



**STATEMENT OF ACCOUNTS
2007-2008**

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Statement of Responsibilities for the Statement of Accounts

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 Director of Finance, Property and Performance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Director of Finance, Property and Performance's Responsibilities

The Director of Finance, Property and Performance is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year.

In preparing this statement of accounts, the Director of Finance, Property and Performance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Director of Finance, Property and Performance has also:

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

Explanatory Foreword by the Director of Finance, Property and Performance

1 Introduction

The purpose of these accounts is to present fairly the financial results of the Council's activities for the year ended 31 March 2008, and to summarise the overall financial position of the Council as at 31 March 2008. The following paragraphs provide an overview of the financial performance and position of the Council, with supporting detail being set out within the Accounting Policies (pages 19 to 25), Accounting Statements (pages 26 to 31), the Notes to the Accounts (pages 32 to 52) and the Pension Fund (pages 53 to 62).

Information on the accounts is presented as simply and clearly as possible. However, due to the technical nature of the accounts, the use of accounting terms is required in certain cases. A glossary of the meanings of these terms is provided on pages 63 to 65 to help the reader's understanding.

The Statement of Accounts has been prepared in accordance with statutory requirements detailed in the Local Government Act 2003, The Accounts and Audit Regulations 2003 and the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2007(SORP 2007), which define the content and layout of the accounts.

SORP 2007 is prepared on the basis that the published Statement of Accounts gives interested parties, including electors, council members and employees, clear information about the Council's finances, and allows the accounts to be comparable with other local authority accounts.

2 The Statement of Accounts

The Statement of Accounts brings together the major financial statements for the Council for the financial year 2007-08. The various sections and their contents are as follows:

- **Statement of Responsibilities for the Statement of Accounts** – identifies the officer responsible for the proper administration of the authority's finances
- **Explanatory Foreword** – this section
- **Annual Governance Statement** – identifies the systems that the Authority has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded
- **Income and Expenditure Account** – reports the Council's actual financial performance for the year, measured in terms of the resources consumed in the delivery of all the Council's services, and resources generated from general government grants and income from taxpayers to finance this activity

- **Statement of Movement on the General Fund Balance** – reconciles the surplus / deficit on the Income and Expenditure Account to the movement on the General Fund for the setting of council tax
- **Statement of Total Recognised Gains and Losses** – demonstrates how the movement in the net worth of the Council over the year is made up from the Income and Expenditure Account surplus / deficit and other unrealised gains and losses
- **Balance Sheet** – sets out the financial position of the Council at 31 March 2008
- **Cash Flow Statement** – summarises the inflows and outflows arising from transactions with third parties for both revenue and capital purposes in 2007-08
- **Pension Fund** – this section summarises the revenue and investment transactions of the Pension Fund for 2007-08 and its financial position at 31 March 2008. The Council administers this fund on behalf of all local authorities in Cambridgeshire, plus a number of other public and voluntary bodies

The various financial statements are supported by appropriate technical notes, a statement of accounting policies and a glossary of terms.

3 Changes in Accounting Policy

In line with the new local authority reporting requirements outlined in SORP 2007, the following changes have been made:

- The Fixed Asset Restatement Account and the Capital Financing Account have been replaced by the Revaluation Reserve and the Capital Adjustment Account.
- A new reserve, the Financial Instruments Adjustment Account has been created.

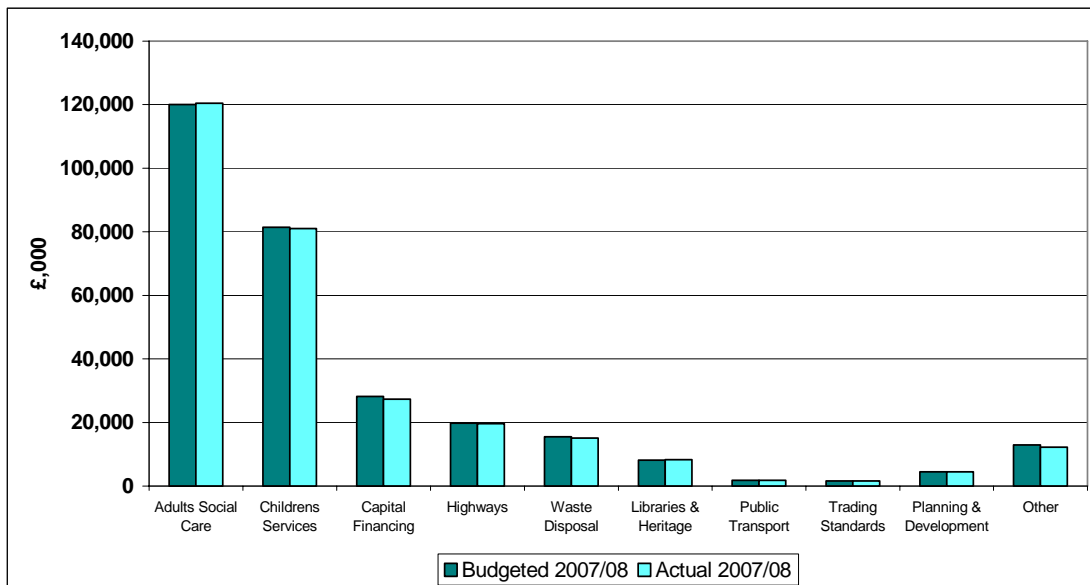
The impact of both of these changes is described in Note 1: Changes in Accounting Policy.

4 Overview of the Year

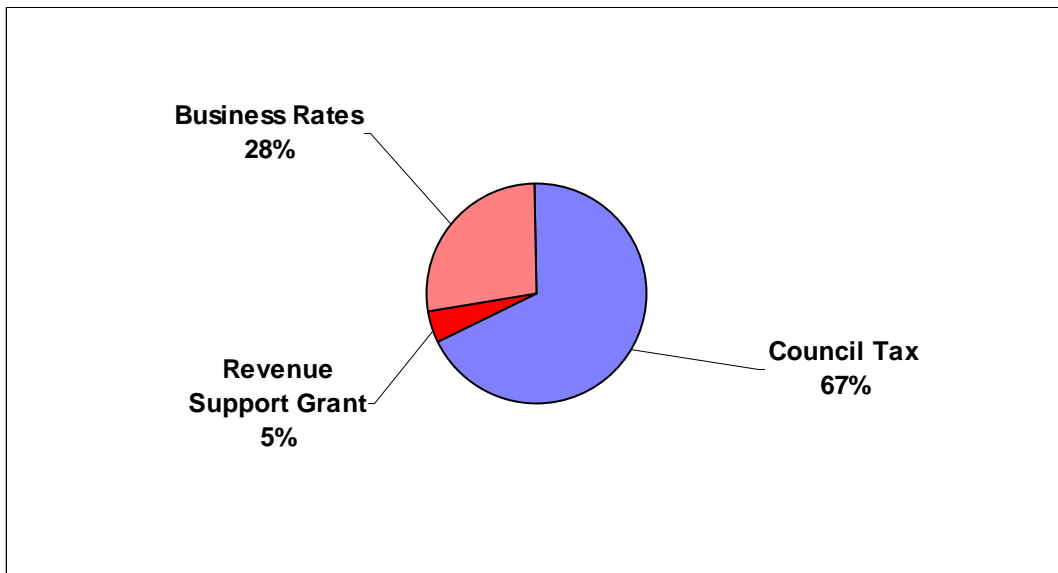
4(a) Revenue Spending on Services

The Council's revised net revenue budget for the year was £293.9m. Actual spending for the year was £291.8m, some £2.1m under the revised budget.

The chart below outlines how much we spent in key service areas compared to budget:



The Council's net budget is mainly financed through council tax, business rates and government grant, as can be seen below.



The Council's gross income also includes specific government grants, charges from fees, income from sales and partnership funding from other public sector bodies. The scale of this income is outlined in the income and expenditure account.

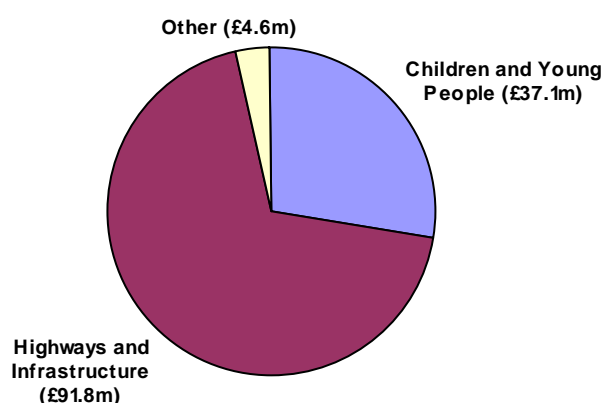
4(b) Reserves

The Council's reserves provide it with vital flexibility in ever-changing circumstances. At 31 March 2008, reserves available for use in this way (Earmarked Reserves and General Fund Balances only) stood at £49.5m, although £42.4m was earmarked for specific purposes, including £22.7m under the control of locally managed schools and £5.4m to cover insurance risks. The Balance Sheet shows general reserves (i.e. General Fund Balances) at the end of 2007-08 of £7.2m, which is 2.4% of the net 2007-08 budget. This is slightly above the Council's targeted level of 2%.

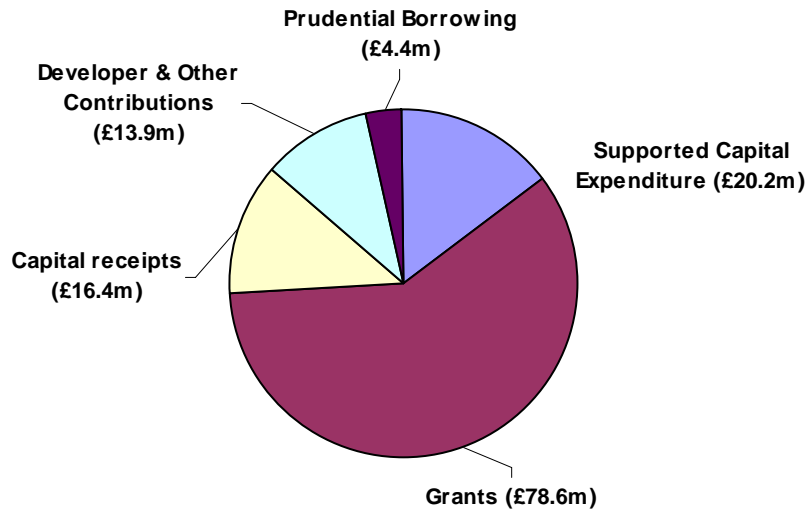
4(c) Capital Spending and Financing

The Council's revised capital budget for the year was £172.7m. Actual capital expenditure financed from capital resources for the year was £133.5m, some £39.2m under the revised budget. However, it must be noted that this is due to the timing of spend, as many capital projects span a number of years, and does not represent underspends on schemes.

The chart below outlines the key areas where we invested in the financial year:



Given that spending was lower than expected, it was not necessary to utilise all available funding. This funding will roll forward into 2008-09 to support completion of the schemes. The following chart outlines how we financed our capital spend this year:



Supported Capital Expenditure is where the Council is allowed to borrow to fund the capital investment, and receives grant in future years to meet interest and repayment costs. Prudential borrowing is where the Council also undertakes borrowing, but must meet interest and repayment costs from its own resources.

4(d) External Borrowing and Investment

The total debt outstanding at the year-end was £227m which was well within the maximum limit prescribed by legislation of £354m. There was a net repayment of £2.0m of long term loans in the year, as a result of better than anticipated cash flows.

Cash surpluses occurring during the year have been invested in accordance with guidance issued by the Government and the Council's agreed Treasury Management Strategy. The primary objective is to ensure that funds are invested prudently, with priority given to security and risk minimisation.

5 Waste Private Finance Initiative (PFI)

On 17 March 2008 the Authority entered into a contract with Donarbon Waste Management Limited to provide waste treatment and household waste facilities for the County.

The contract is for 28 years and includes responsibility for the design, build and management of new facilities to collect and process waste to enable the Authority to meet its environmental obligations and the demands of housing growth. This will include the provision of a Mechanical Biological Treatment (MBT) facility at Donarbon's Waterbeach site. The contract has an estimated core value over 28 years of £730 million, with additional payments and credits due for third party income share, performance and other matters. The Council has secured £35 million in Government PFI credits (indexed at 6.3%) to help off-set the costs of the scheme.

6 Pensions

The accounts reflect the underlying commitment that the Council has to pay future retirement benefits for its employees. This information has been compiled by the Fund's actuary in accordance with the Financial Reporting Standard 17: Retirement Benefits (FRS 17).

The estimated pension liability, measured on an actuarial basis, has decreased from £183m at 1 April 2007 to £158m at 31 March 2008. The deficit will be made good by increased employer contributions over the remaining working life of employees, as assessed by the actuary.

The Council's employer contributions were 14.7% in 2007-08, and will rise to 19.0% over a 3 year period.

7 Conclusion

I am extremely grateful to all the finance staff across the Authority for the support and enthusiasm which they have brought to the many and challenging tasks they have faced, and who have worked hard to close the accounts to a demanding timescale.

Further information about the Statement of Accounts can be obtained from the Corporate Finance Manager:

Address: RES 1211
Shire Hall
Castle Street
Cambridge, CB3 0AP

Telephone: 01223 715333

E-mail: corporate.finance@cambridgeshire.gov.uk

Director of Finance, Property and Performance Certificate

I certify that this Statement of Accounts presents fairly the financial position of the Council on 31 March 2008 and its income and expenditure for the year 2007-08.

Director of Finance, Property and Performance

Council Approval

I confirm that these accounts were approved by the Council at the meeting of the Audit and Accounts Committee held on 27 June 2008, and that the Committee endorsed the subsequent changes to the accounts on 29 September 2008.

Signed on behalf of Cambridgeshire County Council:

Chairman of meeting approving the accounts:

Date:

Independent Auditors' Report to the Members of Cambridgeshire County Council

Independent Auditors' Report to the members of Cambridgeshire County Council

We have audited the financial statements of Cambridgeshire County Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Pension Fund Account and Net Assets Statement, and the related notes. The financial statements have been prepared under the accounting policies set out within them.

Respective Responsibilities of the Chief Financial Officer and Auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Financial Statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

This report, including the opinion, has been prepared for and only for Cambridgeshire County Council's members as a body in accordance with the Audit Commission Act 1998 and for no other purpose as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Council and its income and expenditure and cashflows for the year and the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

We review whether the Governance Statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Governance Statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

We read the other information published with the financial statements and consider whether it is consistent with the audited financial statements. This other information comprises only the explanatory foreword. We consider the implications for our report if

we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of Cambridgeshire County Council as at 31 March 2008 and its income and expenditure and cash flows for the year then ended.

PricewaterhouseCoopers LLP
Cambridge
Date

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

Council's Responsibilities

The Council 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 regularly review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Council has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and we are satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, in all significant respects, Cambridgeshire County Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2008.

Best Value Performance Plan

We issued our statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 in October 2007. We did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

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

PricewaterhouseCoopers LLP
Cambridge
Date

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Annual Governance Statement

1. SCOPE OF RESPONSIBILITY

Cambridgeshire County 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at <http://camweb/ocs/gov/audit/>. This statement explains how the Council has complied with the Code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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, where appropriate, leads the community. 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, cost effective services.

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 the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at the Council for the year ended 31 March 2008 and up to the date of approval of the annual report and statement of accounts.

3. THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements are:

- Members exercising strategic leadership by developing a Policy Framework which includes the Vision for Cambridgeshire 2007 to 2021, which sets out and communicates the Council's vision of its purpose and intended outcomes for citizens and service users;
- Measuring the quality of services for users through the mechanism of the Corporate Balanced Scorecard, and using the Integrated Planning Process to ensure that services are delivered in accordance with the authority's objectives, and represent the best use of resources;
- Having a written Constitution which specifies the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Having developed and embedded Codes of Conduct which define the standards of behaviour for members and employees;
- Setting out within the Constitution Schemes of Delegation to members and officers, Financial Procedure Rules and other supporting procedures which clearly define how decisions are taken and the processes and controls required to manage risks; and having in place arrangements to ensure these are reviewed regularly;
- Having an Audit and Accounts Committee which is responsible for independent assurance on the adequacy of the risk management framework and the associated control environment; the independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment; and to oversee the financial reporting process;
- Appointing statutory officers to support and monitor the Council's governance arrangements, ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful;
- Having embedded arrangements for Whistleblowing and for receiving and investigating complaints from the public;
- Adopting a Listening and Involving Strategy which, along with arrangements for Public Questions, the Your Cambridgeshire residents newspaper and other formal reports ensures there are clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- Providing a Partnership Toolkit which gives guidance about the appropriate governance standards for partnerships.

4. REVIEW OF EFFECTIVENESS

The 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 the effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by the comments made by the external auditors and other review agencies and inspectorates.

The Governance Framework and its constituent elements have been developed by the Director of Governance and consulted upon with the Corporate Leadership Team, all Members, the Audit and Accounts Committee and the Standards Committee as appropriate. The Governance Framework links closely to the Assurance Framework, which brings together the work of both internal review mechanisms and external review agencies, and is reviewed regularly by the Audit and Accounts Committee and the Governance and Risk Officer Group.

The arrangements for reviewing the Governance Framework comprise:

- An independent appraisal commissioned by the Director of Governance of the entire Governance Framework and Internal Control Environment in accordance with CIPFA guidance.
- The annual report and opinion on the Internal Control Environment prepared by the Head of Internal Audit. This review draws upon the outcome of audit reviews undertaken throughout 2007/2008 designed to provide assurance on the effectiveness of internal controls. The activity of Internal Audit has been reported on periodically through the year to the Audit and Accounts Committee. A review of the effectiveness of the system of internal audit has confirmed that work of Internal Audit may be relied upon as a key source of evidence supporting this Annual Governance Statement.
- The completion of internal Assurance Statements by Directors setting out how they meet responsibilities in key control areas.
- The consideration of the outputs from Member and officer led reviews undertaken during the year, and the comments made by the external auditors and other review agencies and inspectorates in their annual audit letter and other reports.

A review of actions undertaken in response to the 2006/2007 Statement on Internal Control has indicated progress in the following areas:

- The Council's Code of Corporate Governance has been updated in line with CIPFA/SOLACE guidance.
- The Council's Audit and Accounts Committee is receiving regular reports on the Council's Assurance Framework.
- The Council's Audit and Accounts Committee has agreed an initial draft of a Counter Fraud Strategy for the Authority.
- Members have received training in the new Code of Conduct for Members.
- A risk register has been established for the Office of Children and Young People's Services.

- A partnership toolkit has been developed and publicised.
- Off-site backup tape storage is now in place and fire protection and general security have been enhanced in the main IT server room.
- A corporate data quality policy has been developed and agreed.
- Work to develop an Information Management strategy has commenced.
- The Health and Safety Team restructure has been completed.
- Internal Audit recommendations continue to be followed up to ensure that agreed actions are implemented.

5. SIGNIFICANT GOVERNANCE ISSUES

The review of the effectiveness of the Governance Framework has provided a satisfactory level of assurance ⁽¹⁾ on the effectiveness of the Council's governance arrangements.

The review of the Governance Framework has identified some areas for continuous improvement that the Council considers are important for action:

| ACTION | Target date | Officer responsible | Portfolio-holder responsible |
|---|--------------------|--|---------------------------------------|
| To assess the governance arrangements of the Council's key partnerships via the mechanism of the Partnership Toolkit | March 2009 | All Deputy Chief Executives | Deputy Leader of the Council |
| To review the governance arrangements for Cambridgeshire Together | March 2009 | Chief Executive / Deputy Chief Executive (CYPS) | Leader of the Council |
| To develop protocols to ensure that there is a shared understanding of roles and objectives maintained between the Leader and Chief Executive | September 2008 | Chief Executive | Leader of the Council |
| To review arrangements for assessing the skills required by Members to enable roles to be carried out effectively | March 2009 | Director of Governance / Director of People and Policy | Deputy Leader |
| To amend protocols in place to support the Councillor Call for Action in the light of forthcoming regulation | March 2009 | Director of Governance | Cabinet Member for Corporate Services |

(1). Satisfactory assurance is defined as "whilst there is basically a sound system of control, there are some more significant weaknesses, which may put some of the system objectives at risk".

| ACTION | Target date | Officer responsible | Portfolio-holder responsible |
|--|--------------------|---|---|
| To implement any constitutional changes required by the Local Government and Public Involvement in Health Act | March 2009 | Director of Governance | Cabinet Member for Corporate Services |
| To further enhance dialogue with and accountability to the public through the development of Neighbourhood Panels | March 2009 | Area Director East Cambridgeshire and Fenland / Director of Governance | Cabinet Member for Communities |
| To continue work to improve the performance of Adult Social Care | March 2009 | Director of Adult Support Services | Cabinet Member for Adults, Health and Wellbeing |
| To continue work to improve safe recruitment processes | March 2009 | Director of People and Policy | Cabinet Member for Corporate Services |
| To continue work to improve control in respect of Health and Safety systems | March 2009 | Director of Governance | Cabinet Member for Corporate Services |
| To further enhance Business Continuity arrangements within the Council by implementing the lessons from the successful 'Exercise Multitude' | March 2009 | Director of Governance | Cabinet Member for Corporate Services |
| To develop a data quality self assessment tool for use by managers and target any additional data quality support required accordingly To ensure robust systems for ensuring data quality in partnership work | March 2009 | Director of Finance, Performance and Property | Cabinet Member for Corporate Services |
| To enhance the information provided to school governors relating to the performance of schools | March 2009 | Director of Learning | Cabinet Member for Learning |
| To continue the work to support the roll out of the Financial Management Standard in Schools | March 2009 | Director of Finance Property and Performance / Director of Planning and Development | Cabinet Member for Corporate Services / Cabinet Member for Learning |

| ACTION | Target date | Officer responsible | Portfolio-holder responsible |
|--|--------------------|--------------------------------------|---------------------------------------|
| To update the Council's Whistleblowing policy both for employees and for members of the public which wish to report matters of concern | September 2008 | Director of Governance | Cabinet Member for Corporate Services |
| To continue the risk reduction programme in relation to IT servers | March 2011 | Director of Business Services and IT | Cabinet Member for Corporate Services |
| To implement actions agreed as a result of work by Internal Audit and External Review Agencies | March 2009 | Directors | All Cabinet Members |

6. LEADER OF THE COUNCIL AND CHIEF EXECUTIVE STATEMENT

We have been advised on the implications of the result of the review of the effectiveness of the Governance Framework by the Audit and Accounts Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

Councillor L MacGuire
Deputy Leader of Council

Mark Lloyd
Chief Executive

Signed on behalf of Councillor J Tuck
Leader of the Council

30 June 2008

Statement of Accounting Policies

1 General principles

The accounts have been prepared in accordance with the 2007 Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2007 (the SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounts are prepared on the historical cost basis, subject to departures to measure and depreciate fixed assets on a current value basis.

2 Fixed assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

Fixed Assets have been valued as follows:

Assets other than infrastructure and community assets have been included in the balance sheet at net current replacement cost, or net realisable value if surplus to requirements. Infrastructure and community assets have been included in the balance sheet at historic cost. The valuation of the farms estates is based on a discounted cash flow of future rental income.

The asset valuations used in the accounts are revalued over a period of five years by an internal valuer with an ARICS qualification. New acquisitions are brought into the accounts at cost. Assets with a value less than £20,000 and all vehicles and equipment charged to the revenue account are excluded.

3 Capital accounting accounts

Two accounts are required in the Council's balance sheet for capital accounting:

- the Revaluation Reserve, which represents the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets together with the net book value of assets disposed. The Revaluation Reserve contains only gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account, and
- the Capital Adjustment Account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans.

The above accounts are not available to fund future expenditure.

4 Capital receipts

When an asset is disposed of the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account. The gain or loss on the disposal of a fixed asset is the amount by which the disposal proceeds are more (gain) or less (loss) than the carrying amount of the fixed asset.

Capital receipts are required to be credited to the Usable Capital Receipts reserve and can then only be used to finance capital expenditure or to repay debt.

Income that is not reserved for the repayment of external loans and has not been applied in financing capital expenditure is shown on the Balance Sheet as usable capital receipts.

5 Charges to revenue for fixed assets

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

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

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

6 Depreciation

Assets other than land are being depreciated over their useful economic lives, using the straight line method for buildings and the reducing balance method for infrastructure over the following periods:

- Buildings 25 years
- Infrastructure 40 years

The SORP requires that upon a review of asset lives, depreciation would be calculated over the revised remaining useful life of the asset.

7 Intangible assets

This represents expenditure on assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences). This expenditure is capitalised when it will bring benefits to the council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the asset to reflect the pattern of consumption of benefits.

8 Debtors and creditors

Revenue and capital transactions are recorded on an accruals basis in accordance with Financial Reporting Standard 18: Accounting Policies (FRS 18), mainly based on actual amounts with no significant estimates. That is, income and expenditure are matched to the service provided in the financial year.

9 Financial liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

10 Financial assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. The Authority does not currently have any of these.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

11 External interest

This is accounted for on an accruals basis. External investment income is credited to revenue over the period to which it relates.

12 Government grants

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (eg Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure. Capital grants, to the extent that they are applied to finance capital expenditure, are credited to the Capital Grants Deferred Account and offset against any depreciation charged to revenue in connection with the asset concerned.

13 Long-term contracts

Long-term contracts are accounted for on the basis of the Income and Expenditure Account being charged in the year during which the cost of goods or services were received or provided.

14 Operating leases

Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

15 Post balance sheet events

Material post balance sheet events that relate to conditions that did not exist at the balance sheet date are disclosed by way of a note to the accounts.

16 Stocks

Stocks are included in the Balance Sheet at the lower of cost and net realisable value.

17 Retirement benefits

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF).
- The Local Government Pensions Scheme, administered by Cambridgeshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the council.

However, arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the education service revenue account is charged with the employer's contributions payable to Teachers' Pension Scheme in the year.

The Local Government Pension Scheme

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

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie 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 a discount rate of 6.9% (based on the indicative rate of return on an index of AA rated corporate bonds with maturities in excess of 15 years).
- The assets of the pension fund attributable to the council are included in the Balance Sheet at their fair value:
 - quoted securities – mid-market value
 - unquoted securities – professional estimate
 - unitised securities – average of the bid and offer rates
 - property – market value.
- The change in the net pensions liability is analysed into eight components:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
 - Expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account
 - Gains/losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees
 - Debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

18 Allocation of support service costs

Central administrative expenses are charged to users based on the cost of the service provided. Where the level of service is under the control of the Service Director, a specific charge for that service is made. No recharges are made for costs that are classified as Corporate and Democratic Core or Non Distributed Costs.

19 Research and development costs

All costs are written off in the year in which they are incurred.

20 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and they do not represent usable resources for the Council.

21 Investments

Investments are shown in the Balance Sheet at cost.

22 Debt redemption

Debt is reduced by the amount of the Minimum Revenue Provision; that is 4% of the Capital Financing Requirement as required by the Local Government Act 2003.

23 Deferred charges

Deferred charges represent expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. Deferred charges

incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where the council has determined to meet the cost of the deferred charges from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

24 Provisions

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing or amount of the transfer is uncertain. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (eg from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

25 VAT

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

Income and Expenditure Account

This summary shows the total gross revenue spending by service. Net spending is then arrived at by deducting two main types of income:

- fees, charges and other locally derived income;
- specific grants received from central government to support government initiatives, particularly in Education and Social Services.

Where recharges are made between or within services the recharged cost is shown once only with the original gross spending and the income from the recharge excluded.

| Notes | Service | Gross spend 2007-08 £000 | Income 2007-08 £000 | Net spend 2007-08 £000 | Net spend 2006-07 (restated)* £000 |
|-------|--|-----------------------------------|---------------------------|---------------------------------|--|
| | Corporate and Democratic Core | 28,387 | 21,860 | 6,527 | 6,340 |
| | Non Distributed Costs | 208 | - | 208 | 591 |
| | Central Services to the Public | 1,690 | 811 | 879 | 1,489 |
| | Court Services | 292 | - | 292 | 1,023 |
| | Cultural, Environmental and Planning Services | 44,275 | 9,193 | 35,082 | 30,837 |
| | Children's and Education Services | 527,252 | 434,198 | 93,054 | 84,268 |
| | Highways, Roads and Transport | 52,719 | 21,983 | 30,736 | 26,905 |
| | Adult Social Care | 271,531 | 150,341 | 121,190 | 119,815 |
| | NET COST OF SERVICES | 926,354 | 638,386 | 287,968 | 271,268 |
| 3 | Trading accounts | | | 95 | 463 |
| | Environment Agency Levy | | | 316 | 309 |
| | Gain or loss on disposal of fixed assets | | | -24 | - |
| | Interest payable | | | 10,338 | 11,302 |
| | Interest income | | | -1,009 | -346 |
| 22(b) | Pensions interest cost and expected return on pension assets | | | 515 | 1,672 |
| | NET OPERATING EXPENDITURE | | | 298,199 | 284,668 |
| | Sources of finance: | | | | |
| | County Precept – Collection Funds | | | -196,220 | -182,750 |
| | Revenue Support Grant | | | -13,797 | -15,095 |
| | National Non-Domestic Rates | | | -82,214 | -79,010 |
| | DEFICIT FOR THE YEAR | | | 5,968 | 7,813 |

* 2006-07 comparatives have been restated due to changes in BVACOP, see Note 1(c).

Statement of Movement on the General Fund

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

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

This reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the General Fund Balance.

| | 2007-08 | 2006-07 |
|---|----------------|----------------|
| | £000 | £000 |
| Deficit for the year on the Income and Expenditure Account | 5,968 | 7,813 |
| Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year | -7,045 | -8,873 |
| Increase in General Fund Balance for the year | -1,077 | -1,060 |
| General Fund Balance brought forward | -6,074 | -5,014 |
| General Fund Balance carried forward | -7,151 | -6,074 |
| Amount of General Fund Balance held by schools under local management schemes | - | - |
| Amount of General Fund Balance generally available for new expenditure | -7,151 | -6,074 |
| | -7,151 | -6,074 |

Analysis of Additional Items Required by Statute and Non-Statutory Proper Practice to be Taken into Account in Determining the General Fund Surplus or Deficit for the Year

| 2006-07 £000 | | 2007-08 £000 |
|-----------------|---|-----------------|
| | Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the General Fund surplus or deficit | |
| -24,092 | Depreciation and impairment of fixed assets | -33,589 |
| -295 | Deferred charges and other exclusions | -212 |
| -388 | Amortisation of intangible assets | -388 |
| 5,898 | Government grants deferred amortisation matching depreciation and impairments | 9,748 |
| - | Net profit on sale of fixed assets | 24 |
| - | Differences between amounts debited / credited to the Income and Expenditure Account and amounts payable / receivable to be recognised under statutory provisions relating to premiums and discounts on the early repayment of debt | 91 |
| -26,240 | Net charges made for retirement benefits in accordance with FRS 17 | -23,511 |
| 17,729 | Employer's contributions payable to the pension fund | 20,834 |
| | Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the General Fund surplus or deficit | |
| 12,211 | Statutory provision for repayment of debt | 13,054 |
| 746 | Capital expenditure financed from the General Fund | 341 |
| | Transfers to or from the General Fund that are required by statute to be taken into account when determining the General Fund surplus or deficit | |
| 5,558 | Transfers made at the discretion of the Council to or from reserves that have been earmarked for specific purpose | 6,563 |
| -8,873 | Amount by which the surplus on the General Fund for the year was greater than the Income and Expenditure Account result for the year | -7,045 |

Balance Sheet

| Notes | 31 March 2008 | | 31 March 2007 (restated) | |
|---|------------------|------------------|-----------------------------|------------------|
| | £000 | £000 | £000 | £000 |
| FIXED ASSETS | | | | |
| 13 Operational assets: | | | | |
| Land and buildings | 796,661 | | 731,892 | |
| Infrastructure | 440,581 | | 357,349 | |
| Community assets | 79 | | 86 | |
| | <u>1,237,321</u> | | <u>1,089,327</u> | |
| 13 Non-operational fixed assets: | | | | |
| Assets under construction | 89,030 | | 69,434 | |
| Surplus assets, held for disposal | 14,999 | | 5,042 | |
| | | <u>1,341,350</u> | | 1,163,803 |
| 14 Intangible assets | | 1,167 | | 1,555 |
| 15 Long-term debtors | | <u>2,382</u> | | <u>7,460</u> |
| TOTAL LONG-TERM ASSETS | | 1,344,899 | | 1,172,818 |
| CURRENT ASSETS: | | | | |
| 16 Stocks and work in progress | 445 | | 543 | |
| Debtors | 60,525 | | 65,670 | |
| Payments in advance | 8,337 | | 5,710 | |
| Cash at bank | 8,351 | | - | |
| | | <u>77,658</u> | | <u>71,923</u> |
| Less: | | | | |
| CURRENT LIABILITIES: | | | | |
| 17 Loans repayable within twelve months | -13,999 | | -32,300 | |
| 18 Creditors | -94,851 | | -71,276 | |
| Bank overdraft | - | | -6,340 | |
| | | <u>-108,850</u> | | <u>-109,916</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,313,707 | | 1,134,825 |
| Less: | | | | |
| 17 Long-term loans | -213,080 | | -212,210 | |
| 19 Grants and contributions deferred | -234,199 | | -151,468 | |
| 20 Capital grants and contributions unapplied | -38,073 | | -37,276 | |
| 21 Deferred credits | -2,088 | | -2,296 | |
| 22 Pension scheme liability | -157,883 | | -183,410 | |
| 23 Provisions | -5,681 | | -1,979 | |
| | | <u>-651,004</u> | | <u>-588,639</u> |
| TOTAL ASSETS LESS LIABILITIES | | 662,703 | | 546,186 |
| FINANCED BY: | | | | |
| 2 Revaluation Reserve | | 83,692 | | - |
| 2 Capital Adjustment Account | | 686,452 | | 687,357 |
| 2 Usable Capital Receipts Reserve | | 2,772 | | 371 |
| 2 Financial Instruments Adjustment Account | | -1,838 | | - |
| 2 Earmarked reserves | | 42,357 | | 35,794 |
| 2 General Fund Balance | | 7,151 | | 6,074 |
| 2 Pensions Reserve | | -157,883 | | -183,410 |
| NET WORTH | | 662,703 | | 546,186 |

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year. The gain on revaluation of fixed assets (mostly land and buildings) and actuarial gain on pension assets and liabilities represent gains and losses from re-measuring (broadly revaluing) certain assets and liabilities to current value at the balance sheet date and do not contribute to the resources that can be used to fund the Council's services.

| 2006-07 £000 | | 2007-08 £000 |
|-----------------|--|-----------------|
| 7,813 | Deficit on the Income and Expenditure Account for the year | 5,968 |
| -62,435 | Surplus arising on the revaluation of fixed assets | -96,002 |
| -45,090 | Actuarial gains on pension assets and liabilities | -28,204 |
| -206 | Grant support for the Minimum Revenue Provision | -209 |
| -99,918 | Recognised gains and losses for the year | -118,447 |
| - | Exceptional adjustments to 31 March 2007 balances for change in accounting policies relating to financial instruments | 1,930 |
| -99,918 | Total recognised gains and losses for the year | -116,517 |

Cash Flow Statement

The Cash Flow Statement shows how the Council spent its money and where that money came from. Revenue and capital transactions are brought together, and internal transfers excluded. This is so as to show only the cash receipts and payments external to the Council. Pensions and trust funds are excluded from this analysis.

| | 2007-08 | | | 2006-07 | | |
|--|----------|----------|----------|----------|----------|----------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Revenue Activities | | | | | | |
| Cash outflows: | | | | | | |
| Cash paid to and on behalf of employees | -415,865 | | | -393,013 | | |
| Other operating costs | -310,894 | -726,759 | | -302,934 | -695,947 | |
| Cash inflows: | | | | | | |
| Rents | 2,879 | | | 3,127 | | |
| Precepts | 196,220 | | | 182,750 | | |
| Non-domestic rate income | 82,214 | | | 79,010 | | |
| Revenue Support Grant | 13,797 | | | 15,095 | | |
| Other government grants | 356,318 | | | 338,670 | | |
| Cash received for goods and services | 147,020 | | | 109,993 | | |
| | | 798,448 | 71,689 | | 728,645 | 32,698 |
| Servicing of finance | | | | | | |
| Cash outflows: | | | | | | |
| Interest paid | | -10,404 | | | -11,269 | |
| Cash inflows: | | | | | | |
| Interest received | | 956 | -9,448 | | 240 | -11,029 |
| Capital activities: | | | | | | |
| Cash outflows: | | | | | | |
| Purchase of fixed assets | | -133,128 | | | -104,119 | |
| Cash inflows: | | | | | | |
| Sale of fixed assets | 24,043 | | | 8,264 | | |
| Capital grants received | 78,835 | 102,878 | -30,250 | 58,779 | 67,043 | -37,076 |
| Net cash inflow or outflow before financing | | | 31,991 | | | -15,407 |
| Management of liquid resources | | | | | | |
| Net change in short term deposits | | | 0 | | | 0 |
| Financing | | | | | | |
| Cash outflows: | | | | | | |
| Repayments of amounts borrowed | | | -122,775 | | | -325,486 |
| Cash inflows: | | | | | | |
| New loans raised | | | 15,000 | | | 35,500 |
| New short term loans | | | 90,475 | | | 300,200 |
| Increase or decrease in cash | | | 14,691 | | | -5,193 |

Notes to Accounts

1. CHANGES IN ACCOUNTING POLICY

(a) Introduction of the Revaluation Reserve and the Capital Adjustment Account

The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006-07 to accommodate the implementation of the Revaluation Reserve. The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £460,961k on the FARA at 31 March 2007 has been written off to the Capital Financing Account to form the new Capital Adjustment Account. The Revaluation Reserve has then been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve at 31 March 2008 therefore only shows revaluation gains accumulated since 1 April 2007.

(b) Financial instruments

SORP 2007 introduced accounting for financial instruments in line with Financial Reporting Standards 25, 26 and 27.

The SORP required the write off to the General Fund of £1,928k of the deferred premium balance on early repayment of debt of £4,564k at 31 March 2007. However, statute allowed the creation of a Financial Instruments Adjustment Account and a corresponding transfer was made from this account so that the derecognition has no impact on reserves. The £2,561k remaining after the annual write off of £75k has been included within long term borrowings together with the replacement loans to which it relates.

Interest accrued on loans at 31 March 2008 of £2,430k is disclosed with the loans to which it relates. At 31 March 2007 the interest accrual of £2,344k was included as part of creditors. In line with the SORP, no adjustment to comparatives has been made.

Adjustments to balances at 1 April 2007 in respect of financial instruments accounting have no net impact on the Statement of General Fund Balances for the year, but they are disclosed in the Statement of Recognised Gains and Losses.

(c) BVACOP changes

The service analysis presented within the Income and Expenditure Account is determined by the Best Value Accounting Code of Practice 2007 (BVACOP). BVACOP changes have required Children's Social Services to be reported within Children's and Education Services rather than within Social Services, as in 2006-07. As a result, the 2006-07 comparative figures within the Income and Expenditure Account have been restated, with £37,983k being reclassified between headings.

2. MOVEMENTS ON RESERVES

| | Balance brought forward (restated) £000 | Gains/ (losses) for the year £000 | Other movements £000 | Balance carried forward £000 |
|--|---|---|----------------------------|---------------------------------------|
| Revaluation Reserve * | - | 96,002 | -12,310 | 83,692 |
| Capital Adjustment Account * | 687,357 | -7,558 | 6,653 | 686,452 |
| Useable Capital Receipts Reserve | 371 | - | 2,401 | 2,772 |
| Financial Instruments Adjustment Account* | - | - | -1,838 | -1,838 |
| Pension Reserve | -183,410 | - | 25,527 | -157,883 |
| General Fund Balance | 6,074 | - | 1,077 | 7,151 |
| Earmarked reserves: | | | | |
| Carry forwards – schools | 17,524 | - | 5,187 | 22,711 |
| Carry forwards – other | -244 | - | 1,493 | 1,249 |
| Insurance fund ** | 6,617 | - | -1,252 | 5,365 |
| Other earmarked funds | 11,897 | - | 1,135 | 13,032 |
| Total earmarked reserves | 35,794 | - | 6,563 | 42,357 |
| Total | 546,186 | 88,444 | 28,073 | 662,703 |

* The Revaluation Reserve, Capital Adjustment Account and the Financial Instruments Adjustment Account have been implemented in line with SORP 2007. Further details of the change are included in Note 1.

** An insurance provision has been created from this reserve – see Note 23(b).

3. TRADING ACCOUNTS

| | Annual turnover £000 | Surplus (-) / deficit (+) £000 |
|----------------------------------|----------------------------|--------------------------------------|
| CAMARC | 1,600 | -7 |
| Schools Library Service | 258 | - |
| Camb's Instrumental Music Agency | 3,184 | 277 |
| Education ICT | 4,671 | -13 |
| Professional Centre Services | 843 | -3 |
| Burwell House Residential Centre | 301 | 30 |
| Environmental Education Service | 290 | -17 |
| Grafham Water Centre | 1,075 | 12 |
| Handyman Services | 40 | 7 |
| Groomfields | 895 | -1 |
| Grounds Maintenance Client | 191 | 23 |
| Catering | 9,780 | 73 |
| Cleaning | 1,809 | 27 |
| Business Services and IT | 3,085 | -221 |
| Legal Services | 2,271 | -121 |
| Financial Services | 2,645 | 26 |
| People and Policy | 356 | 3 |
| Total | 33,294 | 95 |

4. PUBLICITY ACCOUNT

Expenditure on publicity (as defined in the Local Government Act 1986) was as follows:

| | 2007-08 £000 | 2006-07 £000 |
|------------------------------------|-----------------|-----------------|
| Staff recruitment advertising | 1,466 | 1,233 |
| Press and Public Relations Section | 512 | 523 |
| Other | 758 | 646 |
| Total | 2,736 | 2,402 |

5. EMPLOYEE REMUNERATION

The number of Council staff (including teachers) with taxable remuneration above £50,000 is shown below.

| Remuneration | 2007-08 Numbers Total | 2006-07 Numbers Total |
|---------------------|--------------------------------------|--------------------------------------|
| £50,000 - £59,999 | 110 | 93 |
| £60,000 - £69,999 | 21 | 21 |
| £70,000 - £79,999 | 19 | 20 |
| £80,000 - £89,999 | 10 | 7 |
| £90,000 - £99,999 | 3 | - |
| £120,000 - £129,999 | - | 3 |
| £130,000 - £139,999 | 2 | - |
| £140,000 - £149,999 | 1 | - |
| £190,000 - £199,999 | - | 1 |
| Total | 166 | 145 |

6. PENSION COSTS

The revenue account includes an employer contribution of £20.9m to the teachers defined benefit pension scheme at a rate of 14.1% of salary. The capital cost of unfunded benefits for both the Teachers and the Local Government Pension Scheme is charged to the revenue account.

7. LOCAL AUTHORITY (GOODS AND SERVICES) ACT, 1970

The total income received under the Local Authority (Goods and Services) Act, 1970 was £2.89m (2006/07 £1.70m) with related expenditure of the same amount. This arose mainly from the activities of trading units.

8. RELATED PARTY TRANSACTIONS

Related parties are bodies or individuals with the potential to control or influence the Council or to be controlled or influenced by the Council. This includes the Government, Council Members and Chief Officers and the pension fund.

(a) Major government grants received in the year are shown below.

| | £000 |
|--|-------------|
| Department for Education and Skills | |
| Dedicated Schools Grant | 282,595 |
| Education Standards Fund – Revenue | 31,088 |
| Education Standards Fund – Capital | 15,193 |
| Communities and Local Government | |
| Revenue Support Grant | 13,797 |
| Supporting People | 12,581 |
| Department of Health | |
| Access and Systems Capacity | 5,435 |
| Department for Transport | |
| Guided Bus Grant | 28,304 |

- (b) All Members and Chief Officers of the Council have been requested to detail any related party transactions in as far as they affect them. The following matters need to be formally recorded: Councillor McGuire has declared the receipt of pension payments of approximately £670 and Mrs LW McGuire (trading as The Bun Run) received payments of £844.13; Councillor Griffiths has declared Membership of the Board of Trustees of Jimmy's Nightshelter in receipt of undisclosed Supporting People funding from the Council.
- (c) The pension fund had an average cash balance of £6.7m (2006/07 £2.1m) invested with the Council on which £322,000 (2006/07 £113,000) interest was paid. Administrative charges made by the Council to the pension fund were £1,873,000 (2006/07 £1,667,000).
- (d) The Council had transactions with 2 Primary Care Trusts which are detailed in Note 12.

9. LONG TERM CONTRACTS

(a) Outstanding property leases

The Council is the lessee of a number of properties with a total annual operating lease rental of £2.689m and these commitments expire in the following time periods:

| Time period | £000 |
|--------------------|--------------|
| 0 – 1 year | 275 |
| 2 – 5 years | 865 |
| 5+ years | 1,549 |
| Total | 2,689 |

(b) Computer network

The Council has entered a contract for the provision of a county-wide computer network which involves annual revenue expenditure rising from £6.3m to £6.6m over the period to 2012. This will be partly funded by a Private Finance Initiative grant and other grants and contributions, with the balance financed from existing budgets.

(c) Provision of care for the elderly

The Council has contracts for the provision of care for the elderly up to 2011, which involved a contracted payment of £8.3m in 2007-08. Subsequent annual payments will be increased by a negotiated inflation adjustment.

(d) Waste PFI

On 17th March 2008, the Council contracted with Donarbon Waste Management Limited to provide provide waste treatment and household waste facilities for the county. At the time the contract was signed, the total estimated contract payments were £730m over the 28 year contract period (termination due in 2036).

The unitary charge commenced in March 2008. £0.25m is included in the Council's revenue figures relating to this charge. In 2008-09, the authority is committed to making payments of £16.6m under the contract. The actual amount will depend on the performance of Donarbon Waste Management Limited in delivering services under the contract.

PFI credits of £2.7m per year will be received in relation to this contract. An accrual of £0.1m has been included at 31 March 2008 in relation to the first payment of these credits.

10. MEMBERS' ALLOWANCES

The allowances paid to members of the Council were £726,124 (2006-07 £700,980).

11. AUDIT FEES

Cambridgeshire County Council has incurred the following fees relating to external audit and inspection for the following years of account:

| | 2007-08 £000 | 2006-07 £000 |
|--|-----------------|-----------------|
| Fees payable with regard to external audit services carried out by the appointed auditor | 224 | 207 |
| Fees payable to the Audit Commission in respect of statutory inspection | 16 | 91 |
| Fees payable to the appointed auditor for the certification of grant claims and returns | 41 | 40 |
| Fees payable in respect of other services provided by the appointed auditor | - | 8 |

12. HEALTH AUTHORITY PARTNERSHIPS

The Council has entered a partnership agreement with the Cambridgeshire Primary Care Trust (PCT) to provide integrated health and social services for older people in Cambridgeshire. The gross expenditure is £108.3m and the Council's contribution is £74.5m.

The Council has entered a partnership agreement with the following Primary Care Trusts to provide integrated health and social services for Learning Disability Clients in Cambridgeshire and Peterborough: Cambridgeshire PCT and South Peterborough PCT. The gross expenditure of the partnership is £45.8m and the Council's contribution is £33.6m.

The Council has entered a partnership agreement with Cambridgeshire PCT to provide an Integrated Community Equipment Service in Cambridgeshire. The gross expenditure is £3.1m and the Council's contribution is £1.6m.

13. FIXED ASSETS

(a) Movement of fixed assets 2007-08

| | Land and buildings £000 | Infra- structure £000 | Community assets £000 | Non- operational £000 | Total £000 |
|--|-------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------|
| Opening GBV | 790,211 | 397,947 | 86 | 74,568 | 1,262,812 |
| Accumulated depreciation | -58,319 | -40,598 | - | -92 | -99,010 |
| Balance 1 April 2007 | 731,892 | 357,349 | 86 | 74,476 | 1,163,803 |
| Acquisitions | 9,497 | 93,332 | - | 31,043 | 133,872 |
| Disposals | -18,738 | - | - | - | -18,738 |
| Depreciation | -15,912 | -10,100 | - | -19 | -26,031 |
| Revaluations | 85,906 | - | - | 10,096 | 96,002 |
| Impairments and related adjustments | -8,179 | - | -7 | 628 | -7,558 |
| Other transfers | 12,195 | - | - | -12,195 | - |
| Balance 31 March 2008 | 796,661 | 440,581 | 79 | 104,029 | 1,341,350 |

(b) Statement of physical assets

| | 31 March 2008 | 31 March 2007 |
|--------------------------------|------------------|------------------|
| Land | | |
| County farms estate (hectares) | 13,763 | 13,907 |
| Waste disposal sites | 9 | 9 |
| Travellers' sites | 10 | 10 |
| Buildings | | |
| Houses and flats | 104 | 109 |
| Education | 270 | 269 |
| Social Services | 48 | 44 |
| Libraries and museums | 45 | 32 |
| County offices | 30 | 36 |
| Infrastructure | | |
| Council roads (miles) | 2,741 | 2,741 |

(c) Fixed assets held under lease

The net book value of land and buildings includes buildings with a net book value of £7.001m (2006-07 £5.543m) which are held under 999 year leases at peppercorn rent.

(d) Financing of capital spending

| | 2007-08 | 2006-07 |
|--------------------------------------|----------------|----------------|
| | £000 | £000 |
| <u>Through capital account:</u> | | |
| Loan finance | 24,672 | 33,078 |
| Revenue contributions | - | - |
| Capital receipts | 16,359 | 13,176 |
| Capital grants | 78,612 | 47,830 |
| Developers' contributions | 12,655 | 7,009 |
| Other public bodies | 1,233 | 1,622 |
| Total through capital account | 133,531 | 102,715 |
| Through revenue account: | 341 | 746 |
| Total financing | 133,872 | 103,461 |

(e) Details of significant commitments under capital contracts

| Expenditure approved and contracted | 31 March 2008 |
|---|----------------------|
| | £000 |
| Huntingdon office rationalisation | 3,627 |
| Harbour Special School (new 92 place residential school for EBD children) | 1,082 |
| Longsands Community College refurbishment | 1,158 |
| Sawston VC - replacement accommodation | 3,396 |
| St Neots East - new school | 1,576 |
| Grafham Water Centre - enhancement to facilities | 1,589 |
| Linton VC replacement accommodation (phase 1) | 6,703 |
| Guided Busway | 56,992 |
| Waste land purchase | 2,464 |
| Other significant schemes | 5,168 |
| Total | 83,755 |

14. INTANGIBLE ASSETS

These consist mainly of system development costs of the Council's e-business suite acquired in 2001-02 and amortised over 10 years.

| <u>Movement of intangible assets</u> | 2007-08 £000 |
|--|-------------------------|
| Opening gross book value 1 April 2007 | 4,082 |
| Cumulative amortisation to 31 March 2007 | -2,527 |
| Net balance at 1 April 2007 | 1,555 |
| Amortised to revenue account | -388 |
| Balance at 31 March 2008 | 1,167 |

15. LONG-TERM DEBTORS

| | 31 March 2008 £000 | 31 March 2007 £000 |
|---|-------------------------------|-----------------------|
| Amounts falling due after one year: | | |
| Premature loan repayment premiums | - | 4,564 |
| Learning and Skills Council | 2,088 | 2,296 |
| Local Government Reorganisation expenditure | 65 | 274 |
| Car loans to employees | 217 | 260 |
| Housing loans to employees | 11 | 38 |
| Other loans | 1 | 28 |
| Total | 2,382 | 7,460 |

Due to changes in requirements detailed in SORP 2007 (see Note 1(b)), premature loan repayment premiums are now split between the Financial Instruments Adjustment Account (Note 2) and Loans outstanding (Note 17).

16. DEBTORS

An analysis between Central Government departments and other debtors is given below:

| | 31 March 2008 £000 | 31 March 2007 £000 |
|----------------------|-------------------------------|-----------------------|
| Central Government | 27,716 | 19,061 |
| Outstanding invoices | 13,127 | 23,748 |
| Other debtors | 19,682 | 22,861 |
| Total | 60,525 | 65,670 |

17. LOANS OUTSTANDING

Loan balances reported this year contain accrued interest and premiums for the early repayment of debt for the first time (see Note 1(b)).

| | 31 March 2008 £000 | 31 March 2007 £000 |
|--|-------------------------------------|-----------------------|
| Loans repayable within 12 months: | | |
| Principal | 13,872 | 32,300 |
| Accrued interest | 127 | - |
| | 13,999 | 32,300 |
| Long-term loans: | | |
| Principal | 213,338 | 212,210 |
| Accrued interest | 2,303 | - |
| Premature loan repayment premiums | -2,561 | - |
| | 213,080 | 212,210 |

The fair value of loans outstanding for periods of less than one year is equal to the principal sum. The fair value of loans outstanding for more than one year is calculated by discounting the future principal and interest payments at the rate set by the PWLB for determining premature repayments at 31 March 2008. This amount is higher than the notional loss that would be borne if the Council carried the loan to maturity.

| | Carrying amount 31 March 2008 £000 | Fair value 31 March 2008 £000 | Carrying amount 31 March 2007 £000 | Fair value 31 March 2007 £000 |
|--------------------------------------|---|--|--|--|
| Public Works Loan Board | 166,710 | 175,905 | 183,710 | 202,552 |
| Other long-term loans | 60,500 | 60,147 | 45,500 | 49,528 |
| Temporary loans | - | - | 15,300 | - |
| Total | 227,210 | 236,052 | 244,510 | 252,080 |
| Analysis of loans by maturity | | | | |
| Maturing within 1 year | 13,872 | 13,998 | 32,300 | 32,412 |
| Maturing in 1 - 2 years | 15,000 | 15,211 | 13,872 | 13,918 |
| Maturing in 2 - 5 years | - | - | 15,000 | 14,979 |
| Maturing in 5 - 10 years | 8,043 | 8,524 | 8,043 | 8,331 |
| Maturing in more than 10 years | 190,295 | 198,319 | 175,295 | 182,440 |
| Total | 227,210 | 236,052 | 244,510 | 252,080 |

The average maturity of long-term loans is 29 years.

18. CREDITORS

An analysis between Central Government departments and other creditors is given below:

| | 31 March 2008 | 31 March 2007 |
|--------------------|----------------------|---------------|
| | £000 | £000 |
| Central Government | 16,905 | 6,554 |
| Other creditors | 67,713 | 56,343 |
| Income in advance | 10,233 | 8,379 |
| Total | 94,851 | 71,276 |

19. GRANTS AND CONTRIBUTIONS DEFERRED

| | 2007-08 |
|---|----------------|
| | £000 |
| Balance at 1 April | 151,468 |
| Add: Grants and contributions applied | 92,479 |
| Less: Depreciation charge | -8,407 |
| Less: Write off relating to disposed assets | -1,341 |
| Balance at 31 March | 234,199 |

20. CAPITAL GRANTS AND CONTRIBUTIONS UNAPPLIED

| | 2007-08 |
|--|----------------|
| | £000 |
| Balance at 1 April | 37,276 |
| Add: Capital grants and contributions received | 93,297 |
| Less: Capital grants and contributions applied | -92,500 |
| Balance at 31 March | 38,073 |

21. DEFERRED CREDITS

This item relates to income from rechargeable debt on transferred assets that is yet to be reported as income.

22. PENSION SCHEME LIABILITY AND RESERVE

(a) Share of assets and liabilities

In accordance with FRS 17 the Council is required to disclose its share of the assets and liabilities relating to the Local Government Pension Scheme which it administers on behalf of all scheduled and admitted bodies.

| | 2007-08 | 2006-07 |
|----------------------|-----------------|----------|
| | £000 | £000 |
| Share of assets | 516,861 | 530,557 |
| Share of liabilities | -674,744 | -713,967 |
| Net liabilities | -157,883 | -183,410 |

(b) Movement in deficit during the year:

| | 2007-08 | 2006-07 |
|--|-----------------|----------|
| | £000 | £000 |
| Deficit at beginning of the year | -183,410 | -219,989 |
| Current service cost | -22,788 | -23,977 |
| Employer contributions | 18,060 | 15,096 |
| Contributions in respect of unfunded liabilities | 2,774 | 2,633 |
| Past service costs | -52 | -88 |
| Impact of settlements and curtailments | -156 | -503 |
| Interest costs | -38,668 | -34,959 |
| Expected return on assets in the scheme | 38,153 | 33,287 |
| Actuarial gains | 28,204 | 45,090 |
| Deficit at end of year | -157,883 | -183,410 |

(c) History of experience gains and losses

| | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 |
|---|----------------|-------------|--------------|---------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| Difference between the expected and actual return on assets | -64,206 | 5,054 | 69,435 | 19,208 | 50,100 |
| Value of assets | 516,861 | 530,557 | 488,017 | 389,248 | 356,500 |
| Percentage of assets | -12.4% | 1.0% | 14.2% | 4.9% | 14.1% |
| Experience gains/losses on liabilities | -18,097 | -323 | 2,971 | 6,234 | -1,700 |
| Present value of liabilities | 674,744 | 713,967 | 708,006 | 595,644 | 481,628 |
| Percentage of the present value of liabilities | -2.7% | 0.0% | 0.4% | 1.0% | 0.4% |
| Actuarial gains/losses | 28,204 | 45,040 | -4,244 | -76,872 | 48,400 |
| Present value of liabilities | 674,744 | 713,967 | 708,006 | 595,644 | 481,628 |
| Percentage of the present value of liabilities | 4.2% | 6.3% | -0.6% | -12.9% | 10.0% |

(d) Actuarial assumptions

Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The valuations are based on a valuation at 31 March 2007 and updated by the Council's actuaries. The main assumptions used in the calculations are as follows:

| | 2007-08 | 2006-07 |
|--------------------|----------------|----------------|
| | % | % |
| Price increases | 3.6 | 3.2 |
| Salary increases | 5.1 | 4.7 |
| Pension increases | 3.6 | 3.2 |
| Discount rate | 6.9 | 5.4 |
| Investment return: | | |
| Equities | 7.7 | 7.8 |
| Bonds | 5.7 | 4.9 |
| Property | 5.7 | 5.9 |
| Cash | 4.8 | 4.9 |
| Total | 7.0 | 7.2 |

23. PROVISIONS

The Council has made provisions to set aside sums to meet liabilities that are likely or certain to be incurred but where the amount or timing of the payments are not known.

| | Balance at 1 April 2007 | Provisions arising | Provisions utilised | Provisions reversed | Balance at 31 March 2008 |
|---------------------|--|-------------------------------|--------------------------------|--------------------------------|---|
| | £000 | £000 | £000 | £000 | £000 |
| Landfill allowances | 1,979 | - | 1,954 | 25 | - |
| Insurance | - | 5,681 | - | - | 5,681 |
| Total | 1,979 | 5,681 | 1,954 | 25 | 5,681 |

(a) Landfill allowances

This provision relates to the usage of Landfill Allowances issued by the Government under the Landfill Allowances Trading Scheme. The allowances issued by government are held as current assets at market value. As landfill occurs, provision is made for the estimated value. Once the value of landfill has been confirmed by the Environment Agency, the relevant value of allowances will be deducted from current assets, and the provision released.

No provision has been made at 31 March 2008, as the market value of allowances has been assessed as zero, due to the low level of transactions occurring in 2007-08. The Council holds sufficient allowances at 31 March 2008 to cover outstanding landfill made at that date.

(b) Insurance

This provision is used to meet insurance claims funded by the Council. It has been created this year by reclassifying the portion of the Insurance Fund (see Note 2) that can be related to claims that are more likely than not to be payable.

24. OTHER NOTES

(a) Interest in joint bodies

As part of partnership working arrangements, the Council has interests in the following bodies at 31 March 2008. These interests have not been accounted for under the equity method of accounting for associates due to immateriality.

| | Cambridgeshire Horizons Limited | Greater Cambridge Partnership |
|--|---|--|
| Legal status of entity | Company limited by guarantee | Company limited by guarantee |
| Business of entity | To coordinate and facilitate the local development agenda | To promote and stimulate economic growth in the Greater Cambridge area |
| Council's share of entity | 16.7% | 2.9% |
| Council's share of the entity's: | £000 | £000 |
| - Turnover | 685 | 88 |
| - Operating result | - | 2 |
| - Fixed assets | - | - |
| - Current assets | 504 | 35 |
| - Liabilities due within 1 year | 315 | 30 |
| - Liabilities due after more than 1 year | - | - |

Trust funds are administered by the Council on behalf of or jointly with trustees, mainly for the benefit of children in specific schools or for children in care. The total investment at 31 March 2008 was £845,745 in 33 trusts (31 March 2007 £910,141 in 36 trusts) of which £789,910 was internally invested. Internally invested monies are consolidated and invested with the Council's cash balances, and interest is credited to the trust funds at the rates earned by the Council on cash deposits during the year.

| | £ | No. of funds |
|-----------------|----------------|---------------------|
| Social Services | 163,017 | 16 |
| Education | 682,728 | 17 |
| Total | 845,745 | 33 |

(b) Municipal Mutual Insurance (MMI)

In 1992-93 the Council's insurers, MMI, ceased taking new business and are now being managed under a "scheme of arrangement". The amount paid to the Council plus the amount outstanding under this arrangement is £11.7m. It is possible that a proportion of this may need to be repaid or will not be receivable by the Council if the scheme of arrangement is triggered by insolvency, but the amount cannot be quantified at this stage. The Chairman of the Board of Directors still predicts a 'solvent run-off' and that all agreed claims will be paid in full.

(c) Contingent asset

The Council is currently working with a partner on a capital scheme involving a profit sharing arrangement. On completion the Council and its partner will share in the profits of the scheme. However, due to the future uncertainty in property values and development costs it is not practicable to estimate the Council's share of the profit with any degree of certainty, and therefore no amounts are included in the accounts for this.

(d) Contingent liabilities

The Council is subject to a number of legal claims and actions. Only some of these claims and actions are expected to lead to any liabilities or losses being incurred by the Council.

The likely liability and loss to the Council arising from legal claims and actions is determined on an actuarial basis, based on prior years' experience and details of known claims and actions. Appropriate amounts are set aside within the Insurance Reserve to cover the assessed likely cost of such matters over the period in which they are likely to be settled. Provision is made in the balance sheet for those claims and actions where the Council can reasonably foresee that liabilities or losses will be incurred.

The assessment of the likely liability and loss to the Council necessarily involves assumptions as to the likely outcome of claims and actions and the nature and extent of events which may have occurred at the balance sheet date but of which the Council is not yet aware. Accordingly, the actual liabilities arising from events that have occurred prior to the balance sheet date could exceed or be less than the amount that has been set aside to cover such matters.

There is currently a dispute regarding the escalation in construction project costs for a capital scheme. The Council is taking a firm stance in working to reach a resolution for the disputed level of costs (£1.5m). The final sum the Council will be liable for will not be known until the dispute is fully resolved.

(e) European projects

The Council has recently been the lead partner for two European projects, Smartlife and Flows. External funding is received to finance these projects, some of which is reimbursed to partners in the projects. Both projects have now been completed on the ground, but financial close has not yet been reached. While this is the case, there remains a risk that the costs incurred by the Council or its partners may exceed the final external funding received. Where the Council has reimbursed amounts to partners against authorised claims, if it is subsequently found that these are higher than the funding available from Interreg, the Council would be liable to repay that excess to the funding body and would then have to seek repayment from its partner(s).

(f) Deferred charges

Expenditure of £2,803 on items of a capital nature was treated as a deferred charge and charged to the revenue account.

(g) Nature and extent of risks arising from financial instruments

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

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

How is each of these risks managed?

Credit risk

Investments are made in accordance with the Treasury Management Strategy approved by the Council which requires all institutions where cash is invested to have at least an 'A' long-term credit rating.

Customers for the Council's goods and services are assessed for their ability to pay in accordance with parameters set by the Council. The Council makes prudent financial provision for bad debts based on an assessment of each type of debt and the age of those debts. Outstanding invoices can be analysed by age as follows:

| Age of outstanding invoices | £000 |
|------------------------------------|---------------|
| Less than 3 months | 12,061 |
| 3 to 6 months | 326 |
| 6 months to 1 year | 334 |
| More than 1 year | 617 |
| Total | 13,338 |

Liquidity risk

The maturity profile of loans raised is spread over a period of up to 70 years to mitigate the risk of encountering difficulties in raising liquidity on favorable terms in any one year. A maturity analysis of loans outstanding is provided in Note 17.

Market risk

Investments consist entirely of cash deposits and hence there is no exposure to changes in market value.

25. ANALYSIS OF GOVERNMENT REVENUE GRANTS

| | 2007-08 | 2006-07 (restated)* |
|---|----------------|------------------------|
| | £000 | £000 |
| Children's and Education Services | 327,004 | 318,551 |
| Highways | 4,317 | 2,750 |
| Adult Social Care | 21,756 | 12,794 |
| Cultural, Environmental, Planning & Development | 1,019 | 2,138 |
| Central Services | 2,222 | 2,437 |
| | 356,318 | 338,670 |

* 2006-07 comparatives have been restated to reflect changes to the BVACOP classifications (see Note 1(c)).

26. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded by grant monies provided by the Department for Children, Schools and Families, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each school.

As the ISB is delegated to schools the assumption is that once allocated the funding is effectively spent. Although schools do have significant balances it is not possible to accurately calculate how much of the balances held are attributable to the DSG and as such the balance brought forward figure has been restated.

Details of the deployment of DSG receivable for 2007-08 are as follows:

| | Central expenditure £000 | Individual schools budget £000 | Total £000 |
|--|-------------------------------------|---|-----------------------|
| Balance brought forward from 2006/07 | 217 | 0 | 217 |
| Original estimated DSG allocation for 2007/08 | 38,077 | 244,661 | 282,738 |
| Adjustment to finalised DSG allocation for 2007/08 | -19 | -124 | -143 |
| Final DSG available for the year 2007/08 | 38,275 | 244,537 | 282,812 |
| Actual expenditure for the year 2007/08 | -38,294 | -244,661 | -282,955 |
| Balance to carry forward to 2008/09 | -19 | -124 | -143 |

27. RECONCILIATION OF CASH FLOW FROM REVENUE ACTIVITY TO THE INCOME AND EXPENDITURE ACCOUNT

| | 2007-08 | | 2006-07 | |
|---------------------------------------|---------|---------------|---------|---------------|
| | £000 | £000 | £000 | £000 |
| Deficit for the year | | -5,968 | | -7,813 |
| Adjust for statutory exclusions: | | | | |
| Depreciation | 33,589 | | 24,092 | |
| Deferred charges and other exclusions | 212 | | 295 | |
| Amortisation of intangible assets | 388 | | 388 | |
| Grants amortised and written off | -9,748 | | -5,898 | |
| Pension costs | 2,677 | | 8,511 | |
| MRP reimbursement | 209 | | 209 | |
| Premiums and discounts | -91 | | - | |
| | | 27,236 | | 27,597 |
| Adjust for non-cash transactions: | | | | |
| Debtors | 11,441 | | -3,701 | |
| Long-term debtors | 3,240 | | -861 | |
| Creditors – revenue | 22,700 | | 7,134 | |
| Provisions | 3,702 | | -350 | |
| Stocks | 98 | | -1 | |
| Deferred liabilities | - | | - | |
| Deferred credits | -208 | | -336 | |
| | | 40,973 | | 1,885 |
| Servicing of finance | | | | |
| Interest paid | 10,404 | | 11,269 | |
| Interest received | -956 | | -240 | |
| | | 9,448 | | 11,029 |
| Net cash flow from revenue activity | | 71,689 | | 32,698 |

28. RECONCILIATION OF NET CASH FLOW TO THE MOVEMENT IN NET DEBT

| | 2007-08 | 2006-07 |
|--------------------------|-----------------|-----------------|
| | £000 | £000 |
| Net Debt at 1 April | -250,850 | -235,443 |
| Change in cash overdrawn | 14,691 | -5,193 |
| Change in debt | 17,300 | -10,214 |
| Change in investment | - | - |
| Net debt at 31 March | -218,859 | -250,850 |

29. ANALYSIS OF NET DEBT

| | 1 April 2007 | Cashflow | 31 March 2008 |
|--------------------------------------|-----------------|---------------|-----------------|
| | £000 | £000 | £000 |
| Cash overdrawn/in hand | -6,340 | 14,691 | 8,351 |
| Long term loans | -212,210 | -743 | -212,953 |
| Loans repayable within twelve months | -32,300 | 18,043 | -14,257 |
| Investments | - | - | - |
| | -250,850 | 31,991 | -218,859 |

30. LOCAL AREA AGREEMENT (LAA)

The Council is a participant in Cambridgeshire Together, a Local Area Agreement (LAA). This is a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007-08, the LAA has completed the second year of its three-year agreement. This agreement will be superseded by a new three year agreement for 2008-11, currently under negotiation, to reflect a new style of LAA as required by central government.

The purpose of Cambridgeshire Together is:

- To form an agreement between Cambridgeshire County Council and local partner organisations, Government (represented by Government Office – East) and other external agencies, to ensure that together we achieve our vision to improve the quality of life in Cambridgeshire
- To agree specific outcomes and targets that will be achieved each year for the three years of the agreement
- To improve the effectiveness and efficiency of public services in Cambridgeshire by aligning and, where appropriate, pooling funding streams

The LAA partners are:

- Local government bodies – Cambridgeshire County Council, Cambridge City Council, South Cambridgeshire District Council, East Cambridgeshire District Council, Fenland District Council and Huntingdonshire District Council
- Community protection authorities – Cambridgeshire Constabulary, Cambridgeshire Fire and Rescue Service
- Health bodies – Cambridgeshire Primary Care Trust
- Voluntary organisations – Cambridgeshire ACRE, Cambridge Council for Voluntary Service, Fenland Council for Voluntary Service, Hunts Forum of Voluntary Organisations, East Cambs Council for Voluntary Service, Young Lives, Age Concern
- Economic development bodies – Greater Cambridge Partnership

Cambridgeshire County Council acts as the accountable body for the LAA. This means that we are responsible for managing the distribution of grant paid by the Government Office to the partners involved, but the Council does not determine which bodies are due payments – this is determined by the partnership. In this context, the Council acts as an agent to the partnership and has therefore not recognised the full amount of the LAA Grant in its financial statements, but only that part to be spent by the Council in providing services.

The total amount of LAA Grant received by the LAA partnership in 2007-08 is £5.6m. The Council received £4.3m of this total to fund its own services.

As accountable body, the Council is potentially responsible for repaying to the Government any element of grant that is found to have been misused by its partners. Systems in place for distributing grant are designed to limit the possibility that this will

happen and to enable recovery of any such amounts from partners. It has not been necessary to recognise any contingent liabilities for possible repayments and no provisions have been made for any such eventuality.

Pension Fund

Introduction

The Cambridgeshire County Council Pension Fund is governed by the Local Government Pension Scheme Regulations 1997 (as amended). The fund provides pensions and other benefits for those employees of both the County and the District Councils, and for other scheduled and admitted bodies to the fund (listed on pages 61 to 62), who are eligible and choose to join it. The fund does not provide pensions for teachers or uniformed police and fire officers for whom separate pension arrangements exist.

The County Council as administering authority is responsible for the management of the fund in accordance with the LGPS Regulations and other relevant legislation.

Detailed Regulations govern the rates of contributions by both employees and employing bodies. Benefits are normally in the form of a lump sum payment plus a pension, which is increased annually for inflation.

The investment policy of the fund is designed to maximise growth so as to meet future liabilities, and is governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended). The adequacy of the assets of the fund to meet future liabilities is assessed every three years by the Council's consulting actuary, and employers' contributions are reviewed in the light of his report.

Decisions on the overall investment policy of the fund are made by the Pensions Committee which consists of three County Councillors, a Peterborough City Councillor, a District Councillor representing all other participating bodies, and an employee representative in accordance with the Council's Constitution. The Committee is advised by firms of investment managers, who undertake the investment of the fund within the approved policy, and an investment adviser.

Further details of the Pension Fund are published in a separate annual report which is available on request from the Corporate Finance Section, Shire Hall.

Statement of Accounting Policies

Basis of Preparation

The accounts have been prepared in accordance with the accounting recommendations of the Financial Reports of Pension Schemes, a Statement of Recommended Practice (revised November 2002). Disclosures in the accounts have been limited to those required by the Code of Practice on local authority accounting in the UK, a Statement of Recommended Practice 2007.

The accounts summarise the transactions of the scheme and the net assets of the fund. The accounts do not take account of liabilities to pay pensions and other benefits after the period end.

Accounting Policies

The following principal accounting policies, which have been applied consistently, have been adopted in the preparation of the financial statements:

Investments

Equities traded through the Stock Exchange Electronic Trading Service SETS are valued on the basis of the latest mid market price. Other quoted investments are valued on the basis of the mid-market value quoted on the relevant stock market.

Unit Trusts and managed funds are valued at the average of the bid and offer prices provided by the fund custodian, which reflect the market value of the underlying investments.

Unquoted securities are valued by the fund managers at the year end in accordance with generally accepted guidelines.

The value of fixed interest investments in the Scheme's investment portfolio includes interest earned but not paid over at the Scheme year end.

Acquisition costs are included in the purchase cost of investments.

Futures are valued at the closing market price published by the relevant futures exchange (e.g. London International Financial Futures Exchange).

Investment income

Income from equities is accounted for on the date stocks are quoted ex-dividend. Income from overseas investments is recorded gross of any withholding tax where this cannot be recovered. Irrecoverable withholding tax is shown separately in the Fund Account.

Income from fixed interest and index-linked securities, cash and short-term deposits is accounted for on an accruals basis.

Income from other investments is accounted for on an accruals basis.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Foreign currencies

Where forward exchange contracts are in place in respect of assets and liabilities in foreign currencies, the contract rate is used. Other assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated into sterling at an average rate for the period. Foreign exchange gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

Normal contributions, both from employees and from employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from the employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received.

Benefits payable

Under the Local Government Pension Scheme Regulations, retirees receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose whether to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.

Other benefits are accounted for on the date the member leaves the scheme or on death.

Transfers to and from other schemes

Transfer values represent the capital sums either received in respect of members from other pension schemes of previous employers or paid to the pension schemes of new employers for members who have left the scheme. They take account of transfers where the trustees of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty. Transfer values are normally accounted for on a payment/receipts basis since not only do they frequently apply to several past years, but, in the case of transfer values due, information is not available at the year end on which to make an accrual. However, where a transfer value has been agreed prior to the year end but the payment has not been made, this has been accrued.

Other expenses

Administration and investment management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT.

Fund Account

| Notes | 2007-08 | | 2006-07 | |
|-------|---|------------------|---------|------------------|
| | £000 | £000 | £000 | £000 |
| | Contributions and benefits | | | |
| 1 | Contributions receivable from: | | | |
| | Employers | | | |
| | | | 43,623 | |
| | 49,400 | | | |
| | Special | | | |
| | 2,090 | | 657 | |
| | Members | | | |
| | Normal | | | |
| | 20,755 | | 20,284 | |
| | Transfers in (individual transfers in from other schemes) | | | |
| | 10,581 | | 11,827 | |
| | | 82,826 | | 76,391 |
| 1 | Benefits payable | | | |
| | Pensions | | | |
| | -40,618 | | -37,251 | |
| | Commutation of pensions and lump sum retirement benefits | | | |
| | -11,788 | | -7,533 | |
| | Lump sum death benefits | | | |
| | -1,112 | | -902 | |
| | Payments to and on account of leavers | | | |
| 14 | Individual Transfers out | | | |
| | -9,053 | | -10,128 | |
| | Refunds of Contributions | | | |
| | -31 | | -21 | |
| 4 | Administrative expenses | | | |
| | -1,873 | | -1,667 | |
| | | -64,475 | | -57,502 |
| | Net additions from dealings with members | | | |
| | | 18,351 | | 18,889 |
| | Return on investments | | | |
| 5 | Investment income | | | |
| | 40,467 | | 39,030 | |
| | Change in market value of investments (realised and unrealised) | | | |
| | -110,710 | | 60,380 | |
| 12 | Taxation | | | |
| | -877 | | -736 | |
| 6 | Investment management expenses | | | |
| | -2,179 | | -2,339 | |
| | | -73,299 | | 96,335 |
| | Net return on investments | | | |
| | | -54,948 | | 115,224 |
| | Net increase in fund value | | | |
| | | 1,385,788 | | 1,270,564 |
| | Net assets as at 1 April | | | |
| | | 1,330,840 | | 1,385,788 |
| | Net assets as at 31 March | | | |

Net Asset Statement

| Notes | 31 March 2008 | 31 March 2007 |
|------------------------------------|------------------|------------------|
| | £000 | £000 |
| Fixed interest securities | | |
| UK public sector futures | - | 10,997 |
| Equities | | |
| UK listed | 373,023 | 465,269 |
| UK equity futures | -3,939 | -15,562 |
| UK unlisted | 546 | 953 |
| Overseas listed | 457,517 | 462,596 |
| Overseas equity futures | -5,292 | 5,978 |
| Overseas unlisted | 52,659 | 27,690 |
| Pooled investment vehicles | | |
| Managed funds | | |
| -property | 65,659 | 84,872 |
| -other | 106,267 | 117,946 |
| Unit trusts | | |
| -property | 71,210 | 88,571 |
| -other | 157,090 | 94,397 |
| 13 Other Investments | <u>5,548</u> | <u>8,627</u> |
| Total Investments | <u>1,280,288</u> | <u>1,352,334</u> |
| Net Current Assets | | |
| Cash Deposits | 37,098 | 30,368 |
| Cash backing open futures contract | 9,232 | -1,413 |
| Margin account | 1,781 | 2,290 |
| Creditors - management fees | -500 | -789 |
| - other | -1,130 | -485 |
| Debtors - contributions | 4,071 | 3,483 |
| 7 | <u>1,330,840</u> | <u>1,385,788</u> |

Notes to Pension Fund Accounts

1. CONTRIBUTIONS AND BENEFITS

An analysis of the contributions and benefits over the different categories of participating Authority is as follows:

| | 2007-08 | 2006-07 |
|---------------------------|----------------|---------|
| | £000 | £000 |
| Contributions receivable: | | |
| Administering Authority | 27,329 | 23,982 |
| Scheduled Bodies | 39,644 | 35,344 |
| Admitted Bodies | 5,272 | 5,238 |
| | 72,245 | 64,564 |
| Benefits payable: | | |
| Administering Authority | 23,486 | 19,360 |
| Scheduled Bodies | 25,888 | 22,663 |
| Admitted Bodies | 4,144 | 3,663 |
| | 53,518 | 45,686 |

2. NUMBER OF CONTRIBUTORS AND PENSIONERS

| | 31 March 2008 | | | | 31 March |
|-------------------|----------------------|---------------------|--------------------|---------------|---------------|
| | County Council | Scheduled Bodies | Admitted Bodies | Total | 2007 Total |
| Contributors | 10,691 | 10,205 | 1,412 | 22,308 | 22,198 |
| Pensioners | 5,666 | 4,725 | 663 | 11,054 | 10,689 |
| Deferred Benefits | 10,726 | 8,665 | 1,229 | 20,620 | 18,172 |

3. ACTUARIAL VALUATION

The funding position of the Fund is assessed every three years by the Council's actuary who completed an actuarial valuation of the Fund using the Projected Unit Method. Employers' contributions are reviewed in the light of this report. The most recent report was at 31 March 2007 and concluded that it was necessary to increase the average employers' contributions from 17.4% to 18.2%, phased in over a three year period from 1 April 2008. The market value of the Fund at the valuation date was £1,390m, and there was an actuarial deficit of £219m equivalent to a funding level of 86.4%. This deficit was spread over a period of 20 years. The assumptions used in the 2007 valuation were as follows: investment returns 6.1%; earnings growth 4.7%; price inflation 3.2% and discount rate 6.1%.

4. ADMINISTRATIVE EXPENSES

Administrative expenses include a charge made to the Fund by the County Council in respect of work undertaken on the payment of benefits on behalf of all admitted bodies.

5. ANALYSIS OF INVESTMENT INCOME

| | 2007-08 | 2006-07 |
|--|---------------|---------------|
| | £000 | £000 |
| Equities | 30,066 | 26,447 |
| Pooled investment vehicles | 7,948 | 10,410 |
| Cash | 2,122 | 1,991 |
| Other (includes stocklending and underwriting) | 331 | 182 |
| | 40,467 | 39,030 |

Income from fixed interest unit trusts in 2006-07 has been reclassified as pooled investment vehicles.

- 6. INVESTMENT MANAGEMENT EXPENSES** include fees charged by the fund's investment managers. These are calculated as a percentage of the assets under management.

7. INVESTMENT MANAGERS

The allocation of the fund over the Authority's investment managers is as follows:

| | 31 March 2008 | | 31 March 2007 | |
|----------------------------------|------------------|--------------|------------------|--------------|
| | £000 | % | £000 | % |
| Aberdeen Asset Management | 56,042 | 4.2 | 51,650 | 3.7 |
| UBS Global Asset Management | 509,589 | 38.3 | 602,103 | 43.4 |
| Schroders Investment Management | 674,321 | 50.7 | 699,897 | 50.5 |
| Private Equity Investment | 53,205 | 4.0 | 28,643 | 2.1 |
| Currency Funds | 22,168 | 1.6 | 0 | 0.0 |
| Pension Fund Net Debtors | 2,601 | 0.2 | 2,503 | 0.2 |
| Cash deposit with County Council | 12,914 | 1.0 | 992 | 0.1 |
| | 1,330,840 | 100.0 | 1,385,788 | 100.0 |

Included within the balances held by the investment managers shown above are amounts in relation to cash and investment income debtors which are shown separately on the face of the net assets statement.

The Fund holds the following investments in unit trusts/pooled vehicles which exceed 5% of the total fund value: Schroder Unit Trusts Ltd Institutional Sterling Bond Market Fund £110,426,000 at 31 March 2008 (£84,789,000 at 31 March 2007).

As at 31 March 2008 the fund has commitments to invest a further £41.9m in private equity investments in future years. (£42.3m at 31 March 2007)

8. PURCHASES AND SALES OF INVESTMENTS

| | 2007-08 | 2006-07 |
|-------------------------|---------------|---------------|
| | £000 | £000 |
| Purchases | 438,859 | 330,909 |
| Sales | 385,272 | 278,047 |
| Net Transactions | 53,587 | 52,862 |

9. STOCK LENDING

The total amount of stock released to a third party under a stock lending arrangement was £87,338,000 at 31 March 2008 (£134,703,000 at 31 March 2007). Collateral is held in the form of a letter of credit or AA+ rated bond.

10. A STATEMENT OF INVESTMENT PRINCIPLES

A Statement of Investment Principles is published in the Pension Fund Annual Report, which is available from the Corporate Finance Section, Shire Hall.

11. RELATED PARTY TRANSACTIONS

Under FRS8 "Related Party Disclosures" it is a requirement that material transactions with related parties, not disclosed elsewhere, should be included in a note to the financial statements. During the year, no Pensions Committee members have undertaken any material transactions with the Cambridgeshire County Council Pension Fund. A cash deposit of £12,914,000 with the County Council was outstanding at 31 March 2008. (£992,000 at 31 March 2007). There were no material contributions due from employer bodies at the year-end, which remained outstanding after the due date for payment. There are no other related party transactions other than those already disclosed in the County Council's Accounts.

12. MAGISTRATES TRANSFER

With effect from 1 April 2005, 71 employees of the Cambridgeshire Magistrates Courts transferred out of Cambridgeshire County Council Local Government Pension Scheme as part of a national transfer of the Magistrates Courts out of Local Government schemes. However, the fund has retained the liability for the Magistrates pensioners and deferred pensioners. As at 31 March 2008 the value of the transfer has not been agreed between the Local Authority actuary and the Government Actuary's Department but initial estimates indicate that the fund will be owed approximately £1,000,000 by the Magistrates Court as a result of the valuation of transfers out being less than the retained liability. Pending the finalisation of the transfer value no amounts have been accrued to date within the Pension Fund accounts.

13. ORGANISATIONS PARTICIPATING IN THE PENSION FUND AS AT 31 MARCH 2008

SCHEDULED BODIES:

Cambridgeshire County Council

Peterborough City Council

District Councils

Cambridge City Council
East Cambridgeshire District Council
Fenland District Council
South Cambridgeshire District Council
Huntingdonshire District Council

Town Councils

Chatteris Town Council
City of Ely Council
Huntingdon Town Council
Ramsey Town Council
Soham Town Council
St. Ives Town Council
St. Neots Town Council
Wisbech Town Council

Parish Councils

Bretton Parish Council
Burwell Parish Council
Cambourne Parish Council
Doddington Parish Council
Eye Parish Council
Fulbourn Parish Council
Gamlingay Parish Council
Girton Parish Council
Hardwick Parish Council
Histon & Impington Recreation Ground
Committee
Histon Parish Council
Holywell-cum-Needlingworth Parish
Council
Impington Parish Council
Kimbolton & Stonely Parish Council
Linton Parish Council
Little Downham Parish Council
Little Paxton Parish Council
Littleport Parish Council
Manea Parish Council
Milton Parish Council
Sawston Parish Council
Sawtry Parish Council
Somersham Parish Council
Sutton Parish Council
Thorney Parish Council
Tydd St Giles Parish Council

Waterbeach Parish Council

Wimblington Parish Council

Yaxley Parish Council

Internal Drainage Boards

Burnt Fen IDB
Drysides IDB
Feldale IDB
Haddenham Level Commissioners
Holmewood & Stilton IDB
Littleport & Downham IDB
March East IDB
March Fifth IDB
March Sixth IDB
March Third IDB
Maxey IDB March & Whittlesey IDB
Middle Fen & Mere IDB
Middle Level Commissioners
North Level IDB
Old West IDB
Padnal and Waterden IDB
Ransonmoor IDB
Swaffham IDB
Waterbeach Level IDB
White Fen IDB
Whittlesey Fifth IDB
Whittlesey IDB
Yaxley IDB

Other Organisations

Anglia Polytechnic University
Cambridge Regional College
Cambridgeshire Association of Local
Councils
Cambridgeshire & Peterborough Fire
Authority
Cambridgeshire Magistrates' Courts
Committee
Cambridgeshire Police Authority
Cambridgeshire Probation Committee
Cambridgeshire Valuation Tribunal
Hills Road Sixth Form College
Huntingdonshire Regional College
Isle College, Wisbech
Long Road Sixth Form College
Peterborough Regional College
The College of West Anglia

ADMITTED BODIES:

Friends Therapeutic Community
Cambridgeshire Society for the Blind
Cambridgeshire Society for Mentally
Handicapped Children
Orton Family Centre
Railway House Association
Eastern Provincial Council for Local
Authorities
Cambridge Water Company
Homerton College
Homerton School of Health Studies
Kimbolton School
Perse School for Girls
The Cresset
Eastern Arts Board
St Raphael Club
Hughes Hall
Wisbech & Fenland Museum
Nene Valley Research Committee
Cambridge Sports Hall Trust Limited
Peterborough Youth Stadium
Cambridgeshire Association for Social
Welfare
Cambridge & County Folk Museum
Cambridge Institute of Education
Romsey Town Churches Youth &
Community Centre
Cambridgeshire PCT
Ecovert
Roddens Housing Association
Cambridgeshire Alcohol Advisory Service
The Westgate and Petros Project
Wisbech Grammar School
Mepal Outdoor Centre
Peterborough Council for Voluntary
Service
Peterborough Development Corporation
St Martin's Day Centre
Peterborough Council for Community
Relations
St Columba Centre
Cambridgeshire Information & Technology
Centre
Bowthorpe Hall Centre
Conservators of the River Cam
Hereward Housing Association
Ormiston Trust
Commissions East Ltd
Huntingdonshire Citizens' Advice Bureau
Tennant Support Service Company Ltd
St Neots Museum Ltd
Centre 33
M.D.A (Europe)
Huntingdonshire Housing Partnership
The Farmland Museum
Ely Museum
ADEC
Home Close
Home Meadow
The Hillings
Exelcare
Methodist Homes
ITNET
CSCI
Screen East
Turning the Red Lights Green
Sport and Leisure Management
Cross Keys Housing Association

Glossary of Terms

AGENCY SERVICES - The provision of services by one Authority on behalf of, and reimbursed by, the responsible Authority.

AVAILABLE FOR SALE RESERVE – a reserve to record unrealised revaluation gains arising from holding available for sale investments, plus any unrealised losses that have not arisen from impairment of the assets.

BALANCES - The accumulated surplus of income over expenditure on the General Fund (see later).

BUDGET - A statement defining the Council's policy over a specified period expressed in financial terms and including other performance and statistical data.

CAPITAL CHARGE - A charge to service revenue accounts to reflect the depreciation cost of fixed assets used in the provision of services.

CAPITAL ADJUSTMENT ACCOUNT - an account which will reflect the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

CAPITAL FINANCING REQUIREMENT - A notional amount of debt which determines the Minimum Revenue Provision.

CAPITAL FINANCING ACCOUNT - An account which is credited with all sources of finance for capital expenditure, other than loans. It is a record of past financing rather than a reserve which is usable.

CAPITAL GRANTS - Grants received towards capital spending (see next) on a particular service or project.

CAPITAL SPENDING - Payments made for the acquisition or provision of assets which will be of long-term value to the Authority e.g. land, buildings and equipment. Also referred to as capital payments.

CAPITAL RECEIPTS - Proceeds from the sale of capital assets such as land or buildings. They are available to finance new capital outlay and to repay existing loan debt.

CARRY FORWARDS - Directorates, Schools and Trading Units are permitted/required to transfer any underspending or overspending into the next financial year.

CREDITORS - Amounts owed by the Authority for work done, goods received, or services rendered but for which payment had not been made at the date of the balance sheet.

CREDITS (PFI) - A measure of the private sector investment that will be supported by central government grant, and act as a promise that PFI grant can be claimed once a PFI project is operational.

DEBTORS - Sums of money due to the Authority but unpaid at the balance sheet date.

DEPRECIATION - The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT - an account to manage the imbalance between accounting rules and statutory provisions for charging amounts to the general fund. The “balancing” entry for each of the adjustments for the Financial Instruments will constitute a new reserve on the balance sheet called “Financial Instruments Adjustment Account”. This reserve is not a usable reserve.

FIXED ASSETS - Tangible assets that yield benefits to the local Authority and the services it provides for a period of more than one year.

FIXED ASSET RESTATEMENT ACCOUNT - All revisions to the value of the Council’s assets are recorded in this account, together with the value of disposals.

GENERAL FUND - The main revenue fund of the Council. Income from the council tax precept and Government grants are paid into the fund, from which the cost of providing services is met.

GOVERNMENT GRANTS - Payments by Central Government towards Local Authority spending. They may be specific to a particular service e.g. Education or Social Services; or general.

INCOME - Amounts which an Authority receives, or expects to receive, from any source. Income includes fees, charges, sales, government grants and precept. The term income implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not they have been received in that period.

MINIMUM REVENUE PROVISION - The minimum amount which must be charged to revenue in the year for the repayment of debt.

POST BALANCE SHEET EVENTS - Events occurring between the balance sheet date and the date on which the Accounts are signed by the Director of Finance, Property and Performance, which have a significant impact on the Authority’s finances.

PRECEPT - The cash sum levied by one Authority in relation to council tax, which is collected by another (a billing Authority). The County Council is the precepting Authority and the District Councils are the billing authorities.

PRIVATE FINANCE INITIATIVE (PFI) – A form of partnership between the private and public sector which is normally used for high risk / high value contracts for delivering capital assets for the provision of public services. The private sector designs, builds and maintains infrastructure and other capital assets and then operates those assets to sell services to the public sector.

RESERVES - Amounts set aside for particular purposes but which do not conform to the definition for provisions. Movements in reserves are not part of service expenditure.

REVALUATION RESERVE - a reserve for amounts arising from the appreciated value of property; the difference between the former book value of property on the balance sheet and the present (revalued) book value of the property. The Revaluation Reserve will record the sum of the net gains (if any) on a property-by-property basis from revaluations made after 1 April 2007.

REVENUE EXPENDITURE - The day-to-day spending and income of the Council on such items as employees, office running costs, and the purchase of services.

REVENUE CONTRIBUTIONS - The shortened form of Revenue Contributions to Capital Outlay (often abbreviated as RCCO). It refers to the financing of capital spending directly from revenue, rather than loan or other sources.

REVENUE SUPPORT GRANT (R.S.G.) - The general grant paid by Central Government to aid local Authority spending generally.

TRUST FUNDS - Funds administered by the County Council for such purposes as prizes, charities, specific projects and on behalf of minors.

MEMBERS' ALLOWANCES

Details of allowances paid to Members of the Council are included as in previous years. This information does not form part of the formal accounts on which the audit opinion is given.

| Name | Basic Rate Allowance £ | Special Responsibility Allowance £ | Carers Allowance £ | Total £ |
|----------------|---------------------------|---------------------------------------|-----------------------|------------|
| BALDWIN DJ | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| BALLARD CM | 7,388.04 | 6,750.27 | 0.00 | 14,138.31 |
| BATCHELOR JD | 7,388.04 | 5695.28 | 0.00 | 13,083.32 |
| BATES IC | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| BEAN BM | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| BELL NC | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| BODDINGTON BE | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| BRADNEY M | 7,388.04 | 2,647.45 | 0.00 | 10,035.49 |
| BROADWAY J | 7,388.04 | 7,592.44 | 0.00 | 14,980.48 |
| BROWN PR | 7,388.04 | 992.99 | 0.00 | 8,381.03 |
| BUTCHER TR | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| CARTER C | 7,388.04 | 1,511.32 | 0.00 | 8,899.36 |
| CHURCHILL KJ | 6,712.79 | 0.00 | 0.00 | 6,712.79 |
| CRISWELL SJ | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| CURTIS MJ | 7,388.04 | 7,593.99 | 0.00 | 14,982.03 |
| DOUGLAS A | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| DOWNES PJ | 7,388.04 | 8,134.55 | 0.00 | 15,522.59 |
| DUTTON JJ | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| FARRER RS | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| GILES SA | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| GRIFFITHS GV | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| HARDY B | 4,309.69 | 0.00 | 0.00 | 4,309.69 |
| HARPER GF | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| HARRISON NJ | 7,388.04 | 7,017.00 | 0.00 | 14,405.04 |
| HARTY D | 7,388.04 | 7,593.99 | 0.00 | 14,982.03 |
| HEATHCOCK GJ | 7,388.04 | 7,017.00 | 0.00 | 14,405.04 |
| HENSLEY WG | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| HIGGINSON SS | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| HUGHES PE | 7,388.04 | 1,309.72 | 0.00 | 8,697.76 |
| HUNT WT | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| HUPPERT JL | 7,388.04 | 1,389.08 | 0.00 | 8,777.12 |
| HYAMS CR | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| JENKINS JD | 7,388.04 | 9,918.68 | 0.00 | 17,306.72 |
| JOHNSTONE SF | 7,388.04 | 12,344.24 | 0.00 | 19,732.28 |
| KADIC EV | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| KENNEY CG | 7,388.04 | 783.75 | 0.00 | 8,171.79 |
| KENT AC | 7,388.04 | 7,163.25 | 0.00 | 14,551.29 |
| KINDERSLEY SGM | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| KING SJ | 7,388.04 | 7,001.49 | 0.00 | 14,389.53 |
| LUCAS V | 7,388.04 | 7,621.22 | 0.00 | 15,009.26 |
| MCCRAITH DC | 7,388.04 | 0.00 | 0.00 | 7,388.04 |

| Name | Basic Rate Allowance £ | Special Responsibility Allowance £ | Carers Allowance £ | Total £ |
|------------------|---------------------------|---------------------------------------|-----------------------|-------------------|
| MCGUIRE LW | 7,388.04 | 8,639.04 | 0.00 | 16,027.08 |
| MELTON A | 7,388.04 | 7,270.56 | 0.00 | 14,658.60 |
| MOSS-ECCARDT RWG | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| NORMINGTON SB | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| OGDEN MK | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| OLIVER L | 7,388.04 | 1,045.04 | 0.00 | 8,433.08 |
| ORGEE AG | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| PEGRAM DR | 7,388.04 | 15,283.57 | 0.00 | 22,671.61 |
| POWLEY JA | 7,388.04 | 1,698.14 | 0.00 | 9,086.18 |
| READ PAE | 6,712.79 | 3,796.58 | 0.00 | 10,509.37 |
| REID A | 7,388.04 | 7,688.04 | 0.00 | 15,076.08 |
| REYNOLDS JE | 7,388.04 | 15,657.96 | 0.00 | 23,046.00 |
| REYNOLDS KA | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| SALES PR | 7,388.04 | 1,309.72 | 0.00 | 8,697.76 |
| SHUTER MG | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| SIMS L | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| SMITH M | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| STONE TJ | 7,388.04 | 4,319.04 | 0.00 | 11,707.08 |
| TUCK JM | 7,388.04 | 13,384.86 | 0.00 | 20,772.90 |
| TURNER RJ | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| WALTERS JK | 7,388.04 | 10,291.94 | 0.00 | 17,679.98 |
| WEST JF | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| WHITE D | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| WILKINS K | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| WILLIAMS H | 7,388.04 | 0.00 | 0.00 | 7,388.04 |
| WILLIAMSON RM | 7,388.04 | 5,981.49 | 0.00 | 13,369.53 |
| WILSON LJ | 7,388.04 | 5,695.28 | 0.00 | 13,083.32 |
| YEULETT FH | 7,388.04 | 8,639.04 | 0.00 | 16,027.08 |
| | 505,345.91 | 220,778.01 | 0.00 | 726,123.92 |