



# EAST CAMBRIDGESHIRE DISTRICT COUNCIL

THE GRANGE, NUTHOLT LANE,  
ELY, CAMBRIDGESHIRE CB7 4EE  
Telephone: 01353 665555

MEETING: **RESOURCES AND FINANCE COMMITTEE**  
TIME: **4.30pm**  
DATE: Thursday, 26<sup>th</sup> July 2018  
VENUE: Council Chamber, The Grange, Nutholt Lane, Ely  
ENQUIRIES REGARDING THIS AGENDA: Janis Murfet  
DIRECT DIAL: (01353) 665555 EMAIL: [Janis.murfet@eastcambs.gov.uk](mailto:Janis.murfet@eastcambs.gov.uk)

## **Membership:**

### **Conservative Members**

Cllr David Ambrose-Smith  
Cllr Ian Bovingdon  
Cllr Mike Bradley  
Cllr David Brown  
[Chairman]  
Cllr Steve Cheetham  
Cllr Mark Goldsack  
Cllr Chris Morris  
Cllr Alan Sharp [Vice-  
Chairman]

### **Liberal Democrat Members**

Cllr Lorna Dupré  
[Spokesperson]

### **Substitutes:**

Cllr Christine Ambrose-  
Smith  
Cllr Allen Alderson  
Cllr Jo Webber

### **Substitutes:**

Cllr Sue Austen  
Cllr Christine Whelan

### **Lead Officer:**

John Hill, Chief Executive

**Quorum:** 5 Members

# A G E N D A

## **1. Public Question Time**

The meeting will commence with up to 15 minutes public question time

**2. Apologies and Substitutions**

**3. Declarations of Interest**

To receive declarations of interest from Members for any items on the Agenda in accordance with the Members Code of Conduct.

**4. Minutes**

To confirm as a correct record the Minutes of the meeting of the Committee held on 18<sup>th</sup> June 2018.

**5. Chairman's Announcements**

**AUDIT ITEMS & ITEMS FOR DECISION**

**6. External Audit – Local Government Sector Update**

**7. External Audit – Audit Results Report**

**8. Annual Governance Statement 2017/18**

**9. 2017/18 Annual Financial Report/Statement of Accounts**

**10. Internal Audit Progress Report**

**11. Corporate Risk Management**

**12. Appointments to Internal Drainage Boards**

**ITEMS FOR INFORMATION**

**13. Finance Report**

**14. Outstanding Annual Reports of Representatives on Outside Bodies**

**15. Anglia Revenues and Benefits Partnership Joint Committee Minutes**

To receive the Minutes of the Anglia Revenues and Benefits Partnership Joint Committee meetings held on 26 June 2018.

**16. Forward Agenda Plan**

## NOTES:

1. Members of the public are welcome to attend this meeting. There are a number of schemes aimed at encouraging public participation in the Council's activities and meetings. These include public question times and a process to enable petitions to be submitted. Details of these can be obtained by calling any of the telephone numbers below or by logging onto the Council's website.

The maximum capacity for meetings in the Council Chamber has been set by the Fire Officer at 100 persons. Allowing for Member/Officer attendance and room layout constraints, this will normally give a capacity for public attendance of approx 60 people.

Admittance to the Council Chamber is on a "first come, first served" basis and public access will be from 15 minutes before the start time of the meeting.

2. Fire instructions for meetings:

- If the fire alarm sounds please make your way out of the building by the nearest available exit - i.e. the back staircase or the fire escape in the chamber. Do not to use the lifts.
- The fire assembly point is in the front staff car park by the exit barrier.
- This building has an auto-call system to the fire services, so there is no need for anyone to call the fire services.

The Committee Officer will sweep the area to ensure that everyone is out of this area.

3. Reports are attached for each agenda item unless marked "oral".
4. If required all items on the agenda can be provided in different formats (e.g. large type, Braille or audio tape, or translated into other languages), on request, by calling Main Reception on (01353) 665555 or e-mail: [translate@eastcambs.gov.uk](mailto:translate@eastcambs.gov.uk)
5. If the Committee wishes to exclude the public and press from the meeting a resolution in the following terms will need to be passed:

"That the press and public be excluded during the consideration of the remaining items no. X because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item there would be disclosure to them of exempt information of Categories X Part I Schedule 12A to the Local Government Act 1972 (as Amended)."

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**TITLE: EXTERNAL AUDIT - LOCAL GOVERNMENT SECTOR UP-DATE**

Committee: Resources and Finance Committee

Date: 26<sup>th</sup> July 2018

Author: Finance Manager

[T59]

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1. ISSUE

1.1 Ernst and Young (EY), the Council's external auditors, produce regular briefing notes, detailing their view of the local government sector and raise key questions that the audit committee need to be considering. As previously agreed at the Corporate Governance and Finance Committee, this note provides Members of this Committee (as the Council's audit committee) details of the Council's position with regard to these key questions.

2. RECOMMENDATION (S)

2.1 Members are requested to note the report.

3. BACKGROUND/OPTIONS

3.1 EY's full report is attached as appendix 1 to this report.

3.2 This raises ten key questions for the audit committee to consider, page 9 of the report.

3.3 Question 1

*Has your authority assessed the impact of inflation and earnings growth on employee retention?*

The Council has not specifically assessed the impact of inflation and earnings growth on employee retention. To meet the impact of inflation, the Council has applied the 2018/19 Pay Award which has been agreed between the National Employers and the NJC Trade Union Side. Rates have been agreed for 1 April 2018 and 1 April 2019. In its MTFs the Council has then assumed a further 2% increase in pay in all subsequent years.

3.4 Question 2

*Has your authority considered the impact of potential rises in interest rates over the next year or so, and reflected this in estimated costs of borrowing*

## AGENDA ITEM NO 6

*and on its broader treasury management strategy and medium term financial planning?*

The Council has no external borrowing at this time, but is expected to need to take on such borrowing during this financial year. Because of the relative small amount of external borrowing, the cost of this to the Council is not overly material, but clearly we will want to keep to a minimum. While borrowing in advance of need is not in usual circumstances a sensible idea, if there is a view that interest rates may increase significantly, this may be something that the Council may wish to consider as will the length of time that we chose to take borrowing out for.

The costs of borrowing built into the current MTFS is based on interest rates available when the budget was built (February 2018); these will be assessed when this is up-dated.

### 3.5 Question 3

*How has the authority considered the impact of changes to the business rates system, and reflected these changes in its budget and financial planning?*

The Council is very much aware that changes to the Business Rates system are due to come into force in April 2020, although the actual details of what these changes will be and therefore the actual impact on individual authorities is not clear at this time. Like many other authorities we subscribe to Pixel Financial Management who undertake modelling for authorities as they receive information / speculation on what the changes will be. We use this modelling for determining the Business Rates income in future years as detailed in the MTFS.

### 3.6 Question 4

*In the light of the NAO report on the financial sustainability of local authorities, how financial resilient is your authority? Are you confident that the authority has an appropriate policy on the level of reserves?*

The Council currently has an adequate level of both earmarked and general reserves. These reserves will reduce on the coming years as the Council uses the balance in the Surplus Savings Reserve as planned in the MTFS. This provides us with adequate resource to already balance the budget in 2019-20 and to be making steps towards balancing 2020-21 (subject to question 3 above). The picture after this is more uncertain, but it remains the expectation that the Council's commercial agenda will allow balanced budgets to be achieved past this time.

### 3.7 Question 5

*Has your authority assessed the impact of the new accounting standards IFRS 9 Financial Instruments on your budgets?*

## AGENDA ITEM NO 6

This Council has few investments that would be impacted by the new accounting standard, although the investment we hold in East Cambs Business Centres, is one such investment. As the article states, it is anticipated that a statutory override will be granted to local authorities so if the value of the Company was calculated to be less than the historic cost invested, this would prevent the need for this to be shown as a cost to the revenue account.

The agreement with East Cambs Trading Company is a loan, not an investment, and so I believe this to be outside the scope of this accounting standard.

### 3.8 Question 6

*Has your authority assessed the impact of IFRS 16 will have on cost, process and system information?*

As detailed in the EY paper, IFRS 16 is not due to be introduced until 2019-20 and is still subject to consultation, so its exact workings are still unclear. However the accounting standard relates to operating leases, where the local authority is the leasee. East Cambs currently has no operating leases as leasee and so at this point, we are not expecting this to have any material impact on our accounting.

### 3.9 Question 7

*How is the effectiveness of your Audit Committee assessed and monitored?*

We have no specific performance indicators for the operation of Committee. However, the Committee performs a key role in ensuring the Council's finances are managed in a professional and accurate way. This includes, reviewing the budget and treasury management strategy before these are approved by Full Council; reviewing budget monitoring reports in-year and outturn reports at year end including the Statement of Accounts; responding to internal and external audit reports and monitoring the Council's risk management work.

### 3.10 Question 8

*Have you considered the gender pay gap at your authority? Where there is a gender pay gap, what actions are being taken to reduce the gap?*

Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. As the Council has fewer than 250 employees, we are not required to comply with the regulations

## AGENDA ITEM NO 6

but Members did request some measureable data to be provided on gender pay.

A report went to Committee on 18 June 2018 setting out the mean gender pay gap in hourly pay and the median gender pay gap in hourly pay (based only on employees on the Council's establishment.)

### 3.11 Question 9

*How prepared is your authority for the new Making Tax Digital (MTD) VAT requirements that will come into force from April 2019?*

We have received no notification regarding this change from HMRC, so its inclusion in the EY note came as somewhat of a surprise. However, now that we are aware, we have already started to put in place the necessary arrangements.

### 3.12 Question 10

*How does your authority ensure that it complies with the National Minimum / Living Wage (NMW / NLW) legislation?*

All staff below Chief Officer level are employed on terms and conditions in accordance with the NJC National Agreement on Pay and Conditions of Service (commonly known as the "Green Book"). The Council currently uses a pay spine that commences at Spinal Column Point (SCP) 6 and ends at SCP 57. The pay spine currently in use is divided into 13 pay scales, which contain various incremental points. Scale 1 is the lowest scale and Scale 13 is the highest of these pay scales. Posts are allocated to a scale through a job evaluation process. The values of the SCPs are increased by the pay award notified from time to time by the National Joint Council for Local Government Services.

Incremental progression through the salary scale is determined each year as part of the annual appraisal and will be dependent on the individual being awarded a rating of either 'excellent' or 'outstanding' in accordance with the Council's Performance Management Scheme.

Employees on Scale 1 are defined as our lowest paid employees. The bottom of Scale 1 is currently SCP 6. At 1 April 2018, the full-time equivalent (FTE) annual salary is £16,394.

The Council will continue to meet or exceed the National Living Wage.

## 4. ARGUMENTS/CONCLUSIONS

The Council has already undertaken steps to address all of the issues highlighted in the paper that impact on district councils.

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### 5 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

5.1 There are no financial implications linked to this report at this time.

5.2 Equality Impact Assessment (INRA) not required.

### 6 APPENDICES

6.1 Appendix 1 – EY Report – Local government audit committee briefing

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<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
EY Report – Local government audit committee briefing (as attached as appendix 1)	Room 104 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: <a href="mailto:ian.smith@eastcambs.gov.uk">ian.smith@eastcambs.gov.uk</a>





# Local government audit committee briefing



Building a better  
working world



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This sector briefing is one of the ways that we support you and your organisation in an environment that is constantly changing and evolving.

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It covers issues which may have an impact on your organisation, the Local Government sector, and the audits that we undertake.

The briefings are produced by our public sector audit specialists within EY's national Government and Public Sector (GPS) team, using our public sector knowledge, and EY's wider expertise across UK and international business.

The briefings bring together not only technical issues relevant to the Local Government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing.

We hope that you find the briefing informative and should this raise any issues that you would like to discuss further, please contact your local audit team.



# Government and economic news

## EY ITEM Club – Local Government Economic Briefing Q2, May 2018

The EY ITEM Club has produced a briefing that provides a view of economic shifts and trends for local authorities to consider. It suggests that 2018 will see a continuation of the mediocre economic performance seen in 2017. This will provide a number of challenges for local authorities at a time when the need to achieve key objectives, such as driving economic growth locally, become ever more important. The briefing covers three main areas:

### Continued economic pressures in 2018

Local authorities are likely to find the UK's economic performance stumbling through 2018, with GDP growth now failing to keep up with a rosier outlook for the global economy.

The UK's GDP growth averaged 1.7% throughout 2017, outperformed by growth across the G7 economies. This reflects an economy that has displayed a degree of stability in recent quarters, but also a lack of momentum in both absolute and relative terms. GDP growth is forecasted to remain consistent at 1.7% 2018 and 2019, representing a sub-par growth by the standards of both history and the UK's international peers.

A number of economic metrics are likely to influence local authority decision making in the year ahead:

- ▶ The CIPS/Markit Index indicated a tough few months for the UK economy at the start of 2018, influenced by a prolonged bout of bad weather. The construction sector was worst hit, with the Index suggesting a slump in March to 47.0 from the previous month's 51.4, suggesting a contraction in activity. This could impact both infrastructure and house building activity
- ▶ 2017's increasing inflation rate created the chief headwind to growth in the year. However from a consumer's point of view, the growth in average earnings will likely outpace the inflation rate. Local authorities will need to consider the impact on their workforce, including consideration towards workforce retention
- ▶ The economy faces a headwind from the prospect of rising interest rates, caused by inflation likely to stay above the 2% target and the tone of the Bank of England Monetary Policy Committee. The EY ITEM Club forecasts two further interest rate rises of 0.25% in the coming year. Local authorities need to consider the impact of this, for example on variable rate borrowing costs and also on broader treasury management plans

## **Positive Signs for some on business Rates Retention**

A recent study by the Institute for Fiscal Studies (IFS) has reignited the debate about the potential financial implications associated with 100% business rates retention. The IFS study forecasts that councils included in the 100% retention pilot scheme will gain an additional £870mn in funding next year as a result, representing an approximate 3.6% increase in their collective spending power.

Whilst this provides an incentive to councils for growing their local economies, critics argue that areas less able to generate business income may become vulnerable to funding constraints. For example, the IFS forecasts suggest that London councils could gain £430mn (£49 per person, or 4.9% of core spending power) from the scheme, compared to a gain of just £2.5mn (£5 per person, or 0.6% of core spending power) in Liverpool. As a result, these estimates suggest that Liverpool City Council would have derived a greater financial benefit if total gains made by pilot authorities had been distributed nationally on the basis of relative needs.

One of the primary concerns regarding distributional impacts is the potential lack of correlation between local authority spending needs and the perceived potential for business rates growth. Further analysis is required to determine the potential impact of rate retention in light of where local authority funding needs may emerge in the years to come.

## **Mitigating the risk of market failure in health and care systems**

Allied Healthcare, one of the country's largest home care providers, has successfully agreed a Company Voluntary Arrangement (CVA) allowing it to agree a payment plan with its creditors.

Changes to the Care Act, which came into effect in 2015, means that if a provider like Allied were to stop trading, local authorities would need step in to protect individuals receiving care. This demonstrates the need for a continued focus on the successful integration of care and the role of local authorities in leading this transformation is paramount.

Data is a fundamental enabler to the successful integration of health and social care; it also presents one of the areas of greatest complexity. Key stakeholders across health and social care

systems should recognise the role of sharing data in minimising the risk of information asymmetry. Focus is already being applied to establishing platforms that allow market participants to share data not just on an individual's care needs, but also on broader lifestyle data. Whilst this has the potential to allow for the use of transformative technologies such as artificial intelligence, it also has the potential to support more effective pricing and resource allocation, leading to the better functioning of the health and care market.

## **NAO Report Financial sustainability of local authorities 2018**

In March 2018 the National Audit Office (NAO) published a report Financial sustainability of local authorities 2018. The scope of the report was to review developments within the sector and to understand the impact of funding reductions on the service and financial sustainability for local authorities. One of the key findings of the report was that there had been a real-terms reduction in local authority spending power by 29% between 2010-11 and 2017-18.

Spending on services that have significant statutory responsibilities, such as adult social care have only seen a reduction in spending of 3% in real terms; whereas in contrast spending on more discretionary areas, such as planning, housing services, highways and cultural related services, have seen a greater reduction of spending between 35% to 53% in real terms. These spending reductions have seen reductions in front lines services such as weekly domestic waste collection (reduced by 34% between 2010-11 and 2016-17) and numbers of libraries (reduced by 10% between 2010-11 and 2016-17).

Another key finding of the NAO report is that the many local authorities are relying on using their reserves to fund the provision of services, which is not sustainable. The report found that 11% of single-tiered and county councils had the equivalent of less than three years' worth of total reserves if they continued to use their reserves at the rate they did in 2016-17. Therefore achieving strong financial resilience is imperative to maintaining the financial sustainability of the provision of services by local authorities. Northamptonshire County Council issued a s114 notice in February 2018, indicating that it was at risk of spending more in the financial year than it had resources available. This highlights the increased risk of financial sustainability for local authorities.



# Accounting, auditing and governance

## **IFRS 9: Financial Instruments ... just an accounting change isn't it?**

On 4 April 2018 the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2018/19 was issued by a joint board of CIPFA/LASAAC. The updated Code of Practice for 2018/19 introduces two new reporting standards, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, which was discussed in detail in the last briefing.

The implementation of IFRS 9 in the Code could well have an impact on Local Authority budgets and ultimately General Fund reserve levels.

The IFRS impacts on an authority's financial assets: the investments it holds; the amounts it has lent to others; and other monetary based assets it may have. It changes how these financial assets are classified and how movements in their value are accounted for. It also changes how these assets are impaired; based on the risk that the assets may not be recovered in full, or at all.

### **Classification changes**

Currently, many authority financial assets are classified as 'Available for Sale'. For these assets, an accounting adjustment is permitted to ensure that movements in the value of these assets does not impact on the General Fund. Under IFRS 9, the 'Available for Sale' classification no longer exists. Authorities will therefore have to reclassify their financial assets into one of the three classifications allowed under the standard: amortised costs; fair value movement through other comprehensive income; and fair value movement through profit and loss. It is this final category

which is causing authorities concern, as any movement in the value of assets in that classification will impact directly on General Fund balances, and at present there is no permitted accounting adjustment to remove that impact.

### **Collective Investment Schemes**

Many authorities are now investing significant amounts in a range of collective investment schemes, such as the CCLA Local Authority Property Fund. At present there is significant debate about the classification of these funds, with the majority view being that they would be classified as fair value movement through profit and loss, with those movements therefore impacting on General Fund. The alternative view is that these funds meet the definition of equity and could therefore be reclassified to fair value movement through other comprehensive income, with the value movements not impacting General Fund. This specific issue is being considered by central government and CIPFA, and it is likely that a permitted accounting entry will be introduced to allow the impact of value movements for these type of funds to be removed from the General Fund.

### **Impairment of financial assets**

Under the current approach, Local Authorities only have to provide for impairments to financial assets when there is objective evidence that all of the value of the asset may not be recovered; IFRS 9 introduces a new model for financial asset impairment. Under the new impairment model, Local Authorities will need to make an estimate of the potential loss on all financial assets at the inception of that asset, even if there is no objective evidence that

a loss will occur. This will obviously result in a higher impairment charge for financial assets going forward, and that charge will impact on General Fund.

In summary, the introduction of IFRS 9 into the Code is more than just an accounting change and authorities will have to keep a very close eye on the budgetary.

## **CIPFA/LASAAC consultation on IFRS 16 Leases**

CIPFA has issued the first of a series of briefings intended to assist practitioners engage in the consultation process for the adoption of IFRS 16 in the 2019/20 Code. Each briefing will focus on particular aspects of the standard whilst also updating stakeholders on latest developments. The first briefing focuses on recognition and measurement and the adaptations to the Code for the adoption of IFRS 16.

IFRS 16 replaces IAS 17 Leases and its related interpretations. It will apply to the 2019/20 financial statements subject to the consultation process and CIPFA/LASAAC's decisions for adoption in the 2019/20 Code. The changes introduced by the standard will have substantial practical implications for local authorities that currently have material operating leases, and are also likely to have an effect on the capital financing arrangements of the authority.

The new leasing standard will lead to a significant change in accounting practice for lessees for whom the current distinction between operating and finance leases will be removed. Instead it requires that a lessee recognises assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. At the commencement date of the lease, a lessee will recognise a right-of-use asset representing its right to use the underlying leased property, and a lease liability representing the lessee's obligation to make lease payments for the asset.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. Subsequently, lessees increase the lease liability to reflect interest, and reduce the liability to reflect lease payments made (as with finance leases under IAS 17).

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the lessee's initial direct costs (e.g., commissions), and an estimate of restoration, removal and dismantling costs. Subsequently, the right of use asset is depreciated in accordance with IAS 16. (In certain circumstances, alternative subsequent

measurement bases for the ROU asset may apply (in accordance with IAS 16 and IAS 40 Investment Property).

The standard has a set of specific mandatory disclosure requirements (e.g., expenses, cash flows), and also an additional requirement for a lessee to disclose any further information a user would need to assess effect leases have on the financial statements.

CIPFA will be liaising with a number of authorities across the UK to consider the cost and benefit implication of adoption of IFRS 16, as well as the impact on information requirements, the processes and systems used by local authorities.

Future briefings to support the implementation of this new standard will cover topics such as identifying the lease, recognition exemption, issues for lessors and transitional reporting arrangement, to name a few. A readiness assessment questionnaire has been included in the consultation to help local authorities in their preparations. CIPFA/LASAAC is requesting authorities to share this information in order to assess the overall preparedness for adoption on a larger scale.

## **Audit Committee Effectiveness Toolkit**

Audit Committees are a vital part of any entity as they are charged with overseeing governance arrangements throughout their organisations. Over the past few years Audit Committees have experienced enhanced scrutiny from regulators and stakeholders with new guidance on good governance arrangements, public sector internal audit standards, managing risk and preventing fraud; whilst at the same time there has been the need to deliver better value for money for taxpayers.

Therefore it is vital that every Audit Committee is prepared, ready and are able to fulfil their role in an effective manner. In order to assist Audit Committees in monitoring their performance, and assessing their effectiveness, EY has developed a Government and Public Sector specific 'Audit Committee Effectiveness Toolkit'.

The toolkit provides an opportunity for Audit Committees to critically assess their own effectiveness to determine if they meet the minimum standards as set out in CIPFA's Position Statement for Audit Committees. The toolkit will also help all members to understand their respective roles and responsibilities of being a member of an Audit Committee.

This toolkit is available as an additional service that can be provided. Further information regarding the Audit Committee Effectiveness Toolkit is available upon request through your local audit team.



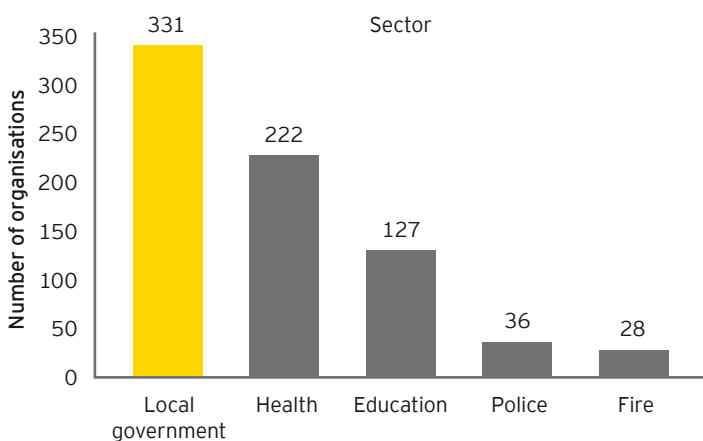
# Regulation news

## Gender pay gap reporting

On 4 April 2018, employers in Great Britain with more than 250 staff were required by law to publish data on Gender Pay Gap for the first time. EY has analysed the gender pay gap data reported by 744 public sector bodies, including 331 local authorities (see Figure 1 below).

**Figure 1: Government and Public sector bodies reported on gender pay gap**

Who reported



The gender pay gap is calculated by determining the difference between the mean or median hourly earnings for men and women, as a percentage of men's hourly earnings. We have analysed the mean gender pay gap and the median gender pay gap below.

The education sector reported the largest average median pay gap (15.3%), whilst Local Government reported the lowest average median pay gap (5.8%), see Figure 2 below.

**Figure 2: Average median pay gap**

Average pay gap

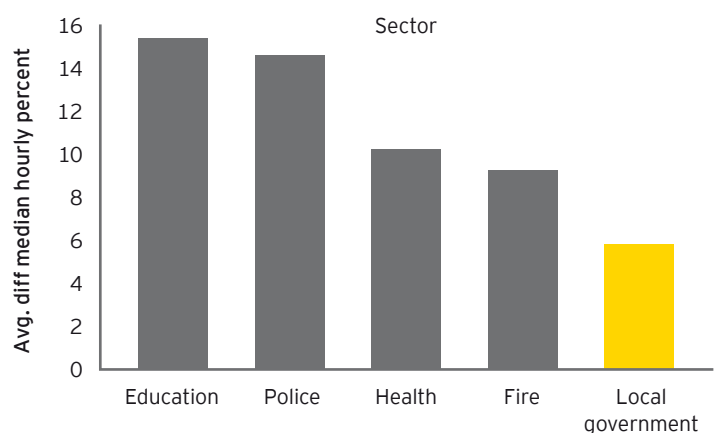
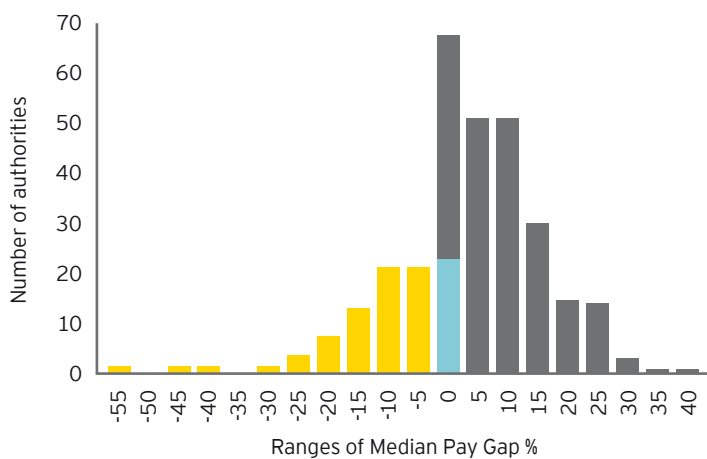




Figure 3 below sets out the % gap in median hourly pay between men and women reported by local authorities. This shows that 25 authorities reported a zero pay gap, 77 authorities reported a higher median pay for women than men, and the remaining 227 authorities reported men receiving a higher median pay for men than women.

**Figure 3: Difference in median hourly pay in LG**

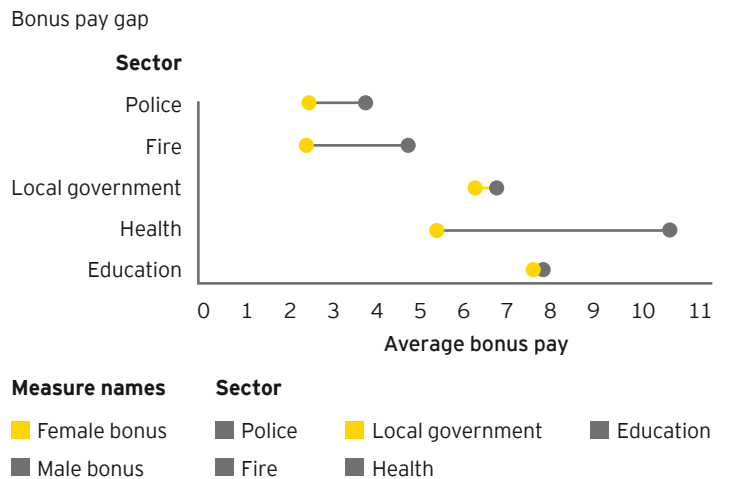
Difference in median hourly pay in fire sector, %



Difference in Median hourly pay as report by each organisation. Yellow represents instances where the median hourly pay was higher for women, Blue represents instances where there was no gender pay gap and grey corresponds to a median hourly pay gap where men are paid higher.

Figure 4 below compares the bonus pay gap between men and women across different sectors. This shows that local authorities have the second lowest bonus pay gap.

**Figure 4: Bonus pay gap in the public sector**



### Making Tax Digital (MTD) for VAT: changes from April 2019

From April 2019 it will be compulsory for VAT registered local authorities to comply with new requirements to be in line with HMRC regulations. Local authorities will need to:

- ▶ Keep and preserve digital tax records
- ▶ File VAT returns directly with HMRC using MTD compatible software

Whilst these requirements may not initially seem too burdensome, where a local authority is preparing VAT returns manually from legacy systems or multiple unconnected systems it may be a challenge (and time consuming) to fully understand and implement the necessary changes to be compliant with the MTD requirements.

With around only nine months before the new regulation comes into force local authorities will need to make sure that they have an appropriate readiness plan in place in order to comply with the new MTD obligations.

EY is recommending that local authorities prepare for MTD by creating a 'roadmap to April 2019' as soon as possible to allow for suitable time to implement changes before the deadline. This 'roadmap' should include:

1. An assessment of the current state and readiness for change
2. Evaluation of available technology solutions

Further information can be found at the end of this briefing although where EY is the appointed auditor to an authority; it is prohibited from providing tax advice.

## **National Minimum/Living Wage legislation**

Recent investigations from HMRC have seen an increase in Public Sector employers struggling to comply with the National Minimum/Living Wage (NMW/NLW) legislation. The NMW/NLW minimum wage for those over 25 is currently £7.83. Lower rates exist for those aged under 25 and apprentices. Whilst the NMW/NLW rates have been well publicised a number of public sector employers have been struggling to comply. A report by the Low Pay Commission, published in September 2017, raised concerns regarding the high rate of NMW/NLW breaches and specifically highlighted education support assistants and teaching assistants. Given the diverse nature of work undertaken by local authority employees it is important to review contracts and working practices across the different activities undertaken. One notable example of HMRC focus has been the payments to care workers

for sleeping time. This has resulted in an increase in enforcement activity in this sector. Other significant areas of focus include:

- ▶ Salaried workers whose hours are not actively monitored
- ▶ Defined dress code policies which may reduce the NMW/NLW pay
- ▶ Deductions, such as car parking charges paid by employees on facilities owned by the local authority
- ▶ Salary Sacrifice which may in turn reduce the base pay for NMW/NLW

The impact of reputational damage from being publically named may outweigh any financial impact, which includes penalties of up to 200% of any arrears and lengthy HMRC investigations which could cover a period of six years.

EY have employed a number of former NMW/NLW Compliance Investigators, with significant knowledge and experience that will be able to provide insights on developing an effective approach to achieve compliance with legislation and improve monitoring procedures.

Further information can be found at the end of this briefing although where EY is the appointed auditor to an authority, it is prohibited from providing tax advice.

# Key questions for the Audit Committee

- ▶ Has your authority assessed the impact of inflation and earnings growth on employee retention?
- ▶ Has your authority considered the impact of potential rises in interest rates over the next year or so, and reflected this in estimated costs of borrowing and on its broader treasury management strategy and medium term financial planning?
- ▶ How has the authority considered the impact of changes to the business rates system, and reflected these changes in its budget and financial planning?
- ▶ In the light of the NAO report on the financial sustainability of local authorities, how financially resilient is your authority? Are you confident that the authority has an appropriate policy on the level of reserves?
- ▶ Has your authority assessed the impact of the new accounting standards IFRS 9 Financial Instruments on your budgets?
- ▶ Has your authority assessed the impact IFRS 16 will have on cost, processes and system information?
- ▶ How is the effectiveness of your Audit Committee assessed and monitored?
- ▶ Have you considered the gender pay gap at your authority? Where there is a gender pay gap, what actions are being taken to reduce the gap?
- ▶ How prepared is your authority for the new Making Tax Digital (MTD) VAT requirements that will come into force from April 2019?
- ▶ How does your authority ensure that it complies with the National Minimum/Living Wage (NMW/NLW) legislation?

## Find out more

### EY Item Club forecast

<https://www.ey.com/uk/en/issues/business-environment/financial-markets-and-economy#section1>

### Financial Sustainability: NAO Report

<https://www.nao.org.uk/press-release/financial-sustainability-of-local-authorities-2018/>

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>

### Code of Practice Improvements

<http://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-201819-online>

<http://www.cipfa.org/about-cipfa/press-office/latest-press-releases/new-code-improves-transparency-of-transactions-in-local-government-finances>

<http://www.cipfa.org/policy-and-guidance/consultations/code-of-practice-on-local-authority-accounting-in-the-united-kingdom,-c,-consultation-on-ifrs-16-leases>

<http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board/local-authority-leasing-briefings>

<https://www.gov.uk/government/consultations/ifrs-16-leases-exposure-draft-1801>

### Audit Committee Effectiveness Toolkit

Please contact your local audit team

### Making Tax Digital (MTD) for VAT: changes from April 2019

<https://www.ey.com/gl/en/services/tax/digital-tax---why-digital-tax>

<https://www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital>

<https://www.icaew.com/en/technical/tax/making-tax-digital>

### National Minimum/Living Wage legislation Compliance

<https://www.gov.uk/government/publications/enforcing-national-minimum-wage-law>

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AGENDA ITEM NO 7  
[T60]

# **East Cambridgeshire District Council Audit Results Report**

Year ended 31 March 2018

20 July 2018



Resources and Finance Committee  
East Cambridgeshire District Council

20 July 2018

Dear Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Resources and Finance Committee. This report summarises our preliminary audit conclusion in relation to the audit of East Cambridgeshire District Council (the Authority) for 2017/18.

The Authority prepared its unaudited statement of accounts by the 31 May deadline, a good achievement in this first year of earlier deadlines, especially since there have been several changes in the finance team. In agreement with officers we scheduled our onsite audit to commence in late June with planned completion within 4 weeks. However, we have experienced some issues with the Authority's preparation of working papers and overall coordination of dealing with the audit. As a result our audit remains in progress and there is a risk that we will not issue the auditor's report by the 31 July deadline.

We list the outstanding areas of the audit in this report. If we experience no further issues with working papers and do not identify any significant issues, we will aim to issue our auditor's report by 31 July. At this stage we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3. We have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Resources and Finance Committee, other members of the Council, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We will update you of progress on the audit at the Resources and Finance Committee meeting on 26 July 2018.

Yours faithfully

Suresh Patel, Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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03 Audit Report

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05 Value for Money



06 Other Reporting Issues

07 Assessment of Control Environment

08 Data Analytics

09 Independence

10 Appendices

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website ([www.PSAA.co.uk](http://www.PSAA.co.uk)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Resources and Finance Committee and management of East Cambridgeshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Resources and Finance Committee, and management of East Cambridgeshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Resources and Finance Committee and management of East Cambridgeshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary



## Executive Summary

### Scope update

In our audit planning report presented at the 29 January 2018 Resources and Finance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

Changes in materiality: In our Audit Plan, we communicated that our audit procedures would be performed using a materiality of £0.8 million. This level of materiality has been updated to £0.9m for the actual results for the financial year. The basis of our assessment has remained consistent with prior years at 2% of gross expenditure on provision of services. The threshold for reporting misstatements that have an effect on the primary statements (Comprehensive Income and Expenditure Statement (CIES), Balance Sheet, Movement in Reserves Statement (MiRS), Cash Flow Statement) is £0.670 million.

### Status of the audit

We commenced our onsite audit in line with the timetable we agreed with the finance team. However, we have experienced issues with the preparation of working papers, coordination of dealing with the audit, mapping of data within the trial balance to the accounts and the ability of the finance team to run reports off the financial system. We include further details in Section 6. As a result our audit remains in progress and there is a risk we will not issue our auditor's report by 31 July. The outstanding work at the date of this report is:

- Financial instruments (not started)
- Officers remuneration (in progress)
- Debtors (in progress)
- Creditors (in progress)
- Capital grants received in advance (in progress)
- Property, Plant and Equipment valuations (in progress)
- Pension scheme liabilities (in progress)
- Provisions (in progress)
- Comprehensive income and expenditure statement (in progress)
- Group accounts (in progress)
- Movement in Reserves Statement (in progress)
- Usable and unusable reserves (not started)
- Review of the final version of the financial statements
- Completion of subsequent events review
- Receipt of the signed management representation letter; and
- Final Manager and Associate Partner reviews.

We will update the Committee at the 26 July meeting on our progress in completing the items above and our planned date for issuing the auditor's report.

# Executive Summary

## Audit differences

### Unadjusted differences

There are no unadjusted audit differences.

### Adjusted

We identified two key audit differences in our work, which have been adjusted by Management within the revised financial statements.

The first related to the Authority's share of Pension Fund Assets. Updated information became available during our audit, which led to an increase in the Authority's share of Pension Fund assets. There were a number of other pension fund disclosures impacted by this amendment. This adjustment is a result of a timing difference between an estimate made by the Actuary, and information that has become available since the time of their initial report. The Authority correctly used the information provided within the original IAS 19 report within its draft financial statements.

The second related to the note 'Adjustments between Accounting basis and Funding basis under regulation'. Our technical review concluded that the proposed note did not comply with the requirements of the CIPFA Code and significantly reduced the transparency and clarity of the disclosure. The Authority has responded to our request that the note be confirmed against the CIPFA Disclosure Checklist and the note amended accordingly. This is currently subject to audit review.

We also identified a number of other audit differences in the draft financial statements, which have been adjusted for by management. One of the adjustments to date have impacted on the financial outturn of the Authority, increasing the surplus by £294,000.

We include further details in Section 4.

## Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of the Authority's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Resources and Finance Committee.



## Executive Summary

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### Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

### Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Plan we identified one significant risk which we have carried our procedures and identified no reporting matters. In light of financial pressures across local government we have carried out a high level assessment of your financial resilience. We have reported our findings in Section 5.

We have no matters to include in our auditor's report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

### Other reporting issues

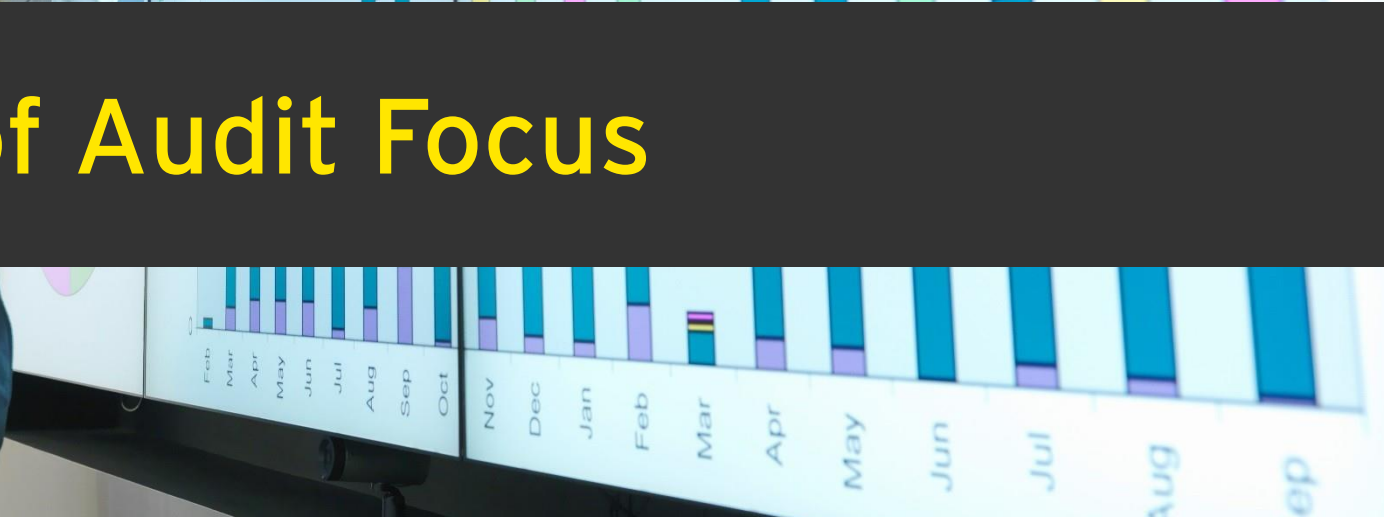
We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We had no issues to report.

We have no other matters to report.

### Independence

Please refer to Section 9 for our update on Independence. There are no relationships from 1 April 2017 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.



02

## Areas of Audit Focus



## Areas of Audit Focus

### Significant risk

#### Risk of fraud in revenue and expenditure recognition

##### What is the risk?

Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure account.

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

##### What judgements are we focused on?

We assess that we are able to rebut the presumed fraud risk of revenue income/expenditure not being appropriately recognised with one exception: the risk that revenue expenditure could be charged against capital resources rather than to the general fund.

##### What did we do?

We performed mandatory procedures, including:

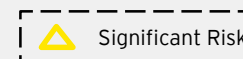
- Reviewing and testing revenue and expenditure recognition policies;
- Reviewing and discussing with management any accounting estimates on revenue or expenditure recognition for evidence of bias;
- Developing a testing strategy to test material revenue and expenditure streams; and
- Reviewing and testing revenue cut-off at the period end date.

##### What are our conclusions?

We have not identified any material misstatements from revenue and expenditure recognition to date.

Overall our audit work has not identified any material issues or unusual transactions to indicate any misreporting of the Council's financial position.

We will verbally update the Committee should any matters arise from our remaining work that we wish to bring to your attention.





## Areas of Audit Focus

### Significant risk

#### Misstatements due to fraud or error

##### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

##### What judgements are we focused on?

ISA 240 mandates we perform procedures on: accounting estimates, significant unusual transactions and journal entries to ensure they are appropriate and in line with expectations of the business.

We are also required to identify specific additional risks of management override. The specific additional risk identified is with regards to manipulation of accounting estimates with the estimates most likely to be subject to management override of controls being non-routine income and expenditure accruals and provisions and specifically the Non Domestic Rates (NDR) appeals Provision.

##### What did we do?

We performed mandatory procedures, including:

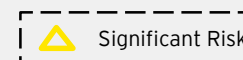
- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Reviewing accounting estimates for evidence of management bias.
- Evaluating the business rationale for significant unusual transactions; and
- Reviewing managements specialist, Wilks, Head and Eve, who provide information to support the NDR appeals provision, testing the assumptions applied in the provision for reasonableness and ensuring it has been prepared in accordance with IAS37.

##### What are our conclusions?

Our testing has not identified any material misstatements from management override.

Our work on the NDR appeals provision is in progress.

Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position.





## Areas of Audit Focus

# Other areas of audit focus - Valuation of Property, Plant and Equipment

What is the area of focus?	What did we do?	Our Conclusions
<p><b>Valuation of Property, Plant and Equipment</b></p> <p>Property, Plant and Equipment represents a material balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Material judgemental inputs and estimation techniques are required to calculate the year-end fixed assets balances held in the balance sheet. This is carried out by an expert valuer and is based on a number of complex assumptions.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>▶ Considered the reliance placed on management's valuation experts and undertook a review of the valuer's work. This included comparison to industry valuation trends and reliance on our own valuation experts;</li> <li>▶ Considered the annual cycle of valuations to ensure that assets had been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there were any specific changes to assets that have occurred and that these have been communicated to the valuer;</li> <li>▶ Reviewed assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated by using market indices to assess movements from last revaluation dates;</li> <li>▶ Tested the accounting treatment of valuations made in the year, including the assessment and treatment of impairments.</li> </ul>	<p>Work on the valuation element of Property, Plant &amp; Equipment is complete subject to responses on follow up queries.</p> <p>Our consideration of the annual cycle of valuations did not identify any issues with the implemented plan or with the movement on assets not revalued in year.</p> <p>The Authority has agreed to include a disclosure note in respect of the valuation of Paradise Swimming Pool given the decision to demolish the pool was agreed during 2017/18 and works have now stated.</p> <p>We will update the Resources and Finance Committee on the outcomes from the work.</p>



## Areas of Audit Focus

### Other areas of audit focus - Pension Fund Liability

What is the area of focus?	What did we do?	Our Conclusions
<p><b>Pension Liability Valuation</b></p> <p>The Local Authority Accounting Code of Practice (the code) and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Cambridgeshire County Council.</p> <p>The Council's pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2018 this totalled £22.4m.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>▶ Liaised with the auditors of Cambridgeshire Pension Fund, and obtained assurances over the information supplied to the actuary in relation to East Cambridgeshire District Council;</li> <li>▶ Assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by National Audit Office for all Local Government sector auditors, and considered any relevant reviews by the EY actuarial team; and</li> <li>▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.</li> </ul>	<p>We have reviewed the assessment of the pension fund actuary by PWC and EY pensions and have undertaken the work required.</p> <p>A movement on the total fund asset between the estimated year end balance and the actual was identified by the pension fund auditor. The impact of this was an understatement of the Council's pension assets by £0.49m millions. This amount is above our summary of audit differences level and has been adjusted in the accounts. See Section 4 for the adjustments.</p> <p>We have not identified any issues with the accounting entries and disclosures made within the financial statements.</p>





## Areas of Audit Focus

### Other areas of audit focus - Assessment of the Group Boundary

What is the area of focus?	What did we do?	Our Conclusions
<p><b>Assessment of the Group Boundary</b></p> <p>The Council has a number of joint arrangements which necessitate the preparation of group accounts.</p> <p>As previously, the Council will need to assess each arrangement to determine what falls within the group boundary and therefore requires consolidating into the Council's financial statements.</p> <p>The Council will need to ensure its consolidation procedures capture all the relevant information and enable it to meet the accounting and disclosure requirements for the Code.</p> <p>There is a risk that associate group changes may go undetected, and that the required disclosures are not made in accordance with the Code.</p>	<p>Our approach focused on the reasonableness of the Council's assessment by:</p> <ul style="list-style-type: none"><li>▶ Reviewing the Council's determination of where overall control lies with regard to the operation and delivery of services of the potential group bodies; and</li><li>▶ Reviewing the consolidation procedures applied by the Council to those bodies that lie within the group boundary; and</li><li>▶ Engaging early with the auditors of East Cambs Trading Company and reviewing the financial information prepared by the Council in respect of the Business Centre to gain the necessary assurances for our audit of the group financial statements.</li></ul>	<p>The Council has consolidated East Cambridgeshire Business Centres Limited and East Cambs Trading Company Limited. We concur with the Council's assessment.</p> <p>We discussed the audit with Price Bailey and we have received the majority of our required deliverables. At the time of writing this report we are concluding our group audit procedures. No issues have been identified in the work completed to date.</p>



# 03 Audit Report



# Audit Report

## Our proposed opinion on the financial statements

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

#### Opinion

We have audited the financial statements of East Cambridgeshire District Council for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, the related notes 1 to 31 and the Expenditure and Funding Analysis to the Council Accounts, and the Collection Fund and the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of East Cambridgeshire District Council as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the [authority/group] in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Section 151 Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



# Audit Report - continued

## Our proposed opinion on the financial statements

### Other information

The other information comprises the information included in the Statement of Accounts 2017-2018, other than the financial statements and our auditor's report thereon. The Section 151 Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, East Cambridgeshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

### Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.



# Audit Report - continued

## Our proposed opinion on the financial statements

### Responsibility of the Section 151 Officer

As explained more fully in the Statement of the Section 151 Officer's Responsibilities set out on pages 20, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in August 2017, as to whether East Cambridgeshire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Cambridgeshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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



# Audit Report - continued

## Our proposed opinion on the financial statements

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

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

### Certificate

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

### Use of our report

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



# 04 Audit Differences





# Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

## Summary of adjusted differences

We have included all known amounts greater than £0.046 million relating to East Cambridgeshire District Council in our summary of misstatements. We highlight the following misstatements in the financial statements identified during the audit. These have been corrected by management:

### 1. Pension Adjustments

The Council as an admitted body within the Cambridgeshire Pension Fund is reliant upon the Pension Fund’s Actuary to provide it with the relevant information in relation to the Authority’s share of assets and liabilities (through an IAS19 report) for inclusion within its financial statements. The Actuary, within its IAS19 report (dated April 2018) estimated the Pension Fund asset value as at the 31 March 2018 and the Authority used the estimated figure within its draft financial statements. Our audit procedures focus on securing appropriate assurances from the Cambridgeshire Pension Fund auditor. These procedures, identified that the actual asset valuation at the 31 March 2018 was £67.1 million greater than the Actuary’s estimate. The Authority’s share of this increase is £0.49 million.

Given the size of the difference and impact on the statements we asked the Authority to liaise with the Pension Fund Actuary. The Pension Fund Actuary has updated the IAS 19 report that it provided to the Authority, taking into account the actual year end asset valuations. The Actuary also updated the IAS 19 report in relation to the impact of the asset valuation change on other figures reported by the Authority. The Authority has adjusted the statements using the revised figures from the updated IAS 19 report. This adjustment is a result of a timing difference between an estimate made by the Actuary, and information that has become available since the time of their initial report. The Authority correctly used the information provided within the original IAS 19 report within its draft financial statements.

### 2. Adjustments between Accounting basis and Funding basis under regulation

As part of the 2017/18 accounts closure the Authority proposed a revision to their reserve notes such that they consider there is no need to have a separate note in respect of Adjustments between Accounting basis and Funding basis under regulation. Prior to closedown we had discussions with officers setting out concerns about the nature of the proposals and whether they met the Code requirements. After the unaudited accounts were prepared officers prepared a revised disclosure note which they considered met the requirements of the Code.

Our technical review concluded that the note did not comply with the requirements of the Code in respect of Adjustments between Accounting basis and Funding basis under regulation and significantly reduces the transparency and clarity of the disclosure. The Authority has responded to our request that the note be confirmed against the CIPFA Disclosure Checklist and the note amended accordingly. This is currently subject to audit review.





## Audit Differences (continued)

### Summary of adjusted differences

We also highlight the following misstatements which have been corrected by management:

- Notes 12 and 19 - £356,858 being adjustment for retention monies not accounted for on the Pellikaan contract.
- Balance sheet - £69,082 being adjustment of the intangible assets balance not correctly included in the intangible assets line on the balance sheet.
- Balance sheet - £4,500k being reclassification of short term investments to cash equivalents.
- Section 31 grant - the Authority failed to accrue for £294,000 of Section 31 grant received on the 5th April 2018, which related to 2017-18. This adjustment will impact on the Authority's bottom line position.

### Summary of unadjusted differences

There are no other uncorrected misstatements.



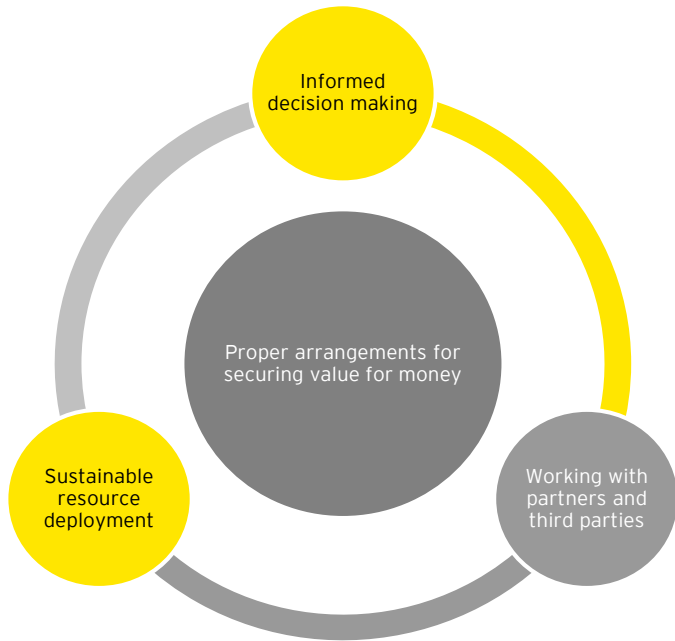
05

# Value for Money Risks





# Value for Money



## Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion. For 2017/18 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

## Financial Resilience and Assessment of the Authority's Reserve Position

As part of our assessment of your proper arrangements, we considered the Authority's financial resilience over the medium term and the impact on the level of General Fund Reserve balances at the 31 March 2018 and at the 31 March 2021.

Our assessment of this is set out on page 26.

## Overall conclusion

We identified one significant risk around these arrangements. The table below presents our findings in response to the risk in our Audit Planning Report.

We expect to have no matters to include in the auditor's report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

## Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:  
*“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”*

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Planning.

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>Pressure from Economic Downturn</p> <p>Balanced budgets have been set for 2017/18 and 2018/19. We anticipate that the budget pressures facing the Council in 2019/20 will be significant.</p> <p>Work is underway developing the Medium Term Financial Plan for the coming 4 year period.</p>	<p>Deploy resources in a sustainable manner</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> <li>• The adequacy of the Council’s budget monitoring process, comparing budget to outturn;</li> <li>• The robustness of the Council’s arrangements for preparing and updating the Medium Term Financial Strategy, including how these arrangements take into account Council decisions over prioritising resources whilst maintaining services;</li> <li>• The Council’s arrangements for delivering savings/efficiencies over the medium term.</li> </ul> <p>In 2017/18 the Council continued its track record of meeting its annual budget, delivering a surplus of £0.9 million. The general fund balance stands at £1 million as at 31 March 2018, total earmarked reserves at £10.510 million, and the capital receipts reserve at £0.769 million. Total useable reserves are £12.279 million.</p> <p>The 2018/19 budget is balanced, through the use of efficiencies and income plans. Although it is still relatively early in the financial year, we assessed these as reasonably based taking into account the Council’s track record of delivering savings over the recent financial periods. While incrementally savings can become harder to achieve over time, the Council’s performance in delivering its plans gives confidence that it can continue to do so.</p>

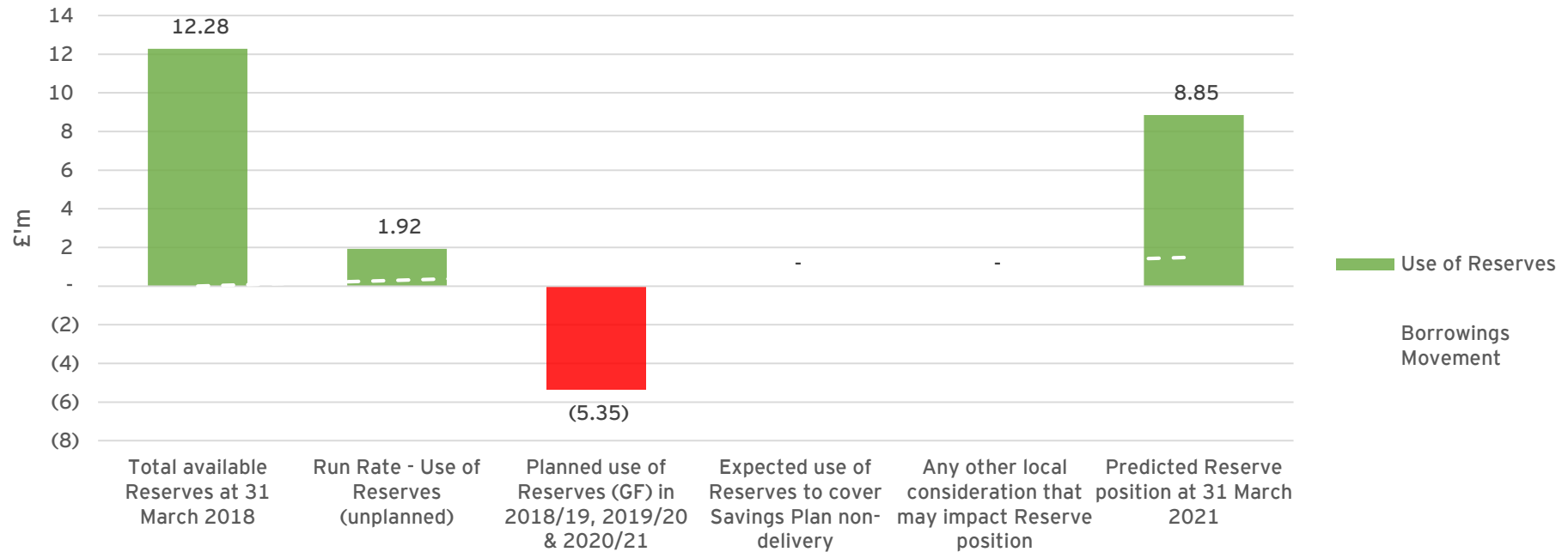


## Value for Money Risks - continued

<b>What is the significant value for money risk?</b>	<b>What arrangements did the risk affect?</b>	<b>What are our findings?</b>
Pressure from Economic Downturn	Deploy resources in a sustainable manner	<p>We also reviewed the key assumptions in the budget and MTFS, which adequately took into account the economic environment at that time for business rate projections, and the forecast for reduced central government funding and the potential four year settlement.</p> <p>The budget gaps for 2018/19 and 2019/20 have been closed as a result of proactive action taken by management to reduce costs and generate new sources of funding. However there are significant budget gaps remaining in subsequent years. In 2020/21 the Council has to find savings of £2.267 million, rising to £3.284 million in 2021/22.</p> <p>After 2021 the budget gaps become larger. Compared to a gross expenditure of approximately £45 million per annum, and historic performance of closing the gap, we assess the Council to have adequate arrangements, based on the known information as at the end of the financial year.</p>



## Assessment of Reserves Position to 2021



### Our Assessment

In our assessment we considered:

- The level of savings requirement to balance the General Fund budget in each of the next 3 years;
- The planned use of reserves to support the General Fund budget in each of the next 3 years;
- The history of delivering savings plans and therefore the potential to call upon reserves to make up a shortfall in future savings plan delivery;
- The history of over or under spending on the General Fund budget, and the impact this trajectory would have on the use of General Fund reserves;
- Other local considerations that may impact on the reserve position.

The Council's borrowing at 31 March 2020/21 is anticipated to be £1.5m.

As a result of our assessment, we are satisfied that the Authority's General Fund reserve balance at the 31 March 2021 will remain above the Authority's approved minimum level of £1.011 million.



# 06 Other reporting issues



# Other reporting issues

### Impact of changes in the finance team and earlier deadline for production and audit of the financial statements 2017/18

The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From this year the timetable for the preparation and approval of accounts has been brought forward with the draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July. Councils now have less time to prepare their financial statements and supporting papers and auditors now have a shorter period in which to complete the audit. To ensure that the end of July deadline is achieved we stressed the importance of having a full set of supporting working papers available at the start of the audit.

To facilitate faster close we discussed and shared with officers our client assistance schedule which sets out our key working paper requirements for the audit. Unfortunately this schedule had not been used when preparing the Council's supporting working papers. As such we have spent significant additional time gaining sufficient audit evidence to support our work.

Other challenges experienced during the audit:

- Changes in the finance team - there was a lack of co-ordination and knowledge in relation to the auditor's expectations and requirements. Key finance staff were new to the Council therefore closing audit queries promptly was often difficult, for example when confirming the classification of debtors and creditors.
- Data analytics - we use data analytics to capture and manipulate entire populations of the Council's financial data. Loading of the Council's data to EY's sharepoint was delayed and there were numerous new codes which required mapping. In addition, the tool identified misalignment between the accounts and mapping of the trial balance all of which took additional time to resolve.
- General ledger - this required further analysis particularly in relation to GL data with missing information.
- Year end reports - the finance team were unable to run requested reports as at 31 March 2018 in particular in relation to debtors and creditors analysis as well as other debtors and creditor reports providing a breakdown of all opening balances brought forward from the previous year.
- EY Client portal - the Authority is one of the few authorities that do not use the EY client portal when collating working papers for audit. The client portal enables audit teams to exchange requests/documents with officers online. The portal streamlines communications with officers and officers have access to the status of audit requests. The Authority has agreed to use the portal for 2018/19.



# Other reporting issues

### Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2017/18 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2017/18 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

### Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

As the Authority falls below the £500 million threshold for review as per the NAO's group instructions, we are not reporting any matters to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

### Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

## Other reporting issues

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# Other reporting issues

### Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations.

We have no matters to report.



07

## Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

It is the responsibility of the East Cambridgeshire District Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



# 08 Data Analytics



# Use of Data Analytics in the Audit

## Analytics Driven Audit

### Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ▶ Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2017/18, our use of these analysers in the authority's audit included testing journal entries to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

#### Journal Entry Analysis

We obtain downloads of all LG financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

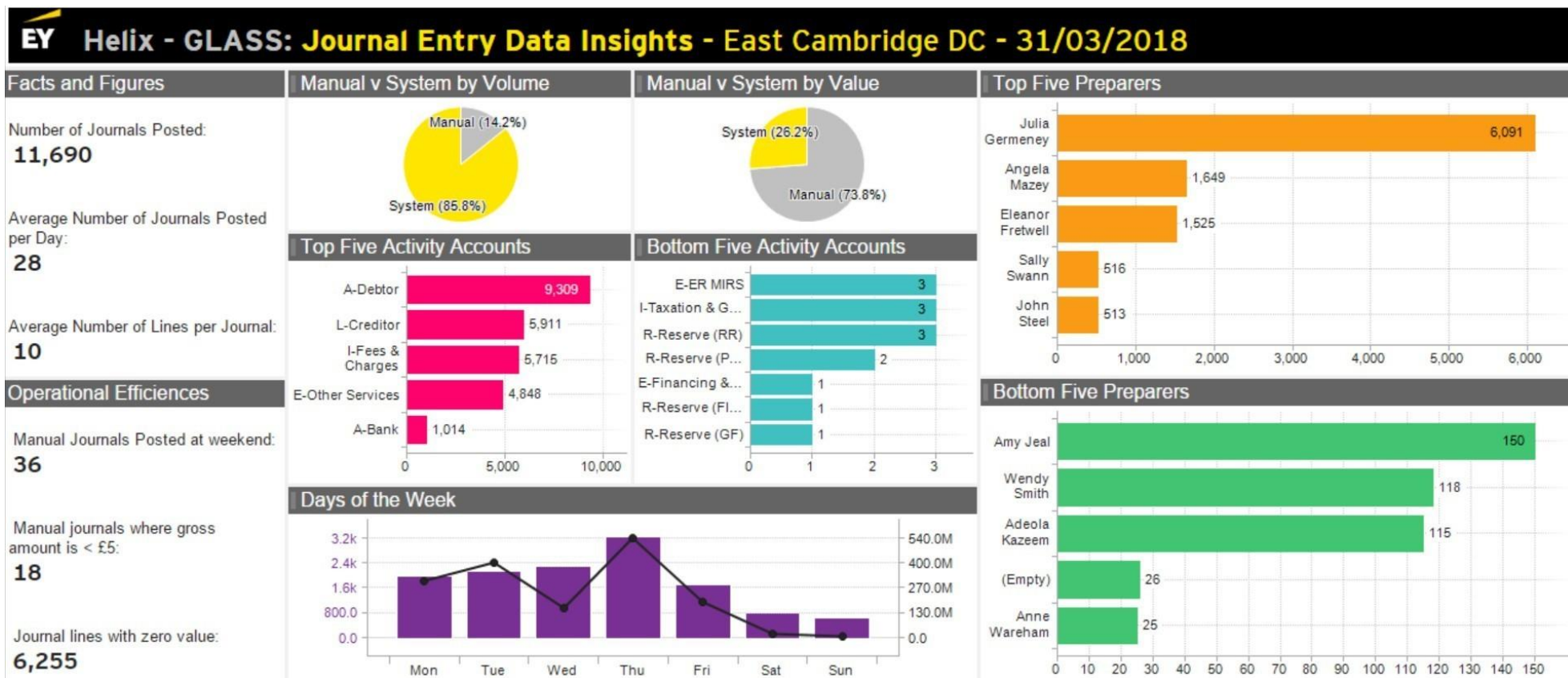


# Data Analytics

## Journal Entry Data Insights

The graphic outlined below summarises the Council's journal population for 2017/18. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples. We have shared this information in our Audit Results Report to provide additional insight and value from our audit procedures.





## Journal Entry Testing

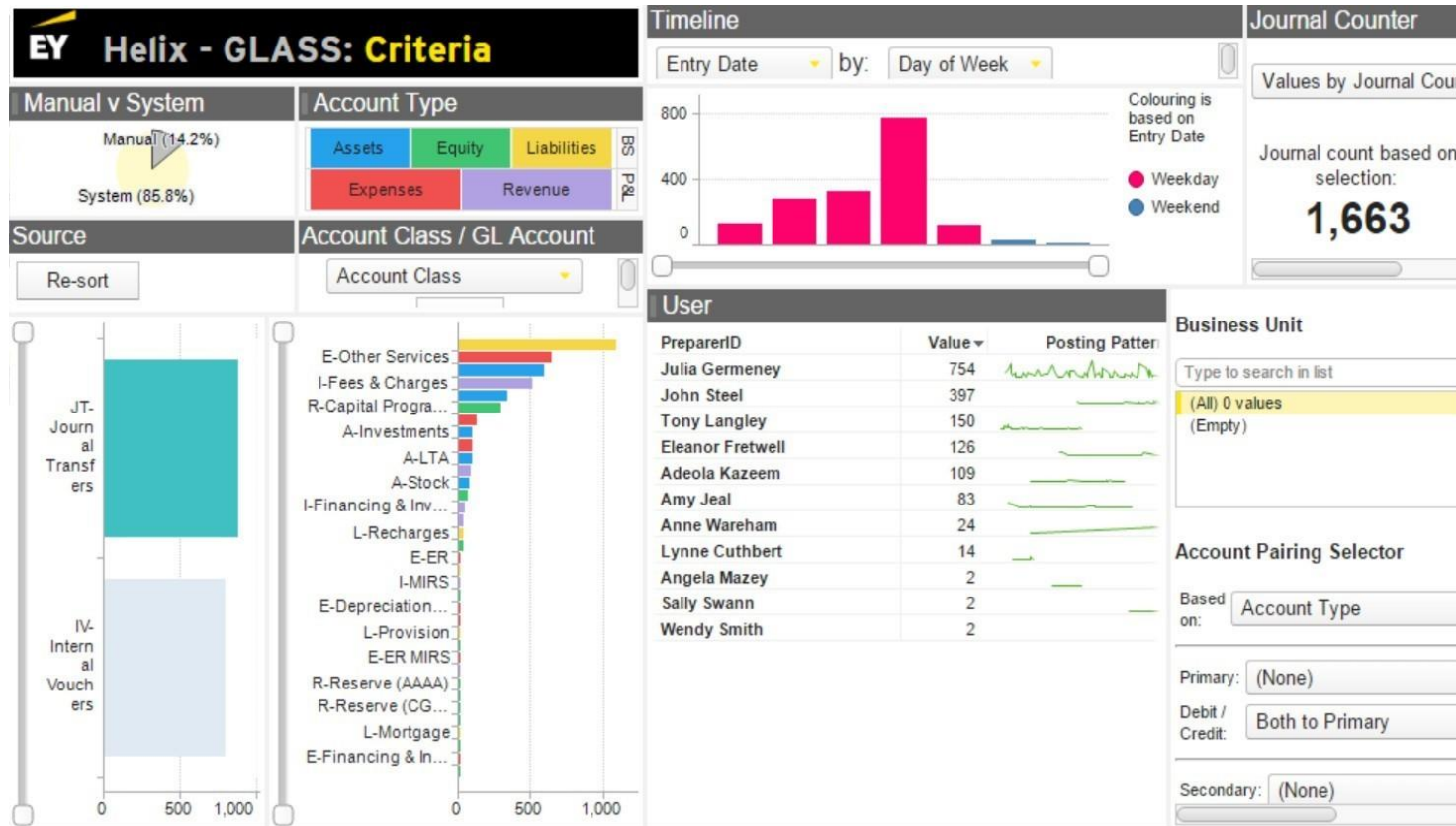
### What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

### What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

Journal entry data criteria – East Cambridgeshire District Council – 31 March 2018



### What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

### What are our conclusions?

We isolated a sub set of journals for further investigation and are in the process of obtaining supporting evidence to verify the posting of these transactions to conclude that they are appropriately stated.






09

Independence

## Confirmation




We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 29 January 2018.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Resources and Finance Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Resources and Finance Committee on 26 July 2018.

## Relationships, services and related threats and safeguards



The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats. There are no relationships from 01 April 2017 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

# Independence



## Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2018 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services listed in have been provided on a contingent fee basis. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

## Fee Analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2018.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements.

	Final Fee 2017/18	Planned Fee 2017/18	Scale Fee 2017/18	Final Fee 2016/17
	£'s	£'s	£'s	£'s
Total Audit Fee - Code work	*	41,500	41,500	46,397**
Audit of group accounts	tbc	5,000		
Grant Claims	tbc	12,004	12,004	15,632
Total Fees	tbc	58,504	53,504	62,029

\* We need to assess the impact of the working paper issues, adjusted misstatements and follow up issues highlighted through our analytics tool on the quantum of our audit work. This will lead to a variation to the Scale Fee being levied but we are at this stage, unable to quantify the quantum of that amount. This additional fee will be discussed with management and is then subject to approval by the PSAA.

We will confirm our final fees following the completion of our work and report this within our Annual Audit Letter.

\*\* The final fee includes audit of the group accounts as set out in the 2016/17 plan and additional time spent at the start of the audit to resolve trial balance completeness issues highlighted through our analytics tool.




A close-up photograph of a person's hand reaching into a filing cabinet to touch a folder. The cabinet is filled with numerous folders of various colors (yellow, blue, white) and sizes, each containing stacks of papers. The background is a light-colored, textured wall.

# 10 Appendices







## Appendix C - Required communications with the Resources & Finance Committee

There are certain communications that we must provide to the Resources and Finance Committee. We have detailed these here together with a reference of when and where they were covered:



 Our Reporting to you		
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Resources and Finance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Plan - 29 January 2018
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan - 29 January 2018
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit Results Report - 26 July 2018

## Appendix C - continued




		 Our Reporting to you
<b>Required communications</b>	 <b>What is reported?</b>	  <b>When and where</b>
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	No conditions or events were identified, either individually or together to raise any doubt about the East Cambridgeshire District Council ability to continue for the 12 months from the date of our report.
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit Results Report - 26 July 2018
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiry of the Resources and Finance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.</li> </ul>	Resources and Finance Committee - 26 July 2018
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Resources and Finance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Council</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the Council, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to Resources and Finance Committee responsibility.</li> </ul>	Audit Results Report - 26 July 2018



## Appendix C - continued





		 Our Reporting to you
<b>Required communications</b>	<b>What is reported?</b>	 <b>When and where</b>
Related parties	<p>Significant matters arising during the audit in connection with the Council's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the Council</li> </ul>	Audit Results Report - 26 July 2018
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan - 29 January 2018</p> <p>Audit Results Report - 26 July 2018</p>

## Appendix C - continued

		 Our Reporting to you
<b>Required communications</b>	 <b>What is reported?</b>	 <b>When and where</b>
External confirmations	<ul style="list-style-type: none"> <li>▶ Management’s refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit Results Report - 26 July 2018
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Resources and Finance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Resources and Finance Committee may be aware of</li> </ul>	Audit Results Report - 26 July 2018
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit Results Report - 26 July 2018



## Appendix C- continued

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>▶ Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit Results Report - 26 July 2018
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit Results Report - 26 July 2018
Auditors report	<ul style="list-style-type: none"> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit Results Report - 26 July 2018
Fee Reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit planning report is agreed</li> <li>▶ Breakdown of fee information at the completion of the audit</li> <li>▶ Any non-audit work</li> </ul>	Audit Plan - 29 January 2018 Audit Results Report - 26 July 2018 Annual Audit Letter - Due August/September 2018
Certification work	Summary of certification work undertaken	Annual Certification report - Due December 2018.

# Management representation letter

## Request for a Management Representation Letter

[To be prepared on the entity's letterhead]

[Date]

### Ernst & Young

This letter of representations is provided in connection with your audit of the consolidated and council financial statements of East Cambridgeshire District Council ("the Group and Council") for the year ended 31 March 2018. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and council financial statements give a true and fair view of the Group and Council financial position of East Cambridgeshire District Council as of 31 March 2018 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

We understand that the purpose of your audit of our consolidated and council financial statements is to express an opinion thereon and that your audit was conducted in order to obtain a true and fair view of the Group and Council financial statements in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and council financial statements. We believe the consolidated and council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and are free of material misstatements, including omissions. We have approved the consolidated and council financial statements.
3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 for the Group and Council that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

# Management representation letter

## Request for a Management Representation Letter

### **B. Non-compliance with law and regulations, including fraud**

1. We acknowledge that we are responsible to determine that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### **C. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the consolidated and council financial statements.
3. We have made available to you all minutes of the meetings of the Council, and committees for the Cabinet and Audit and Standards Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: [list date].
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and council financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

# Management representation letter

## Request for a Management Representation Letter

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and confirm there are no guarantees that we have given to third parties.

### E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

### F. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst council, subsidiary undertakings and associated undertakings.

### G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

*Yours faithfully,*

\_\_\_\_\_  
S151 Officer

\_\_\_\_\_  
Chairman of the Resources and Finance Committee

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ED None

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**Annual Governance Statement 2017/18**

To: Resources & Finance Committee

Date: 26<sup>th</sup> July 2018

From: Chief Internal Auditor, LGSS

[T61]

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1. ISSUE

- 1.1. This report presents the final version of the Annual Governance Statement for 2017/18 for consideration by the Resources & Finance Committee.

2. RECOMMENDATION

- 2.1. To approve the Annual Governance Statement for 2017-18.

3. BACKGROUND/OPTIONS

- 3.1. The Accounts and Audit Regulations 2015 requires the Council to produce an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead.
- 3.2. The draft AGS was considered by the Corporate Management Team, and then presented to the Resources and Finance Committee on 18<sup>th</sup> June 2018 in order to ensure that it reasonably reflects the Committee's knowledge and experience of the Council's governance and controls. The final AGS is signed by the Chief Executive and the Leader of the Council.
- 3.3. The AGS has been amended to reflect changes proposed by this Committee in June 2018 and also updated to include some areas that were not completed when the draft AGS was approved and these have been highlighted in the AGS on pages 4,5,13 and 14. The external auditors have reviewed the document, and there were no issues arising.
- 3.4. The Accounts and Audit Regulations 2015 require that the final version of the AGS is approved by the Resources and Finance committee in advance of the Statement of Accounts.

**The Annual Governance Statement**

- 3.5. The AGS has been compiled using sources of evidence, including:
- A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
  - Self-assurance statements prepared by Service Leads;
  - The Chief Internal Auditor's opinion on the Council's internal control environment, which was reported to the committee on 18<sup>th</sup> June 2018.

- 3.6. The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The guidance states that the AGS should include:
- The Council’s responsibilities for ensuring a sound system of governance;
  - An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
  - An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
  - The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
  - Reference to how issues raised in the previous year’s Statement have been resolved;
  - A conclusion demonstrating a commitment to monitoring implementation through the next annual review.
- 3.7. There have been no significant governance issues identified from this review.

4. **ARGUMENTS/CONCLUSIONS**

- 4.1. The AGS has been prepared, in accordance with professional guidance, and accompanies the Statement of Accounts. The Resources and Finance committee approved the draft AGS on 18<sup>th</sup> June 2018. It has also been reviewed by the external auditors, and signed by the Chief Executive and the Leader of the Council.

5. **FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT**

- 5.1. There are no additional financial implications arising from this report. An Equality Impact Assessment is not required.

6. **APPENDICES**

- 6.1. Appendix 1 – Annual Governance Statement 2017/18

<b><u>Background Documents</u></b>	<b><u>Location</u></b>	<b><u>Contact Officer</u></b>
None	LGSS, Room 207 The Grange Ely	Duncan Wilkinson, Chief Internal Auditor <a href="mailto:duncan.wilkinson@milton-keynes.gov.uk">duncan.wilkinson@milton-keynes.gov.uk</a> Rachel Ashley-Caunt Head of Internal Audit <a href="mailto:RAshley-Caunt@rutland.gov.uk">RAshley-Caunt@rutland.gov.uk</a>

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Trevor Bowd

Principal Auditor

[trevor.bowd@eastcambs.gov.uk](mailto:trevor.bowd@eastcambs.gov.uk)



# Annual Governance Statement 2017-18

## 1. Scope of responsibility

- 1.1. East Cambridgeshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. East Cambridgeshire District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility, East Cambridgeshire District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3. East Cambridgeshire District Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is included on our website at <https://www.eastcambs.gov.uk/>.
- 1.4. This statement explains how East Cambridgeshire District Council has complied with the principles of the Code and also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.

## 2. The purpose of the governance framework

- 2.1. The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Cambridgeshire District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3. The governance framework has been in place at East Cambridgeshire District Council for the year ended 31 March 2018 and up to the date of the approval of this statement.

### 3. The governance framework

The Council's Code of Governance recognises that effective governance is achieved through the following core principles:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### 4. Key elements of the Governance Framework

The following is a brief description of the key elements of the systems and processes that comprise the Council's governance arrangements:

**1. Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively:**

- The Constitution contains a Members Code of Conduct, which is underpinned by the Principles of Public Life. Members are required to complete a declaration of interests which is published to the website for transparency.
- There is a separate Employee Code of Conduct, which is supported by HR policies and procedures. Codes, policies and procedures are shared with new employees as part of the induction process.
- The Council has a Whistleblowing Policy, which is available to employees.

**2. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:**

- Corporate policies and strategies, which are regularly reviewed, are available on the Council intranet.
- The Constitution contains responsibilities for functions of the Council, Policy Committees and Regulatory Committees, and other Committees, Joint Committees and Other Partnership Bodies. It also contains Proper Officer Functions and Rules of Procedure. The Monitoring Officer advises whether

decisions are in accordance with the Constitution, and a summary list of responsibilities are included in a Monitoring Officer Protocol.

- The Council ensures compliance with established policies, procedures, laws and regulations through a number of channels. The Chief Executive is responsible and accountable to the Council for all aspects of operational management. The Finance Manager & S151 Officer is responsible for ensuring that appropriate advice is given on financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal control. The Legal Services Manager is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- Managers within the Council are responsible for putting in place systems of control to ensure compliance with policies, procedures, laws and regulations. This is a key control and as such Service Leads are asked to conduct a self-assessment of the systems of internal control within their services and highlight actions intended to address any areas for improvement.

### **3. Documenting a commitment to openness and acting in the public interest:**

- There is public access to all Committee meetings except where items for discussion are of a confidential nature. The Council continues to be committed to ensuring that members of the public are involved in the decision making process.
- There are specific schemes in place to allow members of the public to speak at both Planning and Licensing Committee meetings, and the Council has also issued general guidance on public question time at other meetings.
- In order to demonstrate its openness the Council also publishes on the website the Constitution, Council and Committee agendas, reports, minutes and decision lists.
- In terms of transparency, the Council publishes on our website the recommended datasets in accordance with the Local Government Transparency Code 2015 issued by the Department for Communities and Local Government in February 2015.

### **4. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation:**

- Residents are regularly informed about the council's activities through the Council website, work with the local media, social media and other channels. The Council also sends an End of Year Report to all households in the District. A new website was launched to improve communication with the public during 2017-18.
- The Council has adopted a Constitution which sets out how the Council operates, how decisions are taken and the procedures which should be followed. All meetings are open to the public except where there are confidential matters to discuss.
- The Council undertakes regular consultation exercises, ranging from small focus groups of customers to large scale questionnaires and face-to-face surveys. As part of the Council's work on equalities, a Register of Consultees is held which gives individuals, community groups and associations the opportunity to consider new or revised policies, strategies or functions and to express their opinions,

concerns and make suggestions. To encourage as wide a participation as possible, an invitation for further individuals to join the register is included in the Equality & Diversity section of the Council's website.

- Regular media releases are used as a means of keeping residents of the District informed of current and upcoming issues and Council decisions. The Council endeavours to ensure that all communications with the public are accessible to all by providing a translation service, large print and braille.
- The Council hosts Parish Conferences to engage with the parish councils and communities and provide an important platform between the parishes and other public services. Two conferences were held during the financial year. Further examples of community engagement include six monthly Landlord Forums, Agents Forums, Taxi Driver Forums and the East Cambs Business Boost.

#### **5. Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning:**

- The Council has approved two Corporate Objectives;-
  - To be financially self-sufficient and provide services driven by and built around the needs of our customers; and,
  - To enable and deliver commercial and economic growth to ensure that East Cambridgeshire continues to be a place where people want to live, work, invest and visit.
- A new Corporate Plan for the period 2017-2019 was approved by Council in October 2017 which builds on the previous Corporate Plan approved in July 2015. It contains six priorities which set out the main areas where the Council will concentrate work over the next two years:
  - Delivering a financially sound and well managed Council
  - A fantastic place to live
  - Genuinely affordable housing
  - New jobs and funding
  - Improving infrastructure
  - Improving local transport
- Within these priorities the Council has made a number of promises which set out the projects by which the priorities will be achieved. The Council believes that having high aspiration levels will secure a strong future for the district and provide a clear vision for the organisation and our customers.
- Details of all the above, together with any committee reports referred to in this statement, can be found on the Council website at [www.eastcambs.gov.uk](http://www.eastcambs.gov.uk)
- The Medium Term Financial Strategy (MTFS) is presented to Council on an annual basis to support the budget papers and the Corporate Plan. The MTFS sets out the level of savings that need to be achieved over the medium term. Savings plans and income generation targets are developed to achieve the budget requirement set out in the MTFS.

## **6. Translating the vision into courses of action for the authority, its partnerships and collaborations:**

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- The Corporate Plan is underpinned by Service Delivery plans, which set out in more detail how the Council's priorities will be delivered. These plans contain more specific targets, which are allocated to teams, contractors, partners and employees to deliver.
- Service Delivery plans are reviewed every year in line with any changes to the Corporate Priorities and in accordance with the development of the budget to ensure the necessary resources are in place for their delivery. Members are appointed as Service Delivery Champions. Performance is formally reported to Committees every six months.

## **7. Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality:**

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- The Council's decision making framework is set out in the Council's Constitution including an effective scheme of delegation. The Council's Constitution is kept under continuous review in line with best practice.
- The Constitution includes the decision making arrangements for the East Cambridgeshire Trading Company (ECTC) Shareholder Committee and the Anglia Revenues Partnership Joint Committee.

## **8. Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money:**

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- Performance management in the Council is based on Corporate Plan Priorities supported by Service Delivery Plans. The Council had, during 2017/18, Policy Committees (Resources and Finance Committee, Regulatory Services Committee and Commercial Services Committee) that approve and monitor performance against Service Delivery Plans.
- A summary of the overall performance of the Council is published on the website.
- The Council continues to improve services wherever possible and has used the Lean Six Sigma methodology to undertake reviews of Building Control, Environmental Health (Commercial Services) and Care and Repair in 2017-18 with further reviews planned for the new year.
- The Council has established a robust financial planning process which includes a Medium Term Financial Strategy, monthly budget monitoring reports to officers and quarterly budget monitoring reports to Policy Committees.

## **9. Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements:**

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- The Council's Constitution sets out how the Council operates, and contains separate articles and key documents covering Members Code of Conduct, Proper Officer functions, and protocols for the Monitoring Officer.

- As the Head of Paid Service, the Chief Executive leads the officers and chairs the Council's Corporate Management Team. The other two statutory officers, the Monitoring Officer and S151 Officer report directly to the Chief Executive.
- Regular meetings are held between the Leader of the Council and Chief Executive in order to maintain a shared understanding of roles and objectives.

#### **10. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015):**

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- The Council establishment includes a Chief Finance Officer (CFO), ensuring the financial management arrangements conform with the requirements with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015).
- The Council put in place interim arrangements for the role of the CFO to be provided through a S113 agreement with Peterborough City Council, which allowed Peterborough City Council to place an officer at the disposal of the Council for the purposes of discharging its functions. This interim arrangement continued to be in place until the Council approved at their meeting on 13<sup>th</sup> July 2017 that the CFO duty, as the S151 Officer under the Local Government Act 1972 and 1988, would be discharged by the Finance Manager.

#### **11. Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function:**

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- The Monitoring Officer is a statutory appointment under section 5 of the Local Government and Housing Act 1989. These responsibilities are delivered by the Legal Services Manager. The Monitoring Officer undertakes to discharge their statutory responsibilities with a positive determination and in a manner that enhances the overall reputation of the Council. In doing so this will also safeguard, so far as is possible, members and officers whilst acting in their official capacities, from legal difficulties and/or criminal sanctions.
- It is important that members and officers work together to promote good governance within the Council. The Monitoring Officer plays a key role in this and it is vital therefore, that members and officers work with the monitoring officer to enable them to discharge their statutory responsibilities and other duties.
- There are working arrangements and understandings in place between the Monitoring Officer, members and the Corporate Management Team which are designed to ensure the effective discharge of the Council's business and functions. These arrangements are detailed in the Monitoring Officer Protocol, which is a key document in the Council's Constitution.

#### **12. Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function:**

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- The role of Head of Paid Service is defined in the Local Government and Housing Act 1989. In East Cambridgeshire District Council it is assigned to the Chief Executive as set out in the constitution and all necessary powers are delegated to fulfil the statutory role.

- The Council is also required to provide the Head of Paid Service with staff, accommodation and other resources sufficient to enable the performance of the function. The annual budget proposed to Council, prepared by officers, seeks to align the provision of Council resources with the delivery of the Corporate Plan. In this manner, the Head of Paid Service is ensuring that the Council is fulfilling its duty.

### **13. Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.**

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- There is a member induction and training programme in place. Members are also required to undertake specific training before performing certain duties such as planning and licensing. Additional member seminars are also arranged throughout the year to deal with specific issues as they arise.
- There is an induction programme for all new employees, which consists of a mix of one-to-one meetings covering specific aspects of employment and group meetings that deal with more common areas.
- All officer posts within the Council have a detailed job description and person specification. The development needs of officers are determined through an annual performance appraisal, a key outcome of which is a Personal Development and Training Plan. This Plan provides a link between service and corporate priorities and career development. Requests for professional/vocational training are presented to Management Team for final consideration.

### **14. Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability:**

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- The Council has a Risk Management Policy and framework to detail the approach to managing risks. The latest Policy was approved by Full Council in October 2017.
- The Council's Corporate Risk Register is the result of continued review by a Risk Management Group, the Corporate Management Team and the Resources and Finance Committee, of the key risks that may have an impact on achieving the Council's objectives. Each risk shows the owner and the key controls in place to minimise any impact on the Council and its provision of services to stakeholders. Individual projects and partnerships are also subject to risk assessments. The risk register is available on the website.
- The Council has incorporated risk management into the performance management system, which is monitored by management. Service Delivery Plans are approved and reviewed by relevant Committees. The end of year performance reports are published on the website.

### **15. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).**

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- The Council has in place an Anti-Fraud & Corruption Strategy which specifies the process by which allegations will be investigated and reported. The Council also acknowledges its responsibility to embed effective standards for countering fraud

and corruption that supports good governance and demonstrates effective financial stewardship and strong financial management.

- The Council's Whistle-Blowing Policy covers the arrangements for staff to report concerns anonymously. The Council's Complaints Scheme, and how to complain to the Ombudsman, are documented on the website. The Council has a dedicated resource in place to manage the complaints process.
- The Council fully participates in the Cabinet Office's regular National Fraud Initiatives (NFI) and reports the results to Resources and Finance Committee.

#### **16. Ensuring an effective scrutiny function is in place.**

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- The Council has a Call-In and Referral Up Procedure which is part of the Constitution. This enables Councillors to call in decisions made through the Policy Committees. Council can then consider the matter afresh and make a final decision which could be to uphold, amend or reject the previous decision of the Policy Committee.
- The Council provides Members to other Scrutiny Committees, where required, to review the performance and effectiveness of other public service providers as well as the council.

#### **17. Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact:**

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- Internal Audit is provided by LGSS Internal Audit which is led by a professionally qualified Chief Internal Auditor in accordance with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations, Public Sector Internal Audit Standards and the Local Government Application Note.

#### **18. Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013):**

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- The Council has a Resources and Finance Committee that fulfils the role of the Audit Committee, with a terms of reference and supporting procedure rules covering internal and external audit, risk management, annual statement of accounts, corporate governance and internal control arrangements, and anti-fraud and corruption arrangements.

#### **19. Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.**

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- The Council provides support and information to the externally appointed auditors. Audit findings and recommendations are reported through the Resources and Finance Committee.



**20. Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.**

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- The Council demonstrates a strong commitment to working in partnership with other agencies to deliver priority outcomes and ensure that this partnership activity provides value for money and added value.
- The governance arrangements for key partnerships are kept under review. Governance arrangement for significant partnerships, such as the East Cambridgeshire Trading Company and the Anglia Revenues Partnership, are documented in the Constitution.

## 5. Review of effectiveness

- 5.1. East Cambridgeshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the directors within the Council who have responsibility for the development and maintenance of the governance environment, the LGSS Chief Internal Auditors annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 5.2. The following is a brief description of the roles and processes that have been applied in evaluating the effectiveness of the governance framework:

### 1. The Council

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- In October 2017 the Council approved the Corporate Plan for 2017-2019 which forms the basis of the performance management framework. Council review progress against the plan, ensuring it remains committed to the priorities whilst delivering a balanced budget.
- Council approved financial documents including the Medium Term Financial Strategy, Capital programme, Treasury Management Strategy, and the Council Tax Resolution Scheme. The Medium Term Financial Strategy provides the financial structure for the policy and budget framework, corporate planning, annual service planning and budget setting.
- The Local Audit and Accountability Act 2014 introduced changes to the appointment process for external auditors. Council reviewed options for appointing external auditors, and resolved to use PSAA Ltd, who was specified as the sector-led appointing body under the Local Audit (Appointing Person) Regulations 2015.
- Section 151 of the Local Government Act 1972 requires that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. This role became the responsibility of the Finance Manager in July 2017, which replaced the interim arrangements that were previously in place with Peterborough City Council through a S113 Agreement.
- Council approved key strategies and policies such as the Risk Management Policy and the revised Contract Procedure Rules.
- Council approved the setting up of a separate Local Authority Trading Company to deliver the Waste Collection and Street Cleansing Service from 1 April 2018.

### 2. The Resources and Finance Committee

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- The Council has a committee which includes the role of the Audit Committee and covers internal and external audit matters, risk management arrangements, corporate governance including internal control arrangements and the annual governance statement, anti-fraud and corruption arrangements, and the statement of accounts. Since May 2017, this committee is now the Resources and Finance Committee.

- The Committee received reports on corporate risks, the work of internal audit, including the annual report, and external audit reports, letters and briefings. It also reviewed and approved the Annual Governance Statement.
- The Committee reviewed and noted end of year performance reports, budget reports, and approved service delivery plans for Financial Services, Democratic Services, Economic Development, Infrastructure and Strategic Housing, Strategic Planning, Performance Management, Legal Services, Customer Services, Reprographics, Human Resources and Information and Communication Technology.
- The Committee approved financial reports, such as the Treasury Management Strategy, Treasury Management Annual Performance Review, the Annual Investment Strategy, Revenue Budgets, Capital Programme, Council Tax, overall Council Budget reports; and reviewed the minutes of the ARP Joint Committee, as the partnership which delivers revenues and benefits for the Council.

### **3. Regulatory Services Committee**

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- The Committee approved documents which help engage with the public and customers, including the Council's Health and Wellbeing Strategy 2018-2021 which informs how the Council, during its day to day business, contributes to the improvement of health outcomes for our residents, and people who work or visit the district.
- The Committee received progress reports on the insourcing of the Waste and Street Cleansing Services.
- The Committee approved service delivery plans for Planning, Building Control, Environmental Services, Licensing, Housing and Community Safety and Waste Services.

### **4. Commercial Services Committee**

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- The Committee approved the East Cambridgeshire Vulnerable Community Strategy which ensures that Council services meet the needs of the most vulnerable and at risk members of our community.
- The Committee received progress reports on the construction of the new leisure centre.
- The Committee reviewed performance and emerging issues identified by voluntary organisations funded by East Cambridgeshire District Council, and agreed funding allocations for the 2018/19 financial year.
- The Committee approved service delivery plans for Open Spaces, Communities and Partnerships and Leisure Services.

### **5. Shareholder Committee**

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- The role of the Shareholder Committee is to monitor and scrutinise the East Cambridgeshire Trading Company. This is a standalone Committee, separate to the Council's Policy Committees and reports directly to full Council.

- The Committee considered the results of the audit of the East Cambs Trading Company Accounts for the financial year 2016/17, carried out by their appointed auditors, Price Bailey. There were no matters that necessitated reporting as requiring attention.
- The Committee reviewed the ECTC Business Plans, recommending this is approved by Council.

## **6. Internal audit**

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- The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Chief Internal Auditor to give an opinion on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.
- The Chief Internal Auditor's annual report was presented to the Resources and Finance committee in June 2018. This report outlined the key findings of the audit work undertaken during 2017/18, including areas of significant weakness in the internal control environment.
- The Chief Internal Auditor's annual opinion is that 'Satisfactory Assurance can be given over the adequacy and effectiveness of the Council's control environment that has been operating for 2017/18. This control environment comprises of the system of internal control, governance arrangements and risk management'. Where the Council has received reports giving assurance opinions of lower than Satisfactory Assurance, action plans have been agreed to address areas of weakness and completion of the actions will be monitored by Internal Audit. No system of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

## **7. External audit**

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- Under the government's local public audit regime the Audit Commission awarded contracts for work previously carried out by the Commission's own audit practice. As a result Ernst & Young (now EY) became the appointed external auditor from 1 September 2012.
- EY's audit results report (ISA260) for 2016-17 was presented to Resources and Finance Committee on 21 September 2017. The annual audit letter 2016-17 was presented to the Committee on 30 November 2017. The annual report on the certification of claims and returns 2016-17 was presented to the Committee on 29 January 2018.
- For 2016-17 EY issued unqualified audit opinions on the Council's financial statements and value for money conclusion.

## 6. Governance issues and actions

The review of the effectiveness of the Governance Framework has provided a satisfactory level of assurance. The review Process has highlighted no significant issues on the effectiveness of the Council's governance arrangements. The Annual Governance Statement process allows the Council to identify any significant governance issues that have been identified, and the associated actions it is proposing to undertake to enhance its corporate governance arrangements.

The following is an outline of the significant issues arising from the review of effectiveness and the actions taken or proposed to deal with them (committee reports where mentioned, and minutes, can be found at [www.eastcambs.gov.uk](http://www.eastcambs.gov.uk)):

- None identified at time of publishing draft.

### Progress on the action plan from the previous governance statement

Actions taken to address the significant issues from the 2016-17 governance statement are as follows:

#### Emerging legislation

- The EU General Data Protection Regulations will apply from 25th May 2018. This will replace the existing Data Protection Act. The Legal Administration Assistant has completed the GDPR Practitioner Certificate and is working with the Legal Services Manager to put in place provisions by late May 2018. Corporate Management Team are also being kept apprised of progress and what steps will be required. The Internal Audit Plan for 2018/19 includes a review of Information Governance / GDPR to provide assurance over the Council's control framework for ensuring compliance new data legislation and robust information governance.

#### Procurement guidance

- The Council has reviewed its Contract Procedure Rules and these were approved by Full Council on 21 September 2017 and are included in the Council's Constitution. In addition to providing guidance, the most significant amendments are to the contract value thresholds which determine the procurement processes required.

#### External Audit results report 2016/17

- To follow at time of publishing draft. The external auditors annual report drew attention to a balancing item of £136,000 identified in the bank reconciliation and that the Council had undertaken further work which had reduced this to £48,000 and would take further action to resolve this for the 2017/18 accounts. Action has been taken by the Finance Manager during the year to review the bank reconciliation process and identify the discrepancy. Improvements have been made in performing the year end reconciliation and these improvements should be maintained when conducting the monthly reconciliations moving forward.

## 7. Conclusion

Based on the work that has been completed, assurance can be taken that the governance arrangements at East Cambridgeshire District Council are fit for purpose.

~~East Cambridgeshire District Council is committed to ensuring the implementation of all actions that are planned to strengthen the organisation's governance arrangements. Implementation of these actions will be monitored through the next annual review.~~

## 8. Statement by Leader of the Council and Chief Executive

The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders.

We propose over the coming year to continually address any issues arising that need addressing in order to further enhance our governance arrangements. ~~We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation not only as part of our next annual review, but also continuously throughout the year.~~

Signed:

.....

Charles Roberts  
Leader of the Council

Date:

.....

John Hill  
Chief Executive

Date:

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**TITLE: 2017/18 ANNUAL FINANCIAL REPORT / STATEMENT OF ACCOUNTS**

Committee: Resources and Finance Committee

Date: 26<sup>th</sup> July 2018

Author: Finance Manager and Section 151 Officer

[T62]

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1.0 ISSUE

1.1 To approve the 2017/18 Statement of Accounts.

2.0 RECOMMENDATION

2.1 That the 2017/18 Statement of Accounts as set out in Appendix 1 be approved subject to the Section 151 Officer, in conjunction with Ernst & Young (EY), being authorised to make any final changes, as required, prior to final sign-off by EY by the 31<sup>st</sup> July 2018.

3.0 BACKGROUND/OPTIONS

3.1 The Audit and Accounts Regulations 2015 which apply to the preparation, approval and audit of the Statement of Accounts for the year ending 31<sup>st</sup> March 2018 require the following process to be followed:

- The draft Accounts must be certified by the Council's Responsible Financial Officer (Section 151 Officer) by 31<sup>st</sup> May following the end of the financial year. It is confirmed that the accounts were signed off by this statutory deadline.
- The draft accounts and any associated financial documentation are made available for public inspection for a period of 30 working days. The accounts were available for public inspection from the 1<sup>st</sup> June to the 12<sup>th</sup> July 2018, but during this period neither the Council nor EY received any communications from the public.
- By the 31<sup>st</sup> July:
  - The Accounts must be re-certified by the Responsible Financial Officer before Member approval is given
  - The Accounts must be approved by Members
  - The Accounts must be published together with any certificate, opinion or report issued by the appointed auditor.

3.2 Under the Council's Constitution, it is the Resources and Finance Committee's function to approve the Statement of Accounts 2017/18.

3.3 It should be noted that this timetable is earlier than in previous years. In previous years, the deadline for the draft accounts had been the 30<sup>th</sup> June, with then the final accounts and audit sign-off by the 30<sup>th</sup> September. The new timetable is therefore some two months faster than in previous years.

#### 4.0 FORMAT OF THE ANNUAL FINANCIAL REPORT 2016/17

4.1 The format of the Statement of Accounts is prescribed by a range of regulations and reporting requirements together with a code of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

4.2 Since 2010/11, as part of the wider public sector move towards international accounting standards, all local authorities in the UK are required to produce their annual financial statements using International Financial Reporting Standards (IFRS).

#### 5.0 CHANGES SINCE THE DRAFT ACCOUNTS

5.1 Members will note that Ernst & Young, our appointed auditors, identified a number of issues during the course of their audit. These are detailed in the Audit Differences section of their Audit Results Report.

5.2 The version attached as appendix 1 to this report includes adjustments identified since the draft accounts were published on the Council's website on the 31<sup>st</sup> May, including all the issues detailed in the Audit Results Report. This version remains subject to further Audit review and so there remains the possibility that further changes will be needed.

5.3 Most of these adjustments were presentational, but one impacts on the Council's financial position. We received Government grant on the 5<sup>th</sup> April 2018 in relation to 2017-18 Business Rate arrangements. This was not accrued for in 2017-18 and we had previously therefore understated the Council's NNDR income by £294,000. This change will impact the Council's bottom line, increasing the annual underspend and increasing the amount that can be transferred into the Surplus Savings Reserve.

5.4 A further major adjustment that has been required related to the Pension Fund valuation, where the estimate in the IAS19 report produced by the actuary prior to yearend, proved to be less accurate than Audit tolerances allowed and as such, we had to request a revised report from the actuary detailing the correct position at as the 31<sup>st</sup> March 2018. This impacted on all Councils in Cambridgeshire. This however is an entry solely for the Council's Statutory Accounts and does not impact on the reported Outturn position.

#### 6.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

6.1 This report presents details of the Council's financial position for the year ended 31<sup>st</sup> March 2018 in the prescribed format.



6.2 Equality Impact Assessment (INRA) not required.

7.0 APPENDICES

7.1 Appendix 1 – Statement of Accounts 2017/18

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<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (The Code).	Room 104 The Grange Ely	Ian Smith Finance Manager and Section 151 Officer Telephone: (01353) 616470 E-mail: <a href="mailto:ian.smith@eastcambbs.gov.uk">ian.smith@eastcambbs.gov.uk</a>
The Prudential Code for Capital Finance in Local Authorities published by CIPFA		
Final Accounts working papers.		

**EAST  
CAMBRIDGESHIRE  
DISTRICT COUNCIL**

**DRAFT  
STATEMENT OF  
ACCOUNTS 2017/18**

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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 2017/18 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2018.

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 2017/18.
- The Financial Statements
- Technical information

## Commentary and Review of 2017/18

### Review of the Year

2017/18 has been another challenging year for the Council with the reduction of grant funding from Central Government as austerity measures continue. However, our strong Medium Term Financial Strategy (MTFS) etc., has enabled balanced budgets to be set for 2018/19 and 2019/20.

The Council set a net budget for 2017/18 of £8.659 million (2016/17; £8.544 million), a net increase of £0.115 million (1.34%). After the application of the following government grants and collection fund funding:

- Revenue Support Grant of £0.660 million (2016/17; £1.149 million),
- Business Rates Retention scheme (NNDR) of £3.624 million (2016/17; £2.910 million),
- Collection Fund surpluses of £0.260 million (2016/17; £0.409 million)

this left the Council to raise £4.114 million (2016/17; £4.077 million) from Council Tax. This equated to a Council Tax of £142.14 (2016/17; £142.14) for a Band D equivalent property, freezing the Council Tax for the fourth year in a row.

### Review and Commentary on the Council's services and performance during 2017/18

The Council produced and approved a revised Corporate Plan for the period up until the next elections in the district covering the period 2017-2019, within this there remained the 6 priority areas as detailed in the original Corporate Plan:

- (1) Delivering a financially sound and well managed Council** - A customer driven efficient Council with a "can-do" attitude and pro-business approach and commercially focused to ensure financial self-sufficiency for the taxpayer.
- (2) A fantastic place to live, work and visit** - Making East Cambridgeshire an even better place to live.
- (3) Genuinely Affordable Housing** - Genuinely affordable housing by local people for local people.
- (4) New jobs and funding** – Driving economic success by creating the infrastructure to attract businesses and create jobs.
- (5) Improving local infrastructure** - Appropriate developments with better infrastructure and improving Planning Service.
- (6) Improving local transport** - Making it easier to get around the District and do business.

The following information details the progress made against the performance measures detailed within the Corporate Plan over the past 12 months:

### **Delivering a financially sound and well managed Council**

#### **Performance Measure - Freeze the East Cambs element of Council Tax in 2017/2018, 2018/19 and 2019/2020 (six years in a row)**

The Council froze Council Tax in 2017/2018 and has made a commitment to continue to freeze it in 2018-2019 and 2019-2020

#### **Performance Measure - Develop and begin to deliver a programme of investment to generate income from the East Cambs Trading Company to protect, invest in and enhance 'front line' services and balance the budget**

The East Cambs Trading Company Business Plan has been approved by Council for 2018/19. The plan sets out what the Trading Company will be looking to achieve and focuses on its priorities moving forward

#### **Performance Measure - Ensure developer contributions are used effectively to maximise community benefit**

The Council has continued to utilise developer contributions and support key development projects which benefit the community

#### **Performance Measure - Develop a plan to realise a capital receipt from The Grange and deliver a fit for purpose and efficient office in an accessible location**

£50,000 has been allocated to the Council budget to explore options and carry out an options appraisal

#### **Performance Measure - Continue business reviews to minimise bureaucracy, increase efficiency and provide excellent 'can do' and 'open for business' services**

3 services within the Council have been reviewed over the past 12 months to provide more efficient practices, resulting in financial and administrative savings

### **A fantastic place to Live, Work and Visit**

#### **Performance Measure - "Work to live, not live to work" - focus efforts throughout the Council and partner agencies to improve opportunities across the District for people to work near to home**

The Council continues to be committed to developing Community Land Trust's across the District, supporting local businesses and building new homes

#### **Performance Measure - Maximise the benefits of devolution for all our residents, businesses and visitors within East Cambridgeshire**

The Council has secured £300,000 for studies of Junctions 37 and 38 of the A14 and for a study along the A142. The Council has secured support for Littleport Masterplan in 2018/19 with Ely and Soham Masterplan support in 2019/20

#### **Performance Measure - Adopt the East Cambridgeshire Local Plan in 2018/19**

The draft Local Plan has been submitted for examination.

#### **Performance Measure - Develop and begin to deliver a District wide tourism strategy to maximise the benefits of tourism to the local economy**

A budget of £70,000 has been approved. Mapping of the most visited attractions is underway and local business are now being identified for inclusion in the mapping

**Performance Measure - Bring the waste and recycling service into the East Cambs Trading Company to improve recycling rates, flexibility and efficiency and provide an excellent service to residents and businesses**

The Council approved the recommendation to bring waste and recycling services in-house through East Cambs Street Scene. The waste service formally transferred to the Council on 1<sup>st</sup> April.

**Performance Measure - We aim to have fly-tipping on public land removed within 2 full working days of it being reported**

Currently the average time to remove fly tipping is 8 days

**Performance Measure - Work with local partners and the Combined Authority towards improved quality sixth form provision and skills support**

ECDC has been working with partners to scope out opportunities to help improve sixth form provision. This includes matching up local business with the college to focus on routes to employment, interview skills and developing the annual East Cambs Careers and Skills Fair

**Performance Measure - Work with the existing Community Leisure Trusts throughout the District to develop performance improvement plans**

The Council has been offering on-going technical support to the Community Leisure Trusts in Littleport, Burwell, Elsmere and Soham. Littleport has a new leisure centre, Burwell is in a stronger financial position and Ross Pears has started to undertake an options appraisal for remodelling the facility

**Performance Measure - Prevent homelessness across the District**

248 people were prevented from being made homeless last year through early intervention support. Our Council front line staff have continued to offer support to our clients

**Genuinely affordable housing**

**Performance Measure - Develop a district Community Land Trust to support local communities to deliver CLT schemes across the District**

The East Cambs Community Land Trust has been set up to provide ongoing support to CLT schemes across the District. The new organisation can offer support to local communities who are at the early stages of their ideas

**Performance Measure - Continue to support and encourage development of new CLTs throughout the District**

New Community Land Trusts have been set up in Swaffham Bulbeck, Soham, Kennett, and Fordham and the East Cambs Community Land Trust has been established

**Performance Measure - Continue to work towards a community led housing scheme supported by appropriate infrastructure in Kennett**

A community led design process determined the final concept plan for the large scale housing project and surrounding infrastructure. The planning application is in the process of being submitted

**Performance Measure - Investigate 'modular' housing near key transport hubs**

Investigations have been carried out on site opportunities

**Performance Measure - Build CLT homes at The Shade, Soham and Haddenham by 2019**

The Shade Community Land Trust is currently being built in Soham and the Haddenham planning application was submitted and approved by Planning Committee in February. East Cambs Trading Company is currently in advanced dialog with the Cambridgeshire and Peterborough Combined Authority for a loan of £6.5 million to take forward the Haddenham site.

**Performance Measure - Submit a planning application for Kennett by 2018/19**

Consultation events have been held and a planning application is currently in the process of being developed

**Performance Measure - Continue to work with communities across East Cambs and establish two new CLTs in 2018/19**

Haddenham Community Land Trust planning application has been submitted and approved at Planning Committee

**New jobs and funding**

**Performance Measure - Increase jobs and inward investment to the Enterprise Zone at Lancaster Way in Ely and other identified sites in the Local Plan across the District**

2 new businesses have settled in Lancaster way with another 2 imminent

**Performance Measure - Consider the case for investment in commercial property**

The Council has agreed to purchase the Ely Riverside Moorings which will help to bring in additional revenue streams

**Performance Measure - Promote apprenticeships with local businesses**

The Council is currently reviewing how this support can be offered to ensure that it provides effective and meaningful support to local businesses

**Improving local infrastructure**

**Performance Measure - Work with local partners and the Combined Authority to develop an integrated, improved and sustainable road transport, including work on A142, A14, A10**

Secured £300,000 funding and are now in the process of developing a brief to enlist consultants

**Performance Measure - Champion the provision of GP, health, social care and school places to support growth**

The Council is working with Sutton GP practice on expansion plans and with Stretham GP practice to facilitate the relocation of the existing surgery in to a Community Led Trust development. (Council approved on the 24<sup>th</sup> May 2018 that both schemes be added to the R123 list which could be a potential source of funding)

**Performance Measure - Seek to deliver a crematorium within the District and investigate the options for a woodland burial area**

Initial discussions with a consultant on developing an options appraisal have commenced

**Performance Measure - Continue to work with Network Rail and Cambridgeshire County Council to secure a new railway station for Soham**



The Council has nominated a Senior Planning Officer for the next phase in the plan and is actively working with Network Rail on the timetable of planning application submission from Network Rail

**Performance Measure - Deliver a Southern bypass for Ely by 2019- *Cambridgeshire County Council Led***

The Council has made a £1 million commitment to the scheme and has so far paid £713,000 to Cambridgeshire County Council

**Improving Local Transport**

**Performance Measure - Work with local partners and the Combined Authority to develop an integrated, improved and sustainable public transport service**

The Council has been working with the relevant partners to assess the current project pipeline and providing advice and information where required

**Performance Measure - Keep free 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 ongoing commitment which has been enshrined in the constitution

**Performance Measure - Work with local partners towards reducing and slowing traffic on the A1123**

The Council is working with partners to start to implement the scoping report

**Performance Measure - Deliver an additional 80 commuter car spaces in Littleport and 128 in Ely**

The Council has built an additional 80 commuter car spaces in Littleport and 128 in Ely. This will help ease congestion on the streets around the stations and will make it easier for commuters to find a parking space

**Revenue Spending and Sources of Income**

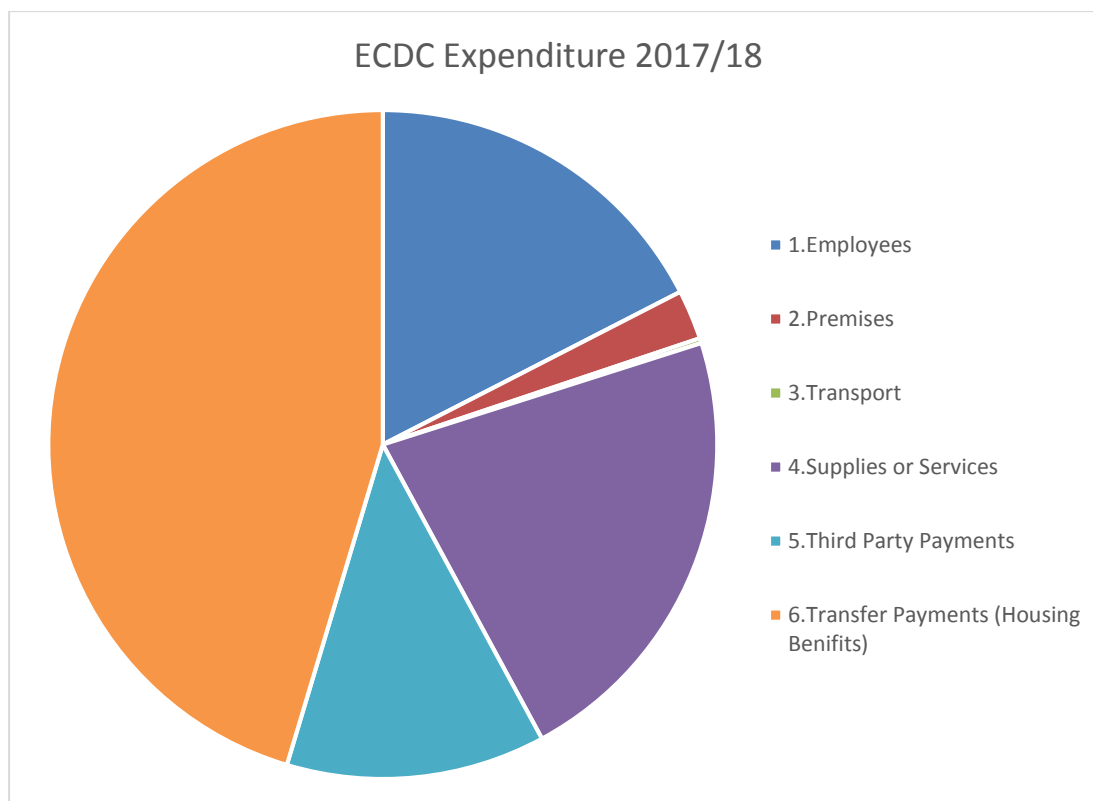
The Table below sets out the Council's budget for 2017/18 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	2017/18		
	Budget	Outturn	Variation
	£000	£000	£000
Service			
Resources & Finance	5,314	6,080	766
Regulatory Services	3,676	3,111	(565)
Commercial Services	1,427	1,332	(95)
<b>Service Net Revenue Expenditure</b>	<b>10,417</b>	<b>10,523</b>	<b>106</b>
Land Drainage	475	470	(5)
Parish Precepts	1,937	1,937	0
<b>Total Net Revenue Expenditure</b>	<b>12,829</b>	<b>12,930</b>	<b>101</b>
Financing			
Council Tax	(6,062)	(6,062)	0
Non-Domestic Rates	(3,875)	(5,067)	(1,192)
Revenue Support Grant	(660)	(660)	0
Other Government Grants	(1,460)	(1,562)	(102)
Budget - draw from Surplus Savings Reserve	(772)	(772)	0
<b>Total Financing</b>	<b>(12,829)</b>	<b>(14,123)</b>	<b>(1,294)</b>
<b>Transfer to Surplus Savings Reserve</b>			<b>(1,193)</b>
<b>Net (Increase) / Decrease in Earmarked Reserves</b>			<b>143</b>
<b>Total Reported General Fund Movements</b>			<b>(1,050)</b>
<b>Adjustments between funding &amp; accounting basis</b>			<b>230</b>
<b>Reported (Surplus) upon Services in Income &amp; Expenditure Account</b>			<b>(820)</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 Resources and Finance Committee on 18<sup>th</sup> June 2018. Reasons for yearend variances can be found in this report, for both revenue and capital.

## Analysis of Revenue Expenditure

The Council spent £40.156 million in 2017/18 and the chart below shows the type of expenditure this was spent on.



## Balance Sheet Summary and Capital Outturn

### Reserves

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

Usable Reserves 2017/18	B/f	Contributions		C/f
	£000	To £000	From £000	£000
General Fund	1,000	0	(0)	1,000
Surplus Savings & Earmarked	9,752	5,908	(4,856)	10,804
<b>TOTAL GENERAL FUND</b>	<b>10,752</b>	<b>5,908</b>	<b>(4,856)</b>	<b>11,804</b>
Capital Receipts Reserve	2,214	79	(1,524)	769
Capital Grants Unapplied	52	1,689	(1,741)	0
<b>Total Usable Reserves</b>	<b>13,018</b>	<b>7,676</b>	<b>(8,121)</b>	<b>12,573</b>

## Capital Spending

The final capital budget for 2017/18 was £17.176 million and the table below shows the movement from the original capital programme approved in February 2017.

Capital Programme	£000	£000
Original Approved Capital Programme 2017/18	15,434	
Approved Slippage from 2016/17	820	
Approved Additions	922	
Updated Capital Programme for 2017/18		17,176
Capital Outturn		16,193
Underspend Against Revised Budget		983

Spend in 2017/18 was as shown below:

2016/17 £000	Capital Spending	2017/18 £000
0.0	Refuse Vehicles	952.0
485.8	Housing Grants	1,000.0
158.9	Vehicle Replacement Programme	60.2
2,499.4	Leisure Centre	11,011.2
1,045.0	Loan to Subsidiary Company	2,090.0
309.8	Additional Car Parking	992.4
0.0	IT Projects	87.1
95.2	Other	0.0
<b>4,594.1</b>	<b>Gross Expenditure</b>	<b>16,192.9</b>
	Funded from	
653.4	Capital Receipts Reserve Applied	1,523.7
442.2	Grants	1,741.0
799.5	CIL Earmarked Reserve Contribution	1,676.0
2,447.9	Internal Borrowing Contributions	11,075.9
0.0	Other Revenue Contributions	215.1
251.1	Section 106	0.0
<b>4,594.1</b>		<b>16,192.9</b>

## Treasury Management

East Cambridgeshire District Council was in cash surplus during the whole of the 2017-18 financial year. The Council invested this “surplus” cash in both fixed term and short term investments during the year, this to maximise interest receipts, but while ensuring, as its main focus, the security of the funds invested.

## 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 2018/19 to 2021/22. The 2019/20 financial year is the final year of the current Government core grant scheme, therefore the MTFS plans beyond this time frame should be treated with great caution until greater clarity is known about the Fair Funding Review; the new 75% Business Rate Retention Scheme and the new burdens which are expected to accompany this.

The current MTFS shows the budgets for 2018/19 and 2019/20 are fully funded based on the assumptions detailed below. However, there are significant budget shortfalls projected in the subsequent years (£2,267,000 in 2020/21, rising to £3,284,000 in 2021/22). 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 are becoming increasingly important.

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 include:

- Government funding through Revenue Support Grant continues to fall and ends in 2019/20, as per the Settlement;
- New Homes Bonus reduces to levels projected in the Grant Settlement;
- The Council's Business Rate growth continues, this is projected to increase by 1.5% per annum throughout the term of the MTFS;
- Savings held in the "Surplus Savings Reserve" as a consequence of savings being made in advance of need, will be used as one off funding to balance the budget until such time as this reserve is exhausted;
- The transfer of the Waste Service to a wholly owned Council trading company will provide the opportunity to make savings on the client side of £100,000 per annum from 2019/20. Further efficiency savings and income have not been assumed at this point and will be subject to ECSS actions;
- Following the Pension Fund revaluation as at 31<sup>st</sup> March 2016 the fund manager requested that the contribution rate be increased 17.2%, with in addition, to ensure prudent budgeting, that the lump sum contribution be increased by £50,000 in both 2018/19 and 2019/20;
- 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 at this time;
- Further, ECTC and ECSS are anticipated to start making profits in the period of the MTFS, but no account of any potential dividend payments, linked to these profits being paid to the Council is assumed at this stage.

## The Financial Statements

The Council's financial statements for 2017/18 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 2017/18 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 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 Statutory 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 2018 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 assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2017		31 March 2018	
£000		£000	
24,554	Long Term Assets	39,165	
20,020	Current Assets	9,429	
(4,941)	Current Liabilities	(7,134)	
(25,450)	Long Term Liabilities	(24,931)	
14,183	Net Assets	16,529	
13,015	Useable Reserves	12,572	
1,168	Unusable Reserves	3,957	
14,183	Total Reserves	16,529	

The Council's Balance Sheet has moved from a position at 31<sup>st</sup> March 2017 of £14.183 million to £16.529 million at 31 March 2018. The principle reasons for this movement of £2.346 million are (i) £1.32 million in respect of the Council's Assets Financing offset by Depreciation and Impairment plus (ii) £0.82 million favourable Surplus on Services as reported above offset by (iii) unfavourable movements upon Pension Reserves.

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 2018 £000
operating activities	3,972
investing activities	(3,978)
financing activities	27
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>21</b>
Cash & Cash Equivalents at the beginning of the reporting period	4,509
<b>at the end of the reporting period</b>	<b>4,530</b>

**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 2017/18 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 2017/18 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 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 2017/18.

### Statement of Accounting Policies

The accounting policies applicable to the 2017/18 Statement of Accounts are, in the main, the same as those that were applied to the 2016/17.

### 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 2017/18.

### Ian Smith - CPFA

Finance Manager & Section 151 Officer

31 July 2018

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

### **Opinion on the Authority's financial statements**





## 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 2018 and its income and expenditure for the year ended 31 March 2018

**Ian Smith - CPFA**

Finance Manager & Section 151 Officer

31 July 2018

**COUNCIL Comprehensive Income and Expenditure Statement**

2016/17				2017/18		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	NOTE	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,553	(1,899)	1,654		4,973	(1,977)	2,996
26,277	(22,422)	3,855		27,914	(25,029)	2,885
7,255	(4,125)	3,130		6,910	(3,043)	3,867
<b>37,085</b>	<b>(28,446)</b>	<b>8,639</b>	<b>Cost of Services</b>	<b>39,797</b>	<b>(30,049)</b>	<b>9,748</b>
			<b>8</b>			
1,892	0	1,892	Parish Council Precepts	1,938	0	1,938
466	0	466	Internal Drainage Board Levies	470	0	470
0	0	0	Loss/(Gain) on disposal of non-current assets	0	0	0
<b>2,358</b>	<b>0</b>	<b>2,358</b>	<b>Other Operating Expenditure</b>	<b>2,408</b>	<b>0</b>	<b>2,408</b>
0	(156)	(156)	Interest receivable and Investment Income	0	(208)	(208)
753	0	753	Net interest on the net pension liability	584	0	584
			<b>21</b>			
<b>753</b>	<b>(156)</b>	<b>597</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>	<b>584</b>	<b>(208)</b>	<b>376</b>
0	(6,108)	(6,108)	Council Tax Income	0	(6,106)	(6,106)
0	(3,174)	(3,174)	Non-Domestic Rates income and expenditure	0	(5,120)	(5,120)
0	(3,336)	(3,336)	Non- Ring-fenced Government Grants	0	(2,126)	(2,126)
			<b>8</b>			
<b>0</b>	<b>(12,618)</b>	<b>(12,618)</b>	<b>TAXATION &amp; NON-SPECIFIC GRANT INCOME</b>	<b>0</b>	<b>(13,352)</b>	<b>(13,352)</b>
<b>40,196</b>	<b>(41,220)</b>	<b>(1,024)</b>	<b>(Surplus)/Deficit on provision of services</b>	<b>44,680</b>	<b>(45,500)</b>	<b>(820)</b>
			<b>8</b>			
0	(2,272)	(2,272)	(Surplus) or deficit in the revaluation of non-current assets	0	(561)	(561)
0	(25)	(25)	Actuarial losses/(gains) on pension assets and liabilities	0	(965)	(965)
			<b>21</b>			
<b>0</b>	<b>(2,297)</b>	<b>(2,297)</b>	<b>Other comprehensive income and expenditure</b>	<b>0</b>	<b>(1,526)</b>	<b>(1,526)</b>
<b>40,196</b>	<b>(43,517)</b>	<b>(3,321)</b>	<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>	<b>44,680</b>	<b>(47,026)</b>	<b>(2,346)</b>

**COUNCIL Movement in Reserves Statement****MOVEMENT WITHIN THE YEAR**

<b>2016/17</b>	Opening Balance	General Fund and Ear-marked	Adjustments between Accounting Basis and Funding Basis - Capital	Adjustments between Accounting Basis and Funding Basis - Pension & Other Purposes	Other Comprehensive Income & Expenditure - Capital	Other Comprehensive Income & Expenditure - Pension	Closing Balance	NOTE REF
NOTE REFERENCE								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Surplus/(Deficit) on Provision of Services		1,024						
Adjustments between Accounting Basis and Funding Basis		24	777	(801)			0	
General Fund	9,706	1,048					10,754	9
Capital Receipts Reserve	2,723		(512)				2,211	10&11
Capital Grants Unapplied	20		31				51	10&11
<b>TOTAL USEABLE</b>	<b>12,449</b>	<b>1,048</b>	<b>(481)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,016</b>	
Capital Adjustment Account	13,680		1,409				15,089	10&11
Revaluation Reserve	5,605		(844)		2,272		7,033	10&11
Deferred Capital Receipts Reserve	451		693				1,144	10&11
Financial Instruments Adjustment Reserve	(130)			0			(130)	10
Pensions Reserve	(21,575)			(680)		25	(22,230)	10&21
Collection Fund Adjustment Reserve	471			(113)			358	10 & CF7
Accumulated Absences Reserve	(89)			(8)			(97)	10
<b>TOTAL UNUSEABLE</b>	<b>(1,587)</b>	<b>0</b>	<b>1,258</b>	<b>(801)</b>	<b>2,272</b>	<b>25</b>	<b>1,167</b>	
<b>TOTAL RESERVES</b>	<b>10,862</b>	<b>1,048</b>	<b>777</b>	<b>(801)</b>	<b>2,272</b>	<b>25</b>	<b>14,183</b>	
Movement for the Year -Capital			777		2,272		3,049	1 & 11
Movement for the Year -Other Non General Fund				(801)		25	(776)	1

**COUNCIL Movement in Reserves Statement****MOVEMENT WITHIN THE YEAR**

<b>2017/18</b>	Opening Balance	General Fund and Ear-marked	Adjustments between Accounting Basis and Funding Basis - Capital	Adjustments between Accounting Basis and Funding Basis - Pension & Other Purposes	Other Comprehensive Income & Expenditure - Capital	Other Comprehensive Income & Expenditure - Pension	Closing Balance	NOTE REF
NOTE REFERENCE								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Surplus/(Deficit) on Provision of Services		820						
Adjustments between Accounting Basis and Funding Basis		230	759	(989)			0	
General Fund	10,754	1,050					11,804	9
Capital Receipts Reserve	2,211		(1,443)				768	10&11
Capital Grants Unapplied	51		(51)				0	10&11
<b>TOTAL USEABLE</b>	<b>13,016</b>	<b>1,050</b>	<b>(1,494)</b>				<b>12,572</b>	
Capital Adjustment Account	15,089		2,393				17,482	10&11
Revaluation Reserve	7,033		(111)		561		7,483	10&11
Deferred Capital Receipts Reserve	1,144		(29)				1,115	10&11
Financial Instruments Adjustment Reserve	(130)						(130)	10
Pensions Reserve	(22,230)			(1,101)		965	(22,366)	10&21
Collection Fund Adjustment Reserve	358			97			455	10 & CF7
Accumulated Absences Reserve	(97)			15			(82)	10
<b>TOTAL UNUSEABLE</b>	<b>1,167</b>		<b>2,253</b>	<b>(989)</b>	<b>561</b>	<b>965</b>	<b>3,957</b>	
<b>TOTAL RESERVES</b>	<b>14,183</b>	<b>1,050</b>	<b>759</b>	<b>(989)</b>	<b>561</b>	<b>965</b>	<b>16,529</b>	<b>8</b>
Movement for the Year -Capital			759		561		1,320	1 & 11
Movement for the Year -Other Non General Fund				(989)		965	(24)	1 & 11



**Balance Sheet**

Council 31 March 2017 £000	Notes	Council 31 March 2018 £000
22,504	Property, Plant and Equipment	34,285
105	Heritage Assets	105
49	Intangible Assets	93
546	Investments in subsidiaries	496
1,350	Long Term Debtors	4,186
<b>24,554</b>	<b>Long Term Assets</b>	<b>39,165</b>
11,910	Short Term Investments	0
51	Inventories	51
3,550	Short Term Debtors	4,848
4,509	Cash and Cash Equivalents	4,530
<b>20,020</b>	<b>Current Assets</b>	<b>9,429</b>
<b>44,574</b>	<b>TOTAL ASSETS</b>	<b>48,594</b>
(4,507)	Short Term Creditors	(6,465)
(434)	Provisions	(669)
<b>(4,941)</b>	<b>Current Liabilities</b>	<b>(7,134)</b>
15,079	TOTAL Current Assets less Current Liabilities	2,295
<b>39,633</b>	<b>TOTAL ASSETS Less Current Liabilities</b>	<b>41,460</b>
(3,220)	Capital Grants Receipts in Advance	(2,565)
(22,230)	Net Pensions Liability	(22,366)
<b>(25,450)</b>	<b>Long Term Liabilities</b>	<b>(24,931)</b>
<b>14,183</b>	<b>Net Assets</b>	<b>16,529</b>
13,015	Useable Reserves	12,572
1,168	Unusable Reserves	3,957
<b>14,183</b>	<b>Total Reserves</b>	<b>16,529</b>

**Ian Smith - CPFA**  
Section 151 Officer

31 July 2018

**Cash Flow Statement**

Council 31 March 2017 £000	Notes	Council 31 March 2018 £000
<b>1,024</b>	<b>Net Surplus / (Deficit) on the Provision of Services – (i)</b>	<b>820</b>
	Adjustments for Non-cash Items:	
689	Depreciation & Amortisation	671
(305)	Impairment	1,165
680	Pension Liability	1,101
304	Change in Debtors, Creditors and Provisions (excluding Collection Fund)	215
<b>1,368</b>	<b>Total Adjustments (ii)</b>	<b>3,152</b>
<b>2,392</b>	<b>A- Net Cash Flows from Operating Activities (i)+(ii)</b>	<b>3,972</b>
(3,068)	Purchase of Property, Plant & Equipment and Intangibles	(13,102)
(1,045)	Change in Long Term Debtors	(2,836)
(1,882)	Net (Purchase) of Investments	11,960
<b>(5,995)</b>	<b>B- Investing Activities</b>	<b>(3,978)</b>
(1,064)	Net receipt / (application) of Capital Grants	(655)
(198)	Change in Collection Fund agencies Debtors & Creditors	682
<b>(1,262)</b>	<b>C- Financing Activities</b>	<b>27</b>
<b>(4,865)</b>	<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>21</b>
<b>9,374</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>4,509</b>
<b>4,509</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,530</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>2016/17</b>			General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Community	No prior year comparatives are provided on account of change of structure relative to previous year.		1,497	157		1,654
Resource & Finance			5,230	(1,304)	(71)	3,855
Regulatory			2,760	370		3,130
<b>NET COST OF SERVICES</b>			<b>9,487</b>	<b>(777)</b>	<b>(71)</b>	<b>8,639</b>
Other Operating Expenditure plus Taxation & Grant Income			(10,535)		872	(9,663)
<b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b>			<b>(1,048)</b>	<b>*(777)</b>	<b>*801</b>	<b>(1,024)</b>
Other Comprehensive I&E				(2,272)	(25)	(2,297)
<b>TOTAL</b>			<b>(1,048)</b>	<b>(3,049)</b>	<b>776</b>	<b>(3,321)</b>

<b>2017/18</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
Community	1,332	334	1,666	1,329		2,995
Resource & Finance	6,080	(1,181)	4,899	(2,465)	451	2,883
Regulatory	3,111	381	3,492	376		3,868
<b>NET COST OF SERVICES</b>	<b>10,523</b>	<b>(466)</b>	<b>10,057</b>	<b>(760)</b>	<b>451</b>	<b>9,748</b>
Other Operating Expenditure plus Taxation & Grant Income	(11,717)	610	(11,107)		539	(10,568)
<b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b>	<b>(1,194)</b>	<b>144</b>	<b>(1,050)</b>	<b>*(760)</b>	<b>*990</b>	<b>(820)</b>
Other Comprehensive I&E				(561)	(965)	(1,526)
<b>TOTAL</b>	<b>(1,194)</b>	<b>144</b>	<b>(1,050)</b>	<b>(1,321)</b>	<b>25</b>	<b>(2,346)</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 27 to 31).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 31 to 48).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 48 to 59).
- (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 39 to 48 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 above 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 standards that may be relevant for additional disclosures that will be required in the 2017/18 and 2018/19 financial statements in respect of accounting changes that are introduced in the 2018/19 Code are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 7 Statement of Cash Flows.

## **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 2017/18, 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 2017/18 for Land and Buildings (NBV) is £14.607 million (2016/17; Land and Buildings (NBV) is £14.005 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 £22.366 million for 2017/18; this has increased by £0.626 million since 2016/17. 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 2014.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2018. An estimated provision of £1.504 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 £0.601 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 2018 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 assets valuation.</p> <p>In addition, an annual impairment review is undertaken to determine if any of the Council's assets have been impaired.</p>	62% 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 £0.141 million.
Plant and Equipment	Plant and Equipment are valued on an historic cost basis.	There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions 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>• 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £5.681 million.</li> <li>• 1 year increase in life expectancy would result in an increase in pension liability of £1.777 million.</li> <li>• 0.5% increase in the salary increase rate would result in an increase in pension liability of £0.681 million.</li> <li>• 0.5% increase in the pension increase rate would result in an increase in pension liability of £4.933 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 £0.092 million for the Collection Fund of which £0.035 million which 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 2017/18 no such items of income or expenditure were incurred (2016/17 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 31<sup>st</sup> May 2018.

With regard to 2017/18:

- Adjusting Events**  
 The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2018.
- Non-Adjusting Events**  
 The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2018; however, it should be noted that the contract of the Waste Service was transferred from Veolia to East Cambs. Street Scene (a wholly owned company of the Council) on the 1<sup>st</sup> April 2018.

Since the production of the Statement of Accounts, the Council's new Leisure Centre, the Hive, has opened and the Paradise Swimming Pool has been closed. As the swimming pool was a current asset at the balance sheet date, and remained in use for two months into the new financial year, we do not believe that IFRS5 is relevant and as such the Pool has been included on the balance sheet in line with the most recent Valuers valuation. During the course of 2018-19 potential uses for the site will be considered and any adjustment to the carrying value necessary will be reflected in the 2018-19 Statement of Accounts.

Further, the Tourist Information Centre was transferred to Ely City Council on the 1<sup>st</sup> April 2018.

## Note 8 Expenditure & Income by Nature

2016/17			2017/18			
General Fund £000	Other Reserves £000	TOTAL £000		General Fund £000	Other Reserves £000	TOTAL £000
6,835	(65)	6,770	* Employee Costs	7,023	502	7,525
29,930	0	29,930	* Other Service Expenses	32,337	(1,906)	30,431
0	386	386	* Depreciation & Impairment	0	1,836	1,836
(480)	480	0	* REFCUS	(1,000)	1,000	0
0	753	753	Interest Payable	0	584	584
2,358	0	2,358	Precept Payments	2,408	0	2,408
<b>38,643</b>	<b>1,554</b>	<b>40,197</b>	<b>TOTAL EXPENDITURE</b>	<b>40,768</b>	<b>2,016</b>	<b>42,784</b>
(22,930)	(1,649)	(24,579)	* Government Grant etc. (services)	(23,328)	(1,741)	(25,069)
(3,343)	7	(3,336)	Government Grants (Central)	(2,178)	52	(2,126)
(3,868)	0	(3,868)	* Sales, Fees & Charges	(4,975)	0	(4,975)
(156)	0	(156)	Interest Receivable	(208)	0	(208)
(6,062)	(46)	(6,108)	Council Tax	(6,061)	(45)	(6,106)
(3,332)	158	(3,174)	Business Rates	(5,068)	(52)	(5,120)
<b>(39,691)</b>	<b>(1,530)</b>	<b>(41,221)</b>	<b>TOTAL INCOME</b>	<b>(41,818)</b>	<b>(1,786)</b>	<b>(43,604)</b>
<b>(1,048)</b>	<b>24</b>	<b>(1,024)</b>	<b>NET EXPENDITURE</b>	<b>(1,050)</b>	<b>230</b>	<b>(820)</b>
<b>9,487</b>	<b>(848)</b>	<b>8,639</b>	<b>*Cost of Services</b>	<b>10,057</b>	<b>(309)</b>	<b>9,748</b>



**Note 8a. Grant Income**

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

2016/17 £000		2017/18 £000
	<b>Credited to non-specific income</b>	
(1,149)	Revenue Support Grant	(660)
(2,026)	New Homes Bonus	(1,336)
(161)	Rural Services Grant	(130)
<b>(3,336)</b>	<b>Total</b>	<b>(2,126)</b>
	<b>Credited to Services</b>	
(19,240)	Benefits	(18,370)
(1,136)	Section 106	(1,009)
(474)	Disabled Facilities	(1,000)
(1,707)	Community Infrastructure Levy	(4,419)
(371)	Waste Recycling Credits	(286)
(1,651)	Other	15
<b>(24,579)</b>	<b>Total</b>	<b>(25,069)</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:

31-March-2016 £'000	Movement in Year 16/17 £'000	31-March 2017 £'000	Other Earmarked	Movement in Year 17/18 £'000	31-March 2018 £'000
<b>4,861</b>	<b>920</b>	<b>5,781</b>	<b>General Fund Core and Surplus Savings</b>	<b>1,172</b>	<b>6,953</b>
1,214	374	1,588	Community Infrastructure Levy	(61)	1,527
0	797	797	Medium Term Financial Strategy	(796)	1
808	(285)	523	Weekly Waste Collection	(298)	225
886	(819)	67	Business Rates Retention Pilot	1,299	1,366
578	0	578	New Homes Bonus	0	578
254	(10)	244	Change Management	0	244
0	170	170	Affordable Housing	83	253
154	(35)	119	Asset Management	(92)	27
140	(26)	114	Planning Specialists	(114)	0
116	0	116	Housing	0	116
95	11	106	Environmental	(50)	56
598	(47)	551	Other Earmarked	(93)	458
<b>4,843</b>	<b>130</b>	<b>4,973</b>	<b>Total Earmarked</b>	<b>(122)</b>	<b>4,851</b>
<b>9,704</b>	<b>1,050</b>	<b>10,754</b>	<b>TOTAL</b>	<b>1,050</b>	<b>11,804</b>

Community Infrastructure Levy – to fund relevant infrastructure projects.

Medium Term Financial Strategy – much of this fund was moved into the Surplus savings reserve in year, but a balance remained to fund the transfer of Waste service to the Council's trading company.

Weekly Waste Collection – Government grant awarded to fund continuation of weekly service (the balance of this will be used in 2018-19)

Business rates retention pilot – retention of business growth from the Cambridgeshire Deal.

New Homes Bonus – additional Government grant connected with new homes expansion. This has been allocated to meet any short-term costs of the leisure centre.

Affordable housing – a top slice of the New Homes Bonus to support the development of affordable housing.

## **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 31 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 Compensated Absences Adjustment Reserve

The Accumulated Compensated 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 2007 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 2007 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.

Movements in 2016/17	Useable Capital Receipts Reserve £000	Useable Capital Grants Unapplied Reserve £000	Un-useable Capital Adjustment Reserve £000	Un-useable Revaluation Reserve £000	Un-useable Deferred Capital Receipts Reserve £000	Total Capital Outturn for the year £000
Opening Balance Adjustment			(125)	125		0
Transfers between Reserves	653		(653)			0
GF Contribution to Capital			(800)			(800)
Capital Grant Receipts		(31)	(693)			(724)
Expenditure Grants to Third Parties			480			480
Profit Upon Disposals	(141)		102	613	(693)	(119)
Depreciation			554	106		660
Amortisation			30			30
Impairment			(304)			(304)
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE (Capital Items)	512	(31)	(1,409)	844	(693)	(777)
Revaluation				(2,272)		(2,272)
<b>Total Reserve Movement</b>	<b>512</b>	<b>(31)</b>	<b>(1,409)</b>	<b>(1,428)</b>	<b>(693)</b>	<b>(3,049)</b>

Please refer to Movement in Reserves Statement for opening & closing Balances upon each Reserve.

Movements in 2017/18	Useable Capital Receipts Reserve £000	Useable Capital Grants Unapplied Reserve £000	Un-useable Capital Adjustment Reserve £000	Un-useable Revaluation Reserve £000	Un-useable Deferred Capital Receipts Reserve £000	Total Capital Outturn for the year £000
Transfers between Reserves	1,485		(1,485)			0
GF Contribution to Capital			(1,891)			(1,891)
Capital Grant Receipts		52	(1,741)			(1,689)
Expenditure Grants to Third Parties			1,000			1,000
Profit Upon Disposals	(43)				29	(14)
Depreciation				535	111	646
Amortisation				23		23
Impairment			1,166			1,166
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE (Capital Items)	1,442	52	(2,393)	111	29	(759)
Revaluation				(561)		(561)
<b>Total Reserve Movement</b>	<b>1,442</b>	<b>52</b>	<b>(2,393)</b>	<b>(450)</b>	<b>29</b>	<b>(1,320)</b>

**ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

<b>2016/17 £'000</b>		<b>2017/18 £'000</b>
<b>(777)</b>	<b>Total Capital Items from previous page</b>	<b>(759)</b>
753	Net interest on the Pension Liability	584
(73)	Current & Past Cost Pension Adjustment	517
<b>680</b>	<b>Pensions Reserve (see Note 21 for detail)</b>	<b>1,101</b>
(45)	Change in Council Tax Entitlement	(45)
158	Change in Business Rates entitlement	(52)
<b>113</b>	<b>Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)</b>	<b>(97)</b>
<b>8</b>	<b>Other Items</b>	<b>(15)</b>
<b>24</b>	<b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION</b>	<b>230</b>
<b>1,024</b>	<b>SURPLUS UPON PROVISION OF SERVICES</b>	<b>820</b>
<b>1,048</b>	<b>GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)</b>	<b>1,050</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>Council Movements in 2016/17</b>	<b>Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
<b>At 1 April 2016</b>	<b>13,193</b>	<b>5,946</b>	<b>720</b>	<b>866</b>	<b>0</b>	<b>1,470</b>	<b>22,195</b>
Additions in year		159				2,909	3,068
Revaluation increases and decreases recognised in the Revaluation Reserve	1,877			64	0		1,941
Revaluation increases and decreases recognised in Comprehensive Income and Expenditure Statement	245			(53)			192
Transfer within Property, Plant and Equipment							
Transfer to other types of assets					0	0	0
Adjustment for disposal	(715)	0					(715)
<b>At 31 March 2017</b>	<b>14,600</b>	<b>6,105</b>	<b>720</b>	<b>877</b>	<b>0</b>	<b>4,379</b>	<b>26,681</b>
<b>Accumulated Depreciation</b>							
<b>At 1 April 2016</b>	<b>(815)</b>	<b>(3,078)</b>	<b>(56)</b>	<b>(12)</b>	<b>0</b>	<b>0</b>	<b>(3,961)</b>
Depreciation charged in year	(212)	(444)	(4)				(660)
Depreciation written out to revaluation reserve upon Revaluation	332						332
Depreciation written out to Comprehensive Income and Expenditure Statement upon revaluation	100			12			112
Adjustment for disposal							0
<b>At 31 March 2017</b>	<b>(595)</b>	<b>(3,522)</b>	<b>(60)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,177)</b>
<b>Net Book Value</b>							
<b>At 31 March 2017</b>	<b>14,005</b>	<b>2,583</b>	<b>660</b>	<b>877</b>	<b>0</b>	<b>4,379</b>	<b>22,504</b>
<b>At 31 March 2016</b>	<b>12,376</b>	<b>2,868</b>	<b>663</b>	<b>854</b>	<b>0</b>	<b>1,470</b>	<b>18,232</b>



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

<b>Council Movements in 2017/18</b>	<b>Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	<b>£000</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 2017</b>	<b>14,215</b>	<b>6,105</b>	<b>720</b>	<b>877</b>	<b>0</b>	<b>4,379</b>	<b>26,296</b>
Transfers	410					(410)	0
Additions in year	1,010	1,012				11,011	13,033
Revaluation increases and decreases recognised in the Revaluation Reserve	506						506
Revaluation increases and decreases recognised in Comprehensive Income and Expenditure Statement	(1,165)						(1,165)
Adjustment for disposal							
<b>At 31 March 2018</b>	<b>14,976</b>	<b>7,117</b>	<b>720</b>	<b>877</b>		<b>14,980</b>	<b>38,670</b>
<b>Accumulated Depreciation</b>							
<b>At 1 April 2017</b>	<b>(212)</b>	<b>(3,522)</b>	<b>(60)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,794)</b>
Depreciation charged in year	(212)	(430)	(4)				(646)
Depreciation written out to revaluation reserve	55						55
Depreciation written out to Comprehensive Income and Expenditure Statement							
Adjustment for disposal							
<b>At 31 March 2018</b>	<b>(369)</b>	<b>(3,952)</b>	<b>(64)</b>				<b>(4,385)</b>
<b>Net Book Value</b>							
<b>At 31 March 2018</b>	<b>14,607</b>	<b>3,165</b>	<b>656</b>	<b>877</b>	<b>0</b>	<b>14,980</b>	<b>34,285</b>
<b>At 31 March 2017</b>	<b>14,005</b>	<b>2,583</b>	<b>660</b>	<b>877</b>	<b>0</b>	<b>4,379</b>	<b>22,504</b>

Capital Commitments

At 31 March 2018, the Authority had one major contract in place, that for the building of the new Leisure Centre. This was concluded when the Leisure Centre was formally opened on the 11<sup>th</sup> May 2018. The total value of the contract with Pellikaan is £12 million of which £11.539 million had been incurred by 31 March 2018.

RevaluationsLand 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, 6th 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.

Assets Held for Sale are valued at lower of carrying value and fair value less cost of sale.

<b>Revaluation Profile</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant &amp; Equipment £000</b>	<b>Total £000</b>
Carried at Historic Cost	0	3,165	
Valued at Fair Value as at:			
31 Mar 2018	5,823		
31 Mar 2017	7,798		
31 Mar 2016	1,345		
31 Mar 2015	0		
Assets Below De-minimus	10		
<b>Total Cost of Valuation</b>	<b>14,976</b>	<b>3,165</b>	<b>18,141</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.

<b>2016/17 Restated £000</b>		<b>2017/18 £000</b>
<b>(324)</b>	<b>Opening Capital Financing Requirement</b>	<b>1,704</b>
	<b>Capital Enhancement</b>	
3,068	Property, Plant and Equipment	13,003
626	Investment in Subsidiary Company	2,090
0	Intangible Assets	69
480	Revenue Expenditure Funded from Capital under Statute	1,000
0	Repayable Advances	
<b>4,174</b>	<b>TOTAL CAPITAL ENHANCEMENT</b>	<b>16,192</b>
	<b>Sources of Finance</b>	
(653)	Capital receipts	(1,485)
(693)	Grants and other contributions	(1,741)
(800)	Direct Revenue Financing – Other	(1,891)
0	Minimum revenue provision	0
<b>(2,146)</b>	<b>TOTAL SOURCES OF FINANCE</b>	<b>(5,117)</b>
<b>1,704</b>	<b>Closing Capital Finance Requirement</b>	<b>12,779</b>
	The Closing Capital Financing requirement is fully covered by a combination of the Leisure Centre Asset Under Construction and the investment in ECTC and therefore no Statutory Minimum Provision is applicable.	

**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**

<b>Council 2016/17 £000</b>		<b>Council 2017/18 £000</b>
1,045	Loan to Trading Company	3,135
0	Trading Company Land Purchase	690
305	Loans to Individuals & Private Sector	361
<b>1,350</b>	<b>TOTAL LONG TERM DEBTORS</b>	<b>4,186</b>

**Note 17. Debtors**

Council 2016/17 £000		Council 2017/18 £000
315	Council Taxpayers	373
315	Non-Domestic Rate Payers	314
12	Housing Act Advances	0
201	Payments in Advance	67
2,118	Sundry Debtors & Accruals	1,492
(1,047)	Bad Debt Provisions	(1,314)
<b>1,914</b>	<b>Sub Total Financial Instruments definition</b>	<b>932</b>
715	Trading Company re Housing Development	911
	Sport England	1,139
11	Local Govt.	602
337	Central Govt. – Customs & Excise	755
473	Central Govt. – DWP	509
<b>3,550</b>	<b>TOTAL</b>	<b>4,848</b>

**Note 18. Cash and Cash Equivalents**

Council 2016/17 £000		Council 2017/18 £000
4,850	Short term investments repayable on notice	4,550
179	Bank Account – Investments	0
53	Bank Account – Operational	199
(573)	Cash in Transit	(219)
<b>4,509</b>	<b>Net Total Cash and Cash Equivalents</b>	<b>4,530</b>

**Note 19. Creditors**

Council 2016/17 £000		Council 2017/18 £000
(219)	Payroll Creditors	(247)
(1,342)	Sundry Creditors	(2,913)
(951)	Receipts in Advance	(222)
<b>(2,512)</b>	<b>Sub Total Financial Instruments Definition</b>	<b>(3,382)</b>
(844)	Local Govt. - Collection Fund Account	(1,128)
(551)	Central Govt. – Collection Fund Account	(949)
(295)	Central Govt. – Cambridgeshire Deal	0
(284)	Parish Councils and other Local Govt.	(376)
(21)	Central Govt. – DWP, DCLG & External Audit	(5)
	Trading Company	(262)
	National Practitioners	(363)
<b>(4,507)</b>	<b>TOTAL</b>	<b>(6,465)</b>

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

	NDR Appeals Provision (1) £000	Maintenance of Amenity Areas (2) £000	Sports, Recreation & Historic Building Grants (3) £000	Total £000
<b>Balance at 31 March 2017</b>	<b>(367)</b>	<b>(36)</b>	<b>(31)</b>	<b>(434)</b>
Net movement in year 2017/18	(234)		(1)	<b>(235)</b>
<b>Balance at 31 March 2018</b>	<b>(601)</b>	<b>(36)</b>	<b>(32)</b>	<b>(669)</b>

**1. NDR Appeals Provision**

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review, a provision for appeals outstanding was estimated to be £1.504 million of which £0.601 million would have to be met by the Council, and £0.903 million by other Collection Fund participants.

**2. Maintenance of Amenity Areas**

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

**3. Sports, Recreation & Historic Buildings Grants**

Grants committed by Committee which will be paid over the next two years.

**Contingent Liabilities**

The Council's Contingent Liabilities cover a small number of on-going litigations. These are detailed below:

At the 31<sup>st</sup> March 2017 the below Contingent Liability was reported:

<b>Position at 31<sup>st</sup> March 2017</b>	<b>Up-dated Position 31<sup>st</sup> March 2018</b>
<p><b>Single Status Exercise</b> The Council has not yet formally completed a Job Evaluation Project to determine the salaries of all posts under the National Single Status Agreement. Any cost is not expected to be material.</p>	<p>The Council continues to move forward work to complete this task, but focus in 2017-18 has been on the implementation of a new HR and payroll system, which has meant that progress has been slower than hoped.</p>

No new contingent liabilities were identified as at 31<sup>st</sup> March 2018.

**Contingent Assets**

There were no material contingent assets at the 31<sup>st</sup> March 2018.

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

31 March 2017		31 March 2018
£000	GROSS LIABILITIES	£000
<b>(51,468)</b>	<b>Opening balance as at 1 April</b>	<b>(59,224)</b>
(1,795)	[I] Interest Cost	(1,544)
(6,259)	[A] Actuarial losses / (gains) from changes in financial assumptions	1,112
(1,113)	[C] Current Service Cost	(1,747)
(287)	[N] Contributions by scheme participants	(292)
1,619	[N] Benefits paid	1,543
79	[N] Estimated unfunded benefits paid *	78
<b>(59,224)</b>	<b>Closing balance at 31 March</b>	<b>(60,074)</b>

31 March 2017		GROSS ASSETS	31 March 2018
£000			£000
<b>29,893</b>	<b>Opening fair value of scheme assets balance as at 1 April</b>		<b>36,994</b>
1,042	[I] The return on plan assets (Excluding amount included in net interest expense)		960
6,284	[A] Actuarial losses / (gains) from changes in financial assumptions		(147)
1,107	[C] Contributions by the employer		1,152
79	[C] Contributions for unfunded (Discretionary benefits)		78
287	[N] Contributions by employees into the scheme		292
(1,619)	[N] Benefits paid		(1,543)
(79)	[N] Unfunded (Discretionary benefits)		(78)
<b>36,994</b>	<b>Closing Balance at 31 March</b>		<b>37,708</b>
<b>(22,230)</b>	<b>TOTAL NET LIABILITIES</b>		<b>(22,366)</b>

Net Movement		Net Movement
In 2016/17 £000		In 2017/18 £000
(73)	[C] Other Items to Net Cost of Services	517
753	[I] Interest Cost minus return on Plan Assets to Financing Income & Expenditure	584
(25)	[A] Actuarial Gains / Losses to Other Income & Expenditure	(965)
<b>655</b>	<b>TOTAL MOVEMENT IN YEAR</b>	<b>136</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 2018.

In 2017/18 the Council paid an employer's contribution of £1.23 million representing 18.15% of employees' pensionable pay (2016/17 £1.186 million @ 18.15%) 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 £22.366 million has a substantial 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 2019 is £1.201 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 2018. The results of this valuation were projected forward using approximate methods.

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

2016/17	County Fund – Main Assumptions	2017/18
2.7%	Rate of increase in salaries	2.7%
2.4%	Rate of increase in pensions	2.4%
2.6%	Rate of discounting scheme liabilities	2.7%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.4 years	Men	22.4 years
24.4 years	Women	24.4 years
	Longevity at 65 for future pensioners	
24.0 years	Men	24.0 years
26.3 years	Women	26.3 years

#### Local Government Pension Scheme Assets Comprised:

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

31 March 2017 £000		31 March 2018 £000
1,056	Cash and cash equivalents	1,215
	<b>Equity instruments by industry:</b>	
993	Consumer	1,047
643	Manufacturing	677
854	Energy and utilities	811
1,499	Financial institutions	1,625
393	Health and care	400
163	Information technology	178
0	Other	
4,545	Sub-total equity	4,738
	<b>Private equity:</b>	
3,218	All not in active markets	3,498
3,218	Sub-total private equity	3,498
	<b>Other investment funds:</b>	
3,902	Bonds	3,790
20,816	Equity	20,883
997	Debt Securities – UK Government	950
2,460	Other	2,634
28,175	Sub-total other investment funds	28,257
<b>36,994</b>	<b>Total Assets</b>	<b>37,708</b>

Sensitivity analysis:

<b>Increase in assumption 31 March 2017 £000</b>	<b>Impact on the defined benefit obligation in the Scheme</b>	<b>Increase in assumption 31 March 2018 £000</b>
1,777	Longevity (increase or decrease in 1 year)	1,777
681	Rate of increase in salaries (increase or decrease by 0.5%)	679
4,933	Rate of increase in pensions (increase or decrease by 0.5%)	5,172
5,681	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	5,913

Further information

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

**Note 23. Financial Instruments**

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

	Current	
	2016/17 £000	2017/18 £000
<b>Investments and Cash &amp; Cash Equivalents</b>		
Short term Investments	11,948	0
Loans & Receivables	4,471	0
<b>Total investments and Cash &amp; Cash Equivalents</b>	<b>16,419</b>	<b>4,530</b>
Debtors	1,914	2,246
Long Term	305	361
<b>TOTAL FINANCIAL ASSETS</b>	<b>18,638</b>	<b>7,137</b>
<b>Borrowings</b>		
<b>Total borrowings</b>	0	0
<b>Creditors</b>		
Financial liabilities at amortised cost	(2,512)	(3,382)
<b>Total creditors</b>	<b>(2,512)</b>	<b>(3,382)</b>
<b>Total Financial Liabilities</b>	<b>(2,512)</b>	<b>(3,382)</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.

**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 £4.53 million (2016/17; £16.939 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 2018 that this was likely to occur and there are no investments that as at 31 March 2018 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 £378k (£907k in 2016/17) of the £5,230k (£3,550k in 2016/17) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2017 £000	31 March 2018 £000
Less than three months	173	295
Three to six months	174	26
Six months to one year	237	0
More than one year	325	57
Total	907	378

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 one company 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.

**Note 24. Acquired and Discontinued Operations**

There are no acquired or discontinued operations during 2017/18 (There were also none in 2016/17).

**Note 25. 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 Ely market rights, and also owns a number of industrial sites in the District, the biggest being East Space North in Littleport. The Maltings Hall is now being leased to Ely City Council at a peppercorn rent and all trading undertaken at the premises is now under the stewardship of the City Council. The profits (or losses) on these trading operations were as follows:

Trading Operations	2016-17		2017-18	
	Turnover £	Surplus/ (loss) £	Turnover £	Surplus/(loss) £
Ely Markets	288,528	(3,606)	315,812	(612)
Business Units	33,882	22,347	117,278	3,282
E Space North	252,451	342,476	266,027	66,886
Building Control	293,185	114,487	270,884	65,756
Maltings Hall	0	(2,779)	0	(1,516)
<b>Total</b>	<b>868,046</b>	<b>472,925</b>	<b>970,001</b>	<b>133,796</b>

The loss figure for Maltings Hall includes £1,516 for Depreciation and Impairment in 2017-18 (£1,555 for 2016/17)

**Note 26. Members' Allowances**

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

2016/17 £		2017/18 £
203,495	Allowances	204,898
6,049	Expenses	8,027
<b>209,544</b>		<b>212,925</b>

**Note 27. 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.

2016/17	£		£	2017/18
0	50,000	but less than	55,000	3
3	55,000	but less than	60,000	0
0	60,000	but less than	65,000	0
2	65,000	but less than	70,000	2
1	70,000	but less than	75,000	0
1	75,000	but less than	80,000	1
0	80,000	but less than	85,000	1
0	85,000	but less than	90,000	1
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
0	105,000	but less than	110,000	0
0	110,000	but less than	115,000	0
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
1	140,000	but less than	145,000	0
<b>8</b>				<b>8</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>2016/17</b>	<b>Salary including allowances</b>	<b>Allowances 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	131,203	9,592	<b>140,795</b>	22,305	<b>163,100</b>
Director – Operations	76,617	1,458	<b>78,075</b>	13,024	<b>91,099</b>
Director - Commercial	65,474	314	<b>65,788</b>	11,131	<b>76,919</b>
Director - Resources	58,588	58	<b>58,646</b>	9,960	<b>68,606</b>

Key – 2016/17

Note 1 – The Director – Resources left on the 17<sup>th</sup> March 2017

Note 2 – Following the Director – Resources leaving the Council on the 17<sup>th</sup> March, the Council set up a Section 113 Agreement with Peterborough City Council for the provision of the Section 151 Officer role

Note 3 – Other staff detailed above were all in post throughout the 2016-17 financial year

<b>2017/18</b>	<b>Salary including allowances</b>	<b>Allowances 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	131,203	6,683	<b>137,886</b>	22,567	<b>160,191</b>
Director – Operations	90,221	871	<b>91,092</b>	15,668	<b>98,212</b>
Director - Commercial	77,656	0	<b>77,656</b>	13,357	<b>90,858</b>
Legal Services Manager	52,068	0	<b>52,068</b>	8,956	<b>60,920</b>
Finance Manager	53,327	310	<b>53,637</b>	9,172	<b>62,703</b>

Key – 2017/18

Note 1 The Council set up a Section 113 Agreement with Peterborough City Council for the provision of the Section 151 Officer role which finished on 12<sup>th</sup> July 2017

Note 2 The Finance Manger was in post from 13<sup>th</sup> July 2017

Note 3 Other staff detailed above were all in post throughout the 2017-18 financial year



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

2016/17			2017/18			
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
3	2	5	£0 to less than £20,000		1	1
0	1	1	£20,000 to less than £40,000		0	0
3	3	6	<b>Total</b>		1	1
		Cost £'000				Cost £'000
		33	£0 to less than £20,000			18
		20	£20,000 to less than £40,000			
		<b>53</b>	<b>TOTAL</b>			<b>18</b>

## Note 28. External Audit Related Costs

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

2016/17		2017/18	
£		£	
58,632	External audit	35,204	
2,921	Grant claim certification	12,004	
<b>61,553</b>		<b>47,208</b>	

## Note 29. 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 9 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 2017/18 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 2017/18, there were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

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

The Council fully owns East Cambridgeshire Business Centres Limited and East Cambs Trading Company Limited

#### **East Cambridgeshire Business Centres Ltd**

The aim of the business is the promotion of economic development by providing a Managed Workspace Centre. This contains small business units and associated common facilities for new and very small businesses. The shared facilities help to reduce the costs for the businesses as it saves them having to purchase equipment and provides meeting / training rooms. The workspaces are let on a short-term basis to allow them to expand or contract as necessary without being locked into a long- term tenancy agreement.

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

East Cambridgeshire Local Authority Trading Company (LATC) 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 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. The first site being progressed is the development of land owned by the Council at Barton Road in Ely.

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, Forest Heath District Council, St Edmundsbury District Council, Suffolk Coastal District Council and Waveney District 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 30. Leases****Council as Lessee****Finance Leases**

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

2016/17 £000		2017/18 £000
335	Public Conveniences, Car Park, Open Space	326

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:

2016/17 £000		2017/18 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
7	Current	17
69	Finance costs payable in future years	4
<b>76</b>	<b>Minimum lease payments</b>	<b>21</b>

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently, the minimum rentals is 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 provide for Registrar offices and Citizens Advice Bureau
- to encourage small businesses
- and other minor items.

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

2016/17 £000		2017/18 £000
48	Not later than 1 year	12
293	Later than 1 year and not later than 5 years	325
33	Later than 5 years	32
<b>374</b>		<b>369</b>

The minimum lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2017/18 £0 contingent rents were receivable by the Authority (2016/17 £0).

## Note 31. Accounting Policies

### Accounting Policies in respect of Concepts and Principles

#### ➤ General Principles

The Statement of Accounts summarises the Council's transactions for the **2017/18** financial year and its position at the year-end of 31 March **2018**. 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 **2017/18** and the Service Reporting Code of Practice **2017/18**, 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 is 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.
- 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

## ➤ 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 accruals basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. 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	Straight line allocation over the estimated life of the asset	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 after the addition of the asset, unless the in-year depreciation charge would have a material impact.

#### ➤ **Heritage Assets**

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

#### ➤ **Intangible Assets**

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

#### ➤ **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 have to 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 Assets**

The main financial assets attributable to the Council are:

- Inventories

The Council has a number of inventories but none either individually or in aggregate are material to the accounts.

- Contingent Assets

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

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

- Loans and receivables

Financial assets that are applicable to the Council are loans and receivables which are assets with a fixed or determinable payment but not quoted in an active market (e.g. trade debtors, fixed term investments). Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The Council has the following loans and receivables:

- Debtors

Debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at yearend, taking into account

the nature, value and age of debts and historic losses for similar groups of assets. Bad debts are written off when they are identified.

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

- Cash and equivalents

The fair values for debtors and cash and equivalents are estimated using their carrying values.

- Investments

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

➤ **Financial Liabilities**

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

- Creditors

Creditors are carried at their original invoice amount.

- Bank overdrafts

Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand.

Due to their nature and short-term maturity, the fair values for creditors and bank overdrafts are estimated using their carrying values.

- Short-term borrowing

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

- Long-term loan

Loans of over one year are carried at their amortised cost but with the fair value disclosed as a note.

➤ **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.

**Collection Fund**

<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>		<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>
<b>2016/17</b>	<b>2016/17</b>	<b>2016/17</b>		<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>						
0	(47,541)	(47,541)	Council Tax Receivable	0	(48,235)	(48,235)
(19,855)		(19,855)	Non-Domestic Rates Receivable	(20,889)		(20,889)
(13)		(13)	Transitional Relief	(872)		(872)
<b>(19,868)</b>	<b>(47,541)</b>	<b>(67,409)</b>	<b>Total Income</b>	<b>(21,761)</b>	<b>(48,235)</b>	<b>(69,996)</b>
<b>EXPENDITURE</b>						
<b>Repay Previous Years Surplus/(Deficit)</b>						
396		396	Central Government	313		313
317	92	409	East Cambridgeshire District Council	251	10	261
71	516	587	Cambridgeshire County Council	56	56	112
	83	83	Cambridgeshire Police & Crime Commissioner		9	9
8	30	38	Cambridgeshire Fire Authority	6	3	9
<b>792</b>	<b>721</b>	<b>1,513</b>		<b>626</b>	<b>78</b>	<b>704</b>
<b>Precepts Demands and Shares</b>						
9,506		9,506	Central Government	9,504		9,504
7,605	5,969	13,574	East Cambridgeshire District Council	8,074	6,052	14,126
1,711	33,475	35,186	Cambridgeshire County Council	1,817	34,458	36,275
	5,254	5,254	Cambridgeshire Police & Crime Commissioner		5,406	5,406
190	1,879	2,069	Cambridgeshire Fire Authority	202	1,933	2,135
<b>19,012</b>	<b>46,577</b>	<b>65,589</b>		<b>19,597</b>	<b>47,849</b>	<b>67,446</b>
<b>Charges to Collection Fund</b>						
51	70	121	Less Write Off Uncollectable Amounts	(177)	(102)	(279)
(45)	(183)	(228)	Less Increase / (Decrease) in Bad Debt Provision	280	49	329
(145)		(145)	Less Increase / (Decrease) in Provision for Appeals	586		586
94		94	Less Cost of Collection	95		95
279		279	Renewable Energy Retentions	367		367
<b>234</b>	<b>(113)</b>	<b>121</b>		<b>1,151</b>	<b>(53)</b>	<b>1,098</b>
<b>20,038</b>	<b>47,185</b>	<b>67,223</b>	<b>Total Expenditure</b>	<b>21,374</b>	<b>47,874</b>	<b>69,248</b>
<b>Movement in Fund Balance</b>						
<b>170</b>	<b>(356)</b>	<b>(186)</b>	<b>(Surplus)/Deficit for the Year</b>	<b>(387)</b>	<b>(361)</b>	<b>(748)</b>
(600)	(160)	(760)	(Surplus)/Deficit Brought Forward 1 April	(430)	(516)	(946)
<b>(430)</b>	<b>(516)</b>	<b>(946)</b>	<b>(Surplus)/Deficit Carried Forward 31 March</b>	<b>(817)</b>	<b>(877)</b>	<b>(1,694)</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 accruals basis.

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

There is no requirement for a separate Collection Fund Balance Sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between 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 band	Tax base at 31 March 2018			Band D multiplier	Band D equivalent
	Properties	Exemptions & discounts	Chargeable Dwellings		
A	4,610	(808)	3,802	6/9	2,533.8
B	10,998	(1,137)	9,861	7/9	7,669.5
C	7,583	(641)	6,942	8/9	6,171.0
D	6,779	(515)	6,264	9/9	6,264.4
E	4,456	(333)	4,123	11/9	5,038.8
F	2,062	(125)	1,937	13/9	2,797.7
G	708	(60)	648	15/9	1,079.6
H	81	(12)	69	18/9	138.0
<b>Total</b>	<b>37,277</b>	<b>(3,631)</b>	<b>33,646</b>		<b>31,692.8</b>

Council Tax charge per band D property for 2017/18 £1,653.04.

Council Tax charge per band D property for 2016/17 £1,623.91.

**3. Non Domestic Rates (NDR)**

The uniform business rate set by the Government for 2017/18 was 47.9p (2016/17 49.7p).

Total rateable value at 31 March 2018 £56.524 million.

Total rateable value at 31 March 2017 £48.669 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 2017	31 Mar 2017	31 Mar 2017		31 Mar 2018	31 Mar 2018	31 Mar 2018
£000	£000	£000		£000	£000	£000
1,099	841	1,940	Cash Held by ECDC	1,896	1,072	2,968
725	2,420	3,145	Debtors	1,148	2,491	3,639
(250)	(1,272)	(1,522)	Receipts in Advance	(394)	(1,266)	(1,660)
(227)	(1,473)	(1,700)	Impairment Provision	(329)	(1,420)	(1,749)
(917)	0	(917)	Appeals Provision	(1,504)	0	(1,504)
(430)	(516)	(946)	Fund Surplus	(817)	(877)	(1,694)
0	0	0	TOTAL	0	0	0

**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 31 Mar 2017 £000	Council Tax 31 Mar 2017 £000	TOTAL 31 Mar 2017 £000		Non-Domestic Rates 31 Mar 2018 £000	Council Tax 31 Mar 2018 £000	TOTAL 31 Mar 2018 £000
291	315	606	Debtors	458	323	781
(100)	(165)	(265)	Receipts in Advance	(158)	(165)	(323)
(90)	(191)	(281)	Impairment Provision	(132)	(180)	(312)
(367)	0	(367)	Appeals Provision	(601)		(601)
(110)	(733)	(843)	Creditors – Local government	(187)	(940)	(1,127)
(551)		(551)	Creditors – Central government	(949)		(949)
(172)	(67)	(239)	Fund Surplus to Collection Fund Adjustment Account	(327)	(110)	(437)
(1,099)	(841)	(1,940)	TOTAL	(1,896)	(1,072)	(2,968)

## 7. Collection Fund Adjustment Reserve

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

2016/17 £000	Collection Fund Adjustment Account	2017/18 £000
471	Opening Balance	358
(113)	Movement In Year	97
<b>358</b>	<b>Closing Balance</b>	<b>455</b>
<b>66</b>	<b>Council Tax</b>	<b>110</b>
<b>172</b>	<b>Non-Domestic Rates – core</b>	<b>327</b>
<b>120</b>	<b>Non- Domestic rates – renewable energy</b>	<b>18</b>

**GROUP Comprehensive Income & Expenditure Account**

2016/17			2017/18			
Expend £'000	Income £'000	Net Expenditure £'000		Expenditu re £'000	Income £'000	Net Expenditure £'000
3,976	(1,984)	1,992	Community Services	4,973	(1,977)	2,996
24,325	(22,190)	2,135	Regulatory & Finance Services	29,982	(27,586)	2,396
9,312	(4,436)	4,876	Regulatory Services	6,910	(3,043)	3,867
<b>37,613</b>	<b>(28,610)</b>	<b>9,003</b>	<b>NET COST OF SERVICES</b>	<b>41,865</b>	<b>(32,606)</b>	<b>9,259</b>
2,358		2,358	Other Operating Costs	2,408		2,408
776	(156)	620	Financing & Investment Items	722	(208)	514
	(12,618)	(12,618)	Taxation & Grant Income		(13,352)	(13,352)
<b>40,747</b>	<b>(41,384)</b>	<b>(637)</b>	<b>NET SURPLUS DEFICIT UPON PROVISION OF SERVICES</b>	<b>44,995</b>	<b>(46,166)</b>	<b>(1,171)</b>
	<b>(2,206)</b>	<b>(2,206)</b>	<b>OTHER COMPREHENSIVE INCOME &amp; EXPENDITURE</b>		(1,526)	(1,526)
<b>40,747</b>	<b>(43,590)</b>	<b>(2,843)</b>	<b>TOTAL</b>	<b>44,995</b>	<b>(47,692)</b>	<b>(2,697)</b>

**GROUP Movement in Reserves Statement**

2016/17				2017/18			
Opening Balance £'000	Adjusts between Account Basis and Fund Basis £'000	Other Income & Expenditu- re £'000	Closing Balance £'000		Adjusts between Account Basis and Fund Basis £'000	Other Income & Expendi- ture £'000	Closing Balance £'000
9,710	24	637	10,371	General Fund	230	1,171	11,772
2,723	(512)		2,211	Capital Receipts Reserve	(1,443)		768
21	31		52	Capital Grants Unapplied	(51)		1
<b>12,454</b>	<b>(457)</b>	<b>637</b>	<b>12,634</b>	<b>TOTAL USEABLE</b>	<b>(1,264)</b>	<b>1,171</b>	<b>12,541</b>
13,680	1,409		15,089	Capital Adjustment account	2,393		17,482
5,826	(844)	2,181	7,163	Revaluation Reserve	(111)	561	7,613
(20,871)	(108)	25	(20,954)	Other Un-useable	(1,018)	965	(21,007)
<b>(1,365)</b>	<b>457</b>	<b>2,206</b>	<b>1,298</b>	<b>TOTAL UNUSEABLE</b>	<b>1,264</b>	<b>1,526</b>	<b>4,088</b>
<b>11,089</b>	<b>0</b>	<b>2,843</b>	<b>13,932</b>	<b>TOTAL</b>	<b>0</b>	<b>2,697</b>	<b>16,629</b>

**Balance Sheet**

<b>Group 31 March 2017 £000</b>		<b>Notes</b>	<b>Group 31 March 2018 £000</b>
24,523	Property, Plant and Equipment	12	38,497
105	Heritage Assets	14	105
49	Intangible Assets	15	93
0	Investments in subsidiaries		0
304	Long Term Debtors		991
<b>24,981</b>	<b>Long Term Assets</b>		<b>39,686</b>
11,910	Short Term Investments		0
51	Inventories	16	51
3,002	Short Term Debtors	17	4,557
4,563	Cash and Cash Equivalents	18	4,618
<b>19,526</b>	<b>Current Assets</b>		<b>9,226</b>
0	Cash and Cash Equivalents	18	0
(4,691)	Short Term Creditors	19	(6,683)
(434)	Provisions	20	(669)
<b>(5,125)</b>	<b>Current Liabilities</b>		<b>(7,352)</b>
(3,220)	Capital Grants Receipts in Advance		(2,565)
(22,230)	Net Pensions Liability	21	(22,366)
<b>(25,450)</b>	<b>Long Term Liabilities</b>		<b>(24,931)</b>
<b>13,932</b>	<b>Net Assets</b>		<b>16,629</b>
12,634	Useable Reserves	10	12,541
1,298	Unusable Reserves	11	4,088
<b>13,932</b>	<b>Total Reserves</b>		<b>16,629</b>

**Ian Smith - CPFA**  
Section 151 Officer

31 July 2018

**Group Cash Flow Statement**

Council 31 March 2017 £000	Notes	Council 31 March 2018 £000
<b>637</b>	<b>Net Surplus / (Deficit) on the Provision of Services – (i)</b>	<b>1,171</b>
	Adjustments for Non-cash Items:	
689	Depreciation & Amortisation	671
(305)	Impairment	1,165
680	Pension Liability	1,101
(353)	Change in Debtors, Creditors and Provisions (excluding Collection Fund)	(33)
<b>711</b>	<b>Total Adjustments (ii)</b>	<b>2,904</b>
<b>1,348</b>	<b>A- Net Cash Flows from Operating Activities (i)+(ii)</b>	<b>4,075</b>
(3,068)	Purchase of Property, Plant & Equipment	(15,295)
0	Change in Long Term Debtors	(737)
(1,930)	Net (Purchase) of Investments	11,985
<b>(4,998)</b>	<b>B- Investing Activities</b>	<b>(4,047)</b>
(1,064)	Net receipt / (application) of Capital Grants	(655)
(198)	Change in Collection Fund agencies Debtors & Creditors	682
<b>(1,262)</b>	<b>C- Financing Activities</b>	<b>27</b>
<b>(4,914)</b>	<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>55</b>
<b>9,477</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>4,563</b>
<b>4,563</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,618</b>

## Notes to Group Accounts

The Council has two Trading Companies East Cambridgeshire Business Centres Limited and East Cambs Trading Company Limited. 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 2017 £000	In Year Movement 2017/18 £000	31 March 2018 £000
Surplus Savings Reserve – Profit & Loss Account	(380)	351	(29)
Revaluation Reserve	130	0	130
<b>TOTAL COMPANY RESERVES PORTION OF GROUP BALANCE SHEET</b>	(250)	351	101
<b>Represented by:</b>			
East Cambs Trading Company Profit & Loss	(405)	347	(58)
East Cambs Business Centres Profit & Loss	25	4	29
East Cambs Business Centres Revaluation Reserve	130	0	130

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

	Trading Company	Business Centres	Inter Company	TOTAL change upon Council
Property, Plant & equipment	0	678	3,534	4,212
Company Share Capital – Council Investment	0	(496)	(50)	(546)
Long Term Debtor/Creditor	(3,145)			(3,145)
Debtors + Cash	423	64	(690)	(203)
Inventories*	3,534		(3,534)	0
Creditors	(870)	(87)	740	(217)
<b>TOTAL ASSETS NET OF COUNCIL SHARE</b>	<b>(58)</b>	<b>159</b>	<b>0</b>	<b>101</b>

\*This item is classified as Property, Plant & Equipment in the Group Accounts.

## Glossary of Terms and Abbreviations

### GLOSSARY OF TERMS

**Accrual**

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

**Actuarial Assumptions**

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

**Amortisation**

The gradual write off of 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>LLPG</b>	Local Land and Property Gazetteer (UK)
<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

**Internal Audit Progress Report**

To: Resources & Finance Committee

Date: 26<sup>th</sup> July 2018

From: Chief Internal Auditor, LGSS

[T63]

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1. ISSUE

- 1.1. To advise Members of the work of Internal Audit completed during the period April to June 2018, and the progress against the Internal Audit Plan.

2. RECOMMENDATION

- 2.1. That the Committee notes the work undertaken by Internal Audit.

3. BACKGROUND/OPTIONS

- 3.1. The role of Internal Audit is to provide the Resources and Finance Committee, and management, with independent assurance on the effectiveness of the internal control environment. Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve its objectives.
- 3.2. The Internal audit Plan for 2018/19 was approved by this Committee in March 2018 after consultation with Service Leads and the Council's Corporate Management Team.
- 3.3. The format of the progress report has been amended in order to provide further oversight of the key audit findings, implementation of audit recommendations and feedback on the performance of the Internal Audit service.
- 3.4. The audit of bank reconciliations from 2017/18 has also now been finalised and an overview of findings is provided in the progress report at Appendix 1.

4. ARGUMENTS/CONCLUSIONS

- 4.1. The attached report (Appendix 1) informs Members on the progress to date against the Audit Plan.

5. FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1. There are no additional financial implications arising from this report. An Equality Impact Assessment is not required.

6. APPENDICES

- Appendix 1 – Internal Audit Update Report – July 2018

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<b><u>Background Documents</u></b>	<b><u>Location</u></b>	<b><u>Contact Officer</u></b>
None	LGSS, Room 207 The Grange Ely	Duncan Wilkinson, Chief Internal Auditor <a href="mailto:duncan.wilkinson@milton-keynes.gov.uk">duncan.wilkinson@milton-keynes.gov.uk</a>  Rachel Ashley-Caunt Head of Internal Audit <a href="mailto:RAshley-Caunt@rutland.gov.uk">RAshley-Caunt@rutland.gov.uk</a>



EAST CAMBRIDGESHIRE DISTRICT COUNCIL  
INTERNAL AUDIT PROGRESS & PERFORMANCE UPDATE

JULY 2018



EAST CAMBRIDGESHIRE  
DISTRICT COUNCIL

Date: 26<sup>th</sup> July 2018

## ***Introduction***

- 1.1 LGSS provides the Internal Audit service for East Cambridgeshire District Council and has been commissioned to provide 210 days to deliver the 2018/19 Annual Audit Plan.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Resources and Finance Committee to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the council. This report aims to provide the committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last committee meeting and an overview of the performance of the audit team.

## ***Performance***

### **2.1 Delivery of the 2018/19 Audit Plan**

At the time of reporting, three assignments from the 2018/19 Audit Plan have been completed to at least draft report stage and good progress is being made on quarter 1 and quarter 2 assignments. Fieldwork was either complete or underway on 42% of the assignments in the Audit Plan at the end of Q1.

Progress on individual assignments is shown in Table 1.

### **2.2 Are clients satisfied with the quality of the Internal Audit assignments?**

To date, one survey response has been received in relation to feedback on assignments with a rating of 'Excellent'. A summary of responses is provided in Table 2.

### **2.3 Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?**

Since the start of the new financial year, one audit report from the 2018/19 audit plan has been finalised. This has not highlighted any issues or weaknesses which would impact upon the overall Internal Audit opinion. The key findings were as follows:

#### **Taxi Licensing**

Effective Taxi (Hackney Carriage) and Private Hire Vehicles (PHV) licensing is vital to protect members of the general public from unsafe vehicles driven by unsuitable persons. In order to accomplish this the Council issues driver licences, vehicle licences, and private hire operator licences.

The aim of the audit was to provide assurance that the Council is fulfilling its safeguarding duties in ensuring that appropriate checks are conducted before the issuing of hackney and private hire driver licences, to ensure licence holders are 'fit and proper' and that vehicles are roadworthy.

Overall, the processing of both driver and vehicle licence applications was found to be operating satisfactorily. Testing undertaken on a sample ten individual applications, covering both new

and renewal applications confirmed that appropriate checks are being conducted by the Council before licences are issued. The Council is committed to safeguarding and promoting the welfare of children, young people and adults at risk and is in the process of putting in place the requirement for licence holders to attend safeguarding training. Failure to comply will be grounds for the suspension of the licence until such time as the licence holder completes the training.

Based on the outcome of the testing performed, the assurance opinions given by Internal Audit were as follows:

Assurance Opinion		
Control Environment	Good	●
Compliance	Substantial	●
Organisational Impact	Minor	●

In addition, the final audit report from the 2017/18 audit plan – **Bank Reconciliations** – has been finalised since the last Committee meeting. The audit opinions given reflect that the key controls had not been operating effectively and consistently during the 2017/18 financial year. This is not considered to represent a significant impact on the control framework at the time of reporting based upon additional testing undertaken on the year end reconciliation which demonstrated compliance with expected controls and accuracy – as such the organisational impact has been assessed as Minor. The key findings of the audit were as follows:

Since the 2016/17 internal audit review, there have been a number of staffing changes within the finance team and during this time of change it is acknowledged that processes were not consistently applied.

It is recognised by management that the bank reconciliation process was not operating effectively throughout the 2017/18 financial year and that work commissioned to identify discrepancies identified in 2017 has not succeeded in clearing all remaining differences. A decision has been taken by management to write the remaining difference into the accounts – an unidentified income balance – in order to establish a clear starting point from April 2018.

The appointment of new finance staff has enabled the development of a revised bank reconciliation process for the 2018/19 financial year. Further audit testing focused upon the year end reconciliation for which all figures could be traced back to source documentation and the record had been signed and independently reviewed.

Based on the audit testing, the assurance opinions over the controls for 2017/18 were as follows (further testing in 2018 will provide assurance over the improved controls):

Assurance Opinion		
Control Environment	Limited	●
Compliance	Limited	●
Organisational Impact	Minor	●



#### 2.4 **Implementation of audit recommendations by officers**

Where an Internal Audit review identifies any areas of weakness or non-compliance with the control environment, recommendations are made and an action plan agreed with management, with timeframes for implementation. In order to provide the Committee with assurances that these actions are being implemented in a timely and effective manner, a more robust follow up process has been implemented for the 2018/19 financial year.

Updates are currently being sought in relation to all agreed actions and these will be subject to review by the Council's Corporate Management Team to encourage and monitor prompt implementation and responses. This will be updated ahead of each Internal Audit progress report.

An example of the format proposed for reporting upon these actions is provided in Table 3 and this will be populated with updates from the next meeting onwards. Should there be any audit actions which are classed as 'Essential' or 'Important' and overdue by more than three months, full details will be provided to the Committee, along with a reason for the delay and a revised timescale for implementation.

**Table 1 - Progress against 2018/19 Internal Audit Plan**

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
<b>Governance &amp; Counter Fraud</b>							
Counter Fraud Procedures	Q2	Planning					
National Fraud Initiative	Q3	Planning		Consultancy			
Risk Management support	Q1 – Q4	In progress		Consultancy			
Annual Governance Statement	Q1	<b>Complete</b>	<i>Not applicable</i>	Consultancy			
<b>Key Financial Systems</b>							
Bank Reconciliation	Q3	Not started					
Creditors	Q4	Not started					
Debtors	Q4	Not started					
Payroll	Q4	Not started					
Treasury Management	Q3	Not started					
Budgetary Control	Q3	Not started					

					Assurance Opinion				
Assignment		Planned start	Status		Assurance sought	Control Environment	Compliance	Org impact	Comments
<b>Making every penny count</b>									
Invoices over £500		Q2	Fieldwork underway						
<b>Key policy compliance</b>									
Agency Staff Compliance – IR35		Q1	Draft report issued						
Scheme of Delegation compliance		Q1	Fieldwork underway						
<b>Risk based audits</b>									
Local Authority Trading Company		Q3	Not started						
Business Continuity Management		Q1	Fieldwork underway						
Waste Management		Q3	Not started						
Taxi Licensing checks		Q1	Final report issued		<i>To provide assurance that the Council is fulfilling its safeguarding duties in ensuring suitable checks are conducted before issuing of Hackney and private hire licences, to ensure holders are 'fit and proper' and that vehicles are roadworthy.</i>	Good ●	Substantial ●	Minor ●	See para 2.3

					<i>Assurance Opinion</i>				
<i>Assignment</i>		<i>Planned start</i>	<i>Status</i>		<i>Assurance sought</i>	<i>Control Environment</i>	<i>Compliance</i>	<i>Org impact</i>	<i>Comments</i>
<b>ICT and Information Governance</b>									
Controls review of critical systems / Cyber Security		Q2	Planning						
Information Governance and GDPR		Q2	Fieldwork underway						

**Table 2: Customer Satisfaction**

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire (CSQ) to each client with whom there was a significant engagement during the assignment. The responses received in the year to date are set out below.

Responses	Excellent	Good	Satisfactory	Poor
Total	1	-	-	-

**Table 3 - Implementation of Audit Recommendations**

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and <b>implemented</b> since last Committee meeting	-	-	-	%	-	%	-	%
Actions <b>overdue by less than three months</b>	-	-	-	%	-	%	-	%
Actions <b>overdue by more than three months</b>	-	-	-	%	-	%	-	%
<b>Totals</b>	-	100%	-	100%	-	100%	-	100%

**Notes**

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance Assurances			
Level		Control environment assurance	Compliance assurance
<b>Substantial</b>	●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended although some minor errors have been detected.
<b>Good</b>	●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
<b>Satisfactory</b>	●	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
<b>Limited</b>	●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
<b>No</b>	●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact		
Level		Definition
<b>Major</b>	●	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
<b>Moderate</b>	●	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
<b>Minor</b>	●	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

## ***Limitations and Responsibilities***

### ***Limitations inherent to the internal auditor's work***

LGSS Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Resources and Finance Committee subject to the limitations outlined below.

#### ***Opinion***

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention.

#### ***Internal Control***

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

#### ***Future Periods***

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

#### ***Responsibilities of management and internal auditors***

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.



**Corporate Risk Management**

To: Resources & Finance Committee

Date: 26<sup>th</sup> July 2018

From: Chief Internal Auditor, LGSS

[T64]

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1. ISSUE

- 1.1. To update Members on the key risks facing the Council, and the associated mitigating actions.

2. RECOMMENDATION

- 2.1. To endorse the proposed amendments to the Corporate Risk Register.

3. BACKGROUND/OPTIONS

- 3.1. The Resources and Finance Committee is responsible for overseeing the Council's Corporate Risk Register and recommending revisions to the Council's Risk Management Strategy.
- 3.2. The Resources and Finance Committee approved the Risk Management Policy, and the initial Corporate Risk Register, on 20<sup>th</sup> July 2017. Updates on the Corporate Risk Register are now provided on a six monthly basis, with the last update being provided in January 2018.
- 3.3. The Corporate Risk Register has been updated to reflect the latest risks and opportunities for the Council.

4. ARGUMENTS/CONCLUSIONS

- 4.1. The attached report informs Members on the development of the risk management arrangements, and updates to the Corporate Risk Register.
- 4.2. Reviewing risk management helps the Committee to oversee the Council's Corporate Governance arrangements.

5. FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1. There are no additional financial implications arising from this report. An Equality Impact Assessment is not required.

6. APPENDICES

- Appendix 1 – Corporate Risk Management Report - July 2018
- Appendix 2 – Corporate Risk Register
- Appendix 3 – Corporate Risk Register Heat Map

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<b><u>Background Documents</u></b>	<b><u>Location</u></b>	<b><u>Contact Officer</u></b>
None	LGSS, Room 207 The Grange Ely	Duncan Wilkinson, Chief Internal Auditor <a href="mailto:duncan.wilkinson@milton-keynes.gov.uk">duncan.wilkinson@milton-keynes.gov.uk</a>  Rachel Ashley-Caunt Head of Internal Audit <a href="mailto:RAshley-Caunt@rutland.gov.uk">RAshley-Caunt@rutland.gov.uk</a>

# Appendix 1 – Corporate Risk Management Report – July 2018

## Background

1. Risk management is a key element of East Cambridgeshire District Council's Code of Governance. The Council has experience in Risk Management and has prepared Risk Registers which have been reviewed and approved by the senior management, the former Corporate Governance & Finance Committee, and full Council.
2. The Resources and Finance Committee oversee the Council's Corporate Risk Register and recommend revisions to the Council's Risk Management Strategy.
3. The format of the Corporate Risk Register and revised approach to Risk Management was approved by the Resources and Finance Committee on 20<sup>th</sup> July 2017. At this meeting the committee also recommended to Council that the proposed amendments to the Corporate Risk Register and Risk Management Policy were adopted. Full Council approved the amendments on 5<sup>th</sup> October 2017 and six monthly updates on the Corporate Risk Register have since been presented to the Resources and Finance Committee.

## Corporate Risk Management updates

4. The Code of Governance is published on the Council's website. A key element of the Code, which is based on a prescribed best practice format, is to establish and maintain a systematic strategy, framework and process for managing risk.
5. The Council has a Risk Management Framework which sets out the procedures for risk management, and a Risk Management Policy which sets out the strategic direction for risk management at the Council.
6. In addition the Council has a Risk Management Group, with a mix of professional expertise from across the Council. The group works together to:
  - Provide support for the delivery of the Risk Management Policy across the Council.
  - Promote and advise upon risk management practices and procedures
  - Identify topical and emerging risks, based on their areas of expertise, and consider appropriate controls and actions.
7. This collaborative approach provides more assurance that all risks are being identified, and resources are being spent managing the important risks.
8. Furthermore, training delivered to Service Leads during 2017/18 and engagement with the service delivery planning process has enabled service managers to highlight and escalate risks for consideration by the group.
9. The group has been developing good risk management practice across the Council. Recent developments include:
  - a) an intranet page on risk management, to promote good practice and signpost to key documents

- b) incorporating risk management into the service planning framework, to help identify operational risks which may need to be included in the Corporate Risk Register.

### Corporate risk register updates

10. The Corporate Risk Register has been updated, and is attached at **appendix 2**.
11. The register includes scores for **inherent** risks (before any mitigating controls are considered) and **residual** risk (after taking account of key controls, which are listed). Any planned actions to further mitigate risks are also shown.
12. Risks are grouped into categories, to help monitor them. The use of the “right” category is not critical, it is simply an aid to assist the identification of a risk. The critical factor is that all key risks are identified and then managed effectively.
13. The Policy establishes the Council’s appetite to risk. As an organisation with limited resources it is inappropriate for the Council to seek to mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced, based on the experience and expertise of its senior managers.
14. The risk appetite communicates the level of risk the Council is willing to take. In exceptional circumstances it may not be possible, or proportionate, to implement controls that reduce the residual risk score within this appetite. In this instance the risk would be managed, and the aim would be to reduce this below the risk appetite at the earliest opportunity.
15. The maximum risk appetite score is set at 15, as a multiple of residual likelihood and residual impact. The Risk Management Policy states that “In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Resources and Finance Committee and Council”.
16. The risk appetite is illustrated in the scoring matrix, which is also used to highlight the significance of the residual risks in a “heat map”, which accompanies the Corporate Risk Register.
17. The Corporate Risk Register will be reported to the Committee at least twice per year. Changes to the risk register, and relevant updates, are reported to the Committee for awareness. Current developments are detailed below:

Risk	Description
C1  Emergency Planning and	The Council has now completed the review of the Business Continuity Plan and supporting Business Continuity Impact Assessments.  Officer training will be scheduled to ensure awareness of the revised plans and officer roles and responsibilities.

Risk	Description
Business Continuity	
C2 Information Security	<p>This entry has been updated to reflect the need for development of a full Disaster Recovery Plan. The absence of a robust plan poses a corporate risk and increases the potential impact of a loss of ICT on the Council's service delivery. As such, this has been reflected in an increased impact score from 3 to 4. This is also recognised as a key action in the action plan.</p> <p>Furthermore, Internal Audit has proposed that the Council could benefit from a partnership developed by the Head of Internal Audit with the East Midlands Cyber Crime Unit who have agreed to deliver some sessions with the Council to inform plans and controls in this area.</p>
C4 General Data Protection Regulations	<p>The General Data Protection Regulations come into force in May 2018. The risk detail has been amended to reflect that this legislation is now in place and the risk now relates to compliance with the legislation, rather than preparation for its implementation.</p>
C5 Payroll and HR system	<p>The new system is now in place and as such the nature of this risk has changed from a project delivery risk to a risk of the system failing to meet the needs of the whole organisation in business as usual.</p>
C6 Failure of Corporate Governance and Counter Fraud and Corruption controls	<p>This risk has been added to recognise the need for strong corporate governance controls and reflect on key controls which form part of the Council's Code of Governance and Annual Governance Statement.</p> <p>Actions have been proposed to ensure awareness of counter fraud and corruption policies and procedures and confidence in reporting lines.</p>
D2 Strategic development	<p>The nature of this risk has been updated to reflect that following a recent public inquiry, the Planning Inspectorate has determined the Council is unable to demonstrate a five-year supply of housing land. This has changed the inherent risk from amber to red.</p> <p>The development in this area represents a changed risk from previous versions of the register and the controls and impacts have been updated to reflect this.</p>
D3	<p>This risk has been closed as the project has been delivered and the management now transfers to business as usual.</p>

Risk	Description
Leisure Centre development	
D5 Devolution and development of the Combined Authority	The risks associated with failing to maximise opportunities from the Combined Authority deal have been consolidated into the wider risk of Public Sector Funding, B1, rather than a standalone risk.
D7 Waste collection and cleansing services	This risk has now been closed on the basis that the transfer of the services is now complete and will now be managed as business as usual.
D8 Difficulties with staff recruitment and retention – leading to lack of resources	This risk has been added to reflect the risk posed to service delivery of a lack of staff resources (in terms of numbers or experience). This was recognised as a corporate risk by the Risk Management Group.

### Corporate residual risk heat map

18. An updated risk heat map is included at **appendix 3** which shows the residual risk level for each of the risks. This gives a quick view of where each risk sits in relation to the Council's risk appetite, i.e. there should be no risks with a residual score greater than 15, unless it is exceptional circumstances.

### Conclusion

19. Risk Management processes follow good practice, and are proportionate. These are documented in a Risk Management Policy, with a supporting Framework.
20. The Risk Management Group has been established to embed good practice in the Council.
21. The Council has a Corporate Risk Register and each risk shows the owner and the key controls, both in place or planned, designed to minimise any impact on the Council and its provision of services to stakeholders.
22. The Risk Management Policy requires managers to keep all risks under review, and the Corporate Risk Register has been updated accordingly.

Appendix 2 - Corporate Risk Register

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description and Theme	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
<b>CUSTOMER PERSPECTIVE</b>															
A2	Development of the East Cambridgeshire Trading Company and East Cambridgeshire Street Scene Ltd.	The East Cambs Trading Company and East Cambridgeshire Street Scene Ltd do not deliver their business plans.  Concerns over governance arrangements and segregation of duty.	Failing to achieve corporate priorities and Medium Term Financial Strategy.  Reputational risk.	D-CS	3	5	15 (A)	ECTC Business Plans, Articles of Association and Shareholder Agreement.  Established Shareholder Committee arrangements.  Regular reporting to Shareholder Committee and full Council.  Independent Chairperson.  Independent external audit review of accounts, and opportunity to commission ad-hoc advice if required.	2	4	8 (A)				
A3	Housing strategy, and the need for affordable housing.	Increase in homelessness driven by external factors such as Universal Credit and the Homelessness Reduction Act.	Failure to deliver the Council's commitment to 'genuine affordable' housing.  Impact on the Council finance and resources.	D-O	4	5	20 (R)	Council Support Programme to Community Land Trusts.  Community Led Development SPD.  Frontline resources focussed on preventing homelessness.  Council retained hostels.	2	3	9 (A)				
<b>FINANCE AND RESOURCES</b>															
B1	Public sector funding	Uncertainty and changes in funding such as the withdrawal of Revenue Support Grant and 75% retention of business rates.  Lack of opportunity to make further savings.  Not maximising the opportunities from the Combined Authority deal.	Failure to achieve budgets savings leading up to 2019/20 and undermining the revised Medium Term Financial Strategy.	FM	3	5	15 (A)	Agreed Medium Term Financial Strategy (MTFS) to become self-sufficient. The draft MTFS was reported to the Resources and Finance Committee on 29 <sup>th</sup> January 2018, showing a balanced budget for 2018-19 and 2019-20. Budget Monitoring through Management Team and relevant Committees.  Partnership working (principally with the Combined Authority) and ongoing consideration of potential opportunities linked to the key ambitions.  Strong leadership from members and officers.	3	4	12 (A)	Work progressing to meet the budget deficit projected for 2020/21. This will be reported to the Resources and Finance Committee.	FM	January 2019	G

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description and Theme	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
B2	Development and planning income.	The viability and delivery of residential and commercial development. Changes in legislation such as the review of Community Infrastructure Levy (CIL).	Council failing to deliver its growth trajectory and not generating projected CIL income.	D-CS	3	4	12 (A)	New Local Plan Ongoing Service Plan reviews CIL Implementation CLT support programme Business Plan (Property)	3	4	12 (A)	Monitor and respond to the outcomes of the Government review on CIL.	ISM	Ongoing	G
<b>PROCESSES AND SYSTEMS</b>															
C1	Emergency planning and business continuity. The Council delivers a range of complex services which may be effected by an emergency.	Major civil emergency potentially due to: <ul style="list-style-type: none"> <li>Loss of access to premises</li> <li>Severe weather events</li> <li>Fuel shortages</li> <li>Communications failure</li> <li>Pandemics</li> <li>Loss of power</li> <li>Terrorist events</li> <li>Supply chain failure</li> </ul>	Inability to access key staff or resources resulting in reduced ability to deliver services. Increased requests for Council resources and services Health and safety impact on staff and vulnerable residents Damage to Council property and impact on residents Reputation damage	CEX	3	5	15 (A)	Business Continuity Plan (BCP) updated. Business Continuity Training and exercises. Member's handbook. Emergency Management Plan with supporting plans for specific activities e.g. rest centres. Rest Centre plans reviewed by National Resilience Forum. Registration process and template forms aligned to other Councils so they can mutually assist each other as responders.	3	2	6 (A)	Officer training to be delivered	HS M	Dec 18	G
C2	Managing information security, resilience, plus having an IT Strategy for continuous improvement.	ICT systems abuse, intrusion or failure. Under investment in IT infrastructure and lack resource to implement change. Employees not having the right tools for the job to work efficiently.	Business interruption resulting in reduced ability to deliver services. Not prepared for disaster recovery. Non-compliance with legislation, resulting in financial penalties up to £0.5m and reputational risk. Inefficient working.	D-O	3	4	12 (A)	ICT Service redesign and restructure. ICT Disaster Recovery Plan. System and Penetration testing regime. ICT Security Policy. Government Connect and Public Sector Network compliance.	2	4	8 (A)	Development of ICT Disaster Recovery Plan to be considered as part of ICT project plan  To engage with cyber crime unit at the police for 'stress test' session and training	D-0  MT	Sept 18  Oct 18	G  G



Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description and Theme	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
C3	Non-compliance with legislative and regulatory requirements.	Changes in legislation from Central Government, Europe, or Professional bodies can impact many areas, e.g: <ul style="list-style-type: none"> <li>• health and safety,</li> <li>• equalities,</li> <li>• safeguarding,</li> <li>• environmental legislation,</li> <li>• employment law.</li> </ul>	Financial penalties for non-compliance. Reputational risk.	MT	4	3	12 (A)	Monitoring changes to legislation that impacts the Council. Topical examples include H&S sentencing guidelines, and earlier closedown of accounts. Procedural changes and training is delivered as required. Safeguarding policy in place and refreshed in 2017/18. Safeguarding leads nominated and all staff have received safeguarding training.	2	3	6 (A)				
C4	Managing compliance with the General Data Protection Regulations (GDPR) and Data Protection Act.	New legislation from Central Government and Europe.	ICO warnings, bans on processing data, fines.  Compensation claims and reputational damage.	LSM	3	5	15 (A)	Information Officer post created. All Council staff briefed. Key (public facing) stages completed for GDPR introduction in May 2018, continued compliance in place via action plan.	2	5	10 (A)	Continue working towards full compliance via action plan	LSM	March 2019	G
C5	Payroll and HR system not meeting the needs of the whole organisation	Midland HR do not meet our service requirements.	Salaries are not paid correctly to employees  Pensions and subsequent pension reports are not completed properly for HMRC and LGSS	PMO	3	5	15 (A)	Regular communication with Midland HR Effective communication between HR and payroll Service Level Agreement to be adhered to	2	5	5 (A)				
C6	Failure of corporate governance and counter fraud and corruption controls	Attempts at fraud and corruption from internal or external sources are successful due to inadequate corporate governance and counter fraud controls.	Financial losses and reputational damage. Impact on service delivery.	MT	3	3	9 (A)	Counter fraud training for officers as part of induction process. Gifts and hospitality registers. Counter fraud and ethical governance policies and procedures. Internal control framework including segregation of duties and authorisations. Reviewed annually for Annual Governance Statement.	2	3	6 (A)	To participate in, and promote, International Fraud Awareness Week with internal comms.	FM	Nov 2018	G

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description and Theme	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
<b>LEARNING AND GROWTH</b>															
D1	Workforce development	The restructuring of management and departments of the Council to deliver medium term savings and achieve the 'New Council' and 'New Organisation' are not implemented effectively.	Adverse impact on the Council's ability to deliver corporate and service objectives.  Staff turnover and recruitment costs.	CEX	2	4	8 (A)	Effective implementation of Service Delivery Plans and performance management  Management Development training has been delivered to Service Leads. The Council is also investing further in training to Services Officers and investing in career and professional training to develop talent in house.	2	3	6 (A)				
D2	Strategic development	Following a recent public inquiry, the Planning Inspectorate has determined the Council is unable to demonstrate a five-year supply of housing land.	Planning applications can only be refused if the adverse impacts significantly and demonstrably outweigh the benefits of the proposal, in accordance with the presumption in favour of the sustainable development.	D-CS	5	5	25 (R)	The Council has developed a new Local Plan which was delivered to the Council in October 2017. The Local Plan is at currently at examination stage. Adoption is likely towards end of 2018.  Partnership Agreement with Peterborough City Council.  The Council is seeking independent advice relating to the Inspectors decision.	2	4	12 (A)				
D8	Difficulties with staff recruitment and retention – leading to lack of resources	Lack of staff resources in terms of numbers due to high turnover or failed recruitment exercises.  Lack of staff resources in terms of knowledge, skills and behaviours due to poor staff retention.	A shortage of staff in roles across the Council and a loss of knowledge and skills, could lead to service failure, which could result in an increased level of complaints, poor reputation and financial penalties from breaches in legislation or failure to follow rules, procedures and meet deadlines.	MT	4	3	12	Job description questionnaire (JDQ) exercise  Investment in training and up-skilling existing staff	4	2	8				

**Corporate Priorities:**

- 1 Delivering a Financially Sound and Well Managed Council
- 2 Genuinely Affordable Housing
- 3 A Fantastic Place to Live
- 4 Improving Local Transport
- 5 Improving Infrastructure
- 6 New Jobs and Funding

**Key to risk owners (above):**

- CEX Chief Executive
- D-O Director, Operations
- D-CS Director, Commercial Services
- FM Finance Manager and S151 Officer
- LSM Legal Services Manager and Monitoring Officer
- ISM Infrastructure and Strategy Manager
- HSM Health & Safety Manager
- HRM Human Resources Manager
- PMO Performance Management Officer
- MT Management Team

## Appendix 3 - Corporate Risk Register Heat Map

### Summary of Residual Scores for Corporate Risks

<b>Impact</b>	Very High	5		<b>C5, C4</b>			
	High	4		<b>A2, C2, D2, D8</b>	<b>B1, B2</b>		
	Medium	3		<b>A3, C3, C6, D1</b>			
	Low	2			<b>C1</b>		
	Negligible	1					
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			<b>Likelihood</b>				

**Red scores** – in excess of the Council's risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Resources and Finance Committee and Council.

**Amber scores** – likely to cause the Council some difficulties (risk score 5 to 15) – six monthly monitoring

**Green scores** (risk score 1 to 4) – low risk, monitor as necessary

Code	Title
A2	Trading company
A3	Housing
B1	Public sector funding
B2	Development
C1	Emergency Planning
C2	Information security
C3	Non-compliance with legislative and regulatory requirements.
C4	General Data Protection Regulations
C5	Payroll system
C6	Corporate governance and counter fraud and corruption controls
D1	Workforce development
D2	Strategic development
D8	Staff recruitment and retention

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**APPOINTMENTS TO INTERNAL DRAINAGE BOARDS**

Committee: Resources and Finance Committee

Date: 26 July 2018

Author: Chief Executive

[T65]

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1.0 ISSUE

1.1 Representation on Internal Drainage Boards.

2.0 RECOMMENDATIONS

2.1 Members are requested to make the following appointments to Internal Drainage Boards (as nominated)

Cawdle Fen	Councillor Ian Lindsay (City of Ely Council) Councillor Alison Arnold (City of Ely Council) Jeremy Friend-Smith (City of Ely Council) Rupert Moss–Eccardt (City of Ely Council)
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Padnal and Waterden	Councillor Clive Webber (Littleport Parish Council) Councillor Sue Kerridge (Littleport Parish Council) Councillor Michael Rouse (City of Ely Council) Councillor Richard Hobbs (City of Ely Council)
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3.0 BACKGROUND/OPTIONS

3.1 The Resources and Finance Committee on 29 March 2018 instructed the Chief Executive to write to City of Ely Council and Littleport Parish Council to seek nominations to Cawdle Fen and Padnal and Waterden IDB.

3.2 The nominations received from the relevant Parish Councils are detailed in paragraph 2.1 and equate to the number of vacancies on the Padnal and Waterden IDB, with one unfilled vacancy on Cawdle Fen. All have been able to evidence previous experience and interest relevant to representing East Cambridgeshire on Internal Drainage Boards.

4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

4.1 There are no financial implications arising from this report. There is no requirement for Equality Impact Assessment (EIA).

5.0 APPENDICES

5.1 None

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**Background Documents**

Resource and Finance  
Committee  
29 March 2018  
Agenda Item No.

**Location**

Room 103  
The Grange  
Ely

**Contact Officer**

John Hill  
Chief Executive  
(01353) 616271  
E-mail: [john.hill@eastcambs.gov.uk](mailto:john.hill@eastcambs.gov.uk)

Letter to City of Ely and Littleport  
Parish Councils – 10 May 2018

**TITLE: FINANCE REPORT**

Committee: Resources and Finance Committee

Date: 26<sup>th</sup> July 2018

Author: Finance Manager

[T66]

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1. ISSUE

1.1 This report provides Members with budget monitoring information for services under the Resources and Finance Committee and then, as part of its corporate remit, for the Council as a whole.

2. RECOMMENDATION (S)

2.1 Members are requested to note:

- This Committee has a projected yearend overspend of £18,000 compared to its approved revenue budget of £5,344,176.
- That overall the Council has a projected yearend underspend of £42,000 compared to its approved revenue budget of £13,099,778.
- That this Committee currently has three capital projects linked to it, each of which is forecast to come in on budget at this time.
- That the overall position for the Council on Capital is a projected outturn of £11,983,305, which is an overspend of £402,595.

3. BACKGROUND / OPTIONS

3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.

3.2 This is the first report for the 2018-19 financial year and details actual expenditure incurred as at 30<sup>th</sup> June 2018 and projections as to the yearend position at this time.

3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then the position for the other committees shown in summary.

- 3.4 The detailed revenue budget position for the other committees – namely the Regulatory Services and the Community Services – are shown in appendices 2 and 3. Reports explaining these variances in more detail have been / will be presented to these committees. Papers for Regulatory Committee were presented on the 23<sup>rd</sup> July and papers for Community Services Committee will be presented on the 12<sup>th</sup> September.
- 3.5 In summary however, the Regulatory Services Committee is currently predicting a yearend underspend of £60,000. This is made up of two items, the most significant being a forecast underspend on Planning of £50,000, as a consequence of increased income from fees over the first three months of the year, in part as a result of the increase in fees introduced by Government in January 2018. We are currently taking a prudent view of this, not expecting it to increase further in year, we will re-evaluate this in the September reports.
- 3.6 With regard to Resources and Finance Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of June 2018 are detailed below:

Service	Explanation
Economic Development	There is an underspend on staff costs during the first three months of the year as a result of vacancies and changes in personal. We are however projecting a full spend at yearend as costs will be incurred on project work during the year.
Strategic Housing	There is an underspend on the consultants budgets, which simply reflects the timing of payments to our consultant. It remains the expectation that at yearend the actual expenditure will match that agreed with the consultant.
Asset Management	While this budget is held and controlled centrally, costs are charged to the relevant budget area, with then the budget moved to match expenditure at the end of the year.



- 3.7 Explanations for the forecast yearend variances reported for this Committee are detailed in the below table:

Service	Variance £	Explanation
IT	30,000	As a consequence of the upgrade to Windows 10 we will need to replace 8 scanners across the Council where the previous version is no longer compatible with the up-graded software. This was unforeseen and therefore, no budget provision was made and will therefore result in IT overspending during 2018-19.
Housing Benefits	(12,000)	The budget for Housing Benefits was built using information as at August 2017, the most up to date information at the time. Since then further information has become available and we now expect to achieve a small saving on this budget.

### Capital

- 3.9 The Council's capital programme for 2018-19 has now had the slippage from 2017-18 applied, resulting in the total capital programme value of £11,580,710.
- 3.10 It is currently expected that the Council will overspend this revised budget by £402,595. This relates to the Community Services budget and specifically to the Leisure Centre.
- 3.11 The overspend on the Leisure Centre is mainly as a consequence of delays with a third party getting utilities onto the site. Members will be aware that early on in the build project we had issues with the ground works, which meant that the contingency built in for the project was spent before the major part of the build started. This was therefore a risk. We are currently attempting to recover the additional costs caused by the utility delay from the third party.
- 3.12 Members should note that this overspend will be funded by the use of additional CIL contributions, so it will put no additional burden on the Council's budget. When preparing the original business case for the Leisure Centre, only guaranteed CIL contributions were included, but it was always intended to support the budget with any additional contributions that were achieved during the build stage.
- 3.13 The overspend on the equipment fit out will be charged onto the operator as part of the management fee, so again will not impact on the Council's budget position.

#### 4 ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £13,057,778 in 2018/19. This would give an underspend of £42,000 compared to the Council's approved budget.
- 4.2 The projected Capital Outturn for the Council stands at £11,983,305. This reflects an overspend of £402,595 when compared to the revised budget.

#### 5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 There is a revenue underspend of £42,000 compared to this Council's approved budget, all things being equal, this will be transferred to the Surplus Savings Reserve at yearend.
- 5.2 Equality Impact Assessment (INRA) not required

#### 6 APPENDICES

- 6.1 Appendix 1 – Summary Budget Monitoring – June 2018  
Appendix 2 – Regulatory Services Budget Monitoring – June 2018  
Appendix 3 – Community Services Budget Monitoring – June 2018  
Appendix 4 – Summary Capital Programme – June 2018

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<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Council Budget as approved by Council 22 <sup>nd</sup> February 2018	Room 104 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: <a href="mailto:ian.smith@eastcambs.gov.uk">ian.smith@eastcambs.gov.uk</a>

## RESOURCES &amp; FINANCE COMMITTEE BUDGET MONITORING REPORT - JUNE 2018

	Total Budget 2018-19	Profiled Budget to 30 June 2018	Actual to 30 June 2018	Variance to date	Projected Outturn	Variance between Total Budget & Projected Outturn
Revenue	£	£	£	£	£	£
Movement in Corporate Reserves	(1,725)	--	2,785	2,785	(1,725)	--
Interest & Fin. Transactions	(241,409)	18,349	13,616	(4,733)	(241,409)	--
Miscellaneous Services	626,640	7,890	1,925	(5,965)	626,640	--
Miscellaneous Properties	(44,605)	(17,737)	(11,938)	5,799	(44,605)	--
Out of Hours call out service	20,000	5,000	--	(5,000)	20,000	--
Data Management	87,240	22,727	16,797	(5,929)	87,240	--
Office Accommodation	328,093	209,572	208,707	(865)	328,093	--
Asset Management	205,000	51,250	706	(50,544)	205,000	--
Economic Development	55,781	60,945	368	(60,577)	55,781	--
Local Democracy:-						
Civic Relations	13,184	3,306	2,133	(1,172)	13,184	--
Member & Committee Support	482,730	122,626	119,852	(2,774)	482,730	--
Public Relations	73,705	18,955	16,500	(2,455)	73,705	--
Corporate Management	548,423	190,172	198,727	8,555	548,423	--
Performance Management	57,513	14,378	13,730	(648)	57,513	--
Electoral Registration	56,657	14,352	1,673	(12,679)	56,657	--
Cost of District Council Elections	22,500	--	2,050	2,050	22,500	--
Cost of Other Elections	--	--	12,005	12,005	--	--
Financial Services	315,318	85,519	95,659	10,140	315,318	--
Internal Audit	69,821	1,000	(2,200)	(3,200)	69,821	--
Payroll	46,600	11,610	10,951	(659)	46,600	--
Housing Benefits	324,394	(128,401)	(393,897)	(265,496)	312,394	(12,000)
Business Rates (NNDR)	24,633	30,409	25,667	(4,742)	24,633	--
Council Tax Accounting	374,750	44,244	43,832	(412)	374,750	--
Strategic Housing Services	189,573	56,844	29,475	(27,369)	189,573	--
Member Training	4,884	2,076	174	(1,902)	4,884	--
Human Resources	118,650	69,628	69,405	(223)	118,650	--
IT	862,142	217,411	277,502	60,092	892,142	30,000
Legal	176,523	45,032	32,268	(12,764)	176,523	--
Customer Services	376,631	96,800	78,680	(18,120)	376,631	--
Reprographics	110,383	29,555	24,958	(4,597)	110,383	--
CIL	--	--	(676,230)	(676,230)	--	--
Post Entry Training	60,147	15,037	3,348	(11,689)	60,147	--
<b>Resources &amp; Finance Total</b>	<b>5,344,176</b>	<b>1,298,547</b>	<b>219,228</b>	<b>(1,079,318)</b>	<b>5,362,176</b>	<b>18,000</b>
<b>Other Committee Totals</b>						
Regulatory Services	3,536,687	700,460	84,738	(615,722)	3,476,687	(60,000)
Community Services	1,623,211	902,242	1,094,051	191,809	1,623,211	--
<b>Other Spend</b>						
Parish Precepts	2,113,445	1,056,723	1,056,722	--	2,113,445	--
Internal Drainage Boards	482,259	241,130	235,911	(5,218)	482,259	--
<b>Revenue Budget Total</b>	<b>13,099,778</b>	<b>4,199,101</b>	<b>2,690,650</b>	<b>(1,508,449)</b>	<b>13,057,778</b>	<b>(42,000)</b>
<b>Funding</b>						
Council Tax	(6,364,932)	--	--	--	(6,364,932)	--
Revenue Support Grant	(353,703)	(95,500)	(95,500)	--	(353,703)	--
NNDR	(3,610,084)	--	--	--	(3,610,084)	--
Other Government Grants (NHB / RS)	(877,963)	(195,866)	(195,866)	--	(877,963)	--
Planned draw from Surplus Savings F	(1,893,096)	(1,893,096)	(1,893,096)	--	(1,893,096)	--
	<b>(13,099,778)</b>	<b>(2,184,462)</b>	<b>(2,184,462)</b>	<b>--</b>	<b>(13,099,778)</b>	<b>--</b>
<b>Revenue Total</b>	<b>--</b>	<b>2,014,639</b>	<b>506,188</b>	<b>(1,508,449)</b>	<b>(42,000)</b>	<b>(42,000)</b>

## REGULATORY SERVICES COMMITTEE BUDGET MONITORING REPORT - JUNE 2018

<b>Revenue</b>	<b>Total Budget 2018-19</b>	<b>Profiled Budget to 30 June 2018</b>	<b>Actual to 30 June 2018</b>	<b>Variance to date</b>	<b>Projected Outturn</b>	<b>Variance between Total Budget &amp; Projected Outturn</b>
	£	£	£	£	£	£
Building Regulations Non Fee Earning	100,809	25,202	24,654	(548)	100,809	--
Building Regulations	(83,241)	(20,808)	(42,041)	(21,233)	(83,241)	--
Civic Amenities Act	10,481	2,620	1,811	(809)	10,481	--
Con. Areas & Listed Buildings	58,754	14,689	9,470	(5,219)	58,754	--
Dog Warden Scheme	39,408	10,567	5,900	(4,667)	39,408	--
Health - Admin. & Misc.	339,346	85,121	88,949	3,828	339,346	--
Environmental Issues	83,143	21,652	16,462	(5,190)	83,143	--
Land Charges Admin.	(44,212)	(6,867)	(27,951)	(21,084)	(54,212)	(10,000)
Licensing	(10,902)	(2,448)	(1,327)	1,121	(10,902)	--
Nuisance Investigation	58,001	14,538	13,052	(1,486)	58,001	--
Pest Control	9,098	2,274	3,185	911	9,098	--
Planning	(114,002)	(26,918)	(76,930)	(50,012)	(164,002)	(50,000)
Refuse Recycling	803,493	292,058	168,574	(123,484)	803,493	--
Refuse Collection	1,174,270	133,499	(37,580)	(171,079)	1,174,270	--
Street Cleansing	586,158	148,078	75,551	(72,527)	586,158	--
Street Naming & Numbering	3,371	843	(539)	(1,382)	3,371	--
Tree Preservation	99,131	24,595	21,811	(2,784)	99,131	--
Travellers Sites	(20,000)	15,253	23,399	8,146	(20,000)	--
Health & Safety (Work)	28,713	7,178	22	(7,156)	28,713	--
Homelessness	363,641	(84,481)	(244,302)	(159,821)	363,641	--
National Practitioners Support Programme	--	31,008	54,867	23,859	--	--
Community Land Trusts	20,000	5,000	--	(5,000)	20,000	--
Renovation Grants	31,227	7,807	7,701	(106)	31,227	--
<b>Revenue Total</b>	<b>3,536,687</b>	<b>700,460</b>	<b>84,738</b>	<b>(615,722)</b>	<b>3,476,687</b>	<b>(60,000)</b>

## COMMUNITY SERVICES COMMITTEE BUDGET MONITORING REPORT - JUNE 2018

Revenue	Total Budget 2018-19 £	Profiled Budget to 30 Juner 2018 £	Actual to 30 June 2018 £	Variance to date £	Projected Outturn £	Variance between Total Budget & Projected Outturn £
Award Ditches	8,656	2,164	1,742	(422)	8,656	--
Community Safety	48,197	10,549	(1,924)	(12,473)	48,197	--
Closed Churchyards	28,516	7,129	8,226	1,097	28,516	--
Depot Services	--	--	30,921	30,921	--	--
General Gang	70,440	19,626	20,866	1,240	70,440	--
Community Projects & Grants	267,258	100,245	94,116	(6,129)	267,258	--
LATC & Ely Markets	(0)	(0)	(29,452)	(29,452)	--	--
Local Plans	330,000	82,500	(6,612)	(89,112)	330,000	--
Marketing & Grants	155,793	73,508	73,367	(141)	155,793	--
Museum - Old Gaol House	--	--	726	726	--	--
Oliver Cromwell House			3,228	3,228	--	--
Parks & Gardens Team	451,487	499,408	800,209	300,801	451,487	--
Paradise Pool	27,977	(70,377)	(66,791)	3,586	27,977	--
Parking of Vehicles	(70,150)	73,403	88,138	14,735	(70,150)	--
Sport & Recreation	93,678	36,702	32,209	(4,493)	93,678	--
Public Conveniences	146,837	50,349	52,360	2,011	146,837	--
Emergency Planning	47,522	16,537	5,893	(10,643)	47,522	--
Community Transport	15,000	--	(13,500)	(13,500)	15,000	--
Parish Conferences	2,000	500	329	(171)	2,000	--
<b>Revenue Total</b>	<b>1,623,211</b>	<b>902,242</b>	<b>1,094,051</b>	<b>191,809</b>	<b>1,623,211</b>	<b>--</b>

## CAPITAL BUDGET MONITORING 2018/19

<b>Capital</b>	<b>Published Budget 2018-19 £</b>	<b>Slippage from 2017-18 £</b>	<b>Approved Additions £</b>	<b>Revised Budget 2018-19 £</b>	<b>Actual at 30th June 2018 £</b>	<b>Forecast Outturn £</b>	<b>Variance between Revised Budget &amp; Forecast Outturn £</b>
<b>REGULATORY SERVICES</b>							
Recycling and Organics Collection	10,000			<b>10,000</b>		10,000	0
Conservation Area Schemes - 2nd round		27,506		<b>27,506</b>		27,506	0
Refuse & Cleansing Vehicles	340,000	153,981		<b>493,981</b>	172,508	493,981	0
Depot	845,950			<b>845,950</b>	68,794	845,950	0
Mandatory Disabled Facilities Grants	847,299	194,283		<b>1,041,582</b>	127,093	1,041,582	0
Empty Properties, Discretionary DFGs, Minor Works, Home Repair Asst.	75,000	36,780		<b>111,780</b>	4,965	111,780	0
<b>COMMERCIAL SERVICES</b>							
East Cambs Trading Company		1,865,000		<b>1,865,000</b>	1,485,000	1,865,000	0
Vehicle Etc Replacements	29,000	60,187		<b>89,187</b>		89,187	0
Commuter Car Park - Ely		13,931		<b>13,931</b>		13,931	0
Commuter Car Park - Littleport		8,406		<b>8,406</b>	200	8,406	0
Ely Country Park	46,665			<b>46,665</b>		46,665	0
<b>Leisure Centre</b>							
Construction and Preliminaries	1,148,325	-482,165		<b>666,160</b>	810,010	1,012,967	346,807
Project Costs				<b>0</b>		0	0
Associated Costs and Contingencies				<b>0</b>		0	0
Equipment Fit Out		17,618		<b>17,618</b>	48,406	73,406	55,788
<b>RESOURCES AND FINANCE</b>							
Intranet / HR / Payroll System		5,918		<b>5,918</b>	-60,421	5,918	0
Depot IT		7,026		<b>7,026</b>		7,026	0
Soham Eastern Gateway	6,330,000			<b>6,330,000</b>		6,330,000	0
<b>Total</b>	<b>9,672,239</b>	<b>1,908,471</b>	<b>0</b>	<b>11,580,710</b>	<b>2,656,555</b>	<b>11,983,305</b>	<b>402,595</b>

<b>SOURCES OF FINANCING</b>	<b>Published Budget 2018-19 £</b>	<b>Slippage from 2017-18 £</b>	<b>Approved Additions £</b>	<b>Revised Budget 2018-19 £</b>	<b>Variances £</b>	<b>Forecast Outturn £</b>
<b>Regulatory &amp; Support Services</b>						
Revenue Contribution	10,000			10,000		10,000
Grants / Contributions (DFG)	511,299			511,299		511,299
Capital Receipts	411,000	258,569		669,569		669,569
Borrowing - Waste	1,185,950	153,981		1,339,931		1,339,931
<b>Regulatory &amp; Support Services Total</b>	<b>2,118,249</b>	<b>412,550</b>	<b>0</b>	<b>2,530,799</b>	<b>0</b>	<b>2,530,799</b>
<b>Commercial Services</b>						
Revenue Contribution	29,000	60,187		89,187		89,187
Section 106 / CIL	46,665	2,407		49,072		49,072
Capital Receipts	0	19,930		19,930		19,930
Borrowing - Company	0	1,865,000		1,865,000		1,865,000
<b>Commercial Services Total</b>	<b>75,665</b>	<b>1,947,524</b>	<b>0</b>	<b>2,023,189</b>	<b>0</b>	<b>2,023,189</b>
<b>Leisure Centre</b>						
Capital Receipts		457,291		457,291	-457,291	0
Section 106 / CIL	500,000	-1,130,075		-630,075	1,130,075	500,000
Sport England	225,000	136,099		361,099		361,099
Borrowing - Leisure	423,325	72,138		495,463	-270,189	225,274
<b>Leisure Centre Total</b>	<b>1,148,325</b>	<b>-464,547</b>	<b>0</b>	<b>683,778</b>	<b>402,595</b>	<b>1,086,373</b>
<b>Resources and Finance</b>						
Capital Receipts		12,944		12,944		12,944
Grants (Housing Infrastructure Fund)	6,330,000			6,330,000		6,330,000
<b>Resources and Finance Total</b>	<b>6,330,000</b>	<b>12,944</b>	<b>0</b>	<b>6,342,944</b>	<b>0</b>	<b>6,342,944</b>
<b>Capital Funding Total</b>	<b>9,672,239</b>	<b>1,908,471</b>	<b>0</b>	<b>11,580,710</b>	<b>402,595</b>	<b>11,983,305</b>

**OUTSTANDING ANNUAL REPORTS OF REPRESENTATIVES ON OUTSIDE BODIES**

Committee: Resources & Finance Committee

Date: 26 July 2018

Author: Democratic Services Officer

[T67]

1.0 **ISSUE**

1.1 To receive the outstanding Annual Reports from appointed Council representatives on the activities and manner in which funding is spent by the outside bodies within the responsibility of the Resources & Finance Committee.

2.0 **RECOMMENDATION**

2.1 That the outstanding Annual Reports from appointed Council representatives on the activities and manner in which funding is spent by the outside bodies within the responsibility of the Resources & Finance Committee, be noted.

3.0 **BACKGROUND/OPTIONS**

3.1 At its meeting on 18<sup>th</sup> June 2018, the Resources & Finance Committee noted that Annual Reports had been not been received in respect of the East of England Local Government Association (EELGA) or the LGA District Councils' Network.

3.2 Members duly requested that the reports should be brought to the next meeting of Committee.

3.3 The outstanding completed reports received since 18<sup>th</sup> June 2018 are attached at Appendix 1.

4.0 **ARGUMENTS/CONCLUSIONS**

4.1 There are no additional cost implications arising from this report.

5.0 **APPENDICES**

5.1 Appendix 1 – Outstanding reports for those outside bodies currently within the responsibility of the Resources & Finance Committee.



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**Background Documents**

None

**Location**

Room 214B  
The Grange  
Ely

**Contact Officer**

Janis Murfet  
Democratic Services Officer  
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E-mail:  
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**EAST OF ENGLAND LOCAL GOVERNMENT ASSOCIATION**

**Aims & Activities**

- To represent the interests of local authorities in the region
- To formulate sound policies for the development of local government in the region
- To promote the policies of the East of England LGA and provide information/advice on local government issues to the public and partner organisations
- To enable Councillors to exercise their democratic accountability and leadership effectively
- To support innovation and excellence that enables local authorities and their partnerships to meet the needs of their communities and meet future challenges.

Representation	Meetings per year	Expenses paid by Organisation
Leader of the Council	Assembly of Council Leaders – twice yearly	No

Status of Member	Insurance Provision
Representative of ECDC	Yes

Category of Officer Support	Contact Officer	Representative for 2017/18
1	Chief Executive John Hill	Councillor Charles Roberts

Report from representative for 2017/18:

The East of England LGA is a politically-led, cross party organisation which works on behalf of the 52 local councils in the East of England. It provides expert advice and support to enable Authorities to work on topical challenges and issues.

The Association comprises the Leader (or equivalent, such as Mayor) of each Council and meetings are held on a quarterly basis to tackle the strategic issues facing councils across the East of England.

The EELGA organisation also provides expert technical advice available to member councils in relation to Human Resources, procurement and more specific consultancy services.

There will be a review of EELGA in 2018/19 to ensure its financial sustainability over the long term.

Representative for 2018/19
Councillor Charles Roberts

## LGA – DISTRICT COUNCILS' NETWORK

### Aims & Activities

- To lobby and negotiate directly with senior members of national political parties on district specific needs and issues – the “localism” agenda;
- To inform and influence national agencies, government departments and other local authority agencies on things that matter, such as resources and allocation;
- To get the Network’s unique message across to the audiences that matter – people, Government, partners, regulators;
- Help each other to remain effective and share learning/good practice.

Representation	Meetings per year	Expenses paid by Organisation
Leader of the Council	4	No

Status of Member	Insurance Provision
Representative of ECDC	No

Category of Officer Support	Contact Officer	Representative for 2017/18
1	Chief Executive: John Hill	Councillor Charles Roberts

### Report from Representative for 2017/18:

The District Councils’ Network (DCN) is a cross-party member led network of 200 district councils. It is a Special interest Group of the Local Government Association (LGA) and provides a single voice for district councils within the LGA.

The DCN works to ensure the network is in a position to shape national policy, providing expert evidence and solutions for Government from a district council perspective. It issues regular newsletters, hosts member and multi-stakeholder events, responds to government consultations and undertakes research and produces publications on behalf of the sector.

Recent issues championed by DCN include New Homes Bonus, Local Government Grant Settlement, public sector reform, devolution, and homelessness legislation to name a few.

Representative for 2018/19
Councillor Charles Roberts

**BRECKLAND COUNCIL**  
**FOREST HEATH DISTRICT COUNCIL**  
**EAST CAMBRIDGESHIRE DISTRICT COUNCIL**  
**ST EDMUNDSBURY BOROUGH COUNCIL**  
**FENLAND DISTRICT COUNCIL**  
**WAVENEY DISTRICT COUNCIL**  
**SUFFOLK COASTAL DISTRICT COUNCIL**

**At a Meeting of the**

**ANGLIA REVENUES AND BENEFITS PARTNERSHIP JOINT COMMITTEE**

**Held on Tuesday, 26 June 2018 at 10.00 am in the**  
**Level 5 Meeting Room, Breckland House, St Nicholas Street, Thetford IP24 1BT**

**PRESENT**

Mr D Ambrose Smith	Mr I Houlder
Mr P.D. Claussen	Mr R Kerry (Chairman)
Mr S. Edwards	Mr B. Provan (Vice-Chairman)
Mrs A. Hay	

**In Attendance**

Jo Andrews	- Strategic Manager (Revenues)
Sam Anthony	- Head of HR & OD (Fenland District Council)
Alison Chubbock	- Chief Accountant (Deputy Section 151 Officer) (BDC)
Paul Corney	- Head of ARP
Emma Grima	- Director of Commercial Services (East Cambs District Council)
Homira Javadi	- Chief Finance Officer S151 (Waveney & Suffolk Coastal)
Jill Korwin	- Director (Forest Heath & St Edmundsbury)
Teresa Smith	- Democratic Services Team Leader

**15/18 CHAIRMAN AND VICE-CHAIRMAN**

After being duly proposed and seconded and with no other nominations being made it was **RESOLVED** that Councillor Bruce Provan be appointed as Chairman for the ensuing year.

After being duly proposed and seconded and with no other nominations being made it was **RESOLVED** that Councillor Ian Houlder be appointed as Vice-Chairman for the ensuing year.

**16/18 APPOINTMENT OF TREASURER**

After being duly proposed and seconded and with no other nominations being made it was **RESOLVED** that Breckland District Council be appointed as Treasurer for the ensuing year.

**17/18 MINUTES**

The minutes of the meeting held on 27 March 2018 were agreed as a correct record.

**Action By**

**Action By**

**18/18 APOLOGIES**

None.

**19/18 URGENT BUSINESS (IF ANY)**

None.

**20/18 DECLARATIONS**

None.

**21/18 PERFORMANCE REPORT (STANDING ITEM)**

(a) Highlight report

The Strategic Manager (Revenues) presented the report and highlighted that Benefits performance was meeting the profiled targets and was on course to achieve the year end targets.

Discussions had taken place with Norfolk and Suffolk County Councils to support the review of single person discounts but Members were informed that Cambridgeshire County Council had decided not to provide further funding.

Revenues collections continued to meet target expectations with the exception of non-domestic rates collection for Waveney District Council. The reason was due to a refund relating to backdated mandatory charity relief which had already been allocated by Finance team.

Further recovery work was continuing with the team who had already exceeded the amount collected by £50,000 based on the same time the previous year.

The enforcement team had recently appointed a sixth enforcement agent which would provide resilience within the team.

A review had been carried out of the resource required to deal with the levels of correspondence and calls received throughout the year. As a result, the Operational Improvement Board had agreed to increase staffing by 2.5fte on a temporary basis, subject to review.

Members were informed that as part of the digitalisation and transformation project 15,000 Council Tax Payers had opted to receive their bills and notifications electronically rather than the traditional letter.

Councillor Edwards asked why Cambridgeshire County Council had decided to no longer contribute and if it could be identified as to what the savings had been for Cambridgeshire versus their contribution. Members were informed that a briefing note would be prepared to explain the generation of extra income.

Councillor Ambrose-Smith said as a County Councillor he was not aware that Cambridgeshire County Council were no longer contributing, and asked for further information to enable him to challenge the decision. Councillor Hay also asked for the same information.

**Action By**

Members asked to be kept informed of the discussions.

Councillor Hay asked for additional information to be captured within the report to include the report author, and also liked to see the currency symbols added to any table of figures produced. She also asked if the performance figures could be shown per council, rather than a collective figure. In addition, it was queried as to the number of debts the recovery collection referred to. The information would be supplied by the Strategic Manager (Revenues).

(b) Operational Performance - Balanced Scorecard March 2017/2018

Members were informed that in total, four authorities were slightly over the 8-day target for processing Council Tax Support cases, these authorities average processing time was below 9-days in all cases.

Councillor Hay asked why fraud had been identified as a higher amount compared to previous years. It was noted that it was a higher amount due to the team finding smarter ways of identifying fraud and some one-off wins in respect of business rates.

Where a business rates appeal was upheld it could lead to a refund dated back to 2010 which had an impact on the target figures. However, Finance Teams calculated a provision allocated within the accounts should it be required. Members felt that ARP were appearing to fail in their performance when in fact they had no influence over the Valuation Office decision.

The Head of ARP confirmed the Operational Improvement Board were considering how the performance data was reported to make it clearer and easier to understand for each authority involved.

Councillor Houlder asked at what point the clock started to tick with processing a claim as he was aware of claimants who were finding it difficult to contact the office during working hours. The Head of ARP said the clock started to tick at the point the claimant made contact and customers were asked to provide the information as quickly as possible. Officers continued to improve the website to make it easier for the customer make to contact.

(c) Operational Performance - Balanced Scorecard as at end of May 2018

The current performance reporting to the end of May 2018 was 'good'. There was an issue with the Waveney Business rates due to backdating the mandatory charitable relief but it was hoped it would be recovered by the end of the financial year.

Councillor Kerry noted that half the target for fraud had been achieved within the first two months of the year. Members were informed it had been an exceptional two months but also the target had not been reviewed within the last two years but it was thought the target would be exceeded for the coming year.

(d) Financial Performance

The Breckland Chief Accountant presented the financial performance as at

**Action By**

31 March 2018. The committed transformation funding was at £180,529 at 31 March 2018 and it was expected the budget would be spent by the end of 2018/19. If all of the identified expenditure was achieved by end of 2018/19 and there would be £47,928 remaining for future projects.

The efficiency target of £531,000 was fully achieved.

**22/18 WELFARE REFORM UPDATE (STANDING ITEM)**

The Strategic Manager (Benefits) presented the report highlighting that the Universal Credit had been rolled out at the Dereham Job Centre and would be in Thetford during September 2018. Universal Credit for all new claims would be rolled out to all DWPs within the ARP Councils by the end of the year.

The Government had made an announcement that in order to manage migration the deadline, for cases currently receiving Housing Benefit, to move to Universal Credit had been extended by 12 months to March 2023.

The Chairman asked if the 5-week wait was still an issue. It was emphasised that this would always be the case, due to the length of time it took to gather information and process the claim. If the claim involved rental payments, it could often be delayed for 8 – 13 weeks, which was causing issues.

**23/18 JOINT COMMITTEE UPDATE - NEW COUNCILS' STATUS**

The Chief Finance Officer for East Suffolk, Suffolk Coastal and Waveney District Councils updated Members that approval had been given by Government in late May to abolish Forest Heath District, St Edmundsbury Borough, Suffolk Coastal District and Waveney District and replace them with two non-metropolitan districts – West Suffolk and East Suffolk. The new councils would be created on 1 April 2019 ahead of the elections on 2 May 2019.

She gave Members of the ARP Partnership assurance that measures were in place and operational work would not be affected.

One aspect of change would be the governance of the Anglia Revenues Partnership in that the existing governance of seven partners would reduce to five to reflect the new partnership therefore a new partnership agreement would be framed and signed accordingly.

The Head of ARP added that he was content with the way in which the project was progressing and satisfied that everything was in place to make it successful, and that Members would be kept informed of the progress.

**24/18 SUMMARY OF 2017/18 INTERNAL AUDIT REVIEWS OF ANGLIA REVENUES PARTNERSHIP (ARP) FOR JOINT COMMITTEE**

Michelle Emmens from East Suffolk and Kathy Woodward from Fenland presented to Members the report adding that it was the first year of a joint internal audit approach to review the ARP revenues and benefits systems by East Suffolk, Fenland District Council and West Suffolk Internal Audit Teams on behalf of the seven ARP authorities.

Out of the five areas of audit undertaken all were given the audit opinion of

adequate / reasonable assurance with a number of recommendations; progress had already been made on delivering the recommendations. The Internal Audit team would continue to monitor the recommendations and report back to the Operational Improvement Board and each of the authorities Audit Committees. They both thanked ARP for their assistance in approaching the audit which had been very successful.

The Head of ARP thanked the Audit teams for their work and added it displayed the true spirit of working in partnership.

**25/18 FORTHCOMING ISSUES (STANDING ITEM)**

Councillor Ambrose-Smith asked when the Joint Committee could expect to see the new style performance reporting. It was confirmed that the new format was being discussed by the Operational Improvement Board, and more information would be reported back to the Joint Committee as soon as possible.

**26/18 NEXT MEETING**

The arrangements for the next meeting on Tuesday 25 September 2018 at 10.00am, Level 5, Thetford were noted.

**Action By**

The meeting closed at 11.00 am

CHAIRMAN



**RESOURCES & FINANCE COMMITTEE**

**ANNUAL AGENDA PLAN**

**LEAD OFFICER(S): John Hill, Chief Executive**

**DEMOCRATIC SERVICES OFFICER: Tracy Couper/Janis Murfet**

Meeting on: Thursday 26 July 2018 4.30pm		Meeting on: Thursday 20 September 2018 4.30pm			Meeting on: Thursday 29 November 2018 4.30pm			
Agenda Planning meeting:		Agenda Planning meeting:			Agenda Planning meeting:			
Pre-meeting briefing:		Pre-meeting briefing:			Pre-meeting briefing:			
Deadline for reports/dispatch:	4pm Monday 16 July 2018	Wednesday 18 July 2018	Deadline for reports/dispatch:	4pm Monday 10 September 2018	Wednesday 12 September 2018	Deadline for reports/dispatch:	4pm Monday 19 November 2018	Wednesday 21 November 2018
<ul style="list-style-type: none"> <li>Chairman's Announcements</li> <li><i>External Audit Sector Update &amp; Finance Manager's Response</i></li> <li>External Audit - Audit Results Report</li> <li>Annual Governance Statement</li> <li>Annual Financial Report 2017/18</li> <li>Corporate Risk Management</li> <li>Internal Audit Progress Report</li> <li>Budget Monitoring Report</li> <li>ARP Joint Committee Minutes 26/6/18</li> <li>Nominations to Internal Drainage Boards</li> </ul>	Chair External Audit/ Finance Manager  External Audit  Internal Audit Fin Mnger & S151 Officer Internal Audit Internal Audit Fin Mnger & S151 Officer  Dir Commercial  Chief Executive	<ul style="list-style-type: none"> <li>Chairman's Announcements</li> <li>External Audit Annual Audit Letter [September or November Committee????]</li> <li><i>External Audit Sector Update &amp; Finance Manager's Response</i></li> <li>Internal Audit Progress Report</li> <li><i>Appointments, Transfers, Resignations [EXEMPT]</i></li> <li><i>Action taken by the Chief Executive on the Grounds of Urgency (if any)</i></li> <li>ARP Joint Committee Minutes</li> <li>Forward Agenda Plan</li> </ul>	Chair External Audit  External Audit/ Finance Manager  Internal Audit  HR Manager  DSM  Dir Commercial DSM	<ul style="list-style-type: none"> <li>Chairman's Announcements</li> <li>External Audit Annual Audit Letter [September or November Committee????]</li> <li><i>External Audit Sector Update &amp; Finance Manager's Response</i></li> <li>Internal Audit Progress Report</li> <li>Localised Council Tax Support Scheme Review</li> <li>Six Month Performance Monitoring Service Delivery Plans</li> <li>Treasury Operations Mid Year Report</li> <li>Budget Monitoring Report</li> <li>ARP Joint Committee Minutes</li> <li>Section 106 &amp; CIL: Income and Expenditure Update</li> <li><i>Appointments, Transfers, Resignations [EXEMPT]</i></li> </ul>	Chair External Audit  External Audit/ Finance Manager Internal Audit Fin Mnger & S151 Officer  Perf Mnge Officer  Fin Mnger & S151 Officer Fin Mnger & S151 Officer  Dir Commercial Dir Commercial  HR Manager			

[Notes: 1. Agenda items which are likely to be "urgent" and therefore not subject to call-in are marked \*

2. Agenda items in italics are provisional items/possible items for future meetings]

[UPDATED: 16/07/18]

**RESOURCES & FINANCE COMMITTEE**  
**ANNUAL AGENDA PLAN**

**LEAD OFFICER(S): John Hill, Chief Executive**

**DEMOCRATIC SERVICES OFFICER: Tracy Couper/Janis Murfet**

Meeting on: Thursday 26 July 2018 4.30pm [continued]			Meeting on: Thursday 20 September 2018 [continued] 4.30pm			Meeting on: Thursday 29 November 2018 4.30pm [continued]		
Agenda Planning meeting:			Agenda Planning meeting:			Agenda Planning meeting:		
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Deadline for reports/dispatch:	4pm Monday 16 July 2018	Wednesday 18 July 2018	Deadline for reports/dispatch:			Deadline for reports/dispatch:	4pm Monday 10 September 2018	Wednesday 12 September 2018
<ul style="list-style-type: none"> <li>Outstanding Annual reports of Representatives on Outside Bodies</li> <li>Forward Agenda Plan</li> </ul>	DSO DSM		•			<ul style="list-style-type: none"> <li><i>Action taken by the Chief Executive on the Grounds of Urgency (if any)</i></li> <li>Forward Agenda Plan</li> </ul>	DSM DSM	

**[Notes: 1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked \***  
**2. Agenda items in italics are provisional items/possible items for future meetings]**  
**[UPDATED: 16/07/18]**

**RESOURCES & FINANCE COMMITTEE**  
**ANNUAL AGENDA PLAN**

**LEAD OFFICER(S): John Hill, Chief Executive**

**DEMOCRATIC SERVICES OFFICER: Tracy Couper/Janis Murfet**

Meeting on: <b>Monday 28 January 2019</b> <b>4.30pm</b>		Meeting on: <b>Thursday 28 March 2019</b> <b>4.30pm</b>			Meeting on:	
Agenda Planning meeting:		Agenda Planning meeting:			Agenda Planning meeting:	
Pre-meeting briefing:		Pre-meeting briefing:			Pre-meeting briefing:	
Deadline for reports/dispatch:	<b>4pm Wednesday 16 January 2019</b>	<b>Friday 18 January 2019</b>	Deadline for reports/dispatch:	<b>4pm Monday 18 March 2019</b>	<b>Wednesday 20 March 2019</b>	Deadline for reports/dispatch:
<ul style="list-style-type: none"> <li>Chairman's Announcements</li> <li>External Audit – Annual Certification Report</li> <li>External Audit Annual Audit and Inspection Plan</li> <li><i>External Audit Sector Update &amp; Finance Manager's Response</i></li> <li>Medium Term Financial Strategy, Revenue Budget and Capital Programme 2019/20</li> <li>Annual Treasury Management Strategy/MRP/AIS</li> <li>Corporate Risk Register Update</li> <li>Budget Monitoring Report</li> <li><i>ARP Joint Committee Minutes</i></li> <li><i>Appointments, Transfers, Resignations [EXEMPT]</i></li> </ul>	Chair External Audit  External Audit  External Audit/ Finance Manager  Fin Mnger & S151 Officer  Fin Mnger & S151 Officer Internal Audit  Fin Mnger & S151 Officer Dir Commercial  HR Manager	<ul style="list-style-type: none"> <li>Chairman's Announcements</li> <li>External Audit Progress Report</li> <li><i>External Audit Local Govt Sector Briefing &amp; Finance Manager's Response</i></li> <li>End of Year Reports &amp; Draft Service Delivery Plans</li> <li>Internal Audit Charter and Work Plan 2019/20</li> <li>Internal Audit Progress Report</li> <li><i>ARP Joint Committee Minutes</i></li> <li><i>Action taken by the Chief Executive on the Grounds of Urgency (if any)</i></li> <li>Forward Agenda Plan</li> </ul>	Chair External Audit  External Audit /Fin Manager  Perf Mnge Officer  Internal Audit  Internal Audit  Dir Commercial  DSM  DSM	<ul style="list-style-type: none"> <li></li> </ul>		

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**[UPDATED: 16/07/18]**

**RESOURCES & FINANCE COMMITTEE**  
**ANNUAL AGENDA PLAN**

**LEAD OFFICER(S): John Hill, Chief Executive**

**DEMOCRATIC SERVICES OFFICER: Tracy Couper/Janis Murfet**

Meeting on: <b>Monday 28 January 2019</b> <b>4.30pm [continued]</b>		Meeting on: <b>Thursday 28 March 2019</b> <b>4.30pm [continued]</b>			Meeting on:	
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**[Notes: 1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked \***  
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**[UPDATED: 16/07/18]**



EAST  
CAMBRIDGESHIRE  
DISTRICT COUNCIL

## **RESOURCES AND FINANCE COMMITTEE**

Minutes of a Meeting of the Resources and Finance Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely, on Thursday, 26<sup>th</sup> July 2018 at 4.30pm.

### **PRESENT**

Councillor David Brown (Chairman)  
Councillor Christine Ambrose Smith (as a Substitute)  
Councillor David Ambrose Smith  
Councillor Ian Bovingdon  
Councillor Mike Bradley  
Councillor Steve Cheetham  
Councillor Lorna Dupré  
Councillor Mark Goldsack  
Councillor Alan Sharp  
Councillor Jo Webber (as a Substitute)

### **In attendance**

John Hill – Chief Executive  
Ian Smith – Finance Manager & S151 Officer  
Adrian Scaites-Stokes – Democratic Services Officer  
Melanie Richardson – Audit Manager, External Audit, Ernst and Young  
Rachel Ashley-Caunt – Head of Audit, LGSS

#### 24. **PUBLIC QUESTION TIME**

No questions were submitted by the members of the public.

#### 25. **APOLOGIES AND SUBSTITUTIONS**

Apologies for absence were received from Councillor Morris.

It was noted that Councillor Webber would substitute for Councillor Morris for the duration of the meeting.

#### 26. **DECLARATIONS OF INTEREST**

There were no declarations of Personal or Prejudicial Interests by Members of the Committee.

27. **MINUTES**

Councillor Lorna Dupré thought there was a failure in procedures, as there was no agenda item to follow up actions agreed by the Committee. A case in point related to the Valuation Office and the Swinford Paddocks Hotel. This matter was open for the Council to pursue if it considered anything untoward had occurred. Had the Council done that and had it taken all reasonable steps to contact the Valuation Office to make it aware of the facts?

The Finance Manager reminded Members that the Valuation Office had been tardy over the Hotel, though it had not upheld the complaint whilst acknowledging a failure of its processes. He was not aware that the Anglia Revenues Partnership had done anything to facilitate the situation.

It was resolved:

That the Minutes of the meeting of the Committee held on 18<sup>th</sup> June 2018 be confirmed as a correct record and be signed by the Chairman.

28. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman informed Members that the Conservative Group had discussed the appointment of a Member to the CIL Joint Strategy Group, that appointment being himself.

29. **EXTERNAL AUDIT – LOCAL GOVERNMENT SECTOR UPDATE**

The Committee received a report (reference T59, previously circulated) providing an update on the Council's position regarding the local government sector.

The Chairman offered thanks to the Finance Manager for providing answers to the questions previously posed by Members.

It was resolved:

That the report be noted.

30. **EXTERNAL AUDIT – AUDIT RESULTS REPORT**

The Committee received the Audit Results Report from Ernst & Young detailing the progress of the independent audit carried out.

The Audit Manager advised the Committee that the report set out the current state of the Audit, with the exception of the Officers' Remuneration which had now been completed. The Committee was reminded that 18 months ago it was stated that the audit would be difficult to complete within the new contracted timetable. This meant that there was a strong possibility that it would not be completed by the 31<sup>st</sup> July deadline. Additional resources had been provided to assist this endeavour. If the Audit was not completed by the

end of July, then the Council had to publish a notice on its website stating this. There would be no penalty if the deadline was missed nor any effect on future funding.

Councillor Bradley acknowledged that this was the first year this had been done to the new timetable and hoped that next year the Audit would be completed on time. The Audit Manager stated that a lot had been learnt this year, so improvements could be made to help next year.

31. **ANNUAL GOVERNANCE STATEMENT 2017/18**

The Committee considered a report (reference T61, previously circulated) giving the final version of the Annual Governance Statement for 2017/18.

The Head of Audit reminded the Committee that it had considered this issue a few weeks ago. Changes following that meeting had been highlighted in the report and it also reflected some updates. Everything else was as before.

Councillor Bradley noted that the reference to the Shareholder Committee only related to the Trading Company, when in fact there were two, so the reference should be to 'companies'. Officers agreed to amend the wording to suit.

It was resolved:

That the Annual Governance Statement for 2017-18 be approved.

32. **2017/18 ANNUAL FINANCIAL REPORT/STATEMENT OF ACCOUNTS**

The Committee considered a report (reference T62, previously circulated) which presented the 2017/18 Statement of Accounts for approval.

The Finance Manager advised the Committee that it had been difficult to produce the report due to the condensed timetable. The Finance department had been dealing with queries raised by the Audit and aimed to complete it by 31<sup>st</sup> July. Thanks were given to the Audit team for their help over the last few weeks to help, hopefully, achieve publication before the deadline.

There were two issues that needed highlighting. The first related to a missed accrual for last year. This was for the sum of £294K for a Section 31 grant related to business rates, which should have been included in last year's figures. This meant that last year's underspend was greater than reported.

The second related to the Pensions Valuation by the Actuaries. This had affected all councils in Cambridgeshire. This would require a new valuation, which would be subject to future work. As a result the recommendation in the report needed re-wording to include "in consultation with the Committee Chairman" as part of the authorisation process.

Councillor Bradley questioned the big difference in value of assets and liabilities and wanted to know why this had occurred. Would there be any future risk over pensions' liability? The Finance Manager replied that difference was mostly due to the new leisure centre. The Council relied on the Actuaries to advise on potential liabilities but predicting the future was difficult.

In response to Councillor Bovingdon's query about the Building Control figures, which showed a profit, the Finance Manager explained that the figures were correct but were affected by indirect costs. If the total costs for overheads was taken into account the figures would be lower.

Councillor Sharp noted that Note 12, relating to property, plant and equipment, was missing and asked that it be sent round.

Councillor Dupré noticed that £50K had been allocated for an options appraisal for Council offices and asked if that had been done. There was also a commitment to investigate modular housing provision but had that been reported to Council anywhere? The Chief Executive stated that the timetable for The Grange was being reviewed, as the Cambridgeshire and Peterborough Combined Authority was providing resources for Market Towns studies. With regards modular housing, it was likely that opportunities to provide it would go through the East Cambs Trading Company. At the moment there had been no reports received by the Board of any opportunities that Palace Green Homes wished to pursue. The East Cambs Trading Company would continue to explore any opportunities identified, which would go to the Trading Company Board and then the Shareholder Committee.

Councillor Bovingdon informed the Committee that there had been sites that modular house companies had purchased but Palace Green Homes had not been interested. The Trading Operations from the past two years showed an overall increase in turnover in the second year but a reduction in surplus, so had something failed? The Chief Executive could give no comment about the modular housing issue without knowing the sites involved. The Finance Manager would have to revisit the figures for the Trading Operations to find an answer.

It was resolved:

That the 2017/18 Statement of Accounts as set out in Appendix 1 be approved subject to the Section 151 Officer, in conjunction with Ernst & Young (EY), being authorised to make any final changes, as required, prior to final sign-off by EY by 31<sup>st</sup> July 2018.

### 33. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report (reference T63, previously circulated) which advised Members of the work of Internal Audit completed during the period April to June 2018, and the progress against the Internal Audit Plan.



The Head of Audit pointed out the new format of the report, which aimed to provide key information in an easier format. A new template had also been included which was intended to give full details of the implementation of audit recommendations, so the Committee could challenge where necessary. These new formats would be first included for the September meeting. Any issues in the 'high' or 'medium' priority categories would be brought to the attention of the Committee.

Taxi licensing had been audited and a good level of assurance had been found, was a minor risk and safeguarding was a positive outcome. Additional work on Bank Reconciliations had been carried out and it was categorised as having a minor organisational impact.

It was resolved:

That the Internal Audit progress report be noted.

#### 34. **CORPORATE RISK MANAGEMENT**

The Committee considered a report (reference T64, previously circulated) updating Members on the key risks facing the Council and the associated mitigating actions.

The Head of Audit advised the Committee that the report was positive and had incorporated a number of changes since last being reviewed. This demonstrated some engagement in the process with new risks being recognised and actions identified to mitigate those risks. Pages 4 and 5 of the report set out the identified risks, with an additional (C6) relating to governance. This had been discussed with the Risk Management Group, so it was happy with what was being done. Staff recruitment and retention was another highlighted issue.

Councillor Dupré was not convinced that the cause listed for the housing strategy (Risk number A3) was correct and asked why this had been stated rather than other factors. With regard to the partnership with Peterborough City Council, did this relate to planning staffing issues or would it be taking on homes? The shortage of a 5-year supply of houses was not shown in this Council's or Peterborough's figures.

The Chief Executive confirmed that this was one way the 5-year supply could be addressed. The Council had a robust plan by agreement with Peterborough. The Finance Manager explained that the Council had been given extra responsibility to tackle homelessness following the Homelessness Reduction Act and had to provide homes at an increased rate. The Chief Executive agreed to look at the effects and controls relating to affordable homes and there was an opportunity to revise A3.

It was resolved:

That the proposed amendments to the Corporate Risk Register be endorsed and the Chief Executive be authorised to revise (Risk number) A3.

**35. APPOINTMENTS TO INTERNAL DRAINAGE BOARDS**

The Committee considered a report (reference T65, previously circulated) regarding representation on Internal Drainage Boards.

Councillor Brown offered thanks to the parish councils which had found volunteers to fill the vacancies.

Councillor Dupré questioned the number of nominations, as they appeared to have been made by the parish councils, although this Committee was supposed to make the decision to appoint. It was a surprise that the nominees for Padnal and Waterden was equally split between Ely and Littleport and it should be asked how that decision was made. It was also not clear how Mr Moss-Eccardt had been nominated, as his application was not received in time, or who authorised it. This raised questions about the practice of asking parish councils to fill vacancies. Assurance was needed that all the nominations received were reported to this Committee, as it should determine the representation.

Councillor Webber explained that when the question had been raised at a Littleport Parish Council meeting only two volunteers came forward.

The Chief Executive informed that Committee that there had been no intention to split representation on the Padnal and Waterden IDB evenly and the Committee had received all the nominations that had come forward.

It was resolved:

To make the following appointments to the Internal Drainage Boards as nominated:

Cawdle Fen: Councillor Ian Lindsay (City of Ely Council)  
 Councillor Alison Arnold (City of Ely Council)  
 Jeremy Friend-Smith (City of Ely Council)  
 Rupert Moss-Eccardt (City of Ely Council)

Padnal and Waterden: Councillor Clive Webber (Littleport Parish Council)  
 Councillor Sue Kerridge (Littleport Parish Council)  
 Councillor Michael Rouse (City of Ely Council)  
 Councillor Richard Hobbs (City of Ely Council)

**36. FINANCE REPORT**

The Committee received a report (reference T66, previously circulated) that provided budget monitoring information for services under the

Committee's remit and the Council as a whole. This included an additional recommendation subsequently circulated prior to the meeting.

The Finance Manager advised the Committee that the current forecast for 2018/19 was for an underspend of £42K on the revenue budget, but with a capital overspend of £402K, for the Council overall. An additional recommendation was tabled which proposed increasing Building Control fees by 13% to cover additional responsibilities following the Grenfell Tower disaster. These fees had not increased since 2012.

Councillor Dupré asked whether the capital overspend was due to the new leisure centre and how it was being funded by CIL contributions. General development contributions went into this and could it have been free for use on other purposes if not used for the centre? This funding could have been used on other community projects. If recovery of the centre's costs was not successful the proportion of CIL funding would increase. This would mean no additional pressure on the Council's budget. How was the recovery process going and who received updates about this?

The Finance Manager revealed that this CIL money had not initially been allocated to the centre but was allocated later. A claim against a third party had been made to recover the money. As work proceeded on this matter this Committee would be updated, due to the financial issues involved.

Councillor Bovingdon questioned the figures in bullet points one and two under paragraph 2.1. It was explained that the first figures related to the Committee's remit, whilst the second related to the Council as a whole.

Councillor Goldsack asked for clarification about the additional 13% fee increase and how the mathematics worked out, as it was a high increase. Building Control created a profit so could increase that by a further £7K. The Finance Manager confirmed that the increase was to only to cover additional costs, such as that for new training, and not to generate additional income.

It was resolved:

- (i) To note that the projected yearend overspend of £18,000 compared to its approved revenue budget of £5,344,17;
- (ii) To note that overall the Council has a projected yearend underspend of £42,000 compared to its approved revenue budget of £13,099,778;
- (iii) To note that this Committee currently had three capital projects linked to it, each of which was forecast to come in on budget at this time;

- (iv) To note that the overall position for the Council on Capital is projected outturn of £11,983,305, which was an overspend of £402,595;
- (v) That an increase in Building Control Fees of 13% be approved with immediate effect.

37. **OUTSTANDING ANNUAL REPORTS OF REPRESENTATIVES ON OUTSIDE BODIES**

The Committee considered a report (reference T67, previously circulated) which included the outstanding Annual Reports from appointed Council representatives on Outside Bodies.

Councillor Dupré was disappointed that the reports did not cover the key issues addressed by the Outside Bodies during the year, nor what they did. The Local Government Association (LGA) report amounted to its terms of reference only. Councillor Brown thought the Committee had to accept the reports as they were, unless it wished to dictate what Members included in their reports. The Chief Executive advised the Committee that the LGA was going through a review and the outcome would be reported.

It was resolved:

That the outstanding Annual Reports from appointed Council representatives on the activities and manner in which funding was spent by the outside bodies within the responsibility of the Resources & Finance Committee be noted.

38. **ANGLIA REVENUES AND BENEFITS PARTNERSHIPS JOINT COMMITTEE MINUTES**

The Committee received a copy of the Anglia and Revenues Benefits Partnership Joint Committee minutes from the meeting held on 26 June 2018.

Councillor Brown hoped that future minutes would give details of which authorities the various Councillors were representing.

Councillor Ambrose Smith disclosed that different local authorities would be amalgamating and information would be brought to the Committee.

39. **FORWARD AGENDA PLAN**

The Committee received its forward agenda plan.

The meeting closed at 5:27pm.

Date of Publication of Decision List: 31st July 2018



EAST  
CAMBRIDGESHIRE  
DISTRICT COUNCIL

**RESOURCES & FINANCE COMMITTEE – 26<sup>th</sup> July 2018**  
**DECISION LIST**

<b>ITEM NO.</b>	<b>Ref.</b>	<b>Item</b>	<b>ISSUE</b>	<b>DECISION</b>	<b>ACTION BY</b>
6.	T59	External Audit – Local Government Sector Update	To consider the auditors' view of the local government sector.	It was resolved:  That the report be noted.	-
7.	T60	External Audit – Audit Results Report	To receive the Audit Results Report.	The report was received.	-
8.	T61	Annual Governance Statement 2017/18	To consider the final version of the Annual Governance Statement.	It was resolved:  That the Annual Governance Statement for 2017/18 be approved.	Chief Internal Auditor LGSS
9.	T62	Statement of Accounts 2017/18	To consider the 2017/18 Statement of Accounts.	It was resolved:  That the 2017/18 Statement of Accounts as set out in Appendix 1 be approved subject to the Section 151 Officer in consultation with the Committee Chairman, in conjunction with Ernst & Young (EY), being authorised to make any final changes, as required, prior to final sign-off by EY by 31 <sup>st</sup> July 2018.	Finance Manager
10.	T63	Internal Audit Progress Report	To consider the work of Internal Audit completed during April to June 2018.	It was resolved:  That the work undertaken by Internal Audit be noted.	Chief Internal Auditor LGSS
11.	T64	Corporate Risk Management	To consider the key risks facing the Council.	It was resolved:  That the proposed amendments to the Corporate Risk Register be endorsed and the Chief Executive be authorised to revise (Risk number) A3.	Chief Internal Auditor LGSS  Chief Executive

12.	T65	Appointments to Internal Drainage Boards	To consider representation on Internal Drainage Boards.	<p>It was resolved to make the following appointments to Internal Drainage Boards (as nominated):</p> <p>Cawdle Fen: Councillor Ian Lindsay (City of Ely Council) Councillor Alison Arnold (City of Ely Council) Jeremy Friend-Smith (City of Ely Council) Rupert Moss-Eccardt (City of Ely Council)</p> <p>Padnal and Waterden: Councillor Clive Webber (Littleport Parish Council) Councillor Sue Kerridge (Littleport Parish Council) Councillor Michael Rouse (City of Ely Council) Councillor Richard Hobbs (City of Ely Council)</p>	Chief Executive
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13.	T66	Finance Report	To consider the budget monitoring information for the Committee and Council.	<p>It was resolved:</p> <ul style="list-style-type: none"> <li>(i) To note that the projected yearend overspend of £18,000 compared to its approved revenue budget of £5,344,17;</li> <li>(ii) To note that overall the Council has a projected yearend underspend of £42,000 compared to its approved revenue budget of £13,099,778;</li> <li>(iii) To note that this Committee currently had three capital projects linked to it, each of which was forecast to come in on budget at this time;</li> <li>(iv) To note that the overall position for the Council on Capital is projected outturn of £11,983,305, which was an overspend of £402,595;</li> <li>(v) That an increase in Building Control Fees of 13% be approved with immediate effect.</li> </ul>	Finance Manager
14.	T67	Outstanding Annual Reports of Representatives on Outside Bodies	To consider the outstanding reports from representatives on Outside Bodies.	<p>It was resolved:</p> <p>That the outstanding Annual Reports from appointed Council representatives on the activities and manner in which funding was spent by the outside bodies within the responsibility of the Resources &amp; Finance Committee be noted.</p>	Democratic Services Officer
15.	-	Anglia Revenues & Benefits Partnership Joint Committee Minutes	To receive the minutes of the Committee meeting held 26 <sup>th</sup> June 2018.	The minutes were received.	-

Please Note: These decisions will come into effect on **9<sup>th</sup> August 2018** unless any 3 Members object and call-in the decision. The call-in must be in writing to the Chief Executive and be received by **2nd August 2018**.