



DRAFT Statement of Accounts

2022-23



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Narrative Report

FOREWORD

Cambridgeshire is a county of contrasts, a place of both opportunities and challenge. The role of Cambridgeshire County Council is to address both the issues of today and build sustainably for tomorrow. The Council serves over 650,000 residents across the cities of Cambridge and Ely, market towns, villages and other rural communities, and it has been our role throughout 2022-23 to ensure that we, as a key public service and alongside our partners, support people, families and communities to address all of these issues positively and proactively.

The strategic framework for 2022-23 was set in the business plan agreed by Council in February 2022. It was the first strategic framework set by the new Joint Administration following local elections in May 2021, and set the vision for the Council as 'Creating a greener, fairer and more caring Cambridgeshire'. To deliver on that vision, five corporate priority areas were set. These are listed below, along with key activities to deliver on them in 2022-23.

- **Environment and Sustainability**

- The Council has established a £14m Just Transition Fund to enable projects that will deliver a more sustainable future for Cambridgeshire. Allocations this year have gone towards floods mitigation, sustainable local social care provision, and an enabling programme to deliver net zero for the Council by 2030.
- We have continued to make progress on works to deliver sustainable energy schemes, building on our success several years ago with Triangle Solar Farm. In particular, in 2022 the Swaffham Prior Community Heat Network launched, which provides renewably generated heating for customers in the village in East Cambridgeshire. We have also delivered renewable solar generation at New Shire Hall, and work is ongoing with ambitious plans for North Angle Solar Farm, as well as supporting the decarbonisation of school heating.

- **Health and Care**

- The Council published its Market Sustainability Plan for adult social care, which is the first step towards ensuring a more sustainable local market for social care. We also passed on £1.5m of market sustainability grant funding from Government to providers. These are steps in the Government's social care reform plan, which the Council has responded to despite uncertainty nationally over timescales of the reforms.
- Our own Care Together service, launched in 2022-23, is also improving social care sustainability by ensuring there is more local support for people, through place-based commissioners and support for micro-enterprises.

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- Places and Communities

- £1m was earmarked to bolster the national Household Support Fund within Cambridgeshire, enabling us to provide additional support to the most vulnerable residents, and Cambridgeshire Libraries provided a 'warm hub' service throughout the cold winter.
- £350k was earmarked for Cultivate Cambridgeshire, a continuation of the Council's commitment to enabling small-scale grants to assist voluntary and community groups working towards delivering our vision. £95k of this was allocated in 2022-23.
- The Council received over £23m of grant funding from the Homes for Ukraine and linked schemes, which has enabled us to work with schools and district councils to support over 1,800 Ukrainian guests who have come to Cambridgeshire. We will continue to spend this grant into 2023-24.

- Children and Young People

- £3.6m of funding was agreed to extend the local offer of free school meal vouchers for eligible children during the school holidays, providing support to families in need.
- We agreed a Safety Valve deal with central government to unlock £49m of additional funding to help us close the deficit on our Dedicated Schools Grant, which has arisen due to increasing spend on services for children with high needs. We also had agreed over £11m of capital funding to support new specialist education provision.

- Transport

- We have spent over £31.9m on highways maintenance work.
- We responded rapidly, alongside the Combined Authority, to ensure continuity of many bus services following withdrawal by a key local provider. In particular, we ensured school transport services were not affected, and continue to work with the Combined Authority on future bus service provision in the county.
- Following consultation, we have published our Active Travel Strategy, providing a comprehensive set of policies that will enable quality provision of infrastructure and initiatives in the county to enable more active travel options for residents.

Narrative Report

NARRATIVE REPORT

This document presents the statutory financial statements for Cambridgeshire County Council for the financial year 1 April 2022 to 31 March 2023, providing a comprehensive summary of the overall financial position of the Council. These accounts are presented in the format recommended through the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Planning for the 2022-23 financial year was dominated by the ongoing effects of the pandemic, with difficult to predict impacts of demand for council services and the level of government support provided, compounded by the early stages of the war in Ukraine having consequences on the global economy. This was magnified during the year with greatly increased economic headwinds – inflation has caused higher costs for goods and services purchased by the Council, many residents are in greater need of Council support, and we are facing rising interest rates impacting on our borrowing costs.

The Council has continued to ensure economy, efficiency, and effectiveness in the use of resources, and has managed to navigate a very difficult year in terms of risk to its financial position. Key risks arising from the economic picture, and from other developments, have been managed across the Council and we have been able to continue to deliver on key priorities and to deliver value for money.

The Council set an original budget in February 2022 of £455.9m to deliver its priorities and services. Like all industries and households, the Council faced significant pressure during 2022-23 as a result of higher inflation. Despite that, the Council achieved a nearly balanced outturn position with a small 0.2% (£0.7m) overspend reported in our management accounts. The table below shows the outturn position for each Council directorate. The outturn position varies from the total net expenditure in our comprehensive income and expenditure statement due to the different accounting basis on which these financial accounts are prepared.

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Service	Budget £m	Outturn £m	Variance £m
People Services	311.850	314.191	2.341
Place & Sustainability	72.175	72.590	0.415
Strategy & Partnerships	15.557	15.476	(0.081)
Finance & Resources	11.950	14.787	2.837
Public Health	27.256	26.447	(0.809)
Subtotal - services	438.788	443.491	4.703
Funding Items	11.047	8.660	(2.388)
Capital Financing	33.275	30.898	(2.377)
Adjust for Public Health ringfence	(27.256)	(26.447)	0.809
Total	455.854	456.602	0.747

Note: the 'Funding Items' budget is primarily the levies paid by the Council to the Cambridgeshire & Peterborough Combined Authority and the Environment Agency.

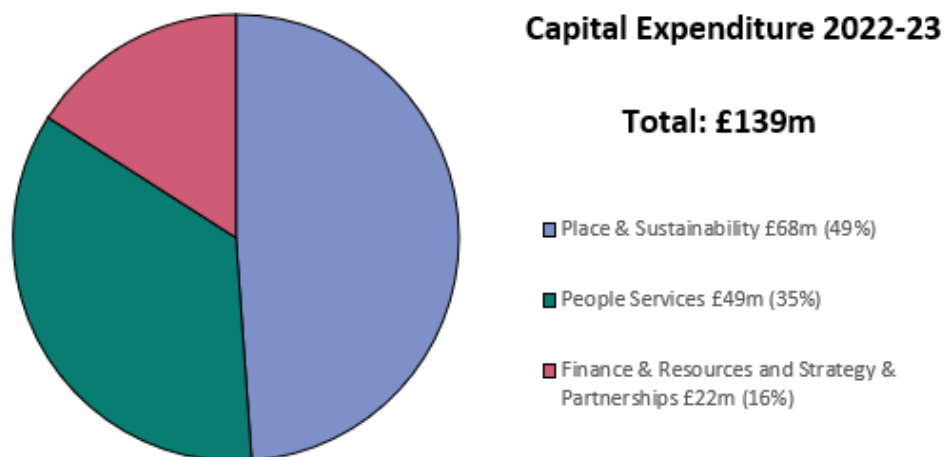
To enable risks to be pro-actively managed in a time of increased economic turbulence and unclear future government funding, the Council has reviewed the appropriate level of reserve balances. For 2022-23, the Council increased its policy for maintaining a general reserve to 4% of gross budget (excluding schools), and we have continued to maintain several reserves earmarked for specific risks. Alongside doing this, we have ensured one-off funding is available for delivering Council priorities, and to enable pump-priming for future changes. As well as items like the creation of the Just Transition Fund from reserves referenced above, we have created a Business Change Reserve to provide us with the capacity to drive transformative change. This latter fund enabled an investment into senior management capacity to create a dedicated senior leadership team focussed on Cambridgeshire following a review of shared arrangements with Peterborough City Council. We have also benefited from grant funding allocated by government during the pandemic. At the start of 2022-23 we had around £27m of Covid grant funding remaining, which is committed in a sustainable and reducing way to our medium-term financial position to offset pandemic-related pressures.

Looking ahead into 2023-24, we will review and update our medium-term financial strategy, including our level of reserves, to ensure we have the plans in place to deliver a sustainable medium-term budget and continue to deliver on priorities. To ensure the long-term success and sustainability of the Council, it is imperative that we put effective financial governance and competence at the centre of all our decision making.

The Council also has a large capital programme, with funding particularly allocated to school building and expansion works (associated with new communities and a growing population), infrastructure and transport delivery, and energy generation schemes. These long-term investments in the County are continually reviewed to ensure focus on our key statutory duties and priorities. This level of capital budget, funded extensively by borrowing, has a large revenue cost each year that we consider and assess in accordance with the Prudential Code for capital finance. The graph

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below shows the Council's capital expenditure in 2022-23 by department, excluding £29m of capital expenditure within our accounts that relates to the Greater Cambridge Partnership.



The financial accounts are complex and are prepared in line with standardised international accountancy requirements. The Council continually reviews its accounting policies in line with CIPFA guidelines and a report on this was considered by the [Audit and Accounts Committee](#), noting no significant changes. The Council's monthly finance reports to its committees provide more summarised financial information, and this narrative report provides highlights of the full Statement of Accounts. Further summary information can be found in the following 'Financial Performance Review' section.

Finally, I am extremely grateful to all the finance staff and others across the Council involved with the production of these financial statements and budget management for their hard work this year.

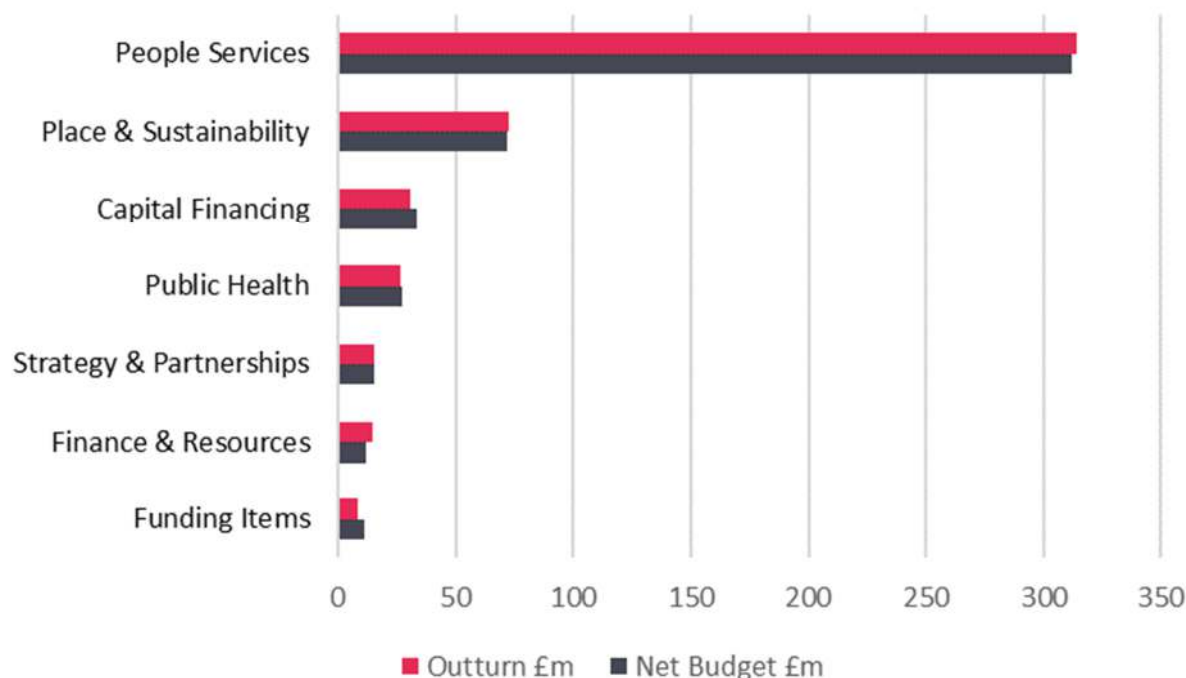


Michael Hudson LLB (Hons), LLM, CPFA
Executive Director of Finance & Resources (Section 151 Officer)

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Financial Performance Review

The graph below gives a summary of each directorate’s performance against budget for 2022-23, and the subsequent sections provide further detailed information for each of them. Overall, the Council had an overspend of £0.7m against its net budget of £455.9m. In addition, the Public Health directorate underspent by around £0.8m, but this service is funded by ring-fenced grant and so this balance carries forward.



People Services – Adults, Health & Commissioning

These services underspent overall, but that masks variances across different service user groups. We continue to see cost pressures for services for working age adults, particularly in the Learning Disability Partnership, but again saw an underspend on services for older people. In particular, demand for residential care for older people has not picked up much following the steep decline seen during the pandemic. We will closely monitor growth projections for these services in the coming months. Care providers saw cost pressures from inflation, particularly due to the increasing minimum wage, that is passed onto the Council – but the position of the local market makes sourcing care difficult. We are continuing

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to work with the local NHS to ensure integrated working, focussing on hospital discharge. In line with experiences at other councils post pandemic, the adult social care debt has increased, resulting in a need to increase the Council's bad debt provision.

People Services – Children, Education & Families

Cost pressures caused by inflation and by much higher than expected needs of children and young people have caused overspends across social care placements and home to school transport services. Despite additional funding put in part-way through the year for inflationary pressures, costs have risen further, reflecting constraints in the local market for both types of service. Dedicated Schools Grant funded services overspent by £10.2m in year, bringing the cumulative deficit to £29.2m after provision of £19.6m of government funding through the Safety Valve programme.

Place & Sustainability

The key variable in this directorate's financial position in 2022-23 was the cost pressures associated with works to bring compliance with national odour regulations to the Waterbeach waste treatment plant. Considerable waste diversion costs are incurred while the plant is closed, as well as capital costs from improvement works themselves.

Strategy & Partnerships

The outturn position for this directorate was close to breakeven, with some staffing underspends offsetting any pressures across other services. Part of this was due to the holding of vacant posts within services undergoing re-design. With the completion of that process, services are now in a more sustainable position for the medium-term.

Finance & Resources

The overspend in this directorate was largely due to the Council-wide impact of the local government pay award. Any pressures above the level of pay increase assumed in the business plan are held centrally. As noted above, we have also seen an increase in the bad debt provision this year, and there are ongoing pressures within the property service due to rising requirements around compliance and maintenance.

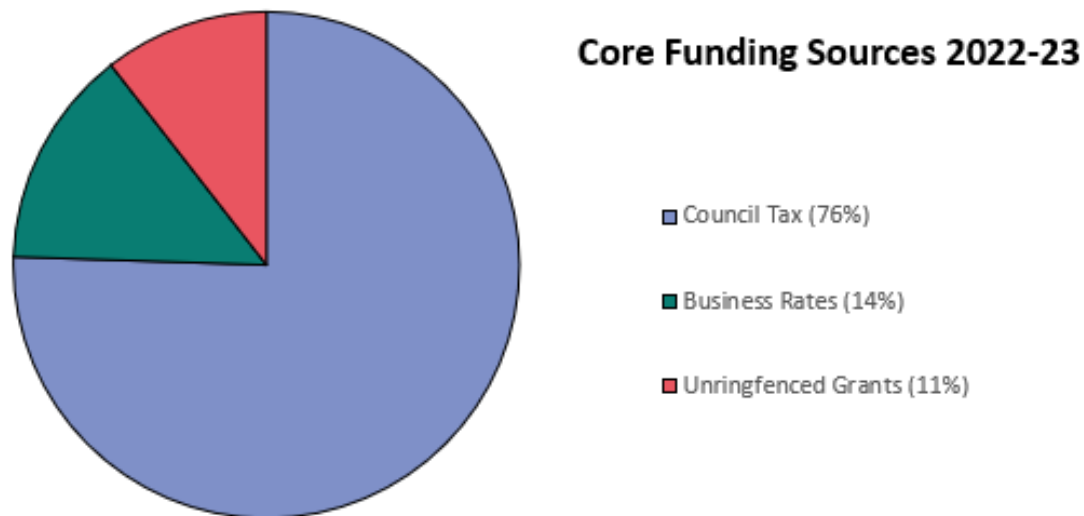
Public Health

This service underspent by around £800k, which was higher than predicted for most of the year. Several activity-driven services, particularly where these are provided by pharmacies or GPs, have struggled to return to pre-pandemic levels of activity. We are proactively working to ensure spend can take place at expected levels going forward. These services are funded by the ring-fenced Public Health Grant, which has been bolstered by the underspend and will be available to commit to eligible activity going forward.

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Funding

The Council's net budget of £455.9m, and its additional funding received (shown in 'funding items' in the outturn table above) came from a combination of locally collected taxation and central government grants, shown in the chart below. In addition to this, specific government funding, fees & charges for services, and use of reserves fund the remainder of the gross budget.



By year end we recognised more funding than was budgeted for this year, predominantly due to the continuation of grants, including the Homes for Ukraine scheme. Around £1.7m of funding was allocated centrally to reflect costs across the Council that have been incurred in administering this scheme, mainly staff time. Much of the grant funding received for this scheme remained unspent at year end and will carry forward, while the majority of expenditure for it was passported to district councils who are incurring direct spend. The chart above differs slightly from Note 12 below on taxation and grant income, as our in-year budget accounts for a level of taxation income factor in an estimated collection fund position at the start of the year, while our accounts are prepared on the basis of the final collection fund position known once the year ends.

Financial resilience and reserves

We hold a general reserve balance set at a policy level of 4% of gross expenditure, excluding schools, to provide for unforeseen financial pressures and risks. Our general reserve balance at the end of the year stands at £27.3m, following the funding of the in-year overspend. This balance is returned to target through the business planning process for 2023-24. The £46.4m balance on the general reserve at the end of the previous year was higher due to the level of underspend in 2021-22 – we were able to use this balance to create the Just Transition Fund and to bolster specific corporate risk reserves. We also hold earmarked reserves that provide funding either for specific risks, spending commitments and investments or

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unspent grants. The following table shows these types of revenue reserves and their balances; this balance has increased from £186m at 31st March 2022:

Reserve	31/03/2023 £m
General reserve	27
Earmarked Reserves	79
Corporate risk reserves	15
Just Transition Fund	13
Grant Reserves	60
Insurance Reserve	5
	199

Earmarked reserves reported below in the notes to the accounts (Note 20) include further items such as reserves held by our maintained schools that are not readily available to the Council to use for other purposes.

As well as revenue reserves, we have capital reserves resulting from unspent capital grants and ringfenced developer contributions. These reserves are committed over the medium-term within the capital programme. At the end of 2022-23 these total £154.5m, up from £84.1m at the end of the previous year.

The Council's maintained schools also have reserve balances overall, but with considerable variability at school level. Sixteen schools have a deficit balance at 31 March 2023, an increase of three on the previous year.

Where the Council holds grant reserves, either revenue or capital, these will be ring-fenced for a specific purpose and will only be available to use within the conditions set out for each specific grant.

As well as this, our accounts show £1bn of 'unusable reserves'. These are reserves that the Council is not able to utilise to provide services, such as the Revaluation Reserve (which cannot be realised until revalued assets have been sold) and the Pensions Reserve.

The Council's senior officer leadership, and its committees, regularly review the service and corporate risk registers and service performance reports. There are mitigating measures in place for each risk, and they factor into decisions around the level of reserves held. The Council also has

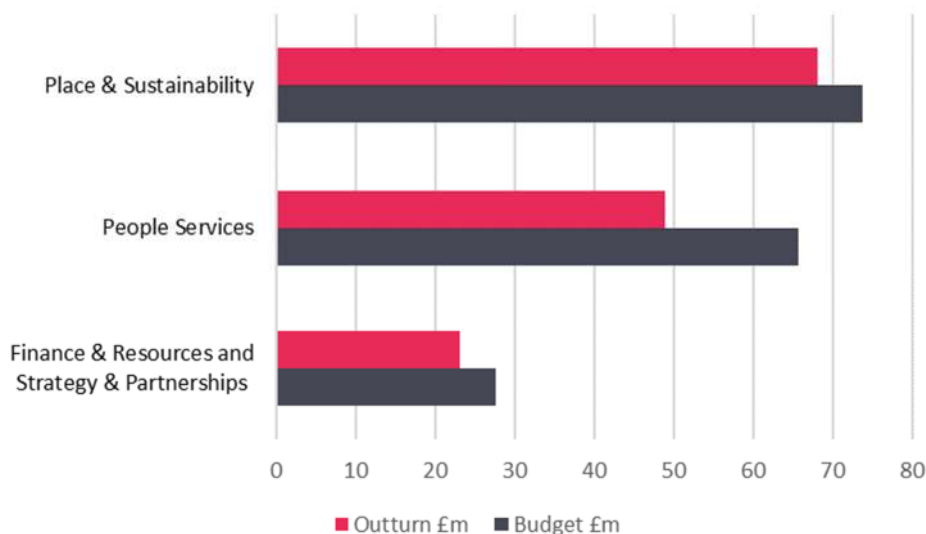
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a scheme of delegation to officers and a scheme of financial management within its constitution, providing a framework within which officers can act in relation to financial matters.

Capital

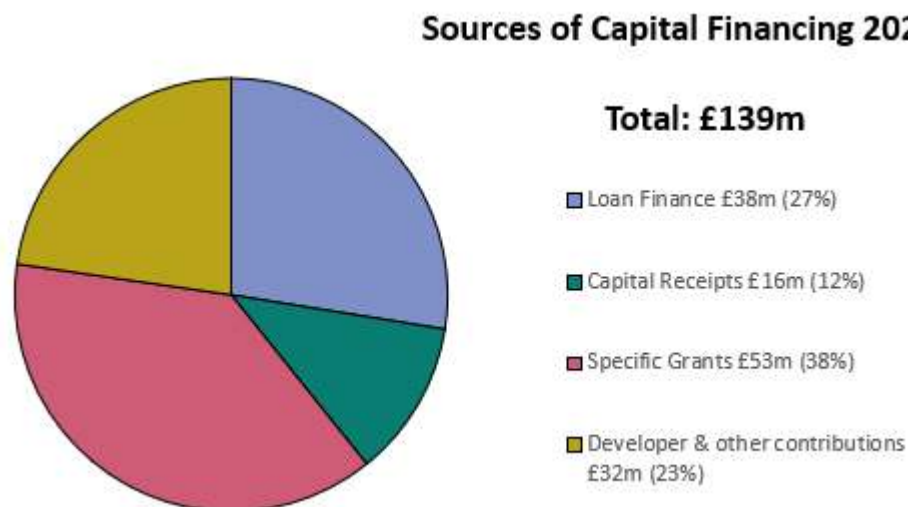
The Council’s capital programme for 2022-23 and beyond totalls over £1.2bn, with £165.5m of that budgeted to be spent in 2022-23. On top of this, the Greater Cambridge Partnership capital programme of £536m and 2022-23 budget of £40m form part of the Council’s overall capital position. Actual capital expenditure financed from capital resources for the year was £168.6m (of which £29.4m related to the Greater Cambridge Partnership), leaving £36.8m (18%) of the capital budget unspent at the year end. This was largely due to the timing of spending and in most cases does not represent underspends on schemes. Many capital projects span a number of years, so this simply means that expenditure has not been incurred as had been profiled within the business plan. In 2022-23, the key areas where spend varied from planned budgets were school schemes (£24.8m), and energy generation schemes (£11.2m).

The chart below shows net capital budgets and outturns for 2022-23 for the Council’s directorates:



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The following chart outlines how the £139.2m of the Council’s directorates’ capital expenditure was financed this year:



Loan financing is undertaken through borrowing, typically from the Public Works Loan Board and directly with other local authorities, where the Council subsequently meets interest and repayment costs from its own resources. The cost of borrowing has been factored into the Council’s capital financing revenue budget.

Our revenue capital financing budget for 2022-23 underspent as a result of three factors. Firstly, we borrowed less in year than expected due to delayed capital spend and having a higher level of cash than projected, and so incurred lower borrowing costs. Secondly, rising interest rates during the year meant that we were receiving a greater return on holding higher cash balances. Thirdly, the Minimum Revenue Provision charge was lower than expected following detailed analysis of capital schemes completed in the previous year.

External Borrowing & Investment

Net debt outstanding at 31 March 2023 was £736.6m (consisting of £564.9m long-term borrowing and £171.7m short-term borrowing), which was well within the Capital Financing Requirement Limit of £1,006m determined in accordance with legislation. Long-term borrowing decreased by £63.1m during the year, while short-term borrowing increased by £21.7m, reflecting the Council minimising long-term exposure to rising interest rates by taking out shorter-term debt.

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Our treasury management activities are regularly reported to Strategy & Resources Committee and Full Council, in line with our Treasury Management Strategy. The primary objective is to ensure that funds are invested prudently, with priority given to security and liquidity.

Much of the Council's external borrowing is due to loans advanced to the Council's wholly owned housing company, This Land Limited. The Council receives a revenue return from interest paid by the company on these loans, and the company continues to deliver houses and land development that benefits the county. In 2022 we undertook a shareholder review of This Land, and an updated business plan was submitted by the company.

Assets & Liabilities

The Council's cash and cash equivalents position at year end was £91.5m, which compares to £93.7m at the end of the previous year.

During 2022-23, the net assets of the Council and its Balance Sheet value increased by £764.6m (a 125% increase), from an opening balance of £610.4m to a closing balance of £1,375.0m at 31 March 2023. The net increase was driven by a combination of an increase in the valuation of Property, Plant and Equipment and Investment Assets, an increase in short-term debtors, a decrease in liabilities relating to the pension fund and a decrease in the amount of borrowing, off-set by an increase in short-term creditors.

Looking ahead

The business plan that underpinned financial planning for 2022-23 was always intended to be fully updated during the course of the year, as it was the first of the Council's new Joint Administration and was adopted in the context of a one-year settlement from government. During the year, in developing [the 2023-28 business plan](#) there is now a fully developed strategic framework intended to guide us for the remainder of this Council, and a more medium-term financial plan.

The Council's senior management and departmental structure has now been revised and is fully in place. This will enable clearer accountabilities and a sharper focus on delivering services for the people of Cambridgeshire.

However, there is still work to be done in ensuring we have a fully sustainable Medium-Term Financial Strategy with the resilience and capacity to address the identified budget gaps. The Council has not assumed a maximum level of increase in council tax for 2024-25, which provides some potential flexibility.

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The Statement of Accounts

The purpose of these accounts is to present a true and fair view of the financial results of the Council's activities for the year ended 31 March 2023, and to summarise the overall financial position of the Council as at that date by bringing together the major financial statements for the Council. The various sections, and their contents, are as follows:

Statement of Responsibilities, Certificate and Approval of Accounts

This statement sets out the responsibilities of the Council and the Chief Finance Officer (in this case the Section 151 Officer) of the Council regarding the proper administration of the Council's finances.

Independent Auditor's Report to Members

This reports the independent auditors' opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements, of the financial position of the Council, its income, expenditure and cash flows for the year, the financial transactions of the Pension Fund, the amount and disposition of the Fund's assets and liabilities (other than liabilities to pay pensions), and other benefits that will arise after the end of the year. The independent auditor also gives an opinion on the Council's use of resources and value for money.

Comprehensive Income and Expenditure Statement (CIES)

This Statement is fundamental to the understanding of the Council's activities as it reports the net cost for the year of all of the functions for which the Council is responsible. It also demonstrates how that cost has been financed from general government grants and income from local taxpayers.

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves. The 'surplus or (deficit) on provision of services' is included within the Total Comprehensive Income and Expenditure line and shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund balance for council tax setting purposes.

Balance Sheet

The Balance Sheet presents the value of the Council's current and non-current assets and liabilities at 31 March 2023 with the bottom line effectively being the net worth of the organisation. The net assets of the Council (assets less liabilities) are matched by the level of 'usable' and

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‘unusable’ reserves held. Usable reserves are those resources that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the Council is not able to use to provide services. Unusable reserves include those that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences as shown by the ‘adjustments between accounting basis and funding basis under regulations’ line in the Movement in Reserves Statement.

Cash Flow Statement

This Statement summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes. It outlines the changes in the cash and cash equivalents, for example changes in debtor balances (those owing the Council money) and creditor balances (those to whom the Council owes money) during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis forms the first note to the core financial statements. The objective of these notes is to demonstrate to council taxpayers how the funding available to the authority (i.e., government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council, in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council’s directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Notes to the core financial statements

The notes to the financial statements are essential in the presentation of a true and fair view for the accounts. They present information about the basis of preparation of the financial statements and the specific accounting policies used, explain how material transactions have been accounted for, and provide information that is not provided elsewhere in the financial statements but is relevant to an understanding of them.

Pension Fund accounts ([published here](#))

The objective of the Pension Fund financial statements is to provide information about the financial position, performance and financial adaptability of the Fund. The statements show the results of the stewardship of management, the accountability of management for the resources entrusted to it, and of the disposition of its assets at the year end. The Council administers this Fund on behalf of all local authorities in Cambridgeshire, plus a number of other public and voluntary bodies, and commercial organisations.

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Group Accounts

These provide the same core statements as above but combine the Council's position with that of This Land Limited, the Council's wholly-owned housing company. That company's transactions are significant enough that, given it is owned by the Council, we are required to show a consolidated position across the two organisations.

Accounting Policies

These are the accounting rules and practices adopted by the Council that determine how transactions and events are reflected in the accounts. For 2022-23, these accounting practices principally comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 (the Code) supported by International Financial Reporting Standards (IFRS), and the Service Reporting Code of Practice 2022-23 (SeRCop).

Annual Governance Statement ([published here](#))

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

Further Information

The three sections that make up the full Statement of Accounts (including this document) can be found on the Council's [website](#). Further information about the Statement of Accounts and other financial matters can be obtained from [the finance and budget pages](#) on the Council's website or by contacting Corporate Finance using the following details:

Address: Box ALC2618, New Shire Hall, Alconbury Weald, PE28 4YE
Telephone: 0345 045 5200
Email: finance@cambridgeshire.gov.uk

Statement of Responsibilities, Certificate and Approval of Accounts

STATEMENT OF RESPONSIBILITIES, CERTIFICATE AND APPROVAL OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Approve the Statement of Accounts.
- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer (Section 151 Officer).
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR OF FINANCE & RESOURCES

The Executive Director (Section 151 Officer) is responsible for the preparation of the Council's Statement of Accounts, including those of the Pension Fund, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Executive Director of Finance & Resources has:

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

The Executive Director of Finance & Resources also has to have:

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

Statement of Responsibilities, Certificate and Approval of Accounts

CERTIFICATE OF ACCOUNTS

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year 2022-23 and authorise the accounts for issue.



Michael Hudson
Executive Director of Finance & Resources
Date: 20/07/2023

APPROVAL OF ACCOUNTS

I confirm that these accounts were approved by the Council under the delegated authority of the Chair of the Audit and Accounts Committee on XX-XXXX-XXXX.

Signed on behalf of
Cambridgeshire County Council:

Cllr. G. Wilson
Chair of the Audit and Accounts Committee
Date: XX-XXXX-XXXX

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

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Core Financial Statements

Comprehensive Income and Expenditure Statement **Page 28**

Movement in Reserves Statement **Page 29**

Balance Sheet **Page 30**

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Core Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED*				2022-23		
2021-22						
Gross Expenditure	Gross Income	Net Expenditure (+) / Income (-)		Gross Expenditure	Gross Income	Net Expenditure (+) / Income (-)
£000	£000	£000	Note	£000	£000	£000
137,032	-39,901	97,131		109,484	-34,174	75,310
761,763	-438,597	323,166		813,329	-482,658	330,671
47,464	-42,496	4,968		40,094	-37,690	2,404
68,336	-20,785	47,551		65,088	-21,686	43,402
30,104	-14,763	15,341		46,105	-34,855	11,250
1,044,699	-556,542	488,157	Cost of Services	1,074,100	-611,063	463,037
423	-4,289	-3,866	Other operating income and expenditure	9,235	0	9,235
47,012	-18,576	28,436	Financing and investment income and expenditure	45,125	-30,879	14,246
0	-537,037	-537,037	Taxation and non specific grant income	0	-624,091	-624,091
		-24,310	Surplus (-) or Deficit (+) on Provision of Services			-137,573
		-36,591	Surplus (-) or deficit (+) on revaluation of property, plant and equipment			-77,348
		17,918	Impairment and revaluation loss charged to the revaluation reserve			17,395
		-2,088	Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income			3,742
		-207,587	Remeasurement of net pension benefit/liability			-570,824
		-228,348	Other Comprehensive Income (-) and Expenditure (+)			-627,035
		-252,658	Total Comprehensive Income (-) and Expenditure (+)			-764,608

*2021-22 comparators restated due to restructure, with figures for Strategy & Partnerships split out from other service lines and Corporate Services becoming Finance and Resources

The purpose of this statement is explained in the Narrative Report (page 18).

Core Financial Statements

MOVEMENT IN RESERVES STATEMENT

	General Fund *	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves Total	Unusable Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000
Balance at 1-Apr-21	168,285	10,861	36,332	215,478	142,271	357,749
<i>Movement in 2021-22</i>						
Total comprehensive income and expenditure	24,310	0	0	24,310	228,348	252,658
Adjustments between accounting and funding basis under regulations (note 19)	9,811	2,996	-3,936	8,872	-8,872	0
Increase (+) or decrease (-) in 2021-22	34,121	2,996	-3,936	33,182	219,476	252,658
Balance at 31-Mar-22	202,406	13,857	32,396	248,660	361,747	610,407
<i>Movement in 2022-23</i>						
Total comprehensive income and expenditure	137,573	0	0	137,573	627,035	764,608
Adjustments between accounting and funding basis under regulations (note 19)	-126,144	-13,301	77,882	-61,562	61,562	0
Increase (+) or decrease (-) in 2022-23	11,429	-13,301	77,882	76,011	688,597	764,608
Balance at 31-Mar-23	213,835	556	110,278	324,671	1,050,344	1,375,015

* General Fund balances include earmarked reserves

The purpose of this statement is explained in the Narrative Report (page 18).

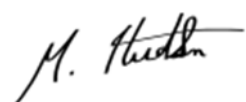
Core Financial Statements

BALANCE SHEET

31-Mar-22			31-Mar-23
£000		Note	£000
1,682,610	Property, plant and equipment	23	1,849,309
19,012	Heritage assets	25	19,015
130,162	Investment property	24	156,584
11,447	Intangible assets		9,804
44,741	Long term investments	27	40,999
144,972	Long term debtors	26	144,322
2,032,944	Long Term Assets		2,220,033
272	Assets held for sale	23	1,023
547	Inventories		967
102,758	Short term debtors	29	158,639
93,701	Cash and cash equivalents	30	91,546
197,278	Current Assets		252,175
-150,000	Short term borrowing	27	-171,688
-125,774	Short term creditors	31	-166,282
-2,109	Provisions		-2,234
-557	Capital grants and contributions received in advance	33	-17
-278,440	Current Liabilities		-337,728
-7,537	Provisions		-7,280
-627,990	Long term borrowing	27	-564,885
-654,719	Other long term liabilities	32	-140,620
-51,129	Capital grants and contributions received in advance	33	-44,187
-1,341,375	Long Term Liabilities		-759,465
610,407	Net Assets		1,375,015
248,660	Usable reserves	21	324,671
361,747	Unusable reserves	22	1,050,344
610,407	Total Reserves		1,375,015

CERTIFICATE OF ACCOUNTS

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year 2022-23 and authorise the accounts for issue.



Michael Hudson

Executive Director of Finance & Resources (Section 151 Officer)

Date: 20/07/2023

The purpose of this statement is explained in the Narrative Report (page 18).

Core Financial Statements

CASH FLOW STATEMENT

2021-22 £000		2022-23 £000
-22,359	Net Surplus (-) or Deficit (+) on the Provision of Services	-137,573
-54,536	Depreciation	-36,922
-12,741	Impairment and downward valuations	40,167
-2,500	Amortisation	-2,664
-13,416	Increase(-)/Decrease in Creditors	-23,137
9,146	Increase/Decrease (-) in Debtors	57,203
-184	Increase/Decrease (-) in Inventories	-420
-59,762	Movement in Pension Liability (difference between employer's contributions paid and IAS19 adjustments)	-56,888
-15,629	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-12,772
-3,066	Other non-cash items charged to the deficit on the provision of services	16,075
-152,688	Adjustments to the net deficit on the provision of services for non-cash movements	-19,358
0	Proceeds from short-term and long-term investments	0
19,918	Proceeds from the sale of property, plant and equipment	3,968
119,529	Grants for financing capital expenditure	148,264
-5,569	Any other items for which the cash effects are investing or financing activities	5,574
133,878	Adjustments for items included in the deficit on the provision of services that are investing and financing activities	157,806
-41,169	Net Cashflows from Operating Activities	875
133,006	Purchase of Property, Plant and Equipment	112,585
8,350	Purchase of short-term and long-term investments	0
160	Other payments for investing activities	76
0	Proceeds from short-term and long-term investments	0
-19,918	Proceeds from the Sale of Property, Plant and Equipment	-3,968
-119,529	Capital Grants Received	-148,264
-21,604	Other receipts from investing activities	-21,367
-19,535	Investing Activities	-60,938
-238,000	Cash Receipts of short and long-term borrowing	-114,000
2,667	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (principal)	-1,262
271,365	Repayments of short and long-term borrowing	155,493
23,569	Other payments for financing activities	21,987
59,601	Financing Activities	62,218
-1,103	Net Increase (-) or Decrease (+) in cash and cash equivalents	2,155
92,598	Cash and Cash equivalents at the beginning of the reporting year	93,701
93,701	Cash and Cash equivalents at the end of the reporting year	91,546

The purpose of this statement is explained in the Narrative Report (page 19).

03. Notes to the Statements

DISCLOSURE NOTES

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General Accounting Policies and Judgements

1. ACCOUNTING POLICIES

For the Accounting Policies refer to Appendix 1.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Government Accounting in the United Kingdom 2022-23 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the new or amended standards within the 2023-24 Code. The 2023-24 Code has recently been published, and the following standards are being introduced in 2023-24:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The new standards are not expected to have a material impact on the 2022-23 or 2023-24 Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- The Council currently has 3 PFI contracts with private sector partners. These are as follows:
 - Thalia WB SPV Limited – to provide waste treatment and household waste facilities for the county until 2036;
 - Balfour Beatty plc. – to replace elements of Cambridgeshire’s existing Street Lighting network (those elements beyond their useful life), and subsequent maintenance until 2036; and

General Accounting Policies and Judgements

- Equitix Learning Community Partnerships – for the construction of Thomas Clarkson Academy (with a concession period until January 2037) as part of the Building Schools for the Future programme.

For the Waste and Street Lighting schemes, the Council is deemed to control the service provision, own the risks and rewards of the assets and will either take ownership of the assets, or have the option to renew the lease. As such, all relevant income, expenditure, assets and liabilities have been recognised on this basis. In relation to the Building Schools for the Future scheme, Thomas Clarkson Academy has academy status, and as such, its assets are not recognised on the Council's Balance Sheet (in accordance with the Council's accounting policy). However, the associated liabilities are recognised, as the contractor has met their commitments in terms of their right to receive payments from the Council for the capital element of the scheme, and there is no recourse to the school for any future payments.

- Heritage Assets held on deposit to the value of £19m have been included within the Council's Heritage Asset balance. Many of these deposits have been made without any kind of formal agreement that states who retains ownership, and for how long the deposit has been made. The Council has reviewed these items to determine when they were placed on deposit, and for the vast majority of items the deposits were made between 1934 and 1989. As such, given the long-term nature of the deposits, the Council has concluded that it effectively retains control of all assets on deposit and has therefore included these values within the Heritage Assets balance.
- The Council has judged that the stipulation in its Section 106 agreements regarding a requirement for it to use funds within a set timeframe, is a condition attached to the provision of the funding. However, where there is a clear plan in place to use this funding within the stipulated timeframes by means of a funding commitment within the Council's Business Plan, the conditions are regarded as having been met and the funding is recognised within unapplied contributions. The Council has therefore applied the judgement of there being a condition attached across all Section 106 agreements not included in the Council's Business Plan, which results in £46.3m being recognised in Capital Grants and Contributions unapplied as at 31 March 2023.
- The Council judges that the appropriate accounting treatment for the City Deal funding from Central Government to the Greater Cambridge Partnership (GCP) of £40m per year from 2020-21 to 2024-25 is to treat the funding as a series of separate grants, and therefore to recognise each year's individual allocation in the Comprehensive Income and Expenditure Statement annually. To make this judgement, the Council concluded that the substance of the arrangement with GCP for the City Deal grant effectively gave it control of the grant, even if the legal form of the arrangement does not. The Council also considered whether any conditions existed at the Balance Sheet date with regard to the receipt of the £40m of funding from Central Government. The Council concluded that no conditions exist regarding

General Accounting Policies and Judgements

the receipt of the £40m (using the definition of 'conditions' required by the Code in relation to grants), therefore, in accordance with paragraph 2.3.1.2 of the CIPFA Code of Practice, £40m grant income should be recognised in 2022-23.

- As set out in Property Plant and Equipment (Note 23), Infrastructure Assets have a gross book value of £1.2bn, with a net book value of £1.0bn at 31 March 2023. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 requires authorities to derecognise the gross cost and accumulated depreciation on Infrastructure Assets when a major part / component of that asset has been replaced or decommissioned. Between the years 2010-11 to 2013-14, the Council did not maintain sufficiently detailed records in order to support the application of the applicable financial reporting framework. The Council is unable to practicably calculate a prior period adjustment for this period due to the lack of detailed records held.

4. GOING CONCERN ASSUMPTION

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year, which has been seen with several local authorities who have had financial difficulties and have received additional support, flexibility and direction from government ensuring continuity of statutory services. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Council's accounts are therefore produced under the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 and have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31st July 2024, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

General Accounting Policies and Judgements

The Councils year-end reserve balances, as reported in these statements and compared to last year end are as follows:

Date	General Fund £m	Earmarked Reserves £m
31/3/2023	27.3	186.5 (Note 20)
31/3/2022	46.4	156.1 (Note 20)

General reserves at the end of the previous year were high due to a relatively large in-year underspend, and the surplus general reserve above the policy level was able to be re-deployed.

The forecast level of general reserves and earmarked reserves at 31st March 2024 is £28.9m and £109.9m respectively, which is in line with the required minimum level for the General Fund as set out by Council at year-end of £28.9m. For 2023-24, Council approved a balanced budget on 7 February 2023.

Liquidity

The Council has undertaken cash flow modelling through the going concern period to 31 July 2024 which demonstrates the Council's ability to work within its Capital Financing Requirement (CFR) and cash management framework throughout the period. The only expectation of external borrowing is to support the Capital Programme, which is consistent with our plans and normal practice.

The key assumption within this forecast includes the achievement £11.0m for 2023-24, following the setting of the Council's 2023-24 budget. The Council does not expect any potential inability to achieve these savings to significantly affect either the level of reserves or the remaining liquidity throughout the period.

The Council has also assessed the cashflow forecasts of its significant subsidiaries, mainly the This Land Group. The Council liaises closely with This Land, in its role as shareholder and exercising its powers under the loan agreement as Lender, to monitor the company's financial position. In July 2023, the company is expecting to complete contracts on the disposal of property it owns in Greater Cambridge, which will lead to the receipt of £27m over the period 2023 to 2026 under that binding contract. In addition to this, most of the constructed plots have now been sold at Ditton Walk and Spiregrass Square, Over. As a result, This Land is in a favourable cash position, with a current cash balance as at 30th June 2023 of £17.0m and an expectation of further plot sales over the coming year. The company is therefore already in a position where it can meet its financial obligations for the foreseeable future, and certainly over the next 12 months.

General Accounting Policies and Judgements

Conclusion

On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Asset valuations are completed on a 5-year rolling basis and values are reviewed annually to ensure they are not materially misstated.	In order to ensure that carrying values are kept in line with fair values in the interim, the Council values all assets not being valued under the rolling programme by either a) a desktop valuation or b) an indexation analysis that assesses when assets were last revalued and applies indices based on Building Cost Information Service forecasts, market indices and land value calculations for every year since the asset was last revalued. The Council also commissions a market review between the valuation date and the Balance Sheet date and adjusts for any material variances if required.

General Accounting Policies and Judgements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Notes 27 and 28 below.</p>	<p>The Council uses the Discounted Cash flow model to measure the Existing Use Value of some of its investment properties, surplus properties, Assets Held for Sale and financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors.</p> <p>Significant changes in any of the unobservable inputs would result in significantly lower or higher fair value measurement for the investment properties, surplus properties, Assets Held for Sale and financial assets.</p>
Pension Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effect on the pension's liability of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> • 1 year increase in member life expectancy would result in an increase in the liability of approximately 3%-5%; • 0.1% decrease in the Real Discount Rate would result in an increase in the liability of approximately £25m (2%); and • 0.1% increase in the Pension Increase Rate would result in an increase in the liability of approximately £23m (2%).

General Accounting Policies and Judgements

6. EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events occurring after the Balance Sheet date that require disclosure to enable readers to gain a proper understanding of the financial position of the Council up to the date when this Statement of Accounts was authorised for issue by the Executive Director of Finance & Resources. A 'non-adjusting' event is indicative of conditions that arose after the Balance Sheet date.

'Non-adjusting' Events after The Balance Sheet Date

Schools converting to Academy status

One further school is expected to convert to Academy status during 2023-24, and further conversions are expected to take place in future years. By the end of the 2023-24 financial year, local authority maintained schools with a current net book value totalling £22k will have converted to Academy status since the Balance Sheet date. As this school is currently voluntary controlled only the playing field is currently on the Council's Balance Sheet and this will be derecognised from the Council's Balance Sheet in 2023-24.

Guided Busway

In previous years the Council has reported a contingent liability in its accounts in relation to a claim in the Technology and Construction Court regarding the Cambridgeshire Guided Busway. Following positive discussions between the Council and the original constructor, BAM Nuttall, the dispute was settled in June 2023 out of court. The settlement gives the Council the confidence it needs to secure the long-term future of the busway.

7. EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Council (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The "Other income and expenditure" line relates to all income and expenditure outside of the Net cost of services. This includes the following lines within the Comprehensive Income and Expenditure Statement; Other operating income and expenditure, Financing and investment income and expenditure, Taxation and non-specific grant income and expenditure.

Comprehensive Income and Expenditure Statement Supporting Notes

RESTATED* 2021-22			2022-23		
Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
49,747	47,384	97,131	71,901	3,409	75,310
266,344	58,483	323,166	303,777	26,894	330,671
4,072	896	4,968	1,792	612	2,404
52,215	-4,664	47,551	53,774	-10,372	43,402
15,341	0	15,341	5,988	5,262	11,250
387,719	102,099	488,157	437,232	25,805	463,037
-423,501	-88,966	-512,467	-448,661	-151,949	-600,610
-35,782	13,133	-24,310	-11,429	-126,144	-137,573
-168,285			-202,406		
-34,121			-11,429		
-202,406			-213,835		

* 2021-22 comparators restated due to restructure, with figures for Strategy and Partnerships split out from other service lines and Corporate Services becoming Finance and Resources

Comprehensive Income and Expenditure Statement Supporting Notes

8. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Place and Sustainability	-1,860	5,216	53	3,409
People Services	589	26,368	-63	26,894
Public Health	0	617	-5	612
Finance and Resources	-14,473	4,193	-92	-10,372
Strategy and Partnerships	50	5,025	187	5,262
Net Cost of Services	-15,694	41,419	80	25,805
Other Income and Expenditure	-161,697	15,469	-5,721	-151,949
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-177,391	56,888	-5,641	-126,144

* 2021-22 comparators restated due to restructure, with figures for Strategy and Partnerships split out from other service lines and Corporate Services becoming Finance and Resources

Adjustments for Capital purposes

- In the **service lines** this column records adjustments in respect of depreciation, Revenue Expenditure Funded from Capital Under Statute (REFCUS), revaluation gains / losses, and Private Finance Initiative and lease movements.

Comprehensive Income and Expenditure

Statement Supporting Notes

- **Other Operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices. There are also adjustments for movements in the market value of investment properties.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income.

- For **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure**, the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Other differences between amounts debited / credited to the CIES and amounts payable / receivable to be recognised under statute.

- For **services** this comprises the accrual made in respect of accumulated absences.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and Non-Domestic Rates (NDR) that was projected to be received at the start of the year, and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future shares of the Collection Fund surpluses or deficits declared by the billing authorities.

Comprehensive Income and Expenditure

Statement Supporting Notes

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

2021-22		2022-23
£000		£000
	Expenditure	
353,084	Employee Benefits Expenses	370,175
637,310	Other Services Expenses	704,506
54,305	Depreciation, amortisation, impairment	-581
47,012	Interest Payments	45,125
423	Precepts and Levies	432
0	Loss on the disposal of assets	8,803
1,092,134	Total Expenditure	1,128,460
	Income	
-110,717	Fees, charges and other service income	-103,767
-4,289	Gain on the disposal of assets	0
-18,576	Interest and Investment Income	-30,878
-393,358	Income from Council Tax and Non-domestic rates	-418,776
-589,504	Government Grants and Contributions	-712,612
-1,116,444	Total Income	-1,266,033
-24,310	Surplus (-) or Deficit (+) on the Provision of Services	-137,573

Comprehensive Income and Expenditure

Statement Supporting Notes

10. OTHER OPERATING INCOME AND EXPENDITURE

Listed below are items of income and expenditure that cannot reasonably be allocated or apportioned to services.

2021-22		2022-23
£000		£000
423	Levies	432
-4,289	(Gains)/losses on the disposal of non current assets	8,803
-3,866	Total	9,235

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

This contains items of income and expenditure arising from the Council's involvement in financial instruments and similar transactions.

2021-22		2022-23
£000		£000
32,570	Interest payable and similar charges	29,656
14,442	Net interest on the net defined benefit liability	15,469
-10,313	Interest receivable and similar income	-12,383
-7,069	Income and expenditure in relation to investment properties and changes in their fair value	-17,266
0	Trading accounts	0
-1,194	Other investment income	-1,230
28,436	Total	14,246

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12. TAXATION AND NON-SPECIFIC GRANT INCOMES

This item consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure. All capital grants and contributions are shown below, even where they are service-specific.

2021-22		2022-23
£000		£000
-326,876	Council Tax Income	-349,438
-66,482	Non-Domestic Rates	-69,338
-52,774	Non-Ringfenced Government Grants	-45,124
-90,905	Capital Grants and Contributions	-160,191
-537,037	Total	-624,091

13. POOLED BUDGETS

Better Care Fund

Cambridgeshire County Council hosts the local Better Care Fund. This is part of a national initiative to pool Health and Social Care funding to services to achieve better outcomes for the local community.

The fund is operated according to an agreement made under section 75 of the National Health Service Act 2006 between the County Council and the NHS in the form of Cambridgeshire and Peterborough Integrated Care Board (ICB).

The partners planned expenditure together through the fund including:

- NHS contributions to older people's and adults' community health services, intermediate care and services for carers;

Comprehensive Income and Expenditure

Statement Supporting Notes

- Social Care spending on reablement, extra care and a range of other services;
- Additional funding from the NHS for County Council commissioned services in order to protect social care and respond to the Care Act;
- The Improved Better Care Fund grant paid to the County Council to provide investment to reduce delayed transfers of care to support pressures within adult social care;
- Disabled Facilities Grant for accommodation adaptations managed by the District Councils.

For 2020-21 and 2021-22, funding and expenditure relating to Covid-19 hospital discharge schemes were also included in the Better Care Fund in Cambridgeshire. These schemes provided national NHS funding to enable rapid discharges from hospitals into social care where appropriate, with the Council providing a contribution based on a baseline of what it would have spent on social care that followed discharges in a more normal year. This funding stream came to an end at the close of 2021-22. However, from 2022-23, the new Adult Social Care Discharge Fund is now built into the Better Care Fund in Cambridgeshire.

Comprehensive Income and Expenditure Statement Supporting Notes

The financial outturns of the Better Care Fund for 2021-22 and 2022-23 are as follows:

2021-22 £000	Better Care Fund	2022-23 £000
	Funding provided to the pooled budget by:	
	Original BCF:	
-19,795	the Council	-20,241
-47,536	NHS Cambridgeshire and Peterborough ICB	-48,953
-67,331		-69,194
	Covid Discharge Schemes:	
-4,472	the Council	0
-3,895	NHS Cambridgeshire and Peterborough ICB	0
-8,367		0
	ASC Discharge Fund:	
0	the Council	-1,937
0	NHS Cambridgeshire and Peterborough ICB	-2,512
0		-4,449
-75,698	Funding Total	-73,643
	Expenditure met from the pooled budget:	
37,722	the Council	39,183
29,609	NHS Cambridgeshire and Peterborough ICB	30,011
67,331		69,194
	Covid Discharge Schemes:	
8,367	the Council	0
0	NHS Cambridgeshire and Peterborough ICB	0
8,367		0
	ASC Discharge Fund:	
0	the Council	1,937
0	NHS Cambridgeshire and Peterborough ICB	2,512
0		4,449
75,698	Expenditure total	73,643
0	Net Surplus (-) or Deficit (+) on the Pooled Budget	0
0	Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget	0

Comprehensive Income and Statement Supporting Notes

Expenditure

In accordance with the section 75 agreement, NHS funded services which are commissioned directly by the Integrated Care Board do not require transactions to be via the County Council. Consequently, the actual transfer of funding from the NHS to the County Council related to 2022-23 through the original BCF is £18.9m (£17.9m in 2021-22), £0m (£3.9m in 2021-22) for the Covid discharge schemes and £0m (£0m in 2021-22) for the ASC Discharge Fund.

Other pooled budgets

The Council also has pooled budget agreements with NHS Cambridgeshire and Peterborough ICB for the following:

- For the provision of an Integrated Community Equipment Service (ICES) in Cambridgeshire, with the partner organisation contributing 52% of the budget:

2021-22 £000	Integrated Community Equipment Service	2022-23 £000
	Funding provided to the pooled budget by:	
-2,464	the Council	-2,224
-2,328	NHS Cambridgeshire and Peterborough ICB	-2,390
-4,792		-4,614
	Expenditure met from the pooled budget:	
2,565	the Council	2,059
2,423	NHS Cambridgeshire and Peterborough ICB	2,213
4,988		4,272
196	Net Surplus (-) or Deficit (+) on the Pooled Budget	-342
101	Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget	-165

Comprehensive Income and Expenditure

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- For the provision of integrated health and social services for Learning Disability Partnership (LDP) clients in Cambridgeshire, with the partner organisation contributing 22% of the budget:

2021-22 £000	Learning Disability Partnership	2022-23 £000
	Funding provided to the pooled budget by:	
-71,819	the Council	-81,859
-21,717	NHS Cambridgeshire and Peterborough ICB	-24,756
-93,536		-106,615
	Expenditure met from the pooled budget:	
73,333	the Council	83,758
22,175	NHS Cambridgeshire and Peterborough ICB	25,330
95,508		109,088
1,972	Net Surplus (-) or Deficit (+) on the Pooled Budget	2,473
1,514	Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget	1,899

For both the ICES and LDP pools, the same proportions as those for budget contributions are used to meet any deficit or share any surplus arising at the end of each financial year.

14. MEMBERS' ALLOWANCES

The allowances paid to members of the Council in 2022-23 were £934,613 (£879,227 in 2021-22) and expenses totalled £13,900 (£12,085 in 2021-22).

Comprehensive Income and Expenditure

Statement Supporting Notes

15. OFFICERS' REMUNERATION

Senior Employees

Schedule 1 of the Accounts and Audit Regulations 2015 involves a legal requirement to increase transparency and accountability in Local Government for reporting the remuneration of senior employees. The Council publishes detailed senior employee pay information covering, salary, bonuses, expenses allowances, compensation payments, pensions and any other benefits.

Senior employees whose salary is £50,000 or more, but less than £150,000, are required to be listed individually by way of job title. Employees whose salary is £150,000 or more must also be identified by name. In this context, a senior employee is identified as follows:

- the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989;
- any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with others.

In 2021-22 the majority of the senior employee roles were shared with Peterborough City Council (PCC) under S113 agreements, an arrangement that was mostly unwound in 2022-23 (see footnotes below the table). Full remuneration is shown for all employees; however, Cambridgeshire County Council pays only an agreed proportion for its share of any shared posts.

The narrative statement sets out that during 2022-23 the Council undertook a significant re-organisation of its Corporate Leadership Team which is intended to boost the Council's senior management capacity and respond to the revised approach to shared services with Peterborough City Council. The chief officers in role as at the Balance Sheet date are shown in the first table below, a number of whom arrived close to the end of the financial year. Former and departing chief officers are shown in the subsequent tables.

Comprehensive Income and Expenditure Statement Supporting Notes

The Council's senior employee remuneration for 2022-23 (and 2021-22) is as follows:

Postholders at 31 March 2023:			Salary, Fees & Allowances	Expenses (Taxable) & Benefits in Kind	Compensation for Loss of Employment	Employer Pension Contribution	Total Remuneration Including Employer Pension Contributions
	Note		£	£	£	£	£
Chief Executive (S Moir)		2022-23	190,000	8,000	0	0	198,000
		2021-22	20,357	0	0	0	20,357
Executive Director of Finance and Resources (S151 Officer)	1	2022-23	7,964	0	0	1,394	9,358
Executive Director of Strategy and Partnerships	2	2022-23	85,123	242	0	14,896	100,261
Director: Customer and Digital Services #	2	2022-23	54,131	264	0	9,473	63,868
		2021-22	135,107	0	0	23,644	158,751
Executive Director: Public Health #		2022-23	127,903	0	0	18,776	146,679
		2021-22	101,879	4,265	0	14,956	121,100
Interim Executive Director of Children's Services # ^ (E Redding)	3	2022-23	153,360	0	0	0	153,360
Service Director: Adults & Safeguarding *	4	2022-23	24,157	0	0	4,203	28,360
Executive Director of Place and Sustainability	5	2022-23	2,096	0	0	370	2,466
Service Director: Legal and Governance (Monitoring Officer)	6	2022-23	1,625	0	0	287	1,912

Comprehensive Income and Expenditure

Statement Supporting Notes

Previous Postholders:			Salary, Fees & Allowances	Expenses (Taxable) & Benefits in Kind	Compensation for Loss of Employment	Employer Pension Contribution	Total Remuneration Including Employer Pension Contributions
	Note		£	£	£	£	£
Chief Executive *		2021-22	145,843	825	0	22,306	168,974
Executive Director: Place and Economy (S Cox)	7	2022-23	160,370	0	49,444	209,903	419,717
		2021-22	156,252	0	0	27,344	183,596
Service Director for Finance and Procurement (S151 Officer)	8	2022-23	122,997	660	0	21,524	145,181
		2021-22	111,902	0	0	19,583	131,485
Executive Director: People and Communities	4	2022-23	148,130	103	0	25,923	174,156
		2021-22	143,152	825	0	25,052	169,029
Deputy Chief Executive and Chief Finance Officer (S151 Officer)		2021-22	24,696	0	0	4,322	29,018
Executive Director: People and Communities *		2021-22	114,134	825	0	0	114,959
Director of Children's Services	9	2022-23	75,101	0	0	13,068	88,169
		2021-22	20,058	0	0	3,735	23,793

Comprehensive Income and Expenditure

Statement Supporting Notes

Previous Postholders (continued):			Salary, Fees & Allowances	Expenses (Taxable) & Benefits in Kind	Compensation for Loss of Employment	Employer Pension Contribution	Total Remuneration Including Employer Pension Contributions
	Note		£	£	£	£	£
Director: Business Improvement and Development #	10	2022-23	81,515	0	64,388	13,989	159,892
		2021-22	139,731	0	0	24,453	164,184
Service Director: Children's Services *		2021-22	123,135	0	0	21,425	144,560
Director: Public Health #		2021-22	9,148	0	0	1,343	10,491
Director: Legal and Governance (Monitoring Officer) #	6	2022-23	71,401	0	52,528	12,531	136,460
		2021-22	107,410	0	0	18,797	126,207
Director: Legal and Governance (Monitoring Officer - Temporary) ^	6						50,255
		2022-23	50,255	0	0	0	
Total		2022-23	1,356,128	9,269	166,360	346,337	1,878,094
Total		2021-22	1,352,804	6,740	0	206,960	1,566,504

Comprehensive Income and Expenditure

Statement Supporting Notes

	Note	Salary, Fees & Allowances £	Expenses (Taxable) & Benefits in Kind £	Compensation for Loss of Employment £	Employer Pension Contribution £	Total Remuneration Including Employer Pension Contributions £
Chief Executive: Greater Cambridgeshire Partnership (R Stopard)	11					
	2022-23	158,145	0	0	27,675	185,820
	2021-22	165,358	0	0	11,248	176,606

* PCC Employee: Post shared under a S113 agreement with Peterborough City Council. Full remuneration is shown, however Cambridgeshire only paid an agreed proportion for its share of the costs.

CCC Employee: Post shared under a S113 agreement with Peterborough City Council. Full remuneration is shown, however, Cambridgeshire only paid an agreed proportion for its share of the costs.

^ Employees paid directly from 3rd party employment agencies. The remuneration for Salary, Fees and Allowances is what has been paid to the agencies and therefore there are no pension costs shown.

Notes:

1. The Executive Director of Finance and Resources commenced this role on 13/03/2023 and was designated Section 151 Officer from this date, so their remuneration is shown from this date.
2. The Executive Director of Strategy and Partnerships commenced this role on 01/09/2022. The post holder previously held the post of Director of Customer and Digital Services which was removed on 31/08/2022.
3. The Interim Executive Director of Children's Services commenced this role on 14/11/2022 and their remuneration is shown from this date. The previous postholder vacated the position on 13/11/2022.
4. The Service Director: Adults and Safeguarding commenced the position on 30/01/2023 and their remuneration is shown from this date. The previous postholder held the post of Executive Director of People & Communities which was removed on 21/02/2023.
5. The Executive Director of Place and Sustainability commenced this role on 27/03/2023 and their remuneration is shown from this date.
6. The Service Director: Legal and Governance commenced their role on 27/03/2023 and their remuneration is shown from this date. There were two previous postholders, the first vacated the position on 30/11/2022 and the second was employed on an interim basis between 01/12/22 and 12/03/2023.
7. The postholder was also an Associate Director at Cambridgeshire & Peterborough Combined Authority during the year - a contribution to salary costs was received. The role of Executive Director of Place and Economy (S Cox) was removed, and the post holder was made redundant on 31/03/2023. Their remuneration includes the redundancy payment and pension strain.

Comprehensive Income and Expenditure

Statement Supporting Notes

8. The Service Director: Finance & Procurement was appointed as Director of Resources from 03/05/2021 and designated as Section 151 officer from that date until 12/03/2023. Remuneration is shown for these periods.
9. The Director of Children's Services held the statutory designation between 01/02/2022 and 13/11/2022.
10. The role of Service Director Business Improvement and Development was removed, and the post holder was made redundant on 31/10/2022. Their remuneration includes the redundancy payment.
11. This postholder is employed by Cambridgeshire County Council as the accountable body for the Greater Cambridgeshire Partnership. The partnership is a formal collaboration with ring-fenced funding and separate governance from the Council reporting to an Executive Board also comprising representatives from Cambridge City Council and South Cambs District Council.

Comprehensive Income and Expenditure

Statement Supporting Notes

Employee remuneration above £50,000

In addition to those individuals shown in the senior officers table, the number of Council staff (including teachers but excluding senior employees) with remuneration (comprising salary, fees, expenses, allowances and any exit package) above £50,000 is as follows:

2021-22	Remuneration Banding	2022-23
No.		No.
124	£50,000 - £54,999	153
64	£55,000 - £59,999	88
73	£60,000 - £64,999	65
32	£65,000 - £69,999	45
16	£70,000 - £74,999	23
35	£75,000 - £79,999	23
11	£80,000 - £84,999	17
3	£85,000 - £89,999	10
3	£90,000 - £94,999	7
2	£95,000 - £99,999	3
6	£100,000 - £104,999	6
0	£105,000 - £109,999	2
1	£110,000 - £114,999	0
1	£125,000 - £129,999	2
1	£130,000 - £134,999	0
2	£135,000 - £139,999	2
0	£140,000 - £144,999	1
374		447

Around 38% (2021-22: 46%) of the employees referred to in the above table are employed in Cambridgeshire schools (excluding academies).

Comprehensive Income and Expenditure

Statement Supporting Notes

Exit Packages

The number of exit packages in terms of compulsory and other departures, as well as the total amount paid per banding, is set out in the table below:

2021-22				2022-23			
Compulsory Redundancies	Other Departures with Exit Package	Total Exit Packages	Total Cost of Exit Packages	Compulsory Redundancies	Other Departures with Exit Package	Total Exit Packages	Total Cost of Exit Packages
No.	No.	No.	£000	No.	No.	No.	£000
13	28	41	323	8	18	26	186
1	4	5	126	1	7	8	221
0	2	2	83	0	1	1	53
0	1	1	75	0	1	1	64
0	0	0	0	0	1	1	231
14	35	49	607	9	28	37	755
Total							

16. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2022-23, incurring costs of £755k (£607k in 2021-22). See Note 15 above for the number of exit packages and total cost per band that has been paid during the year.

Comprehensive Income and Expenditure Statement Supporting Notes

17. EXTERNAL AUDIT COSTS

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

2021-22		2022-23
£000		£000
147	Fees payable with regard to external audit services carried out by the appointed auditor	147
131	Additional fees payable with regard to external audit services carried out by the appointed auditor in the prior year	0
278		147

18. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2020. The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. The DSG (made under section 14 of the Education Act 2002) has been deployed in accordance with regulations made under sections 45A, 45AA, 47, 48(1) and (2) and 138(7) of, and paragraph 1(7)(b) of Schedule 14 to, the School Standards and Framework Act 1998.

Details of the deployment of DSG receivable for 2021-22 and 2022-23 are as follows:

Comprehensive Income and Expenditure

Statement Supporting Notes

Central Expenditure £000	2021-22		Total £000		Central Expenditure £000	2022-23		Total £000
	Individual Schools Budget (ISB) £000					Individual Schools Budget (ISB) £000		
		536,577		Final DSG before Academy recoupment				560,453
		-292,364		Academy figure recouped				-307,418
		244,213		Total DSG after Academy Recoupment				253,035
		0		Brought forward from previous financial year				0
		1		Correction of rounding difference occurring in 2019-20				0
		0		Carry forward to next financial year agreed in advance				0
47,005	197,208	244,214		Agreed Initial Budgeted Distribution	84,152	168,882		253,035
-467	-3,742	-4,209		In year adjustments	19,600	-621		18,979
46,538	193,466	240,005		Final Budget Distribution	103,752	168,261		272,014
-60,501	0	-60,501		Less: actual central expenditure	-97,004	0		-97,004
0	-192,460	-192,460		Less: actual ISB deployed to schools	0	-167,350		-167,350
0	0	0		Plus: local authority contribution	2,500	0		2,500
-13,963	1,006	-12,956		Carry Forward	9,248	911		10,160
		0		Plus/Minus: Carry-forward to next financial year agreed in advance				0
		0		Carry-forward to next financial year				10,160
		-26,363		DSG unusable reserve at the end of previous financial year				-39,319
		-12,956		Addition to DSG unusable reserve				0
		-39,319		Total of DSG unusable reserve at year end				-39,319
		-39,319		Net DSG position at year end				-29,159

Comprehensive Income and Expenditure

Statement Supporting Notes

As a result of the Safety Valve Agreement entered into with the Secretary of State for Education, the local authority received an initial payment of £19,600k in March 2023 which will support the reduction of the overall DSG deficit. Alongside this, a local authority contribution of £2,500k has been applied, resulting in a reduced cumulative deficit of £29,159k to be carried forward into 2023-24.

There are however continuing pressures within the High Needs Block of the DSG funding, due to overall numbers, complexity of need and unit costs of funding educational provision for children and young people with additional needs. These pressures are being addressed through the extensive transformation programme agreed as part of the Safety Valve intervention programme.

DLUHC has made regulations regarding the accounting treatment of DSG deficits, which affect the financial years beginning on 1 April 2020, 1 April 2021 and 1 April 2022. These are the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2020, SI 2020 No 1212. Local Authorities must charge the amount of the deficit to an unusable reserve established, charged and used solely for the purpose of recognising deficits in respect of its schools' budget. The regulations cover a limited period, to provide time for Government and local authorities to look at budgetary and financial management strategies to reduce the deficits.

Movement In Reserves Statement

Supporting Notes

19. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Movements in balances in 2022-23:

2022-23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments Involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	26,567	0	0	-26,567
Revaluation losses on Property Plant and Equipment	-29,812	0	0	29,812
Movements in the fair value of Investment Properties	-10,309	0	0	10,309
Amortisation of intangible assets	2,664	0	0	-2,664
Capital grant and contributions applied	-76,547	0	0	76,547
Revenue Expenditure funded from Capital under Statute	8,222	0	0	-8,222
Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-3,533	0	0	3,533
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Repayment of debt - Minimum Revenue Provision (MRP)	-18,983	0	0	18,983
Capital expenditure charged against the general fund balance	-5,444	0	0	5,444
Other Adjustments				
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-83,644	0	83,644	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	-5,762	5,762

Movement In Reserves Statement

Supporting Notes

2022-23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Receipts Reserve:				
Capital Receipts received in year but not applied	12,342	-12,342	0	0
Capital Receipts used to fund capital expenditure	127	0	0	-127
Flexible use of capital receipts	958	-958	0	0
Capital Receipts used to fund revenue (Revenue Expenditure funded from Capital under Statute)	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:				
Finance lease deferred capital receipt adjustment	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-47	0	0	47
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	93,736	0	0	-93,736
Employer's pension contributions and direct payments to pensioners payable in the year	-36,848	0	0	36,848

Movement In Reserves Statement

Supporting Notes

2022-23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-5,674	0	0	5,674
Adjustment involving the Dedicated Schools Grant Adjustment Account:				
Amount of which the accumulated Dedicated Schools Grant deficit charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements	0	0	0	0
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	80	0	0	-80
Total Adjustments	-126,145	-13,300	77,882	61,563

Movement In Reserves Statement

Supporting Notes

Movements in balances in 2021-22:

2021-22	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments Involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	54,526	0	0	-54,526
Revaluation losses on Property Plant and Equipment	-2,721	0	0	2,721
Movements in the fair value of Investment Properties	-212	0	0	212
Amortisation of intangible assets	2,500	0	0	-2,500
Capital grant and contributions applied	-81,677	0	0	81,677
Revenue Expenditure funded from Capital under Statute	2,297	0	0	-2,297
Non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	15,629	0	0	-15,629
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Repayment of debt - Minimum Revenue Provision (MRP)	-25,332	0	0	25,332
Capital Expenditure charged against the General Fund	-6,907	0	0	6,907
Other Adjustments				
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-9,228	0	9,228	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	-13,163	13,163

Movement In Reserves Statement

Supporting Notes

2021-22	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Receipts Reserve:				
Capital Receipts received in year but not applied	-19,918	19,918	0	0
Capital Receipts used to fund capital expenditure	166	0	0	-166
Flexible use of capital receipts	1,662	-1,662	0	
Capital Receipts used to fund revenue (Revenue Expenditure funded from Capital under Statute)	15,260	-15,260		
Adjustments involving the Deferred Capital Receipts Reserve:				
Capital Receipts achieved in year but not received	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-47	0	0	47
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	93,754	0	0	-93,754
Employer's pension contributions and direct payments to pensioners payable in the year	-33,992	0	0	33,992

Movement In Reserves Statement

Supporting Notes

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2021-22	£000	£000	£000	£000
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-9,616	0	0	9,616
Adjustment involving the Dedicated Schools Grant Adjustment Account:				
Amount of which the accumulated Dedicated Schools Grant deficit charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements	12,957	0	0	-12,957
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	710	0	0	-710
Total Adjustments	9,811	2,996	-3,935	-8,872

Movement In Reserves Statement

Supporting Notes

20. TRANSFERS TO / FROM EARMARKED RESERVES

The Council's Earmarked Reserve balances, including an analysis of respective in-year movements, are as follows:

	Balance at 31-Mar-21	Transfers Out 2021-22	Transfers In 2021-22	Balance at 31-Mar-22	Transfers Out 2022-23	Transfers In 2022-23	Balance at 31-Mar-23
	£000	£000	£000	£000	£000	£000	£000
Carry forward - schools	17,027	-2,793	2,551	16,785	-3,849	2,032	14,968
Carry forward - other	20,387	-20,409	14,754	14,732	-18,974	34,013	29,771
DSG Safety Valve	0	0	0	0	0	10,160	10,160
Insurance reserve	4,831	-2,743	2,630	4,718	-7	307	5,018
Other earmarked reserves	99,945	-14,384	34,255	119,816	-55,749	62,503	126,570
Total	142,190	-40,329	54,190	156,051	-78,579	109,015	186,487

The 'DSG Safety Valve' line listed above reflects the remaining balance unapplied of central government's initial Safety Valve contribution. After a local contribution of £2.5m, £9.5m of the government contribution is recognised in 2022-23 to bring the in-year position to balance. The remaining contribution is carried-forward as a specific earmarked reserve to offset future in-year pressures.

The schools' reserves listed above traditionally consist mainly of revenue balances held by individual maintained schools as part of their overall delegated funding. This funding remains in individual school bank accounts, but is consolidated into the overall accounts for reporting purposes. The reserves also contains other small elements of school funding in relation to Pupil Premium, Universal Infant Free Schools Funding and the pooled absence scheme for primary schools. These balances are subject to conditions of grant or local schemes and as such will be allocated in agreement with these arrangements during 2023-24. The accumulated high needs deficit that is ringfenced as part of the Dedicated Schools Grant is no longer accumulated into Earmarked Reserves and has been transferred to Unusable Reserves (see Note 22).

Movement In Reserves Statement

Supporting Notes

21. USABLE RESERVES

Usable reserves are those reserves that contain resources that a council can apply to the provision of services, either by incurring expenses or undertaking capital investment; whether or not there are particular restrictions on exactly what the resources can be applied to. Please refer to Notes 19 and 20 for details of the movements in usable reserves.

The Council's usable reserves are as follows:

- **General Fund** – the main revenue fund of the Council. Council tax precepts and Government grants are paid into the fund, from which the cost of providing services is met. The General Fund cushions the impact of uneven cash flows, and also acts as a contingency that can be used in year in the event of unexpected emergencies or unforeseen spending.
- **Earmarked Reserves** – these are resources set aside for a specific purpose. The Council's earmarked reserves include balances to cover future pressures, insurance claims and general contingencies held by schools within advisory limits. This includes the Just Transition Fund, which was established to provide funding for one-off, transformative expenditure on delivering a more environmentally, socially or financially sustainable county. Further analysis of earmarked reserves is shown within Note 20.
- **Usable Capital Receipts Reserve** – this reserve comprises all income from capital receipts that has been credited to the Comprehensive Income and Expenditure Statement as part of the gain / loss on disposal of long-term assets. Income is credited to the Capital Receipts Reserve, via a debit to the General Fund balance in the Movement in Reserves Statement. This reserve may only be used to fund capital expenditure or repay debt.
- **Capital Grants and Contributions Unapplied Reserve** – this reserve includes all capital grant income credited to the Comprehensive Income and Expenditure Statement, and subsequently reversed out of the General Fund Balance in the Movement in Reserves Statement. It is designed to show the position when a capital grant has been received, and conditions of its award met, but is yet to be used to finance capital expenditure. Amounts in this reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Movements in the Council's usable reserves are also detailed in the Movement in Reserves Statement.

Movement In Reserves Statement

Supporting Notes

22. UNUSABLE RESERVES

A summary of the Council's unusable reserves is as follows:

31-Mar-22		31-Mar-23
£000		£000
325,036	Revaluation Reserve	379,795
615,689	Capital Adjustment Account	733,692
-996	Financial Instruments Adjustment Account	-949
1,025	Financial Instruments Revaluation Reserve	-2,717
-552,846	Pensions Reserve	-38,910
-2,347	Collection Fund Adjustment Account	3,327
-6,081	Accumulated Absences Account	-6,161
-39,319	Dedicated Schools Grant Adjustment Account	-39,319
21,587	Deferred Capital Receipts Reserve	21,586
361,747		1,050,344

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation.
- or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Movement In Reserves Statement

Supporting Notes

2021-22 £000		2022-23 £000
310,658	Balance at 1 April	325,037
36,591	Upward revaluation of assets	77,348
-17,918	Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the Provision of Services	-17,395
329,331	Surplus or Deficit on Revaluation of Long Term Assets not Posted to the Surplus or Deficit on the Provision of Services	384,989
-3,412	Difference between fair value depreciation and historical cost depreciation	-6,139
-883	Accumulated gains on assets sold or scrapped	945
-4,295	Amount Written Off to the Capital Adjustment Account	-5,194
325,036	Balance at 31 March	379,795

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets (such as buildings and roads) and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction, or enhancement, via charges for depreciation, impairment losses and amortisations which are initially debited to the Comprehensive Income and Expenditure Statement. These are then transferred in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account. Reconciling postings from the Revaluation Reserve converts the fair value figures to a historical cost basis. The account is also credited with the amounts set aside by the Council to finance the costs of acquisition, construction, and enhancement.

The Account also contains revaluation gains and losses accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 19 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Movement In Reserves Statement

Supporting Notes

2021-22		2022-23
£000		£000
556,496	Balance at 1st April	615,683
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
-54,526	Charges for depreciation or impairment of long-term assets	-26,567
2,721	Revaluation gains reversing previous losses on Property, Plant and Equipment	29,812
-2,500	Amortisation of intangible assets	-2,664
-2,297	Revenue expenditure funded from capital under statute	-8,222
-15,629	Amounts of long-term assets written off on disposal or sale as part of the loss on disposal to the Comprehensive Income and Expenditure Statement	-12,773
4,294	Adjusting amounts written out of the Revaluation Reserve	5,194
-67,936	Net written out amount of the cost of non-current assets consumed in the year	-15,220
	Capital financing applied in the year	
-166	Use of the capital receipts reserve to finance new capital expenditure	16,179
81,677	Capital Grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing	76,547
13,163	Application of grant to capital financing from the capital grants unapplied account	5,762
25,335	Statutory Provision for the financing of capital investments charged to the general fund	18,983
6,907	Capital expenditure charged against the general fund	5,444
212	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	10,309
615,688	Balance at 31 March	733,692

Movement In Reserves Statement

Supporting Notes

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021-22 £000		2022-23 £000
-700,671	Balance at 1st April	-552,846
207,587	Re-measurement of net pension liability	570,824
-93,754	Reversal of items relating to retirement benefits debited or credited to the deficit on the provision of services in the comprehensive income and expenditure statement	-93,736
33,992	Employer's pensions contributions and direct payments to pensioners payable in the year	36,848
-552,846	Balance at 31st March	-38,910

Deferred Capital Receipts Reserve

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

Movement In Reserves Statement

Supporting Notes

2021-22		2022-23
£000		£000
21,588	Balance at 1 April	21,587
-1	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-1
21,587	Balance at 31 March	21,586

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools' budget. Where the authority has incurred a deficit on its schools' budget in the years beginning 1 April 2020, 1 April 2021 or 1 April 2022, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account. As set out above in Note 18 (Dedicated Schools Grant), the carried forward deficit in this area has remained at £39.3m at 31 March 2023.

2021-22		2022-23
£000		£000
-26,362	Balance at 1 April	-39,318
-12,956	School budget deficit transferred from General Fund in accordance with statutory requirements	0
-39,318	Balance at 31 March	-39,318

Balance Sheet Supporting Notes

23. PROPERTY, PLANT AND EQUIPMENT

Movements in balances in 2022-23:

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Cost or Valuation								
At 1st April 2022	710,921	40,558	1,144,161	2,724	4,220	80,691	1,983,275	117,777
Additions	5,990	2,661	74,500	88	0	33,841	117,080	0
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	50,266	0	0	-45	2,180	0	52,401	4,525
Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	14,925	0	0	0	-213	0	14,712	0
De-recognition and Disposals	-12,309	0	-28,583	0	0	0	-40,892	0
Assets reclassified to (-)/from Held for Sale	0	0	0	0	-697	0	-697	0
Assets reclassified to (-)/from PPE	-21,325	0	0	0	31,658	-10,333	0	0
Assets reclassified to (-)/from Investment Properties	0	0	0	0	-56	0	-56	0
Assets reclassified to (-)/from Intangible Assets	0	0	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0	0	0
At 31st March 2023	748,468	43,219	1,190,078	2,767	37,092	104,199	2,125,823	122,302

Balance Sheet Supporting Notes

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Accumulated Depreciation and Impairment								
At 1st April 2022	-33,677	-40,545	-190,838	0	-1	-35,612	-300,665	-67,300
Depreciation Charge	-11,012	-550	-24,751	0	-600	0	-36,913	-3,156
Depreciation written out of the Revaluation Reserve	6,843	0	0	0	418	0	7,261	705
Depreciation written out to the Surplus/Deficit on the Provision of Services	15,067	0	0	0	33	0	15,100	12,490
Impairment losses/reversals (-) recognised in the surplus/deficit in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/reversals (-) recognised in the surplus/deficit on the provision of services	10,355	0	0	0	0	0	10,355	10,355
Assets reclassified to (-)/from Held for Sale	0	0	0	0	0	0	0	0
Assets reclassified to (-)/from PPE	0	0	0	0	0	0	0	0
Assets reclassified to (-)/from Investment Properties	0	0	0	0	0	0	0	0
De-recognition and Disposals	2	0	28,346	0	0	0	28,348	0
Other Movements in Cost or Valuation	49	0	0	0	-49	0	0	0
At 31st March 2023	-12,373	-41,095	-187,243	0	-199	-35,612	-276,514	-46,906
Net Book Value								
At 31st March 2023	736,095	2,124	1,002,836	2,767	36,893	68,587	1,849,309	75,396
At 31st March 2022	677,244	13	953,323	2,724	4,219	45,079	1,682,610	50,477

Balance Sheet Supporting Notes

Movements in balances in 2021-22:

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Cost or Valuation								
At 1st April 2021	698,382	31,573	1,095,860	2,744	3,652	47,774	1,879,985	117,777
Additions	6,588	8,985	71,091	0	0	43,198	129,862	0
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	15,167	0	0	-20	-2,294	0	12,853	0
Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	629	0	0	0	-241	0	388	0
De-recognition and Disposals	-14,842	0	-22,790	0	-41	0	-37,673	0
Assets reclassified to (-)/from Held for Sale	-187	0	0	0	392	0	205	0
Assets reclassified to (-)/from PPE	7,584	0	0	0	2,696	-10,281	-1	0
Assets reclassified to (-)/from Investment Properties	-2,400	0	0	0	56	0	-2,344	0
Assets reclassified to (-)/from Intangible Assets	0	0	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0	0	0
At 31st March 2022	710,921	40,558	1,144,161	2,724	4,220	80,691	1,983,275	117,777

Balance Sheet Supporting Notes

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Accumulated Depreciation and Impairment								
At 1st April 2021	-32,506	-31,538	-184,501	0	-3	-28,602	-277,150	-64,135
Depreciation Charge	-9,362	-22	-29,127	0	-18	0	-38,521	-3,165
Depreciation written out of the Revaluation Reserve	5,805	0	0	0	21	0	5,826	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,326	0	0	0	4	0	2,330	0
Impairment losses/reversals (-) recognised in the surplus/deficit in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/reversals (-) recognised in the surplus/deficit on the provision of services	0	-8,985	0	0	0	-7,010	-15,995	0
Assets reclassified to (-)/from Held for Sale	0	0	0	0	0	0	0	0
Assets reclassified to (-)/from PPE	0	0	0	0	0	0	0	0
Assets reclassified to (-)/from Investment Properties	0	0	0	0	0	0	0	0
De-recognition and Disposals	55	0	22,790	0	0	0	22,845	0
Other Movements in Cost or Valuation	5	0	0	0	-5	0	0	0
At 31st March 2022	-33,677	-40,545	-190,838	0	-1	-35,612	-300,665	-67,300
Net Book Value								
At 31st March 2022	677,244	13	953,323	2,724	4,219	45,079	1,682,610	50,477
At 31st March 2021	665,876	35	911,359	2,744	3,649	19,172	1,602,835	53,642

Balance Sheet Supporting Notes

Capital commitments

At 31 March 2023 the Council has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2023-24 and future years, budgeted to cost £482.8m. The figures included within the table below represent the remaining contract value.

Contracts with major commitments are:

Expenditure approved and contracted		31-Mar-23 £000
Schools		
Alconbury Secondary and Special	New construction	50,980
New SEMH Provision Wisbech	New construction	6,085
Temporary Accommodation	Mobile buildings	4,915
Highways		
Highways Contract	To cover structural work, surfacing, road works and capital schemes for highways	382,722
Chisholm Trail and Abbey-Chesterton Bridge	Creation of a walking and cycle route including a new bridge	3,635
Greater Cambridge Partnership schemes	Various schemes	3,070
Property		
Building Maintenance	Building, Mechanical and Electrical Services	8,058
Energy		
Energy Projects	To cover solar farm, landfill energy and smart energy grid projects along with any other design and build capital energy projects	15,381
IT		
EastNet (CPSN Replacement)	Key network connectivity	3,047
Connecting Cambridgeshire	Superfast broadband rollout	3,444
Total		481,337

Balance Sheet Supporting Notes

Capitalisation of Borrowing Costs

In accordance with the Council's accounting policy, the Council capitalised £1,514k of borrowing costs in year in relation to qualifying assets (£1,127k in 2021-22). This was calculated using the Council's average borrowing rate of between 2.3% and 2.5% for the 4 quarters of 2022-23.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. In order to ensure that carrying values are kept in line with current values in the interim, all assets are revalued via desktop valuation in year two and by indexation in years three to five. For 2022-23, the valuations were carried out externally by Royal Institution of Chartered Surveyors (RICS) registered valuers, Bruton Knowles LLP, while specialist valuation of a solar farm asset was valued by Fisher German LLP who are similarly registered. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the RICS Valuation. The effective date of revaluation for the rolling programme, desktop valuations and all Surplus Assets is 30 November 2022.

The significant assumptions applied in estimating current values are:

- Building values based on building indices (Building Cost Information Service (BCIS)); and
- Land values based on existing use (for example, if offices are based on the land, then the land is valued for office use, if buildings on the land have industrial use, then the land is valued based on employment land value).

Infrastructure Assets

As set out in this note, Infrastructure Assets have a gross book value of £1.2bn, with a net book value of £1.0bn at 31 March 2023. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 requires authorities to derecognise the gross cost and accumulated depreciation on Infrastructure Assets when a major part / component of that asset has been replaced or decommissioned. Between the years 2010-11 to 2013-14, the Council did not maintain sufficiently detailed records in order to support the application of the applicable financial reporting framework. The Council is unable to practicably calculate a prior period adjustment for this period due to the lack of detailed records held.

Balance Sheet Supporting Notes

Valuation of long-term assets

	Carried at	Valued at Current Value as at:					Total
	Historical Cost	2018-19	2019-20	2020-21	2021-22	2022-23	
	£000	£000	£000	£000	£000	£000	£000
Land and Buildings		9,665	148,781	266,278	198,592	125,152	748,468
Vehicles, Plant, Furniture and Equipment	43,219						43,219
Infrastructure Assets	1,190,078						1,190,078
Community Assets		575	0	2,105	0	87	2,767
Surplus Assets		0	0	0	1,769	35,323	37,092
Assets Under Construction	104,199						104,199
	1,337,496	10,240	148,781	268,383	200,361	160,562	2,125,823
Assets Held for Sale		0	0	0	466	557	1,023
Investment Properties		0	0	0	2,261	154,322	156,583
Total Held at Cost or Revaluation	1,337,496	10,240	148,781	268,383	203,088	315,441	2,283,429

Balance Sheet Supporting Notes

24. INVESTMENT PROPERTIES

The following items of income have been accounted for in the financing and investment income and expenditure line in the comprehensive income and expenditure statement:

2021-22		2022-23
£000		£000
-6,857	Rental income from investment property	-6,956
-6,857	Total	-6,956

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2021-22		2022-23
£000		£000
127,606	Balance Outstanding at Start of Year	130,162
0	Additions (purchases)	16,057
0	Disposals	0
212	Net Gains (+)/Losses (-) from Fair value adjustments	10,309
2,344	Transfers to/from PPE	56
130,162	Balance outstanding at year end	156,584

Balance Sheet Supporting Notes

The purchase shown in the table above was the result of a put option exercised by a seller in January 2023 under a contract agreed with the Council in January 2020, for property adjacent and connected to the 2020 acquisition. The Council linked this acquisition to use of capital receipts rather than additional borrowing.

25. HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	Archives	Art Collection	Total Assets
Valuation or Cost	£000	£000	£000
31-Mar-21	19,001	11	19,012
Additions during 2021-22	0	0	0
31-Mar-22	19,001	11	19,012
Additions during 2022-23	3	0	3
31-Mar-23	19,004	11	19,015

The Council's collections of archives and art are valued in the Balance Sheet at insurance valuation. The most recent valuation of archives was carried out by Bonhams on 13th March 2020. These valuations are repeated periodically. The Council has considered the collections during 2022-23 for possible impairments and does not believe it is economic to conduct revaluations on a more frequent basis.

Balance Sheet Supporting Notes

26. LONG-TERM DEBTORS

This section gives details of amounts expected to be realised after one year.

2021-22		2022-23
£000		£000
113,851	This Land Group	113,851
21,585	Long term finance lease receivable	21,584
9,536	Other	8,887
144,972		144,322

Balance Sheet Supporting Notes

27. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instrument are carried on the Balance Sheet.

	Long-term		Current	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£000	£000	£000	£000
Investments:				
Financial assets through other comprehensive income	38,375	34,633	0	0
Financial assets at amortised cost	6,366	6,366	0	0
Total investments	44,741	40,999	0	0
Cash and cash equivalents:				
Cash and cash equivalents	0	0	93,701	91,546
Total cash and cash equivalents	0	0	93,701	91,546
Debtors:				
Financial assets at amortised cost	144,972	144,322	94,671	139,917
Total debtors	144,972	144,322	94,671	139,917
Borrowings:				
Financial liabilities at amortised cost	-627,990	-564,885	-150,000	-171,688
Total borrowings	-627,990	-564,885	-150,000	-171,688
Other liabilities:				
Other liabilities	-101,873	-101,709	-106,016	-150,122
Total other liabilities	-101,873	-101,709	-106,016	-150,122

Balance Sheet Supporting Notes

Income, Expense, Gains and Losses

	2022-23			Total £000
	Financial Liabilities at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets: Through Other Comprehensive Income £000	
Interest expense	29,656	0	0	29,656
Total expense in (Surplus)/ Deficit on the Provision of Services	29,656	0	0	29,656
Interest income	0	-12,383	0	-12,383
Total income in (Surplus)/ Deficit on the Provision of Services	0	-12,383	0	-12,383
Net gains(-)/losses(+)	0	0	3,742	3,742
Total income and expenditure in Other Comprehensive Income and Expenditure	0	0	3,742	3,742
Net (gain) / loss for the year	29,656	-12,383	3,742	21,015

Fair Values

There are material changes to the Fair Value notes, some based on the category of their initial valuation:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Balance Sheet Supporting Notes

- Level 3 Inputs – unobservable inputs for the asset or liability.

There were no transfers between input levels during the financial year.

There has been no change in the valuation technique used during the year for the financial instruments.

Except for the financial assets carried at fair value, all other financial assets and financial liabilities are carried on the Balance Sheet at amortised cost. The fair value for financial assets and financial liabilities that are not measured at fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions to provide an estimate of the value of payments in the future in today's terms as at the Balance Sheet date:

- For loans from the Public Works Loan Board (PWLB) payable, new loan rates from the PWLB have been applied to provide the fair value.
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months, or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.

Balance Sheet Supporting Notes

Fair value hierarchy for financial liabilities

	31-Mar-22		31-Mar-23	
	Total Carrying amount	Fair value	Total Carrying amount	Fair value
	£000	£000	£000	£000
PWLB borrowing	-464,833	-482,475	-452,340	-370,169
Non-PWLB borrowing	-313,157	-339,180	-284,233	-203,409
Short term creditors/payables	-103,665	-103,665	-136,345	-146,345
Short term finance lease & PFI liability	-2,351	-2,351	-3,777	-3,777
Long term finance lease & PFI liability	-101,873	-101,873	-101,709	-101,709
Total financial liabilities	-989,879	-1,029,544	-988,404	-825,409

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates.

The fair value of PWLB loans of £370.2m measures the economic effects of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the reduction in interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, if the Council were to realise the notional gain by repaying loans early to the PWLB, the PWLB would raise a penalty charge for early redemption.

Balance Sheet Supporting Notes

Fair value hierarchy for financial assets

	31-Mar-22		31-Mar-23	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Fixed term investments	0	0	0	0
Cash and cash equivalents	93,701	93,701	91,546	91,546
Debtors	94,671	94,671	139,917	139,917
Long-term debtors	144,972	144,972	144,322	144,322
Total financial assets	333,344	333,344	375,785	375,785
Long Term Equity Investments	38,375	38,375	34,633	34,633
Financial assets through other comprehensive income (FVOCI)	38,375	38,375	34,633	34,633

The fair value of the assets is the same as the carrying amount because the amortised cost of the Council's portfolio financial assets is a fair approximation of their value. The fair value of long-term debtors is also taken to be the carrying amount.

Balance Sheet Supporting Notes

28. FAIR VALUE HIERARCHY

Details of the Council's Surplus Assets, Assets Held for Sale and Investment Properties and information about the fair value hierarchy as at 31 March 2023 and 31 March 2022 are as follows:

	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31/03/2023
	Level 2	Level 3	
Fair value measurements for:	£000	£000	£000
Surplus Assets	30,677	6,216	36,893
Assets Held for Sale	0	1,023	1,023
Investment Assets: Commercial	153,961	0	153,961
Investment Assets: Residential	0	78	78
Investment Assets: Land	0	2,545	2,545
Total	184,638	9,862	194,500

	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31/03/2022
	Level 2	Level 3	
Fair value measurements for:	£000	£000	£000
Surplus Assets	3	4,216	4,219
Assets Held for Sale	0	272	272
Investment Assets: Commercial	87,028	40,572	127,600
Investment Assets: Residential	0	73	73
Investment Assets: Land	0	2,489	2,489
Total	87,031	47,622	134,653

Balance Sheet Supporting Notes

Valuation Techniques

There has been no change in the valuation techniques used during the year for properties valued by fair value. The approaches are outlined below.

Significant Observable Inputs – Level 2

Offices, a depot workshop, student accommodation, leisure assets, industrial assets and retail assets have been based on the market approach using current market conditions and recent sale prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Observable Inputs – Level 3

An ancient monument, community centres, former Landfill sites, amenity/playing field land, farmland, workshops and educational assets have been based on a comparable approach. This is by estimated market rental values (as the majority of these assets are let at sub-market rents) or subsidised passing rents. We have had to draw on a number of our own assumptions and utilised third party resources in order to value these assets. These assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Typical valuation inputs which have been analysed in arriving at the Fair Valuations include;

- Market Rental and Sale Values
- Yields
- Void and Letting Periods
- Size
- Configuration, proportions and layout,
- Location, visibility and access
- Condition
- Lease covenants
- Obsolescence

Balance Sheet Supporting Notes

Highest and Best Use

In estimating the fair value of the Council's Surplus Assets, Assets Held for Sale and Investment Properties, the highest and best use is their alternative use for 26 assets (13 assets in 2021-22). In most cases, this alternative use is for amenity land, commercial or residential development – however, the Council cannot realise that alternative value until planning permission is granted (although this is not guaranteed) and / or the asset is sold. As such, in the meantime these assets are either not in use (and therefore their current existing use is their previous use) or they have been put to an alternative use in the meantime whilst they await disposal or future development.

Balance Sheet Supporting Notes

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

<i>Fair value movements for assets categorised within level 3:</i>	31-Mar-22	31-Mar-23
	£000	£000
Opening balance	6,766	47,622
Transfers into level 3	39,162	3
Transfers out of level 3	0	-40,574
Reclasses between PPE, AHFS and Investment Properties	5,278	9
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-715	-175
Total gains [or losses] for the period included in Surplus or deficit on revaluation of long-term assets	-2,276	3,233
Additions	0	0
Disposals	-572	-227
Depreciation	-21	-29
Closing Balance	47,622	9,862

The loss arising from changes in the fair value of level 3 assets has been recognised in the Surplus or Deficit on the Provision of Services in the People Services, Finance and Resources and Financing and Investment expenditure lines.

Balance Sheet Supporting Notes

29. SHORT-TERM DEBTORS

31-Mar-22		31-Mar-23
£000		£000
31,276	Trade debtors	48,649
53,404	Central government bodies	71,386
4,594	NHS bodies	12,069
6,414	Collection fund debtors	7,281
7,070	Other	19,254
102,758	Total Short-Term Debtors	158,639

30. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents also include bank overdrafts where these arise as an integral part of the Council's cash management. The cash position is managed to ensure that a broadly neutral position is maintained on a daily basis (i.e., surplus cash balances are temporarily invested until next needed); overdrawn balances represent cash in transit at 31 March.

Balance Sheet Supporting Notes

The following table shows the balance of cash and cash equivalents at 31 March. The balance of Cash and Cash Equivalents is made up of the following elements:

31-Mar-22		31-Mar-23
£000		£000
38,056	Cash held by the Council	33,552
55,645	Cash equivalents	57,994
93,701	Total Cash and Cash Equivalents	91,546

31. SHORT-TERM CREDITORS

31-Mar-22		31-Mar-23
£000		£000
-49,890	Trade creditors	-71,028
-49,606	Central government bodies	-44,418
-5,771	NHS bodies	-6,246
-7,256	Collection fund creditors	-8,810
-6,081	Accumulated absences accrual	-6,161
-2,351	Finance lease liabilities	-3,777
-4,818	Other	-25,842
-127,733	Total Short-Term Creditors	-166,282

Balance Sheet Supporting Notes

32. OTHER LONG-TERM LIABILITIES

An analysis of other long-term liabilities is shown below:

31-Mar-22		31-Mar-23
£000		£000
-552,846	Pensions liabilities	-38,910
-77	Long term finance lease (non-PFI)	-77
-101,796	Long term finance lease (PFI)	-101,633
-654,719		-140,620

Balance Sheet Supporting Notes

33. GRANT INCOME

The following is a list of all grants and contributions received in excess of £4 million during 2022-23 where the grant / contribution has been recognised as income:

2021-22 £000		2022-23 £000
	Credited to taxation and non specific grant income	
38,631	Greater Cambridge City Deal Grant	39,962
15,200	S106, CIL and other capital contributions	28,944
0	A14 Cambridge to Huntingdon Improvement Scheme – De-trunking settlement	23,549
13,573	Local Transport Plan funding passported via Combined Authority	13,621
13,384	Adult Social Care Support Grant	18,885
2,709	High Needs Provision Grant	11,291
0	Department for Education Safety Valve Funding (Capital)	11,290
5,060	Business Rates Compensation Grant	10,738
8,329	Pothole Funding passported via Combined Authority	8,329
3,692	Cambridgeshire and Peterborough Combined Authority contributions	7,832
0	Services Grant	4,508
0	Business Rates Reconciliation Grant	4,150
43,101	Other grants	22,216
143,679	Credited to taxation and non specific grant income	205,315

Balance Sheet Supporting Notes

2021-22		2022-23
£000		£000
	Credited to services	
240,470	Dedicated schools grant (DSG)	247,534
27,608	Public Health grant	28,384
21,717	Learning Disability Partnership (NHS pooled budget contribution)	26,813
0	Homes for Ukraine (Tariff)	20,324
0	Dedicated schools grant (DSG) - Safety Valve	19,600
17,927	Better Care Fund (NHS pooled budget contribution)	18,942
14,725	Improved Better Care Fund (DLUHC Grant)	15,171
0	Basic Need Grant (REFCUS)	11,817
9,621	Pupil Premium	9,262
3,252	Household Support Fund	7,492
0	ICB Funding for Social Services	5,721
4,187	Unaccompanied asylum seekers grant	5,113
5,070	Better Care Fund Disabled Facilities Grant (REFCUS)	5,070
4,853	Building Schools for the Future PFI Credits	4,853
62,602	Other Contributions	41,476
33,793	Other Grants	39,725
445,825	Total Credited to services	507,297
589,504	Grant Total	712,612

Balance Sheet Supporting Notes

Capital grants and contributions received in advance

The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

2021-22		2022-23
£000		£000
	Current	
557	Grants	17
0	Section 106 contributions and Community Infrastructure levy	0
557		17
	Long Term	
50,954	Section 106 contributions	74,425
175	Other contributions	175
51,129		74,600
51,686	Total	74,617

Balance Sheet Supporting Notes

34. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The closing CFR at 31 March 2023 was £1,054.4m (£1,035.1m at 31 March 2022).

2021-22		2022-23
£000		£000
	Expenditure funded from capital:	
129,862	Property, Plant and Equipment	117,080
1,333	Intangible Assets	1,021
2,297	Revenue Expenditure Funded from Capital under Statute	8,222
-2,515	Long-term Capital Debtors	-222
	Sources of finance:	
166	Capital receipts	-16,179
-94,840	Government grants and other contributions	-82,309
-6,907	Direct revenue contributions	-5,444
	Sum set aside from revenue:	
-25,335	MRP/loans fund principal	-18,983
4,061	Increase in Capital Financing Requirement	19,243
	Explanation of movements in year:	
4,061	Increase in underlying need to borrowing (unsupported by government financial assistance)	19,243
4,061	Increase in Capital Financing Requirement	19,243

Balance Sheet Supporting Notes

35. LEASES

Council as Lessee:

Finance Leases

The Council has acquired land and buildings, including Child and Family Centres / Pre-schools, libraries and depots, under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts (excluding Waste PFI leases which are disclosed separately in the Waste PFI note (Note 36)):

31-Mar-22		31-Mar-23
£000		£000
31,935	Other land and buildings	35,916

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

The minimum lease payments (MLP) and finance lease liabilities (FLL) are made up of the following amounts and will be payable over the following years:

31-Mar-22			31-Mar-23	
MLP	FLL		MLP	FLL
£000	£000		£000	£000
7	2	Not later than 1 year	8	3
28	8	Later than 1 year and not later than 5 years	34	10
444	43	Later than 5 years	597	54
479	53	Total	639	67

Balance Sheet Supporting Notes

Council as Lessor:

(i) Finance Leases

The Council has leased out playing fields, residential properties, a landfill site, all Academy land and buildings and Castle Court (a lease from January 2016) under finance leases. For the non-Academy leases, the Council has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding.

In the case of Academies, no debtor is recognised due to the long-term nature of the lease (125 years) and no finance income is earned by the Council (as they are leased at peppercorn rent).

The minimum lease payments (MLP) and gross investment (GI) in leases are made up of the following amounts and will be received over the following years:

31-Mar-22			31-Mar-23		
MLP	GI		MLP	GI	
£000	£000		£000	£000	
1,489	930	Not later than 1 year	1,489	872	
5,954	3,177	Later than 1 year and not later than 5 years	5,954	2,980	
153,213	11,224	Later than 5 years	151,734	10,549	
160,656	15,331	Total	159,177	14,401	

Note: GI figures do not include any potential unguaranteed residual value and associated unearned finance income due to a lack of reliable information required to accurately calculate them.

(ii) Operating Leases

The Council leases out property under operating leases, primarily to schools and farms. The future minimum lease payments receivable under non-cancellable leases in future years are:

Balance Sheet Supporting Notes

31-Mar-22		31-Mar-23
£000		£000
4,853	Not later than 1 year	5,397
12,321	Later than 1 year and not later than 5 years	16,663
17,849	Later than 5 years	22,504
35,023	Total	44,564

36. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Waste PFI

On 17 March 2008, the Council contracted with Thalia WB SPV Limited (formerly AmeyCespa WM (East) Limited and Donarbon Waste Management Limited) to 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). An element of this payment relates to financing the construction of a Mechanical Biological Treatment (MBT) plant, with a total cost of £42m. PFI credits of £2.7m per year are received in relation to this contract.

The Council has rights under the contract to use specified assets and expect service provision for the length of the contract period, with the potential to negotiate an extension at the end of the period. Although the contractor took on the obligation to construct the MBT plant, the Council has constructed additional Recycling Centre facilities which have been added to the overall contract via formal change control. The Council will take ownership of the MBT building at the end of the contract, although the land on which the MBT is built will remain under the ownership of the contractor. Therefore, the future of the asset beyond the 28 contract years is determined in part by extension of the land lease agreement.

There is no option within the contract for renewal given the operation of the PFI mechanism, as the payment term for the asset will be complete and the payment mechanism will no longer apply. However, extension on revised terms, rather than full renewal, is accommodated in the contract after the 28-year period, and multiple termination clauses exist within the contract for both parties for factors such as contractor default, Council default, contract breach and Force Majeure etc. Council or contractor-initiated change processes are defined in the

Balance Sheet Supporting Notes

project agreement and the principle of 'no better, no worse', can be applied to any and all aspects of the contract, at any level of cost or time, given the defined dispute resolution procedures and the support of appointed independent adjudicators.

For 2022-23, the following figures have been recognised in the Council's financial statements:

2021-22	Comprehensive Income and Expenditure Statement	2022-23
£000		£000
14,430	Fair value of services provided	14,797
5,748	Interest payable on the finance lease liability	5,694
381	Repayment of capital	-3,613
2,133	Contingent rents	500
3,737	Lifecycle replacement costs	9,692
920	Depreciation	911
-2,610	PFI credits	-2,570
0	Impairment reversal recognised in the surplus/ deficit on the provision of services	-22,845
0	OCI - Revaluation increase recognised in the Revaluation Reserve	-5,230

Balance Sheet Supporting Notes

31-Mar-22 £000		31-Mar-23 £000	Movement £000
Assets			
12,581	Land and buildings	39,757	27,176
11	Plant and equipment	0	-11
Liabilities			
0	Short term finance lease liability	-1,853	-1,853
-40,384	Long term finance lease liability	-42,144	-1,760
Reserves			
986	Revaluation Reserve	6,145	5,159
-28,778	Capital Adjustment Account (Depreciation and Debt Provision)	-10,385	18,393

Projected future payments over the remaining life of the Waste PFI contract are as follows:

	Cost of Services £000	Capital replacement £000	Liability repayment £000	Interest costs & contingent rents £000	Total £000
Within 1 year	15,173	1,063	1,853	9,640	27,729
Within 2 to 5 years	64,667	8,523	7,682	36,991	117,863
Within 6 to 10 years	90,624	12,859	15,456	45,444	164,383
Within 11 to 15 years	57,027	1,915	19,006	26,255	104,203
Total	227,491	24,360	43,997	118,330	414,178

Balance Sheet Supporting Notes

The liability outstanding to the contractor for capital expenditure incurred is as follows:

2021-22		2022-23
£000		£000
42,264	Balance outstanding at start of year	40,384
-381	Payments during the year	3,613
-1,499	Historic adjustment to the outstanding balance	0
40,384	Balance outstanding at end of year	43,997

Street Lighting PFI

The Street Lighting contract was signed with Balfour Beatty plc. on 19 April 2011, with a service start date of 1 July 2011. This contract was to replace all of the existing lighting equipment, which was beyond its design life, over the initial five years. The contract requires the service provider to maintain the whole of the County Council's lighting street stock for the full 25 years, with the service fee being funded from the Council's revenue allocations. Although the contract requires maintenance of the entire street lighting stock and replacement of existing equipment beyond its useful life, ownership of the street lighting asset is retained by the Council.

The contract contains a number of agreed performance standards. One of the standards sets targets regarding the expected number of light replacements over a set period. Should Balfour Beatty fail to achieve this target penalty, deductions are made from subsequent payments. There are no reward payments for exceeding the agreed standard.

The contract does not specify any dates of renegotiation; however, the pricing mechanism does include an inflationary adjustment in April of each year to reflect changes in Retail Price Index. Upon conclusion of the 25-year contract, the contract will terminate and there are no contractual clauses relating to the renewal of this agreement.

On the 14 April 2011, the Department for Transport confirmed that Cambridgeshire had been successful in its bid for Street Lighting PFI Credits and has awarded £100.3m over the 25 years of the contract.

Balance Sheet Supporting Notes

For 2022-23, the following figures have been recognised in the Council's financial statements:

2021-22	Comprehensive Income and Expenditure Statement	2022-23
£000		£000
2,441	Fair value of services provided	2,593
3,574	Interest payable on the finance lease liability	3,438
1,478	Repayment of capital	1,432
149	Contingent rents	109
2,245	Depreciation	2,245
-3,944	PFI credits	-3,944

31-Mar-22		31-Mar-23	Movement
£000		£000	£000
	Assets		
37,885	Infrastructure	35,640	-2,245
	Liabilities		
-1,432	Short term finance lease liability	-1,050	382
-35,696	Long term finance lease liability	-34,645	1,051
	Reserves		
757	Capital Adjustment Account (Depreciation and Debt Provision)	-55	-812

Balance Sheet Supporting Notes

Projected future payments over the remaining life of the Street Lighting PFI contract are as follows:

	Cost of Services	Capital replacement	Liability repayment	Interest costs & contingent rents	Total
	£000	£000	£000	£000	£000
Within 1 year	3,347	638	1,050	3,248	8,283
Within 2 to 5 years	11,631	2,741	7,315	12,416	34,103
Within 6 to 10 years	16,592	3,876	13,362	11,158	44,988
Within 11 to 15 years	11,108	1,058	13,969	4,661	30,796
Total	42,678	8,313	35,696	31,483	118,170

The liability outstanding to the contractor for capital expenditure incurred is as follows:

2021-22		2022-23
£000		£000
39,868	Balance outstanding at start of year	37,127
-1,478	Payments during the year	-1,432
-1,263	Historic adjustment to the outstanding balance	0
37,127	Balance outstanding at end of year	35,695

Building Schools for the Future (BSF)

On 18 May 2010, the Council entered a contract with Equitix Learning Community Partnerships to deliver school building and ICT projects. This programme includes a PFI element that comprises the following:

- Thomas Clarkson Academy – construction and ongoing Facilities Management services for the school, for which the total nominal unitary charge payments over the 25-year concession period from 4 January 2012 to 3 January 2037 will total £144.5m.

Balance Sheet Supporting Notes

This is largely funded by PFI credits totalling £121.1m from the Department for Education, with the difference funded by school contributions and the Council's capital programme.

As Thomas Clarkson Community College converted to academy status on the 1 June 2012 (and became Thomas Clarkson Academy; it was previously a foundation school), its assets are not recognised on the Council's Balance Sheet. However, the associated liabilities are recognised, as the contractor has met their contractual commitment and there is no recourse to the school for any future payments.

For 2022-23, the following figures have been recognised in the Council's financial statements:

2021-22 Comprehensive Income and Expenditure Statement		2022-23	
£000		£000	
907	Fair value of services provided	930	
2,922	Interest payable on the finance lease liability	2,836	
808	Repayment of capital	919	
614	Contingent rents	656	
262	Lifecycle replacement costs	237	
-660	Contribution from school	-725	
-4,853	PFI credits	-4,853	

31-Mar-22	Balance Sheet	31-Mar-23	Movement
£000		£000	£000
	Liabilities		
-919	Short term finance lease liability	-873	46
-25,804	Long term finance lease liability	-24,930	874
	Reserves		
-26,723	Capital Adjustment Account	-25,803	920

Balance Sheet Supporting Notes

Projected future payments over the remaining life of the BSF contract are as follows:

	Cost of Services	Capital replacement	Liability repayment	Interest costs & contingent rents	Total
	£000	£000	£000	£000	£000
Within 1 year	953	380	873	3,438	5,644
Within 2 to 5 years	4,056	1,007	5,138	13,079	23,280
Within 6 to 10 years	5,667	1,753	9,562	13,835	30,817
Within 11 to 15 years	5,066	1,922	10,231	7,372	24,591
Total	15,742	5,062	25,804	37,724	84,332

The liability outstanding to the contractor for capital expenditure incurred is as follows:

2021-22		2022-23
£000		£000
27,530	Balance outstanding at start of year	26,722
-808	Payments during the year	-919
26,722	Balance outstanding at end of year	25,803

Balance Sheet Supporting Notes

37. RETIREMENT BENEFITS

DEFINED BENEFIT PENSION SCHEMES

Participation in pension schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Cambridgeshire County Council – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Cambridgeshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e., large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note (see Appendix 1, page 162).

Balance Sheet Supporting Notes

Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to post-employment benefits

The Council recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

As previously stated, the Local Government Pension Scheme (LGPS) is administered locally by Cambridgeshire County Council on behalf of all participating employers. It should be noted that the following figures only represent the Council's share as a participating employer. The figures for the entire LGPS administered by Cambridgeshire County Council are shown in the Pension Fund Accounts located on the Council's [website](#). As further explained in the Pension Fund Accounts, employer contributions to the scheme are based on two rates, which are reassessed every three years as part of the valuation undertaken by the Fund's actuary:

- Primary rate – employer contribution to fund the cost of new benefits accruing in the Fund.
- Secondary rate – employer contribution required to achieve 100% solvency over a maximum period of 20 years. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable (i.e., no fund deficit).

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Balance Sheet Supporting Notes

2021-22 £000	Local Government Pension Scheme	2022-23 £000
Comprehensive Income and Expenditure Statement:		
Cost of services - service cost comprising:		
80,165	Current service cost	78,426
23	Past service cost	26
-876	Gain (-) or loss (+) from settlements	-185
Financing and investment income and expenditure:		
14,442	Net interest expense	15,469
93,754	Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	93,736
Other post-employment benefits charged to the comprehensive income and expenditure statement:		
Remeasurement of the net defined benefit liability comprising:		
-75,703	Return on plan assets (excluding the amount included in net interest)	69,883
-4,411	Actuarial gains (-) and losses (+) arising on changes in demographic assumptions	-9,936
-131,559	Actuarial gains (-) and losses (+) arising on changes in financial assumptions	-742,790
4,086	Other actuarial remeasurement experience	112,019
-113,833	Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	-477,088
Movement in Reserves Statement:		
59,762	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	56,888
Actual Amount Charged Against the General Fund Balance for Pensions in the Year:		
-33,992	Employers' contributions payable to scheme	-36,848
44,827	Retirement Benefits payable to pensioners	47,392

Balance Sheet Supporting Notes

Pensions assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2021-22		2022-23
£000		£000
-1,902,633	Present value of the defined benefit obligation	-1,354,667
1,349,787	Fair value of plan assets	1,315,756
-552,846		-38,911

Reconciliation of the movements in the fair value of scheme (plan) assets

2021-22		2022-23
£000		£000
1,251,561	Opening Fair Value of Schemes	1,349,859
24,979	Interest income	36,408
	Remeasurement gains (+) or losses (-):	
75,703	Return on plan assets (excluding the amount included in the net interest expense)	-69,883
-803	Effect on settlements	-270
33,992	Contributions from employer	36,848
9,254	Contributions from employees into the scheme	10,259
-44,827	Benefits paid	-47,392
1,349,859		1,315,829

Balance Sheet Supporting Notes

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

2021-22		2022-23
£000		£000
1,952,232	Opening Defined Benefit Obligation	1,902,633
80,165	Current service cost	78,426
39,421	Interest cost	51,877
9,254	Contribution by scheme participants	10,259
	Remeasurement gains (-) or losses (+):	
-4,411	Arising from changes in demographic assumptions	-9,936
-131,559	Arising from changes in financial assumptions	-742,790
4,014	Other	112,019
23	Past service costs (including curtailments)	26
-44,827	Benefits paid	-47,392
-1,679	Liabilities extinguished on settlements	-455
1,902,633		1,354,667

Balance Sheet Supporting Notes

Local Government Pension Scheme assets comprise:

2021-22		2022-23
£000		£000
13,051	Cash and Cash Equivalents	31,786
144,059	Private equity	163,278
66,242	Debt securities (bonds) - Government	44,534
	Equity instruments (by industry type):	
0	Consumer	0
0	Manufacturing	0
0	Energy and utilities	0
0	Financial institutions	0
0	Health and care	0
0	Information technology	0
0		0
	Investment funds and unit trusts:	
778,197	Equities	726,968
143,467	Bonds	142,046
107,247	Infrastructure	115,674
0	Other	0
1,028,911		984,688
	Derivatives:	
0	Inflation	0
0	Interest rate	0
0	Foreign exchange	0
2,731	Other	5,524
2,731		5,524
	Property:	
94,788	UK	85,944
3	Overseas	2
94,791		85,946
1,349,785		1,315,756

Balance Sheet Supporting Notes

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis as an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, with estimates being based on the latest full valuation of the scheme at 31 March 2022.

The significant assumptions, including the discount rate used by the actuary, have been:

2021-22		2022-23
Years	Mortality assumptions:	Years
	Longevity at 65 for current pensioners:	
22.0	Men	22.0
24.6	Women	24.5
	Longevity at 65 for future pensioner:	
22.8	Men	22.7
26.1	Women	26.0
%	Other assumptions:	%
3.7	Rate of inflation	3.2
3.7	Rate of increase in salaries	3.5
3.2	Rate of increase in pensions	3.0
2.7	Rate for discounting scheme liabilities	4.8

It should be noted that the rate of increase in salaries is the actuarial assumption of the rate of increase over a long-term period, and not the actual value of annual pay increases received by staff.

Balance Sheet Supporting Notes

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

	Impact on the Defined Benefit Obligation in the Scheme
	£000
0.1% decrease in inflation/discount rate	24,607
0.1% increase in salary rate	1,792
0.1% increase in pension increase rate	23,197
1 year increase in member life expectancy	54,187

A one year increase in life expectancy would increase the employers' defined benefit obligation by an estimated 3% - 5%

The Council is anticipated to pay £31.9m employer contributions to the scheme in 2023-24.

The Court of Appeal decision on the 28 June 2019 in the Sargeant / McCloud cases (generally referred to for the LGPS as "McCloud") ruled that the transitional protection afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. The liabilities disclosed above include an allowance for the McCloud ruling, i.e., an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes. The calculation of this allowance was provided by the Council's actuary.

Balance Sheet Supporting Notes

PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers' pension schemes costs

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 3,000 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022-23, the Council paid £15.9m to Teachers' Pensions in respect of teachers' retirement benefits (2021-22 £15.2m). There were £1.8m contributions remaining payable at the year-end. Contributions in 2023-24 are expected to be at a similar level.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis. The Council is not liable to the scheme for any other entities obligations under the plan.

2021-22	Teachers' Pension Scheme	2022-23
£000		£000
15,195	Employer's contributions	15,936
5,825	Employee contributions	6,092
21,020		22,028

Balance Sheet Supporting Notes

38. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

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.
- Refinancing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of surplus cash.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

Balance Sheet Supporting Notes

- Credit watches and credit outlooks from credit rating agencies.
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings.
- Sovereign rating to select counterparties from only the most creditworthy countries.

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 does not allow credit for its trade receivables beyond the standard 30-day period and makes prudent financial provision for bad debts based on an assessment of each type of debt and the age of those debts.

The Council's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk to recovery applies to all of the Council's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council's credit risk exposure to its customers and entities that it loans funds to (such as This Land Limited) is monitored and regularly reviewed to ensure that money owed to the Council is paid as it falls due. The value of these amounts is impaired if it is felt that that this debt would not be recoverable.

During the reporting year the Council held no collateral as security, other than for loans to This Land Group.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the Public Works Loan Board (PWLB) and money markets for access to longer-term funds. The Council is also required to provide a balanced budget through the Local

Balance Sheet Supporting Notes

Government Finance Act 1992, which ensures sufficient monies are raised to cover anticipated annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investment placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt.
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of liabilities is as follows (note this reflects loan principal, not accrued interest), with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

31-Mar-22	Debt maturity (lower/upper limits as % of debt)	Approved limit	31-Mar-23	
£000		%	%	£000
150,000	Less than 1 year	0 – 80	23%	171,394
107,969	1-2 years	0 – 50	11%	80,100
63,626	2-5 years	0 – 50	7%	53,410
76,985	5-10 years	0 – 50	15%	111,470
379,410	10 years and above	0 – 100	44%	320,199
777,990	Total		100%	736,573

Balance Sheet Supporting Notes

The maturity analysis above is based on the earliest date the loans can be repaid. For Lender Option Borrower Option (LOBO) loans this is considered to be the next options date (balance at 31 March 2023 £15.5m).

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns; similarly, the drawing of longer-term fixed rates borrowing would be postponed.

Other Supporting Notes

39. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. This includes the Government, Council Members, Chief Officers, and both public and non-public bodies.

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g., council tax bills). Grants received from government departments are set out in the subjective analysis in Note 9 analysing income and expenditure.

Member and Senior Officer Declarations

All Members and Senior Officers of the Council have been requested to detail any related party transactions in as far as they affect them.

Two members (one of whom resigned from their member role in March 2023) were trustees of Viva! Arts & Community Group (Viva), during these accounting years. Viva received a loan of £300k from the Council during 2019-20 towards a major building renovation project, with the balance to be repaid at 31 March 2023 being £3k. The charity has received over £1m of funding for the project from a number of sources, including The National Lottery Heritage Fund, East Cambridgeshire District Council and Arts Council England.

A copy of the up-to-date statutory Register of Members Interests can be inspected at New Shire Hall. A non-statutory copy has been placed on the Council's website.

Entities controlled or significantly influenced by the Council

Under partnership working arrangements, the Council has interests in the following bodies at 31 March 2023:

Other Supporting Notes

Lead Authority arrangements with North Northamptonshire Council, West Northamptonshire Council and Milton Keynes Council

Service	Lead Authority
Insurance and Finance Operations (covering Accounts Payable for all partners, and Accounts Receivable and Debt for all except Milton Keynes Council)	Cambridgeshire County Council
Payroll and HR Transactions, Pensions and Business Systems	West Northamptonshire Council

Shared service transactions under the Lead Authority model are included within Finance and Resources in the Comprehensive Income and Expenditure Statement.

Pathfinder Legal Services Ltd

Pathfinder Legal Services Ltd (previously LGSS Law Ltd until September 2021) operates as a limited company and Alternative Business Structure (regulated by the Solicitors Regulation Authority). Ownership was originally split equally between Cambridgeshire County Council, Northamptonshire County Council (NCC) and Central Bedfordshire Council, with each council owning 475,000 £1 shares each. In 2021-22, the NCC holding was divided equally between West Northamptonshire Council and North Northamptonshire Council, NCC's successor councils.

Throughout 2022-23 the Service Director for Finance & Procurement (who was designated as Section 151 Officer until 12/3/23) served as non-executive director of Pathfinder Legal Services Ltd on the nomination of Cambridgeshire County Council.

During 2022-23 the Council made payments of £4.3m to Pathfinder Legal Services Ltd as payment for legal services received in the year (2021-22 £3.4m). At 31 March 2023 there was a debtor balance of £328k (2021-22 £246k) and a creditor balance of £209k (2021-22 £120k) with Pathfinder Legal Services Ltd.

Annual Statement of Accounts for Pathfinder Legal Services Ltd are published separately and lodged at Companies House.

Other Supporting Notes

Pensions

Administrative and other recharges made by the Council to the Pension Fund totalled £2.5m (2021-22 £2.5m).

The Council is also the single largest employer of members of the Pension Fund and contributed £31.7m to the Fund in 2022-23 (2021-22: £29.1m). At 31 March 2023 there was £7.1m (31 March 2022: £7.2m) due to the Fund by the Council.

Cambridge and Counties Bank

Cambridge and Counties Bank (CCB) specialises in providing lending and deposit products to UK-based SMEs. Its key products include business deposits, loans secured on property, secured pension lending and asset finance. The bank has a unique structure being jointly owned by the Cambridgeshire Local Government Pension Fund and Trinity Hall (a constituent college of the University of Cambridge), each owning a 50% share. The current market value of the Pension Fund's investment at 31 March 2023 is £69.7m (£85.0m at the 31 March 2022).

This Land Group

The 'This Land Group' is wholly owned by the County Council (as the ultimate controlling entity) and comprises a number of subsidiary entities in addition to This Land Limited (the subsidiaries are This Land Development Limited, This Land Investment Limited, This Land Asset Management Limited and This Land Finance Limited).

During 2022-23 one elected member of the Council and the Executive Director of Place & Sustainability served as non-executive directors of This Land Limited on the nomination of Cambridgeshire County Council.

At 31 March 2023 there was a debtor balance of £113.9m (£113.9m at 31 March 2022) with the This Land Group, being loans by CCC to the This Land Group. As the Council has control of the entity and there are material transactions with the company, the This Land Group is consolidated in the Group Accounts.

Opus People Solutions (East)

Opus People Solutions (East) (formerly Opus LGSS People Solutions) is a joint venture between Opus People Solutions (a wholly owned subsidiary of Suffolk County Council), Cambridgeshire County Council, Milton Keynes Council, and West Northamptonshire & North Northamptonshire Councils (as successors to Northamptonshire County Council). The company was set up in July 2016 to meet the temporary and interim recruitment needs of Cambridgeshire County Council and Northamptonshire County Council, and later expanded to cover Milton Keynes Council as well. The Council has a 9.6% shareholding in the company and received a dividend of £70k during 2022-23 (£70k in 2021-22).

Other Supporting Notes

On the nomination of Cambridgeshire County Council, the Executive Director of Strategy & Partnerships served as a non-executive director of Opus People Solutions (East) until February 2023, when they were succeeded by the Assistant Director of Human Resources.

During 2022-23, the Council made payments of £11.3m (£11.7m in 2021-22) to Opus People Solutions (East) for agency staff fees and there was an outstanding balance of £396k at 31 March 2023 (£0k at 31 March 2022).

Light Blue Fibre Ltd

Light Blue Fibre is a joint venture with the University of Cambridge, set up in Summer 2019 to enhance local digital infrastructure and explore opportunities to secure a commercial return from the digital infrastructure assets held by the Council. The Council has a 50% shareholding in the company.

During 2022-23, the Service Director for Finance & Procurement (who was designated as Section 151 Officer until 12/3/23), the Programme Director for Connecting Cambridgeshire and the Assistant Director for Planning, Growth & Environment served as non-executive directors of Light Blue Fibre Ltd on the nomination of Cambridgeshire County Council.

Swaffham Prior Community Heat Network Ltd

The Council incorporated Swaffham Prior Community Heat Network Limited on 19 March 2021 as part of a project to provide a more sustainable heating source of Swaffham Prior in East Cambridgeshire, a village currently dependent on oil. Further details are available on the heat network's website.

During 2022-23, the Head of Finance and the Service Director for Highways and Transport served as directors of the company. At 31 March 2023 there was no debtor balance (£321k at the 31 March 2022) with Swaffham Prior Community Heat Network Ltd.

Other Supporting Notes

40. CONTINGENT LIABILITIES

The Council is involved in 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 year 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.

Guided Busway

The Health and Safety Executive has indicated that they plan to start legal proceedings against the County Council following their investigation into three deaths on a section of the busway in Cambridge.

There is insufficient information at this stage to quantify any financial impact of this.

41. HERITAGE ASSETS: Further Information on the Council's Collections

Cambridgeshire Archives

The archives collections held by Cambridgeshire Archives include original historical documents relating to the area covered by the modern county of Cambridgeshire. The purpose of preserving these records is so that members of the public may consult them, which is allowed within supervised reading rooms.

Other Supporting Notes

A catalogue of the collection is available publicly through the internet and contains details of at least 480,000 items. There are many thousands of other historical documents which are still to be catalogued.

Governance

The authority to hold Public Records comes from The National Archives, which regularly inspects the Archives service to ensure that working practices and policies are maintained. The archives service was awarded Accredited Archive status by The National Archives in July 2021.

Major stakeholders, including the owners of some large collections, are represented on the County Advisory Group for Archives and Local Studies (CAGALS). This Group meets three times a year to oversee the management and direction of the archives service and to give its advice where necessary.

Storage and preservation

The archival collections are held in secure, environmentally controlled and monitored strong rooms at Ely and Huntingdon that both meet standard PD5454. The archives which used to be held in the basement of Shire Hall are now held at the new Cambridgeshire Archives building in Ely which opened in 2019. Huntingdonshire Archives is based at Huntingdon Library, opened in 2009.

Cambridgeshire Archives has a conservation studio in which damaged, or very fragile documents are repaired. The service also operates a digitisation and photography unit which takes high quality digital images of selected historical documents. The creation of these images reduces the need for the originals to be consulted, thereby assisting in their preservation.

Status of acquisitions

Cambridgeshire Archives holds an estimated 900 cubic metres of archives at Ely and 190 cubic metres at Huntingdon.

The majority of acquisitions are made by long-term or permanent deposit; the service does not own them, but there is an expectation that the owners will not request the documents' return. A minority of acquisitions are made by purchase or donation or by transfer from the Cambridgeshire County Council department which has created them. All assets are deemed to be kept permanently, irrespective of their status as deposit, transfer, donation, or purchase.

No market valuations are made at time of accession, as the Council does not consider that reliable valuation information can be obtained given the lack of any comparable market values. The vast majority of other historical documents of comparable scope and importance are already

Other Supporting Notes

held by other county record offices and therefore do not appear on the market. The only recent acquisitions for which the service has definite valuations are those which have been acquired through purchase, or occasionally through donation where a third party has paid for the cost of purchase.

The Archives were valued by Bonhams, the international auction house and valuers, in 2020, the first such comprehensive valuation carried out since 2008. The documents that are held at the new archives centre in Ely were collectively valued at £14.7 million (2008 valuation: £14.5 million), while the ones held in the archives store at Huntingdon were valued at £4.3 million (2008 valuation: £4.1 million).

Local Studies

The Council also holds reference and loan Local Studies collections in Libraries. Whereas the archives service preserves original documents, the Local Studies team preserves printed and published material (some of which can still be very old). About 290 cubic metres of local studies reference materials are held at the Cambridgeshire Collection in Cambridge Central Library.

Archaeology and Monuments

The archaeology collection principally consists of around 14,500 boxes of material excavated in the county since 1992, with partial coverage from before that date. These archives are transferred to the Council's ownership at time of deposition. The contents of these archives date from all periods of human activity from the late lower Palaeolithic to present day. There are also about 29,000 small finds stored separately.

Notable highlights of the collection include assemblages from the earliest origins of the county's cities and towns, including Cambridge, Ely and Huntingdon. We also store over 2,000 human skeletons (all older than 100 years) from several important cemetery excavations, along with associated grave goods in many instances.

As set out in the summary of significant accounting policies, the Council does not consider that reliable cost or valuation information can be obtained for these items held in its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. The value of these assets lies in their research and outreach use.

The majority of the archaeology collection has been relocated to an underground storage facility in Cheshire, as it is considered a more suitable and effective storage environment. Access is permitted to scholars and others for research purposes on request. Conservation, retention, preservation and use strategies of the archaeology collections are the responsibility of the Council's Historic Environment Team.

Other Supporting Notes

This team also arranges safe storage of the collection, and maintains the publicly accessible Cambridgeshire Historic Environment Record, which records 28,000 monuments, 7,000 events and finds within the County.

The cost of preservation of archaeological assets held in store is around £25,000 per annum.

The Council has identified certain significant scheduled monuments or listed buildings which are preserved to support future knowledge and culture. Where the primary use of the wider site is for farming no reclassification to heritage asset status has been made. This is the case in 5 instances: Devil's Ditch, Stonea Camp, Worts Meadow, Giant's Hill, and Car Dyke.

Similarly, the Council has considered Cambridge Castle and Civil War Defences, which have historical value but are primarily held as a component of otherwise operational sites.

The Council considers that Gransden Mill and Booth's Hill/Ramsey Ice House meet the definition of a community asset, although they also contribute to the preservation of culture. However, Gransden Mill is currently actually held as a surplus asset as the Council is looking to transfer it to a local community group; similar discussions have commenced around Booth's Hill/Ramsey Ice House.

Art Collection

The legacy art collection consists of 36 paintings, prints, drawings, and photographs which remain from the original large collection. The primary use of the collection is through display at the arts and cultural education centre run by Cambridgeshire Music in Histon and Impington and this opened to public viewing in 2023. Requests for private viewing in the meantime can be made direct to Cambridgeshire Music. The average insurance valuation per work is £300. Administration of the collection is undertaken by staff within Cambridgeshire Music on behalf of Cambridgeshire Culture, an internal Board within the Council.

Other Supporting Notes

Civic regalia

There are chains of office attached to the positions of Chair and Vice Chair of the Council, and their respective consorts, which are worn in the conduct of official duties. There are also a number of other sundry items which decorate the ceremonial areas of New Shire Hall. The financial value of these sundry items is not known.

Group Accounts and Supporting Notes

GROUP ACCOUNTS

FOREWORD

Cambridgeshire County Council established a wholly owned housing company in order to derive a financial return, which was incorporated on 17 June 2016. The underlying objective of creating a commercial vehicle of this nature is to provide new revenue sources to support the delivery of front-line services to Cambridgeshire residents. From 14 February 2018, the company was renamed 'This Land'.

'This Land Group' now comprises a number of subsidiary entities in addition to the parent (the subsidiaries are This Land Development Limited, This Land Investment Limited, This Land Asset Management Limited and This Land Finance Limited). Cambridgeshire County Council is the sole and ultimate owner of all parts of the This Land Group.

In order to provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council and This Land Limited have been consolidated.

The Group Accounts are presented in addition to the Council's 'single entity' financial statements and comprise:

- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement

These statements are set out on the following pages, together with accompanying disclosure notes. Disclosure notes have only been included in the group accounts section where they are materially different from those of the Council's single entity accounts.

Group Accounts and Supporting Notes

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED*				2022-23		
2021-22						
Gross Expenditure	Gross Income	Net Expenditure/Income (-)		Gross Expenditure	Gross Income	Net Expenditure/Income (-)
£000	£000	£000		£000	£000	£000
137,032	-39,901	97,131	Place and Sustainability	109,484	-34,174	75,310
759,236	-438,597	320,639	Peoples	813,329	-482,658	330,671
47,464	-42,496	4,968	Public Health	40,094	-37,690	2,404
94,918	-49,839	45,079	Finance and Resources	82,067	-42,490	39,577
30,104	-14,763	15,341	Strategy and Partnerships	46,105	-34,855	11,250
1,068,754	-585,596	483,158	Cost Of Services	1,091,079	-631,867	459,212
417	-4,289	-3,872	Other operating expenditure	9,235	-17	9,218
47,012	-10,870	36,142	Financing and investment income/ expenditure	45,125	-22,516	22,609
0	-537,037	-537,037	Taxation and Non-Specific Grant Income	0	-624,091	-624,091
		-21,609	Surplus (-) or Deficit on Provision of Services			-133,052
		-36,591	Surplus on revaluation of Property, Plant and Equipment			-77,348
		17,918	Impairment and revaluation losses charged to the Revaluation Reserve			17,395
		-2,088	Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income			3,742
		-207,587	Re-measurement of net pension benefit/ liability			-570,824
		-228,348	Other Comprehensive Income and Expenditure			-627,035
		-249,957	Total Comprehensive Income (-) and Expenditure			-760,087

* 2021-22 comparators restated due to restructure, with figures for Strategy & Partnerships split out from other service lines and Corporate Services becoming Finance and Resources

The purpose of this statement is explained in the Narrative Report of the Council's single entity accounts.

Group Accounts and Supporting Notes

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund *	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves Total	Unusable Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000
Adjusted Balance at 1-Apr-21	138,762	10,861	36,332	185,955	142,270	328,225
<i>Movement in 2021-22</i>						
Total comprehensive income and expenditure	21,609	0	0	21,609	228,348	249,957
Adjustments between accounting and funding basis under regulations	9,811	2,996	-3,936	8,872	-8,872	-0
Increase (+) or decrease (-) in 2021-22	31,420	2,996	-3,936	30,481	219,476	249,957
Balance at 31-Mar-22	170,182	13,857	32,396	216,436	361,746	578,182
<i>Movement in 2022-23</i>						
Total comprehensive income and expenditure	133,052	0	0	133,052	627,035	760,087
Adjustments between accounting and funding basis under regulations	-126,144	-13,301	77,882	-61,563	61,563	0
Increase (+) or decrease (-) in 2022-23	6,908	-13,301	77,882	71,489	688,598	760,087
Balance at 31-Mar-23	177,090	556	110,278	287,925	1,050,344	1,338,269

The purpose of this statement is explained in the Narrative Report of the Council's single entity accounts.

Group Accounts and Supporting Notes

GROUP BALANCE SHEET

31-Mar-22		31-Mar-23
£000		£000
1,682,632	Property, Plant and Equipment	1,849,317
19,012	Heritage Assets	19,015
130,162	Investment Property	156,584
11,447	Intangible Assets	9,804
38,890	Long Term Investments	35,148
31,147	Long Term Debtors	30,497
1,913,290	Long Term Assets	2,100,365
272	Assets Held for Sale	1,023
67,961	Inventories/WIP	68,839
103,427	Short Term Debtors	161,185
120,793	Cash and Cash Equivalents	106,580
292,453	Current Assets	337,627
-150,000	Short Term Borrowing	-171,688
-133,520	Short Term Creditors	-168,812
-2,109	Provisions	-2,234
-557	Capital Grants and Contributions Receipts in Advance	-17
-286,186	Current Liabilities	-342,751
-7,537	Provisions	-7,280
-627,990	Long Term Borrowing	-564,885
-654,719	Other Long Term Liabilities	-140,620
-51,129	Capital Grants and Contributions Receipts in Advance	-44,187
-1,341,375	Long Term Liabilities	-756,972
578,182	Net Assets	1,338,269
216,435	Usable Reserves	287,925
361,747	Unusable Reserves	1,050,344
578,182	Total Reserves	1,338,269

CERTIFICATE OF ACCOUNTS

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year 2022-23 and authorise the accounts for issue.



Michael Hudson

Executive Director of Finance & Resources (Section 151 Officer)

Date: 20/07/2023

The purpose of this statement is explained in the Narrative Report of the Council's single entity accounts.

Group Accounts and Supporting Notes

GROUP CASH FLOW STATEMENT

2021-22 £000		2022-23 £000
-17,130	Net surplus (-) or deficit (+) on the provision of services	-133,052
-38,584	Depreciation	-36,935
-13,274	Impairment and downward valuations	40,167
-2,500	Amortisation	-2,664
-28,198	Increase (-)/ decrease in creditors	-11,272
15,398	Increase/ decrease (-) in debtors	60,920
-6,100	Increase/ decrease (-) in inventories	6,182
-59,762	Movement in pension liability (difference between employer's contributions paid and IAS19 adjustments)	-56,888
-18,085	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-12,772
-4,512	Other non-cash items charged to the deficit on the provision of services	9,931
-155,617	Adjustments to the net deficit on the provision of services for non-cash movements	-3,331
3,236	Proceeds from short-term and long-term investments	0
19,918	Proceeds from the sale of property, plant and equipment	3,968
117,906	Grants for financing capital expenditure	148,264
-14,059	Any other items for which the cash effects are investing or financing activities	-2,916
127,001	Adjustments for items included in the deficit on the provision of services that are investing and financing activities	149,316
-45,746	Net cash flows from Operating Activities	12,933
119,907	Purchase of property, plant and equipment	112,585
8,350	Purchase of short-term and long-term investments	0
160	Other payments for investing activities	76
-3,236	Proceeds from short-term and long-term investments	0
-19,918	Proceeds from the sale of property, plant and equipment	-3,968
-117,906	Capital Grants Received	-148,264
-11,074	Other receipts from investing activities	-21,367
-23,717	Investing Activities	-60,938
-238,000	Cash receipts of short and long-term borrowing	-114,000
2,667	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal)	-1,262
271,365	Repayments of short and long-term borrowing	155,493
23,569	Other payments for financing activities	21,987
59,601	Financing Activities	62,218
-9,862	Net increase (-) or decrease (+) in cash and cash equivalents	14,213
110,931	Cash and cash equivalents at the beginning of the reporting year	120,793
120,793	Cash and cash equivalents at the end of the reporting year	106,580

The purpose of this statement is explained in the Narrative Report of the Council's single entity accounts.

Group Accounts and Supporting Notes

NOTES TO THE GROUP ACCOUNTS

1. GROUP BOUNDARY

This Land Limited was incorporated on 17 June 2016 (as Cambridgeshire Housing and Investment Company Limited).

Cambridgeshire County Council owns 100% of the share capital of This Land Limited, the parent of a group of 100% owned subsidiary companies. This Land Limited is a subsidiary for accounting purposes and has been consolidated into the Council's group accounts.

None of the other Trading Companies in which the Council has an interest are considered material enough to merit consolidation into the Council's Group Accounts. Details of these can be seen within the Related Parties Note in the Council's single entity accounts (Note 39).

2. BASIS OF CONSOLIDATION

The financial statements of This Land Limited have been consolidated with those of the Council on a line-by-line basis, which has eliminated balances, transactions, income and expenses between the Council and the subsidiary. The following documents have been used in the consolidation for the period 1 April 2022 to 31 March 2023:

- This Land Limited consolidated draft Financial Statements for the period ended 31 March 2023.

3. BUSINESS ACTIVITIES OF THE SUBSIDIARIES

This Land Limited (and its subsidiaries) has been established as a housing company that will commercially deliver residential housing on sites previously used for other purposes.

Group Accounts and Supporting Notes

4. ACCOUNTING POLICIES

In preparing the Group Accounts the Council has aligned the accounting policies of the subsidiaries with those of the Council. The accounting policies of This Land Limited are the same as those of Cambridgeshire County Council (refer to Appendix 1), with the following addition for This Land Limited:

- **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or subsequently enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits against which the underlying timing differences can be deducted.

Group Accounts and Supporting Notes

5. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Group's expenditure and income is analysed as follows:

2021-22		2022-23
£000		£000
	Expenditure	
354,627	Employee Benefits Expenses	372,321
659,763	Other Services Expenses	719,309
0	Support Service Recharges	0
54,358	Depreciation, amortisation, impairment	-568
47,012	Interest Payments	45,125
423	Precepts and Levies	432
0	Loss on the disposal of assets	8,803
1,116,183	Total Expenditure	1,145,422
	Income	
-139,771	Fees, charges and other service income	-124,571
-4,289	Gain on the disposal of assets	0
-10,870	Interest and Investment Income	-22,515
-393,358	Income from Council Tax and Non-domestic rates	-418,776
-589,504	Government Grants and Contributions	-712,612
-1,137,792	Total Income	-1,278,474
-21,609	Surplus (-) or Deficit (+) on the Provision of Services	-133,052

Group Accounts and Supporting Notes

6. LONG-TERM DEBTORS

This section gives details of amounts expected to be realised after one year.

2021- 22 £000		2022- 23 £000
21,585	Long term finance lease receivable	21,584
9,562	Other	8,913
31,147	Total	30,497

Group Accounts and Supporting Notes

7. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial Instrument are carried on the combined Balance Sheets of the group. The main changes from the single entity accounts relate to the Cash & Cash Equivalents and current and long-term debtors as these transactions have been eliminated as part of the production of the accounts.

	Long-term		Current	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£000	£000	£000	£000
Investments:				
Financial assets through other comprehensive income	38,375	34,633	0	0
Financial assets at amortised cost	515	12,217	0	0
Total investments	38,890	46,850	0	0
Cash and cash equivalents:				
Cash and cash equivalents	0	0	120,793	106,580
Total cash and cash equivalents	0	0	120,793	106,580
Debtors:				
Financial assets at amortised cost	31,147	30,497	95,340	142,463
Total debtors	31,147	30,497	95,340	142,463
Borrowings:				
Financial liabilities at amortised cost	-627,990	-564,885	-150,000	-171,688
Total borrowings	-627,990	-564,885	-150,000	-171,688
Other liabilities:				
Other liabilities	-101,873	-101,709	-113,762	-152,653
Total other liabilities	-101,873	-101,709	-113,762	-152,653

Group Accounts and Supporting Notes

8. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents also include bank overdrafts where these arise as an integral part of the Council's cash management. The cash position is managed to ensure that a broadly neutral position is maintained on a daily basis (i.e., surplus cash balances are temporarily invested until next needed); overdrawn balances represent cash in transit at 31 March. The Council's cash management arrangements do not extend to bank balances held by schools in their own bank accounts.

The following table shows the balance of cash and cash equivalents at 31 March. The balance of Cash and Cash Equivalents is made up of the following elements:

31-Mar-22		31-Mar-23
£000		£000
65,148	Cash	48,586
55,645	Cash equivalents	57,994
120,793	Total Cash and Cash Equivalents	106,580

Group Accounts and Supporting Notes

9. INVENTORY

2021-22		2022-23
£000		£000
74,061	Balance Outstanding at Start of Year	67,962
17,050	Additions	21,276
-23,149	Recognised as an expense in year	-20,400
67,962		68,838

10. EXTERNAL AUDIT COSTS

2021-22		2022-23
£000		£000
222	Fees payable with regard to external audit services carried out by the appointed auditor	247
0	Fees payable in respect of other services provided by the appointed auditor	0
141	Additional fees payable with regard to external audit services carried out by the appointed auditor in the prior year	0
363		247

Appendix 1 – Accounting Policies

APPENDIX 1 - ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2022-23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the [Code of Practice on Local Authority Accounting in the United Kingdom 2021-22](#), supported by [International Financial Reporting Standards \(IFRS\)](#). The accounts are prepared on a historical cost basis, i.e., expenditure is included on the basis of the price actually paid rather than any additional allowance being made for changes in the purchasing power of money, modified by the revaluation of certain categories of property, plant and equipment. The accounting policies have been consistently applied where appropriate.

BASIS OF ACCOUNTING

The following accounting concepts have been applied in preparing the accounts:

- Relevance: the information in the accounts is useful in assessing the Council's performance.
- Reliability: the information in the accounts is complete, prudently prepared, reflects the substance of transactions and is free of deliberate or systematic bias or material errors.
- Comparability: a consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has a material effect on the information, this has been disclosed. Application of the terms of the Code ensure comparability.
- Understandability: the Council endeavours to ensure that an interested reader can understand the accounts.
- Materiality: in using its professional judgment, the Council considers the size and nature of any transaction, or set of transactions. An item is considered material where its omission or misstatement would reasonably change the substance of the information presented in the accounts.
- Going Concern: the accounts have been prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

Appendix 1 – Accounting Policies

- Primacy of Legislative Requirements: the Council operates through the power of statute. Where legislation prescribes the treatment of transactions, then the accounting concepts outlined above may not be applied.

THE DE MINIMIS THRESHOLD

The de minimis threshold level has been set at £4,000 (this threshold has been used as a guideline across the Council, where it is sensible to refer to a de minimis in making accrual adjustments).

ACCRUALS OF INCOME AND EXPENDITURE

Revenue accounts are maintained on an accruals' basis. Expenditure is charged to the revenue accounts in the year in which goods and services are received and, similarly, income is credited in the year to which it relates, regardless of the timing of cash payments or receipts. For example, accrued income is recognised where an amount is earned in the current accounting year, but is expected to be received in a subsequent year. Deferred income reflects any income which has been received in advance of it being earned and is recognised when it can be matched with the year in which it is earned.

Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

Appendix 1 – Accounting Policies

PROPERTY, PLANT AND EQUIPMENT

The Property, Plant and Equipment category refers to assets that are expected to be used for more than one year. All expenditure on the acquisition, creation, or enhancement of property, plant and equipment has been capitalised on an accruals basis, subject to the following accounting policies.

Recognition

New acquisitions are brought into the accounts at cost within the appropriate Property, Plant and Equipment balance and are then revalued during the following year. Expenditure on construction of new assets is also brought into the accounts at cost and included either within the Infrastructure, Vehicle, Plant, Furniture and Equipment, or Assets Under Construction. For capital schemes held within Assets Under Construction, once all the assets which are created or enhanced by a capital scheme become operational, the value is transferred to the appropriate category of Property, Plant and Equipment. Assets costing less than £10,000, or revalued to less than £10,000, are charged to the Comprehensive Income and Expenditure Statement.

The assets of local authority-maintained schools are recognised in the Council's financial statements, subject to the usual accounting requirements for long-term assets. Therefore, if there are any specific arrangements in place whereby the control of the asset does not lie with the Council, then the asset will not be recognised. The Council reviews all schools on an individual basis to determine where the control lies; at present, all community schools are held within the Council's Balance Sheet, whereas all academy schools are not. The Council transfers academy school assets on a 125-year lease, and as such they are subject to lessor finance lease policies (see leases policy, page 159). Long-term assets of foundation schools governed by a separate trust with no local authority control present are not consolidated, along with the long-term assets of most voluntary aided and voluntary controlled schools. This is due to the legislation contained within the School Standards and Framework Act 1998, as amended, that stipulates all non-playing field land shall be transferred by the local authority to the relevant diocese or trust. Only where there are specific lease or other arrangements in place, does the Council hold the assets of these schools on the Council's Balance Sheet.

Infrastructure Asset Additions and De-recognitions

Capital expenditure incurred on the enhancement of existing Infrastructure Assets will be added to the value of the asset included within the asset register. The Code stipulates that if a new component of an asset is recognised, then the carrying amount of a replaced or restored part of the asset should be derecognised. Consequently, a de-recognition of the existing asset will occur, writing out the value attributable to the

Appendix 1 – Accounting Policies

asset that has been enhanced / replaced (including any associated depreciation). As such, the value derecognised will be determined by the cost of the replacement asset, and assuming that the component replaced was at the end of its useful life.

Measurement

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value, plus Community Assets, are revalued at least every five years. In order to ensure that carrying values are kept in line with current values in the interim, all assets are revalued via desktop valuation in year two and by indexation in years three to five. The index applied to each asset is based on changes in Building Cost Information Service (BCIS) forecasts and land value estimations since the previous year.

Assets contained within Property, Plant and Equipment required to be measured at fair value are revalued every year. The effective date of revaluation for the rolling programme and all Surplus Assets is 30 November during the year in question, however as part of the carrying value assessment exercise, some assets are revalued again at 31 March of the year in question and are potentially adjusted for indexation to 31 March.

Infrastructure and non-PFI Vehicle, Plant, Furniture and Equipment have been included in the Balance Sheet at depreciated historical cost, whilst Assets Under Construction have been included at historical cost. The cost therefore includes the original purchase price of the asset and the costs attributable to bringing the asset to a working condition for its intended use.

For Infrastructure Assets, a modified form of historic cost is used: opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed at 1 April 1994, which was deemed at that time to be historical cost. The value of Infrastructure Assets within the accounts includes a lump sum removal in 1998 when Peterborough City Council was formed, becoming independent of Cambridgeshire County Council. This lump sum is not broken down on an asset-by-asset basis in line with how Infrastructure Assets are recorded in the Asset Register. Other additions and enhancements are recorded at cost on a project-by-project basis rather than by asset, therefore additions and enhancements may relate to a number of individual infrastructure assets.

Land and Building assets and PFI Vehicles, Plant, Furniture and Equipment assets have been included in the Balance Sheet at their current value. Operational Property, Plant and Equipment is valued using Existing Use Value whereas specialised assets are valued using Depreciated Replacement Cost. The valuation of the farms' estate, included within the Land and Building figures, is based on a discounted cash flow of future rental income and capital receipts, which is a type of Existing Use Valuation. Assets identified as surplus to requirements are measured at fair value based on highest and best use. Assets that are subject to part disposals are revalued in the year of disposal. Assets held at current

Appendix 1 – Accounting Policies

or fair value are split into land and building components, with the building element further subdivided in order to be depreciated over appropriate estimated useful lives. The four building components used are Roof, Structure, Machinery and Equipment, and Externals.

Capitalisation of Borrowing Costs

Where capital expenditure costs are:

- Directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset.
- Probable that they will result in future economic benefits or service potential to the Council.
- Measured reliably.

Borrowing costs shall be capitalised and form part of the cost of that non-current asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready (over a year) for its intended use or sale.

Where the Council borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Council shall apply a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs that are outstanding during the period.

The amount of borrowing costs capitalised shall not exceed the amount of borrowing costs incurred during the period.

The commencement of capitalisation begins when all the following conditions are met:

- Expenditure in respect of the asset is incurred.
- Finance costs in respect of the asset are incurred.
- Activities that are necessary to develop an asset are in progress.
- Borrowing funding for a project is expected to total over £500k before the asset is operational.

Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Capitalisation will be suspended during periods in which active development is interrupted.

Appendix 1 – Accounting Policies

Depreciation

Land is held at current value and not depreciated. Property, Plant and Equipment assets other than land, are depreciated over their useful economic lives using the straight-line method. An exception is made regarding depreciation for assets without a determinable finite useful life (i.e., some Community Assets) and assets that are not yet available for use (i.e., Assets Under Construction). Depreciation is applied using the following month convention (except for Infrastructure and Vehicle, Plant, Furniture and Equipment), where depreciation is not charged in the month of acquisition, but a full month's depreciation is charged in the month of disposal.

Useful economic lives for depreciating Property, Plant and Equipment assets are as follows:

- Buildings (including Surplus and some Community Assets) – 5 to 60 years, in line with the Council's componentisation policy which specifies different useful economic lives according to the type and condition of the component.
- PFI schemes: Vehicles, Plant, Furniture and Equipment – 3 to 26 years.
- Non-PFI schemes: Vehicles, Plant, Furniture and Equipment – 3 to 10 years.
- Infrastructure – 50 years.

Upon a review of asset lives, depreciation is calculated over the revised remaining useful life of the asset.

FAIR VALUE MEASUREMENT

The Council measures some of its non-financial assets such as Surplus Assets and Investment Properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Appendix 1 – Accounting Policies

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

CAPITAL ACCOUNTING

Two reserve accounts are required in the Council's Balance Sheet for capital accounting adjustments:

- **The Revaluation Reserve** - this contains the balance of the surpluses or deficits arising on the periodic revaluation of property, plant and equipment. 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.
- **The Capital Adjustment Account** - this absorbs the timing differences arising from the different arrangements for accounting for the consumption of property, plant and equipment and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement, via charges for depreciation, impairment losses and amortisations which are initially debited to the Comprehensive Income and Expenditure Statement. These are then transferred in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account. Reconciling postings from the Revaluation Reserve convert the fair value figures to a historical cost basis. The account is also credited with the amounts set aside by the Council to finance the costs of acquisition, construction and enhancement.

Appendix 1 – Accounting Policies

The above accounts are not available to fund future expenditure.

CAPITAL RECEIPTS

When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement. Any receipts from disposals, net of costs of disposal, are also credited to the Comprehensive Income and Expenditure Statement. Costs associated with disposal can be funded from the associated capital receipt as long as they are less than 4% of the value of the proceeds. Any disposal costs over this level must therefore be funded by revenue.

The gain, or loss, on the disposal of a long-term asset is the amount by which the disposal proceeds, net of disposals costs, are more (gain) or less (loss) than the Balance Sheet value of the long-term asset. Any previous revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account on disposal.

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 within the Usable Capital Receipts Reserve.

CHARGES TO REVENUE FOR LONG-TERM ASSETS

Revenue accounts are debited with the following amounts to record the real cost of holding long-term assets during the year:

- Depreciation attributable to the assets used by the relevant service (as per the Depreciation policy on page 150).
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible long-term 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 (see the Debt Redemption policy on page 165). Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the contribution in the General Fund Balance by an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Appendix 1 – Accounting Policies

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Some expenditure is incurred during the year that may be treated as capital under statutory provisions but does not result in the creation of a long-term asset (e.g., expenditure on academy schools). Instead of capitalising this expenditure, it is charged to the relevant service in the Comprehensive Income and Expenditure Statement. Where the Council has determined to meet the cost of this expenditure from existing capital resources, those resources are also credited to the relevant service in the Comprehensive Income and Expenditure Statement. Where the Council has determined to meet the cost of expenditure by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

HERITAGE ASSETS

Heritage Assets are a distinct class of asset which are reported separately from Property, Plant and Equipment and Intangible Assets. The Council holds these assets principally for future generations because of their contribution to knowledge, the environment, and the culture of the County.

The Code requires authorities to recognise Heritage Assets where the Council has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining this information outweighs the benefits to the users of the financial statements, the asset is not recognised on the Council's Balance Sheet, but commentary is included in the notes to the financial statements. Where valuations are made, an appropriate method is adopted; for example, this may include insurance valuations of museum collections.

The Council's different classes of Heritage Assets are treated as follows:

- Archives collections – recognised in the Balance Sheet at insurance valuation where available.
- Museum collections – recognised in the Balance Sheet at insurance valuation.
- Art works – recognised in the Balance Sheet at insurance valuation.
- Archaeological artefacts and ecofacts – not recognised in the Balance Sheet due to a lack of reliable valuation information.
- Civic regalia – not recognised in the Balance Sheet due to being considered as immaterial and a lack of reliable valuation information.

Appendix 1 – Accounting Policies

The Council reviews the carrying amounts of Heritage Assets carried at valuation on a yearly basis to ensure they remain current. Depreciation is not charged on Heritage Assets which have indefinite lives, but impairment reviews are carried out where there is physical deterioration, or if new doubts as to the authenticity of the Heritage Asset exist.

INVESTMENT PROPERTIES

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The cost of work in progress, which is included in the Group Accounts, comprises; the acquisition cost of land, construction costs and professional fees (capitalised borrowing costs are removed as they are intragroup). Net realisable value is the estimated selling price in the ordinary course of business, less applicable, variable selling expenses. If cost falls below net realisable value, then an applicable impairment provision is recognised in the Comprehensive Income and Expenditure Statement.

FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument (e.g., Public Works Loan Board borrowing). Financial liabilities are initially measured at fair value and subsequently carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying

Appendix 1 – Accounting Policies

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 (plus any accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Comprehensive Income and Expenditure Statement 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 financial instruments, the premium or discount is respectively deducted from, or added to, the amortised cost of the new or modified loan. The write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

FINANCIAL ASSETS

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

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

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

Appendix 1 – Accounting Policies

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable. The interest credited to the Comprehensive Income and Expenditure Statement for the loans is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

GOVERNMENT GRANTS

Government grants, and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and the grants or contributions. There are two types of stipulations; conditions and restrictions:

- Conditions are stipulations that specify that the future economic benefits or service potential embodied in transferred assets are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Appendix 1 – Accounting Policies

- Restrictions are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified.

The key difference between a condition and a restriction is that a condition requires the grant funder or donor to have a right to the return of their monies or the donated asset (or similar equivalent compensation). However, if recovery of the grant / donation is only possible indirectly by, for instance, legal action for breach of contract or withholding payment of other monies due separately to the Council without a right to have done so, then this will amount to a restriction rather than a condition.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as payables. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement and reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure it is posted to the Capital and Contributions Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants and Contributions Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

COUNCIL TAX AND NON-DOMESTIC RATES

In England, billing authorities act as agents on behalf of major preceptors in collecting council tax and non-domestic rates (NDR). This is because the legislative framework for the Collection Fund states that billing authorities and major preceptors share proportionately:

- the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.
- the effect of any bad debts written off.
- the movement in the impairment provision.

Appendix 1 – Accounting Policies

The Council, as a major preceptor, is therefore required to include the appropriate share of the council tax and NDR receivables in its Balance Sheet as well as an appropriate share of the Collection Fund surplus / deficit for the year within its Comprehensive Income and Expenditure Statement.

LONG-TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the surplus or deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

PRIVATE FINANCE INITIATIVE (PFI) SCHEMES

PFI contracts are agreements to receive services, where the responsibility for making available the long-term assets needed to support the delivery of those services passes to the PFI contractor in return for an annual fee. The Code of Practice requires that PFI contracts are accounted for in a manner consistent with the adoption of *International Financial Reporting Interpretations Committee (IFRIC) 12: Service Concession Arrangements* as contained in the Government's *Financial Reporting Manual (FreM)*, and means that assets and liabilities are recognised on the Council's Balance Sheet where the Council substantially controls the use of the assets involved and any associated residual interest. As the Council is deemed to control the services that are provided under its PFI schemes and, as the ownership of the property, plant, and equipment will pass to the Council at the end of the contract, the Council carries the long-term assets used under the contracts on the Balance Sheet in line with the requirements of *IFRIC 12*.

The original recognition of these assets is at historical cost the year after they are made available for use, and when revalued, at current value in existing use. This is matched by the recognition of an equivalent liability for amounts due to the scheme operator to pay for the capital investment. PFI assets are revalued and depreciated in the same way as any other property, plant, and equipment owned by the Council.

Annual unitary charges that are paid by the Council to PFI operators can be analysed into five elements:

- Current value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability calculated by applying the implicit interest rate in the lease to the opening lease liability for the year. This is debited to the 'Financing and investment income and expenditure' line.

Appendix 1 – Accounting Policies

- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the ‘Financing and investment income and expenditure’ line in the Comprehensive Income and Expenditure Statement.
- Payment towards the liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Life cycle replacement costs – this refers to the replacement of individual components within the PFI asset portfolio to ensure that the condition of the whole property meets the agreed standard throughout the life of the PFI contract. A proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Prudent provision for PFI schemes is made within the annual unitary charge, based on the part of the unitary payment that goes to write down the matching liability for assets recognised on the Balance Sheet.

Central government support for PFI schemes is in the form of PFI credits. These are a measure of the private sector investment which is supported by central government departments and are a promise that PFI revenue grant can be claimed once the project is operational. The level of PFI credits determines the amount of grant that can be claimed by the Council, which is calculated as an annuity based on the level of PFI credits and the contract length. (Further detail on the PFI contracts is given in the PFI note, Note 36)

LEASES

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Council as Lessee

Finance leases

Property, Plant and Equipment assets held under a finance lease are recognised on the Balance Sheet at the commencement of the lease at its fair value at the lease’s inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor and initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry

Appendix 1 – Accounting Policies

into a lease are applied to writing down the lease liability and contingent rents are charged as expenses in the years in which they are incurred. Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant or equipment and a finance charge.

As with other long-term assets, the Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements (see the Debt Redemption policy on page 165). Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the contribution in the General Fund Balance by an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Council as Lessor

Finance leases

Where the Council grants a finance lease on a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property (applied to write down the lease debtor (together with any premiums received)), and finance income. However, in the case of academy schools the Council does not recognise a long-term debtor on the Balance Sheet. This is because the assets are transferred as 125-year leases which is deemed too long to be certain of any receivable value at the end of the lease period.

Any gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, it is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating leases

Where the Council grants an operating lease over a property, or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are 'adjusting' and 'non-adjusting' events, both favourable and unfavourable, that occur between the end of the reporting year and the date when the Statement of Accounts is authorised for issue.

An 'adjusting' event is where evidence of the conditions of that event existed at the Balance Sheet date. A 'non-adjusting' event is indicative of conditions that arose after the Balance Sheet date, but prior to the issue of these accounts.

Material events that relate to conditions that did not exist at the Balance Sheet date are disclosed by way of a note to the financial statements.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition, and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement cash, and cash equivalents, are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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BENEFITS PAYABLE DURING EMPLOYMENT

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

TERMINATION BENEFITS

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

POST EMPLOYMENT BENEFITS

The majority of 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 Education (DFE);
- **The Local Government Pension Scheme**, administered by Cambridgeshire County Council.

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

The Teachers' Pension Scheme

The arrangements for the Teachers' Pension 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 Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme in the year.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme as follows:

- 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 – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices using a discount rate.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - ▶ quoted securities – market value
 - ▶ unquoted securities – professional estimate
 - ▶ unitised securities – closing bid price
 - ▶ property – market value
- The change in the net pension liability is analysed into service cost and re-measurement components.

Service Cost elements comprise:

- ▶ **Current service cost:** the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- ▶ **Past service cost:** the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Cost of Services in the Comprehensive Income and Expenditure Statement.

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- ▶ **Net interest on the net defined benefit liability** (i.e., the net interest expense for the Council) – the change during the year in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit liability at the beginning of the year, taking into account any changes in the net defined benefit liability during the year as a result of contribution and benefit payments.

Re-measurements comprise:

- ▶ **Expected return on plan assets:** excluding amounts included in the net interest on the net defined benefit liability. These are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- ▶ **Actuarial gains and losses:** changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- ▶ **Contributions paid to the pension fund:** cash paid as employer contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. This means that there are appropriations to and from the Pensions Reserve in the Movement in Reserves Statement to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year-end.

RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts through the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and recorded against the Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The Council's reserves are categorised as follows:

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- **Usable reserves** - those reserves that contain resources that a council can apply to the provision of services, either by incurring expenses or undertaking capital investment, whether or not there are particular restrictions on exactly what the resources can be applied to. The Council's usable reserves include the General Fund balance and Earmarked reserves.
- **Unusable reserves** – those that a council is not able to utilise to provide services. This category of reserves includes:
 - ▶ Reserves that hold unrealised gains and losses (the Revaluation Reserve), where amounts will only become available to provide services (or limit resources in the case of losses) once the gains / losses are realised as the assets are disposed of.
 - ▶ Adjustment accounts which deal with situations where income and expenditure are recognised statutorily against the General Fund balance on a different basis from that expected by accounting standards as adopted by the Code. The accounts will carry either a debit balance (showing that the Council is required by statute to fund its expenditure more slowly than accounting standards would expect) or a credit balance (where the Council has set resources aside under statute earlier than accounting standards require). Examples of this category of reserves are the Capital Adjustment Account, Pensions Reserve and the Accumulated Absences Account.

DEBT REDEMPTION

The Council is required to make a provision for the repayment of debt in accordance with guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

A change in policy was introduced in 2015-16 for the proportion of the provision that relates to the historic debt liability that had accumulated to 31 March 2010. Up until 2014-15 this element of the provision was calculated using Option 1 of the Guidance, the "Regulatory Method", which based the calculation on 4% of the Capital Financing Requirement, amended for Adjustment A, on a reducing balance basis. From 2015-16 this debt liability will be provided for using an annuity calculation methodology, allowable under the DCLG Guidance.

Capital expenditure incurred from 2010-11 onwards will be subject to Minimum Revenue Provision (MRP) in the year after the asset has become operational. MRP will be provided for under Option 3 of the DCLG Guidance and will be based on the estimated useful life of the assets, using the equal annual instalment method.

Estimated life periods will be determined under delegated powers. To the extent that expenditures do not create an asset and are of a type that are subject to estimated life periods that are referred to in the guidance, these estimated life periods will generally be adopted by the Council. In view of the variety of types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an

Appendix 1 – Accounting Policies

individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

The determination as to which schemes shall be deemed to be financed from available resources, and those which will remain as an outstanding debt liability to be financed by borrowing or other means will be assessed under delegated powers.

The policy will be reviewed annually to ensure prudence is achieved from using the options available and the option to delay charges until the year after the asset comes into operation (the MRP holiday) will be used where applicable.

Where it is considered prudent to do so, non-operational assets will be excluded from the MRP calculation and any under or over provisions that are identified for previous years will be taken into consideration in the calculation of the current year's provisions and adjusted accordingly.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations that arise from past events that may or may not be incurred by the Council depending on the outcome of one or more uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed as a note to the financial statements.

VALUE ADDED TAX (VAT)

The Comprehensive Income and Expenditure Statement excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from it.

INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and / or joint ventures. The Council is involved with a number of entities, and where the interests are not material the nature and value of the relationship is disclosed within the single entity accounts. In line with the code requirements on group accounts and consolidation,

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maintained schools within the county are considered to be entities controlled by the Council. The income, expenditure, assets, liabilities, reserves, and cash flows of these schools are recognised within the Council's single entity accounts rather than group accounts.

GLOSSARY

ACCRUAL

An amount to cover income or spending that belongs to the accounting year, which was outstanding at the accounting date.

ACCUMULATED ABSENCES ACCOUNT

An unusable reserve which absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward at 31 March.

ACTUARIAL BASIS

Valuations performed by an actuary relating to a pension scheme's assets and liabilities.

ACTUARY

An independent company which advises on the assets and liabilities of the Fund with the aim to ensure that the payment of pensions and future benefits are met.

AMORTISATION

The process of reducing the value of an asset or liability over its useful life.

BALANCE SHEET

A summary of financial position showing the assets and liabilities recognised by the Council, matched by the level of reserves held.

BALANCES

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

BENEFICIAL OWNER

The true owner of a security regardless of the name in which it is registered.

BID PRICE

The price at which securities are purchased by market makers.

BOND

Security issued by a corporate or government body borrowing in the capital markets. Bonds promise to pay interest (coupons) during the life of the bond plus the principal sum borrowed on the redemption date. Bonds may be secured over assets of the firm or be unsecured.

BUDGET

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

Glossary of Terms

BUILDING SCHOOLS FOR THE FUTURE (BSF)

A national programme to bring all secondary schools up to modern standards over 15-20 years.

CAPITAL ADJUSTMENT ACCOUNT

An account that reflects the difference between the cost of long-term 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 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 Council e.g., land, buildings and equipment.

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.

CASH EQUIVALENTS

Assets which are readily convertible into cash.

COMMUTATION

Giving up part or all of the pension payable from retirement in exchange for an immediate lump sum. Commutation factors (usually calculated by the Scheme Actuary) are used to determine the amount of pension which needs to be given up in order to provide the lump sum.

CONTINGENT ASSETS AND LIABILITIES

Are assets and liabilities that may or may not be incurred depending on the outcome of a future event.

CREDITS (PFI)

A measure of private sector investment that will be supported by central government grant and acts as a promise that PFI grant can be claimed once a PFI project is operational.

CURRENT ASSETS

Short-term assets such as inventories, receivables, and bank balances.

Glossary of Terms

CURRENT LIABILITIES

Amounts owed which are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

DEFERRED PENSION BENEFIT

A pension benefit which a member has accrued but is not yet entitled to receive.

DEFICIT

An outcome as a result of taking away all expenses from income.

DEPRECIATED REPLACEMENT COST

This is a basis of valuation which provides an estimate of the market value for the land the building sits on, plus the current gross replacement cost of the building less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

DEPRECIATION

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

DERIVATIVE

A special type of contract that derives its value from the performance of an underlying entity. This underlying entity can be an asset, index, or interest rate, and is often called the "underlying". Derivatives can be used for a number of purposes - including insuring against price movements (hedging), increasing exposure to price movements for speculation or getting access to otherwise hard to trade assets or markets.

DIVIDEND

The distribution of profits by a company to its shareholders. The dividend may be passed or cut if profits fall. [See also Equities]

EARMARKED RESERVE

An earmarked reserve is money set aside for a specific purpose.

EQUITIES

Shares representing the capital of a company issued to shareholders usually with voting rights on the way the company runs the business. Equity holders rank last in the event of the winding up of a company.

EVENTS AFTER THE BALANCE SHEET DATE

Events occurring between the Balance Sheet date and the date on which the Accounts are signed by the Section 151 Officer, which have a significant impact on the Council's finances.

FINANCIAL INSTRUMENTS

Contracts which give rise to a financial asset of one entity and a financial liability or equity instrument of another.

Glossary of Terms

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.

FINANCIAL CONDUCT AUTHORITY (FCA)

The lead UK regulator. A designated agency which is not a government department.

FORCE MAJEURE

A common clause in contracts that essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as a war, strike, riot, crime, or an event described by the legal term *act of God* (such as hurricane, flooding, earthquake, volcanic eruption, etc.), prevents one or both parties from fulfilling their obligations under the contract.

GENERAL FUND

The main revenue fund of the Council. Council tax precepts 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.

HERITAGE ASSETS

Assets (land, building, or artefact / exhibit) held principally for their contribution to knowledge or culture.

IMPAIRMENT

A reduction in the value of an asset from its previous value in the accounts.

INCOME

Amounts which the Council 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 year.

INFRASTRUCTURE ASSETS

Assets such as roads and bridges.

INTANGIBLE ASSETS

Non-monetary assets that cannot be seen, touched, or physically measured, but can be identified as a separate asset.

Glossary of Terms

INTERNAL CONTROLS

Procedures or systems designed to promote efficiency, assure policy implementation, safeguard assets, and avoid fraud and error.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting Standards, Interpretations and the Framework adopted by the International Accounting Standards Board (IASB).

INVENTORIES

Goods bought but have not been used.

LGSS

A partnership between Cambridgeshire, Northamptonshire County Councils and Milton Keynes Council to create a wholly owned public sector organisation to deliver professional and transactional support services.

LONG-TERM ASSETS

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

MINIMUM REVENUE PROVISION

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

NET BOOK VALUE

The depreciated value of an asset.

PAYABLES

Amounts owed by the Council for work done, goods received, or services rendered but for which payment had not been made at the date of the Balance Sheet.

PENSIONS STRAIN

Charges to employers to cover discretionary early retirement costs, which are the responsibility of the employer, recovered in the first year of retirement in full.

POOLED BUDGET

A partnership where participants aggregate funds to work collaboratively to address specific issues.

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, acting as an agent for the Council.

Glossary of Terms

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 in return for annual payments to sell services to the public sector.

PROPERTY, PLANT AND EQUIPMENT

A non-current asset or long-term asset item which cannot easily be converted into cash.

PROVISION

An amount set aside for liabilities, which are known to exist, but which cannot be definitively measured at the date of the accounts.

PRUDENTIAL BORROWING

Borrowing which is financed from the Council's own resources and conforms to the Prudential Code.

PUBLIC WORKS LOAN BOARD

A government body set up specifically to lend money to local authorities.

RECEIVABLES

Sums of money due to the Council but unpaid at the Balance Sheet date.

RELATED PARTY

A person or an organisation which has influence over another person or organisation.

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 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. Can also be described as capital expenditure charged against the general fund balance.

Glossary of Terms

REVENUE EXPENDITURE

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure that legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset.

STOCK

Shares (e.g., Common stock). However, UK Gilts are more correctly described as stock.

SURPLUS

An outcome as a result of taking away all expenses from income.

TREASURY MANAGEMENT

A process which plans, organises, and controls cash, investments, and borrowings so as to optimise interest and currency flows, and minimise the cost of funds.

TRUST

Investments are owned by trustees for the underlying beneficial owners. A unit trust is a trust, incorporated under a trust deed. An investment trust is a company, not a trust.

UNIT TRUST

An open-ended trust investing in a wide spread of stocks, shares, and cash (subject to FSA limits). Investors buy units directly from the Fund manager to participate in a diversified portfolio. Unit trusts are subject to FSA investment and borrowing regulations.