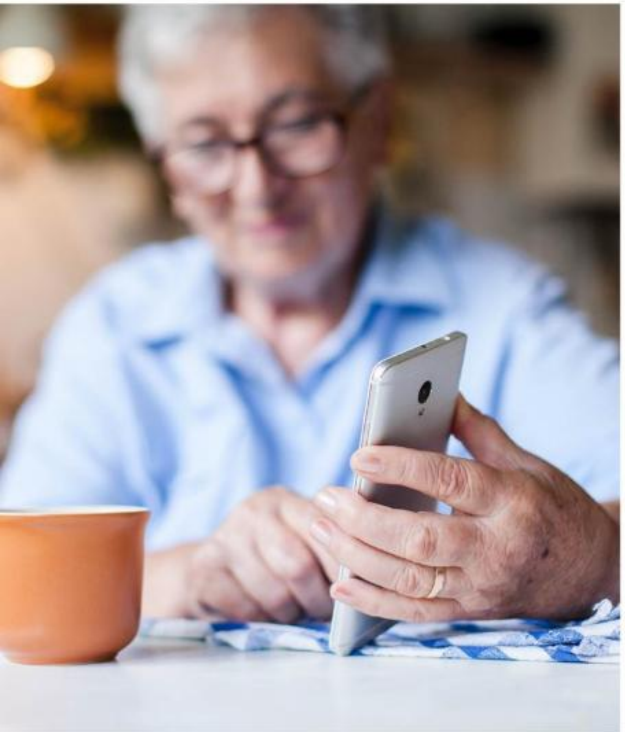
# DRAFT Statement of Accounts

2023-24





Cambridgeshire County Council

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Cambridgeshire County Council

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## Chief Executive Foreword

**Dr Stephen S. Moir**
Chief Executive

In my second year as Chief Executive of Cambridgeshire County Council, our Councillors and colleagues have worked tirelessly to deliver and commission essential public services to support people, families, and businesses during the continued cost of living crisis and turbulent economic conditions. I wish to begin by thanking all those people who have contributed to our results for 2023-24. I am incredibly proud and humbled by the work that has been delivered during 2023-24 to strengthen and invest in our employees, many of whom also live and work in the county. This includes:

- Our new People Strategy setting out a road map to invest in and grow our workforce;
- Establishing our Care Academy for children's and adult social services to train and develop both our direct workforce and also the broader adult social care provider workforce (you can hear more from our Executive Director on our Children's Academy and read more here);
- Investment that saw Cambridgeshire become the first County Council to achieve Silver employers' award, which recognises the Council's significant contribution to the continued development of all its employees through "earn and learn" schemes such as apprenticeships, graduate development programmes and sponsored student course placements from the 5% club.
- 54% of our employees providing feedback through an independently delivered survey of our whole workforce, which is now being used to create a range of actions, both within directorates and across the whole Council, to further improve our organisational culture, employee engagement and satisfaction levels.
- Launching our Equality, Diversity, and Inclusion Strategy, covering our role as a policy maker, service provider and as a large employer. This new strategy is supported by a clear action plan and information hub. We also renewed the council's Disability Confident Level 2 award, and we formed a care experience working group and an anti-racism steering group to strengthen our work in these two areas.
- Launching a volunteering policy that outlines how we encourage and support all colleagues to undertake paid volunteering within Cambridgeshire;
- Our first Employee Spotlight Awards to celebrate and recognise the amazing achievements of our colleagues across all parts of the organisation.

# Foreword

2023-24 was also a year of successes in terms of service delivery, aligned to the council's vision to become:

- **Greener:** By reducing the council's scope 1 and scope 2 carbon emissions by 32% (from 2018-19 to 2022-23), with 22 council building heating systems replaced with low carbon heating saving an estimated 370 $tCO_2e$ per annum at a cost of £6.6 million (£3 million of this coming from successful grant applications). We also spent approximately £8 million on 14 major carriageway maintenance upgrades countywide, and approximately £3 million on 25 individual footpath and cycle path renewals to enable safer, more sustainable travel for highway users across the county.

- **Fairer:** We paid our employees the real living wage and increased our funding to commissioned care providers so that they can pay their employees the real living wage. We extended access to libraries and achieved Libraries of Sanctuary status in recognition of our work to support those who are seeking refuge in our county.

- **More Caring:** We delivered more than £7m in direct support to households who are struggling financially (mainly funded through the Household Support Fund grant) and focussed upon improving our children's social care, as well as agreeing to treat being care experienced, at any age, with the same status as other 'protected characteristics'.

We also delivered our first Quality of Life Survey with over 5,500 responses from across the county highlighting what residents value most about living in Cambridgeshire and what also concerns them. This included areas where the council is performing well against our ambitions, and areas to focus on continued improvement, such as highways.

2024-25 will be another year of relentless focus on delivering the County Council's Strategic Framework Vision and Ambitions and driving improvements across a range of our services. We will also continue to evolve the organisation in response to our emerging Change Strategy and future sustainability challenges. Importantly, this will also be the final, full financial and performance year prior to full County Council Elections in May 2025, and we will therefore spend time planning and preparing for these, working with our partners.

**Dr Stephen S. Moir**
**Chief Executive**

## Chief Financial Officer's Narrative Report

**Michael Hudson**
Executive Director of Finance & Resources

### Introduction

This document presents the statutory financial statements for Cambridgeshire County Council for the financial year 1 April 2023 to 31 March 2024, 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 2023-24.

Planning for the 2023-24 financial year was undertaken in the context of challenging national economic conditions, with weak growth, high inflation and rising interest rates. Delivering on our corporate strategy and prioritising our resources needed to be planned for with an uncertain, and insufficient, funding position from central government and unpredictable demand for council services.

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.

Despite the level of uncertainty, the Council achieved a nearly balanced outturn position with a small 0.2% (£1.2m) overspend reported in our management accounts. Ringfenced budgets saw a larger overspend (£14.4m) due to spend on high needs education services for which we receive the Dedicated Schools Grant (DSG) but where demand is outstripping that funding source. 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.

| Service | Gross Budget £m | Net Budget £m | Outturn £m | Variance £m |
|---|---|---|---|---|
| Children, Education & Families (non-DSG) | 167.153 | 132.095 | 143.444 | 11.349 |
| Adults, Health & Commissioning | 345.480 | 215.263 | 211.392 | (3.871) |
| Place & Sustainability | 105.587 | 68.957 | 73.029 | 4.072 |
| Strategy & Partnerships | 27.637 | 20.102 | 20.495 | 0.393 |
| Finance & Resources | 48.749 | 15.129 | 14.017 | (1.113) |
| **Subtotal - core funded services** | **694.606** | **451.546** | **462.377** | **10.830** |
| Public Health | 40.088 | 0.000 | (0.126) | (0.126) |
| Children, Education & Families (DSG) | 159.258 | 0.000 | 14.560 | 14.560 |
| **Subtotal - ringfenced services** | **199.346** | **0.000** | **14.434** | **14.434** |
| Corporate & Funding Items | 12.053 | 11.342 | 10.256 | (6.094) |
| Capital Financing | 58.884 | 38.141 | 34.642 | (3.499) |
| Adjustments for Public Health & DSG ring-fence | (199.346) | 0.000 | (14.434) | (14.434) |
| **Total** | **765.543** | **501.029** | **507.275** | **1.237** |

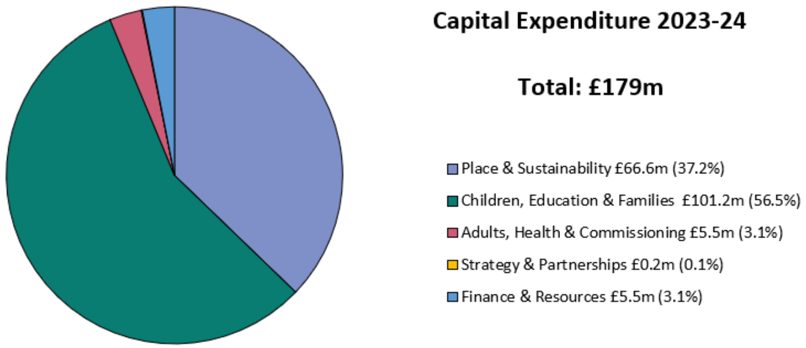
Notes: the ‘Corporate & Funding Items’ budget is primarily the levies paid by the Council to the Cambridgeshire & Peterborough Combined Authority and the Environment Agency. Its outturn includes grant and other funding that was in addition to budgeted levels.

To enable risks to be pro-actively managed in a time of increased economic turbulence and unclear future government funding, the Council maintains prudent reserve balances. For 2022-23, the Council continued its policy for maintaining a general reserve to 4% of gross budget (excluding schools), and we have maintained 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. We have used the Just Transition Fund and Business Change Reserve to provide funding to deliver on our strategic ambitions and deliver change. At the same time, our risk reserves have enabled us to mitigate ongoing risks around demand for services and our funding levels, as well as specific risks around contractual disputes and legal proceedings which otherwise may have needed to be drawn from the general reserve. Our medium-term financial plan is partly funded by a sustainable and tapering draw-down from some corporate reserves.

We continue to share services with neighbouring councils. Certain enabling functions are undertaken on a lead authority model with Milton Keynes City Council, North Northamptonshire Council and West Northamptonshire Council (covering services like accounts payable, payroll and pensions). In addition, in 2023-24 a number of services continued to be shared with Peterborough City Council though fewer than in the past with many previously shared services being de-coupled to enable us to focus on delivering for Cambridgeshire. This review of shared services continues into the new year.

Looking ahead into 2024-25, 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 of our decision making.

The council also has a large capital programme, with funding particularly allocated to a large-level school building and expansion works, road and transport delivery, and energy generation schemes. This is an ambitious programme that is continually reviewed to ensure it is focussing on our key statutory duties and our own priorities. This level of capital budget, funded extensively by borrowing, has a large revenue cost each year that we need to bear in mind. The graph below shows the council’s capital expenditure in 2023-24 by directorate, excluding £38m of capital expenditure within our accounts that relates to the Greater Cambridge Partnership.




The financial accounts are complex and prepared in line with standardised international accountancy requirements. 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.

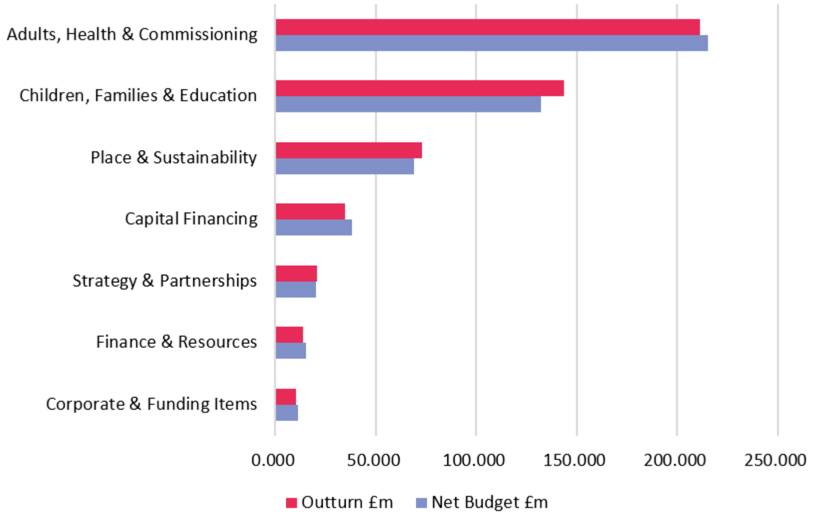
Finally, I am extremely grateful to all the finance staff and others across the council involved with production of these financial statements and budget management for their hard work this year.

M. Hudson

**Michael Hudson LLB (Hons), LLM, CPFA**
**Chief Financial Officer**

## Financial Performance Review

The council's overall net revenue budget £501m in 2023-24 overspent by £1.2m (0.2%). The graph below gives a summary of each directorate's performance against budget, and the subsequent sections give some more detailed information for each of them.




### Adults, Health & Commissioning

These services underspent overall, but that masks variances across different service user groups and significant underlying demand increases. 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. We were provided with grant funding from government that in part was able to meet the cost of these demand increases on a one-off basis. 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. We are continuing to work with the local NHS to ensure integrated working focussing on hospital discharge, but notice has been given to end the large pooled budget for learning disability services. The position on adult social care debt has worsened, resulting in an overall increase the council's bad debt provision.

### Children, Education & Families

The national issue of a shortage of placements for children in care who have high needs has resulted in a large overspend in this directorate. While in part this is driven by high levels of inflation, it is predominantly due to the lack of supply in the market driving up prices. Dedicated Schools Grant funded services overspent by £14.6m in year due to sustained high levels of demand, bringing the cumulative deficit to £40m, which is contrary to the safety valve deficit reduction agreement with central government. This is also having a knock onto our home to school transport services through increased demand for SEND transport.

### Place & Sustainability

The overspend in this directorate was due to delays on generation of income from renewable energy schemes. The council has an ambitious programme to build solar energy infrastructure which provides green electricity and a financial return to the council. Due to delays in construction and connection to the national grid, income has not been received this year in line with budget. The ongoing closure of a waste treatment plant due to odour regulations is another key financial variable.

### Strategy & Partnerships

Some staffing costs expected to be funded by capital receipts under the flexibility provided by government were instead funded by revenue due to the level of capital receipts received overall. The directorate otherwise came in close to budget.

### Finance & Resources

There were returns above the budgeted level on our treasury investments and company dividends, while IT services delivered contract savings ahead of time, resulting in an underspend overall for the directorate. Property Services continue to have pressures around maintenance and farms income.

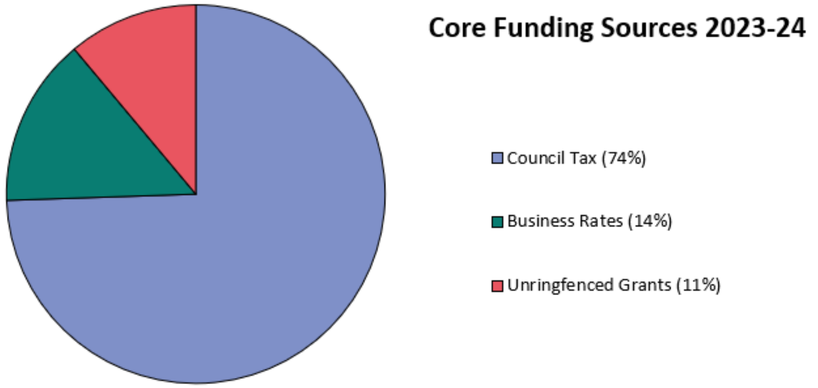
### Public Health

This service was close to breakeven at year end, but the anticipated level of spend funded by reserves was lower than expected. These services are funded by the ring-fenced Public Health Grant, which has a grant reserve that is available to commit to eligible activity going forward.

# Narrative Report

## Funding

The council's net budget of £501m was funded through a combination of locally collected taxation and general central government grants. The remainder of the council's gross budget comes from specific government grants, contributions from other bodies and charges paid for services.




We recognised more funding than was budgeted for this year, predominantly due to higher than expected business rates (and business rates compensation grants). Note 12 below (taxation and grant income) shows the actual funding level that was received, and includes the final position on collection funds for council tax and business rates.

The full end of year management accounts will be considered by Strategy, Resources & Performance Committee in July 2024.

## Financial resilience and reserves

We hold a general reserve balance for unforeseen risks – the target level for that is set during business planning before the start of the year and is based on the Chief Financial Officer's assessment of the risks facing the council balanced against specific reserve mitigations that are in place. For 2023-24, the target general reserve balance was £28.9m and for 2023-24 that balance was maintained, and at the end of the year stood at £29.4m. This balance is also sufficient for 2024-25 based on the reserves assessment carried out in February 2024. We also hold other reserves to deliver our strategic priorities, to enable change, to mitigate other risks or to reflect ringfenced contributions that we have not yet been able to spend. The following table shows these types of revenue reserves and their year-end balances (these balances have decreased from £197m at the end of 2022-23 due to planned, sustainable draw-downs of reserves and use of ringfenced funding).

| Item | 2023-24 closing balance £m |
|---|---|
| **General reserve** | **29** |
| **Usable earmarked reserves:** | |
| Strategic priority reserves | 62 |
| Corporate risk reserves | 70 |
| Grant reserves | 14 |
| Insurance reserves | 5 |
| High needs block offset reserve | 8 |
| **Subtotal usable earmarked reserves** | **160** |
| **Total** | **189** |

Earmarked reserves reported below in Note 20 include further items such as reserves held by our maintained schools that are not readily available for the council to use for other purposes. There is considerable variability between maintained schools in the level of reserves held, and the school sector is under financial pressure from funding not keeping pace with inflation and other cost increases. At the end of the year, 31 maintained schools were in deficit (almost double the previous year).

As well as revenue reserves we have capital reserves resulting from unspent capital grants and developer contributions. These reserves are committed over the medium-term within the capital programme. At the end of 2023-24 these total £76.3m, down from £111m at the end of 2022-23.

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. From an accounting perspective, however, the grants may have been recognised already as income due to the lack of technical grant conditions; in this case any carry-forward by the council is discretionary and done as an earmarked reserve.

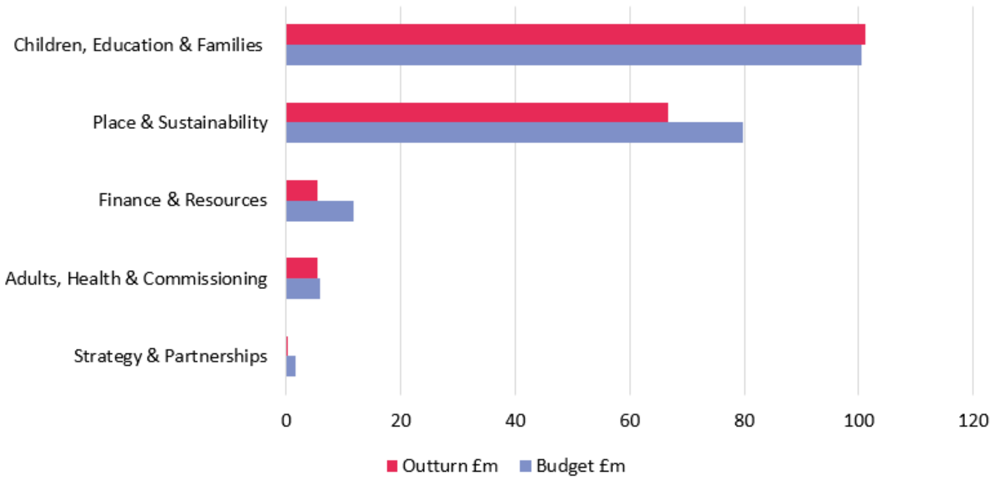
As well as this, our accounts show £1,400m of 'unusable reserves'. These are reserves the council is not able to utilise to provide services, such as the revaluation reserve which cannot be realised until revalued assets have been sold, and the pensions reserve.

The council's senior officer leadership regularly review the directorate and corporate risk registers and 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 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

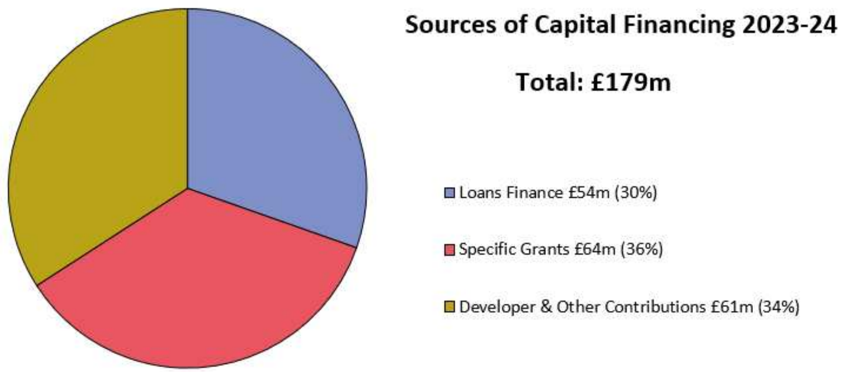
The council's capital programme for 2023-24 and beyond totals over £1.2b, with £199.5m of that budgeted to be spent in 2023-24. On top of this, the Greater Cambridge Partnership capital programme of £677m and 2023-24 budget of £44m form part of the council's overall capital position. Actual capital expenditure financed from capital resources for the year was £217.5m (of which £38.4m related to the Greater Cambridge Partnership), leaving £26.4m (11%) 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 with the business plan. In 2023-24 the key areas where spend varied from planned budgets were highways and transport schemes (£9.1m), property schemes (£3.0m), IT schemes (£2.6m), Waste management schemes (£2.6m) and energy generation schemes (£1.3m).

The chart below shows net capital budgets and outturns for 2023-24 of the council's directorates:



# Narrative Report

The following chart outlines how the £179.1m of the council's directorates' capital expenditure was financed this year:




Loan financing is undertaken through borrowing, typically from the Public Works Loan Board as well as 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 2023-24 underspent as a result of three factors. Firstly, we borrowed less in year and generally at a lower rate than expected due to delayed capital spend and having a higher level of cash than projected and so incurred lower borrowing costs. Secondly, high interest rates during the year meant that we were receiving a greater return on those higher cash balances. Thirdly, we were able to capitalise more interest on borrowing than expected.

### External Borrowing & Investment

Total debt outstanding at 31 March 2023 was £777.5m (consisting of £574.2m long-term borrowing and £203.2m short-term borrowing), which was well within the Authorised Limit of £1,290.0m determined in accordance with legislation. Long-term borrowing increased by £9.3m during the year, and short-term borrowing increased by £31.5m, reflecting the council minimising long-term exposure to rising interest rates by taking out shorter-term debt.

Our treasury management activities are reported on quarterly to Strategy, Resources and Performance Committee and formally twice per year to 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.

The council's external borrowing includes loans advanced to the council's wholly-owned housing company This Land. 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. Following changes in management of the company and reflecting on the current economic outlook, the council is considering its options as to how to best support the company in the future and ensure that its loans to the company are repaid; this is to draw on advice from sector specialists as part of the council's shareholder oversight of the company.

## Assets & Liabilities

The council's cash and cash equivalents position decreased in the year by £23.0m from £91.5m at 31 March 2023 to £68.5m at 31 March 2024, in order to reduce the amount of external borrowing required.

During 2023-24, the net assets of the council and its Balance Sheet value increased by £328.4m (a 24% increase), from an opening balance of £1,378.4m to a closing balance of £1,706.8m at 31 March 2024. The net increase was largely driven by a combination of an increase in the amount of borrowing off-set by a reduction in liabilities relating to the pension fund and an increase in the value of Property, Plant and Equipment.

## Looking ahead

For 2023-24 a revised strategic framework and seven ambitions for the council were set as part of the business plan, to deliver on the Joint Administration's vision for the council. This strategic framework was brought up to date ahead of 2024-25 but otherwise remains the key strategic document for the council underpinning business planning for later years and expected to be in place at least until the next county council elections in 2025.

The council's revised corporate leadership and directorate structures fully came into place in 2023-24, enabling clearer accountabilities and a sharper focus on delivering services for the people of Cambridgeshire. The final stages of these changes and the decoupling of most services from other councils will take place in the coming year.

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 in the context of uncertain local government funding levels. The council has made prudent assumptions over the medium-term about funding and taxation.

## 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 2024, 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 Section 151 Officer (in this case the Executive Director of Finance and Resources) 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 2024 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 ‘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.

### 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 2023-24, these accounting practices principally comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code) supported by International Financial Reporting Standards (IFRS), and the Service Reporting Code of Practice 2023-24 (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

### 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.

### RESPONSIBILIES OF THE EXECUTIVE DIRECTOR OF FINANCE & RESOURCES

The Executive Director of Finance & Resources (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 2024 and its income and expenditure for the year 2023-24 and authorise the accounts for issue.

M. Hudson

Michael Hudson
Executive Director of Finance & Resources
Date: 31-May-2024

## 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

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# Core Financial Statements

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| RESTATED* 2022-23 Gross Expenditure £000 | Gross Income £000 | Net Expenditure (+) / Income (-) £000 | | Note | 2023-24 Gross Expenditure £000 | Gross Income £000 | Net Expenditure (+) / Income (-) £000 |
|---|---|---|---|---|---|---|---|
| 109,484 | -34,012 | **75,472** | Place and Sustainability | | 116,428 | -36,223 | **80,205** |
| 341,108 | -119,027 | **108,590** | Children, Education and Families | | 557,747 | -393,637 | **164,110** |
| 472,221 | -363,631 | **222,081** | Adults, Health and Commissioning | | 347,867 | -129,099 | **218,768** |
| 40,094 | -37,690 | **2,404** | Public Health | | 43,190 | -37,186 | **6,004** |
| 65,088 | -21,737 | **43,351** | Finance and Resources | | 60,350 | -41,705 | **18,645** |
| 46,105 | -34,855 | **11,250** | Strategy and Partnerships | | 47,315 | -19,416 | **27,899** |
| **1,074,100** | **-610,952** | **463,148** | **Cost of Services** | | **1,172,897** | **-657,266** | **515,631** |
| 9,235 | 0 | **9,235** | Other operating income and expenditure | **10** | 445 | -204 | **241** |
| 45,016 | -30,879 | **14,137** | Financing and investment income and expenditure | **11** | 42,920 | -24,480 | **18,440** |
| 0 | -624,091 | **-624,091** | Taxation and non specific grant income | **12** | 0 | -623,659 | **-623,659** |
| | | **-137,571** | **Surplus (-) or Deficit (+) on Provision of Services** | | | | **-89,347** |
| | | **-77,348** | Surplus (-) or deficit (+) on revaluation of property, plant and equipment | **22** | | | **-135,852** |
| | | **17,395** | Impairment and revaluation loss charged to the revaluation reserve | **22** | | | **24,385** |
| | | **3,742** | Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income | **27** | | | **1,460** |
| | | **-570,824** | Remeasurement of net pension benefit/liability | **37** | | | **-129,082** |
| | | **-627,035** | **Other Comprehensive Income (-) and Expenditure (+)** | | | | **-239,089** |
| | | | | | | | |
| | | **-764,606** | **Total Comprehensive Income (-) and Expenditure (+)** | | | | **-328,436** |

*22-23 comparators restated due to restructure, with Peoples Services split into Adults, Health and Commissioning, and Children, Education and Families

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

## 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-22** | **200,418** | **13,857** | **32,396** | **246,672** | **367,123** | **613,795** |
| *Movement in 2022-23* | | | | | | |
| Total comprehensive income and expenditure | 137,571 | 0 | 0 | 137,571 | 627,035 | 764,606 |
| Adjustments between accounting and funding basis under regulations (note 19) | -126,145 | -13,300 | 77,882 | -61,562 | 61,562 | 0 |
| **Increase (+) or decrease (-) in 2021-22** | 11,426 | -13,300 | 77,882 | 76,008 | 688,597 | 764,605 |
| **Balance at 31-Mar-23** | **211,844** | **557** | **110,278** | **322,680** | **1,055,720** | **1,378,400** |
| *Movement in 2023-24* | | | | | | |
| Total comprehensive income and expenditure | 89,347 | 0 | 0 | 89,347 | 239,089 | 328,436 |
| Adjustments between accounting and funding basis under regulations (note 19) | -99,933 | 338 | -26,731 | -126,325 | 126,325 | 0 |
| **Increase (+) or decrease (-) in 2022-23** | **-10,586** | **338** | **-26,731** | **-36,978** | **365,414** | **328,436** |
| **Balance at 31-Mar-24** | **201,258** | **895** | **83,547** | **285,702** | **1,421,134** | **1,706,836** |

* General Fund balances include earmarked reserves

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

## BALANCE SHEET

| 31-Mar-23 £000 | | Note | 31-Mar-24 £000 |
|---|---|---|---|
| 1,854,685 | Property, plant and equipment | 23 | 2,132,327 |
| 19,015 | Heritage assets | 25 | 19,016 |
| 156,584 | Investment property | 24 | 150,188 |
| 9,804 | Intangible assets | | 9,146 |
| 40,999 | Long term investments | 27 | 39,539 |
| 144,322 | Long term debtors | 26 | 143,557 |
| **2,225,409** | **Long Term Assets** | | **2,493,773** |
| 0 | Short term investments | 27 | 10,000 |
| 1,023 | Assets held for sale | 23 | 1,509 |
| 967 | Inventories | | 678 |
| 161,841 | Short term debtors | 29 | 139,194 |
| 91,546 | Cash and cash equivalents | 30 | 68,515 |
| **255,377** | **Current Assets** | | **219,896** |
| -171,688 | Short term borrowing | 27 | -203,237 |
| -171,473 | Short term creditors | 31 | -157,383 |
| -2,234 | Provisions | | -2,093 |
| -17 | Capital grants and contributions received in advance | 33 | -1,862 |
| **-345,412** | **Current Liabilities** | | **-364,575** |
| -7,280 | Provisions | | -7,675 |
| -564,884 | Long term borrowing | 27 | -574,224 |
| -140,620 | Other long term liabilities | 32 | -8,586 |
| -44,187 | Capital grants and contributions received in advance | 33 | -51,770 |
| **-756,971** | **Long Term Liabilities** | | **-642,255** |
| **1,378,403** | **Net Assets** | | **1,706,839** |
| 322,682 | Usable reserves | 21 | 285,705 |
| 1,055,721 | Unusable reserves | 22 | 1,421,134 |
| **1,378,403** | **Total Reserves** | | **1,706,839** |

### 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 2024 and its income and expenditure for the year 2023-24 and authorise the accounts for issue.

M. Hudson

Michael Hudson
Executive Director of Finance & Resources (Section 151 Officer)
Date: 31-May-2024

The purpose of this statement is explained in the Narrative Report (pages 18-19).

Cambridgeshire County Council

## CASH FLOW STATEMENT

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **-137,571** | **Net Surplus (-) or Deficit (+) on the Provision of Services** | **-89,347** |
| -36,922 | Depreciation | -44,856 |
| 40,167 | Impairment and downward valuations | 34,430 |
| -2,664 | Amortisation | -2,296 |
| -33,316 | Increase(-)/Decrease in Creditors | 2,757 |
| 57,057 | Increase/Decrease (-) in Debtors | -22,770 |
| -420 | Increase/Decrease (-) in Inventories | -289 |
| -56,888 | Movement in Pension Liability (difference between employer's contributions paid and IAS19 adjustments) | -1,275 |
| -12,772 | Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | -488 |
| 9,907 | Other non-cash items charged to the deficit on the provision of services | 17,241 |
| **-35,851** | **Adjustments to the net deficit on the provision of services for non-cash movements** | **-17,546** |
| 0 | Proceeds from short-term and long-term investments | 0 |
| 3,968 | Proceeds from the sale of property, plant and equipment | 691 |
| 148,266 | Grants for financing capital expenditure | 100,612 |
| 1,465 | Any other items for which the cash effects are investing or financing activities | -28,435 |
| **153,699** | **Adjustments for items included in the deficit on the provision of services that are investing and financing activities** | **72,868** |
| **-19,723** | **Net Cashflows from Operating Activities** | **-34,025** |
| 127,321 | Purchase of Property, Plant and Equipment | 179,053 |
| 0 | Purchase of short-term and long-term investments | 10,000 |
| 209 | Other payments for investing activities | 852 |
| 0 | Proceeds from short-term and long-term investments | 0 |
| -3,968 | Proceeds from the Sale of Property, Plant and Equipment | -691 |
| -148,266 | Capital Grants Received | -100,612 |
| -21,148 | Other receipts from investing activities | -25,066 |
| **-45,852** | **Investing Activities** | **63,536** |
| -114,000 | Cash Receipts of short and long-term borrowing | -248,000 |
| 2,351 | Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (principal) | 3,777 |
| 155,493 | Repayments of short and long-term borrowing | 207,188 |
| 23,886 | Other payments for financing activities | 30,555 |
| **67,730** | **Financing Activities** | **-6,480** |
| | | |
| **2,155** | **Net Increase (-) or Decrease (+) in cash and cash equivalents** | **23,031** |
| 93,701 | Cash and Cash equivalents at the beginning of the reporting year | 91,546 |
| **91,546** | **Cash and Cash equivalents at the end of the reporting year** | **68,515** |

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

## DISCLOSURE NOTES

# 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 2023-24 (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. The standards introduced by the 2024-25 Code where disclosures are required in the 2023-24 financial statements, in accordance with the requirements of the Code, are:

a) IFRS 16 Leases (replaces the current standard IAS 17 Leases)
b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
d) Non-current Liabilities with Covenants (Amendments to IAS 1)
e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

Items b), c), d), e) and f) are not expected to have a material impact for CCC.

Item a) IFRS 16 Leases is implemented from 1 April 2024, so will have no impact on the 2023-24 accounts; however, there will be a significant impact on the 2024-25 accounts. The impact on lease accounting will only be significant for leases where CCC is the lessee (“tenant / customer”); accounting for the leases where CCC is the lessor (“landlord / supplier”) remains fundamentally unchanged. IFRS 16 removes the current classification of Finance and Operating leases, when accounting for leases where CCC is the Lessee; instead, most leases will now be recognised on the council's balance sheet as a matching “Right of Use” (“RoU”) asset and lease liability.

# General Accounting Policies and Judgements

The Code sets out transition arrangements for current lessee Operating and Finance leases. For current operating leases, a lease liability and matching RoU asset will be created at the present value of future lease payments, discounted using the council's incremental borrowing rate at 31 March 2024. The estimated impact of this on CCC's future core financial statements are in the region of the figures shown below:

| Balance sheet impact of IFRS 16 on current Operating Leases | 01-Apr-24 £000 |
|---|---|
| Total additional Right-of-Use assets | 9,100 |
| Total additional liabilities | -9,100 |
| **Net balance sheet impact** | **0** |

| CIES impact of IFRS 16 on current Operating Leases | Year ending 31 March 2025 £000 | Total subsequent years £000 | Total £000 |
|---|---|---|---|
| Cost of Services - principal payments now capital | -1,300 | -7,800 | -9,100 |
| Cost of Services - depreciation | 1,400 | 7,700 | 9,100 |
| Cost of Services - interest now charged to Financing and Investment expenditure | -400 | -4,300 | -4,700 |
| **Cost of Services - net impact** | **-300** | **-4,400** | **-4,700** |
| Financing and investment income and expenditure (interest payable) | 400 | 4,300 | 4,700 |
| **Total Financing and investment income and expenditure - net impact** | **400** | **4,300** | **4,700** |
| **Total impact of IFRS 16 on CIES:** | **100** | **-100** | **0** |

Finance leases are transitioned to IFRS 16 at their current carrying value – therefore there is no immediate impact resulting from the transition to IFRS 16. IFRS 16 does represent a change in finance lease accounting, as any time lease payment amounts change the liability will have to be remeasured. There will therefore be changes in lease liability amounts during the 2024-25 financial year; however, this is not expected to be significant.

PFI accounting is also impacted by the transition to IFRS 16. Similarly to Finance leases, the current PFI assets and liabilities are transitioned at their current carrying value, and then will be remeasured when payment amounts change. As PFI payment amounts change from the start of each financial year, CCC have elected to disclose the estimated impact of transition to IFRS 16 upon current PFI arrangements, as this is expected to be material. Where PFI assets are carried at current value, the increase in the value of the liability cannot be applied to the PFI assets, and so is instead applied to the relevant unusable reserve.

The estimated impact on CCC's future core financial statements is in the region of the figures shown in the following tables:

| **Balance Sheet impact of IFRS 16 on PFIs** | **Street Lighting £000** | **BSF £000** | **Waste £000** | **Total £000** |
|---|---|---|---|---|
| Increase in total liability as at 1 April 2024: | -900 | -5,100 | -19,200 | **-25,200** |
| Increase in PFI assets as at 1 April 2024: | 900 | 0 | 0 | **900** |
| Decrease in Capital Adjustment Account to net liability increase: | 0 | 5,100 | 12,600 | **17,700** |
| Decrease in Revaluation Reserve to net liability increase: | 0 | 0 | 6,600 | **6,600** |
| Increase in Capital Adjustment Account - reversal of additional depreciation: | -900 | 0 | 0 | **-900** |
| Decrease in Capital Adjustment Account - additional MRP charge: | 900 | 5,100 | 19,200 | **25,200** |
| **Total balance sheet impact:** | **0** | **5,100** | **19,200** | **24,300** |

| CIES impact of IFRS 16 on PFIs | Street Lighting £000 | BSF £000 | Waste £000 | Total £000 |
|---|---|---|---|---|
| **Year ending 31 March 2025:** | | | | |
| Revenue saving - no contingent rents: | -100 | -700 | -3,400 | **-4,200** |
| Revenue cost - increased future interest: | 100 | 500 | 2,700 | **3,300** |
| Revenue cost - increased future depreciation: | 100 | 0 | 0 | **100** |
| **Total impact on CIES in 2024-25:** | **100** | **-200** | **-700** | **-800** |
| | | | | |
| **Total all years (including 2024-25):** | | | | |
| Revenue saving - no contingent rents: | -3,000 | -13,100 | -60,000 | **-76,100** |
| Revenue cost - increased future interest: | 800 | 4,400 | 22,200 | **27,400** |
| Revenue cost - increased future depreciation: | 900 | 0 | 0 | **900** |
| **Total impact on CIES across all years:** | **-1,300** | **-8,700** | **-37,800** | **-47,800** |

## 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
  - 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 £36.3m being recognised in Capital Grants and Contributions unapplied as at 31 March 2024.

- 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 the receipt of the £40m (using the definition of 'conditions' required by 2.3.2.1 of 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 2023-24.

- As set out in Property, Plant and Equipment (Note 23), Infrastructure Assets have a net book value of £1.1bn at 31 March 2024. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits for the years 2010-11 to 2013-14 mean that this would not faithfully represent the asset position to the users of the financial statements.

  The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

## 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 2023-24 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 May 2025, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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

# General Accounting Policies and Judgements

| Date | General Fund £m | Earmarked Reserves £m |
|---|---|---|
| 31/3/2024 | 29.4 | 171.8 (Note 20) |
| 31/3/2023 | 27.3 | 184.5 (Note 20) |

The forecast level of general reserves and earmarked reserves at 31 May 2025 is £26m and £116.0m respectively, which were assessed as adequate by the Chief Financial Officer in his financial sustainability report to Strategy, Resources & Performance Committee on 30 January 2024. Council approved a balanced budget for 2024-25 on 13 February 2024.

### Liquidity

The Council has undertaken cash flow modelling through the going concern period to 31 May 2025 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 and to compensate for a reduction in internal borrowing, which is consistent with our plans and normal practice.

The key assumption within this forecast includes the achievement of £18.8m of savings in 2024-25, following the setting of the Council's 2024-25 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 February 2022, the company exchanged contracts on the disposal of property it owns at Burwell, leading to the receipt of £21.5m on 18 March 2022 with a further £10m over the period January to July 2023. Similarly in August 2023, the company exchanged contracts on the disposal of property at Worts Causeway, leading to a receipt of £6.75m and three further agreed amounts of £6.75m due for payment according to contractual terms at future dates (subject to delivery of enabling infrastructure works). The company has also sold all but two plots at the development site in Over. As a result, This Land is in a reasonable cash position, with a current cash balance as at 31st March 2024 of £6.1m. Looking forward, the economic outlook for housebuilders generally and site-specific contingencies suggest a more restricted liquidity position than in previous years for This Land. The company's financial obligations are overwhelmingly towards the Council (intra-group). As part of regular and enhanced liaison with This Land the

Council is reviewing longer term strategic options, which can be accommodated within the Council's available resources, where this is in the overall economic interests of the Council group as a whole.

### 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 2024 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. |

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|---|---|---|
| **Fair Value Measurements** | 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.<br><br>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.<br><br>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. | 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.<br><br>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.<br><br>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. |
| **Pension Liability** | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. | The effect on the pension's liability of changes in individual assumptions can be measured. For instance:<br><br>• 1 year increase in member life expectancy would result in an increase in the liability of approximately 3%-5%;<br>• 0.1% decrease in the Real Discount Rate would result in an increase in the liability of approximately £27m (2%); and<br>• 0.1% increase in the Pension Increase Rate would result in an increase in the liability of approximately £26m (2%). |

## 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**

Three further schools are expected to convert to Academy status during 2024-25, and further conversions are expected to take place in future years. By the end of the 2024-25 financial year, local authority-maintained schools and CE schools with a current net book value totalling £8.5m will have converted to Academy status since the Balance Sheet date.

**Guided Busway safety**

In May 2024, the County Council was served with a court summons following a Health and Safety Executive (HSE) investigation into three deaths and a serious injury on a section of the busway in Cambridge. The Council will consider the evidence presented in the prosecution, the offences listed in the summonses and is preparing for the first court hearing date. There is insufficient information at this stage to quantify any financial impact in the event of conviction. Safety on the busway remains a priority for the County Council and the operators who use 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

| 2022-23 Net Expenditure Chargeable to the General Fund £000 | 2022-23 Adjustments between Funding and Accounting Basis £000 | 2022-23 Net Expenditure in the Comprehensive Income and Expenditure Statement £000 | | 2023-24 Net Expenditure Chargeable to the General Fund £000 | 2023-24 Adjustments between Funding and Accounting Basis £000 | 2023-24 Net Expenditure in the Comprehensive Income and Expenditure Statement £000 |
|---|---|---|---|---|---|---|
| 72,063 | 3,409 | **75,472** | Place and Sustainability | 62,731 | 17,474 | **80,205** |
| 93,239 | 15,351 | **108,590** | Children, Education and Families | 155,658 | 8,452 | **164,110** |
| 210,537 | 11,544 | **222,081** | Adults, Health and Commissioning | 218,680 | 88 | **218,768** |
| 1,792 | 612 | **2,404** | Public Health | 6,018 | -14 | **6,004** |
| 53,723 | -10,372 | **43,351** | Finance and Resources | 41,341 | -22,696 | **18,645** |
| 5,988 | 5,262 | **11,250** | Strategy and Partnerships | 27,940 | -41 | **27,899** |
| **437,343** | **25,805** | **463,148** | **Net Cost of Services** | **512,368** | **3,263** | **515,631** |
| -448,771 | -151,948 | **-600,719** | Other Income and Expenditure | -501,786 | -103,192 | **-604,978** |
| **-11,428** | **-126,143** | **-137,571** | **Surplus (-) or Deficit** | **10,582** | **-99,929** | **-89,347** |
| -200,418 | | | Opening General Fund Balance at 31 March | -211,846 | | |
| -11,428 | | | Plus: Deficit on General Fund Balance In Year | 10,582 | | |
| **-211,846** | | | **Closing General Fund Balance at 31 March** | **-201,264** | | |

*2022-23 comparators restated due to restructure, with Peoples Services split into Adults, Health and Commissioning and Children, Education and Families

## 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 | 17,558 | -101 | 17 | **17,474** |
| Children, Education and Families | 6,818 | -284 | 1,918 | **8,452** |
| Adults, Health and Commissioning | 331 | -191 | -52 | **88** |
| Public Health | 0 | -10 | -4 | **-14** |
| Finance and Resources | -22,808 | 127 | -15 | **-22,696** |
| Strategy and Partnerships | 37 | -99 | 21 | **-41** |
| **Net Cost of Services** | **1,936** | **-558** | **1,885** | **3,263** |
| Other Income and Expenditure | -106,272 | 1,834 | 1,246 | **-103,192** |
| **Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services** | **-104,336** | **1,276** | **3,131** | **-99,929** |

### 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.
- **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.

## 9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| | **Expenditure** | |
| 370,175 | Employee Benefits Expenses | 357,436 |
| 704,506 | Other Services Expenses | 802,938 |
| -581 | Depreciation, amortisation, impairment | 12,723 |
| 45,016 | Interest Payments | 36,524 |
| 432 | Precepts and Levies | 445 |
| 8,803 | Loss on the disposal of assets | 0 |
| 0 | Loss in relation to investment properties and changes in their fair value | 6,396 |
| **1,128,351** | **Total Expenditure** | **1,216,462** |
| | **Income** | |
| -103,653 | Fees, charges and other service income | -158,884 |
| 0 | Gain on the disposal of assets | -204 |
| -30,878 | Interest and Investment Income | -24,480 |
| -418,776 | Income from Council Tax and Non-domestic rates | -446,213 |
| -712,612 | Government Grants and Contributions | -676,028 |
| **-1,265,919** | **Total Income** | **-1,305,809** |
| | | |
| **-137,568** | **Surplus (-) or Deficit (+) on the Provision of Services** | **-89,347** |

## 10. OTHER OPERATING INCOME AND EXPENDITURE

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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| 432 | Levies | 445 |
| 8,803 | (Gains)/losses on the disposal of non-current assets | -204 |
| **9,235** | **Total** | **241** |

## 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.

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| 29,547 | Interest payable and similar charges | 34,690 |
| 15,469 | Net interest on the net defined benefit liability | 1,834 |
| -12,383 | Interest receivable and similar income | -15,054 |
| -17,266 | Income and expenditure in relation to investment properties and changes in their fair value | -1,437 |
| 0 | Trading accounts | 0 |
| -1,230 | Other investment income | -1,594 |
| **14,137** | **Total** | **18,439** |

## 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.

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| -349,438 | Council Tax Income | -372,589 |
| -69,338 | Non-Domestic Rates | -73,624 |
| -45,124 | Non-Ringfenced Government Grants | -64,982 |
| -160,191 | Capital Grants and Contributions | -91,308 |
| 0 | Donated Assets | -21,156 |
| **-624,091** | **Total** | **-623,659** |

## 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;
- 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.

# Comprehensive Income and Expenditure Statement Supporting Notes

The financial information for the Better Care Fund in 2022-23 and 2023-24 is as follows:

| 2022-23 £000 | Better Care Fund | 2023-24 £000 |
|---|---|---|
| | **Funding provided to the pooled budget by:** | |
| | **Original BCF:** | |
| -20,241 | the Council | -20,683 |
| -48,953 | NHS Cambridgeshire and Peterborough ICB | -51,374 |
| **-69,194** | | **-72,057** |
| | **ASC Discharge Fund:** | |
| -1,937 | the Council | -2,127 |
| -2,512 | NHS Cambridgeshire and Peterborough ICB | -2,462 |
| **-4,449** | | **-4,589** |
| **-73,643** | **Funding Total** | **-76,646** |
| | **Expenditure met from the pooled budget:** | |
| 39,183 | the Council | 40,697 |
| 30,011 | NHS Cambridgeshire and Peterborough ICB | 31,360 |
| **69,194** | | **72,057** |
| | **ASC Discharge Fund:** | |
| 1,937 | the Council | 2,127 |
| 2,512 | NHS Cambridgeshire and Peterborough ICB | 2,462 |
| **4,449** | | **4,589** |
| **73,644** | **Expenditure total** | **76,646** |
| **0** | **Net Surplus (-) or Deficit (+) on the Pooled Budget** | **0** |
| **0** | **Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget** | **0** |
| -18,942 | Funding received from Cambridgeshire and Peterborough ICB | -20,014 |
| 0 | Funding accrued for from Cambridgeshire and Peterborough ICB | 0 |
| -18,942 | **Total funding transfer from ICB to the council** | -20,014 |

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 2023-24 through the original BCF is £20.0m (£18.9m in 2022-23).

### Other pooled budgets

The Council also has pooled budget agreements with the following bodies:

- NHS Cambridgeshire and Peterborough ICB, for the provision of an Integrated Community Equipment Service (ICES) in Cambridgeshire, with the partner organisation contributing 52% of the budget:

| 2022-23 £000 | Integrated Community Equipment Service | 2023-24 £000 |
|---|---|---|
| | **Funding provided to the pooled budget by:** | |
| -2,224 | the Council | -2,368 |
| -2,390 | NHS Cambridgeshire and Peterborough ICB | -2,545 |
| **-4,614** | | **-4,913** |
| | **Expenditure met from the pooled budget:** | |
| 2,059 | the Council | 2,662 |
| 2,213 | NHS Cambridgeshire and Peterborough ICB | 2,861 |
| **4,272** | | **5,523** |
| **-342** | **Net Surplus (-) or Deficit (+) on the Pooled Budget** | **610** |
| **-165** | **Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget** | **294** |
| | | |
| -2,390 | Funding received from Cambridgeshire and Peterborough ICB | 0 |
| 177 | Funding accrued for to/from Cambridgeshire and Peterborough ICB | -2,861 |
| -2,213 | **Total funding transfer from ICB to the council** | -2,861 |

- NHS Cambridgeshire and Peterborough ICB, for the provision of integrated health and social services for Learning Disability Partnership (LDP) clients in Cambridgeshire, with the partner organisation contributing 23% of the budget:

| 2022-23 £000 | Learning Disability Partnership | 2023-24 £000 |
|---|---|---|
| | **Funding provided to the pooled budget by:** | |
| -81,859 | the Council | -93,708 |
| -24,756 | NHS Cambridgeshire and Peterborough ICB | -28,339 |
| **-106,616** | | **-122,047** |
| | **Expenditure met from the pooled budget:** | |
| 83,758 | the Council | 95,435 |
| 25,331 | NHS Cambridgeshire and Peterborough ICB | 28,862 |
| **109,089** | | **124,296** |
| **2,473** | **Net Surplus (-) or Deficit (+) on the Pooled Budget** | **2,250** |
| **1,899** | **Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget** | **1,727** |
| -24,792 | Funding received from Cambridgeshire and Peterborough ICB | -20,503 |
| -538 | Funding accrued for from Cambridgeshire and Peterborough ICB | -8,360 |
| -25,330 | **Total funding transfer from ICB to the council** | -28,863 |

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 2023-24 were £993,738 (£934,613 in 2022-23) and expenses totalled £17,159 (£13,900 in 2022-23).

## 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.

Prior to 2022-23 the majority of the senior employee roles were shared with Peterborough City Council (PCC). Full remuneration is shown for all employees; however, Cambridgeshire County Council pays only an agreed proportion for its share of any shared posts.

The Council's senior employee remuneration for 2023-24 is as follows:

| Postholders at 31 March 2024: | 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 (S Moir)** | | **2023-24** | 192,850 | 0 | 0 | 0 | **192,850** |
| | | **2022-23** | 190,000 | 8,000 | 0 | 0 | **198,000** |
| **Executive Director of Finance and Resources (S151 Officer) (M Hudson)** | | **2023-24** | 158,264 | 0 | 0 | 28,013 | **186,277** |
| | | **2022-23** | 7,964 | 0 | 0 | 1,394 | **9,358** |
| **Executive Director of Strategy and Partnerships (S Grace)** | **1** | **2023-24** | 153,189 | 0 | 0 | 27,114 | **180,303** |
| | | **2022-23** | 85,123 | 242 | 0 | 14,896 | **100,261** |
| **Executive Director: Public Health #** | **2** | **2023-24** | 135,934 | 0 | 0 | 19,955 | **155,889** |
| | | **2022-23** | 127,903 | 0 | 0 | 18,776 | **146,679** |
| **Executive Director for Children, Education and Families** | **3** | **2023-24** | 132,419 | 0 | 0 | 23,438 | **146,679** |
| **Executive Director for Adults, Health and Commissioning** | **4** | **2023-24** | 132,419 | 0 | 0 | 23,438 | **146,679** |
| **Executive Director of Place and Sustainability (F Jordan)** | | **2023-24** | 158,264 | 0 | 0 | 28,009 | **186,273** |
| | | **2022-23** | 2,096 | 0 | 0 | 370 | **2,466** |
| **Service Director: Legal and Governance (Monitoring Officer)** | **5** | **2023-24** | 122,739 | 0 | 0 | 21,722 | **144,461** |
| | | **2022-23** | 1,625 | 0 | 0 | 287 | **1,913** |

| Previous Postholders: | Note | | Salary, Fees & Allowances £ | Expenses (Taxable) & Benefits in Kind £ | Compensation for Loss of Employment £ | Employer Pension Contribution £ | Total Remuneration Including Employer Pension Contributions £ |
|---|---|---|---|---|---|---|---|
| **Service Director: Adults & Safeguarding *** | **6** | **2023-24** | 27,340 | 0 | 0 | 4,757 | **32,097** |
| | | **2022-23** | 24,157 | 0 | 0 | 4,203 | **28,360** |
| **Interim Executive Director of Children's Services # ^ (E Redding)** | **7** | **2023-24** | 69,580 | 0 | 0 | 0 | **69,580** |
| | | **2022-23** | 153,360 | 0 | 0 | 0 | **153,360** |
| **Director: Customer and Digital Services #** | **1** | **2022-23** | 54,131 | 264 | 0 | 9,473 | **63,868** |
| **Total** | | **2023-24** | **1,282,998** | **0** | **0** | **176,447** | **1,459,444** |
| **Total** | **8** | **2022-23** | **646,359** | **8,506** | **0** | **49,400** | **704,265** |

| | 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)** | **9** | **2023-24** | 163,339 | 0 | 0 | 28,911 | **192,250** |
| | | **2022-23** | 158,145 | 0 | 0 | 27,675 | **185,820** |

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

^ Employees paid via  third 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 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.
2. The Executive Director for Public Health will be leaving the council in May 2024.
3. The Executive Director for Children, Education and Families commenced this role on 12/06/2023 and their remuneration is shown from this date.
4. The Executive Director for Adults, Health and Commissioning commenced this role on 12/06/2023 and their remuneration is shown from this date.
5. 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 01/12/2022 and 12/03/2023.
6. The Service Director: Adults & Safeguarding vacated this position on 09/06/2024. The previous postholder held the post of Executive Director of People & Communities which was removed on 21/02/2023.
7. The Interim Executive Director of Children's Services vacated this position on 16/06/2024.
8. Total remuneration for all senior officers in 2023-23 (including those who vacated those posts during 2022-23 and so are not included in this disclosure) was £1,356,127 - a breakdown of this total can be found in the corresponding disclosure note to the 2022-23 accounts
9. 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 Cambridgeshire District Council.  The postholder retired from this role in May 2024, after the balance sheet date.

### 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 whose remuneration information is outlined in the table above within this note) with remuneration (comprising salary, fees, expenses, allowances and any exit package) above £50,000 is as follows:

| 2022-23 No. | | 2023-24 No. |
|---|---|---|
| 153 | £50,000 - £54,999 | 274 |
| 88 | £55,000 - £59,999 | 117 |
| 65 | £60,000 - £64,999 | 66 |
| 45 | £65,000 - £69,999 | 64 |
| 23 | £70,000 - £74,999 | 33 |
| 23 | £75,000 - £79,999 | 31 |
| 17 | £80,000 - £84,999 | 18 |
| 10 | £85,000 - £89,999 | 9 |
| 7 | £90,000 - £94,999 | 12 |
| 3 | £95,000 - £99,999 | 7 |
| 6 | £100,000 - £104,999 | 5 |
| 2 | £105,000 - £109,999 | 4 |
| 0 | £110,000 - £114,999 | 2 |
| 0 | £115,000 - £119,999 | 2 |
| 2 | £125,000 - £129,999 | 2 |
| 0 | £130,000 - £134,999 | 2 |
| 2 | £135,000 - £139,999 | 0 |
| 1 | £140,000 - £144,999 | 3 |
| 0 | £160,000 - £164,999 | 1 |
| **447** | | **652** |

Around 39% (2022-23: 38%) of the employees referred to in the above table are employed in Cambridgeshire schools (excluding academies). Much of the growth in the £50k-£54.99k band is due to the local pay award for the council in 2023-24 pushing a further professional and management pay band above £50k for the first time.

### 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:

| 2022-23 | | | | | 2023-24 | | | |
|---|---|---|---|---|---|---|---|---|
| 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 |
| 8 | 18 | 26 | 186 | £0 - £20,000 | 27 | 25 | 52 | 222 |
| 1 | 7 | 8 | 221 | £20,001 - £40,000 | 4 | 3 | 7 | 179 |
| 0 | 1 | 1 | 53 | £40,001 - £60,000 | 1 | 1 | 2 | 98 |
| 0 | 1 | 1 | 64 | £60,001 - £80,000 | 0 | 2 | 2 | 128 |
| 0 | 0 | 0 | 0 | £80,001 - £100,000 | 1 | 0 | 1 | 99 |
| 0 | 0 | 0 | 0 | £150,001 - £200,000 | 0 | 1 | 1 | 169 |
| 0 | 1 | 1 | 231 | £200,001 - £250,000 | 0 | 0 | 0 | 0 |
| **9** | **28** | **37** | **755** | **Total** | **33** | **32** | **65** | **895** |

## 16. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2023-24, incurring costs of £895k (£755k in 2022-23). See Note 15 above for the number of exit packages and total cost per band that has been paid during the year.

## 17. EXTERNAL AUDIT COSTS

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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| 147 | Fees payable with regard to external audit services carried out by the appointed auditor | 352 |
| 0 | Fees payable in respect of other services provided by the appointed auditor | 8 |
| 0 | Additional fees payable with regard to external audit services carried out by the appointed auditor in the prior year | 7 |
| **147** | | **367** |

## 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.

# Comprehensive Income and Expenditure Statement Supporting Notes

Details of the deployment of DSG receivable for 2022-23 and 2023-24 are as follows:

| 2022-23 Central Expenditure £000 | 2022-23 Individual Schools Budget (ISB) £000 | 2022-23 Total £000 | | 2023-24 Central Expenditure £000 | 2023-24 Individual Schools Budget (ISB) £000 | 2023-24 Total £000 |
|---|---|---|---|---|---|---|
| | | 560,453 | Final DSG before Academy recoupment | | | 601,444 |
| | | -307,418 | Academy figure recouped | | | -331,420 |
| | | **253,035** | **Total DSG after Academy Recoupment** | | | **270,024** |
| | | 0 | Brought forward from previous financial year | | | 10,160 |
| | | 0 | Correction of rounding difference occurring in 2019-20 | | | 0 |
| | | 0 | Carry forward to next financial year agreed in advance | | | 0 |
| **84,152** | **168,882** | **253,035** | **Agreed Initial Budgeted Distribution** | **103,597** | **176,587** | **280,184** |
| 19,600 | -621 | 18,979 | In year adjustments | 1,960 | -128 | 1,832 |
| **103,752** | **168,261** | **272,014** | **Final Budget Distribution** | **105,557** | **176,459** | **282,016** |
| -97,004 | 0 | -97,004 | Less: actual central expenditure | -109,849 | 0 | -109,849 |
| 0 | -167,350 | -167,350 | Less: actual ISB deployed to schools | 0 | -174,614 | -174,614 |
| 2,500 | 0 | 2,500 | Plus: local authority contribution | 1,750 | 0 | 1,750 |
| **9,248** | **911** | **10,160** | **Carry Forward** | **-2,542** | **1,845** | **-697** |
| | | 0 | Plus/Minus: Carry-forward to next financial year agreed in advance | | | 0 |
| | | 10,160 | Carry-forward to next financial year | | | 0 |
| | | -39,319 | DSG unusable reserve at the end of previous financial year | | | -39,319 |
| | | 0 | Addition to DSG unusable reserve | | | -697 |
| | | **-39,319** | **Total of DSG unusable reserve at year end** | | | **-40,016** |
| | | **-29,159** | **Net DSG position at year end** | | | **-40,016** |

As a result of the original Safety Valve Agreement entered into with the Secretary of State for Education in 2022-23, the local authority received an initial payment of £19,600k in March 2023, and further payment of £1,960k in July 2023 to support the reduction of the overall DSG deficit. Alongside this, a further local authority contribution of £1,750k has been applied during 2023-24, resulting in a revised cumulative deficit of £40,016k to be carried forward into 2024-25.

However, the 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, have resulted in the need for the Council to reset the transformation programme. Once completed a revised Safety Valve intervention programme submission will be made to the Department for Education for agreement.

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. This is now the accounting treatment that local authorities must follow while those regulations are in force. DLUHC have announced that they are extending these regulations up to and including the accounts for 2025 to 2026.

## 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 2023-24:**

| 2023-24 | General Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied | Movement in Unusable Reserves |
|---|---|---|---|---|
| | £000 | £000 | £000 | £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 | 39,884 | 0 | 0 | -39,884 |
| Revaluation losses on Property Plant and Equipment | -29,457 | 0 | 0 | 29,457 |
| Movements in the fair value of Investment Properties | 6,396 | 0 | 0 | -6,396 |
| Amortisation of intangible assets | 2,296 | 0 | 0 | -2,296 |
| Capital grant and contributions applied | -85,892 | 0 | 0 | 85,892 |
| Revenue Expenditure funded from Capital under Statute | 15,476 | 0 | 0 | -15,476 |
| Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 487 | 0 | 0 | -487 |
| Donated assets | -21,156 | 0 | 0 | 21,156 |
| **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) | -25,773 | 0 | 0 | 25,773 |
| Capital expenditure charged against the general fund balance | -1,094 | 0 | 0 | 1,094 |
| **Other Adjustments** | | | | |
| **Adjustments involving the Capital Grants Unapplied Account:** | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | -5,416 | 0 | 5,416 | 0 |

# Movement In Reserves Statement Supporting Notes

| 2023-24 | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Movement in Unusable Reserves £000 |
|---|---|---|---|---|
| Application of grants to capital financing transferred to the Capital Adjustment Account | 0 | 0 | -32,147 | 32,147 |
| **Adjustments involving the Capital Receipts Reserve:** | | | | |
| Capital Receipts received in year but not applied | -707 | 707 | 0 | 0 |
| Capital Receipts used to fund capital expenditure | 264 | -16 | 0 | -248 |
| Flexible use of capital receipts | 353 | -353 | 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:** | 0 | 0 | 0 | |
| Finance lease deferred capital receipt adjustment | 0 | 0 | 0 | 0 |
| **Adjustments involving the Financial Instruments Adjustment Account:** | 0 | 0 | 0 | |
| 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 | 41,185 | 0 | 0 | -41,185 |
| Employer's pension contributions and direct payments to pensioners payable in the year | -39,910 | 0 | 0 | 39,910 |

| 2023-24 | 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 | 1,293 | 0 | 0 | -1,293 |
| **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 | 697 | 0 | 0 | -697 |
| **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 | 1,188 | 0 | 0 | -1,188 |
| **Total Adjustments** | **-99,933** | **338** | **-26,731** | **126,326** |

# Movement In Reserves Statement Supporting Notes

**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 | 12,772 | 0 | 0 | -12,772 |
| **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 | Capital Receipts Reserve | Capital Grants Unapplied | Movement in Unusable Reserves |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Adjustments involving the Capital Receipts Reserve:** | | | | |
| Capital Receipts received in year but not applied | -3,969 | 3,969 | 0 | 0 |
| Capital Receipts used to fund capital expenditure | 133 | -16,311 | 0 | 16,178 |
| 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 | Capital Receipts Reserve | Capital Grants Unapplied | Movement in Unusable Reserves |
|---|---|---|---|---|
| | £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 | -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** |

## 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-22 £000 | Transfers Out 2022-23 £000 | Transfers In 2022-23 £000 | Balance at 31-Mar-23 £000 | Transfers Out 2023-24 £000 | Transfers In 2023-24 £000 | Balance at 31-Mar-24 £000 |
|---|---|---|---|---|---|---|---|
| Carry forward - schools | **16,785** | -3,849 | 2,032 | **14,968** | -4,677 | 1,792 | **12,083** |
| Carry forward - other | **14,732** | -18,974 | 34,013 | **29,771** | -28,369 | 12,670 | **14,072** |
| DSG Safety Valve | **0** | 0 | 10,160 | **10,160** | -10,160 | 0 | **0** |
| Insurance reserve | **4,718** | -7 | 307 | **5,018** | -2,233 | 2,424 | **5,209** |
| Other earmarked reserves | **117,828** | -55,749 | 62,503 | **124,582** | -48,325 | 64,213 | **140,470** |
| **Total** | **154,063** | **-78,579** | **109,015** | **184,499** | **-93,764** | **81,099** | **171,834** |

The 'DSG Safety Valve' line listed above reflects the usable DSG reserve following central government's initial Safety Valve contribution received in 2022-23. As a result of the in-year overspend in 2023-24 this reserve has now been transferred to the DSG unusable reserve which contains the cumulative DSG deficit as required by DLUHC regulations (see Note 22).

The schools' reserves listed above typically consist mainly of revenue balances held by individual maintained schools only 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 applied as per these arrangements during 2024-25.

Cambridgeshire County Council

## 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 expenditure designed to deliver on our strategic priorities. 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.

## 22. UNUSABLE RESERVES

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

| 31-Mar-23 £000 | | 31-Mar-24 £000 |
|---|---|---|
| 379,795 | Revaluation Reserve | 482,329 |
| 739,068 | Capital Adjustment Account | 878,735 |
| -949 | Financial Instruments Adjustment Account | -902 |
| -2,717 | Financial Instruments Revaluation Reserve | -4,177 |
| -38,910 | Pensions Reserve | 88,897 |
| 3,327 | Collection Fund Adjustment Account | 2,033 |
| -6,161 | Accumulated Absences Account | -7,349 |
| -39,319 | Dedicated Schools Grant Adjustment Account | -40,016 |
| 21,586 | Deferred Capital Receipts Reserve | 21,585 |
| **1,055,720** | | **1,421,135** |

### 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.

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **325,036** | **Balance at 1 April** | **379,795** |
| 77,348 | Upward revaluation of assets | 135,852 |
| -17,395 | Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the Provision of Services | -24,385 |
| **384,989** | **Surplus or Deficit on Revaluation of Long Term Assets not Posted to the Surplus or Deficit on the Provision of Services** | **491,262** |
| -6,139 | Difference between fair value depreciation and historical cost depreciation | -8,764 |
| 945 | Accumulated gains on assets sold or scrapped | -169 |
| **-5,194** | **Amount Written Off to the Capital Adjustment Account** | **-8,933** |
| **379,795** | **Balance at 31 March** | **482,329** |

### 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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **621,065** | **Balance at 1st April** | **739,069** |
| | **Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement** | |
| -26,567 | Charges for depreciation or impairment of long-term assets | -39,884 |
| 29,812 | Revaluation gains reversing previous losses on Property, Plant and Equipment | 29,457 |
| -2,664 | Amortisation of intangible assets | -2,296 |
| -8,222 | Revenue expenditure funded from capital under statute | -15,476 |
| -12,773 | 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 | -488 |
| 5,194 | Adjusting amounts written out of the Revaluation Reserve | 8,933 |
| **-15,220** | **Net written out amount of the cost of non-current assets consumed in the year** | **-19,754** |
| | **Capital financing applied in the year** | |
| 16,179 | Use of the capital receipts reserve to finance new capital expenditure | -247 |
| 76,547 | Capital Grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing | 85,891 |
| 5,762 | Application of grant to capital financing from the capital grants unapplied account | 32,147 |
| 18,983 | Statutory Provision for the financing of capital investments charged to the general fund | 25,774 |
| 5,444 | Capital expenditure charged against the general fund | 1,094 |
| 10,309 | Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement | -6,396 |
| 0 | Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement | 21,156 |
| **739,069** | **Balance at 31 March** | **878,734** |

# 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.

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **-552,846** | **Balance at 1st April** | **-38,910** |
| 570,824 | Re-measurement of net pension liability | 129,082 |
| -93,736 | 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 | -41,185 |
| 36,848 | Employer's pensions contributions and direct payments to pensioners payable in the year | 39,910 |
| **-38,910** | **Balance at 31st March** | **88,897** |

# Movement In Reserves Statement Supporting Notes

### 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.

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **21,587** | **Balance at 1 April** | **21,586** |
| -1 | Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | -1 |
| **21,586** | **Balance at 31 March** | **21,585** |

### 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 from 1 April 2020 to 1 April 2025, 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 increased to £40.015m in 2023-24.

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **-39,318** | **Balance at 1 April** | **-39,318** |
| 0 | School budget deficit transferred from General Fund in accordance with statutory requirements | -697 |
| **-39,318** | **Balance at 31 March** | **-40,015** |

## 23. PROPERTY, PLANT AND EQUIPMENT

Movements in balances in 2023-24:

| | Land and Buildings £000 | Vehicles, Plant, Furniture & Equipment £000 | Infrastructure Assets * See separate NBV disclosure £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** | **748,468** | **43,219** | | **2,767** | **37,092** | **104,199** | **935,745** | **66,176** |
| Additions | 34,805 | 6,250 | | 0 | 0 | 53,470 | 94,525 | 0 |
| Donations | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Revaluation increases/decreases (-) recognised in the Revaluation Reserve | 99,575 | 0 | | 0 | -642 | 0 | 98,933 | 1,048 |
| Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services | 24,348 | 0 | | 0 | -32 | 0 | 24,316 | 0 |
| De-recognition and Disposals | -54 | 0 | | 0 | 0 | 0 | -54 | 0 |
| Assets reclassified to (-)/from Held for Sale | -1,107 | 0 | | 0 | -178 | -17 | -1,302 | 0 |
| Assets reclassified to (-)/from PPE | 16,640 | 8,541 | | 27 | 11 | -25,220 | -1 | 0 |
| Assets reclassified to (-)/from Investment Properties | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified to (-)/from Intangible Assets | 0 | -30 | | 0 | 0 | 0 | -30 | 0 |
| Other Movements in Cost or Valuation | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **At 31st March 2023** | **922,675** | **57,980** | | **2,794** | **36,251** | **132,432** | **1,152,132** | **67,224** |

| | Land and Buildings £000 | Vehicles, Plant, Furniture & Equipment £000 | Infrastructure Assets * See separate NBV disclosure £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** | **-12,373** | **-41,095** | | **0** | **-199** | **-35,612** | **-89,279** | **-26,421** |
| Depreciation Charge | -17,032 | -1,472 | | 0 | -584 | 0 | -19,088 | -3,058 |
| Depreciation written out of the Revaluation Reserve | 12,321 | 0 | | 0 | 554 | 0 | 12,875 | 591 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 5,179 | 0 | | 0 | 37 | 0 | 5,216 | 2,420 |
| Impairment losses/reversals (-) recognised in the surplus/deficit in the Revaluation Reserve | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Impairment losses/reversals (-) recognised in the surplus/deficit on the provision of services | 4,973 | 0 | | 0 | 0 | 0 | 4,973 | 4,973 |
| Assets reclassified to (-)/from Held for Sale | 2 | 0 | | 0 | 1 | 0 | 3 | 0 |
| Assets reclassified to (-)/from PPE | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified to (-)/from Investment Properties | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| De-recognition and Disposals | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Other Movements in Cost or Valuation | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **At 31st March 2023** | **-6,930** | **-42,567** | | **0** | **-191** | **-35,612** | **-85,300** | **-21,495** |
| **Net Book Value** | | | | | | | | |
| **At 31st March 2023** | **915,745** | **15,413** | | **2,794** | **36,060** | **96,820** | **1,066,832** | **45,729** |
| **At 31st March 2022** | **736,095** | **2,124** | | **2,767** | **36,893** | **68,587** | **846,466** | **39,755** |

Movements in balances in 2022-23:

| | Land and Buildings £000 | Vehicles, Plant, Furniture & Equipment £000 | Infrastructure Assets * See separate NBV disclosure £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** | | **2,724** | **4,220** | **80,691** | **839,114** | **61,651** |
| Additions | 5,990 | 2,661 | | 88 | 0 | 33,841 | 42,580 | 0 |
| Donations | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Revaluation increases/decreases (-) recognised in the Revaluation Reserve | 50,266 | 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 | -213 | 0 | 14,712 | 0 |
| De-recognition and Disposals | -12,309 | 0 | | 0 | 0 | 0 | -12,309 | 0 |
| Assets reclassified to (-)/from Held for Sale | 0 | 0 | | 0 | -697 | 0 | -697 | 0 |
| Assets reclassified to (-)/from PPE | -21,325 | 0 | | 0 | 31,658 | -10,333 | 0 | 0 |
| Assets reclassified to (-)/from Investment Properties | 0 | 0 | | 0 | -56 | 0 | -56 | 0 |
| Assets reclassified to (-)/from Intangible Assets | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Other Movements in Cost or Valuation | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **At 31st March 2023** | **748,468** | **43,219** | | **2,767** | **37,092** | **104,199** | **935,745** | **66,176** |

# Balance Sheet Supporting Notes

| | Land and Buildings £000 | Vehicles, Plant, Furniture & Equipment £000 | Infrastructure Assets * See separate NBV disclosure £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** | | **0** | **-1** | **-35,612** | **-109,835** | **-49,060** |
| Depreciation Charge | -11,012 | -550 | | 0 | -600 | 0 | -12,162 | -911 |
| Depreciation written out of the Revaluation Reserve | 6,843 | 0 | | 0 | 418 | 0 | 7,261 | 705 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 15,067 | 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 |
| Impairment losses/reversals (-) recognised in the surplus/deficit on the provision of services | 10,355 | 0 | | 0 | 0 | 0 | 10,355 | 10,355 |
| Assets reclassified to (-)/from Held for Sale | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified to (-)/from PPE | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified to (-)/from Investment Properties | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| De-recognition and Disposals | 2 | 0 | | 0 | 0 | 0 | 2 | 0 |
| Other Movements in Cost or Valuation | 49 | 0 | | 0 | -49 | 0 | 0 | 0 |
| **At 31st March 2023** | **-12,373** | **-41,095** | | **0** | **-199** | **-35,612** | **-89,279** | **-26,421** |
| **Net Book Value** | | | | | | | | |
| **At 31st March 2023** | **736,095** | **2,124** | | **2,767** | **36,893** | **68,587** | **846,466** | **39,755** |
| **At 31st March 2022** | **677,244** | **13** | | **2,724** | **4,219** | **45,079** | **729,279** | **12,591** |

# Balance Sheet Supporting Notes

### Infrastructure Assets Net Book Value Disclosure:

| 2022-23 £000 | Infrastructure Assets | 2023-24 £000 |
|---|---|---|
| **958,699** | **Net Book Value 1st April** | **1,008,212** |
| 74,501 | Additions | 83,030 |
| -237 | De-recognition and Disposals | 0 |
| -24,751 | Depreciation Charge | -25,754 |
| **1,008,212** | **Net Book Value 31st March** | **1,065,488** |

### Infrastructure Assets Balance Sheet Reconciliation:

| 2022-23 £000 | Reconciliation: Total Plant, Property & Equipment | 2023-24 £000 |
|---|---|---|
| 1,008,212 | Infrastructure Assets | 1,065,488 |
| 846,466 | Other PPE Assets | 1,066,832 |
| **1,854,678** | **Total PPE Assets 31st March** | **2,132,320** |
| **1,854,685** | **Value of PPE in Balance Sheet** | **2,132,327** |

### Infrastructure Assets

As set out in this note, Infrastructure Assets have a net book value of £1.1bn. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits for the years 2010-11 and 2013-14 mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

### Capital commitments

At 31 March 2024 the Council has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2024-25 and future years, budgeted to cost £354.1m. The figures included within the table below represent the remaining contract value.

Contracts with major commitments are:

# Balance Sheet Supporting Notes

| Expenditure approved and contracted | | 31-Mar-24 £000 |
|---|---|---|
| **Schools** | | |
| Alconbury secondary | New construction | 15,961 |
| Kennett Primary School | New construction | 5,089 |
| Samuel Pepys Special School | Expansion | 4,961 |
| Temporary Accommodation | Mobile buildings | 2,577 |
| **Highways** | | |
| Highways Contract | To cover structural work, surfacing, road works and capital schemes for highways | 292,525 |
| Greater Cambridge Partnership schemes | Various schemes | 5,616 |
| St Neots Future High St Fund | Construction scheme delivering public realm improvements to St Neots town centre | 3,301 |
| **Property** | | |
| Building Maintenance | Building, Mechanical and Electrical Services | 4,051 |
| **Energy** | | |
| Energy Projects | To cover solar farm, landfill energy and smart energy grid projects along with any other design and build capital energy projects | 12,893 |
| **IT** | | |
| Connecting Cambridgeshire | Superfast broadband rollout | 3,313 |
| **Total** | | **350,287** |

### Capitalisation of Borrowing Costs

In accordance with the Council's accounting policy, the Council capitalised £2,103k of borrowing costs in year in relation to qualifying assets (£1,514k in 2022-23). This was calculated using the Council's average borrowing rate of between 2.5% and 3.3% for the 4 quarters of 2023-24.

### 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 2023-24, the valuations were carried out externally by Royal Institution of Chartered Surveyors (RICS) registered valuers, Bruton Knowles LLP. 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 2023.

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).

### Valuation of long-term assets

| | Carried at Historical Cost | Valued at Current Value as at: | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Land and Buildings | 0 | 11,398 | 317,859 | 206,092 | 1,880 | 385,446 | **922,675** |
| Vehicles, Plant, Furniture and Equipment | 57,980 | 0 | 0 | 0 | 0 | 0 | **57,980** |
| Community Assets | 0 | 575 | 2,133 | 0 | 87 | -1 | **2,794** |
| Surplus Assets | 0 | 0 | 0 | 1,125 | -2 | 35,128 | **36,251** |
| Assets Under Construction | 132,432 | 0 | 0 | 0 | 0 | 0 | **132,432** |
| | **190,412** | **11,973** | **319,992** | **207,217** | **1,965** | **420,573** | **1,152,132** |
| Assets Held for Sale | 0 | 0 | 0 | 0 | 89 | 1,420 | **1,509** |
| Investment Properties | 0 | 0 | 0 | 0 | 0 | 150,188 | **150,188** |
| **Total Held at Cost or Revaluation** | **190,412** | **11,973** | **319,992** | **207,217** | **2,054** | **572,181** | **1,303,829** |

## 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:

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| -6,956 | Rental income from investment property | -7,832 |
| **-6,956** | **Total** | **-7,832** |

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:

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **130,162** | **Balance Outstanding at Start of Year** | **156,584** |
| 16,057 | Additions (purchases) | 0 |
| 0 | Disposals | 0 |
| 10,309 | Net Gains (+)/Losses (-) from Fair value adjustments | -6,396 |
| 56 | Transfers to/from PPE | 0 |
| **156,584** | **Balance outstanding at year end** | **150,188** |

# Balance Sheet Supporting Notes

## 25. HERITAGE ASSETS

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

| Valuation or Cost | Archives £000 | Art Collection £000 | Total Assets £000 |
|---|---|---|---|
| **31-Mar-22** | **19,001** | **11** | **19,012** |
| Additions during 2022-23 | 3 | 0 | **3** |
| **31-Mar-23** | **19,004** | **11** | **19,015** |
| Revaluations during 2023-24 | 1 | 0 | **1** |
| **31-Mar-24** | **19,005** | **11** | **19,016** |

The Archives also includes the Council's items of civil regalia (£1k in 2023-24), where cost/valuation is known. The Council's collections are valued in the Balance Sheet at insurance valuation. The most recent valuation of archives was carried out by Bonhams on 13th March 2020 and the Vice-Chair's Consort Badge was valued for the first time in January 2024. Valuations are repeated periodically. The Council has considered the collections during 2023-24 for possible impairments and does not believe it is economic to conduct revaluations on a more frequent basis.

## 26. LONG-TERM DEBTORS

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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| 113,851 | This Land Group | 113,851 |
| 21,584 | Long term finance lease receivable | 21,583 |
| 8,887 | Other | 8,123 |
| **144,322** | | **143,557** |

# 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-23 | 31-Mar-24 | 31-Mar-23 | 31-Mar-24 |
| | £000 | £000 | £000 | £000 |
| **Investments:** | | | | |
| Financial assets through other comprehensive income | 34,633 | **33,173** | 0 | **0** |
| Financial assets at amortised cost | 6,366 | **6,366** | 0 | **10,000** |
| **Total investments** | **40,999** | **39,539** | **0** | **10,000** |
| **Cash and cash equivalents:** | | | | |
| Cash and cash equivalents | 0 | **0** | 91,546 | **68,515** |
| **Total cash and cash equivalents** | **0** | **0** | **91,546** | **68,515** |
| **Debtors:** | | | | |
| Financial assets at amortised cost | 144,322 | **143,557** | 143,119 | **130,636** |
| **Total debtors** | **144,322** | **143,557** | **143,119** | **130,636** |
| **Borrowings:** | | | | |
| Financial liabilities at amortised cost | -564,884 | **-574,224** | -171,688 | **-203,237** |
| **Total borrowings** | **-564,884** | **-574,224** | **-171,688** | **-203,237** |
| **Other liabilities:** | | | | |
| Other liabilities | -101,709 | **-99,336** | -155,313 | **-142,967** |
| **Total other liabilities** | **-101,709** | **-99,336** | **-155,313** | **-142,967** |

# Balance Sheet Supporting Notes

## Income, Expense, Gains and Losses

| | 2023-24 | | | |
|---|---|---|---|---|
| | Financial Liabilities at amortised cost | Financial Assets at amortised cost | Financial Assets: Through Other Comprehensive Income | Total |
| | £000 | £000 | £000 | £000 |
| Interest expense | 34,690 | 0 | 0 | **34,690** |
| **Total expense in (Surplus)/ Deficit on the Provision of Services** | **34,690** | **0** | **0** | **34,690** |
| Interest income | 0 | -15,054 | 0 | **-15,054** |
| **Total income in (Surplus)/ Deficit on the Provision of Services** | **0** | **-15,054** | **0** | **-15,054** |
| Net gains(-)/losses(+) | 0 | 0 | 1,460 | **1,460** |
| **Total income and expenditure in Other Comprehensive Income and Expenditure** | **0** | **0** | **1,460** | **1,460** |
| **Net (gain) / loss for the year** | **34,690** | **-15,054** | **1,460** | **21,096** |

## Fair Values

The Code requires some financial assets and liabilities to be subject to recurring fair value assessments using the following hierarchy of measurement techniques:

- 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.

- 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 techniques 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.

### Fair value hierarchy for financial liabilities

| | 31-Mar-23 | | 31-Mar-24 | |
|---|---|---|---|---|
| | Total Carrying amount | Fair value | Total Carrying amount | Fair value |
| | £000 | £000 | £000 | £000 |
| PWLB borrowing | -452,339 | -370,169 | -583,651 | -488,157 |
| Non-PWLB borrowing | -284,233 | -203,409 | -193,810 | -102,651 |
| Short term creditors/payables | -151,536 | -151,536 | -138,740 | -138,740 |
| Short term finance lease & PFI liability | -3,777 | -3,777 | -4,227 | -4,227 |
| Long term finance lease & PFI liability | -101,709 | -101,709 | -99,336 | -99,336 |
| **Total financial liabilities** | **-993,594** | **-830,600** | **-1,019,764** | **-833,111** |

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 2024) arising from a commitment to pay interest to lenders below current market rates.

The fair value of PWLB loans of £488.2m 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.

### Fair value hierarchy for financial assets

| | 31-Mar-23 | | 31-Mar-24 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | £000 | £000 | £000 | £000 |
| Fixed term investments | 0 | 0 | 10,000 | 10,000 |
| Cash and cash equivalents | 91,546 | 91,546 | 68,515 | 68,515 |
| Debtors | 143,119 | 143,119 | 130,636 | 130,636 |
| Long-term debtors | 144,322 | 144,322 | 143,557 | 143,557 |
| **Total financial assets** | **378,987** | **378,987** | **352,708** | **352,708** |
| Long Term Equity Investments | 34,633 | 34,633 | 33,173 | 33,173 |
| **Financial assets through other comprehensive income (FVOCI)** | **34,633** | **34,633** | **33,173** | **33,173** |

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 2024 and 31 March 2023 are as follows:

| Fair value measurements for: | Other significant observable inputs Level 2 £000 | Significant unobservable inputs Level 3 £000 | Fair value as at 31/03/2024 £000 |
|---|---|---|---|
| Surplus Assets | 1,837 | 34,222 | **36,059** |
| Assets Held for Sale | 0 | 1,509 | **1,509** |
| Investment Assets: Commercial | 147,529 | 0 | **147,529** |
| Investment Assets: Residential | 0 | 114 | **114** |
| Investment Assets: Land | 0 | 2,545 | **2,545** |
| **Total** | **149,366** | **38,390** | **187,756** |

| Fair value measurements for: | Other significant observable inputs Level 2 £000 | Significant unobservable inputs Level 3 £000 | Fair value as at 31/03/2023 £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** |

## 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, retail assets, a youth centre and business park land 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, educational assets and vacant offices 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 19 assets (15 assets in 2022-23). In most cases, this alternative use is for 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.

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

| *Fair value movements for assets categorised within level 3:* | **31-Mar-23** | **31-Mar-24** |
|---|---|---|
| | **£000** | **£000** |
| Opening balance | 47,622 | 9,862 |
| Transfers into level 3 | 3 | 30,677 |
| Transfers out of level 3 | -40,574 | -1,627 |
| Reclasses between PPE, AHFS and Investment Properties | 9 | 1,122 |
| Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value | -175 | -33 |
| Total gains [or losses] for the period included in Surplus or deficit on revaluation of long-term assets | 3,233 | -630 |
| Additions | 0 | 0 |
| Disposals | -227 | -382 |
| Depreciation | -29 | -599 |
| **Closing Balance** | **9,862** | **38,390** |

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 Finance and Resources and Financing and Investment expenditure lines.

## 29. SHORT-TERM DEBTORS

| 31-Mar-23 £000 | | 31-Mar-24 £000 |
|---|---|---|
| 48,649 | Trade debtors | 54,962 |
| 74,588 | Central government bodies | 64,516 |
| 12,069 | NHS bodies | 14,439 |
| 7,281 | Collection fund debtors | 7,976 |
| 19,254 | Other | -2,699 |
| **161,841** | **Total Short-Term Debtors** | **139,194** |

## 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).

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-23 £000 | 31-Mar-24 £000 |
|---|---|---|
| Cash held by the Council | 33,552 | 29,506 |
| Cash equivalents | 57,994 | 39,009 |
| | **91,546** | **68,515** |

## 31. SHORT-TERM CREDITORS

| 31-Mar-23 £000 | | 31-Mar-24 £000 |
|---|---|---|
| -70,978 | Trade creditors | -81,282 |
| -44,418 | Central government bodies | -33,144 |
| -6,246 | NHS bodies | -5,767 |
| -8,810 | Collection fund creditors | -8,459 |
| -6,161 | Accumulated absences accrual | -7,349 |
| -3,777 | Finance lease liabilities | -4,227 |
| -31,083 | Other | -17,155 |
| **-171,473** | **Total Short-Term Creditors** | **-157,383** |

## 32. OTHER LONG-TERM LIABILITIES

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

| 31-Mar-23 £000 | | 31-Mar-24 £000 |
|---|---|---|
| -38,910 | Pensions liabilities | 88,897 |
| -77 | Long term finance lease (non-PFI) | -77 |
| -101,633 | Long term finance lease (PFI) | -97,407 |
| **-140,620** | | **-8,587** |

## 33. GRANT INCOME

The following is a list of all grants and contributions received in excess of £4 million during 2023-24 where the grant / contribution has been recognised as income:

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| | **Credited to taxation and non specific grant income** | |
| 39,962 | Greater Cambridge City Deal Grant | 40,000 |
| 23,549 | A14 Cambridge to Huntingdon Improvement Scheme – De-trunking settlement | -14,000 |
| 13,621 | Local Transport Plan funding passported via Combined Authority | 13,508 |
| 18,885 | Adult Social Care Support Grant | 31,623 |
| 11,291 | High Needs Provision Grant | 10,128 |
| 10,738 | Business Rates Compensation Grant | 16,156 |
| 8,329 | Pothole Funding passported via Combined Authority | 11,661 |
| 7,832 | Cambridgeshire and Peterborough Combined Authority contributions | 18,411 |
| 2,096 | New Homes Bonus | 10,835 |
| 42,567 | Other grants | 12,200 |
| 26,444 | S106, CIL and other capital contributions | 5,767 |
| **205,315** | **Credited to taxation and non specific grant income** | **156,289** |

# Balance Sheet Supporting Notes

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| | **Credited to services** | |
| 247,534 | Dedicated schools grant (DSG) | 267,315 |
| 26,813 | Learning Disability Partnership (NHS pooled budget contribution) | 29,852 |
| 28,384 | Public Health grant | 28,139 |
| 20,324 | Homes for Ukraine (Tariff) | 4,825 |
| 15,171 | Improved Better Care Fund (DLUHC Grant) | 15,171 |
| 18,942 | Better Care Fund (NHS pooled budget contribution) | 14,293 |
| 1,201 | A14 Cambridge to Huntingdon Improvement Scheme – De-trunking settlement | 14,000 |
| 9,262 | Pupil Premium | 8,899 |
| 7,492 | Household Support Fund | 7,163 |
| 5,113 | Unaccompanied asylum seekers grant | 5,652 |
| 1,569 | Adult Social Care Market Sustainability and Improvement Fund | 5,442 |
| 5,070 | Better Care Fund Disabled Facilities Grant (REFCUS) | 5,512 |
| 4,853 | Building Schools for the Future PFI Credits | 4,853 |
| 3,858 | Universal Infant Free School Meals funding | 4,136 |
| 3,611 | Schools Supplementary Grant | 4,387 |
| 75,646 | Other Grants | 61,121 |
| 33,655 | Other Contributions | 38,979 |
| **507,297** | **Total Credited to services** | **519,739** |
| | | |
| **712,612** | **Grant Total** | **676,028** |

# 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:

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| | **Current** | |
| 17 | Grants | 1,862 |
| 0 | Section 106 contributions and Community Infrastructure levy | 0 |
| **17** | | **1,862** |
| | **Long Term** | |
| 44,012 | Section 106 contributions | 51,594 |
| 175 | Other contributions | 175 |
| **44,187** | | **51,769** |
| | | |
| **44,204** | **Total** | **53,631** |

## 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 2024 was £1,095.7m (£1,045.9m at 31 March 2023).

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| | **Expenditure funded from capital:** | |
| 117,081 | Property, Plant and Equipment | 177,555 |
| 16,057 | Investment Properties | 0 |
| 1,021 | Intangible Assets | 1,660 |
| 8,222 | Revenue Expenditure Funded from Capital under Statute | 15,476 |
| | **Sources of finance:** | |
| -16,179 | Capital receipts | 247 |
| -82,309 | Government grants and other contributions | -118,038 |
| -222 | Long-term Capital Debtors Repayments | -191 |
| | **Sum set aside from revenue:** | |
| -5,444 | Direct revenue contributions | -1,094 |
| -18,983 | MRP/loans fund principal | -25,774 |
| **19,244** | **Increase in Capital Financing Requirement** | **49,841** |
| | | |
| | **Explanation of movements in year:** | |
| 19,244 | Increase in underlying need to borrowing (unsupported by government financial assistance) | 49,841 |
| **19,244** | **Increase in Capital Financing Requirement** | **49,841** |

## 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-23 £000 | | 31-Mar-24 £000 |
|---|---|---|
| **35,916** | Other land and buildings | **43,634** |

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-23 | | | 31-Mar-24 | |
|---|---|---|---|---|
| **MLP £000** | **FLL £000** | | **MLP £000** | **FLL £000** |
| 8 | 3 | Not later than 1 year | 8 | 4 |
| 34 | 10 | Later than 1 year and not later than 5 years | 34 | 14 |
| 597 | 54 | Later than 5 years | 588 | 82 |
| **639** | **67** | **Total** | **630** | **100** |

# 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-23 | | | 31-Mar-24 | |
|---|---|---|---|---|
| **MLP** | **GI** | | **MLP** | **GI** |
| **£000** | **£000** | | **£000** | **£000** |
| 1,489 | 872 | Not later than 1 year | 1,412 | 722 |
| 5,954 | 2,980 | Later than 1 year and not later than 5 years | 5,649 | 2,447 |
| 151,734 | 10,549 | Later than 5 years | 157,874 | 7,875 |
| **159,177** | **14,401** | **Total** | **164,935** | **11,044** |

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:

| 31-Mar-23 £000 | | 31-Mar-24 £000 |
|---|---|---|
| 5,397 | Not later than 1 year | 5,829 |
| 16,663 | Later than 1 year and not later than 5 years | 21,123 |
| 22,504 | Later than 5 years | 20,069 |
| **44,564** | **Total** | **47,021** |

## 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 £2.6m 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 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 2023-24, the following figures have been recognised in the Council's financial statements:

| 2022-23 £000 | Comprehensive Income and Expenditure Statement | 2023-24 £000 |
|---|---|---|
| 14,797 | Fair value of services provided | 15,173 |
| 5,694 | Interest payable on the finance lease liability | 6,203 |
| -3,613 | Repayment of capital | 1,853 |
| 500 | Contingent rents | 3,436 |
| 9,692 | Lifecycle replacement costs | 1,063 |
| 911 | Depreciation | 3,058 |
| -2,570 | PFI credits | -2,570 |
| -22,845 | Impairment reversal recognised in the surplus/ deficit on the provision of services | -7,393 |
| -5,230 | OCI - Revaluation increase recognised in the Revaluation Reserve | -1,639 |

# Balance Sheet Supporting Notes

| 31-Mar-23 £000 | | 31-Mar-24 £000 | Movement £000 |
|---|---|---|---|
| | **Assets** | | |
| 39,757 | Land and buildings | 45,729 | 5,972 |
| 0 | Plant and equipment | 0 | 0 |
| | **Liabilities** | | |
| -1,853 | Short term finance lease liability | -1,632 | 221 |
| -42,144 | Long term finance lease liability | -40,512 | 1,632 |
| | **Reserves** | | |
| 6,145 | Revaluation Reserve | 6,603 | 458 |
| -10,385 | Capital Adjustment Account (Depreciation and Debt Provision) | -3,018 | 7,367 |

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 | 15,560 | 1,824 | 1,632 | 9,390 | **28,406** |
| Within 2 to 5 years | 66,323 | 10,343 | 7,795 | 36,292 | **120,753** |
| Within 6 to 10 years | 92,961 | 10,552 | 19,101 | 45,829 | **168,443** |
| Within 11 to 15 years | 37,475 | 578 | 13,616 | 17,178 | **68,847** |
| **Total** | **212,319** | **23,297** | **42,144** | **108,689** | **386,449** |

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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **40,384** | **Balance outstanding at start of year** | **43,997** |
| 3,613 | Payments during the year | -1,853 |
| 0 | Historic adjustment to the outstanding balance | 0 |
| **43,997** | **Balance outstanding at end of year** | **42,144** |

### 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 2023-24, the following figures have been recognised in the Council's financial statements:

| 2022-23 £000 | Comprehensive Income and Expenditure Statement | 2023-24 £000 |
|---|---|---|
| 2,593 | Fair value of services provided | 3,347 |
| 3,438 | Interest payable on the finance lease liability | 3,305 |
| 1,432 | Repayment of capital | 1,050 |
| 109 | Contingent rents | -57 |
| 2,245 | Depreciation | 2,245 |
| -3,944 | PFI credits | -3,944 |

| 31-Mar-23 £000 | | 31-Mar-24 £000 | Movement £000 |
|---|---|---|---|
| | **Assets** | | |
| 35,640 | Infrastructure | 33,395 | -2,245 |
| | **Liabilities** | | |
| -1,050 | Short term finance lease liability | -1,487 | -437 |
| -34,645 | Long term finance lease liability | -33,159 | 1,486 |
| | **Reserves** | | |
| -55 | Capital Adjustment Account (Depreciation and Debt Provision) | -1,251 | -1,196 |

# 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 | 2,963 | 656 | 1,487 | 3,274 | **8,380** |
| Within 2 to 5 years | 11,710 | 2,818 | 8,137 | 11,839 | **34,504** |
| Within 6 to 10 years | 16,870 | 3,990 | 14,659 | 10,028 | **45,547** |
| Within 11 to 15 years | 7,789 | 212 | 10,362 | 3,093 | **21,456** |
| **Total** | **39,332** | **7,676** | **34,645** | **28,234** | **109,887** |

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

| 2022-23 | | 2023-24 |
|---|---|---|
| £000 | | £000 |
| **37,127** | **Balance outstanding at start of year** | **35,695** |
| -1,432 | Payments during the year | -1,050 |
| 0 | Historic adjustment to the outstanding balance | 0 |
| **35,695** | **Balance outstanding at end of year** | **34,645** |

### 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.

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 2023-24, the following figures have been recognised in the Council's financial statements:

| 2022-23 £000 | Comprehensive Income and Expenditure Statement | 2023-24 £000 |
|---|---|---|
| 930 | Fair value of services provided | 953 |
| 2,836 | Interest payable on the finance lease liability | 2,739 |
| 919 | Repayment of capital | 873 |
| 656 | Contingent rents | 700 |
| 237 | Lifecycle replacement costs | 380 |
| -725 | Contribution from school | -792 |
| -4,853 | PFI credits | -4,853 |

| 31-Mar-23 £000 | Balance Sheet | 31-Mar-24 £000 | Movement £000 |
|---|---|---|---|
| | **Liabilities** | | |
| -873 | Short term finance lease liability | -1,108 | -235 |
| -24,930 | Long term finance lease liability | -23,822 | 1,108 |
| | **Reserves** | | |
| -25,803 | Capital Adjustment Account | -24,930 | 873 |

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

| | Cost of Services £000 | Capital replacement £000 | Liability repayment £000 | Interest costs & contingent rents £000 | Total £000 |
|---|---|---|---|---|---|
| Within 1 year | 977 | 237 | 1,108 | 3,390 | **5,712** |
| Within 2 to 5 years | 4,158 | 1,059 | 5,631 | 12,724 | **23,572** |
| Within 6 to 10 years | 5,809 | 2,014 | 10,316 | 13,086 | **31,225** |
| Within 11 to 15 years | 3,846 | 1,372 | 7,875 | 5,085 | **18,178** |
| **Total** | **14,790** | **4,682** | **24,930** | **34,285** | **78,687** |

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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **26,722** | **Balance outstanding at start of year** | **25,803** |
| -919 | Payments during the year | -873 |
| **25,803** | **Balance outstanding at end of year** | **24,930** |

## 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 163).

### 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).

Balance Sheet Supporting Notes

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:

| 2022-23 £000 | Local Government Pension Scheme | 2023-24 £000 |
|---|---|---|
| | **Comprehensive Income and Expenditure Statement:** | |
| | **Cost of services - service cost comprising:** | |
| 78,426 | Current service cost | 39,153 |
| 26 | Past service cost | 488 |
| -185 | Gain (-) or loss (+) from settlements | -290 |
| | **Financing and investment income and expenditure:** | |
| 15,469 | Net interest expense | 1,834 |
| **93,736** | **Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services** | **41,185** |
| | **Other post-employment benefits charged to the comprehensive income and expenditure statement:** | |
| | **Remeasurement of the net defined benefit liability comprising:** | |
| 69,883 | Return on plan assets (excluding the amount included in net interest) | -84,088 |
| -9,936 | Actuarial gains (-) and losses (+) arising on changes in demographic assumptions | -7,494 |
| -742,790 | Actuarial gains (-) and losses (+) arising on changes in financial assumptions | -82,748 |
| 112,019 | Other actuarial remeasurement experience | 45,248 |
| **-477,088** | **Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement** | **-87,897** |
| | **Movement in Reserves Statement:** | |
| 56,888 | Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code | 1,275 |
| | **Actual Amount Charged Against the General Fund Balance for Pensions in the Year:** | |
| **-36,848** | **Employers' contributions payable to scheme** | **-39,910** |
| **47,392** | **Retirement Benefits payable to pensioners** | **58,142** |

# 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:

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| -1,354,667 | Present value of the defined benefit obligation | -1,365,855 |
| 1,315,756 | Fair value of plan assets | 1,454,751 |
| **-38,911** | | **88,896** |

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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **1,349,787** | **Opening Fair Value of Schemes** | **1,315,757** |
| 36,408 | Interest income | 62,323 |
| | **Remeasurement gains (+) or losses (-):** | |
| -69,883 | Return on plan assets (excluding the amount included in the net interest expense) | 84,088 |
| -270 | Effect on settlements | -327 |
| 0 | Other | 0 |
| 36,848 | Contributions from employer | 39,910 |
| 10,259 | Contributions from employees into the scheme | 11,143 |
| -47,392 | Benefits paid | -58,142 |
| **1,315,757** | | **1,454,752** |

# Balance Sheet Supporting Notes

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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| 1,902,633 | **Opening Defined Benefit Obligation** | 1,354,667 |
| 78,426 | Current service cost | 39,153 |
| 51,877 | Interest cost | 64,157 |
| 10,259 | Contribution by scheme participants | 11,143 |
| | **Remeasurement gains (-) or losses (+):** | |
| -9,936 | Arising from changes in demographic assumptions | -7,494 |
| -742,790 | Arising from changes in financial assumptions | -82,748 |
| 112,019 | Other | 45,248 |
| 26 | Past service costs (including curtailments) | 488 |
| -47,392 | Benefits paid | -58,142 |
| -455 | Liabilities extinguished on settlements | -617 |
| **1,354,667** | | **1,365,855** |

# Balance Sheet Supporting Notes

**Local Government Pension Scheme assets comprise:**

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| 31,786 | Cash and Cash Equivalents | 31,582 |
| 163,278 | Private equity | 177,296 |
| 44,534 | Debt securities (bonds) - Government | 123,677 |
| | **Equity instruments (by industry type):** | |
| 0 | Consumer | 16,578 |
| 0 | Manufacturing | 16,897 |
| 0 | Energy and utilities | 1,753 |
| 0 | Financial institutions | 16,186 |
| 0 | Health and care | 13,631 |
| 0 | Information technology | 31,944 |
| 0 | Other | 1,601 |
| 0 | | 98,590 |
| | **Investment funds and unit trusts:** | |
| 726,968 | Equities | 593,003 |
| 142,046 | Bonds | 208,788 |
| 115,674 | Infrastructure | 104,292 |
| 0 | Other | 0 |
| 984,688 | | 906,083 |
| | **Derivatives:** | |
| 0 | Inflation | 0 |
| 0 | Interest rate | 0 |
| 0 | Foreign exchange | 8 |
| 5,524 | Other | 0 |
| 5,524 | | 8 |
| | **Property:** | |
| 85,944 | UK | 117,515 |
| 2 | Overseas | 0 |
| 85,946 | | 117,515 |
| **1,315,756** | | **1,454,751** |

### 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:

| 2022-23 | | 2023-24 |
|---|---|---|
| **Years** | **Mortality assumptions:** | **Years** |
| | Longevity at 65 for current pensioners: | |
| 22.0 | Men | 21.8 |
| 24.5 | Women | 24.3 |
| | Longevity at 65 for future pensioner: | |
| 22.7 | Men | 22.5 |
| 26.0 | Women | 25.8 |
| **%** | **Other assumptions:** | **%** |
| 3.2 | Rate of inflation | 3.1 |
| 3.5 | Rate of increase in salaries | 3.3 |
| 3.0 | Rate of increase in pensions | 2.8 |
| 4.8 | Rate for discounting scheme liabilities | 4.9 |

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.

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 | 26,694 |
| 0.1% increase in salary rate | 872 |
| 0.1% increase in pension increase rate | 26,324 |
| 1 year increase in member life expectancy | 54,634 |

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 £35.9m employer contributions to the scheme in 2024-25.

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.

## 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 2023-24, the Council paid £16.1m to Teachers’ Pensions in respect of teachers’ retirement benefits (2022-23 £15.9m). There were £1.9m contributions remaining payable at the year-end. Contributions in 2024-25 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.

| 2022-23 £000 | Teachers' Pension Scheme | 2023-24 £000 |
|---|---|---|
| 15,936 | Employer's contributions | 16,180 |
| 6,092 | Employee contributions | 6,101 |
| **22,028** | | **22,281** |

## 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:

- 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 2024 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-23 £000 | Debt maturity (lower/upper limits as % of debt) | Approved limit % | 31-Mar-24 % | 31-Mar-24 £000 |
|---|---|---|---|---|
| 171,394 | Less than 1 year | 0 – 80 | **26%** | **202,953** |
| 80,100 | 1-2 years | 0 – 50 | **10%** | **80,361** |
| 53,410 | 2-5 years | 0 – 50 | **14%** | **111,414** |
| 111,470 | 5-10 years | 0 – 50 | **13%** | **102,477** |
| 320,199 | 10 years and above | 0 – 100 | **37%** | **280,226** |
| **736,573** | **Total** | | **100%** | **777,431** |

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 2024 £0m).

**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.

## 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 insofar as they affect them. No significant interests have been disclosed.

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 2024:

# Other Supporting Notes

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

| Service | Lead Authority |
|---|---|
| Insurance and Finance Operations (covering Accounts Payable for all partners, and Accounts Receivable and Debt for all except Milton Keynes City 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 is the Council's primary legal advisor and operates as a limited company and Alternative Business Structure (regulated by the Solicitors Regulation Authority). Following local government reforms in Northamptonshire and revisions to the ownership structure in 2023-24, the company is now owned jointly (50% each) by Cambridgeshire County Council and Central Bedfordshire Council, with each council owning 475,000 £1 shares each.

Throughout 2023-24 the Service Director of Finance & Procurement served as non-executive director of Pathfinder Legal Services Ltd on the nomination of Cambridgeshire County Council.

During 2023-24 the Council made payments of £4.5m to Pathfinder Legal Services Ltd as payment for legal services received in the year (£4.3m in 2022-23). At 31 March 2024 there was a debtor balance of £294k (£328k at 31 March 2023) and a creditor balance of £39k (£209k at 31 March 2023) with Pathfinder Legal Services Ltd.

Annual Statement of Accounts for Pathfinder Legal Services Ltd are published separately (not consolidated into the Group Accounts) and lodged at Companies House.

### Pensions

Administrative and other recharges made by the Council to the Pension Fund totalled £3.4m (£2.9m in 2022-23).

The Council is also the single largest employer of members of the Pension Fund and contributed £35.2m to the Fund in 2022-23 (£31.7m in 2022-23). At 31 March 2024 there was £4.4m (£7.1m at 31 March 2023) 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 2024 is £69.7m (£69.7m at 31 March 2023).

### 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 2023-24 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 2024 there was a debtor balance of £113.9m (£113.9m at 31 March 2023) 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 City 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 £35k during 2023-24 (£70k in 2022-23).

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 Service Director of Human Resources.

During 2023-24, the Council made payments of £18.3m (£11.3m in 2022-23) to Opus People Solutions (East) for agency staff fees and there was an outstanding balance of £353k at 31 March 2024 (£396k at 31 March 2023).

### 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 2023-24, the Service Director for Finance & Procurement, the Programme Director for Connecting Cambridgeshire and the Service 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.

Throughout 2023-24, the Head of Finance served as a director of the company, alongside the Service Director for Highways and Transport (until August 2023) and the Assistant Director for Climate Change & Energy Services (from February 2024). At 31 March 2024 there was no debtor balance (£1.2m at 31 March 2023) with Swaffham Prior Community Heat Network Ltd.

## 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.

### This Land Group guarantees

The County Council has entered into a deed of indemnity with a bond provider for the purpose of enabling the This Land Group to undertake infrastructure works to highways or utilities as part of its programme of housebuilding, where a bond is required by the statutory body responsible. This aids the efficiency of This Land's cashflow. In the event that This Land, as a subsidiary of the Council, were unable to complete or fulfil its obligations under the bond, the County Council has agreed to indemnify the bond provider from losses incurred as a result of the bond. In view of This Land's management of its infrastructure obligations, the Council considers there is currently a very low likelihood of the bond provider requiring any financial contribution by the Council in future.

The County Council has also given a guarantee to a housing industry warranty provider and standard setter, whereby the County Council is responsible for any sums owed by This Land under the warranties provided on new homes built by the company (in the event these are unpaid by This Land itself). Taking account of This Land's arrangements for assurance about the quality of homes it has constructed and the company's financial position, the Council considers there is a very low likelihood of a financial contribution being requested under this guarantee.

## 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.

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.

# Other Supporting Notes

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 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 15,300 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 31,000 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 Deepstore, Winsford, 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. This team also arranges safe storage of the collection, and maintains the publicly accessible Cambridgeshire Historic Environment Record, which records 28,500 monuments, 7,000 events and finds within the County.

The cost of preservation of archaeological assets held in store is £28,000 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 County 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.

## 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 an extract of the accounting statements of 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 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| 2022-23 Gross Expenditure £000 | 2022-23 Gross Income £000 | 2022-23 Net Expenditure/ Income (-) £000 | | 2023-24 Gross Expenditure £000 | 2023-24 Gross Income £000 | 2023-24 Net Expenditure/ Income (-) £000 |
|---|---|---|---|---|---|---|
| 109,484 | -34,012 | **75,472** | Place and Sustainability | 116,428 | -36,223 | **80,205** |
| 341,108 | -119,027 | **108,590** | Children, Education and Families | 557,747 | -393,637 | **164,110** |
| 472,221 | -363,631 | **222,081** | Adults, Health and Commissioning | 347,867 | -129,099 | **218,768** |
| 40,094 | -37,690 | **2,404** | Public Health | 43,190 | -37,186 | **6,004** |
| 90,269 | -41,820 | **48,449** | Finance and Resources | 97,041 | -76,787 | **20,254** |
| 46,105 | -34,855 | **11,250** | Strategy and Partnerships | 47,315 | -19,416 | **27,899** |
| **1,099,281** | **-631,035** | **468,246** | **Cost Of Services** | **1,209,588** | **-692,348** | **517,240** |
| 9,235 | -17 | **9,218** | Other operating expenditure | 445 | -205 | **240** |
| 45,016 | -22,516 | **22,500** | Financing and investment income/ expenditure | 42,920 | -16,168 | **26,752** |
| 0 | -624,091 | **-624,091** | Taxation and Non-Specific Grant Income | 0 | -623,659 | **-623,659** |
| | | **-124,127** | **Surplus (-) or Deficit on Provision of Services** | | | **-79,427** |
| | | **-77,348** | Surplus on revaluation of Property, Plant and Equipment | | | **-135,852** |
| | | **17,395** | Impairment and revaluation losses charged to the Revaluation Reserve | | | **24,385** |
| | | **3,742** | Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income | | | **1,460** |
| | | **-570,824** | Re-measurement of net pension benefit/ liability | | | **-129,082** |
| | | **-627,035** | **Other Comprehensive Income and Expenditure** | | | **-239,089** |
| | | **-751,162** | **Total Comprehensive Income (-) and Expenditure** | | | **-318,516** |

*2022-23 comparators restated due to restructure, with Peoples Services split into Adults, Health and Commissioning and Children, Education and Families

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

## 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-22** | **168,194** | **13,857** | **32,396** | **214,448** | **367,122** | **581,570** |
| *2022-23* | | | | | | |
| Total comprehensive income and expenditure | 124,127 | 0 | 0 | 124,127 | 627,035 | 751,162 |
| Adjustments between accounting and funding basis under regulations | -126,145 | -13,300 | 77,882 | -61,563 | 61,563 | 0 |
| **Increase (+) or decrease (-) in 2022-23** | -2,018 | -13,300 | 77,882 | 62,564 | 688,598 | 751,162 |
| **Balance at 31-Mar-23** | **166,176** | **557** | **110,278** | **277,012** | **1,055,720** | **1,332,732** |
| *Movement in 2023-24* | | | | | | |
| Total comprehensive income and expenditure | 79,427 | 0 | 0 | 79,427 | 239,089 | 318,516 |
| Adjustments between accounting and funding basis under regulations | -99,933 | 338 | -26,731 | -126,326 | 126,326 | 0 |
| **Increase (+) or decrease (-) in 2023-24** | **-20,506** | **338** | **-26,731** | **-46,899** | **365,415** | **318,516** |
| **Balance at 31-Mar-24** | **145,670** | **895** | **83,547** | **230,113** | **1,421,135** | **1,651,248** |

* General Fund balances include earmarked reserves

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

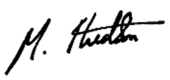
## GROUP BALANCE SHEET

| 31-Mar-23 £000 | | 31-Mar-24 £000 |
|---:|---|---:|
| 1,854,693 | Property, Plant and Equipment | 2,132,329 |
| 19,015 | Heritage Assets | 19,016 |
| 156,584 | Investment Property | 150,188 |
| 9,804 | Intangible Assets | 9,146 |
| 35,148 | Long Term Investments | 33,688 |
| 30,497 | Long Term Debtors | 29,732 |
| **2,105,741** | **Long Term Assets** | **2,374,099** |
| 0 | Short Term Investments | 10,000 |
| 1,023 | Assets Held for Sale | 1,509 |
| 60,569 | Inventories/WIP | 40,603 |
| 163,736 | Short Term Debtors | 162,760 |
| 106,580 | Cash and Cash Equivalents | 74,584 |
| **331,908** | **Current Assets** | **289,456** |
| -171,688 | Short Term Borrowing | -203,237 |
| -174,003 | Short Term Creditors | -162,858 |
| -2,234 | Provisions | -2,093 |
| -17 | Capital Grants and Contributions Receipts in Advance | -1,862 |
| **-347,942** | **Current Liabilities** | **-370,050** |
| -7,280 | Provisions | -7,675 |
| -564,884 | Long Term Borrowing | -574,224 |
| -140,620 | Other Long Term Liabilities | -8,586 |
| -44,187 | Capital Grants and Contributions Receipts in Advance | -51,770 |
| **-756,971** | **Long Term Liabilities** | **-642,255** |
| | | |
| **1,332,736** | **Net Assets** | **1,651,250** |
| | | |
| 277,014 | Usable Reserves | 230,116 |
| 1,055,721 | Unusable Reserves | 1,421,134 |
| **1,332,735** | **Total Reserves** | **1,651,250** |

The purpose of this statement is explained in the Narrative Report of the Council's single entity 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 2024 and its income and expenditure for the year 2023-24 and authorise the accounts for issue.



Michael Hudson
Executive Director of Finance & Resources (Section 151 Officer)
Date: 31-May-2024

## GROUP CASH FLOW STATEMENT

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| **-124,127** | **Net surplus (-) or deficit (+) on the provision of services** | **-79,427** |
| -36,935 | Depreciation | -44,861 |
| 40,167 | Impairment and downward valuations | 34,430 |
| -2,664 | Amortisation | -2,296 |
| -21,451 | Increase (-)/ decrease in creditors | 380 |
| 60,774 | Increase/ decrease (-) in debtors | -1,667 |
| -8,884 | Increase/ decrease (-) in inventories | -20,121 |
| -56,888 | Movement in pension liability (difference between employer's contributions paid and IAS19 adjustments) | -1,275 |
| -12,772 | Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised | -488 |
| 9,906 | Other non-cash items charged to the deficit on the provision of services | 17,241 |
| **-28,747** | **Adjustments to the net deficit on the provision of services for non-cash movements** | **-18,657** |
| 0 | Proceeds from short-term and long-term investments | 0 |
| 3,968 | Proceeds from the sale of property, plant and equipment | 691 |
| 148,266 | Grants for financing capital expenditure | 100,612 |
| -7,025 | Any other items for which the cash effects are investing or financing activities | -28,435 |
| **145,209** | **Adjustments for items included in the deficit on the provision of services that are investing and financing activities** | **72,868** |
| **-7,665** | **Net cash flows from Operating Activities** | **-25,216** |
| 127,321 | Purchase of property, plant and equipment | 179,052 |
| 0 | Purchase of short-term and long-term investments | 10,000 |
| 209 | Other payments for investing activities | 852 |
| 0 | Proceeds from short-term and long-term investments | 0 |
| -3,968 | Proceeds from the sale of property, plant and equipment | -691 |
| -148,266 | Capital Grants Received | -100,612 |
| -21,148 | Other receipts from investing activities | -24,910 |
| **-45,852** | **Investing Activities** | **63,691** |
| -114,000 | Cash receipts of short and long-term borrowing | -248,000 |
| 2,351 | Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal) | 3,777 |
| 155,493 | Repayments of short and long-term borrowing | 207,188 |
| 23,886 | Other payments for financing activities | 30,555 |
| **67,730** | **Financing Activities** | **-6,480** |
| | | |
| **14,213** | **Net increase (-) or decrease (+) in cash and cash equivalents** | **31,995** |
| 120,793 | Cash and cash equivalents at the beginning of the reporting year | 106,580 |
| **106,580** | **Cash and cash equivalents at the end of the reporting year** | **74,585** |

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

## 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 2023 to 31 March 2024:

- An extract of This Land Limited consolidated Financial Statements for the period ended 31 March 2024.

### 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.

## 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:

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| | **Expenditure** | |
| 372,321 | Employee Benefits Expenses | 360,073 |
| 727,511 | Other Services Expenses | 836,987 |
| 0 | Support Service Recharges | 0 |
| -568 | Depreciation, amortisation, impairment | 12,728 |
| 45,016 | Interest Payments | 36,524 |
| 432 | Precepts and Levies | 445 |
| 8,803 | Loss on the disposal of assets | 0 |
| 0 | Loss in relation to investment properties and changes in their fair value | 6,396 |
| **1,153,515** | **Total Expenditure** | **1,253,153** |
| | **Income** | |
| -123,736 | Fees, charges and other service income | -193,966 |
| 0 | Gain on the disposal of assets | -205 |
| -22,515 | Interest and Investment Income | -16,168 |
| -418,776 | Income from Council Tax and Non-domestic rates | -446,213 |
| -712,612 | Government Grants and Contributions | -676,028 |
| **-1,277,639** | **Total Income** | **-1,332,580** |
| | | |
| **-124,124** | **Surplus (-) or Deficit (+) on the Provision of Services** | **-79,427** |

## 6. LONG-TERM DEBTORS

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

| 2022-23 £000 | | 2023-24 £000 |
|---|---|---|
| 21,584 | Long term finance lease receivable | 21,583 |
| 8,913 | Other | 8,149 |
| **30,497** | **Total** | **29,732** |

## 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-23 £000 | 31-Mar-24 £000 | 31-Mar-23 £000 | 31-Mar-24 £000 |
| **Investments:** | | | | |
| Financial assets through other comprehensive income | 34,633 | 33,173 | 0 | 0 |
| Financial assets at amortised cost | 515 | 515 | 0 | 10,000 |
| **Total investments** | **35,148** | **33,688** | **0** | **10,000** |
| **Cash and cash equivalents:** | | | | |
| Cash and cash equivalents | 0 | 0 | 106,580 | 74,584 |
| **Total cash and cash equivalents** | **0** | **0** | **106,580** | **74,584** |
| **Debtors:** | | | | |
| Financial assets at amortised cost | 30,497 | 29,732 | 145,014 | 154,202 |
| **Total debtors** | **30,497** | **29,732** | **145,014** | **154,202** |
| **Borrowings:** | | | | |
| Financial liabilities at amortised cost | -564,885 | -574,224 | -171,688 | -203,237 |
| **Total borrowings** | **-564,885** | **-574,224** | **-171,688** | **-203,237** |
| **Other liabilities:** | | | | |
| Other liabilities | -101,709 | -99,336 | -157,844 | -148,442 |
| **Total other liabilities** | **-101,709** | **-99,336** | **-157,844** | **-148,442** |

## 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-23 | | 31-Mar-24 |
|---|---|---|
| £000 | | £000 |
| 48,586 | Cash | 35,575 |
| 57,994 | Cash equivalents | 39,009 |
| **106,580** | **Total Cash and Cash Equivalents** | **74,584** |

## 9. INVENTORY

| 2022-23 | | 2023-24 |
|---|---|---|
| £000 | | £000 |
| **67,962** | **Balance Outstanding at Start of Year** | **60,569** |
| 14,053 | Additions | 12,990 |
| -20,923 | Recognised as an expense in year | -30,268 |
| -523 | Impairment | -2,685 |
| **60,569** | | **40,606** |

## 10. EXTERNAL AUDIT COSTS

| 2022-23 £000 | | 2022-23 £000 |
|---|---|---|
| 247 | Fees payable with regard to external audit services carried out by the appointed auditor | 455 |
| 0 | Fees payable in respect of other services provided by the appointed auditor | 8 |
| 0 | Additional fees payable with regard to external audit services carried out by the appointed auditor in the prior year | 7 |
| **247** | | **470** |

# APPENDIX 1 - ACCOUNTING POLICIES

## GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2023-24 financial year and its position at the year-end of 31 March 2024. 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 2023-24*, 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.

- 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.

## 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 category 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 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 Community Assets and 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 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.

### 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.

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 149).
- 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 164). 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.

## 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.

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 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).

### 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.

- 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.

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.

- 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 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 164). 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.

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.

### 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.

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.

- **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:

- **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 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, 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.

Cambridgeshire County Council

## 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.

**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.

**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.

**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.