238</b>	<b>4,024</b>	<b>(3,052)</b>	<b>16,212</b>
<b>TOTAL</b>	<b>19,178</b>	<b>10,792</b>	<b>(5,504)</b>	<b>24,466</b>	<b>5,682</b>	<b>(4,274)</b>	<b>25,874</b>



## Note 10a. Useable Reserves other than General Fund

### Capital Receipts Reserve

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

### Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects yet to take place where there are no obligations for the Council to make repayments in any circumstances.

## Note 10b. Un-useable Reserves

### Capital Adjustment Reserve

The Asset Historic Cost (Capital Adjustment) Reserve together with the Revaluation Reserve represent the Council's financial interest in its' own assets. The balance of the Reserve is determined by taking account of the Revaluation Reserve requirements defined below.

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment arising from the annual valuation process. It is identified at individual asset level.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Depreciation is applied each year whilst any disposed assets are written out in the year. Accumulated gains arising before that date are consolidated into the balance on the Asset Historic Cost (Capital Adjustment) Reserve.

### Financial Instruments Adjustment Reserve

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

### Deferred Capital Receipts Reserve

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

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for valuating Pension Liabilities for the purpose of producing the Financial Statements and for funding such liabilities in accordance with statutory provisions. Further information is found in Note 22 in respect of Defined Benefit Pension Scheme.

### Collection Fund Adjustment Reserve

The Collection Fund Adjustment Reserve identifies the element of the Collection Fund balance that is due to the Council at the Balance Sheet date, but which will be settled to the Council in accordance with statutory General Fund requirements in the next financial year.

### Accumulated Absences Adjustment Reserve

The Accumulated Absences Reserve accounts for the financial value of staff entitlements at the financial year end. i.e., annual leave entitlement and accrued flexitime carried forward at 31 March. This accrual is not permitted to the General Fund.

## **Note 11. Analysis of Capital Reserve Movements & Adjustments Between Accounting Basis & Funding Basis under Regulation**

The following definitions are applicable to the subsequently presented Tables of Capital Reserve Movement for the year:

**Transfers between Reserves** – The Capital Receipts Reserve makes a contribution to the Capital Adjustment Reserve to fund a portion of new Capital Investment.

**General Fund (GF) Contribution to Capital** – A portion of new Capital Investment is funded by General Fund Contributions. The General Fund does not incur any Depreciation or Impairment charges.

**Capital Grant Receipts** – These are applied to the Capital Grants Unapplied Reserve when received then transferred to the Capital Adjustment Reserve when utilised for new investment. The overall balance in any one year may therefore be either positive or negative.

**Expenditure Grants to Third Parties** – The Grants are to provide long term benefit to the recipients therefore they are financed by Capital Grants.

**Profit Upon Sale of Assets** – Receipts upon Sale are credited to the Capital Receipts Reserve or Deferred Capital Receipts Reserve as appropriate whilst the book value of the Asset at the time of sale is written off to the Capital Adjustment Reserve or Revaluation Reserve as appropriate.

**Depreciation** - This represents a charge for the diminution of the value of the Asset through use according to a pre-determined schedule. The historic cost element of the charge (calculated in accordance with book value of the asset at 31 March 2023 or the actual incurred cost of subsequent additions or enhancements) is charged to the Capital Adjustment Reserve whilst the remainder (relating to the portion of the upward asset value arising from post 31 March 2023 Annual Revaluations) is charged to the Revaluation Reserve.

**Impairment** – When Annual Valuation takes place the historic cost base arising from the Depreciation exercise referred to above is further adjusted. The charge or credit shown here reflects that adjustment but only up to the level of the original historic cost base at individual asset level. The overall balance in any one year may therefore be either positive or negative.

**Revaluation** – When Annual Valuation takes place some assets are identified as having a value above their historic cost base. The charge or credit shown here reflects the adjustment upon valuation of such assets in the current financial year though in the case of any downward valuations the adjustment is applied only to the extent that the holding balance of the Revaluation Reserve at individual asset level is reduced to zero at the year end. The overall balance in any one year may therefore be either positive or negative.

<b>Movements in 2021/22</b>	<b>Usable Capital Receipts Reserve</b>	<b>Usable Capital Grants Unapplied Reserve</b>	<b>Un-usable Capital Adjustment Reserve</b>	<b>Un-usable Revaluation Reserve</b>	<b>Un-usable Deferred Capital Receipts</b>	<b>Capital Outturn for the year TOTAL</b>
Transfers between reserves	100		(341)	341		100
GF Contributions to Capital			(1,224)			(1,224)
Capital Grants Receipts		(319)	(334)			(653)
Expenditure Grants to Third Parties			378			378
Deferred Capital Receipts	(101)					(101)
Misc. Loans						
Repayment of Soft Loans	(61)					(61)
Mortgages	(1)				1	0
Additions			(139)			(139)
Depreciation			879	102		981
Amortisation			15			15
Impairment			1,447			1,447
Statutory Minimum Provision			(381)			(381)
Disposal of Fixed Asset			32			32
<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE &amp; FUNDING BASE</b>	<b>(64)</b>	<b>(319)</b>	<b>332</b>	<b>443</b>	<b>1</b>	<b>392</b>
Revaluation				(1,566)		(1,566)
<b>TOTAL RESERVES MOVEMENT</b>	<b>(64)</b>	<b>(319)</b>	<b>332</b>	<b>(1,123)</b>	<b>1</b>	<b>(1,174)</b>

<b>Movements in 2022/23</b>	<b>Usable Capital Receipts Reserve</b>	<b>Usable Capital Grants Unapplied Reserve</b>	<b>Un-usable Capital Adjustment Reserve</b>	<b>Un-usable Revaluation Reserve</b>	<b>Un-usable Deferred Capital Receipts</b>	<b>Capital Outturn for the year TOTAL</b>
Transfers between reserves	289					289
GF Contributions to Capital			(1,010)			(1,010)
Grants Received		380				380
Expenditure Grants to Third Parties			676			676
Capital Receipts	(234)					(234)
Additions			(690)			(690)
Depreciation			798	99		897
Amortisation			15			15
Impairment			256			256
Statutory Minimum Provision			(334)			(334)
<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE &amp; FUNDING BASE - Balance Sheet Side</b>	<b>55</b>	<b>380</b>	<b>(289)</b>	<b>99</b>	<b>0</b>	<b>245</b>
Revaluation				991		991
<b>TOTAL RESERVES MOVEMENT</b>	<b>55</b>	<b>380</b>	<b>(289)</b>	<b>1,090</b>	<b>0</b>	<b>1,236</b>

**11a. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
<b>392</b>	<b>Total Capital Items from previous page</b>	<b>245</b>
609	Net interest on the Pension Liability	580
1,383	Current & Past Cost Pension Adjustment	1,215
<b>1,992</b>	<b>Pensions Reserve</b>	<b>1,795</b>
	<b>(see Note 21 for detail)</b>	
(193)	Change in Council Tax Entitlement	136
(1,807)	Change in Business Rates entitlement	(2,193)
(19)	Change in Renewable Energy NNDR	(414)
<b>(2,019)</b>	<b>Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)</b>	<b>(2,471)</b>
<b>(33)</b>	<b>Other Items</b>	<b>6</b>
<b>332</b>	<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION</b>	<b>(425)</b>
<b>4,955</b>	<b>SURPLUS/(DEFICIT) UPON PROVISION OF SERVICES</b>	<b>1,256</b>
<b>5,287</b>	<b>GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)</b>	<b>832</b>

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

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

<b>Movement of Property, Plant and Equipment 2021/22</b>	<b>Land &amp; Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Total Assets</b>	<b>Assets Held for Sale</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
<b>At 1 April 2021</b>	<b>35,047</b>	<b>7,832</b>	<b>720</b>	<b>877</b>	<b>44,476</b>	<b>165</b>
Transfers	452				452	
Additions in Year		139			139	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,563				1,563	
Revaluation increases / (decreases) recognised in the CI&ES	(1,447)				(1,447)	
Disposals		(152)			(152)	
<b>At 31 March 2022</b>	<b>35,615</b>	<b>7,819</b>	<b>720</b>	<b>877</b>	<b>45,031</b>	<b>165</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>At 1 April 2021</b>	<b>(127)</b>	<b>(5,679)</b>	<b>(76)</b>	<b>0</b>	<b>(5,882)</b>	<b>0</b>
Depreciation Charge in year	(365)	(615)			(980)	
Transfers	(452)				(452)	
Depreciation written out to the revaluation reserve on disposal						
Depreciation restated to the Income & Expenditure Account Upon Revaluation						
Adjustment for disposal		120			120	
<b>At year end</b>	<b>(944)</b>	<b>(6,174)</b>	<b>(76)</b>	<b>0</b>	<b>(7,194)</b>	<b>0</b>
<b>Balance Sheet Value at year end</b>	<b>34,671</b>	<b>1,645</b>	<b>644</b>	<b>877</b>	<b>37,837</b>	<b>165</b>
<b>Balance Sheet Value at year start</b>	<b>34,920</b>	<b>2,153</b>	<b>644</b>	<b>877</b>	<b>38,594</b>	<b>165</b>

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

<b>Movement of Property, Plant and Equipment 2022/23</b>	<b>Land &amp; Buildings</b>	<b>Vehicles, Plant, Furniture &amp;</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Total Assets</b>	<b>Assets Held for Sale</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>						
<b>At 1 April 2022</b>	<b>35,615</b>	<b>7,819</b>	<b>720</b>	<b>877</b>	<b>45,031</b>	<b>165</b>
Transfers						
Additions in Year	370	320			690	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(991)				(991)	
Revaluation increases / (decreases) recognised in the CI&ES	(256)				(256)	
Disposals		(2,017)			(2,017)	
<b>At 31 March 2023</b>	<b>34,738</b>	<b>6,122</b>	<b>720</b>	<b>877</b>	<b>42,457</b>	<b>165</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>At 1 April 2022</b>	<b>(944)</b>	<b>(6,174)</b>	<b>(76)</b>	<b>0</b>	<b>(7,194)</b>	<b>0</b>
Depreciation Charge in year	(305)	(592)			(897)	
Transfers						
Depreciation restated to the Revaluation reserve Upon Revaluation						
Depreciation restated to the Income & Expenditure Account Upon Revaluation						
Adjustment for disposal		1,989			1,989	
<b>At year end</b>	<b>(1,249)</b>	<b>(4,777)</b>	<b>(76)</b>	<b>0</b>	<b>(6,102)</b>	<b>0</b>
<b>Balance Sheet Value at year end</b>	<b>33,491</b>	<b>1,345</b>	<b>644</b>	<b>877</b>	<b>36,355</b>	<b>165</b>
<b>Balance Sheet Value at year start</b>	<b>34,671</b>	<b>1,645</b>	<b>644</b>	<b>877</b>	<b>37,837</b>	<b>165</b>

Capital Commitments

At 31 March 2023 the authority had a retention amount of £0.188 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2023/24.

Revaluations

## Land and buildings

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

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

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

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

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

In addition to the Professional Valuations undertaken, the Authority has conducted any necessary impairment reviews. In the light of these the Authority considers the quoted value of its assets to constitute a fair and objective valuation of future Service Delivery potential. Assets Held for Sale are valued at lower of carrying value and fair value less cost of sale.

<b>Revaluation Profile 2022/23</b>	<b>Land and Buildings £'000</b>	<b>Vehicles Plant &amp; Furniture &amp; Equipment £'000</b>	<b>Infrastructure Assets £'000</b>	<b>Community Assets £'000</b>	<b>Total £'000</b>	<b>Assets Held for Sale £'000</b>
Carried at Historic Cost	8,854	1,345	644	877	11,720	165
Valued at Fair Value as at:						
31st March 2023	17,682				17,682	
31st March 2022	2,818				2,818	
31st March 2021	4,137				4,137	
Assets below de-minimis						
<b>Total Cost of Valuation</b>	<b>33,491</b>	<b>1,345</b>	<b>644</b>	<b>877</b>	<b>36,357</b>	<b>165</b>



## Note 13. Capital Enhancement and Capital Financing

The total amount of capital enhancement incurred in the year is shown in the table below, (including the value of assets acquired under finance leases), together with the resources that have been used to finance these. Where capital enhancement is to be financed in future years by charges to revenue as assets are used by the Council, the spend results in an increase in the Capital Financing Requirement (CFR); a measure of the capital spend incurred historically by the Council which has yet to be financed. The CFR is analysed in the second part of this note.

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

2021/22		2022/23
£000		£000
10,952	<b>Opening Capital Financing Requirement</b>	9,451
	<b>Capital Enhancement</b>	
103	Property, Plant and Equipment	690
0	Highways contribution	1,251
0	Loan to Subsidiary Company	6,000
0	Loan to EC CLT	235
378	Revenue Expenditure Funded from Capital under Statute Repayable Advances	676
481	<b>TOTAL CAPITAL ENHANCEMENT</b>	8,851
	<b>Sources of Finance</b>	
(39)	Capital receipts	(289)
(334)	Grants and other contributions	(1,673)
(1,227)	Direct Revenue Financing – Other	(1,018)
(381)	Minimum revenue provision	(334)
(1,981)	<b>TOTAL SOURCES OF FINANCE</b>	(3,314)
9,451	<b>Closing Capital Finance Requirement</b>	14,988

## Note 14. Heritage Assets

### Cultural Heritage Assets

The Authority's collection of themed displays is reported in the Balance Sheet at historic cost, which is also used for the insurance valuation.

These heritage assets are located at Oliver Cromwell's House and are held to increase the knowledge, understanding and appreciation of the house and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static, and

acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The displays are themed rooms and include a painting of Oliver Cromwell, as well as reproduction furniture, models, firearms and wall hangings.

The displays are reviewed annually and replaced or renewed, if necessary, as per the three year Business Plan for Oliver Cromwell's House. These would be low cost items. The collection is on display and open to the public throughout the year in the Museum.

## Note 15. Intangible Assets

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

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

## Note 16. Long Term Debtors

2021/22 £'000		2022/23 £'000
4,900	Loan to Trading Companies	6,000
0	Loan to CLT	235
319	Loans to Individuals & Private Sector	322
<b>5,219</b>	<b>Total</b>	<b>6,557</b>

Interest rate on the loan to the trading company is fixed at 4.5%.

Other long term loans are not charged interest.

**Note 17. Debtors**

2021/22 £000		2022/23 £000
383	Council Taxpayers	403
176	Non-Domestic Rate Payers	536
<b>559</b>	<b>Sub Total Local taxation</b>	<b>939</b>
533	Trading Company	832
1,864	Sundry Debtors & Accruals	1,974
<b>2,397</b>	<b>Sub Total Financial Instruments definition</b>	<b>2,806</b>
229	Payments in Advance	377
(1,332)	Bad Debt Provisions	(977)
499	Local Govt.	1,003
100	Central Govt. – Customs & Excise	153
408	Central Govt. – Other	101
	Central Govt - Compensation scheme	
<b>(96)</b>	<b>Sub Total</b>	<b>657</b>
<b>2,860</b>	<b>TOTAL</b>	<b>4,402</b>

**Note 18. Cash and Cash Equivalents**

2021/22 £'000		2022/23 £'000
25,000	Money Market Funds	12,500
2,643	Bank Account - Operational	544
<b>27,643</b>	<b>Total</b>	<b>13,044</b>

**Note 19. Creditors**

2021/22 £000		2022/23 £000
(297)	Payroll Creditors	(296)
(1,991)	Sundry Creditors	(1,770)
(86)	Trading Company	(250)
<b>(2,374)</b>	<b>Sub Total Financial Instruments Definition</b>	<b>(2,316)</b>
(530)	Covid Grant Creditors	(100)
(4,502)	CTAX Energy Rebate Creditor	(53)
(2,123)	Local Govt. - Collection Fund Account	(2,012)
(141)	Central Govt. – Collection Fund Account	(1,449)
(1,115)	Other Local Government	(2,243)
(4,513)	Central Govt. – DWP, DCLG	(3,430)
(276)	Receipts in Advance	(673)
<b>(13,200)</b>	<b>Sub Total</b>	<b>(9,960)</b>
<b>(15,573)</b>	<b>Total</b>	<b>(12,276)</b>

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

2021/22 £'000		2022/23 £'000
(151)	Maintenance of Amenity Areas	(16)
(1,870)	Business Rate Appeal	(1,034)
(25)	Employment Provision	0
<b>(2,045)</b>	<b>Total</b>	<b>(1,050)</b>

**1. Maintenance of Amenity Areas**

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

**2. NNDR Appeals Provision**

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review, a provision for appeals outstanding was estimated to be £2.585 million at the end of 2022/23 of which £1.034 million would have to be met by the Council, and £1.551 million by other Collection Fund participants.

**Contingent Liabilities**

The Council had no Contingent Liabilities at the 31<sup>st</sup> March 2023.

**Contingent Assets**

There were no contingent assets at the 31<sup>st</sup> March 2023.

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

31 March 2022	Gross Liabilities	31 March 2023
£'000		£'000
(75,452)	<b>Opening Balances as at 1 April</b>	(72,992)
(1,524)	[I] Interest Cost	(1,989)
5,561	[A] Actuarial losses /(gains) from changes in financial assumptions	23,311
(2,890)	[C] Current service cost	(2,777)
	[C] Past Service Cost	
(368)	[N] Contributions from scheme participants	(401)
1,613	[N] Benefits paid	1,659
68	[N] Estimated unfunded benefits paid	67
<b>(72,992)</b>	<b>Closing balance at 31 March</b>	<b>(53,122)</b>

31 March 2022	Gross Assets	31 March 2023
45,671	<b>Opening fair value of scheme assets balance as at 1 April</b>	52,115
915	[I] The return on plan assets (Excluding amount included in net interest expense)	1,409
5,335	[A] Actuarial losses / (gains) from changes in financial assumptions	(2,704)
1,439	[C] Contributions by the employer	1,495
68	[C] Contributions for unfunded (Discretionary benefits)	67
368	[N] Contributions by employees into the scheme	401
(1,613)	[N] Benefits paid	(1,659)
(68)	[N] Unfunded (Discretionary benefits)	(67)
<b>52,115</b>	<b>Closing balance at 31 March</b>	<b>51,057</b>
<b>(20,877)</b>	<b>TOTAL NET LIABILITIES</b>	<b>(2,065)</b>

Net Movement		Net Movement
2021/22		2022/23
<b>1,507</b>	<b>General Fund Charge - Employer Contributions</b>	<b>1,562</b>
1,383	[C] Other items to net cost of services	1,215
609	[I] Interest cost minus return on plan assets to financing income & expenditure	580
<b>3,499</b>	<b>Charge to Surplus/(Deficit) upon Provision of Services</b>	<b>3,357</b>
(10,896)	[A] Actuarial Gains/Losses to other income & expenditure	(20,607)
<b>(7,397)</b>	<b>Charge to Comprehensive Income &amp; Expenditure Account for the Year</b>	<b>(17,250)</b>
(1,507)	Less General Fund Charge - Employer Contributions	(1,562)
<b>(8,904)</b>	<b>TOTAL MOVEMENT IN PENSION RESERVE</b>	<b>(18,812)</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

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

### Participation in Pension Schemes

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

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

### Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2022.

In 2022/23 the Council paid an employer's contribution of £1.38 million representing 24.9% of employees' pensionable pay (2021/22 £1.38 million @ 24.9%) into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuary has allowed for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April service.

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

### Transactions Relating to Post-Employment Benefits

The Council charges the cost of retirement benefits to the cost of services when they are earned by employees as distinct from when the benefits are eventually paid as pensions. However, the charge the Council is required to make to the General Fund is based on the cash payable in the year. The difference between the two different methods is charged to the Pension Reserve.

### Assets and Liabilities in relation to Post-employment Benefits

The Reconciliation of present value of the scheme liabilities in respect of East Cambridgeshire District Council is shown at Note 21 to the Accounts.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £2.065 million has an impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the Council in the year to 31 March 2023 is £1.383 million.

#### Basis for estimating Liabilities and Assets

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2023. The results of this valuation were projected forward using approximate methods.

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

2021/22	County Fund – Main Assumptions	2022/23
3.70%	Rate of increase in salaries	3.45%
3.20%	Rate of increase in pensions	2.95%
2.70%	Rate of discounting scheme liabilities	4.75%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.0	Men	22.0
24.6	Women	24.7
	Longevity at 65 for future pensioners	
22.8	Men	22.8
26.1	Women	26.2

#### Local Government Pension Scheme Assets Comprised:

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

31-Mar-22 £'000		31-Mar-23 £'000
504	Cash and cash equivalents	1,233
0	<b>Equity instruments by industry:</b>	
	Other	0
0	Sub-total equity	0
	<b>Debt Securities:</b>	
2,558	UK Government	1,728
	<b>Private equity:</b>	
5,562	All not in active markets	6,336
	<b>Real Estate</b>	
3,660	Real Estate - UK Property	3,335
	Real Estate - Overseas Property	0
	<b>Other investment funds:</b>	
5,539	Bonds	5,512
30,046	Equity	28,210
4,141	Infrastructure	4,489
0	Real Estate - UK Property	0
	Real Estate -Overseas property	0
105	Other	214
39,831	Sub-total other investment funds	38,425
<b>52,115</b>	<b>Total Assets</b>	<b>51,057</b>



Sensitivity analysis:

Increase Assumption 31 Mar 22	Impact on the defined benefit obligation in the scheme	Increase Assumption 31 Mar 23
		£000
1,311	Decrease in Real Discount Rate by 0.1%	909
2,920	1 Year increase in member life expectancy	2,125
109	Rate of Increase in salaries increase by 0.1%)	71
1,193	Increase in the Pension Increase Rate (CPI) by 0.1%	852

Further information

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Head of Finance, Cambridgeshire County Council, New Shire Hall, Emery Crescent, Enterprise Campus, Alconbury Weald, Huntingdon, PE28 4YE.

**Note 23. Financial Instruments**

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

	Current	
	2021/22	2022/23
	£'000	£'000
Measured at Amortised Cost		
<b>Investments and Cash &amp; Cash Equivalents</b>		
Investments in subsidiaries		
Short term Investments	6,000	17,000
Money Market Funds	25,000	12,500
Cash & Cash Equivalents	2,643	544
Loans & Receivables		
<b>Total Investments and Cash &amp; Cash Equivalents</b>	<b>33,643</b>	<b>30,044</b>
Debtors	2,397	2,806
Loans & Investments	0	0
<b>TOTAL FINANCIAL ASSETS</b>	<b>36,040</b>	<b>32,850</b>
<b>Long Term</b>		
Loans & Investments	5,219	6,557
<b>Borrowings</b>	0	0
<b>TOTAL BORROWINGS</b>	<b>0</b>	<b>0</b>
Measured at Amortised Cost		
<b>Creditors</b>	<b>(2,374)</b>	<b>(2,316)</b>
Financial Liabilities at amortised cost		
<b>TOTAL CREDITORS</b>	<b>(2,374)</b>	<b>(2,316)</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(2,374)</b>	<b>(2,316)</b>

**Fair value of assets and liabilities carried at amortised cost.**

Financial assets classified as available for sale are carried in the Balance Sheet at fair value taken from the market price.

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

- There were no long or short term borrowings at the yearend so no estimated rates were needed.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value.
- The fair value of debtors is taken to be the invoiced or billed amount.

- No changes in the classification of financial instruments were required as part of the implementation of IFRS 9.

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

Risk management is carried out by the Finance Team with due regard to the Annual Treasury Management Strategy approved by the Council.

#### Credit risk

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

The Council's theoretical maximum exposure to credit risk in relation to its investments in banks and the money markets is equivalent to its total cash holding £30.00 million (2021/22; £33.60 million). However, in reality the true risk cannot be assessed, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to that individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2023 that this was likely to occur and there are no investments that as at 31 March 2023 were with institutions that had failed.

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

The Council does not generally allow credit for its customers, such that £146k (£146k in 2021/22) of the £1,253K (£181k in 2021/22) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2022 £000	31 March 2023 £000
Less than three months	35	1,107
Three to six months	7	10
Six months to one year	7	12
More than one year	132	124
Total	181	1,253

Collateral – During the reporting period the Council held no collateral as security.

#### Liquidity risk

The Council's current liquidity risk is low, as it has significant cash holdings. The authority has a comprehensive cashflow management system that seeks to ensure that cash is available as needed. However, if unexpected movements happen, the authority has ready access to borrowings from the PWLB and money markets, so there is no significant risk that it will be unable to meet its commitments under financial instruments.

Market risk – Interest Rate Risk

The Council currently has cash surpluses and has no external borrowing. Its interest rate exposure is therefore limited to the interest rate movements on its investments.

Price risk

The Council invests in shares in two wholly owned companies to provide a local service. There is no intention to sell these shares and there is no other source of valuation of them, so the risk is minimal.

Foreign Exchange Risk

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

IFRS 9 Disclosure

ECDC's core treasury management investments are not material. The risk of default should be virtually zero and therefore any potential expected credit loss impairment under IFRS 9 should not be required. The Council has reviewed its loan to ECTC and does not expect any credit loss.

**Note 24. Trading Operations**

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

The Council owns a number of industrial sites in the district, the biggest being East Space North in Littleport. The profits (or losses) on these trading operations were as follows:

Trading Operations	2021-22		2022-23	
	Turnover	Surplus/(Loss)	Turnover	Surplus/(Loss)
Business Units	101,850	3,766	109,383	(41,385)
E Space South	26,755	18,310	28,350	6,185
E Space North	249,919	63,728	259,991	85,521
Building Control	313,700	102,558	266,643	44,026
<b>Total</b>	<b>692,224</b>	<b>188,362</b>	<b>664,367</b>	<b>94,348</b>

**Note 25. Members' Allowances**

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

2021/22		2022/23	
£		£	
243,011	Allowances	253,094	
2,892	Expenses	2,579	
<b>245,903</b>		<b>255,673</b>	

**Note 26. Senior Officer and Staff Remuneration over £50,000**

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

2021/22		2022/23	
5	50,000 but less than	55,000	1
2	55,000 but less than	60,000	5
1	60,000 but less than	65,000	1
1	65,000 but less than	70,000	0
2	70,000 but less than	75,000	1
1	75,000 but less than	80,000	1
0	80,000 but less than	85,000	3
0	85,000 but less than	90,000	0
0	90,000 but less than	95,000	0
0	95,000 but less than	100,000	0
0	100,000 but less than	105,000	0
1	105,000 but less than	110,000	0
1	110,000 but less than	115,000	1
0	115,000 but less than	120,000	0
0	120,000 but less than	125,000	0
0	125,000 but less than	130,000	0
0	130,000 but less than	135,000	0
0	135,000 but less than	140,000	0
0	140,000 but less than	145,000	0
0	145,000 but less than	150,000	0
1	150,000 but less than	155,000	1
0	155,000 but less than	160,000	0
0	160,000 but less than	165,000	0
0	165,000 but less than	170,000	0
0	170,000 but less than	175,000	0
<b>15</b>			<b>14</b>

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

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

<b>2022/23</b>	<b>Salary including allowances</b>	<b>Additional Payments</b>	<b>Benefits and fees</b>	<b>Total remuneration</b>	<b>Employer Pension contributions</b>	<b>Remuneration including pension contributions</b>
<b>Post Holder</b>	<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive- John Hill	144,637		8,722	<b>153,359</b>	24,878	<b>178,237</b>
Director Operations 1	8,501	19,769		<b>28,270</b>	1,537	<b>29,807</b>
Director Operations 2	39,418		496	<b>39,914</b>	6,780	<b>46,694</b>
Director Commercial	112,688			<b>112,688</b>	19,382	<b>132,070</b>
Director Legal Services	80,575		400	<b>80,975</b>	13,859	<b>94,834</b>
Director Finance	80,575		362	<b>80,937</b>	13,859	<b>94,796</b>
Director Corporate	80,575			<b>80,575</b>	13,859	<b>94,434</b>

Key – 2022/23

Note 1 Director Operations 1 in post until 30<sup>th</sup> April 2022

Note 2 Director Operations 2 in post from 7<sup>th</sup> November 2022

<b>2021/22</b>	<b>Salary including allowances</b>	<b>Additional Payments</b>	<b>Benefits and fees</b>	<b>Total remuneration</b>	<b>Employer Pension contributions</b>	<b>Remuneration including pension contributions</b>
<b>Post Holder</b>	<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive – John Hill	153,323		11,284	<b>164,607</b>	26,372	<b>190,979</b>
Director Operations	107,964	5,533	894	<b>114,391</b>	19,521	<b>133,912</b>
Director Commercial	106,154			<b>106,154</b>	18,258	<b>124,412</b>
Legal Services Manager	73,720			<b>73,720</b>	12,680	<b>86,400</b>
Finance Manager	73,720		344	<b>74,064</b>	12,680	<b>86,744</b>
Corporate Manager	3,567			<b>3,567</b>	614	<b>4,181</b>

Key – 2021/22

Note 1 All staff detailed above were in post throughout the 2022-23 financial year except Corporate Manager who started on 14<sup>th</sup> March 2022

The numbers of exit packages committed in the year with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

2021/22				2022/23		
Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed		Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed
	1	1	£0 to less than £20,000		0	0
	1	1	£20,000 to less than £40,000		1	1
<b>0</b>	<b>2</b>	<b>2</b>	<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>
		Cost £000				Cost £000
	9	9	£0 to less than £20,000		0	0
	25	25	£20,000 to less than £40,000		20	20
	<b>34</b>	<b>34</b>	<b>TOTAL</b>		<b>20</b>	<b>20</b>

## Note 27. External Audit Related Costs

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

2021/22		2022/23
£'000		£'000
38	External Audit	48
52	Increased Cost (21/22 & 22/23)	195
24	Grant Claim Certificate	36
<b>114</b>		<b>279</b>

## Note 28. Related Parties

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

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

Grants received from Government departments are set out in the analysis in Note 8a on "Grant Income".

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

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 26. Some Council members are also:

1. Elected members of other Councils, including the County Council, Parish and Town Councils.
2. Nominated representatives of Cambridgeshire County Council on various organisations.

In respect of 2022/23, there were three transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

One Councillor was employed by The Wildlife Trust BCN – Transactions in year with ECDC were £8,809 for Ecology & Biodiversity Report. NIL Outstanding at 31/03/2022. Two Councillors represent Littleport Leisure Centre – Transactions in Year from ECDC to LLC £13,485 for NLRG Grant funding. Nil outstanding at 31/03/22 One Councillor represents VCEAC – Transactions in year from ECDC to EC were £16,471 for NLRG Funding. Nil outstanding at 31/03/22

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

The Council fully owns East Cambs Trading Company Limited and East Cambs Street Scene Ltd

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

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

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

The Property and CLT Development arm, known as Palace Green Homes, are responsible for progressing the development of small scale house building, including the development of CLTs, within the district.

Payments from ECTC to ECDC £1,364K,

Payments from ECDC to ECTC £1,363K

#### **East Cambs Street Scene Ltd**

East Cambs Street Scene is responsible for the delivery of the waste and street cleansing service.

Payments from ECSS to ECDC £1,053K

Payments from ECDC to ECSS £4,897K



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

### Anglia Revenue Partnership

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

## Note 29. Leases

### Council as Lessee

#### Finance Leases

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

2021/22		2022/23
£000		£000
352	Public Conveniences, Car Park, Open Space	353

The Authority was committed to making minimum payments under these leases through the service payment to the main contractor in settlement of the effective long-term liability for the interest in the vehicles. The minimum lease payments are made up of the following:

2021/22		2022/23
£000		£000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
20	Current	17
15	Finance costs payable in future years	40
<b>35</b>	<b>Minimum lease payments</b>	<b>57</b>

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently, the minimum rentals are directly equal to the Finance Lease liability above.

As these amounts are immaterial, they have not been included in the Comprehensive Income & Expenditure Statement.

### Operating Leases

The Authority has no material operating leases as lessee.

### Council as Lessor

#### Finance leases

The Council has no finance leases as lessor.

#### Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

- for the provision of public open space, recreation and public conveniences
- to encourage small businesses
- and other minor items.

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

2021/22		2022/23
£000		£000
37	Not later than 1 year	20
73	Later than 1 year and not later than 5 years	497
611	Later than 5 years	118
<b>721</b>		<b>635</b>

The minimum lease payments receivable includes rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 £0 contingent rents were receivable by the Authority (2021/22 £0).

## Note 30. Accounting Policies

### Accounting Policies in respect of Concepts and Principles

#### ➤ General Principles

The Statement of Accounts summarises the Council's transactions for the **2022/23** financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom **2022/23** and the Service Reporting Code of Practice **2022/23**, supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

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

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

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

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

#### ➤ Changes in Accounting Policies, Prior Period Adjustments, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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

#### ➤ Exceptional Items

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

➤ **Accruals of Income and Expenditure as shown in Comprehensive Income and Expenditure Account**

Income and expenditure are accounted for in the year in which resources are consumed or when entitlement arises. The principles applied are as follows:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where the Council is acting as an agent for another party (e.g., in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services provided or the Council incurs expenses directly on its own behalf in providing the services.
- Government Grants are recorded as Income when they are received provided there is reasonable assurance that the conditions of receipt are complied with or at a later date should the conditions be met at that later date.
- In relation to the Local Government Pension scheme the liability that the Authority has for meeting the future cost of retirement benefits arising from service provided by employees up to the Balance Sheet date net of the contributions paid into the fund and the investment income generated.
- Changes in fair values of Investment Properties are recognised.
- The Statutory basis of accounting for the Council differs from that reported in the Comprehensive Income & Expenditure Account as required under IFRS. Details are provided on the following page:

The differences between the Statutory Basis of Accounting and the IFRS Accounting base are as follows:

<b>Income or Expense</b>	<b>Basis of Statutory Charge to General Fund</b>	<b>Basis of Accounting Charge or Credit</b>	<b>Other Funds utilised to represent enhancement from Statutory Outturn to Accounting Outturn</b>
Consumption or usage of Long Term Assets	Contribution to the reduction in borrowing requirement in accordance with statutory guidance.	Full accrual principle determined by Depreciation, Amortisation & Impairment	Capital Adjustment Account with small portion to Revaluation Reserve in relation to Current Cost Element of Depreciation
Grant receipts relating to Long Term Assets	None	All Grants received in year providing no conditions are attached and/or conditional grants from prior years that were applied in year.	Unapplied Capital Grants Reserve
Disposal Receipts or entitlements relating to Long Term Assets	None	Net Profit	Capital Receipts Reserve (deferred if cash not received) minus Capital Adjustment Account (or Revaluation Reserve) in relation to holding value of asset at time of sale.
Financing of new Capital Investment	Contributions made where otherwise not funded by Capital Receipts or designated Capital Grants	None	Capital Adjustment Account
Upward Valuation of Assets	None	Credited	Revaluation Reserve or, where reinstating past Impairment, Capital Adjustment Account
Pension Scheme Costs	Direct amounts paid in relation to the scheme	Full accrual principles including actuarial valuation	Pension Reserve
Staff Costs	Direct amounts paid	Accrual made for leave entitlement deferred forwards	Accumulated Absences Adjustment Account
Council Tax Receipts & Business Rates	Pre-planned demand plus prior year surplus	Full accrual income principle	Collection Fund Adjustment Account
Revenue Expenditure Financed by Capital Under Statute	None	Full accrual principles	Capital Adjustment Account
Minimum Statutory Provision for Capital Debt Repayment	Charge as required under statute	None	Capital Adjustment Account

➤ **Reserves**

The Council's Reserves represent the accumulation of surpluses (and deficits) upon the Comprehensive Income & Expenditure account overall years up to and including the Balance Sheet Date. It also equals the Total Value of the Council's assets less its' liabilities.

Reserves are classified into Useable (when currently available for application) and Un-useable (when there is no current liquidity).

The Notes to the Accounts upon the Reserves explains fully the purpose of each Reserve and the uses to which they are applied.

➤ **Value Added Tax**

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

➤ **Events after the Balance Sheet Date**

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

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

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

### **Accounting Policies in respect of Non-Current Assets**

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

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

- **Recognition**

Spend on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. There is a de minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

- **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

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

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

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

Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying value is not materially different from their fair value at the yearend, but as a minimum every four years.

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

- Components

The Council will separately account for components where the cost of the component is significant in relation to the overall total cost of the asset, and the useful economic life of the component is significantly different from the useful economic life of the asset. Individual components with similar useful lives and depreciation methods will be grouped.

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

#### Impairment

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

The incidence of charge to the Capital Adjustment and Revaluation Reserve is detailed above.

- Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and

Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

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

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

- Depreciation

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

Depreciation is calculated as follows:

Asset Type	Depreciation basis	Useful Economic Life
Operational Buildings	Straight-line allocation over the estimated life of the building or component where identified separately	5 years to 99 years
Community Assets	Straight line allocation over the estimated life of the asset	16 years to 99 years
Intangible Assets	Straight line allocation over the estimated life of the asset	1 year to 5 years
Vehicles, Plant, Furniture & Equipment	Straight line allocation over the estimated life of the asset	1 year to 48 years
Infrastructure		5 years to 99 years

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

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



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

#### **Year of depreciation charge**

The depreciation charge will generally commence in the year of the addition of the asset.

#### ➤ **Heritage Assets**

Heritage Assets (those Assets of cultural, environmental or historic importance) are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

#### ➤ **Intangible Assets**

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

#### ➤ **Leases**

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

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

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

- **The Council as Lessee**

- Finance leases

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

Lease payments are apportioned between:

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

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

- Operating leases.

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

- The Council as Lessor

- Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal whilst an appropriate debtor balance is created to reflect the amount owed to the Council.

- Operating Leases.

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

### **Current Value Measurement (IFRS 13)**

Previously, all assets and liabilities were valued under the principle of "fair value" which was defined as "the amount for which an asset could be exchanged, or liability settled between knowledgeable, willing parties in an arm's length transaction".

Although "fair value" remains as the approach to valuation for a number of assets and liabilities, in respect of Operational Assets IFRS 13 introduces "current value". This means such assets must be measured in a way that recognises their "service potential".

### **Accounting Policies in respect of Employee Benefits**

#### **Benefits payable during employment.**

To the extent that the Council has an outstanding liability for these at the Balance Sheet Date, the amount is shown in the Accumulated Absences Reserve.

#### ➤ **Termination Benefits**

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

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

### ➤ **Post-Employment Benefits (Pensions)**

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

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

### ➤ **Discretionary Benefits**

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

## **Accounting Policies in respect of Financial Instruments**

### ➤ **Financial Instruments**

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 normally be the date that a contract is entered into but may be later if there are conditions that need to be satisfied. Financial assets are recognised by the Council on the Balance Sheet only when the goods or services have been provided or rendered to a third party. Financial liabilities are recognised when the goods or services ordered from a third party have been received by the Council and the third party has performed its contractual obligations.

### ➤ **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost.
- fair value through profit or loss (FVPL),
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principle and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

- **Financial Assets Measured at Amortised Cost**  
Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument, are initially measured at fair value. They are subsequently measured at their amortised

cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principle receivable. The Interest credited to the Comprehensive Income and Expenditure Statement for the loans is the amount receivable for the year in the loan agreement. Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investments income and expenditure line in the Comprehensive Income and Expenditure Statement.

➤ **Financial Liabilities**

- Financial liabilities are initially measured at fair value and are subsequently carried at their amortised cost.  
Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most borrowing that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principle repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income or Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

➤ **Provisions and Contingent Liabilities**

- Provisions

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

- Contingent Liabilities

A contingent liability arises from an event which is too uncertain, or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. Contingent liabilities also arise in circumstances

where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

## Note 31. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, in relation to the going concern period up to 31st March 2023, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31st March 2024	£1.051m	£15.858m

Our expected General Fund and Earmarked Reserve position as at 31st March 2024, are a predicted balance of £1.238 million in the General Fund and £10.186 million in other Earmarked Reserves (excluding CIL). [Figures from the 2023/24 budget approved by Full Council on the 21<sup>st</sup> February 2023.] This remains in line with our minimum level of General Fund balance, i.e., 10% of the net operating budget as set in the budget report by the Chief Finance Officer.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, with no expectation of the need for external borrowing.

The key assumption within this forecast is that the Council will come in on budget in 2022/23. It should be noted that the budget for 2023/24 was approved with continuing income reductions in relation to car parking and the leisure centre management fee, reflecting the on-going impacts of the Covid-19 pandemic. And the budget for 2023/24 has been set taking into account the high levels of inflation in the economy and consequential expected increases in employee pay.

The Council has in recent years, always underspent its budget at yearend, but forecasts for 2023/24 are suggesting that while an underspend is still expected, this will be considerably lower than in the recent past.

The current forecast is that after allocations from the Surplus Savings Reserve in both 2023/24 and 2024/25 there will still be over £5.1 million in this reserve as at the 31st March 2025. It is therefore strongly believed that any pressures will be able to be absorbed within this balance, if required, up until this time

On this basis, the Council has an expectation that it will have adequate resources to continue in operational existence throughout the going concern period up until 31st March 2025, maintaining the provision of its services. For this reason, alongside the statutory

guidance, we continue to adopt the going concern basis in preparing these financial statements.

Ian Smith  
Director, Finance  
East Cambridgeshire District Council

**Collection Fund**

2021/22			2022/23		
Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000	Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000
<b>Income</b>					
0	(60,206)	(60,206)		(64,322)	(64,322)
(19,072)	0	(19,072)	(21,574)		(21,574)
(264)	0	(264)	(9)		(9)
<b>(19,336)</b>	<b>(60,206)</b>	<b>(79,542)</b>	<b>(21,582)</b>	<b>(64,322)</b>	<b>(85,904)</b>
<b>Expenditure</b>					
<b>Repay Previous Years Surplus / Deficit</b>					
(3,899)	0	(3,899)	(1,687)	0	(1,687)
(3,119)	30	(3,089)	(1,350)	244	(1,106)
(702)	184	(518)	(303)	1,514	1,211
0	32	32	0	268	268
(78)	10	(68)	(34)	79	45
<b>(7,798)</b>	<b>256</b>	<b>(7,542)</b>	<b>(3,374)</b>	<b>2,105</b>	<b>(1,269)</b>
<b>Precepts and Demands</b>					
10,711	0	10,711	9,861		9,861
8,789	6,776	15,565	8,020	7,163	15,183
1,950	41,896	43,846	1,805	45,727	47,532
0	7,410	7,410		8,015	8,015
217	2,201	2,418	201	2,333	2,534
<b>21,667</b>	<b>58,283</b>	<b>79,950</b>	<b>19,887</b>	<b>63,238</b>	<b>83,125</b>
<b>Charges to Collection Fund</b>					
(62)	(224)	(286)	(18)	(220)	(238)
173	230	403	143	333	476
(229)	0	(229)	(2,089)		(2,089)
95	0	95	96		96
693	0	693	1,127		1,127
281	0	281	329		329
<b>951</b>	<b>6</b>	<b>958</b>	<b>(412)</b>	<b>113</b>	<b>(298)</b>
<b>14,820</b>	<b>58,545</b>	<b>73,366</b>	<b>16,101</b>	<b>65,456</b>	<b>81,558</b>
<b>(4,516)</b>	<b>(1,661)</b>	<b>(6,176)</b>	<b>(5,481)</b>	<b>1,134</b>	<b>(4,346)</b>
8,938	(440)	<b>8,498</b>	4,422	(2,101)	<b>2,321</b>
<b>4,422</b>	<b>(2,101)</b>	<b>2,322</b>	<b>(1,059)</b>	<b>(967)</b>	<b>(2,025)</b>

## Notes to the Collection Fund

### 1. Purpose of Fund

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

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

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

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

### 2. Council Tax

Tax Base at 31 March 2023					
Tax Band	Properties	Exemptions & Discounts	Chargeable Dwellings	Band D Multiplier	Band D equivalent
A-	10.0	2.8	7.2	5/9	4.0
A	4,031.6	832.5	3,199.1	6/9	2,132.7
B	10,135.2	1,128.9	9,006.3	7/9	7,004.9
C	7,495.4	318.9	7,176.5	8/9	6,379.1
D	6,821.0	143.6	6,677.4	9/9	6,677.4
E	4,579.4	49.2	4,530.2	11/9	5,536.9
F	2,198.7	12.7	2,186.0	13/9	3,157.6
G	731.8	3.3	728.5	15/9	1,214.2
H	78.8	0.0	78.8	18/9	157.6
<b>Total</b>	<b>36,081.9</b>	<b>2,491.9</b>	<b>33,590.0</b>		<b>32,264.4</b>

Council Tax charge per band D property for 2021/22 £1,947.27

Council Tax charge per band D property for 2022/23 £2,032.35



### 3. Non Domestic Rates (NNDR)

The standard business rate multiplier set by the Government for 2022/23 was 51.2p (2021/22 51.2p). The small business multiplier, for business with a rateable value of under £18,000 was 49.9p (2021/22 49.9p)

Total rateable value at 31 March 2023 £60.224 million.

Total rateable value at 31 March 2022 £59.395 million.

### 4. Non Domestic Rates Appeals

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

### 5. Collection Fund Balance Sheet

Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
31-Mar-22	31-Mar-22	31-Mar-22		31 Mar 23	31 Mar 23	31 Mar 23
£'000	£'000	£'000		£'000	£'000	£'000
283	2,369	2,652	Cash held by ECDC	2,898	1,079	3,977
1,588	2,878	4,466	Debtors	2,113	3,188	5,301
(1,174)	(1,560)	(2,734)	Receipts in Advance	(798)	(1,601)	(2,399)
(444)	(1,587)	(2,031)	Impairment Provision	(569)	(1,700)	(2,269)
(4,675)	0	(4,675)	Appeals Provision	(2,585)	0	(2,585)
4,422	(2,100)	2,322	Fund Surplus	(1,059)	(966)	(2,025)
<b>0</b>	<b>0</b>	<b>0</b>	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
31-Mar-22	31 Mar 22	31 Mar 22		31 Mar 23	31 Mar 23	31 Mar 23
£'000	£'000	£'000		£'000	£'000	£'000
635	326	961	Debtors	845	350	1,196
(470)	(177)	(647)	Receipts in Advance	(319)	(174)	(494)
(178)	(180)	(358)	Impairment Provision	(228)	(188)	(416)
(1,869)	0	(1,869)	Appeals Provision	(1,034)	0	(1,034)
(28)	(2,094)	(2,122)	Creditors - Local Government	(290)	(958)	(1,248)
141	0	141	Creditors - Central Government	(1,449)	0	(1,449)
1,769	(244)	1,525	Fund Surplus to Collection Fund Adjustment Account	(424)	(108)	(532)
<b>0</b>	<b>(2,369)</b>	<b>(2,369)</b>	<b>TOTAL</b>	<b>(2,899)</b>	<b>(1,078)</b>	<b>(3,977)</b>

## 7. Collection Fund Adjustment Reserve

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

2021/22	Collection Fund Adjustment Account		2022/23
£'000			£'000
(3,525)	Opening Balance		(1,506)
2,019	Movement in Year		(2,471)
<b>(1,506)</b>	Closing Balance		<b>(3,977)</b>
		Movement	Closing Balance
193	Council Tax	136	(108)
1,807	Non Domestic Rates - Core	(2,193)	(424)
19	Non Domestic Rates - Renewable Energy	(414)	(433)
			<b>(965)</b>

**GROUP Comprehensive Income & Expenditure Account**

2021/22				2022/23		
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
39,412	(38,439)	973	Finance & Assets	51,096	(44,688)	6,409
12,521	(10,249)	2,271	Operational Services	20,345	(15,692)	4,653
<b>51,933</b>	<b>(48,688)</b>	<b>3,244</b>	<b>Cost of Services</b>	<b>71,442</b>	<b>(60,380)</b>	<b>11,062</b>
3,061	(4)	3,057	Other Operating Costs	3,323	(4)	3,319
388	176	564	Financing & Investment Items	430	(569)	(139)
0	(13,131)	(13,131)	Taxation & Grant Income	58	(15,776)	(15,718)
<b>55,382</b>	<b>(61,648)</b>	<b>(6,267)</b>	<b>Net Surplus/Deficit on provision of services</b>	<b>75,253</b>	<b>(76,729)</b>	<b>(1,476)</b>
			<b>Other comprehensive income &amp; expenditure</b>			
0	(12,547)	(12,547)		0	(19,616)	(19,616)
<b>55,382</b>	<b>(74,195)</b>	<b>(18,814)</b>	<b>TOTAL</b>	<b>75,253</b>	<b>(96,345)</b>	<b>(21,092)</b>

**GROUP Movement in Reserves Statement**

2021/22					2022/23		
Opening Balance Group £'000	Adjust between Account basis and fund basis £'000	Other income & Expenditure £'000	Closing Balance £'000		Adjust between Account basis and fund basis £'000	Other income & Expenditure £'000	Closing Balance £'000
17,785	333	6,266	24,385	General Fund	(425)	1,476	25,435
1,472	64		1,536	Capital Receipts Reserve	(56)	0	1,481
60	319		379	Capital Grants Unapplied	(379)	0	0
<b>19,317</b>	<b>717</b>	<b>6,266</b>	<b>26,300</b>	<b>Total Useable</b>	<b>(860)</b>	<b>1,476</b>	<b>26,916</b>
20,122	(331)		19,791	Capital Adjustments Account	289	0	20,080
12,944	(444)	1,567	14,068	Revaluation Reserve	(99)	(991)	12,977
(33,281)	60	10,981	(22,242)	Other Unusable	756	20,607	(877)
<b>(213)</b>	<b>(717)</b>	<b>12,548</b>	<b>11,616</b>	<b>Total Unusable</b>	<b>860</b>	<b>19,616</b>	<b>32,180</b>
<b>19,104</b>	<b>0</b>	<b>18,814</b>	<b>37,917</b>	<b>TOTAL</b>	<b>0</b>	<b>21,092</b>	<b>59,095</b>

**Group Balance Sheet**

<b>31 Mar 22</b>		<b>31 Mar 23</b>
<b>£'000</b>		<b>£'000</b>
37,946	Property, Plant and Equipment	36,443
105	Heritage Assets	105
15	Intangible Assets	0
1,748	Trade & Other receivables	2,610
319	Long Term Debtors	557
<b>40,133</b>	<b>TOTAL LONG TERM ASSETS</b>	<b>39,715</b>
6,000	Investments (Short Term)	17,000
165	Assets Held for Sale	165
3,857	Short Term Debtors	4,128
25,953	Inventories	4,916
29,124	Cash and Cash Equivalents	13,805
<b>65,099</b>	<b>TOTAL CURRENT ASSETS</b>	<b>40,014</b>
(16,917)	Short Term Creditors & Receipts in Advance	(13,755)
(2,046)	Provisions	(1,193)
(24,001)	Borrowings	(153)
<b>(42,965)</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>(15,102)</b>
0	Borrowings	0
(3,474)	Capital Grants Received in Advance	(3,467)
(20,877)	Net Pensions Liability	(2,065)
<b>(24,351)</b>	<b>LONG TERM LIABILITIES</b>	<b>(5,532)</b>
<b>37,917</b>	<b>NET ASSETS</b>	<b>59,095</b>
	<b>FINANCED BY:</b>	
26,291	USABLE RESERVES	26,808
11,626	UNUSABLE RESERVES	32,287
<b>37,917</b>	<b>TOTAL RESERVES</b>	<b>59,095</b>

**Ian Smith - CPFA**

Director, Finance

East Cambridgeshire District Council

**Group Cash Flow Statement**

<b>Group</b>		<b>Group</b>
<b>31 March 2022</b>		<b>31 March 2023</b>
<b>£'000</b>		<b>£'000</b>
<b>6,265</b>	<b>Net Surplus / (Deficit) on the Provision of Services – (i)</b>	<b>1,476</b>
(220)	Interest receivable	(126)
	Adjustments for Non-cash Items:	
2,538	Depreciation & Amortisation	1,264
	Impairment	
1,992	Pension Liability	1,795
7,507	Change in Inventories	21,136
(1,220)	Change in Debtors & Creditors	(5,609)
<b>10,598</b>	<b>Total Adjustments (ii)</b>	<b>18,460</b>
<b>16,863</b>	<b>A- Net Cash Flows from Operating Activities (i)+(ii)</b>	<b>19,936</b>
(126)	Purchase of Property, Plant & Equipment	(699)
(4)	Change in Long Term Debtors	(1,338)
(1,000)	Change in Short term Investments	(11,000)
220	Interest Received	848
<b>(910)</b>	<b>B- Investing Activities</b>	<b>(12,189)</b>
115	Net receipt / (application) of Capital Grants	(6)
	Change in Collection Fund agencies	
4,069	Debtors & Creditors	481
4,507	Loans Advanced	3,907
(9,776)	Loans Repaid	(27,377)
0	Leasing Liabilities Proceeds	0
(49)	Leasing Liabilities Repayment	(17)
236	Interest Paid	(55)
<b>(898)</b>	<b>C- Financing Activities</b>	<b>(23,067)</b>
<b>15,054</b>	<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(15,320)</b>
<b>14,070</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>29,124</b>
<b>29,124</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>13,804</b>

## Notes to Group Accounts

**G1** The Council has two Trading Companies East Cambs Trading Company Limited and East Cambs Street Scene. As a result, a set of Group Accounts for the group as a whole are produced. The accounts have been consolidated on a line by line basis, as per IFRS10.

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

	31 March 2022 £'000	In Year Movement 2022/23 £'000	31 March 2023 £'000
Surplus Savings Reserve - Profit & Loss Account	794	(663)	131
<b>Total Company Reserves portion of Group Balance Sheet</b>	794	(663)	131
<b>Represented by:</b>			
East Cambs Trading Company Profit & Loss	786	(655)	131
East Cambs Street Scene Profit & Loss	8	(8)	0

**G2** The Assets & Liabilities of the Company's at the Balance Sheet Date are as follows:

	Trading Company	Street Scene	Inter Company	Total Change upon Council
Property Plant & Equipment	69	17		86
Long Term Debtor/Loan	(6,000)	0		(6,000)
Debtors & Cash	2,819	1,359	(831)	3,347
Inventories	4,856	12		4,868
Borrowings	(153)			(153)
Creditors	(1,330)	(1,372)	250	(2,452)
<b>TOTAL ASSETS NET OF COUNCIL SHARE</b>	<b>261</b>	<b>16</b>	<b>(581)</b>	<b>(304)</b>

The Group Balance Sheet has moved from a position at 31st March 2022 of £37.917 million to £59.095 million at 31 March 2023.

The companies - ECTC's Non-current assets have reduced by £986k as there is only one instalment of the Kennett land promotion due in more than one year (LY – 2 instalments)

Due to the sales of 83 properties in 2022/23, inventories have reduced by £21.1m. Current trade receivables has increased by £369k due to a debt due on two properties sold but payment has been deferred until the properties are able to be occupied. Cash has reduced by £906k as any surplus was utilised in paying remaining loans.

Current financial liabilities have reduced by £25.1m as the two loans from CPCA were repaid during the year.

Non-current financial liabilities have increased as the facility with ECDC was used to repay any balance on the loans to CPCA.

**G3** East Cambs Trading Company and East Cambs Street Scene report leases under IFRS16 for 2022/23 but for group consolidation this has been rolled back to IAS17.

**G4. Group Audit Fees**

	2021/22	2022/23
ECDC	£114,000	£279,000
ECTC	£37,500	£35,650
ECSS	£19,900	£22,875
<b>Total Audit Fees</b>	<b>£171,400</b>	<b>£337,525</b>

## Glossary of Terms and Abbreviations

### **Accrual**

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

### **Actuarial Assumptions**

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

### **Amortisation**

The gradual write off of the initial cost of assets.

### **Asset**

An item having value to the Council in monetary terms.

### **Capital Enhancement**

Enhancement on the acquisition of non-current assets which will be used in providing services beyond the current accounting period or spend on non-current assets.

### **Capital Receipts**

Income received from selling non-current assets.

### **Carrying amount**

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

### **CIPFA**

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

### **Collection Fund**

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

### **Community Infrastructure Levy (CIL)**

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

### **Contingent Liabilities**

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

### **Council Tax**

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

### **Creditors**

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

### **Current Assets**

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



**Debtors**

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

**Earmarked Reserves**

Money set aside for a specific purpose.

**Exceptional Item**

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

**Fair value**

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

**Finance Lease**

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

**Impairment of debts**

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

**Intangible Assets**

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

**Liabilities**

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

**Liquid Resources**

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

**Minimum Revenue Provision (MRP)**

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

**Non Domestic Rates**

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

**Operating Leases**

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

**Precept**

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

**Prior Year Adjustments**

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

**Property, Plant and Equipment**

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

**Provisions**

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

**Reclassification**

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

**Responsible Financial Officer**

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

**Restated**

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

**Revenue Expenditure Funded from Capital under Statute**

Spending on items normally classed as revenue but which are defined by statute as capital e.g., improvement grants.

**Revenue Support Grant**

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

**Safety Net**

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

**Section 106**

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

**Tariff**

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

**True and Fair View Override**

As required by the Accounts and Audit Regulations 2011, paragraph 8.2, the Responsible Financial Officer is required to certify that the Statement of Accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the "true and fair view override". This means, where the

Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e., to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

## **ABBREVIATIONS**

<b>CFR</b>	Capital Financing Requirement
<b>CIES</b>	Comprehensive Income and Expenditure Statement
<b>CIL</b>	Community Infrastructure Levy
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy
<b>CPFA</b>	Chartered Public Finance Accountant
<b>DCLG</b>	Department for Communities and Local Government
<b>DRC</b>	Depreciated replacement cost
<b>FTE</b>	Full Time Equivalent
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards
<b>LEP</b>	Local Enterprise Partnership
<b>LGPS</b>	Local Government Pension Scheme
<b>MRP</b>	Minimum Revenue Provision
<b>MTFS</b>	Medium Term Financial Strategy
<b>NBV</b>	Net Book Value
<b>NDR</b>	Non Domestic Rates
<b>NHB</b>	New Homes Bonus
<b>NNDR</b>	National Non Domestic Rates (Business Rates)
<b>PWLB</b>	Public Works Loans Board
<b>RICS</b>	Royal Institution of Chartered Surveyors
<b>RSG</b>	Revenue Support Grant
<b>S106</b>	Section 106
<b>SOLACE</b>	Society of Local Authority Chief Executives