

# Statement of Accounts

2024-25



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# Narrative Report

## Chief Executive Foreword

As Chief Executive of Cambridgeshire County Council, I have seen our councillors and colleagues remain steadfast in their commitment to delivering and commissioning essential public services, navigating the opportunities and challenges presented by a changing national government, ongoing global uncertainty, economic pressures, and constraints on public finances. I want to begin by thanking all those who have contributed to our successes in 2024-25. This year has brought meaningful progress in advancing the council's vision of a greener, fairer, and more caring Cambridgeshire:



- **Greener:** We continue to reduce the council's scope one and scope two carbon emissions (42% reduction from 2018-19) and this year have continued to decarbonise our estate and now have 25 council buildings retrofitted for low carbon heating. Nearly £20m has been secured in grants from external bodies for low carbon and environment projects, and we are addressing scope three emissions through low carbon procurement processes. We have also spent over £18m on 39 major carriageway maintenance upgrades across the county, and approximately £5m on over 220 individual footpath and cycle path renewals to enable safe, more sustainable travel for those who use our highways.
- **Fairer:** We have ensured that council colleagues, and those delivering adult social care services on our behalf, are paid the real living wage. There has been support targeted to families who need it most and we have supported the establishment of the independent Cambridgeshire poverty strategy commission to explore how poverty impact our residents and to find ways to create lasting change.
- **More Caring:** The council has continued to implement improvements to our children's social care services following the Ofsted inspection at the end of last year, and an inspection of our services and those of our NHS partners for children with Special Educational Needs and Disabilities (SEND) earlier this year highlighted that we have made improvements but that there is more work to do. This year we launched our "Inclusion for All" strategy as a key part of our work to improve services for these children, young people and their families.

# Narrative Report

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Alongside this work, I am pleased that we continue to deepen our understanding of residents' experiences across Cambridgeshire through our annual quality of life survey. This year, for the first time, we have expanded collaboration to include other public sector partners across the county, ensuring resident feedback can influence an increasing range of local decision making. The insights gathered provide invaluable guidance for the council and other organisations in shaping decisions that impact our communities. By maintaining this regular survey, we can ensure that the voices of our residents remain central to our decision-making process.

I am incredibly proud of colleagues across the council and was delighted to celebrate their achievements this year through our second annual Employee Spotlight Awards. These awards shine a light on the outstanding contributions of individuals and teams who go above and beyond to serve our communities, embodying the vision and values of the council. Their hard work, innovation, and commitment make a meaningful difference to the lives of residents, and it is inspiring to see their efforts recognised. The Spotlight Awards are not just a moment of celebration but a reflection of the passion and dedication that drive us forward. I want to express my heartfelt gratitude to everyone who continues to make Cambridgeshire a greener, fairer, and more caring place to live, to learn, to work and to visit.

Whilst sharing some of the council's achievements for the year, I must rightly acknowledge areas where improvement is required. In particular, 2024-25 saw the prosecution of the council by the Health and Safety Executive for historical failings in our health and safety at work duties on the Guided Busway. The council fully accepted all these serious safety failings that should not have happened. I want to again offer my personal and sincere apologies to all those affected, especially the families of the three people whose lives have been lost. Under my leadership, since 2022, we have taken decisive action to address these failings, implementing strengthened safety measures, including a dedicated busway operations team, enhanced inspections, risk assessments, and improved infrastructure. We remain committed to ensuring the safe operation of the Guided Busway and will continue working proactively with the Health and Safety Executive to share the lessons we have learned and to contribute to national guidance, ensuring that such failures can never be repeated. In the coming year we will implement further safety measures along the Busway.

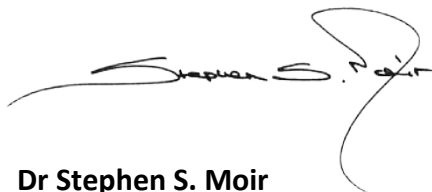
In 2025-26 we will continue our relentless focus on delivering the council's vision and ambitions and improving our services. Although HM Government's English Devolution White Paper and Local Government Reorganisation requirements will ultimately reshape the councils in Cambridgeshire and Peterborough, for now we continue to deliver the services which residents need, depend upon or choose to access.

# Narrative Report

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With a new political administration now in place, following the elections in May 2025, we recognise the need to navigate both structural changes to local government and to deliver improvements to our services. We will ensure we build a strong legacy as we prepare to pass the baton on to future councils, built upon the sound stewardship of the public resources we are entrusted with.

As we move forward, we will work particularly closely with our partners in the Mayoral Combined Authority for Cambridgeshire and Peterborough, the current District and City Councils, Town and Parish Councils, the emergency services and the NHS. We will also continue to work closely with the vibrant community and voluntary sectors across the county, with businesses, our providers and supply chain to ensure that our approach remains responsive to the evolving needs of Cambridgeshire's people and communities and that we embrace fully the opportunities presented by coming reforms.



**Dr Stephen S. Moir**  
Chief Executive

# Narrative Report

## Executive Director's Narrative Report

### Introduction

This document presents the statutory financial statements for Cambridgeshire County Council for the financial year 1 April 2024 to 31 March 2025, 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 2024-25. In signing these accounts, I am certifying that they give a 'true and fair view' of the financial position of the council for 2024-25.



Planning for the 2024-25 financial year was undertaken amid continued national economic uncertainty, with weak growth, inflationary pressures, and elevated interest rates shaping the financial landscape. Delivering on our corporate strategy and ensuring the effective prioritisation of resources required careful consideration of an unpredictable funding position from central government and fluctuating demand for council services.

Despite these challenges, the council has remained committed to ensuring economy, efficiency, and effectiveness in the use of resources, successfully navigating a complex financial environment. Key risks arising from economic conditions and wider developments have been carefully managed, allowing us to continue delivering on priorities and maintaining value for money in service provision.

The council delivered within 1% of its net budget for 2024-25, with an overspend of £4.45m reported in our management accounts. With the level of uncertainty in demand for services and the extensive savings programme, this is a good outturn, and lower than expected earlier in the year, which puts us in a reasonable position to start 2025-26. The ring-fenced Dedicated Schools Grant (DSG) funded service budgets saw a larger overspend (£22.8m) due to spend on high needs education services where demand is outstripping that funding source. It is hoped 2025-26 will bring a long-term national solution to this matter, otherwise the risks to this council's financial position, alongside many councils nationally, will be stark.

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, which is explained through the detailed statements and disclosure notes in the accounts.

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Service	Gross Budget £m	Net Budget £m	Outturn £m	Variance £m
Children, Education and Families (non-DSG)	180.238	149.704	156.624	6.920
Adults, Health and Commissioning	414.375	230.755	223.677	(7.584)
Place and Sustainability	110.725	73.914	75.345	1.430
Strategy and Partnerships	46.755	14.696	20.372	5.677
Finance and Resources	37.818	23.976	24.489	0.514
<b>Subtotal - core funded services</b>	<b>789.911</b>	<b>493.045</b>	<b>500.507</b>	<b>6.957</b>
Children, Education and Families (DSG)	193.180	0.000	22.832	22.832
Corporate and Funding Items	6.888	6.150	1.809	(4.341)
Capital Financing	53.909	40.070	41.398	1.328
Adjustments for Public Health and DSG ring-fence	(193.180)	0.000	(22.832)	(22.326)
<b>Total</b>	<b>850.708</b>	<b>539.265</b>	<b>543.714</b>	<b>4.450</b>

To enable risks to be pro-actively managed in a time of uncertain national and local finances, the council maintains prudent reserve balances. In 2024-25, the council maintained a general reserve balance set by me in my financial sustainability report to Council ahead of the start of the year, and we have continued to hold several reserves earmarked for specific risks. Alongside this, we have ensured that reserves funding has been, and continues to be available, for delivering on council priorities and invest-to-save opportunities. We have used the Just Transition Fund and the Change and Digital Reserves to deliver on our strategic ambitions and deliver change. At the same time, our risk reserves have enabled us to mitigate ongoing threats 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, consistent and tapering draw-down from some corporate reserves.

In 2024-25, the council made a significant change to the financing arrangements for its wholly-owned housing company, This Land Ltd. The company was established in 2016, with loans of over £120m advanced to the company by the council mainly in 2018-20, with a final loan (in the context of financial restructuring) of £5.9m made in 2024-25. The loans enabled the company to commence the process of purchasing land and constructing homes, with the latest loan provided in the context of sustaining the company's operation. Over the last two years, the council has taken further steps, with external advisors, to review and validate the company's property valuations and its business plan. In 2024-25 the company entered a challenging financial period linked to national economic stresses on the house-building sector as well as a local site specific issue, that meant the company struggled to meet interest payments to the council as they fell due, and was not able to present a future business plan to the council that realistically showed loan repayments being made in full. Consequently, in March 2025, the council agreed a restructuring of the loan portfolio to convert around half to capital grant which are non-interest bearing and could be repaid contingent on performance. This

# Narrative Report

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has the effect of reducing interest and principal repayments, with the interest aspect in particular being foregone versus its previous income expectations. This has enabled the company to agree a sustainable financial plan with the council, as shareholder, that showed the remaining loan principal and all interest payments due being paid over the next five years. This was a substantial change in the council's approach to the company with consequent impacts on asset valuations and other accounting treatments that are set out in this document. In particular:

- The long-term debtor with the company has been approximately halved in the single entity accounts [see balance sheet and Note 26]
- Capital grants were made to the company that flow through the comprehensive income and expenditure statement but ultimately are treated as capital expenditure, with the council making a minimum revenue provision to meet the costs of this. This means the grants are a charge to the council reflected in its comprehensive income and expenditure statement
- The council has assessed the value of its £5.9m equity holding and concluded that needs to be fully impaired
- The changes improve the outlook of the company and are therefore referred to in the note laying out the 'going concern' assumption that these accounts are predicated on [see Note 4]
- The council has accrued for interest owed relating to 2024-25, with this appearing as short- and long-term creditors [see the balance sheet and Note 32]
- The council has reviewed its technical accounting basis for valuation of the ongoing loans [see Note 28]
- Additional capital expenditure is shown in the accounts due to the capital grants needing to be shown as 2024-25 expenditure [see note 39], but this is not shown in our management accounts or in this narrative report as it is not effectively new spend (rather it is converting loans already advanced).

Overall, the impact of these changes on the council's general fund is reduced income in the form of interest payments, and the need to make a minimum revenue provision on the capital grants, both of which are provided for in the council's medium-term financial plan.

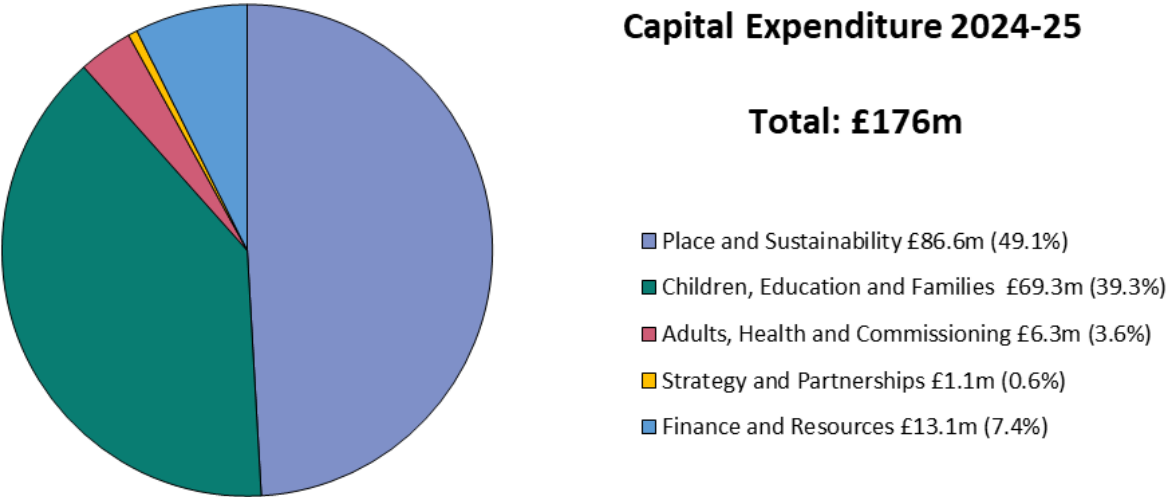
Other than those changes, an appraisal of our balance sheet shows that the council continues to hold a high value of land, buildings and investment assets. We have strengthened our valuation processes around properties held as investments, resulting in a reduction in the values of those compared to previous years reflecting a more appropriate basis for valuation. The council's over £2 billion of assets ultimately provide a strong and diverse balance sheet.

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). 2024-25 saw several services shared with Peterborough City Council brought back to a Cambridgeshire-only focus, following a wider disaggregation of former shared arrangements in previous years.

# Narrative Report

Looking ahead into 2025-26, 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 school building and expansion work, and road and transport delivery. 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 2024-25 by directorate, excluding £41m of capital expenditure within our accounts that relates to the Greater Cambridge Partnership.



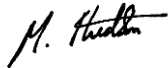
(It is important to note that, due to accounting requirements, these accounts contain more expenditure in note 35 (capital expenditure and capital financing) than in our management accounts and in the chart below. This is mainly due to capital grants to This Land referenced above, and the new requirements this year to treat leases as capital items whereas we may practically fund them day to day from revenue sources).

# Narrative Report

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The financial accounts are complex and prepared in line with international financial reporting standards. 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.

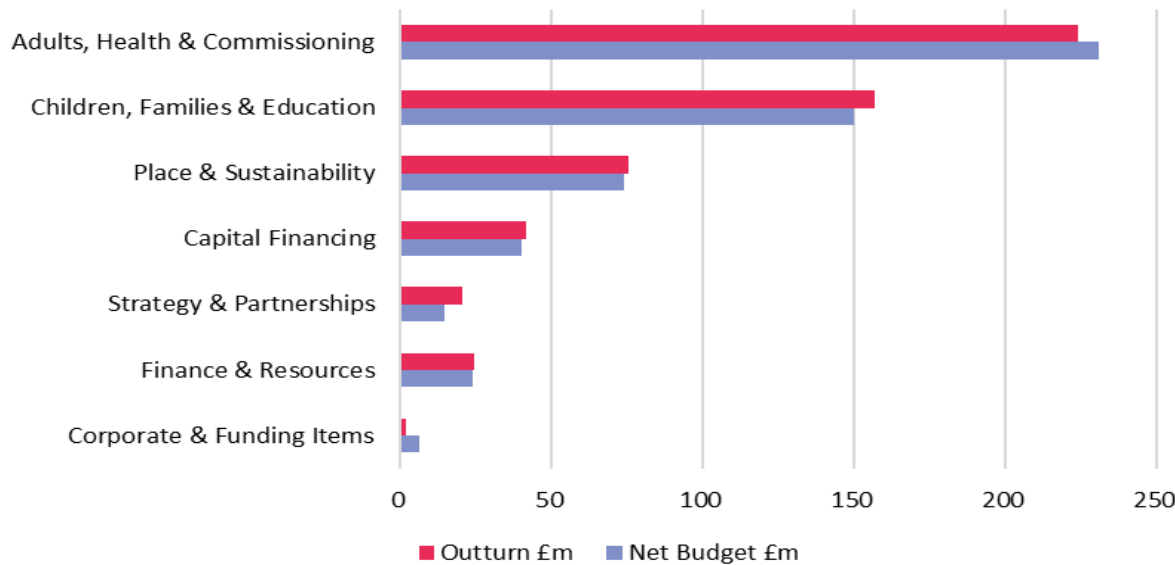
Finally, I am extremely grateful to all the finance staff and others across the council involved with production of these financial statements and in budget management for their hard work this year.



**Michael Hudson LLB (Hons), LLM, CPFA**  
Executive Director of Finance and Resources

## Financial Performance Review

The council's overall net revenue budget £539m in 2024-25 overspent by £4.45m (0.8%). 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 and Commissioning

Older People services saw lower-than-expected growth, with bed-based care stabilising and homecare numbers remaining lower, resulting in an underspend. However, financial challenges persisted due to overspends in learning difficulties and mental health care costs. Staffing shortages, inflationary pressures, and provider fee increases further strained budgets, particularly in securing placements for complex care needs.

### Children, Education and Families

The directorate faced significant financial pressures due to rising costs for placements of looked-after children with complex needs, worsened by limited national supply. Despite efforts to improve value for money and despite a reducing number of children in care, the need for complex placements remained high. Additionally, home-to-school transport budgets exceeded expectations, driven by market constraints, inflation, and sustained demand for SEND transport.

## Place and Sustainability

The directorate faced financial pressures from lower energy scheme income due to project delays and shifting electricity price expectations. Some challenges were mitigated by additional revenue from highways development control, street works, and parking fees. Waste management costs rose due to the Waterbeach plant remaining non-operational with more waste needing to go to landfill, but reserves helped absorb the impact. Capital projects progressed faster than expected, reducing historic underspending and better delivering committed schemes.

## Strategy and Partnerships

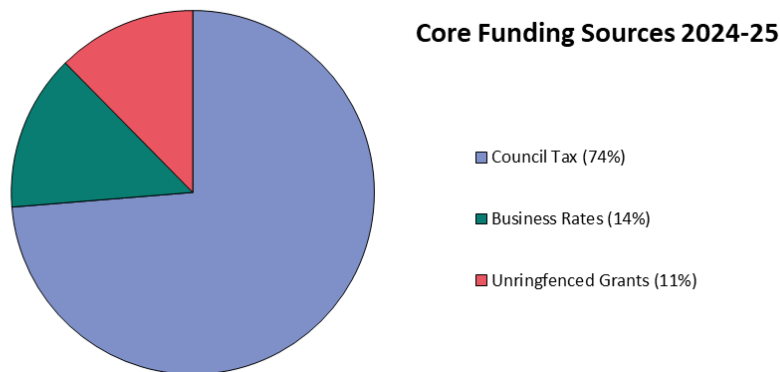
The directorate holds the centralised legal budget, which overspent primarily due to rising expenses in children’s social care cases. Some of this pressure was mitigated by additional income generation, helping to offset the overall financial impact.

## Finance and Resources

The directorate's overspend stemmed from lower income, particularly from interest payments due from This Land. This was prompted by site-specific delays and a deterioration in the medium-term expected profitability necessitating a financial restructuring (as set out above). Interest payments due in 2024-25 have been deferred but accrued for, with a repayment scheduled agreed for future years. The directorate transferred additional funding to an earmarked reserve to mitigate future risk in this area, driving a net overspend position. This strategy aimed to prudently reduce risk exposure, manage capital financing requirements, and support ongoing projects with a more sustainable financial model.

## Funding

The council’s net budget of £539m 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.



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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 were considered by Strategy, Resources and Performance Committee in June 2025.

## 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 2024-25, the minimum reserve level set was £26m which was exceeded throughout the year, and £26.7m for 2025-26. This reserve is topped up in the council’s budget for 2025-26 resulting in a sufficient reserve balance for that year based on the reserves assessment carried out in February 2025. 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 £193m at the end of 2023-24 due to planned, sustainable draw-downs of reserves and use of ringfenced funding).

Item	2024-25 closing balance £m
<b>General reserve</b>	<b>26</b>
<b>Usable earmarked reserves:</b>	
Strategic priority reserves	30
Corporate risk reserves	91
Grant reserves	26
Sinking Funds	3
<b>Revenue earmarked reserves</b>	<b>150</b>
<b>Council Usable Reserves Total</b>	<b>178</b>
School balances	9
<b>Total including school balances</b>	<b>185</b>

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The 'council usable reserves total' line in the table above reflects the general and earmarked reserves that are available to the council to use directly. The school balances reported are held by individual maintained schools. While their balances formally form part of the council's statement of accounts, decision making on those balances ultimately sits with each individual school. There is considerable variability between schools in the level of reserves held, with several being in deficit, and the school sector is under financial pressure from funding not keeping up with inflation and other cost increases. At the end of the year, 37 maintained schools were in deficit.

While formally part of our unusable reserves under current regulations, the accumulated deficit on our Dedicated Schools Grant account is a significant risk to the council and the cause of a cash flow challenge to us. At the end of the year, that cumulative deficit was £62.9m and growing by more each year. While the council is trying to mitigate cost increases, ultimately this is a national problem with funding not meeting the needs of children recognised through statutory entitlements. The government has announced its intention to extend the regulations that make this deficit form part of our unusable reserves, rather than being part of our general fund position, until March 2028, and has begun to announce plans for the management of these deficits beyond this date, such as the absorption by central government of SEND costs from the 2028-29 financial 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 2024-25 these total £78.2m, down from £88.2m at the end of 2023-24 as reserves are used for capital works.

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 £1.1 billion 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.

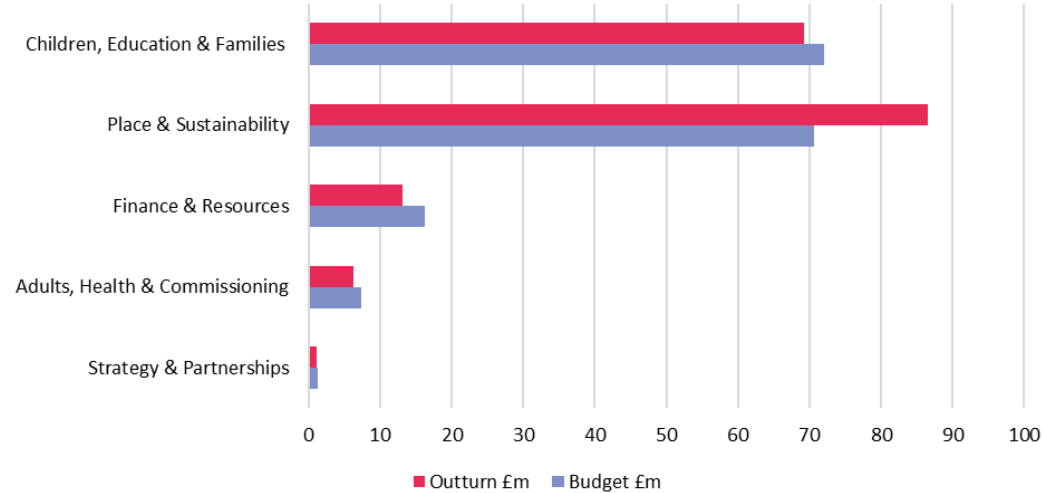
The council's senior officer leadership regularly review the directorate and corporate risk registers and performance reports. There are mitigating measures in place for each risk, and they factor into decisions around the level of reserves held. The council also has a scheme of delegation to officers and a scheme of financial management within its constitution, providing a framework within which officers can act in relation to financial matters.

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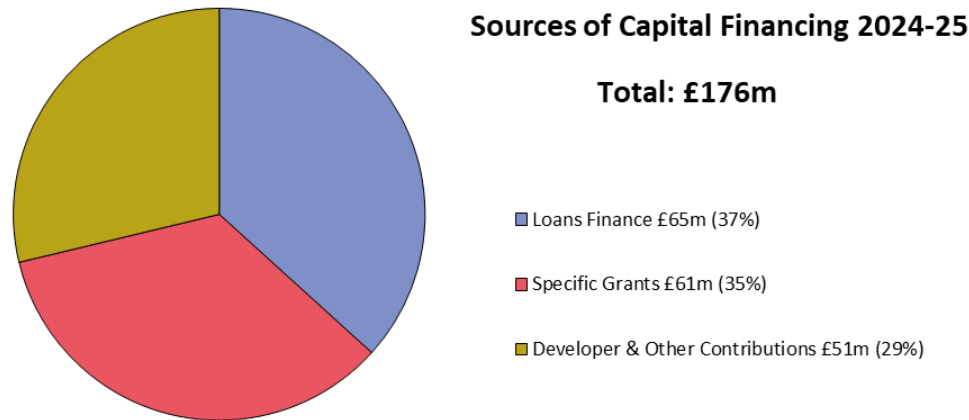
## Capital

The council’s capital programme for 2024-25 and beyond totals over £1.3bn, with £167.5m of that budgeted to be spent in 2024-25. On top of this, the Greater Cambridge Partnership capital programme and 2024-25 budget of £41m form part of the council’s overall capital position. Actual capital expenditure financed from capital resources for the year was £217.5m (of which £41.1m related to the Greater Cambridge Partnership), which resulted in an £8.9m overspend on the net capital budget at year-end. This was largely due to the timing of spending and in most cases does not represent overspends on schemes. Many capital projects span a number of years, so this simply means that expenditure has been incurred ahead of the profile in the business plan. In 2024-25 the key areas where spend varied from planned budgets were highways and transport schemes (+£13.1m), climate change and energy schemes (+£3.4m), waste management schemes (-£2.9m), superfast broadband schemes (+2.2m) and property schemes (-£1.8m).

The chart below shows net capital budgets and outturns for 2024-25 of the council’s directorates:



The following chart outlines how the £176.4m of the council’s directorates’ capital expenditure was financed this year (bearing in mind the caveats referenced above regarding differences between our management accounts and financial accounts on capital items):



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 2024-25 overspent mainly as a result of lower-than-expected cash levels at certain points of the year, caused by a combination of increased scheduling of capital expenditure and the ongoing DSG deficit. This is compounded by interest rates having remained higher for longer than originally anticipated.

### External Borrowing & Investment

Total debt outstanding at 31 March 2025 was £851.3m (consisting of £600.8m long-term borrowing and £250.5m short-term borrowing), which was well within the Authorised Limit of £1,160.0m set by Full Council. Long-term borrowing increased by £26.6m during the year, and short-term borrowing increased by £47.3m, reflecting an overall increase due to an expanding capital programme and reduced internal borrowing, with short-term loans increasing by more due to the council minimising long-term exposure to high interest rates by taking out shorter-term debt.

Our treasury management activities are reported on a 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.

# Narrative Report

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The council's external borrowing includes loans advanced to the council's wholly-owned housing company: This Land. In previous years, the council has received 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. During 2024-25, This Land requested draw-down of a final £5.9m agreed existing loan facility and this was provided following detailed consideration. As referred to above, the financing of the company was restructured in 2024-25, with part of the loan portfolio being converted to capital grants. The council's overall investment in, and borrowing as a result of, This Land has not changed (other than the new loan this year) but accounting for the re-payable investment through loans has reduced.

## Assets & Liabilities

The council's cash and cash equivalents position decreased in the year by £4.0m from £58.3m at 31 March 2024 to £54.3m at 31 March 2025, in order to help reduce the amount of external borrowing required.

During 2024-25, the net assets of the council and its Balance Sheet value decreased by £321.1m (a 19% decrease), from an opening balance of £1,693.9m to a closing balance of £1,372.8m at 31 March 2025. The net decrease was largely driven by a combination of an increase in the amount of borrowing, an increase in liabilities relating to the pension fund, PFIs and leases, and a decrease in long-term debtors in relation to This Land. This was off-set by an increase in the value of Property, Plant and Equipment.

## Looking ahead

For 2025-26, a new political administration is in place with the Liberal Democrat party having won a majority of council seats at the election in 2025. The new administration will set its vision for the council and its ambitions over the coming months, which will underpin business planning for 2026-27 and beyond.

The biggest change on the horizon for the council is local government reorganisation, with new arrangements expected to be in place in 2028. Whilst several consultations have been launched to seek views from our residents, businesses and partner organisations, and four proposals have been submitted to government, at this stage we do not know the future structure of local government in Cambridgeshire, and are concentrating on delivering now for our residents while we appraise options and await government decisions on the future.

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.

# Narrative Report

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## The Statement of Accounts

The purpose of these accounts is to present a true and fair view of the financial results of the council's activities for the year ended 31 March 2025, 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 2025 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

# Narrative Report

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

## Cash Flow Statement

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

## Expenditure and Funding Analysis

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

## Notes to the core financial statements

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

## Pension Fund accounts

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.

# Narrative Report

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## Group Accounts

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

## Accounting Policies

These are the accounting rules and practices adopted by the council that determine how transactions and events are reflected in the accounts. For 2024-25, these accounting practices principally comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 (the Code) supported by International Financial Reporting Standards (IFRS), and the Service Reporting Code of Practice 2024-25 (SeRCoP).

## Annual Governance Statement

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](mailto:finance@cambridgeshire.gov.uk)

# Statement of Responsibilities, Certificate and Approval of Accounts

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## 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 Executive Director of Finance and Resources (Section 151 Officer).
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.

### RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR OF FINANCE AND RESOURCES

The Executive Director of Finance and 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

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## 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 2025 and its income and expenditure for the year 2024-25 and authorise the accounts for issue.



Michael Hudson  
Executive Director of Finance and Resources  
Date: 19 February 2026

## 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. C. Boden  
Chair of the Audit and Accounts Committee  
Date: XX-XXXX-XXXX

# Independent Auditor's Report to the Members of Cambridgeshire County Council

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGESHIRE COUNTY COUNCIL**

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# Independent Auditor's Report to the Members of Cambridgeshire County Council

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# Independent Auditor's Report to the Members of Cambridgeshire County Council

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# Core Financial Statements

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**Comprehensive Income and Expenditure Statement** **Page 32**

**Movement in Reserves Statement** **Page 33**

**Balance Sheet** **Page 34**

**Cash Flow Statement** **Page 35**

# Core Financial Statements

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED*						2024-25		
2023-24								
Gross Expenditure	Gross Income	Net Expenditure (+) / Income (-)			Gross Expenditure	Gross Income	Net Expenditure (+) / Income (-)	
£000	£000	£000		Note	£000	£000	£000	
120,175	-36,223	83,952	Place and Sustainability		142,466	-41,205	101,261	
557,740	-393,637	164,103	Children, Education and Families		623,245	-417,071	206,174	
391,057	-166,285	224,772	Adults, Health and Commissioning		414,901	-186,682	228,219	
64,635	-40,879	23,756	Finance and Resources		138,196	-29,547	108,649	
47,315	-19,416	27,899	Strategy and Partnerships		43,283	-17,292	25,991	
<b>1,180,922</b>	<b>-656,440</b>	<b>524,482</b>	<b>Cost of Services</b>		<b>1,362,091</b>	<b>-691,797</b>	<b>670,294</b>	
445	-204	241	Other operating income and expenditure	10	88,692	0	88,692	
47,394	-25,311	22,083	Financing and investment income and expenditure	11	53,800	-26,200	27,600	
0	-623,659	-623,659	Taxation and non specific grant income	12	0	-652,082	-652,082	
		<b>-76,853</b>	<b>Surplus (-) or Deficit (+) on Provision of Services</b>				<b>134,504</b>	
		<b>-135,852</b>	Surplus (-) or deficit (+) on revaluation of property, plant and equipment	22			<b>-82,191</b>	
		<b>24,385</b>	Impairment and revaluation loss charged to the revaluation reserve	22			<b>87,753</b>	
		<b>1,925</b>	Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income	27			<b>-137</b>	
		<b>-129,082</b>	Remeasurement of net pension benefit/liability	37			<b>181,190</b>	
		<b>-238,624</b>	<b>Other Comprehensive Income (-) and Expenditure (+)</b>				<b>186,615</b>	
		<b>-315,477</b>	<b>Total Comprehensive Income (-) and Expenditure (+)</b>				<b>321,119</b>	

\*2023-24 comparators restated due to restructure, with Public Health becoming a part of the wider Adults, Health and Commissioning directorate

The purpose of this statement is explained in the Narrative Report.

Please refer to Note 9 for a breakdown of income and expenditure analysed by nature

# Core Financial Statements

## MOVEMENT IN RESERVES STATEMENT

	General Fund *	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves Total	Unusable Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000
<b>Balance at 1-Apr-23</b>	<b>211,846</b>	<b>557</b>	<b>110,278</b>	<b>322,682</b>	<b>1,055,721</b>	<b>1,378,403</b>
<i>Movement in 2023-24</i>						
Total comprehensive income and expenditure	76,853	0	0	76,853	238,624	315,477
Adjustments between accounting and funding basis under regulations (note 19)	-96,186	338	-22,984	-118,832	118,832	0
<b>Increase (+) or decrease (-) in 2023-24</b>	<b>-19,333</b>	<b>338</b>	<b>-22,984</b>	<b>-41,979</b>	<b>357,456</b>	<b>315,477</b>
<b>Balance at 31-Mar-24</b>	<b>192,513</b>	<b>895</b>	<b>87,294</b>	<b>280,703</b>	<b>1,413,177</b>	<b>1,693,880</b>
<i>Movement in 2024-25</i>						
Total comprehensive income and expenditure	-134,504	0	0	-134,504	-186,615	-321,119
Adjustments between accounting and funding basis under regulations (note 19)	127,195	-895	-9,123	117,177	-117,177	0
<b>Increase (+) or decrease (-) in 2024-25</b>	<b>-7,309</b>	<b>-895</b>	<b>-9,123</b>	<b>-17,327</b>	<b>-303,792</b>	<b>-321,119</b>
<b>Balance at 31-Mar-25</b>	<b>185,204</b>	<b>0</b>	<b>78,171</b>	<b>263,376</b>	<b>1,109,385</b>	<b>1,372,761</b>

\*General Fund balances include earmarked reserves

The purpose of this statement is explained in the Narrative Report.

# Core Financial Statements

## BALANCE SHEET

31-Mar-24			31-Mar-25	
£000		Note	£000	
2,128,580	Property, plant and equipment	23	2,164,564	
19,016	Heritage assets	26	19,020	
146,440	Investment property	25	137,583	
9,146	Intangible assets		9,255	
39,074	Long-term investments	28	33,360	
143,557	Long-term debtors	27	95,505	
115,095	Other long-term assets	38	0	
<b>2,600,908</b>	<b>Long Term Assets</b>		<b>2,459,287</b>	
10,000	Short-term investments	28	0	
1,509	Assets held for sale	29	920	
678	Inventories		635	
138,036	Short-term debtors	30	128,799	
58,274	Cash and cash equivalents	31	54,292	
<b>208,497</b>	<b>Current Assets</b>		<b>184,646</b>	
-203,237	Short-term borrowing	28	-250,493	
-145,395	Short-term creditors	32	-155,110	
-7,093	Provisions		-7,093	
-1,862	Capital grants and contributions received in advance	34	-1,015	
<b>-357,587</b>	<b>Current Liabilities</b>		<b>-413,711</b>	
-7,675	Provisions		-8,431	
-574,224	Long-term borrowing	28	-600,807	
-123,681	Other long-term liabilities	33	-210,244	
-588	Long-term creditors		-726	
-51,770	Capital grants and contributions received in advance	34	-37,253	
<b>-757,938</b>	<b>Long Term Liabilities</b>		<b>-857,461</b>	
<b>1,693,880</b>	<b>Net Assets</b>		<b>1,372,761</b>	
280,703	Usable reserves	21	263,376	
1,413,177	Unusable reserves	22	1,109,385	
<b>1,693,880</b>	<b>Total Reserves</b>		<b>1,372,761</b>	

## 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 2025 and its income and expenditure for the year 2024-25 and authorise the accounts for issue.

Michael Hudson

Executive Director of Finance & Resources (Section 151 Officer)

Date: 19 February 2026

The purpose of this statement is explained in the Narrative Report.

# Core Financial Statements

## CASH FLOW STATEMENT

<b>2023-24</b>		<b>2024-25</b>
<b>£000</b>		<b>£000</b>
<b>-76,853</b>	<b>Net Surplus (-) or Deficit (+) on the Provision of Services</b>	<b>134,504</b>
-44,849	Depreciation	-72,496
34,430	Impairment and downward valuations	11,505
-2,296	Amortisation	-3,566
14,749	Increase(-)/Decrease in Creditors	2,455
-23,926	Increase/Decrease (-) in Debtors	-88,996
-289	Increase/Decrease (-) in Inventories	-43
-1,275	Movement in Pension Liability (difference between employer's contributions paid and IAS19 adjustments)	7,403
-488	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-88,601
8,494	Other non-cash items charged to the deficit on the provision of services	101
<b>-15,450</b>	<b>Adjustments to the net deficit on the provision of services for non-cash movements</b>	<b>-232,238</b>
691	Proceeds from the sale of property, plant and equipment	381
100,612	Grants for financing capital expenditure	106,790
-7,763	Any other items for which the cash effects are investing or financing activities	-2,202
<b>93,540</b>	<b>Adjustments for items included in the deficit on the provision of services that are investing and financing activities</b>	<b>104,969</b>
<b>1,237</b>	<b>Net Cashflows from Operating Activities</b>	<b>7,235</b>
154,150	Purchase of Property, Plant and Equipment	161,225
10,000	Purchase of short-term and long-term investments	0
1,567	Other payments for investing activities	3,492
-691	Proceeds from the Sale of Property, Plant and Equipment	-381
-100,612	Capital Grants Received	-106,790
-25,899	Other receipts from investing activities	-22,035
<b>38,515</b>	<b>Investing Activities</b>	<b>35,511</b>
-248,000	Cash Receipts of short and long-term borrowing	-312,000
0	Other receipts from financing activities	-10,000
3,777	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (principal)	6,905
207,188	Repayments of short and long-term borrowing	238,345
30,555	Other payments for financing activities	37,986
<b>-6,480</b>	<b>Financing Activities</b>	<b>-38,764</b>
<b>33,272</b>	<b>Net Increase (-) or Decrease (+) in cash and cash equivalents</b>	<b>3,982</b>
91,546	Cash and Cash equivalents at the beginning of the reporting year	58,274
<b>58,274</b>	<b>Cash and Cash equivalents at the end of the reporting year (Note 30)</b>	<b>54,292</b>

The purpose of this statement is explained in the Narrative Report.

# Notes to the Statements

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## DISCLOSURE NOTES

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<b>Comprehensive Income and Expenditure Statement Supporting Notes</b>	<b>Page 48</b>
<b>Movement in Reserves Statement Supporting Notes</b>	<b>Page 68</b>
<b>Balance Sheet Supporting Notes</b>	<b>Page 80</b>
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# General Accounting Policies and Judgements

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## 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 2024-25 (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 2025-26 Code where disclosures are required in the 2024-25 financial statements, in accordance with the requirements of the Code, are:

- a) The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) (Amendments to IAS 21)
- b) IFRS 17 Insurance Contracts (replaces the current standard IFRS 4)
- c) Changes to measurement of non-investment assets (adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets)

Items a) and b) are not expected to have a material impact for CCC.

The adaptations and interpretations in item c) include: setting out three revaluation processes for operational property, plant and equipment; requiring indexation for tangible non-investment assets; and a requirement to value intangible assets using the historical cost approach. This is not expected to have a material impact on CCC, as these changes are similar to our current accounting policies regarding revaluation.

# General Accounting Policies and Judgements

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## 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

# General Accounting Policies and Judgements

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across all Section 106 agreements not included in the council's Business Plan, which results in £33.4m being recognised in Capital Grants and Contributions unapplied as at 31 March 2025.

- 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 (and the extended period of £40m per year through to 2029-30) 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 2024-25.
- As set out in Property, Plant and Equipment (Note 23), Infrastructure Assets have a net book value of £1.2bn at 31 March 2025. 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 gross 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.

- In calculating the net pensions asset liability and the impact of an asset ceiling, the council has made a judgement that future service contributions to its pension schemes constitutes a minimum funding requirement, and that agreed past service contributions constitute a minimum funding requirement, in line with the broad consensus of LGPS practitioners.

Accounting standards IAS 19 and IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement' require a net pension asset to be recognised up to the level of the asset ceiling. This is calculated by the actuary based upon discount rates and a number of forecasts such as salary estimates and employer contributions to the pension fund. IAS 19 requires agreed past service contributions (if

# General Accounting Policies and Judgements

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positive) to be added to the net asset/liability and then compared with the asset ceiling to determine if there is an additional liability to recognise. The council (based on the advice of its actuaries) has determined that this is the case.

The net pension asset has been adjusted to reflect the impact of the asset ceiling, and the additional liability as a result of agreed past service contributions. This has resulted in the council's defined benefit liability for the LGPS scheme of £84.9m as at 31 March 2025. (See Note 40 for further detail).

## 4. GOING CONCERN ASSUMPTION

### Basis of Preparation

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 was in financial difficulty, the prospects are that alternative arrangements would 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 prepared 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 2024-25 and have been prepared on the going concern basis.

In carrying out its assessment that a going concern basis is appropriate, made for the going concern period to 28 February 2027, management of the council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

# General Accounting Policies and Judgements

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## Local Government Reorganisation

The English Devolution White Paper (published in December 2024) sets out the government's intention to provide for a simpler set of structures for local government in areas with two-tier, county and district councils. In February 2025, the Minister wrote to all councils in two-tier areas and some neighbouring unitary authorities to invite them to reach a local consensus on plans for reorganisation into new unitary authorities. These new authorities would bring together all existing council services for their area.

In June 2025, all of the councils within Cambridgeshire (namely the county council, the five district councils that together share the county council's footprint, and Peterborough City Council) launched a consultation on three proposals that all work on the basis of two new unitary authorities covering all of Cambridgeshire and Peterborough. The proposals differ on the geographic extent of each unitary. Following the consultation, the local area made 4 number of proposals to government by the deadline of 28 November 2025, but the decision will ultimately be made by Parliament and the government during 2026.

The timetable provided by the government anticipates Elections would then be held to shadow authorities in April or May 2027, with vesting day for new authorities expected to be 1 April 2028. Assuming that one of the proposed options is the final one agreed by government, and assuming the timetable is met, Cambridgeshire County Council would cease to exist on 31 March 2028, handing over to the new unitary councils. Up until then, the council will continue to deliver services as normal.

# General Accounting Policies and Judgements

## Financial Resilience

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

Date	General Fund £m	Earmarked Reserves £m
31/3/2025	25.9	159.3 (Note 20)
31/3/2024	29.4	163.1 (Note 20)

The forecast level of general reserves and earmarked reserves (excluding schools) at 28 February 2027 is £30.6m and £78.4m respectively, which were assessed as adequate by the Executive Director of Finance and Resources in his financial sustainability assessment report to Strategy, Resources and Performance Committee on 29 January 2026. Full Council approved a balanced budget for 2026-27 on 10 February 2026 including the maximum permitted increase in council tax.

The key assumption within this forecast includes the achievement of £31m of savings in 2026-27, following the setting of the council's 2026-27 budget. The council expects to be able to mitigate the impact of any partial non-delivery of these savings through additional management action, reflecting a strong approach to financial control in previous years.

The council's financial resilience beyond 2026-27 is contingent on government either extending the requirement to segregate our deficit on the Dedicated Schools Grant or otherwise dealing with the national DSG deficit position (current regulations on this expire at the end of March 2026, but the government has announced its intention to extend this through to March 2028 – see note 18 below for more information). The cumulative deficit for the council is £62.9m at the end of 2024-25 and projected to grow by at least £34.6m more in 2025-26. While this does not exhaust our revenue reserves, it is a major risk to the ongoing sustainability of the council.

## Liquidity

The council has undertaken cash flow modelling through the going concern period to 28 February 2027 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 arises where funding for other purposes is received in advance of need), which is consistent with our plans and normal practice.

# General Accounting Policies and Judgements

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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 agreements as Lender, to monitor the company's financial position. The company has completed its external audit for 2024-25 which covers a going concern period through to September 2026. As referred to above in the narrative report, in 2025, the council accepted an updated financial plan for the company, which projects a medium-term position that enables the company to repay loan interest and principal to the council. This plan included a restructuring of the loan portfolio with the council, which the council agreed in March 2025. This resulted in a conversion of approximately half of the loan value to capital grants, reducing loan and principal repayment amounts. Looking forward, the economic outlook for housebuilders generally and site-specific contingencies suggest a continuing tight liquidity position for This Land, but the agreed plan takes a more risk averse approach than the previous strategy, reflecting the council's reduced risk appetite. The council continues to hold specific reserves to mitigate risks associated with This Land, and has incorporated the impact of the loan restructuring into the council's business plan.

## 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.

# General Accounting Policies and Judgements

## 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 2025 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
<b>Property, Plant and Equipment</b>	Asset valuations are completed on a maximum of a 5-year rolling basis and values are reviewed annually to ensure they are not materially misstated.	<p>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.</p> <p>A 1% change in the asset valuations provided by the external valuer would not have a material impact on the council's PPE balances. Likewise, increasing the indices used in indexation by an additional 1% would not have a material impact on the council's PPE balances.</p>

# General Accounting Policies and Judgements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Fair Value Measurements</b>	<p>When the fair values of non-financial assets, 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, an income-based approach or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in Notes 28 (financial assets and liabilities) and 29 (non-financial assets) below.</p>	<p>The council uses a market-based or income-based approach to measure the Fair Value of its investment properties, surplus properties, and Assets Held for Sale; the DCF model is used for financial assets and financial liabilities.</p> <p>The significant unobservable inputs used in the fair value measurement for non-financial assets include management assumptions, supported by advice from external experts, regarding rent growth, future vacancy levels and yield – adjusted for regional factors; financial asset and liability fair value measurement include management assumptions, supported by advice from external experts, regarding the quantum and timing of future cash flows and selection of appropriate discount factors.</p> <p>Significant changes in any of the unobservable inputs would result in significantly lower or higher fair value measurement for these assets and liabilities.</p>
<b>Pension Liability</b>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the council with expert advice about the assumptions to be applied.</p>	<p>The effect on the pension's liability of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> <li>• 1 year increase in member life expectancy would result in an increase in the liability of approximately 3%-5%;</li> <li>• 0.1% decrease in the Real Discount Rate would result in an increase in the liability of approximately £22m (2%); and</li> <li>• 0.1% increase in the Pension Increase Rate would result in an increase in the liability of approximately £22m (2%).</li> </ul>

# General Accounting Policies and Judgements

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## 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 and Resources.

### Guided Busway

In 2024, the council was prosecuted for historic health and safety failings on the guided busway. Based on a prudent estimate of likelihood of costs to the council as a result of sentencing in that prosecution, in 2024-25 an accounting provision of £5m was made. In April 2025, the council was sentenced to a fine of £6m payable by 2028. More information on this is contained in the Chief Executive's foreword above. Due to the immaterial difference between the provision made and the final liability, this is not adjusted for in these accounts, instead being subject to a separate decision by the council in 2025-26.

### Integrated Care Board Pooled Budget

In 2023, the council gave notice that it would withdraw from the learning disability pooled budget with the NHS Cambridgeshire and Peterborough Integrated Care Board (ICB). Under the pooled budget, constituted under Section 75 of the National Health Service Act 2006, both the council and ICB made funding contributions to a combined budget, hosted by the council, from which provision for both healthcare and social care needs were met for adults with a learning disability. Throughout 2024-25 there was disagreement about the level of ICB funding which led to a large cashflow/funding delay. In April 2025, the council and ICB, as partners to the pooled budget, agreed in principle the appropriate funding levels for the pool in 2024-25, with the contribution from the ICB being around £1.5m lower than budgeted for by the council as host of the pool. Consequently, £1.5m of additional cost is met by the council. Due to this being immaterial in the context of these accounts, this is not adjusted for here, instead being subject to a separate decision by the council in 2025-26.

### Greater Cambridge City Deal

In June 2025, the government confirmed that the GCP has successfully passed the latest gateway review with central government, unlocking £200m of funding payable in £40m per year instalments over the next five years. The review involved an assessment of the delivery of schemes to date, surveys of the views of users of GCP-delivered projects and through speaking with stakeholders across Greater Cambridge. This provides funding certainty for the medium-term capital plan for GCP. This is not an adjusting event.

# General Accounting Policies and Judgements

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## Shire Hall, Cambridge

In June 2025, the council exchanged contracts for the sale of a long-lease on the Shire Hall building and site in Cambridge (while protecting the public realm around the site), following the council's relocation to New Shire Hall at Alconbury Weald near Huntingdon in 2021. This is a significant property transaction for the council and results in a capital receipt. The transaction took place in 2025-26 and so it is not an adjusting event.

# Comprehensive Income and Expenditure Statement Supporting Notes

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## 7. EXPENDITURE AND FUNDING ANALYSIS

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

# Comprehensive Income and Expenditure Statement Supporting Notes

RESTATED* 2023-24				2024-25		
Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
66,478	17,474	<b>83,952</b>	Place and Sustainability	62,866	38,395	<b>101,261</b>
155,657	8,446	<b>164,103</b>	Children, Education and Families	163,663	42,511	<b>206,174</b>
224,698	74	<b>224,772</b>	Adults, Health and Commissioning	229,049	-830	<b>228,219</b>
46,452	-22,696	<b>23,756</b>	Finance and Resources	51,226	57,423	<b>108,649</b>
27,940	-41	<b>27,899</b>	Strategy and Partnerships	25,692	299	<b>25,991</b>
<b>521,225</b>	<b>3,257</b>	<b>524,482</b>	<b>Net Cost of Services</b>	<b>532,496</b>	<b>137,798</b>	<b>670,294</b>
-501,892	-99,443	<b>-601,335</b>	Other Income and Expenditure	-525,187	-10,603	<b>-535,790</b>
<b>19,333</b>	<b>-96,186</b>	<b>-76,853</b>	<b>Surplus (-) or Deficit</b>	<b>7,309</b>	<b>127,195</b>	<b>134,504</b>
-211,846			Opening General Fund Balance at 31 March	-192,513		
19,333			Plus: Deficit on General Fund Balance In Year	7,309		
<b>-192,513</b>			<b>Closing General Fund Balance at 31 March</b>	<b>-185,204</b>		

\*2023-24 comparators restated due to restructure, with Public Health becoming a part of the wider Adults, Health and Commissioning directorate

# Comprehensive Income and Expenditure

## Statement Supporting Notes

### 8. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Place and Sustainability	38,941	-563	17	38,395
Children, Education and Families	22,169	-1,718	22,060	42,511
Adults, Health and Commissioning	330	-1,197	37	-830
Finance and Resources	56,360	1,050	13	57,423
Strategy and Partnerships	876	-604	27	299
<b>Net Cost of Services</b>	<b>118,676</b>	<b>-3,032</b>	<b>22,154</b>	<b>137,798</b>
Other Income and Expenditure	-10,214	-4,371	3,982	-10,603
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>108,462</b>	<b>-7,403</b>	<b>26,136</b>	<b>127,195</b>

#### 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.

# Comprehensive Income and Expenditure

## Statement Supporting Notes

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

### Net Change for the Pensions Adjustments

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

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

### Other Differences

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

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

# Comprehensive Income and Expenditure

## Statement Supporting Notes

### 9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2023-24		2024-25
£000		£000
	<b>Expenditure</b>	
357,428	Employee Benefits Expenses	367,672
811,486	Other Services Expenses	936,773
12,723	Depreciation, amortisation, impairment	64,558
36,535	Interest Payments	38,352
445	Precepts and Levies	458
0	Loss on the disposal of assets	88,234
10,144	Loss in relation to investment properties and changes in their fair value	8,536
<b>1,228,761</b>	<b>Total Expenditure</b>	<b>1,504,583</b>
	<b>Income</b>	
-157,858	Fees, charges and other service income	-137,410
-204	Gain on the disposal of assets	0
-25,311	Interest and Investment Income	-26,200
-446,213	Income from Council Tax and Non-domestic rates	-471,810
-676,028	Government Grants and Contributions	-734,659
<b>-1,305,614</b>	<b>Total Income</b>	<b>-1,370,079</b>
<b>-76,853</b>	<b>Surplus (-) or Deficit (+) on the Provision of Services</b>	<b>134,504</b>

Included within "Other Services Expenses" is an additional cost of £59.9m resulting from the revised financing package to This Land and the reduction in the Long Term Debtor by this amount. Please refer to Note 27 for additional detail.

£80.5m of the "Loss on disposal of assets" relates to disposals of school sites where these sites have been transferred on finance leases to non-maintained schools, and so are no longer held on the council's balance sheet.

# Comprehensive Income and Expenditure

## Statement Supporting Notes

### 10. OTHER OPERATING INCOME AND EXPENDITURE

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

2023-24		2024-25
£000		£000
445	Levies	458
-204	Gains (-)/losses on the disposal of non-current assets	88,234
<b>241</b>	<b>Total</b>	<b>88,692</b>

### 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.

2023-24		2024-25
£000		£000
34,701	Interest payable and similar charges	42,723
1,834	Net interest on the net defined benefit liability	-4,371
-15,039	Interest receivable and similar income	-15,285
2,181	Income and expenditure in relation to investment properties and changes in their fair value	125
0	Financial instrument impairment losses	5,851
-1,594	Other investment income	-1,443
<b>22,083</b>	<b>Total</b>	<b>27,600</b>

# Comprehensive Income and Expenditure

## Statement Supporting Notes

### 12. TAXATION AND NON-SPECIFIC GRANT INCOME

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.

2023-24 £000		2024-25 £000
-372,589	Council Tax Income	-395,010
-73,624	Non-Domestic Rates	-76,800
-64,982	Non-Ringfenced Government Grants	-67,438
-91,308	Capital Grants and Contributions	-110,339
-21,156	Donated Assets*	-2,495
<b>-623,659</b>	<b>Total</b>	<b>-652,082</b>

\*The figure for Donated Assets in 2023-24 relates to land transfers from developers as part of their S106 obligations. The figure for 2024-25 relates to the recognition of "peppercorn" lease assets as per the Code interpretation of IFRS 16. This figure represents the difference between the value of the asset leased by CCC, and the nil / below market rate amount which CCC is paying the lessor.

# Comprehensive Income and Expenditure

## Statement Supporting Notes

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### 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 includes:

- 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 2023-24 and 2024-25 is as follows:

2023-24 £000	Better Care Fund	2024-25 £000
	<b>Funding provided to the pooled budget by:</b>	
	<b>Original BCF:</b>	
-20,683	the council	-20,701
-51,374	NHS Cambridgeshire and Peterborough ICB	-50,731
<b>-72,057</b>		<b>-71,432</b>
	<b>ASC Discharge Fund:</b>	
-2,127	the council	-3,545
-2,462	NHS Cambridgeshire and Peterborough ICB	-5,129
<b>-4,589</b>		<b>-8,674</b>
<b>-76,646</b>	<b>Funding Total</b>	<b>-80,106</b>
	<b>Expenditure met from the pooled budget:</b>	
40,697	the council	41,848
31,360	NHS Cambridgeshire and Peterborough ICB	29,584
<b>72,057</b>		<b>71,432</b>
	<b>ASC Discharge Fund:</b>	
2,127	the council	3,545
2,462	NHS Cambridgeshire and Peterborough ICB	5,129
<b>4,589</b>		<b>8,674</b>
<b>76,646</b>	<b>Expenditure total</b>	<b>80,106</b>
<b>0</b>	<b>Net Surplus (-) or Deficit (+) on the Pooled Budget</b>	<b>0</b>
<b>0</b>	<b>Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget</b>	<b>0</b>

# Comprehensive Income and Expenditure

## Statement Supporting Notes

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 2024-25 through the original BCF is £21.1m (£20.0m in 2023-24).

### 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:

2023-24 £000	<b>Integrated Community Equipment Service</b>	2024-25 £000
	<b>Funding provided to the pooled budget by:</b>	
-2,368	the council	-2,461
-2,545	NHS Cambridgeshire and Peterborough ICB	-2,645
<b>-4,913</b>		<b>-5,106</b>
	<b>Expenditure met from the pooled budget:</b>	
2,662	the council	2,500
2,861	NHS Cambridgeshire and Peterborough ICB	2,687
<b>5,523</b>		<b>5,187</b>
<b>610</b>	<b>Net Surplus (-) or Deficit (+) on the Pooled Budget</b>	<b>81</b>
<b>294</b>	<b>Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget</b>	<b>39</b>

# Comprehensive Income and Expenditure

## Statement Supporting Notes

- 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:

2023-24 £000	Learning Disability Partnership	2024-25 £000
	<b>Funding provided to the pooled budget by:</b>	
-93,708	the council	-101,429
-28,339	NHS Cambridgeshire and Peterborough ICB	-30,675
<b>-122,047</b>		<b>-132,104</b>
	<b>Expenditure met from the pooled budget:</b>	
95,435	the council	104,672
28,862	NHS Cambridgeshire and Peterborough ICB	31,655
<b>124,296</b>		<b>136,327</b>
<b>2,250</b>	<b>Net Surplus (-) or Deficit (+) on the Pooled Budget</b>	<b>4,223</b>
<b>1,727</b>	<b>Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget</b>	<b>3,242</b>

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.

The above numbers are based on the spend incurred by the council through the Learning Disability pooled budget with costs split in accordance with the assessed split of pooled costs between the council and NHS Cambridgeshire and Peterborough ICB. The pooled budget arrangements ended on 31<sup>st</sup> March 2025.

In addition to the pooled budget costs incurred through the council shown above, NHS Cambridgeshire and Peterborough ICB took on responsibility for some cases in advance of the end date of the pooled budget on 31<sup>st</sup> March 2025. These costs totalled £526k with the council share based on the extant cost splits being £404k. The council's share of these costs is reflected in the accounts outside of the pooled budget.

# Comprehensive Income and Expenditure

## Statement Supporting Notes

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At the end of March 2025, £12.5m of income related to the Learning Disability pooled budget for 2024-25 was outstanding from NHS Cambridgeshire and Peterborough ICB. A revised agreement in relation to the costs to be paid by NHS Cambridgeshire and Peterborough ICB towards the 2024-25 Learning Disability pooled budget was reached subsequent to the balance sheet date and is referred to above (Note 6).

### 14. MEMBERS' ALLOWANCES

The allowances paid to members of the council in 2024-25 were £1,033,911 (£993,738 in 2023-24) and expenses totalled £21,598 (£17,159 in 2023-24).

### 15. OFFICERS' REMUNERATION

#### Senior Employees

Schedule 1 of the Accounts and Audit Regulations 2015 involves a legal requirement, aimed at improving 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.

# Comprehensive Income and Expenditure

## Statement Supporting Notes

The council's senior employee remuneration for 2024-25 is as follows:

Postholders at 31 March 2025:			Salary, Fees & Allowances	Expenses (Taxable) & Benefits in Kind	Compensation for Loss of Employment	Employer Pension Contribution	Total Remuneration Including Employer Pension Contributions
	Note		£	£	£	£	£
Chief Executive (Head of Paid Service) (S Moir)		2024-25	200,593	0	0	0	200,593
		2023-24	192,850	0	0	0	192,850
Executive Director of Place and Sustainability (F Jordan)		2024-25	169,897	0	0	30,072	199,969
		2023-24	158,264	0	0	28,009	186,273
Executive Director of Finance and Resources (S151 Officer) (M Hudson)		2024-25	169,897	0	0	30,072	199,969
		2023-24	158,264	0	0	28,013	186,277
Executive Director of Strategy and Partnerships (S Grace)		2024-25	164,618	0	0	29,137	193,755
		2023-24	153,189	0	0	27,114	180,303
Executive Director of Children, Education and Families (M Purbrick)		2024-25	176,231	0	0	31,193	207,424
		2023-24	132,419	0	0	23,438	155,857
Executive Director of Adults, Health and Commissioning (P Warren-Higgs)		2024-25	176,231	0	0	31,193	207,424
		2023-24	132,419	0	0	23,438	155,857
Director of Public Health	1	2024-25	32,199	0	0	5,699	37,898
Service Director: Legal and Governance (Monitoring Officer)		2024-25	127,667	0	0	22,597	150,264
		2023-24	122,739	0	0	21,722	144,461
<b>Previous Postholders:</b>							
Executive Director of Public Health	1	2024-25	13,078	0	0	1,916	14,995
		2023-24	135,934	0	0	19,955	155,889
Interim Director: Public Health	1	2024-25	92,571	0	0	13,312	105,883
		<b>Total 2024-25</b>	<b>1,322,983</b>	<b>0</b>	<b>0</b>	<b>195,191</b>	<b>1,518,174</b>
		<b>Total 2023-24</b>	<b>1,186,077</b>	<b>0</b>	<b>0</b>	<b>171,689</b>	<b>1,357,767</b>

# Comprehensive Income and Expenditure Statement Supporting Notes

Senior employee remuneration related to the Greater Cambridge Partnership Postholder at 31 March 2025:		Salary, Fees & Allowances	Expenses (Taxable) & Benefits in Kind	Compensation for Loss of Employment	Employer Pension Contribution	Total Remuneration Including Employer Pension Contributions	
Note		£	£	£	£	£	
Acting Director of the Greater Cambridge Partnership * (P Blake)	2	2024-25	157,977	0	0	27,962	185,939
<b>Previous Postholder:</b>							
Chief Executive: Greater Cambridgeshire Partnership * (R Stopard)	3	2024-25	21,447	0	96,689	3,234	121,370
		2023-24	158,145	0	0	27,675	185,820

\* Postholder 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.

## Notes:

1. The current Director of Public Health commenced this role on 06/01/25. The previous permanent postholder (Executive Director for Public Health) vacated this role on 03/05/2024. Between 01/05/24 and 05/01/25 this role was held by an Interim Director for Public Health - their total pay for the 24-25 financial year (including the period where they filled this statutory role) was between £120,000 and £125,000.
2. The current Acting Director of the Greater Cambridge Partnership commenced this role on 10/05/2024, acting up from their substantive role as GCP Transport Director. Their total compensation for the year was £157,977, comprising compensation of between £140,000 and £145,000 from their role as Acting Director, and compensation of between £15,000 and £20,000 from their role as GCP Transport Director.
3. The Chief Executive: Greater Cambridgeshire Partnership position became vacant on 10/05/2024 following the previous postholder stepping down.

# Comprehensive Income and Expenditure

## Statement Supporting Notes

### Employee remuneration above £50,000

In addition to those individuals shown in the senior officers table, the number of council staff (including teachers but excluding senior employees 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 shown in this table.

Around 39% (2023-24: 39%) of the employees referred to in the table are employed in Cambridgeshire schools (excluding academies). Much of the growth in the £55k-£59.99k and £70k-£74.99k bands is due to the local pay award for the council in 2024-25 pushing further professional and management pay bands above £55k and £70k for the first time.

2023-24		2024-25	
No.		No.	
274	£50,000 - £54,999	316	
117	£55,000 - £59,999	163	
66	£60,000 - £64,999	63	
64	£65,000 - £69,999	57	
33	£70,000 - £74,999	57	
31	£75,000 - £79,999	33	
18	£80,000 - £84,999	24	
9	£85,000 - £89,999	15	
12	£90,000 - £94,999	11	
7	£95,000 - £99,999	5	
5	£100,000 - £104,999	8	
4	£105,000 - £109,999	4	
2	£110,000 - £114,999	5	
2	£115,000 - £119,999	2	
0	£120,000 - £124,999	1	
2	£125,000 - £129,999	0	
2	£130,000 - £134,999	1	
0	£135,000 - £139,999	1	
3	£140,000 - £144,999	0	
0	£145,000 - £149,999	1	
0	£150,000 - £154,999	0	
0	£155,000 - £159,999	1	
1	£160,000 - £164,999	0	
<b>652</b>		<b>768</b>	

# Comprehensive Income and Expenditure

## Statement Supporting Notes

### Exit Packages

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

2023-24				2024-25				
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
27	25	52	222	£0 - £20,000	19	14	33	184
4	3	7	179	£20,001 - £40,000	3	4	7	187
1	1	2	98	£40,001 - £60,000	2	1	3	159
0	2	2	128	£60,001 - £80,000	0	0	0	0
1	0	1	99	£80,001 - £100,000	0	1	1	97
0	0	0	0	£100,001 - £150,000	1	1	2	269
0	1	1	169	£150,001 - £200,000	0	0	0	0
<b>33</b>	<b>32</b>	<b>65</b>	<b>895</b>	<b>Total</b>	<b>25</b>	<b>21</b>	<b>46</b>	<b>896</b>

### 16. TERMINATION BENEFITS

The council terminated the contracts of a number of employees in 2024-25, incurring costs of £896k (£895k in 2023-24). See Note 15 above for the number of exit packages and total cost per band that has been paid during the year.

# Comprehensive Income and Expenditure

## Statement Supporting Notes

### 17. EXTERNAL AUDIT COSTS

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

2023-24 £000		Note	2024-25 £000
352	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year of account	1	302
7	Additional fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year of account	2	0
8	Fees payable in respect of other services provided by the appointed external auditor during the year	3	7
<b>367</b>			<b>309</b>

#### Notes:

1. This is the scale fee for 2024-25 as set by Public Sector Audit Appointments (PSAA). For 2023-24 the scale fee was £277k, and an estimated £75k fee variation was also included, giving the total disclosed of £352k.

2. It is probable that additional fees may be payable to the external auditors due to fee variations as a result of additional work arising during the course of the external audit. These fees will only be included in this disclosure at the point when they are agreed with PSAA, which will be after the publication of these draft accounts. For the 2023-24 accounts, this figure reflects audit fees relating to previous financial years which had not been fully accrued for.

3. £7k of fees are payable to KPMG LLP in respect of their audit of Teachers' Pensions. In 2023-24 this figure was £8k.

# Comprehensive Income and Expenditure Statement Supporting Notes

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## 18. DEDICATED SCHOOLS GRANT

The council's expenditure on schools is funded primarily by grant funding provided by central government, the Dedicated Schools Grant (DSG). In 2024-25 the funding was provided by the Education and Skills Funding Agency, which was merged back into the Department for Education in April 2025. 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 and Childcare (Provision of Information About Young Children) (England) Regulations 2024. 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 2023-24 and 2024-25 are as follows:

2023-24				2024-25		
Central Expenditure	Individual Schools Budget (ISB)	Total		Central Expenditure	Individual Schools Budget (ISB)	Total
£000	£000	£000		£000	£000	£000
		601,444	Final DSG before Academy recoupment			665,902
		-331,420	Academy figure recouped			-355,650
		<b>270,024</b>	<b>Total DSG after Academy Recoupment</b>			<b>310,253</b>
		10,160	Brought forward from previous financial year			0
<b>103,597</b>	<b>176,587</b>	<b>280,184</b>	<b>Agreed Initial Budgeted Distribution</b>	<b>97,030</b>	<b>213,222</b>	<b>310,253</b>
1,960	-128	1,832	In year adjustments	0	258	258
<b>105,557</b>	<b>176,459</b>	<b>282,016</b>	<b>Final Budget Distribution</b>	<b>97,030</b>	<b>213,481</b>	<b>310,511</b>
-109,849	0	-109,849	Less: actual central expenditure	-125,424	0	-125,424
0	-174,614	-174,614	Less: actual ISB deployed to schools	0	-207,922	-207,922
1,750	0	1,750	Plus: local authority contribution			0
<b>-2,542</b>	<b>1,845</b>	<b>-697</b>	<b>Carry Forward</b>	<b>-28,394</b>	<b>5,559</b>	<b>-22,835</b>
		-39,319	DSG unusable reserve at the end of previous financial year			-40,016
		-697	Addition to DSG unusable reserve			-22,835
		<b>-40,016</b>	<b>Total of DSG unusable reserve at year end</b>			<b>-62,851</b>
		<b>-40,016</b>	<b>Net DSG position at year end</b>			<b>-62,851</b>

# Comprehensive Income and Expenditure

## Statement Supporting Notes

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These accounts have been produced in accordance with provisions, which came into force on 1 April 2020, under the Schools and Early Years Finance (England) Regulations 2020, which require local authorities to carry forward overspends of Dedicated School Grant (DSG). Further regulations which came into force on 29 November 2020 and mandated that any deficit must not be charged to the local authorities' revenue account but instead must be recorded in a separate account solely for the purposes of recording deficits relating to its schools' budget.

These regulations also mean that any funding to make good any deficit from our general reserves can only be made upon approval from the Secretary of State. This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income.

The council's DSG cumulative deficit at 31 March 2025 is £62.9m, which represents the council's biggest financial risk. The statutory instrument, which prevents the deficit from eroding our stated reserves, expires in March 2026, although the government has announced its commitment to extend this until March 2028. The government has not announced detailed plans for dealing with DSG deficits beyond this, although it has announced that from 2028-29 onwards it will fund SEND expenditure centrally, and a schools White Paper on this topic is expected during 2025-26.

DSG deficits have accumulated over a number of years and are now common amongst upper tier councils responsible for SEND provision and have come about as a result of national policy decisions about the SEND system for which the grant is "far from sufficient to meet this demand" (see: [Select Committee Report into Local Authorities in Financial Distress](#)).

The council had entered into a 'Safety Valve Agreement' with central government to work to reduce the growth in and level of our DSG deficit through specific targeted actions, for which the council would receive payments from government to clear a part of the historic cumulative deficit (alongside contributions from the council). Following initial payments in 2022-23 and 2023-24, the agreement has been suspended by government as progress to reduce the deficit was not being made fast enough.

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. The government has recently acknowledged the challenges faced by local authorities in this area, committing to take on these costs centrally from 2028-29; however, until then the council will continue to fund SEND expenditure.

# Movement in Reserves Statement Supporting Notes

## 19. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

### Movements in balances in 2024-25:

2024-25	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments Involving the Capital Adjustment Account</b>				
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	55,631	0	0	-55,631
Revaluation losses on Property Plant and Equipment	5,361	0	0	-5,361
Movements in the fair value of Investment Properties	8,536	0	0	-8,536
Amortisation of intangible assets	3,566	0	0	-3,566
Capital grant and contributions applied	-98,650	0	0	98,650
Revenue Expenditure funded from Capital under Statute	84,129	0	0	-84,129
Non-current assets written off on disposal or sale as part of the gain (-)/loss on disposal to the Comprehensive Income and Expenditure Statement	88,601	0	0	-88,601
Donated assets	-2,495	0	0	2,495
Transactions in relation to leases / PFIs	2,572	0	0	-2,572
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory Provision for the Repayment of debt - Minimum Revenue Provision (MRP)	-25,660	0	0	25,660
Capital expenditure charged against the general fund balance	-2,413	0	0	2,413

# Movement in Reserves Statement Supporting Notes

2024-25	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Other Adjustments</b>				
<b>Adjustments involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-11,689	0	11,689	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	-20,812	20,812
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Capital Receipts received in year but not applied	-381	381	0	0
Capital Receipts used to fund capital expenditure	89	-14	0	-75
Flexible use of capital receipts	1,262	-1,262	0	0
<b>Adjustments involving the Deferred Capital Receipts Reserve:</b>				
Finance lease deferred capital receipt adjustment	3	0	0	-3
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>				
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	-45	0	0	45
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	33,057	0	0	-33,057
Employer's pension contributions and direct payments to pensioners payable in the year	-40,460	0	0	40,460

# Movement in Reserves Statement Supporting Notes

2024-25	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
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	4,027	0	0	-4,027
<b>Adjustment involving the Dedicated Schools Grant Adjustment Account:</b>				
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	22,835	0	0	-22,835
<b>Adjustment involving the Accumulated Absences Account:</b>				
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	-681	0	0	681
<b>Total Adjustments</b>	<b>127,195</b>	<b>-895</b>	<b>-9,123</b>	<b>-117,177</b>

# Movement in Reserves Statement Supporting Notes

## 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
<b>Adjustments Involving the Capital Adjustment Account</b>				
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
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	10,144	0	0	-10,144
Amortisation of intangible assets	2,296	0	0	-2,296
Capital grant and contributions applied	-82,145	0	0	82,145
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	488	0	0	-488
Donated assets	-21,156	0	0	21,156
Adjustments in relation to leases / PFIs	-3,777	0	0	3,777
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory Provision for the Repayment of debt - Minimum Revenue Provision (MRP)	-21,997	0	0	21,997
Capital expenditure charged against the general fund balance	-1,094	0	0	1,094
Other Adjustments				
<b>Other Adjustments</b>				
<b>Adjustments involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-9,163	0	9,163	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	-32,147	32,147

# Movement in Reserves Statement Supporting Notes

2023-24	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Capital Receipts received in year but not applied	-707	707	0	0
Capital Receipts used to fund capital expenditure	263	-16	0	-247
Flexible use of capital receipts	353	-353	0	0
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>				
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
<b>Adjustments involving the Pensions Reserve:</b>				
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
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
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	1,294	0	0	-1,294
<b>Adjustment involving the Dedicated Schools Grant Adjustment Account:</b>				
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
<b>Adjustment involving the Accumulated Absences Account:</b>				
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	1,187	0	0	-1,187
<b>Total Adjustments</b>	<b>-96,186</b>	<b>338</b>	<b>-22,984</b>	<b>118,832</b>

# Comprehensive Income and Expenditure Statement Supporting Notes

## 20. TRANSFERS TO / FROM EARMARKED RESERVES

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

	Balance at 31-Mar-23	Transfers Out 2023-24	Transfers In 2023-24	Balance at 31-Mar-24	Transfers Out 2024-25	Transfers In 2024-25	Balance at 31-Mar-25
	£000	£000	£000	£000	£000	£000	£000
Carry forward - schools	14,968	-4,677	1,792	12,083	-4,938	2,350	9,495
Carry forward - other	29,771	-28,369	12,670	14,072	-14,366	5,764	5,470
DSG Safety Valve	10,160	-10,160	0	0	0	0	0
Insurance reserve	5,018	-2,233	2,424	5,209	-120	240	5,329
Other earmarked reserves	124,582	-57,072	64,213	131,723	-58,711	66,030	139,042
<b>Total</b>	<b>184,499</b>	<b>-102,511</b>	<b>81,099</b>	<b>163,087</b>	<b>-78,135</b>	<b>74,384</b>	<b>159,336</b>
General Reserve Movements	27,347	-16,461	18,540	29,426	-16,797	13,237	25,866
<b>Total including general reserve</b>	<b>211,846</b>	<b>-118,972</b>	<b>99,639</b>	<b>192,513</b>	<b>-94,932</b>	<b>87,621</b>	<b>185,202</b>

The lines in the table above, other than 'carry-forward – schools' are also shown in the council's management accounts. The 'DSG Safety Valve' line listed above for 2023-24 related to accounting for the government's initial contribution for the now suspended 'safety valve' agreement with the council.

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 contain 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 2025-26.

# Movement In Reserves Statement

## Supporting Notes

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### 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.

# Movement In Reserves Statement

## Supporting Notes

### 22. UNUSABLE RESERVES

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

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£000</b>		<b>£000</b>
482,329	Revaluation Reserve	466,027
871,240	Capital Adjustment Account	783,539
-902	Financial Instruments Adjustment Account	-857
-4,642	Financial Instruments Revaluation Reserve	-4,505
88,897	Pensions Reserve	-84,890
2,033	Collection Fund Adjustment Account	-1,994
-7,347	Accumulated Absences Account	-6,666
-40,016	Dedicated Schools Grant Adjustment Account	-62,851
21,585	Deferred Capital Receipts Reserve	21,582
<b>1,413,177</b>		<b>1,109,385</b>

#### Revaluation Reserve

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

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

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

# Movement In Reserves Statement

## Supporting Notes

2023-24 £000		2024-25 £000
<b>379,795</b>	<b>Balance at 1 April</b>	<b>482,329</b>
135,852	Upward revaluation of assets	82,191
-24,385	Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the Provision of Services	-87,753
<b>491,262</b>	<b>Surplus or Deficit on Revaluation of Long Term Assets not Posted to the Surplus or Deficit on the Provision of Services</b>	<b>476,767</b>
-8,764	Difference between fair value depreciation and historical cost depreciation	-5,879
-169	Accumulated gains on assets sold or scrapped	-4,861
<b>-8,933</b>	<b>Amount Written Off to the Capital Adjustment Account</b>	<b>-10,740</b>
<b>482,329</b>	<b>Balance at 31 March</b>	<b>466,027</b>

### 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

2023-24 £000		2024-25 £000
<b>739,069</b>	<b>Balance at 1st April</b>	<b>871,240</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	
-39,884	Charges for depreciation or impairment of long-term assets	-55,631
29,457	Revaluation losses (-) on Property, Plant and Equipment or reversal of such losses in prior years (+)	-5,361
-2,296	Amortisation of intangible assets	-3,566
-15,476	Revenue expenditure funded from capital under statute	-84,129
-488	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	-88,601
8,933	Adjusting amounts written out of the Revaluation Reserve	10,740
<b>-19,754</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>-226,548</b>
	<b>Capital financing applied in the year</b>	
-247	Use of the capital receipts reserve to finance new capital expenditure	-75
82,145	Capital Grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing	98,650
32,147	Application of grant to capital financing from the capital grants unapplied account	20,812
21,997	Statutory Provision for the Repayment of debt - Minimum Revenue Provision (MRP)	25,660
3,777	Adjustments in relation to leases / PFIs	-2,572
1,094	Capital expenditure charged against the general fund	2,413
-10,144	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	-8,536
21,156	Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement	2,495
<b>871,240</b>	<b>Balance at 31 March</b>	<b>783,539</b>

# 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.

2023-24 £000		2024-25 £000
<b>-38,910</b>	<b>Balance at 1st April</b>	<b>88,897</b>
129,082	Re-measurement of net pension liability	-181,190
-41,185	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	-33,057
39,910	Employer's pensions contributions and direct payments to pensioners payable in the year	40,460
<b>88,897</b>	<b>Balance at 31st March</b>	<b>-84,890</b>

# 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.

2023-24 £000		2024-25 £000
<b>21,586</b>	<b>Balance at 1 April</b>	<b>21,585</b>
-1	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-3
<b>21,585</b>	<b>Balance at 31 March</b>	<b>21,582</b>

### 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 £62.9m in 2024-25.

2023-24 £000		2024-25 £000
<b>-39,319</b>	<b>Balance at 1 April</b>	<b>-40,016</b>
-697	School budget deficit transferred from General Fund in accordance with statutory requirements	-22,835
<b>-40,016</b>	<b>Balance at 31 March</b>	<b>-62,851</b>

# Balance Sheet Supporting Notes

## 23. PROPERTY, PLANT AND EQUIPMENT

Movements in balances in 2024-25:

	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	ROU Assets included in PPE £000
Cost or Valuation									
<b>At 1st April 2024</b>	<b>922,675</b>	<b>57,980</b>		<b>2,794</b>	<b>36,251</b>	<b>132,432</b>	<b>1,152,132</b>	<b>67,224</b>	<b>0</b>
Additions	44,709	8,222		7	0	11,101	64,039	11,853	9,877
Donations	2,495	0		0	0	0	2,495	0	0
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	-13,117	0		-2,087	-604	0	-15,808	-6,424	-879
Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	-10,021	0		-27	183	0	-9,865	-5,250	-209
De-recognition and Disposals	-83,891	-22,717		0	0	-5,145	-111,753	0	0
Assets reclassified to (-)/from Held for Sale	0	0		0	-13	-6	-19	0	0
Assets reclassified to (-)/from PPE	89,758	-15,565		0	871	-75,064	0	0	0
Assets reclassified to (-)/from Investment Properties	321	0		0	0	0	321	0	0
Assets reclassified to (-)/from Intangible Assets	0	0		0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0		0	0	0	0	0	66,863
<b>At 31st March 2025</b>	<b>952,929</b>	<b>27,920</b>		<b>687</b>	<b>36,688</b>	<b>63,318</b>	<b>1,081,542</b>	<b>67,403</b>	<b>75,652</b>

# 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	ROU Assets included in PPE £000
Accumulated Depreciation and Impairment									
<b>At 1st April 2024</b>	<b>-6,923</b>	<b>-42,567</b>		<b>0</b>	<b>-191</b>	<b>-35,612</b>	<b>-85,293</b>	<b>-21,495</b>	<b>0</b>
Depreciation Charge	-18,735	-25,291		0	-634	0	-44,660	-3,811	-2,922
Depreciation written out of the Revaluation Reserve	9,681	0		0	673	0	10,354	447	946
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,710	0		0	111	0	4,821	0	122
Impairment losses (-) /reversals (+) recognised in the surplus/deficit in the Revaluation Reserve	0	0		0	0	0	0	0	0
Impairment losses (-) /reversals (+) recognised in the surplus/deficit on the provision of services	0	22,717		0	0	0	22,717	0	0
Assets reclassified to (+)/from (-) Held for Sale	0	0		0	0	0	0	0	0
Assets reclassified to (+)/from (-) PPE	-557	566		0	-9	0	0	0	0
Assets reclassified to (+)/from (-) Investment Properties	0	0		0	0	0	0	0	0
De-recognition and Disposals	633	22,717		0	0	0	23,350	0	0
Other Movements in Cost / Valuation	0	0		0	0	0	0	0	0
<b>At 31st March 2025</b>	<b>-11,191</b>	<b>-21,858</b>		<b>0</b>	<b>-50</b>	<b>-35,612</b>	<b>-68,711</b>	<b>-24,859</b>	<b>-1,854</b>
Net Book Value									
<b>At 31st March 2025</b>	<b>941,738</b>	<b>6,062</b>		<b>687</b>	<b>36,638</b>	<b>27,706</b>	<b>1,012,831</b>	<b>42,544</b>	<b>73,798</b>
<b>At 31st March 2024</b>	<b>915,752</b>	<b>15,413</b>		<b>2,794</b>	<b>36,060</b>	<b>96,820</b>	<b>1,066,839</b>	<b>45,729</b>	<b>0</b>

## Balance Sheet Supporting Notes

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\*The Vehicles, Plant, Furniture & Equipment (VPFE) figures include an accounting adjustment to correct the previous accounting treatment of these asset balances for the years 2018-19 to 2021-22 before the council corrected its accounting treatment from 2022-23 onwards. This has resulted in a derecognition of £22.7m of impairments on VPFE and has been replaced with £22.7m of depreciation on these assets that would have been processed had there been no impairment. As these assets are all now no longer in use, both the cost and depreciation to the value of £22.7m has also been derecognised. As a result, there is no net impact to the closing balance for either cost or accumulated depreciation and impairment (and therefore the Balance Sheet) as a result of this correction, and there is similarly no impact on the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement, or any other notes in the accounts except for Note 24 Impairments.

# Balance Sheet Supporting Notes

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								
<b>At 1st April 2023</b>	<b>748,468</b>	<b>43,219</b>		<b>2,767</b>	<b>37,092</b>	<b>104,199</b>	<b>935,745</b>	<b>66,176</b>
Additions	13,649	6,250		0	0	53,470	73,369	0
Donations	21,156	0		0	0	0	21,156	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
<b>At 31st March 2024</b>	<b>922,675</b>	<b>57,980</b>		<b>2,794</b>	<b>36,251</b>	<b>132,432</b>	<b>1,152,132</b>	<b>67,224</b>

# 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								
<b>At 1st April 2023</b>	<b>-12,373</b>	<b>-41,095</b>		<b>0</b>	<b>-199</b>	<b>-35,612</b>	<b>-89,279</b>	<b>-26,421</b>
Depreciation Charge	-17,025	-1,472		0	-584	0	-19,081	-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
<b>At 31st March 2024</b>	<b>-6,923</b>	<b>-42,567</b>		<b>0</b>	<b>-191</b>	<b>-35,612</b>	<b>-85,293</b>	<b>-21,495</b>
Net Book Value								
<b>At 31st March 2024</b>	<b>915,752</b>	<b>15,413</b>		<b>2,794</b>	<b>36,060</b>	<b>96,820</b>	<b>1,066,839</b>	<b>45,729</b>
<b>At 31st March 2023</b>	<b>736,095</b>	<b>2,124</b>		<b>2,767</b>	<b>36,893</b>	<b>68,587</b>	<b>846,466</b>	<b>39,755</b>

# Balance Sheet Supporting Notes

## Infrastructure Assets Net Book Value Disclosure:

2023-24	Infrastructure Assets	2024-25	PFI Assets included in Infrastructure
£000		£000	£000
<b>1,008,212</b>	<b>Net Book Value At 1st April</b>	<b>1,061,741</b>	<b>33,395</b>
79,283	Additions	117,819	8,333
0	De-recognition and Disposals	0	0
-25,754	Depreciation Charge	-27,827	-2,721
<b>1,061,741</b>	<b>Net Book Value At 31st March</b>	<b>1,151,733</b>	<b>39,007</b>

## Infrastructure Assets Balance Sheet Reconciliation:

2023-24	Reconciliation: Total Plant, Property & Equipment	2024-25
£000		£000
1,061,741	Infrastructure Assets	1,151,733
1,066,839	Other PPE Assets	1,012,831
<b>2,128,580</b>	<b>Total PPE Assets At 31st March</b>	<b>2,164,564</b>
<b>2,128,580</b>	<b>Value of PPE in Balance Sheet</b>	<b>2,164,564</b>

## Infrastructure Assets

As set out in this note, Infrastructure Assets have a net book value of £1.152bn. 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.

# Balance Sheet Supporting Notes

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 2025 the council has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2025-26 and future years, budgeted to cost £240m. The figures included within the table below represent the remaining contract value.

Contracts with major commitments are:

Expenditure approved and contracted		31-Mar-25 £000
<b>Schools</b>		
Littleport Community Primary School	Expansion	4,129
<b>Highways</b>		
Highways Contract	To cover structural work, surfacing, road works and capital schemes for highways	202,574
Intelligent Transport Systems & Traffic Signals	Maintenance of Traffic Signals and other Intelligent Transport Systems, supply and install new traffic signal systems	6,199
Greater Cambridge Partnership schemes	Various schemes	6,069
<b>Property</b>		
Building Maintenance	Building, Mechanical and Electrical Services	10,699

# Balance Sheet Supporting Notes

Expenditure approved and contracted		31-Mar-25
		£000
<b>Waste</b>		
Household Recycling Centre Improvements	Redevelopment design and build of HRC sites	3,096
<b>Decarbonisation</b>		
Energy Projects	Works to replace fossil-fuel based heating in council-owned buildings and schools with low carbon heating	4,003
<b>Digital</b>		
Connecting Cambridgeshire	Superfast broadband rollout	2,942
<b>Total</b>		<b>239,711</b>

## Capitalisation of Borrowing Costs

In accordance with the council's accounting policy, the council capitalised £2,741k of borrowing costs in year in relation to qualifying assets (£2,103k in 2023-24). This was calculated using the council's average borrowing rate of between 3.6% and 3.8% for the 4 quarters of 2024-25.

## 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 2024-25 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 and desktop valuations of operational assets is 30 November 2024, and it is 31 March 2025 for indexation and for all assets valued by Fair Value.

# Balance Sheet Supporting Notes

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	2020-21	2021-22	2022-23	2023-24	2024-25	Total
	£000	£000	£000	£000	£000	£000	£000
Land and Buildings	0	157,490	194,963	172,485	135,256	292,735	952,929
Vehicles, Plant, Furniture and Equipment	27,920	0	0	0	0	0	27,920
Community Assets	687	0	0	0	0	0	687
Surplus Assets	0	0	810	0	686	35,192	36,688
Assets Under Construction	63,318	0	0	0	0	0	63,318
	<b>91,925</b>	<b>157,490</b>	<b>195,773</b>	<b>172,485</b>	<b>135,942</b>	<b>327,927</b>	<b>1,081,542</b>
Assets Held for Sale	0	0	0	0	14	906	920
Investment Properties	0	0	0	0	2,119	135,464	137,583
<b>Total Held at Cost or Revaluation</b>	<b>91,925</b>	<b>157,490</b>	<b>195,773</b>	<b>172,485</b>	<b>138,075</b>	<b>464,297</b>	<b>1,220,045</b>

# Balance Sheet Supporting Notes

## 24. IMPAIRMENTS

During 2024-25, the council has recognised an impairment loss reversal of +£16,866k. Of this, -£5,851k is in relation to the equity held for This Land, reducing the balance of long-term investments. The recoverable amount of the asset has been reduced to its value in use, and the impairment loss has been charged to the Comprehensive Income and Expenditure Statement against Financing and Investment Income.

Offsetting this is a +£22,717k derecognition of an impairment loss against Vehicles, Plant, Furniture & Equipment. This is an accounting adjustment to correct the previous accounting of these asset balances for the years 2018-19 to 2021-22 before the council corrected its treatment from 2022-23 onwards. Within Vehicles, Plant, Furniture & Equipment, this £22,717k impairment reversal has been offset by additional depreciation of the same value, and then de-recognition of both the cost and depreciation asset balances. This results in a net nil movement on both cost and accumulated depreciation and impairment, and therefore Net Book Value, for Vehicles, Plant, Furniture & Equipment within the Property , Plant and Equipment Note.

The impairment loss reversal has been charged to the Comprehensive Income and Expenditure Statement against Place and Sustainability, Children, Education and Families, and Finance and Resources; however, as this has been matched by an opposite depreciation charge, there is no overall impact on the Comprehensive Income and Expenditure Statement as a result of this correction.

## 25. 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:

2023-24		2024-25
£000		£000
-8,678	Rental income from investment property	-9,472
<b>-8,678</b>	<b>Total</b>	<b>-9,472</b>

# Balance Sheet Supporting Notes

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:

<b>2023-24</b>		<b>2024-25</b>
<b>£000</b>		<b>£000</b>
<b>156,584</b>	<b>Balance Outstanding at Start of Year</b>	<b>146,440</b>
0	Additions (purchases)	0
-10,144	Net Gains (+)/Losses (-) from Fair value adjustments	-8,536
0	Transfers to/from PPE	-321
<b>146,440</b>	<b>Balance outstanding at year end</b>	<b>137,583</b>

# Balance Sheet Supporting Notes

## 26. HERITAGE ASSETS

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

Valuation or Cost	Archives	Art Collection	Total Assets
	£000	£000	£000
<b>31-Mar-23</b>	<b>19,004</b>	<b>11</b>	<b>19,015</b>
Revaluations during 2023-24	1	0	1
<b>31-Mar-24</b>	<b>19,005</b>	<b>11</b>	<b>19,016</b>
Additions during 2024-25	4	0	4
Disposals during 2024-25	0	0	0
Revaluations during 2024-25	0	0	0
<b>31-Mar-25</b>	<b>19,009</b>	<b>11</b>	<b>19,020</b>

In addition to archives, heritage assets also includes the council's items of civil regalia (£1k in 2024-25), 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. Valuations are repeated periodically. The council has considered the collections during 2024-25 for possible impairments and does not believe it is economic to conduct revaluations on a more frequent basis.

## 27. LONG-TERM DEBTORS

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

2023-24		2024-25	
£000		£000	
113,851	This Land Group - loans	59,901	
0	This Land Group - interest	6,800	
21,583	Long term finance lease receivable	21,581	
8,123	Other	7,223	
<b>143,557</b>		<b>95,505</b>	

## Balance Sheet Supporting Notes

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During 2024-25 the council advanced a further £5.9m of loans to This Land, in the context of managing the long-term return to the council effectively, bringing the total loan portfolio to £119.8m.

In March 2025, following detailed consideration of the company's financial position (including through reports to committee in July 2024, January 2025, February 2025 and March 2025) and in conjunction with the work of external expert support in challenging and assuring This Land's business plan, the loan portfolio was restructured. Several of the loans are converted into capital grants, with repayment conditions should This Land overperform from its current outlook. The council, however, at this stage does not expect to receive repayment of the grants based on the company's current business plan. The remaining continuing loans see an increased interest rate.

This restructuring leads to a series of statutory adjustments made in the council's 2024-25 accounts. In the 2024-25 single entity financial statements, loans to the value of £26.1m, £5.9m, £18.6m and £9.3m have also been reversed out from the balance sheet via the capital adjustment account reflecting the capital nature of the loans. As these have been converted to capital grants, they will be financed through an annual Minimum Revenue Provision charge from 2025-26 over an asset life of 43 years (less the period elapsed since the loans were originally advanced).

While these adjustment have no impact on general fund balances reflecting the statutory reversal, there are significant impacts across the financial statements. The comprehensive income and expenditure statement shows an additional cost of £59.85m resulting from the revised financing package and a reduction in the loan value of this amount. The council has made no accounting expectations about repayment of this amount reflecting current performance expectations.

This restructuring reflects a reduction in the council's accounting risk appetite and exposure, its exposure to capital financing risks, and provides certainty to This Land to progress with its existing projects successfully with a realistic reset of the financial obligations from the company towards the council. It comes with foregone income to the council in the form of reduced future interest income.

# Balance Sheet Supporting Notes

## 28. FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

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

	Long-term		Current	
	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25
	£000	£000	£000	£000
<b>Investments:</b>				
Financial assets through other comprehensive income	32,708	32,445	0	0
Financial assets at amortised cost	6,366	915	10,000	0
<b>Total investments</b>	<b>39,074</b>	<b>33,360</b>	<b>10,000</b>	<b>0</b>
<b>Cash and cash equivalents:</b>				
Cash and cash equivalents	0	0	58,274	54,292
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>0</b>	<b>58,274</b>	<b>54,292</b>
<b>Debtors:</b>				
Financial assets at amortised cost	143,557	95,505	127,885	119,364
<b>Total debtors</b>	<b>143,557</b>	<b>95,505</b>	<b>127,885</b>	<b>119,364</b>
<b>Borrowings:</b>				
Financial liabilities at amortised cost	-574,224	-600,807	-203,237	-250,493
<b>Total borrowings</b>	<b>-574,224</b>	<b>-600,807</b>	<b>-203,237</b>	<b>-250,493</b>
<b>Other liabilities:</b>				
Other liabilities	-97,483	-125,354	-130,978	-141,598
<b>Total other liabilities</b>	<b>-97,483</b>	<b>-125,354</b>	<b>-130,978</b>	<b>-141,598</b>

# Balance Sheet Supporting Notes

## Income, Expense, Gains and Losses

	2024-25			Total £000
	Financial Liabilities at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets: Through Other Comprehensive Income £000	
Interest expense	42,723	0	0	42,723
<b>Total expense in (Surplus)/ Deficit on the Provision of Services</b>	<b>42,723</b>	<b>0</b>	<b>0</b>	<b>42,723</b>
Interest income	0	-15,285	0	-15,285
<b>Total income in (Surplus)/ Deficit on the Provision of Services</b>	<b>0</b>	<b>-15,285</b>	<b>0</b>	<b>-15,285</b>
Net gains(-)/losses(+)	0	0	-137	-137
<b>Total income and expenditure in Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>-137</b>	<b>-137</b>
<b>Net gain (-) / loss for the year</b>	<b>42,723</b>	<b>-15,285</b>	<b>-137</b>	<b>27,301</b>

## 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.

# Balance Sheet Supporting Notes

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- 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.

# Balance Sheet Supporting Notes

## Fair value hierarchy for financial liabilities

	31-Mar-24		31-Mar-25	
	Total Carrying amount	Fair value	Total Carrying amount	Fair value
	£000	£000	£000	£000
PWLB borrowing	-583,651	-488,157	-630,414	-520,904
Non-PWLB borrowing	-193,810	-102,651	-220,886	-212,847
Short term creditors/payables	-126,751	-126,758	-133,585	-133,585
Short term finance lease & PFI liability	-4,227	-4,227	-8,013	-8,013
Long term finance lease & PFI liability	-97,483	-97,483	-125,354	-125,354
<b>Total financial liabilities</b>	<b>-1,005,922</b>	<b>-819,276</b>	<b>-1,118,252</b>	<b>-1,000,703</b>

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 2025) arising from a commitment to pay interest to lenders below current market rates.

The fair value of PWLB loans of £520.9m measures the economic effects of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the reduction in interest that the council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, if the council were to realise the notional gain by repaying loans early to the PWLB, the PWLB would raise a penalty charge for early redemption.

# Balance Sheet Supporting Notes

## Fair value hierarchy for financial assets

	31-Mar-24		31-Mar-25	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Fixed term investments	10,000	10,000	0	0
Other long-term investments*	6,366	6,366	915	915
Cash and cash equivalents	58,274	58,274	54,292	54,292
Debtors	127,885	127,885	119,364	119,364
Long-term debtors	143,557	143,557	95,505	95,505
<b>Total financial assets</b>	<b>346,082</b>	<b>346,082</b>	<b>270,076</b>	<b>270,076</b>
Long-term equity investments	32,708	32,708	32,445	32,445
<b>Financial assets through other comprehensive income (FVOCI)</b>	<b>32,708</b>	<b>32,708</b>	<b>32,445</b>	<b>32,445</b>

\* 2023-24 comparators restated due to other long-term investment balance being erroneously excluded

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, with the exception of the council's loans to This Land.

£65.2m of the long-term debtors line above is the calculated amortised cost of the council's loans, which are assets, to This Land. The council has judged it not appropriate to use this as the actual carrying value of the assets for the purpose of the balance sheet and consequent CIES entries. The council instead holds these assets at historic cost, due to the amortised cost approach inflating the value of the asset, it being a valuation method that is more opaque to users of the accounts (whereas historic cost ties back exactly to the loan amounts), and an amortised cost approach giving a modification gain to the council through the recent restructuring of financing set out above. Had the council used amortised cost for these loans, as well as the £65.2m valuation above being used in the balance sheet instead of £59.9m, a modification gain of £6.83m would have been recognised in the CIES. The interest receivable credited to 2024-25 in the CIES would have been lower at £6.94m

# Balance Sheet Supporting Notes

rather than the £8.31m recognised through the historic cost approach (because amortised cost discounts for timing of cashflow). Overall, the council judges historic cost to be the more prudent and transparent approach despite it departing from the requirements of the Code.

## 29. 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 2025 and 31 March 2024 are as follows:

	<b>Other significant observable inputs Level 2 £000</b>	<b>Significant unobservable inputs Level 3 £000</b>	<b>Fair value as at 31/03/2025 £000</b>
<b>Fair value measurements for:</b>			
Surplus Assets	16	36,622	<b>36,638</b>
Assets Held for Sale	0	920	<b>920</b>
Investment Assets: Commercial	0	134,801	<b>134,801</b>
Investment Assets: Residential	0	120	<b>120</b>
Investment Assets: Land	0	2,662	<b>2,662</b>
<b>Total</b>	<b>16</b>	<b>175,125</b>	<b>175,141</b>

# Balance Sheet Supporting Notes

	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair value as at 31/03/2024 £000
<b>Fair value measurements for:</b>			
Surplus Assets	1,838	34,222	<b>36,060</b>
Assets Held for Sale	0	1,509	<b>1,509</b>
Investment Assets: Commercial	143,781	0	<b>143,781</b>
Investment Assets: Residential	0	114	<b>114</b>
Investment Assets: Land	0	2,545	<b>2,545</b>
<b>Total</b>	<b>145,619</b>	<b>38,390</b>	<b>184,009</b>

## 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.

### Other Significant Observable Inputs – Level 2

A few small surplus amenity land assets have been valued using a combination of comparable technique and investment technique. Market conditions for this asset type 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 Unobservable Inputs – Level 3

All other property sites classified as surplus, Assets Held for Sale and the council's portfolio Investment Properties have been valued using a combination of comparable technique, investment technique and/or development technique. We have had to draw on a number of our own assumptions and utilised third-party resources (i.e. using significant unobservable inputs) in order to value these assets and these valuations are therefore categorised as Level 3 in the fair value hierarchy (and there is no reasonably available information that indicates that market participants would use different assumptions). Properties in the level 3 category include offices, depot workshops, student accommodation, leisure assets, industrial assets, retail assets, business park land, amenity/playing field land, farmland, former landfill sites, and educational assets.

# Balance Sheet Supporting Notes

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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

## Sensitivity of Inputs

The valuations provided are sensitive to market conditions, valuer adjustments and paucity of evidence.

## 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 18 assets (19 assets in 2023-24). 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.

# Balance Sheet Supporting Notes

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

<i>Fair value movements for assets categorised within level 3:</i>	<b>31-Mar-24</b>	<b>31-Mar-25</b>
	<b>£000</b>	<b>£000</b>
Opening balance	9,862	38,390
Transfers into level 3	30,677	145,296
Transfers out of level 3	-1,627	0
Reclasses between PPE, AHFS and Investment Properties	1,122	858
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-33	-8,559
Total gains [or losses] for the period included in Surplus or deficit on revaluation of long-term assets	-630	-42
Disposals	-382	-175
Depreciation	-599	-643
<b>Closing Balance</b>	<b>38,390</b>	<b>175,125</b>

During the year, 13 assets changed from level 2 to level 3. In all cases, this related to limited comparable evidence at date of valuation.

The gains and losses arising from changes in the fair value of level 3 assets have been recognised in the Surplus or Deficit on the Provision of Services in the Children, Education and Families, Finance and Resources and Financing and Investment expenditure lines.

# Balance Sheet Supporting Notes

## 30. SHORT-TERM DEBTORS

31-Mar-24		31-Mar-25	
£000		£000	
54,962	Trade debtors	55,375	
59,406	Central & local government bodies	45,293	
14,439	NHS bodies	18,921	
7,976	Collection fund debtors	8,487	
1,253	Other	723	
<b>138,036</b>	<b>Total Short-Term Debtors</b>	<b>128,799</b>	

## 31. 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).

# Balance Sheet Supporting Notes

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

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£000</b>		<b>£000</b>
19,265	Cash held by the council	31,253
39,009	Cash equivalents	23,039
<b>58,274</b>	<b>Total Cash and Cash Equivalents</b>	<b>54,292</b>

## 32. SHORT-TERM CREDITORS

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£000</b>		<b>£000</b>
-80,678	Trade creditors	-70,839
-22,892	Central & local government bodies	-27,658
-5,767	NHS bodies	-12,323
-8,459	Collection fund creditors	-9,335
-7,349	Accumulated absences accrual	-6,668
-4,227	Finance lease liabilities	-8,013
-16,023	Other	-20,274
<b>-145,395</b>	<b>Total Short-Term Creditors</b>	<b>-155,110</b>

# Balance Sheet Supporting Notes

## 33. OTHER LONG-TERM LIABILITIES

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

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£000</b>		<b>£000</b>
-26,198	Pensions liabilities	-84,890
-77	Long term finance lease (non-PFI)	-7,388
-97,406	Long term finance lease (PFI)	-117,966
<b>-123,681</b>		<b>-210,244</b>

# Balance Sheet Supporting Notes

## 34. GRANT INCOME

The following is a list of all grants and contributions received in excess of £4 million during 2024-25 where the grant / contribution has been recognised as income:

2023-24 £000		Note	2024-25 £000
	<b>Credited to taxation and non-specific grant income</b>		
31,623	Adult Social Care Support Grant		41,617
40,000	Greater Cambridge City Deal Grant	1	38,302
5,767	S106, CIL and other capital contributions		26,145
16,156	Business Rates Compensation Grant		17,711
13,508	Local Transport Plan funding passported via Combined Authority		13,497
11,661	Pothole Funding provided via Combined Authority		8,329
0	Cambridge Biomedical Campus Connectivity Grant		7,200
18,411	Cambridgeshire and Peterborough Combined Authority contributions		4,142
19,164	Other grants credited to taxation and non specific grant income	2	20,834
<b>156,290</b>	<b>Credited to taxation and non specific grant income</b>		<b>177,777</b>

### Notes:

1. As the accountable body for the Greater Cambridgeshire Partnership, Cambridgeshire County Council receives £40m City Deal Grant income from central government. In 2024-25 £1,698k of this grant was applied as REFCUS (Revenue Expenditure Funded by Capital Under Statute), meaning this amount subtracted from the total income credited to taxation and non-specific grant income, and is instead recognised in 'Other grants credited to services'.
2. Other grants credited to taxation and non-specific grant income includes £1,951k of contribution to local authority retained duties which is top sliced from the council's DSG allocation disclosed in Note 18 to these accounts.

# Balance Sheet Supporting Notes

<b>2023-24</b>		<b>2024-25</b>
<b>£000</b>		<b>£000</b>
	<b>Credited to services</b>	
267,315	Dedicated schools grant (DSG)	308,560
29,852	Learning Disability Partnership (NHS pooled budget contribution)	31,655
28,139	Public Health grant	30,437
14,293	Better Care Fund (NHS pooled budget contribution)	21,147
15,171	Improved Better Care Fund (DLUHC Grant)	15,171
3,845	Basic Need Grant (REFCUS)	10,259
5,442	Adult Social Care Market Sustainability and Improvement Fund	10,168
8,899	Pupil Premium	9,944
7,163	Household Support Fund	7,163
5,512	Better Care Fund Disabled Facilities Grant (REFCUS)	6,456
5,652	Unaccompanied asylum seekers grant	5,101
4,853	Building Schools for the Future PFI Credits	4,853
0	Core schools budget grant	4,272
0	Teachers' pension employer contribution grant	4,188
4,136	Universal Infant Free School Meals funding	4,115
80,487	Other grants credited to services	64,826
38,979	Other contributions credited to services	18,567
<b>519,738</b>	<b>Total Credited to services</b>	<b>556,882</b>
<b>676,028</b>	<b>Grants and Contributions Total</b>	<b>734,659</b>

# 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:

2023-24 £000		2024-25 £000
<b>Current</b>		
1,862	Grants	1,015
<b>1,862</b>		<b>1,015</b>
<b>Long Term</b>		
51,595	Section 106 contributions	37,212
175	Other contributions	41
<b>51,770</b>		<b>37,253</b>
<b>53,632</b>	<b>Total</b>	<b>38,268</b>

# Balance Sheet Supporting Notes

## 35. 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 2025 was £1,145.2m (£1,074.6m at 31 March 2024).

2023-24 £000		2024-25 £000
	<b>Expenditure funded from capital:</b>	
173,808	Property, Plant and Equipment	184,353
1,660	Intangible Assets	3,697
0	Heritage Assets	4
15,476	Revenue Expenditure Funded from Capital under Statute	84,129
0	Long-term capital debtors	-53,950
	<b>Sources of finance:</b>	
247	Capital receipts	75
-114,292	Government grants and other contributions	-119,462
-191	Long-term Capital Debtors Repayments and Reductions	-235
	<b>Sum set aside from revenue:</b>	
-21,156	Donated assets	-2,495
-1,094	Direct revenue contributions	-2,413
-21,997	Minimum Revenue Provision	-25,660
-3,777	Lease and PFI financing	2,572
<b>28,684</b>	<b>Increase in Capital Financing Requirement</b>	<b>70,615</b>
	<b>Explanation of movements in year:</b>	
28,684	Increase in underlying need for borrowing (unsupported by government financial assistance)	39,650
0	Assets acquired under leases	10,779
0	Assets acquired under PFI contracts	20,186
<b>28,684</b>	<b>Increase in Capital Financing Requirement</b>	<b>70,615</b>

# Balance Sheet Supporting Notes

Note: Due to the changes associated with the restructuring of the council’s loan portfolio with This Land, the ‘revenue expenditure funded from capital under statute’ line is increased by £59.85m due to the cost to the council of making capital grants to This Land. Correspondingly, the ‘long-term capital debtors’ line is reduced by £59.85m to reflect the reduction in repayable loan to This Land.

## 36. LEASES

### Council as Lessee:

Cambridgeshire County Council has implemented IFRS 16 Leases (as interpreted by the Code) from 1 April 2024, replacing the previous standard IAS 17 Leases. The standard mandates that lease assets (“Right of Use assets”) and liabilities are recognised for all leases except those for a term of one year or less (or which end on or before 31<sup>st</sup> March 2025), or where the underlying asset when new would have been considered “Low Value”. The council has set this threshold as £10,000. This differs from the approach under IAS 17, in which leases classed as operating leases did not impact on the Balance Sheet.

In adopting this new standard, the council has used the transitional arrangements set out in the Code, including using the cumulative catch-up approach. This means that Right of Use assets and lease liabilities have been calculated as if IFRS 16 had always applied but have only been recognised at 1st April 2024, and without adjusting prior year figures.

The application of IFRS 16 Leases to the council’s lease portfolio has had the following impact on the council’s balance sheet:

	<b>31-Mar-24</b>	<b>01-Apr-24</b>
	<b>£000</b>	<b>£000</b>
Right of Use Assets newly recognised from IAS 17 Operating Leases	0	9,931
Lease liabilities newly recognised from IAS 17 Operating Leases	0	-9,098
<b>Total impact on Net Assets</b>	<b>0</b>	<b>833</b>

The council’s leases in broadly consist of Land and Buildings (including school playing fields and buildings); various items of Vehicles, Plant, Furniture & Equipment; and Investment Properties, which are used to generate income to finance council operations.

The following table shows the change in the value of Right of Use assets (including assets previously classed as both Operating Leases and Finance Leases) held under leases by the council during 2024-25, split by asset class:

# Balance Sheet Supporting Notes

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Investment properties £000	Total £000
<b>Value at 1st April 2024: leased assets already on balance sheet</b>	<b>66,294</b>	<b>0</b>	<b>49,875</b>	<b>116,169</b>
<b>Value at 1st April 2024: new Right of Use assets recognised from IAS 17 Operating Leases</b>	<b>4,118</b>	<b>5,813</b>	<b>0</b>	<b>9,931</b>
In year additions	91	424	0	515
Revaluations	-20	0	-8,333	-8,353
Depreciation and amortisation	-1,629	-1,293	-62	-2,984
Disposals	0	0	0	0
<b>Balance at 31st March 2025</b>	<b>68,854</b>	<b>4,944</b>	<b>41,480</b>	<b>115,278</b>

The following table shows the change in the value of lease liabilities during 2024-25:

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Investment properties £000	Total £000
<b>Value at 1st April 2024</b>	<b>4,542</b>	<b>5,813</b>	<b>0</b>	<b>10,355</b>
Additions	0	0	0	0
Payments	-290	-1,165	0	-1,455
<b>Balance at 31st March 2025</b>	<b>4,252</b>	<b>4,648</b>	<b>0</b>	<b>8,900</b>

# Balance Sheet Supporting Notes

The lease liabilities owing as at 31<sup>st</sup> March 2025 are expected to be settled over the following years:

	<b>31-Mar-25</b>
	<b>£000</b>
Not later than 1 year	1,512
Later than 1 year and not later than 5 years	4,340
Later than 5 years	3,048
<b>Total</b>	<b>8,900</b>

## 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 in Cambridge (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).

# Balance Sheet Supporting Notes

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-24			31-Mar-25	
MLP	GI		MLP	GI
£000	£000		£000	£000
1,412	722	Not later than 1 year	1,428	677
5,649	2,447	Later than 1 year and not later than 5 years	5,655	2,292
157,874	7,875	Later than 5 years	156,618	7,392
<b>164,935</b>	<b>11,044</b>	<b>Total</b>	<b>163,701</b>	<b>10,361</b>

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-24			31-Mar-25	
£000			£000	
5,829	Not later than 1 year		8,576	
21,123	Later than 1 year and not later than 5 years		27,149	
20,069	Later than 5 years		16,604	
<b>47,021</b>	<b>Total</b>		<b>52,329</b>	

# Balance Sheet Supporting Notes

## 37. PRIVATE FINANCE INITIATIVES (PFIs) AND SIMILAR CONTRACTS

### Impacts of IFRS 16 on PFIs

The mandated implementation of IFRS 16 also impacts upon the measurement of PFI liabilities. From 1<sup>st</sup> April 2024, the Code requires that (as with other leases) PFI liabilities are remeasured when indexation increases are applied. This means that for 2024-25 there has been a large increase in total PFI liabilities at the start of the financial year, reflecting the remeasurement of these liabilities for the first time, which has primarily been charged to the Capital Adjustment Account. It is anticipated that future years' indexation remeasurements will not have as significant an impact upon the council's balance sheet.

#### Impact of remeasurement 1st April due to IFRS 16 implementation:

	Waste PFI £000	Street Lighting PFI £000	BSF PFI £000
Increase in assets:	0	8,333	0
Increase in total liabilities:	-11,853	-8,333	-8,012
Increase in liabilities charged against existing Revaluation Reserve balance:	6,603	0	0
Increase in liabilities charged to Capital Adjustment Account via Cost of Services (CIES)	5,250	0	8,012
	<b>0</b>	<b>0</b>	<b>0</b>

The main impacts of IFRS 16 upon the below disclosures are:

- Contingent rents will no longer be charged for PFI contracts, as the requirement to remeasure the liability means they should not occur;
- Any increase in liability that cannot be matched by an increase in PFI assets, or charged against an accumulated revaluation reserve balance will be charged to the CIES as a revaluation loss, then reversed out to the Capital Adjustment Account;
- The analysis of projected future payments does not include any assumed future increases in inflation, as these are not considered in the calculation of PFI liabilities.

# Balance Sheet Supporting Notes

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## 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.

# Balance Sheet Supporting Notes

For 2024-25, the following figures have been recognised in the council's financial statements:

2023-24	Comprehensive Income and Expenditure Statement	2024-25
£000		£000
15,173	Fair value of services provided	13,686
6,203	Interest payable on the finance lease liability	7,613
1,853	Repayment of capital	2,142
3,436	Contingent rents	0
1,063	Lifecycle replacement costs	1,544
3,058	Depreciation	3,811
-2,570	PFI credits	-2,570
-7,393	Impairment reversal recognised in the surplus/ deficit on the provision of services	0
0	Revaluation loss recognised in the surplus / deficit on the provision of services	5,250
-1,639		5,977

31-Mar-24	Balance Sheet	31-Mar-25	Movement
£000		£000	£000
	<b>Assets</b>		
45,729	Land and buildings	42,544	-3,185
	<b>Liabilities</b>		
-1,632	Short term finance lease liability	-2,686	-1,054
-40,512	Long term finance lease liability	-49,169	-8,657
	<b>Reserves</b>		
6,603	Revaluation Reserve	-626	-7,229
-3,018	Capital Adjustment Account (Depreciation and Debt Provision)	-8,685	-5,667

# Balance Sheet Supporting Notes

Projected future payments over the remaining life of the Waste PFI contract are as follows (not accounting for any effects of inflation):

	<b>Cost of Services</b>	<b>Capital replacement</b>	<b>Liability repayment</b>	<b>Interest costs</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within 1 year	13,700	1,287	2,686	7,311	<b>24,984</b>
Within 2 to 5 years	54,947	10,282	9,315	25,394	<b>99,938</b>
Within 6 to 10 years	69,012	4,458	30,879	20,573	<b>124,922</b>
Within 11 to 15 years	11,734	0	8,975	1,265	<b>21,974</b>
<b>Total</b>	<b>149,393</b>	<b>16,027</b>	<b>51,855</b>	<b>54,543</b>	<b>271,818</b>

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

<b>2023-24</b>		<b>2024-25</b>
<b>£000</b>		<b>£000</b>
<b>43,997</b>	<b>Balance outstanding at start of year</b>	<b>42,144</b>
0	Adjustment to opening balance - remeasurement of liability at 1st April 2024 due to IFRS 16	11,853
<b>-1,853</b>	Payments during the year	<b>-2,142</b>
<b>42,144</b>	<b>Balance outstanding at end of year</b>	<b>51,855</b>

# Balance Sheet Supporting Notes

## 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 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.

For 2024-25, the following figures have been recognised in the council's financial statements:

2023-24	Comprehensive Income and Expenditure Statement	2024-25
£000		£000
3,347	Fair value of services provided	2,666
3,305	Interest payable on the finance lease liability	3,979
1,050	Repayment of capital	1,844
-57	Contingent rents	0
2,245	Depreciation	2,721
-3,944	PFI credits	-3,944

# Balance Sheet Supporting Notes

31-Mar-24	Balance Sheet	31-Mar-25	Movement
£000		£000	£000
	<b>Assets</b>		
33,395	Infrastructure	39,007	5,612
	<b>Liabilities</b>		
-1,487	Short term finance lease liability	-2,181	-694
-33,159	Long term finance lease liability	-38,954	-5,795
	<b>Reserves</b>		
-1,251	Capital Adjustment Account (Depreciation and Debt Provision)	-2,128	-877

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	Total
	£000	£000	£000	£000	£000
Within 1 year	2,495	594	2,181	3,809	9,079
Within 2 to 5 years	10,282	2,388	10,643	13,003	36,316
Within 6 to 10 years	12,306	2,568	20,800	9,720	45,394
Within 11 to 15 years	3,000	0	7,511	838	11,349
<b>Total</b>	<b>28,083</b>	<b>5,550</b>	<b>41,135</b>	<b>27,370</b>	<b>102,138</b>

# Balance Sheet Supporting Notes

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

2023-24		2024-25
£000		£000
35,695	<b>Balance outstanding at start of year</b>	34,646
0	Adjustment to opening balance - remeasurement of liability at 1st April 2024 due to IFRS 16	8,333
-1,049	Payments during the year	-1,844
<b>34,646</b>	<b>Balance outstanding at end of year</b>	<b>41,135</b>

## 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.

# Balance Sheet Supporting Notes

For 2024-25, the following figures have been recognised in the council's financial statements:

2023-24 £000	Comprehensive Income and Expenditure Statement	2024-25 £000
953	Fair value of services provided	936
2,739	Interest payable on the finance lease liability	3,496
873	Repayment of capital	1,464
700	Contingent rents	0
380	Lifecycle replacement costs	314
-792	Contribution from school	-1,357
-4,853	PFI credits	-4,853

31-Mar-24 £000	Balance Sheet	31-Mar-25 £000	Movement £000
	<b>Liabilities</b>		
-1,108	Short term finance lease liability	-1,635	-527
-23,822	Long term finance lease liability	-29,843	-6,021
	<b>Reserves</b>		
-24,930	Capital Adjustment Account	-31,478	-6,548

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 £000	Total £000
Within 1 year	936	299	1,634	3,341	6,210
Within 2 to 5 years	3,745	1,575	8,055	11,468	24,843
Within 6 to 10 years	4,682	2,705	15,034	8,634	31,055
Within 11 to 15 years	1,873	1,294	6,755	1,020	10,942
<b>Total</b>	<b>11,236</b>	<b>5,873</b>	<b>31,478</b>	<b>24,463</b>	<b>73,050</b>

# Balance Sheet Supporting Notes

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

2023-24		2024-25
£000		£000
25,803	<b>Balance outstanding at start of year</b>	24,930
	Adjustment to opening balance - remeasurement of liability at 1st April 2024 due to IFRS 16	8,012
0		
-873	Payments during the year	-1,464
<b>24,930</b>	<b>Balance outstanding at end of year</b>	<b>31,478</b>

# Balance Sheet Supporting Notes

## 38. 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).

# Balance Sheet Supporting Notes

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## 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 published separately 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

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## Asset Ceiling (IFRIC 14)

Under the requirements of IFRIC 14, an asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. Under IFRS, local authorities should also consider the requirements of IFRIC 14 in relation to minimum funding requirements.

As at 31 March 2025, the results show a net defined benefit asset position of £325.5m before considering the impacts of an asset ceiling under IFRIC 14.

There is no potential economic benefit available in the form of a refund as the rules of the Local Government Pension Scheme do not give an employer any right to a refund from the Scheme. Our actuaries have calculated that the present value of future service costs is greater than the present value of future contributions, meaning that there is no possibility of obtaining an economic benefit from future contributions and as such the asset ceiling must be set at £0; as a result, the unadjusted net funded pension surplus of £325.5m cannot be recognised and is capped at nil. As at 31 March 2025, the Council is also committed to annual secondary contributions with a present value of £62.3m as at 31 March 2025.

As a result of these factors, the council is required to recognise the impact of the asset ceiling of £387.8m, the impact of which is that the initial net asset position of £325.5m becomes a net liability of £62.3m. In addition, the council recognises a further liability of £22.6m for unfunded liabilities, leading to a final net liability position of £84.9m.

In 2023-24 the council was not required to recognise the impact of an asset ceiling under IFRIC 14, as our actuaries determined that as at 31<sup>st</sup> March 2024 the present value of future service costs were less than the present value of future contributions, meaning that the council would have been able to obtain an economic benefit greater than its net pension asset at that time from a reduction in future contributions.

# 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:

2023-24 £000	Local Government Pension Scheme	2024-25 £000
	<b>Comprehensive Income and Expenditure Statement:</b>	
	<b>Cost of services - service cost comprising:</b>	
39,153	Current service cost	36,480
488	Past service cost	1,505
-290	Gain (-) or loss (+) from settlements	-557
	<b>Financing and investment income and expenditure:</b>	0
1,834	Net interest expense	-4,371
<b>41,185</b>	<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>33,057</b>
	<b>Other post-employment benefits charged to the comprehensive income and expenditure statement:</b>	
	<b>Remeasurement of the net defined benefit liability comprising:</b>	
-84,088	Return on plan assets (excluding the amount included in net interest)	33,690
-7,494	Actuarial gains (-) and losses (+) arising on changes in demographic assumptions	-2,375
-82,748	Actuarial gains (-) and losses (+) arising on changes in financial assumptions	-223,436
45,248	Other actuarial remeasurement experience	-14,477
0	Actuarial gains (-) and losses (+) due to effect of asset ceiling	387,788
<b>-87,897</b>	<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>214,247</b>
	<b>Movement in Reserves Statement:</b>	
1,275	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	-7,403
	<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year:</b>	
<b>-39,910</b>	<b>Employers' contributions payable to scheme</b>	<b>-40,460</b>
<b>58,142</b>	<b>Retirement Benefits payable to pensioners</b>	<b>54,995</b>

# 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:

2023-24 £000		2024-25 £000
	<b>Funded obligations:</b>	
-1,339,656	Present value of the defined benefit obligation	-1,162,409
1,454,751	Fair value of plan assets	1,487,862
0	Impact of asset ceiling	-387,788
115,095	Net asset (+) or liability (-)	-62,335
	<b>Unfunded obligations:</b>	
-26,199	Present value of the defined benefit obligation	-22,555
0	Fair value of plan assets	
-26,199	Net asset (+) or liability (-)	-22,555
<b>88,896</b>		<b>-84,890</b>

# Balance Sheet Supporting Notes

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

2023-24		2024-25
£000		£000
1,315,757	<b>Opening Fair Value of Schemes</b>	1,454,752
62,323	Interest income	70,420
	<b>Remeasurement gains (+) or losses (-):</b>	
84,088	Return on plan assets (excluding the amount included in the net interest expense)	-33,690
-327	Effect on settlements	-761
39,910	Contributions from employer	40,460
11,143	Contributions from employees into the scheme	11,676
-58,142	Benefits paid	-54,995
<b>1,454,752</b>		<b>1,487,862</b>

# Balance Sheet Supporting Notes

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

2023-24		2024-25
£000		£000
<b>1,354,667</b>	<b>Opening Defined Benefit Obligation</b>	<b>1,365,855</b>
39,153	Current service cost	36,480
64,157	Interest cost	66,049
11,143	Contribution by scheme participants	11,676
	<b>Remeasurement gains (-) or losses (+):</b>	
-7,494	Arising from changes in demographic assumptions	-2,375
-82,748	Arising from changes in financial assumptions	-223,436
45,248	Other	-14,477
488	Past service costs (including curtailments)	1,505
-58,142	Benefits paid	-54,995
-617	Liabilities extinguished on settlements	-1,318
<b>1,365,855</b>		<b>1,184,964</b>

# Balance Sheet Supporting Notes

## Local Government Pension Scheme assets comprise:

<b>2023-24</b>		<b>2024-25</b>
<b>£000</b>		<b>£000</b>
31,582	Cash and Cash Equivalents	24,870
177,296	Private equity	193,737
123,677	Debt securities (bonds) - Government	152,061
	<b>Equity instruments (by industry type):</b>	
16,578	Consumer	15,730
16,897	Manufacturing	15,911
1,753	Energy and utilities	839
16,186	Financial institutions	17,181
13,631	Health and care	14,373
31,944	Information technology	35,401
1,601	Other	1,665
98,590		101,100
	<b>Investment funds and unit trusts:</b>	
593,003	Equities	543,821
208,788	Bonds	207,993
104,292	Infrastructure	115,697
906,083		867,511
	<b>Derivatives:</b>	
8	Foreign exchange	-5
0	Other	0
8		-5
	<b>Property:</b>	
117,515	UK	148,588
0	Overseas	0
117,515		148,588
<b>1,454,751</b>		<b>1,487,862</b>

# Balance Sheet Supporting Notes

## Basis for estimating assets and liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, with estimates being based on the latest full valuation of the scheme at 31 March 2025.

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

2023-24		2024-25
Years	Mortality assumptions:	Years
Longevity at 65 for current pensioners:		
21.8	Men	21.7
24.3	Women	24.3
Longevity at 65 for future pensioner:		
22.5	Men	22.4
25.8	Women	25.7
<b>Other assumptions:</b>		
%		%
3.1	Rate of inflation	3.1
3.3	Rate of increase in salaries	3.3
2.8	Rate of increase in pensions	2.8
4.9	Rate for discounting scheme liabilities	5.8

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

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

# Balance Sheet Supporting Notes

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.

	<b>Impact on the Defined Benefit Obligation in the Scheme</b>
	<b>£000</b>
0.1% decrease in inflation/discount rate	21,699
0.1% increase in salary rate	740
0.1% increase in pension increase rate	21,571
1 year increase in member life expectancy	47,399

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 £37.5m employer contributions to the scheme in 2025-26.

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.

The Court of Appeal decision on the 25 July 2024 in the case of *Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors* confirmed that the conditions required for a valid amendment to contracted-out defined benefit pension schemes, specifically in this case being the requirement an actuarial confirmation that the proposed alteration would not result in the scheme failing to meet the statutory standard, relate both to

# Balance Sheet Supporting Notes

past and future service, i.e., amendments without the required actuarial confirmation are void and impact both past and future service. On 2 September 2025, Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. It was not previously clear whether the Virgin Media ruling would apply to the LGPS but, following the publication of draft legislation, we do not now expect the ruling to give rise to any additional liabilities.

## 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 2024-25, the council paid £20.2m to Teachers' Pensions in respect of teachers' retirement benefits (£16.2m in 2023-24). There were no contributions remaining payable at the year-end (£1.9m in 2023-24). Contributions in 2025-26 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.

2023-24 £000	Teachers' Pension Scheme	2024-25 £000
16,180	Employer's contributions	20,165
6,101	Employee contributions	6,269
<b>22,281</b>		<b>26,434</b>

# Balance Sheet Supporting Notes

## 39. 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 MUFG Corporate Markets (formerly known as Link Asset Services). This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

# Balance Sheet Supporting Notes

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- 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 2025 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 Full Council in the Treasury Management Strategy):

<b>31-Mar-24</b>	<b>Debt maturity (lower/upper limits</b>	<b>Approved limit</b>	<b>31-Mar-25</b>	
<b>£000</b>	<b>as % of debt)</b>	<b>%</b>	<b>%</b>	<b>£000</b>
202,960	Less than 1 year	0 – 80	<b>29%</b>	<b>248,169</b>
80,364	1-2 years	0 – 50	<b>17%</b>	<b>144,327</b>
111,416	2-5 years	0 – 50	<b>10%</b>	<b>84,564</b>
102,482	5-10 years	0 – 50	<b>12%</b>	<b>102,528</b>
280,239	10 years and above	0 – 100	<b>32%</b>	<b>271,712</b>
<b>777,461</b>	<b>Total</b>		<b>100%</b>	<b>851,300</b>

The maturity analysis above is based on the earliest date the loans can be repaid.

# Balance Sheet Supporting Notes

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

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

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

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

# Other Supporting Notes

## 40. 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 2025:

# Other Supporting Notes

## Lead Authority arrangements with Milton Keynes City Council, North Northamptonshire Council and West Northamptonshire 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 2024-25 the Service Director: Finance & Procurement served as non-executive director of Pathfinder Legal Services Ltd on the nomination of Cambridgeshire County Council.

During 2024-25 the council made payments of £5.6m to Pathfinder Legal Services Ltd as payment for legal services received in the year (£4.5m in 2023-24). At 31 March 2025 there was a debtor balance of £649k (£294k at 31 March 2024) and a creditor balance of £1.2m (£39k at 31 March 2024) 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 £3.7m (£3.4m in 2023-24).

## Other Supporting Notes

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The council is also the single largest employer of members of the Pension Fund and contributed £36.4m to the Fund in 2024-25 (£35.2m in 2023-24). At 31 March 2025 there was £0.4m (£4.4m at 31 March 2024) due to the council by the Fund.

### 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 2025 is £102.7m (£84.8m at 31 March 2024).

### This Land Group

The 'This Land Group' is wholly owned by the 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 and This Land Finance Limited).

During 2024-25 one elected member of the council and the Executive Director of Place and Sustainability served as non-executive directors of This Land Limited on the nomination of Cambridgeshire County Council.

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.

At 31 March 2025 there was a debtor balance of £66.7m (£113.9m at 31 March 2023) with the This Land Group, being loans by the council to the This Land Group. The reduction in the debtor balance resulted from restructuring of the loan portfolio on 31 March 2025; further detail is included within Note 28.

### Opus People Solutions (East)

Opus People Solutions (East) 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 £39k during 2024-25 (£35k in 2023-24).

## Other Supporting Notes

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On the nomination of Cambridgeshire County Council, the Service Director: Human Resources served as a non-executive director of Opus People Solutions (East).

During 2024-25, the council made payments of £15.0m (£18.3m in 2023-24) to Opus People Solutions (East) for agency staff fees and there was an outstanding balance of £425k at 31 March 2025 (£353k at 31 March 2024).

### **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 to secure opportunities for a commercial return from the digital infrastructure assets owned by the shareholders. The council has a 50% shareholding in the company.

The council nominates three of the directors of the company. Throughout 2024-25 these were the Service Director: Finance & Procurement and the Service Director: Environment, Planning and Economy; the Head of Connecting Cambridgeshire was appointed to the third directorship during the year.

### **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 that was dependent on oil. Following completion of the work for which the company was established, the company was dissolved in 2024. From the start of 2024-25 up until its dissolution, the council's Head of Finance and Assistant Director for Climate Change and Energy Services served as directors of the company. The council has no debtor balance with the company at the end of the previous year, and on dissolution all outstanding balances with the company were cleared.

# Other Supporting Notes

## 41. 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**

No new guarantees have been provided during the year. The guarantees already in place as at 1 April 2024 continue and are set out below.

The 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 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 low likelihood of the bond provider requiring any financial contribution by the council in future.

The council has also given a guarantee to a housing industry warranty provider and standard setter, whereby the 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 steps taking during 2024-25 to improve the company's financial position, the council considers there is a low likelihood of a financial contribution being requested under this guarantee.

# Other Supporting Notes

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## 42. 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. This Group meets three times a year to oversee the management and direction of the archives service and to give its advice where necessary.

### Storage and preservation

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

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

### Status of acquisitions

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

The majority of acquisitions are made by long-term or permanent deposit; the council 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

## Other Supporting Notes

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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 16,525 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 32,000 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 2,100 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.

## Other Supporting Notes

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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 29,000 monuments, 7,160 events and finds within the County.

The cost of preservation of archaeological assets held in store is around £32,000 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 Property, Plant and Equipment 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. The average insurance valuation per work is £300. Administration of the collection is undertaken by staff within Cambridgeshire Music on behalf of Cambridgeshire Culture, an internal Board within the council.

### 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 other sundry items which decorate the ceremonial areas of New Shire Hall.

# Group Accounts and Supporting Notes

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## 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'.

Cambridgeshire County Council is the sole and ultimate owner of all parts of This Land and related subsidiaries of This Land.

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 Accounts and Supporting Notes

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED*				2024-25		
2023-24				Gross	Gross	Net
Gross Expenditure	Gross Income	Net Expenditure (+)/ Income (-)		Expenditure	Income	Expenditure (+) / Income (-)
£000	£000	£000		£000	£000	£000
120,175	-36,223	83,952	Place and Sustainability	142,466	-41,205	101,261
557,740	-393,637	164,103	Children, Education and Families	623,245	-417,071	206,174
391,057	-166,285	224,772	Adults, Health and Commissioning	414,901	-186,682	228,219
101,327	-75,961	25,366	Finance and Resources	91,245	-35,262	55,983
47,315	-19,416	27,899	Strategy and Partnerships	43,283	-17,292	25,991
<b>1,217,614</b>	<b>-691,522</b>	<b>526,092</b>	<b>Cost Of Services</b>	<b>1,315,140</b>	<b>-697,512</b>	<b>617,628</b>
445	-205	240	Other operating expenditure	88,692	0	88,692
47,394	-16,999	30,395	Financing and investment income/ expenditure	47,949	-17,440	30,509
0	-623,659	-623,659	Taxation and Non-Specific Grant Income	0	-652,082	-652,082
		<b>-66,932</b>	<b>Surplus (-) or Deficit on Provision of Services</b>			<b>84,747</b>
		<b>-135,852</b>	Surplus on revaluation of Property, Plant and Equipment			<b>-82,191</b>
		<b>24,385</b>	Impairment and revaluation losses charged to the Revaluation Reserve			<b>87,753</b>
		<b>1,925</b>	Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income			<b>-137</b>
		<b>-129,082</b>	Re-measurement of net pension benefit/ liability			<b>181,190</b>
		<b>-238,624</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>186,615</b>
		<b>-305,556</b>	<b>Total Comprehensive Income (-) and Expenditure</b>			<b>271,362</b>

\*2023-24 comparators restated due to CCC restructure, with Public Health becoming a part of the wider Adults, Health and Commissioning directorate

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

# Group Accounts and Supporting Notes

## GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund *	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves Total	Unusable Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000
<b>Adjusted Balance at 1-Apr-23</b>	<b>166,178</b>	<b>557</b>	<b>110,278</b>	<b>277,014</b>	<b>1,055,721</b>	<b>1,332,735</b>
<i>2023-24</i>						
Surplus (+) or Deficit (-) on Provision of Services	66,932	0	0	66,932	238,624	305,556
Adjustments between accounting and funding basis under regulations	-96,186	338	-22,984	-118,832	118,832	0
<b>Increase (+) or decrease (-) in 2023-24</b>	<b>-29,254</b>	<b>338</b>	<b>-22,984</b>	<b>-51,900</b>	<b>357,456</b>	<b>305,556</b>
<b>Balance at 31-Mar-24</b>	<b>136,924</b>	<b>895</b>	<b>87,294</b>	<b>225,114</b>	<b>1,413,177</b>	<b>1,638,291</b>
<i>Movement in 2024-25</i>						
Surplus (+) or Deficit (-) on Provision of Services	-84,747	0	0	-84,747	-186,615	-271,362
Adjustments between accounting and funding basis under regulations	61,494	-895	-9,123	51,476	-51,476	0
<b>Increase (+) or decrease (-) in 2024-25</b>	<b>-23,253</b>	<b>-895</b>	<b>-9,123</b>	<b>-33,271</b>	<b>-238,091</b>	<b>-271,362</b>
<b>Balance at 31-Mar-25</b>	<b>113,671</b>	<b>0</b>	<b>78,171</b>	<b>191,843</b>	<b>1,175,086</b>	<b>1,366,929</b>

\* 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 Accounts and Supporting Notes

## GROUP BALANCE SHEET

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£000</b>		<b>£000</b>
2,128,582	Property, Plant and Equipment	2,164,565
19,016	Heritage Assets	19,020
146,440	Investment Property	137,583
9,146	Intangible Assets	9,255
33,223	Long Term Investments	33,360
29,732	Long Term Debtors	28,805
115,095	Other Long Term Assets	0
<b>2,481,234</b>	<b>Long Term Assets</b>	<b>2,392,588</b>
10,000	Short Term Investments	0
1,509	Assets Held for Sale	920
40,603	Inventories / WIP	39,886
161,602	Short Term Debtors	141,185
64,343	Cash and Cash Equivalents	65,251
<b>278,057</b>	<b>Current Assets</b>	<b>247,242</b>
-203,237	Short Term Borrowing	-250,493
-150,870	Short Term Creditors	-156,839
-7,093	Provisions	-7,093
-1,862	Capital grants and contributions received in advance	-1,015
<b>-363,062</b>	<b>Current Liabilities</b>	<b>-415,440</b>
-7,675	Provisions	-8,431
-574,224	Long Term Borrowing	-600,807
-123,681	Other Long Term Liabilities	-210,244
-588	Long term creditors	-726
-51,770	Capital Grants and Contributions Receipts in Advance	-37,253
<b>-757,938</b>	<b>Long Term Liabilities</b>	<b>-857,461</b>
<b>1,638,291</b>	<b>Net Assets</b>	<b>1,366,929</b>
225,114	Usable Reserves	191,843
1,413,177	Unusable Reserves	1,175,086
<b>1,638,291</b>	<b>Total Reserves</b>	<b>1,366,929</b>

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 2025 and its income and expenditure for the year 2024-25 and authorise the accounts for issue.

Michael Hudson

Executive Director of Finance & Resources (Section 151 Officer)

Date: 19 February 2026

# Group Accounts and Supporting Notes

## GROUP CASH FLOW STATEMENT

2023-24 £000		2024-25 £000
<b>-66,932</b>	<b>Net surplus (-) or deficit (+) on the provision of services</b>	<b>84,747</b>
-44,854	Depreciation	-72,497
34,430	Impairment and downward valuations	11,505
-2,296	Amortisation	-3,566
12,372	Increase (-)/ decrease in creditors	7,064
-2,823	Increase/ decrease (-) in debtors	-100,175
-20,121	Increase/ decrease (-) in inventories	8,715
-1,275	Movement in pension liability (difference between employer's contributions paid and IAS19 adjustments)	7,403
-488	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-88,601
8,494	Other non-cash items charged to the deficit on the provision of services	65,683
<b>-16,561</b>	<b>Adjustments to the net deficit on the provision of services for non-cash movements</b>	<b>-164,469</b>
691	Proceeds from the sale of property, plant and equipment	381
100,612	Grants for financing capital expenditure	106,790
-7,763	Any other items for which the cash effects are investing or financing activities	-11,001
<b>93,540</b>	<b>Adjustments for items included in the deficit on the provision of services that are investing and financing activities</b>	<b>96,170</b>
<b>10,047</b>	<b>Net cash flows from Operating Activities</b>	<b>16,448</b>
154,149	Purchase of property, plant and equipment	161,225
10,000	Purchase of short-term and long-term investments	0
1,567	Other payments for investing activities	3,492
-691	Proceeds from the sale of property, plant and equipment	-381
-100,612	Capital Grants Received	-106,790
-25,743	Other receipts from investing activities	-36,138
<b>38,670</b>	<b>Investing Activities</b>	<b>21,408</b>
-248,000	Cash receipts of short and long-term borrowing	-312,000
	Other receipts from financing activities	-10,000
3,777	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal)	6,905
207,188	Repayments of short and long-term borrowing	238,345
30,555	Other payments for financing activities	37,986
<b>-6,480</b>	<b>Financing Activities</b>	<b>-38,764</b>
<b>42,237</b>	<b>Net increase (-) or decrease (+) in cash and cash equivalents</b>	<b>-908</b>
106,580	Cash and cash equivalents at the beginning of the reporting year	64,343
<b>64,343</b>	<b>Cash and cash equivalents at the end of the reporting year</b>	<b>65,251</b>

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

# Group Accounts and Supporting Notes

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## 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 40).

### 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 2024 to 31 March 2025:

- An extract of This Land Limited consolidated Financial Statements for the period ended 31 March 2025.

### 3. BUSINESS ACTIVITIES OF THE SUBSIDIARIES

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

# Group Accounts and Supporting Notes

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## 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:

2023-24		2024-25
£000		£000
	<b>Expenditure</b>	
360,066	Employee Benefits Expenses	369,969
845,535	Other Services Expenses	887,524
12,728	Depreciation, amortisation, impairment	58,708
36,535	Interest Payments	38,352
445	Precepts and Levies	458
0	Loss on the disposal of assets	88,234
10,144	Loss in relation to investment properties and changes in their fair value	8,536
<b>1,265,453</b>	<b>Total Expenditure</b>	<b>1,451,781</b>
	<b>Income</b>	
-192,940	Fees, charges and other service income	-143,125
-205	Gain on the disposal of assets	0
-16,999	Interest and Investment Income	-17,440
-446,213	Income from Council Tax and Non-domestic rates	-471,810
-676,028	Government Grants and Contributions	-734,659
<b>-1,332,385</b>	<b>Total Income</b>	<b>-1,367,034</b>
<b>-66,932</b>	<b>Surplus (-) or Deficit (+) on the Provision of Services</b>	<b>84,747</b>

# Group Accounts and Supporting Notes

## 6. LONG-TERM DEBTORS

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

<b>2023-24</b>		<b>2024-25</b>
<b>£000</b>		<b>£000</b>
21,583	Long term finance lease receivable	21,581
8,149	Other	7,224
<b>29,732</b>	<b>Total</b>	<b>28,805</b>

# Group Accounts and Supporting Notes

## 7. FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

The following categories of financial instrument are carried on the combined Balance Sheets of the group. The main changes from the single entity accounts relate to Cash & Cash Equivalents (due to the inclusion of the subsidiary's cash & cash equivalent balances) and Debtors / Liabilities (due to the elimination of intra-group transactions upon consolidation).

	Long-term		Current	
	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000
<b>Investments:</b>				
Financial assets through other comprehensive income	32,708	32,445	0	0
Financial assets at amortised cost	515	915	10,000	0
<b>Total investments</b>	<b>33,223</b>	<b>33,360</b>	<b>10,000</b>	<b>0</b>
<b>Cash and cash equivalents:</b>				
Cash and cash equivalents	0	0	64,343	65,251
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>0</b>	<b>64,343</b>	<b>65,251</b>
<b>Debtors:</b>				
Financial assets at amortised cost	29,732	28,805	151,451	131,750
<b>Total debtors</b>	<b>29,732</b>	<b>28,805</b>	<b>151,451</b>	<b>131,750</b>
<b>Borrowings:</b>				
Financial liabilities at amortised cost	-574,224	-600,807	-203,237	-250,493
<b>Total borrowings</b>	<b>-574,224</b>	<b>-600,807</b>	<b>-203,237</b>	<b>-250,493</b>
<b>Other liabilities:</b>				
Other liabilities	-97,483	-125,354	-136,453	-143,327
<b>Total other liabilities</b>	<b>-97,483</b>	<b>-125,354</b>	<b>-136,453</b>	<b>-143,327</b>

# Group Accounts and Supporting Notes

## 8. CASH AND CASH EQUIVALENTS

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

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

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

31-Mar-24		31-Mar-25
£000		£000
25,334	Cash	42,212
39,009	Cash equivalents	23,039
<b>64,343</b>	<b>Total Cash and Cash Equivalents</b>	<b>65,251</b>

## 9. INVENTORY

2023-24		2024-25
£000		£000
<b>60,569</b>	<b>Balance Outstanding at Start of Year</b>	<b>40,603</b>
12,990	Additions	8,233
-30,271	Recognised as an expense in year	-5,989
-2,685	Impairment	-2,961
<b>40,603</b>		<b>39,886</b>

# Group Accounts and Supporting Notes

## 10. EXTERNAL AUDIT COSTS

2023-24		2024-25
£000		£000
455	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year of account	302
7	Additional fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year of account	0
8	Fees payable in respect of other services provided by the appointed external auditor during the year	117
<b>470</b>		<b>419</b>

# **Pension Fund Accounts and Supporting Notes**

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**Net Asset Statement** **Page 159**

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**Notes to the Pension Fund Accounts** **Page 165**

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# Fund Account

31-Mar-24		31-Mar-25
£000	Notes	£000
<b>Dealings with members, employers and others directly involved in the fund:</b>		
166,530	Contributions	160,841
23,390	Transfers in from other pension funds	15,721
<b>189,920</b>		<b>176,562</b>
-138,653	Benefits	-155,322
-15,918	Payments to and on account of leavers	-15,959
<b>-154,571</b>		<b>-171,281</b>
<b>35,349</b>	<b>Net additions/(withdrawals) from dealing with members</b>	<b>5,281</b>
-25,473	Management expenses	-27,837
<b>9,876</b>	<b>Net additions/(withdrawals) including fund management expenses</b>	<b>-22,556</b>
<b>Returns on investments:</b>		
62,246	Investment income	86,668
-36	Taxes on income	-90
454,093	Profit and (losses) on disposal of investments and changes in the value of investments	84,448
<b>516,303</b>	<b>Net return on investments</b>	<b>171,026</b>
<b>526,179</b>	<b>Net increase/(decrease) in the net assets available for benefits during the year</b>	<b>148,470</b>
4,231,796	Opening net assets of the scheme	4,757,975
<b>4,757,975</b>	<b>Closing net assets of the scheme</b>	<b>4,906,445</b>

Notes 1 to 26 form part of the financial statements.

# Net Asset Statement

31-Mar-24 £000	Notes	31-Mar-25 £000
4,739,295 Investment assets		4,891,878
<u>-1,770 Investment liabilities</u>		<u>-86</u>
<b>4,737,525 Total net investments</b>	Note 14	<b>4,891,792</b>
27,851 Current assets	Note 21	23,263
<u>-7,401 Current liabilities</u>	Note 22	<u>-8,610</u>
<b>20,450 Net Current Assets</b>		<b>14,653</b>
<b>4,757,975 Closing net assets of the scheme</b>	Note 17a	<b>4,906,445</b>

Note 1 to 26 form part of the financial statements.

Note: The Fund's financial statements do not take account of the liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

# Independent Auditor's Report

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# Notes to the Pension Fund Accounts

## 1. DESCRIPTION OF THE FUND

The Cambridgeshire Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Cambridgeshire County Council. The County Council is the reporting entity for this Pension Fund. The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report 2024-25 and the underlying statutory powers underpinning the scheme.

### General

The Fund is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended);
- the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended);
- the LGPS (Management and Investment of Funds) Regulations 2016;
- the LGPS (Amendment) Regulations 2018.

The Fund is a contributory defined benefit pension scheme administered by Cambridgeshire County Council to provide pensions and other benefits for pensionable employees of Cambridgeshire County Council, the district councils in Cambridgeshire, and a range of other scheduled and admitted bodies within the county area. Teachers, Police Officers and Firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Cambridgeshire Pension Fund Committee, which is a committee of Cambridgeshire County Council.

### Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Cambridgeshire Pension Fund include:

- Scheduled Bodies - local authorities and similar bodies whose staff are automatically entitled to be members of the Fund;

- Admitted Bodies - other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector;
- Resolution/Designated bodies – These are organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS) Parish/Town Council are under this category.

As at 31 March 2025 there was 194 (2024: 197) active employers within the Cambridgeshire Pension Fund, including the County Council itself.

	31-Mar-24	31-Mar-25
Number of employers with active members	197	194

\*the individual academy and LEA school are not included in the above figure as they belong to their academy trusts or their responsible local authorities.

The Fund has over 101,000 individual members, as detailed below:

Number of employees in scheme:	31-Mar-24	31-Mar-25
County council	9,407	9,338
Other employers	19,629	19,983
<b>Total</b>	<b>29,036</b>	<b>29,321</b>
<b>Number of Pensioners:</b>		
County council	10,310	10,854
Other employers	13,114	13,755
<b>Total</b>	<b>23,424</b>	<b>24,609</b>
<b>Deferred pensioners:</b>		
County council	16,343	17,097
Other employers	20,737	21,939
<b>Total</b>	<b>37,080</b>	<b>39,036</b>
<b>Undecided Leavers:</b>		
County council	3,971	2,900
Other employers	6,328	5,228
<b>Total</b>	<b>10,299</b>	<b>8,128</b>
<b>Total members</b>	<b>99,839</b>	<b>101,094</b>

# Notes to the Pension Fund Accounts (continued)

## Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2025. Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2022. Employers' contributions comprise a percentage rate on active payroll between 0% and 43.3% and deficit payments of fixed cash amounts set for each employer as part of the triennial funding valuation.

## Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below:

Service	Pre-1 April 2008	1 April 2008 to 31 March 2014
<b>Pension</b>	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
<b>Lump Sum</b>	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

## Career Average Revalued Earnings (CARE)

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based upon their pensionable pay in that year at an accrual rate of 1/49th or 1/98th for those members who have taken up the 50/50 option and pay proportionately lower contributions.

Accrued pension is updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Full Guide which can be found in the member section on the Pension's Fund website. [Member - Pension Details](#)

## 2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2024-25 financial year and its financial position at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 20.

## Going Concern

The Funding Level as per the recent triennial valuation exercise (March 2022) was 125%. The Funding Level at year ending March 2025 was estimated 148%.

There are 349 individual active employers as at 31 March 2025. All employers are paying their contributions as per the rates and adjustment certificate. No employer has deferred their payments. Benefits paid for the year were £155m, with contributions of £161m, showing a net cash inflow.

The actual annual investment return for March 2025 was 2.4% and the Fund value had increased to £4.91 billion, meaning the fund has increased by £148.5 million during the year. At 31 March 2025, the Pension Fund has 44% of its investments allocated to equities and 24% allocated to Bonds, with £74 million in cash, which are all assets that could be liquidated quickly to pay benefits should the need arise.

# Notes to the Pension Fund Accounts (continued)

The Pension Fund has reviewed its cash flow forecast for the going concern period to 30 November 2026. The Pension Fund has sufficient cash liquidity to meet its payments without the need to sell any investments.

The Pension Fund is satisfied it has sufficient liquidity to conclude that it is a going concern, since the value of pension fund assets that can be liquidated at short notice if needed is £3.5 billion which significantly exceeds the annual expenditure of the fund.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Fund Account – Revenue Recognition

#### Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis. Contributions from members are set in accordance with LGPS regulations and contributions from employers are set at the percentage rate recommended by the actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due date on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

#### Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10).

Individual transfers in/out are accounted for on a cash basis.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipt basis and are included in Transfers In (see Note 8). Bulk (group)

transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement. There have been no group transfers in during 2023-24 and 2024-25.

### Investment Income

#### *i) Interest income*

Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

#### *ii) Dividend income*

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

#### *iii) Distributions from pooled funds*

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

#### *iv) Movement in the net market value of investments*

Changes in the net market value of investments are recognised as income or expense and comprise all realised and unrealised profits/losses during the year.

### Fund Account – Expense Items

#### Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities and paid in the following month.

# Notes to the Pension Fund Accounts (continued)

## Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

## Management Expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the Fund discloses its pension fund management expenses in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

## Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund in accordance with Council policy.

## Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. The costs of obtaining legal and consultancy advice are charged direct to the Fund. The costs of the Pool are charged direct to the Fund.

## Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

Fees of external Investment Managers and the Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Investment fees are charged directly to the fund as part of management

expenses and are not included in, or netted off from, the reported returns on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments.

Where an Investment Manager's fee note has not been received by the year end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2024-25, £339k of fees are based upon such estimates (2023-24: £390K). In addition, manager fees deducted from pooled funds of £22.6m (2023-24: £20.7m) are based upon information received from fund managers.

## Net Assets Statement

### Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis, except for loans and receivables.

Loans and receivables are assets for which the amounts receivable are fixed and determinable and where the Fund has not designated the asset at fair value through profit and loss. This includes contributions owing from employers and cash deposits. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset.

Investment assets, other than cash held by Investment Managers on the Fund's behalf, are initially recognised at fair value and are subsequently measured at fair value with gains and losses recognised in the Fund Account. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

# Notes to the Pension Fund Accounts (continued)

## Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

## Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes (see Note 15).

## Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

## Financial Liabilities

The Fund initially recognises financial liabilities at fair value and subsequently measure them at amortised cost. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability.

## Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on an annual basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (see Note 20).

## Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund's AVC providers are Prudential and Utmost Life. AVCs are

deducted from the individual member's pay and paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts, in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, but are disclosed as a note only (see Note 23).

## Contingent Assets and Liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of a narrative in the notes.

## 4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

### Pension Fund Liability

The net Pension Fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The estimated liability is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 19.

Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant Investment Management policies, for example in terms of the balance struck between longer term investment growth and short-term investment yield/return.

# Notes to the Pension Fund Accounts (continued)

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for the revenues and expenses during the year.

Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the Net Assets Statement as 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

### Actuarial Present Value of Promised Retirement Benefits

- **Uncertainties:** Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rates at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. An independent firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.
- **Effect if Actual Results Differ from Assumptions:** The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability by approximately £63m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £2m, and a 1-year increase in assumed life expectancy would increase the liability by approximately £140m. Although the example above is based on an increase, a decrease to discount rate and assumed life expectancy could also occur.

### Cambridge and Counties Bank

- **Uncertainties:** Cambridge and Counties Bank is not publicly listed and as such there is a degree of estimation involved in the valuation. The Pension Fund has appointed an independent, professional valuer to advise a suitable valuation. The Fund's investment is valued on a market-based approach with reference to price/earnings and price to book of comparable public companies. This valuation is reported to senior officers before being posted to the accounts.
- **Effect if Actual Results Differ from Assumptions:** The investment in the financial statements is £104.8m. There is a risk that this investment may be under or overstated in the accounts. As set out in the independent, professional valuation report, the valuation of the Cambridge and Counties Bank is in the range of £100.1m to £109.4m. The mid-point of this valuation range has been applied within the Fund's accounts.

### Other Private Equity and Infrastructure Uncertainties:

- **Uncertainties:** All other private equity and infrastructure investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. See Note 16a.
- **Effect if Actual Results Differ from Assumptions:** Total private equity and infrastructure investments (excluding Cambridge and Counties Bank – see above) at fair value in the financial statements are £934.8m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity of Alternative investments of 21.3%, which indicates that other private equity and infrastructure values may range from £735.7m to £1,134.0m.

## 6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2025, and up to the date when these accounts were authorised that require any adjustments to these accounts.

# Notes to the Pension Fund Accounts (continued)

## 7. CONTRIBUTIONS RECEIVABLE

### By Category:

31-Mar-24		31-Mar-25
£000		£000
<b>36,248</b>	<b>Employees' contributions</b>	<b>39,426</b>
	<b>Employers' contributions:</b>	
109,679	Normal contributions	116,933
21,158	Deficit recovery contributions	9,563
-555	Employers in surplus (exit credits paid)	-5,081
<b>130,282</b>	<b>Total employers' contributions</b>	<b>121,415</b>
<b>166,530</b>		<b>160,841</b>

### By Authority:

31-Mar-24		31-Mar-25
£000		£000
35,202	Administering authority	36,354
128,104	Scheduled bodies	125,814
3,224	Admitted bodies	-1,327
<b>166,530</b>		<b>160,841</b>

## 8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-24		31-Mar-25
£000		£000
23,390	Individual transfers	15,721
<b>23,390</b>		<b>15,721</b>

## 9. BENEFITS PAYABLE

### By category:

31-Mar-24		31-Mar-25
£000		£000
115,544	Pensions	126,680
20,353	Commutation and lump sum retirement benefits	25,244
2,756	Lump sum death benefits	3,398
<b>138,653</b>		<b>155,322</b>

### By authority:

31-Mar-24		31-Mar-25
£000		£000
43,452	Administering Authority	47,240
84,069	Scheduled Bodies	93,266
11,132	Lump sum death benefits	14,816
<b>138,653</b>		<b>155,322</b>

## 10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-24		31-Mar-25
£000		£000
806	Refunds to members leaving service	720
15,112	Individual transfers	15,239
<b>15,918</b>		<b>15,959</b>

## 11. MANAGEMENT EXPENSES

31-Mar-24		31-Mar-25
£000		£000
3,010	Administrative costs	3,241
21,345	Investment management expenses <sup>1</sup>	23,090
1,118	Oversight and governance costs <sup>2</sup>	1,506
<b>25,473</b>		<b>27,837</b>

<sup>1</sup> Management expenses 24-25 are driven primarily by transaction costs due to changes in our asset holdings to align with the Investment Strategy.

<sup>2</sup> Base fees payable to External Auditors, included within Oversight and Governance costs were £98k during the year (2023-24 £87k). The scale fee variation will be communicated in due course.

# Notes to the Pension Fund Accounts (continued)

## 12. INVESTMENT MANAGEMENT EXPENSES

2024/25	Management fees £000	Performance related fees £000	Transaction costs £000	Other costs £000	Total £000
Equities	457	0	46	1	504
Bonds	0	0	0	0	0
Pooled investments	7,862	0	369	491	8,722
Pooled property investments	1,339	0	367	356	2,062
Private Equity/Infrastructure	7,527	1,515	112	2,601	11,755
Custody Fees	0	0	0	47	47
<b>Total</b>	<b>17,185</b>	<b>1,515</b>	<b>894</b>	<b>3,496</b>	<b>23,090</b>

2023/24	Management fees £000	Performance related fees £000	Transaction costs £000	Other costs £000	Total £000
Equities	10	0	0	346	356
Bonds	38	0	0	0	38
Pooled Investments	8,287	0	11	515	8,813
Pooled property investments	1,456	0	334	192	1,982
Private Equity/Infrastructure	5,793	1,958	96	2,274	10,121
Custody fees	0	0	0	35	35
<b>Total</b>	<b>15,584</b>	<b>1,958</b>	<b>441</b>	<b>3,362</b>	<b>21,345</b>

## 13. INVESTMENT INCOME

31-Mar-24 £000	31-Mar-25 £000
762 Income from bonds	0
4,409 Income from equities	6,004
28,132 Pooled investments – unit trusts and other managed funds	45,721
10,453 Pooled Property Investments	15,744
13,764 Private equity/infrastructure income	13,606
4,726 Interest on cash deposits	5,593
<b>62,246</b>	<b>86,668</b>

# Notes to the Pension Fund Accounts (continued)

## 14. INVESTMENTS

31-Mar-24		31-Mar-25
£000		£000
	<b>Investment assets</b>	
320,177	Equities	333,619
0	Bonds	0
3,030,883	Pooled investments	2,990,218
380,587	Pooled property investments	460,454
942,397	Private equity/infrastructure	1,039,643
60,400	Cash deposits	66,640
	Derivatives contracts:	
27	· Futures	0
1,303	Investment income due	1,304
3,521	Amounts receivable for sales	0
<b>4,739,295</b>	<b>Total investment assets</b>	<b>4,891,878</b>
	<b>Investment liabilities</b>	
	Derivatives contracts:	
0	· Futures	-18
-1,770	Amounts payable for purchases	-68
<b>-1,770</b>	<b>Total investment assets</b>	<b>-86</b>
<b>4,737,525</b>	<b>Net investment assets</b>	<b>4,891,792</b>

# Notes to the Pension Fund Accounts (continued)

## 14(a). RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

	Market value 01-Apr-24	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31-Mar-25
	£000	£000	£000	£000	£000
Equities	320,177	96,396	-91,206	8,252	333,619
Bonds <sup>1</sup>	0	0	0	0	0
Pooled investments <sup>2</sup>	3,030,883	206,597	-255,599	8,337	2,990,218
Pooled property investments	380,587	90,042	-12,429	2,254	460,454
Private equity/infrastructure	942,397	87,018	-55,745	65,973	1,039,643
	<b>4,674,044</b>	<b>480,053</b>	<b>-414,979</b>	<b>84,816</b>	<b>4,823,934</b>
<b>Derivative contracts:</b>					
• Purchased/written options	0	0	0	0	0
• Futures	27	124	-195	26	-18
• Forward Currency Contracts	0	0	0	0	0
	<b>4,674,071</b>	<b>480,177</b>	<b>-415,174</b>	<b>84,842</b>	<b>4,823,916</b>
<b>Other investment balances:</b>					
• Cash deposits	60,400				66,640
• Investment income due	1,303				1,304
• Amounts receivable for sales	3,521				0
• Amounts payable for purchases of investments	-1,770				-68
<b>Net investment assets</b>	<b>4,737,525</b>				<b>4,891,792</b>

<sup>1</sup>Investments in “Bonds” have transitioned to a pooled bond fund during 2024-25. This holding is now classified as “Pooled Investments”.

<sup>2</sup>The fund switches within the UBS Global Asset Portfolio, valued £45m on a cost basis, are recorded in the Profit and Loss accounts, although the net balance is zero.

# Notes to the Pension Fund Accounts (continued)

## 14(a). RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES (continued)

	Market value 01-Apr-23	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31-Mar-24
	£000	£000	£000	£000	£000
Equity	0	215,860	-194,372	298,689	320,177
Bonds	197,030	0	-9,708	-187,322	0
Pooled investments	2,854,045	891,228	-975,264	260,874	3,030,883
Pooled property investments	267,510	130,198	-10,237	-6,884	380,587
Private equity/infrastructure	879,370	82,884	-46,397	26,540	942,397
	<b>4,197,955</b>	<b>1,320,170</b>	<b>-1,235,978</b>	<b>391,897</b>	<b>4,674,044</b>
<b>Derivative contracts:</b>					
• Purchased/written options	1,442	1,760	0	-3,202	0
• Futures	0	6	-152	173	27
• Forward Currency Contracts	0	71	0	-71	0
	<b>4,199,397</b>	<b>1,322,007</b>	<b>-1,236,130</b>	<b>388,797</b>	<b>4,674,071</b>
<b>Other investment balances:</b>					
· Cash deposits	11,448				60,400
· Investment income due	415				1,303
· Amounts receivable for sales	0				3,521
· Amounts payable for purchases of investments	0				-1,770
<b>Net investment assets</b>	<b>4,211,260</b>				<b>4,737,525</b>

# Notes to the Pension Fund Accounts (continued)

## 14(b). INVESTMENTS ANALYSED BY FUND MANAGER

Market value 31-Mar-24		Market value 31-Mar-25		
£000	% of net investment assets	£000	% of net investment assets	
<b>Investments managed under Pool Governance:</b>				
1,763,383	37.2	Waystone Management Limited	1,780,583	36.4
98,376	2.1	Aviva Investors	148,486	3.0
91,805	1.9	IFM Infrastructure	98,453	2.0
75,569	1.6	JP Morgan	101,883	2.1
321,415	6.7	Osmosis Investment Management	335,653	6.9
1,171,181	24.9	UBS Global Asset Management	1,203,057	24.6
0	0.0	Stafford Capital Partners	18,974	0.4
0	0.0	CBRE UK Core Real Estate	286,130	5.8
<b>3,521,729</b>	<b>74.4</b>	<b>Total Investments managed under Pool Governance</b>	<b>3,973,219</b>	<b>81.2</b>
<b>Investments managed outside Pool Governance:</b>				
216,819	4.6	Adams Street Partners	229,971	4.7
14,045	0.3	Allianz Global Investors	13,600	0.3
30,135	0.6	Ares Management	30,050	0.6
84,800	1.8	Cambridge and Counties Bank	104,800	2.1
15,000	0.3	Cambridge Building Society	15,000	0.3
30,097	0.6	Equitix Investment Management	29,260	0.6
61,607	1.3	Foresight Group	70,607	1.4
224,970	4.7	HarbourVest Partners (UK)	232,993	4.8
74,499	1.6	M&G Investments	0	0.0
107,828	2.3	M&G Real Estate	110,531	2.3
34,961	0.7	Partners Group (UK)	31,992	0.7
273,509	5.8	Schroders Investment Management	60	0.0
6,242	0.1	UBS Infrastructure	4,371	0.1
41,284	0.9	Cash with custodian	45,338	0.9
<b>1,215,796</b>	<b>25.6</b>	<b>Total Investments managed outside Pool Governance</b>	<b>918,573</b>	<b>18.8</b>
<b>4,737,525</b>	<b>100.0</b>	<b>Net investment assets</b>	<b>4,891,792</b>	<b>100.0</b>

All the above companies are registered in the United Kingdom.

# Notes to the Pension Fund Accounts (continued)

The following investments represent more than 5% of the net assets of the scheme as at 31<sup>st</sup> March 2025.

Security	31-Mar-24	% of total fund	31-Mar-25	% of total fund
	£000	%	£000	%
UBS Global Asset Management - Life Climate Aware World Equity	765,982	16.1	<b>700,319</b>	<b>14.3</b>
UBS Global Asset Management- Over 5 years Index Linked Gilts Tracker	401,647	8.4	<b>501,786</b>	<b>10.2</b>
Waystone ACCESS Global Equity - J O Hambro	422,985	8.9	<b>349,421</b>	<b>7.2</b>
Waystone ACCESS Total Return Credit - BlueBay	307,872	6.5	<b>338,595</b>	<b>6.9</b>
Waystone ACCESS Alpha Opportunities - M&G	295,681	6.2	<b>347,758</b>	<b>7.1</b>
Waystone ACCESS Global Stock - Dodge and Cox	385,944	8.1	<b>345,990</b>	<b>7.1</b>
Waystone ACCESS Global Equity - Longview	350,900	7.4	<b>398,819</b>	<b>8.1</b>
	<b>2,931,011</b>		<b>2,982,688</b>	

## 15. ANALYSIS OF DERIVATIVES

### Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the various investment managers.

#### • Futures

The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

Type	Expires	Economic exposure	Market Value as at 31/03/2024	Economic exposure	Market Value as at 31/03/2025
<b>Assets</b>					
UK Equity Futures	Less than one year	160	6	0	0
Overseas Equity Futures	Less than one year	846	21	0	0
<b>Total Assets</b>					<b>0</b>
<b>Liabilities</b>					
UK Equity Futures	Less than one year	0	0	86	-1
Overseas Equity Futures	Less than one year	0	0	1793	-17
<b>Total Liabilities</b>					<b>-18</b>

# Notes to the Pension Fund Accounts (continued)

## 16. FAIR VALUE

### Valuation of Financial Instruments Carried At Fair Value

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Transfers between levels are recognised in the year in which they occur. The Fund has adopted the classification guidelines recommended in the Practical Guidelines on Investment Disclosures (PRAG/Investment Association, 2016).

**Level 1** Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index-linked securities and unit trusts.

**Level 2** Assets and liabilities at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. The price used is based upon inputs from observable market data.

**Level 3** Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Cambridgeshire Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines 2022, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

### 16a. Fair value hierarchy

The following tables provides an analysis of the financial assets at fair value through profit and loss of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

Value at March 2025	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Equites	333,619	0	0	333,619
Bonds	0	0	0	0
Pooled Investments	7,531	2,982,687	0	2,990,218
Pooled Property Investments	0	121,915	338,539	460,454
Private Equity/Infrastructure	0	0	1,039,643	1,039,643
Derivatives	0	0	0	0
<b>Net Investment Assets</b>	<b>341,150</b>	<b>3,104,602</b>	<b>1,378,182</b>	<b>4,823,934</b>

Value at March 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Equites	320,177	0	0	320,177
Bonds	0	0	0	0
Pooled Investments	25,373	3,005,510	0	3,030,883
Pooled Property Investments	0	0	380,587	380,587
Private Equity/Infrastructure	0	0	942,397	942,397
Derivatives	27	0	0	27
<b>Net Investment Assets</b>	<b>345,577</b>	<b>3,005,510</b>	<b>1,322,984</b>	<b>4,674,071</b>

# Notes to the Pension Fund Accounts (continued)

All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date. The fair valuation of each class of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Quoted Equities</b>	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
<b>Cash and cash equivalents</b>	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
<b>Futures</b>	Level 1	Published exchange price at the year-end	Not required	Not required
<b>Pooled investments – not exchange traded open ended funds</b>	Level 2	Closing bid and offer prices are published. Closing single price where a single price is published	NAV based pricing set on a forward pricing basis.	Not required
<b>Unquoted bonds and unit trusts</b>	Level 2	Average of broker prices	Evaluated price feeds.	Not required
<b>Pooled Property</b>	Level 3	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date.
<b>Private equity and infrastructure- equity</b>	Level 3	Comparable valuation of similar companies	Price/Earnings or EBITDA multiple	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date.
<b>Private equity and infrastructure - other</b>	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022)	Share of net assets	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, and by any differences between audited and unaudited accounts.

# Notes to the Pension Fund Accounts (continued)

## Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisers, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025.

Asset Type	Market Value as at 31-Mar-25 £000	Assessed valuation range (+/-)	Value on Increase £000	Value on Decrease £000
Pooled property investments	338,539	15.2	389,997	287,081
Private equity and infrastructure - equity	104,800	4.4	109,400	100,100
Private equity and infrastructure - other	934,843	21.3	1,133,965	735,721
<b>Total Assets</b>	<b>1,378,182</b>		<b>1,633,362</b>	<b>1,122,902</b>

## 16(b) RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Period 2024-25	Market value 01-Apr-24 £000	Transfers in/out of Level 3 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Unrealised gains/(losses) £000	Realised gains/(losses) £000	Market value 31-Mar-25 £000
Pooled property investments	380,587	-121,230	232,499	-149,706	-12,958	9,181	338,373
Private equity and infrastructure - equity	84,800	0	0	0	20,000	0	104,800
Private equity and infrastructure - other	857,597	0	163,560	-131,868	24,683	20,871	934,843
<b>Total</b>	<b>1,322,984</b>	<b>-121,230</b>	<b>396,059</b>	<b>-281,574</b>	<b>31,725</b>	<b>30,052</b>	<b>1,378,016</b>

# Notes to the Pension Fund Accounts (continued)

## 17. FINANCIAL INSTRUMENTS

### 17a. Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the year.

31-Mar-24			31-Mar-25		
Fair value through profit and loss	Loans and receivables	Financial Liabilities	Fair value through profit and loss	Loans and receivables	Financial Liabilities
£000	£000	£000	£000	£000	£000
<b>Financial assets</b>					
320,177	0	0	333,619	0	0
0	0	0	0	0	0
3,030,883	0	0	2,990,218	0	0
380,587	0	0	460,454	0	0
942,397	0	0	1,039,643	0	0
27	0	0	0	0	0
0	74,544	0	0	73,594	0
0	4,824	0	0	1,304	0
0	13,707	0	0	16,309	0
<b>4,674,071</b>	<b>93,075</b>	<b>0</b>	<b>4,823,934</b>	<b>91,207</b>	<b>0</b>
<b>Financial liabilities</b>					
0	0	0	0	0	-18
0	0	0	0	0	0
0	0	-9,171	0	0	-8,678
<b>0</b>	<b>0</b>	<b>-9,171</b>	<b>0</b>	<b>0</b>	<b>-8,696</b>
<b>4,674,071</b>	<b>93,075</b>	<b>-9,171</b>	<b>4,823,934</b>	<b>91,207</b>	<b>-8,696</b>
<b>4,757,975 Total</b>					<b>4,906,445</b>

# Notes to the Pension Fund Accounts (continued)

## 17b. Net Gains and Losses on Financial Instruments

31-Mar-24 £000		31-Mar-25 £000
	<b>Financial assets:</b>	
391,897	Fair value through profit and loss	84,817
65,658	Loans and receivables	0
	Financial liabilities measured at amortised cost	
	<b>Financial liabilities:</b>	
-3,100	Fair value through profit and loss	26
-362	Loans and receivables	-394
	Financial liabilities measured at amortised cost	
<b>454,093</b>	<b>Total gains/(losses)</b>	<b>84,449</b>

## 18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Pension Fund Risk Management Programme.

Responsibility for the Fund's Risk Management Strategy rests with the Pension Fund Committee. Risk Management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions. [Risk Strategy Statement](#)

### a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's Risk Management Strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments.

# Notes to the Pension Fund Accounts (continued)

## Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund Investment Strategy.

## Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisers, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2024-25 reporting period.

The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	Potential Market Movement +/- (%p.a.)
UK equities	16.3
Global equities	18.6
Index linked bonds	6.7
Pooled fixed interest bonds	6.5
Multi-asset credit	6.3
Property	15.2
Cambridge and Counties Bank	4.4
Alternatives	21.3
Cash and other investment balances	0.3

# Notes to the Pension Fund Accounts (continued)

Had the market price of the fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

<b>31-Mar-25</b>	<b>Value as at</b>	<b>% (rounded)</b>	<b>Value on</b>	<b>Value on</b>
<b>Asset Type</b>	<b>31-Mar-25</b>	<b>Change</b>	<b>Increase</b>	<b>Decrease</b>
	<b>£000</b>		<b>£000</b>	<b>£000</b>
UK equities	12,348	16.3	14,361	10,335
Global equities	2,115,818	18.6	2,509,360	1,722,276
Index linked bonds	501,786	6.7	535,406	468,166
Pooled fixed interest bonds	0	6.5	0	0
Multi-asset credit	686,353	6.3	729,593	643,113
Property	460,454	15.2	530,443	390,465
Cambridge and Counties Bank	104,800	4.4	109,411	100,189
Alternatives	934,843	21.3	1,133,965	735,721
Cash and other investment balances	75,390	0.3	75,616	75,164
<b>Total Assets</b>	<b>4,891,792</b>		<b>5,638,155</b>	<b>4,145,429</b>

<b>31-Mar-24</b>	<b>Value as at</b>	<b>% (rounded)</b>	<b>Value on</b>	<b>Value on</b>
	<b>31-Mar-24</b>	<b>Change</b>	<b>Increase</b>	<b>Decrease</b>
	<b>£000</b>		<b>£000</b>	<b>£000</b>
UK equities	11,951	16.0	13,863	10,039
Global equities	2,234,037	16.7	2,607,121	1,860,953
Index linked bonds	401,647	7.1	430,164	373,130
Pooled fixed interest bonds	74,499	7.0	79,714	69,284
Multi-asset credit	603,554	7.1	646,406	560,702
Property	380,587	15.6	439,959	321,215
Cambridge and Counties Bank	84,800	4.4	88,500	81,100
Alternatives	857,597	23.9	1,062,563	652,631
Cash and other investment balances	88,853	0.3	89,120	88,586
<b>Total Assets</b>	<b>4,737,525</b>		<b>5,457,410</b>	<b>4,017,640</b>

# Notes to the Pension Fund Accounts (continued)

## Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Fund and its investment consultant in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2024 is set out to the right. These disclosures present interest rate risk based on the underlying financial assets at fair value.

## Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. An 80 basis point (BPS) (i.e. 0.80%) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment consultant has advised that long-term average rates are expected to move less than 80 basis points from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS (1.0%) change in interest rates

31-Mar-24 £000	Asset Type	31-Mar-25 £000
60,400	Cash and cash equivalents	66,640
14,144	Cash balances	6,954
401,647	Index-linked securities	501,786
678,053	Fixed interest securities	686,353
<b>1,154,244</b>	<b>Total</b>	<b>1,261,733</b>

Exposure to interest rate risk	Asset values at 31-Mar-25 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalents	66,640	66,640	66,640
Cash balances	6,954	6,954	6,954
Index-linked securities	501,786	506,804	496,768
Fixed interest securities	686,353	693,217	679,489
<b>Total change in assets available</b>	<b>1,261,733</b>	<b>1,273,615</b>	<b>1,249,851</b>

Exposure to interest rate risk	Asset values at 31-Mar-24 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalents	60,400	60,400	60,400
Cash balances	14,144	14,144	14,144
Index-linked securities	401,647	405,663	397,631
Fixed interest securities	678,053	684,834	671,272
<b>Total change in assets available</b>	<b>1,154,244</b>	<b>1,165,041</b>	<b>1,143,448</b>

# Notes to the Pension Fund Accounts (continued)

Exposure to interest rate risk	Interest receivable 2024-25 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits, cash and cash equivalents	5,593	5,649	5,537
Index-linked securities	0	0	0
Multi-asset credit	33,530	33,865	33,195
<b>Total</b>	<b>39,123</b>	<b>39,514</b>	<b>38,732</b>

Exposure to interest rate risk	Interest receivable 2023-24 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits, cash and cash equivalents	4,726	4,773	4,679
Index-linked securities	762	770	754
Fixed interest securities (Multi-asset credit & Pooled fixed interest bonds)	10,158	10,260	10,056
<b>Total</b>	<b>15,646</b>	<b>15,803</b>	<b>15,489</b>

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of the assets and the income received from investments impact on the net assets available to pay benefits.

## Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the Investment Sub Committee and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The Fund partially hedges its currency exposures on equity investments by transferring into currency hedged share classes of its passive equity funds.

# Notes to the Pension Fund Accounts (continued)

## Currency risk – sensitivity analysis

Following analysis of historical data with the Fund’s advisers, the Fund considers the likely volatility associated with foreign exchange rate movements to be 9.1% (the 1 year expected standard deviation). A 9.1% (31 March 2024: 9.3%) fluctuation in the currency is considered reasonable based on the Fund adviser’s analysis of long-term historical movements in the month-end exchange rates over a rolling 36-month period. This analysis assumes that all other variables, in particular interest rates, remain constant. A 9.1% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Assets exposed to currency risk	Value at 31-Mar-25 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	700,319	0	700,319	700,319
Overseas equities - Unhedged	1,094,230	99,575	1,193,805	994,655
Overseas fixed income	686,353	62,458	748,811	623,895
Overseas cash fund	7,531	685	8,216	6,846
<b>Total</b>	<b>2,488,433</b>	<b>162,718</b>	<b>2,651,151</b>	<b>2,325,715</b>

Assets exposed to currency risk	Value at 31-Mar-24 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - Hedged	765,983	0	765,983	765,983
Overseas equities - Unhedged	1,468,054	136,529	1,604,583	1,331,525
Overseas fixed income	382,371	35,561	417,932	346,810
Overseas cash fund	8,656	805	9,461	7,851
<b>Total</b>	<b>2,625,064</b>	<b>172,895</b>	<b>2,797,959</b>	<b>2,452,169</b>

## b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund’s financial assets and liabilities. In essence the Fund’s entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

# Notes to the Pension Fund Accounts (continued)

Contractual credit risk is represented by the net payment or receipts that remain outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Fund's credit criteria. The Fund has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The Fund believes it has managed its exposure to credit risk, and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2025 was £73.6m (31 March 2024: £74.5m). This was held with the following institutions:-

	Rating	31-Mar-24 £000	31-Mar-25 £000
<b>Money market funds</b>			
Northern Trust Global Investors Global Cash Fund	AAAm	0	0
<b>Bank deposit account</b>			
NatWest Bank	A-1	14,144	6,954
<b>Bank current accounts</b>			
Northern Trust custody accounts	A-1+	60,400	66,640
<b>Total</b>		<b>74,544</b>	<b>73,594</b>

## c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its cash holdings, with the exception of holdings that are for a fixed term when the deposit is placed. The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2025 the value of illiquid assets was £1,500.1m, which represented 30.6% of the total Fund assets (31 March 2024: £1,323m, which represented 27.8% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy. All financial liabilities at 31 March 2025 are due within one year.

## d) Refinancing risk

A key risk for a Pension Fund is that it may be bound to replenish a significant proportion of its Pension Fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

# Notes to the Pension Fund Accounts (continued)

## 19. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025 and will be published in 2026.

The key elements of the funding policy are:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient Funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent Funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a maximum period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable. Where an employer's funding level is less than 100%, a deficit recovery plan is put in place requiring additional contributions from the employer to meet the shortfall.

At the 2022 actuarial valuation, the Fund was assessed as 125% funded (100% at the March 2019 valuation). This corresponded to a surplus of £860m (2019 valuation: deficit of £11m) at that time.

The Contribution Objective is achieved by setting employer contributions which are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain where possible relatively stable employer contribution rates. For each employer in the Fund, to meet the Contribution Objective, a primary contribution rate has been calculated in order to fund the cost of new benefits accruing in the Fund. Additionally, if required, a secondary contribution rate has also been calculated to target a fully funded position within the employer's set time horizon.

The table below summarises the whole fund Primary and Secondary Contribution rates at the 2022 triennial valuation. These rates are the payroll weighted average of the underlying individual employer primary and secondary rates, calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate %	Secondary Rate £		
	2023-2024	2024-2025	2025-2026
1 April 2023 to 31 March 2026 18.4%	£16,449,000	£14,485,000	£13,144,000

The Primary rate above includes an allowance of 0.8% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.4% of pensionable pay. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report and the funding strategy statement on the Fund's website.

# Notes to the Pension Fund Accounts (continued)

## Basis of valuation

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

## Financial assumptions

A summary of the main financial assumptions adopted for the valuation of members' benefits are shown below.

Assumption	31-Mar-19	31-Mar-22
Price Inflation (CPI)/ Pension increases	2.3%	2.7%
Pay increases	2.8%	3.2%
Discount rate	4.1%	4.9%

## Mortality assumptions

Future life expectancy based on the actuary's fund-specific mortality review was:

Assumed life expectancy at age 65	Active and Deferred Members		Current Pensioners	
	Male	Female	Male	Female
2019 valuation	22.7	25.5	22.0	24.0
2022 valuation	22.8	26.1	22.0	24.6

Note that the figures for active and deferred members assume that they are aged 45 at the valuation date.

Various scaling factors have been applied to the mortality tables to reflect the predicted longevity for each class of member and their dependants.

## Other demographic valuation assumptions:

- a) **Retirements in ill health** - Allowance has been made for ill-health retirements before Normal Pension Age.
- b) **Withdrawals** - Allowance has been made for withdrawals from service.
- c) **Retirement age** - The earliest age at which a member can retire with their benefits unreduced
- d) **Death in Service** - Allowance has been made for death in service.
- e) **Promotional salary increases** – Allowance has been made for promotional salary increases.
- f) **Family details** - A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than him and the dependent of a female member is assumed to be 3 years older than her.
- g) **Commutation** - 51% of future retirements elect to exchange pension for additional tax-free cash up to HMRC limits.
- h) **50:50 option** - 1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

# Notes to the Pension Fund Accounts (continued)

## 20. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 19). The actuary has also used valued ill health and death benefits in line with IAS 19.

31-Mar-24 £m		31-Mar-25 £m
-4,018	Present value of promised retirement benefits	-3,504
4,758	Fair value of scheme assets (bid value)	4,906
<b>740</b>	<b>Net Assets</b>	<b>1,402</b>

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

### Assumptions used

31-Mar-24 % p.a.	Assumption	31-Mar-25 % p.a.
2.75	Inflation/pension increase rate assumption	2.75
3.25	Salary increase rate	3.25
4.85	Discount rate	5.80

### Virgin Media

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments to contracted-out defined benefit schemes were invalid if not accompanied by the appropriate actuarial certificate. This ruling was appealed, and on 25 July 2024, the Court of Appeal upheld the High Court's decision.

This ruling introduced uncertainty regarding the validity of certain amendments made to LGPS scheme rules between 1996 and 2016, potentially giving rise to liabilities for the Fund and sponsoring employers.

On 5 June 2025, the Government acknowledged the uncertainty created by the ruling and announced its intention to introduce legislation allowing affected pension schemes to obtain retrospective actuarial certificates to validate the amendments. On 18 September 2025, the Government published amendments to the Pension Schemes Bill to enable retrospective validation of scheme rules. These amendments are expected to become law following the parliamentary process.

It is anticipated that this will result in no impact on the LGPS, and its obligations will remain unaffected.

Management has therefore concluded that no additional allowance is required within the accounts. However, developments will continue to be monitored, and any further information will be considered when assessing the impact on the value of promised retirement liabilities.

# Notes to the Pension Fund Accounts (continued)

## 21. CURRENT ASSETS

31-Mar-24		31-Mar-25
£000		£000
<b>Debtors:</b>		
2,092	Contributions Due – Members	2,874
6,167	Contributions Due – Employers	8,525
5,448	Sundry Receivables	4,910
<b>13,707</b>		<b>16,309</b>
14,144	Cash Balances	6,954
<b>14,144</b>		<b>6,954</b>
<b>27,851</b>		<b>23,263</b>

## 22. CURRENT LIABILITIES

31-Mar-24		31-Mar-25
£000		£000
5,928	Sundry Payables	6,334
1,473	Benefits Payable	2,276
<b>7,401</b>		<b>8,610</b>

## 23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-24		31-Mar-25
£000		£000
9,157	Prudential	10,729
285	Utmost	279
<b>9,442</b>		<b>11,008</b>

Total contributions of £2,269K (2023-24: £1,341K) were paid directly to Prudential during the year. No new contributions were paid to Utmost during the year, as it is a closed arrangement.

## 24. AGENCY

Agency Services represent activities administered by the Fund on behalf of scheme employers which are not included within the Fund Account but are provided as a service and are fully reclaimed from the employer bodies.

31-Mar-24		31-Mar-25
£000		£000
3,582	Unfunded pensions	3,645
<b>3,582</b>		<b>3,645</b>

# Notes to the Pension Fund Accounts (continued)

## 25. RELATED PARTY TRANSACTIONS

### Cambridgeshire County Council

The Cambridgeshire County Council Pension Fund is administered by Cambridgeshire County Council. The Council incurred costs of £3.7m (2023-24: £3.4m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Council is also the single largest employer of members of the Pension Fund and contributed £36.4m, excluding Local Education Authority schools, to the Fund in 2024-25 (2023-24: £35.2m). At 31 March 2025 there was £0.4m (31 March 2024: £0.3m) due to the Council by the Fund.

### Governance

The following members of the Pension Fund Committee declared a personal interest due to either being a member of the scheme themselves or having a family member in the scheme.

Councillor Alison Whelan, Councillor Alan Sharp, Councillor Henry Batchelor, Matthew Pink, Howard Nelson and Liz Brennan.

The following members are on the Board or an employee of an employer body in the Pension Fund;

Councillor Adele Costello, Councillor Andrew Wood, Matthew Pink, Howard Nelson and Liz Brennan.

County Council members have declared their interests in their Register of Members' Interests. Other members of the Pension Fund Committee are required to declare their interests at each meeting.

### Cambridge and Counties Bank

The Fund is joint owner, along with Trinity Hall, Cambridge, of Cambridge and Counties Bank (CCB). The Fund has no controlling interest in the CCB and it is included within the Fund's financial statements as a minority interest. Each shareholder is entitled to appoint one shareholder Non-Executive Director to the Board of CCB. The Fund is represented by an external party to the Pension Fund (See Note 5).

### ACCESS Pool

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government's LGPS reform agenda. On 31 March 2025, the Cambridgeshire Fund had invested £1,929.1m in the ACCESS pool and £2,044.1m under pooled management resulting in pooled assets of £3,973.2m, representing 81.3% of the Fund's assets.

During 2024-25 a total of £224.2k was charged to the Pension Fund by ACCESS asset pool in respect of operating costs (£146.1k in 2023-24).

### 25(a) KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by West Northamptonshire Council in partnership with Cambridgeshire County Council. The Head of Pensions reports directly to the Executive Director of Finance at West Northamptonshire Council, who is also the West Northamptonshire Section 151 Officer, whose costs are reported in the West Northamptonshire Council statement of accounts. Other key personnel include the Cambridgeshire Section 151 Officer, who is Treasurer to the Fund. The Section 151 Officer is remunerated for their services to the organisation as a whole and it is not possible to identify within the overhead charge from the proportion of costs relating to these services to the Fund.

# Notes to the Pension Fund Accounts (continued)

## 26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding contractual commitments at 31 March 2025 totalled £247.7m (31 March 2024: £249.9m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between three and fifteen years from the date of each original commitment.

6 admitted body employers in the Cambridgeshire Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default, and usually only in the event of premature cessation.

A scheme employer may become an exiting employer when a cessation event is triggered. The LGPS regulations states that, where an employing authority ceases to be a scheme employer, the administering authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the exit date to identify whether cessation deficits or surplus exist. The regulations also state that where a cessation surplus exists, the Fund has full discretion over the extent to which any surplus results in the payment of an exit credit to the existing employer. The policy over the Fund's discretion at employer cessations can be found on our [Cessation Policy](#).

The following table shows the open cessation cases as at 31/03/2025, which were possible to result in the payment of an exit credit, with the current progress noted.

Existing employer	Case status	Exit Date	Cessation surplus £000	Exit credit value £000	Case progress details
Burwell Parish Council	Complete	31/07/2024	26	26	Exit credit was determined and paid in April 25.
Taylor Shaw	On-going	31/07/2024	487	TBC	Exit credit determination is still pending.
Goshen Multi-service	On-going	30/09/2024	263	TBC	Exit credit determination is still pending.

# Appendix 1 – Accounting Policies

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## APPENDIX 1 - ACCOUNTING POLICIES

### GENERAL PRINCIPLES

The Statement of Accounts summarises the council's transactions for the 2024-25 financial year and its position at the year-end of 31 March 2025. 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 2024-25](#), supported by UK-adopted international accounting standards. 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 and financial instruments. The accounting policies have been consistently applied where appropriate.

### BASIS OF ACCOUNTING

The following accounting concepts are 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. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.
- **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 is applied retrospectively with comparator figures restated and disclosed, unless the Code stipulates transition arrangements for prospective application (no restatement), which is 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.

# Appendix 1 – Accounting Policies

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- **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 for accrual adjustments 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). The de minimis threshold level for capital assets and Right of Use assets has been set at £10,000.

## 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.

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## 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 non-lease 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 (including leased assets) 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. 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.

# Appendix 1 – Accounting Policies

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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 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, except those valued at less than £4m which are revalued every-other-year.

The effective date of revaluation for the rolling programme is 30 November during the year in question, however as part of the carrying value assessment exercise, some assets may be revalued again at 31 March of the year in question and all are potentially adjusted for indexation to 31 March. For assets measured at fair value the effective date of revaluation is 31 March of the year in question.

Infrastructure and non-PFI/non-lease 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. ROU Vehicle, Plant, Furniture and Equipment assets are included in the balance sheet at their value at initial recognition, less any accumulated depreciation.

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.

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Land and Building assets (including ROU assets, but excluding Community Assets, Assets Under Construction and Surplus 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 where the building is valued at over £4m 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.

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- 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.
- ROU assets – depreciated using the straight-line method over the term of the lease agreement.

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

## 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

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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.

## LEASES

### Council as Lessee

Contracts, and parts of contracts, are classified as leases where the council has the right to use, and control the use of, an identified asset in order to gain substantially all the service and/or economic benefits arising from its use. Arrangements that do not have the legal status of a lease but which meet these criteria are accounted for under this policy. As directed by the Code, arrangements with nil consideration, peppercorn or nominal payments are accounted for under this policy.

Property, Plant and Equipment assets held under a lease of more than 12 months in length and where the value (when new) of the underlying leased asset would be £10,000 or more, are recognised on the Balance Sheet as a Right-of-Use (ROU) asset at the commencement of the lease, matched by recognition of a corresponding liability to pay the lessor. Initial recognition of the ROU asset and liability is at the net present value of future lease payments, discounted using the council's incremental borrowing rate at the end of the financial year in which the lease commenced, except for peppercorn, nominal payments or nil consideration leases, where the ROU asset is recognised at fair value. Any initial direct costs incurred by the council in entering the lease agreement are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Lease payments are apportioned between a charge for writing down the lease liability, and an interest charge which is credited to the CIES.

ROU assets are carried at current value, except investment properties which are carried at fair value; the cost model is used as a reasonable proxy for ROU asset current value except for:

- Peppercorn, nominal payments or nil consideration leases.

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- Property leases with payments significantly below market level, or for more than five years with no provision for rent reviews, or where rent reviews are at periods of more than five years.

Such ROU assets will be carried at a revalued amount. Other property lease ROU assets may be carried at a revalued amount, where included in the Property valuation rolling programme.

## 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.

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## 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.

## 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 (FrM)*, 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*, except where a school constructed under a PFI contract has subsequently converted to academy status and the asset has been derecognised on conversion

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 four elements:

- Current value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.

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- 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.
- 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.

Changes to the interest rate underpinning the financing of the PFI schemes are reflected by the remeasurement of the PFI liability, balanced by either a corresponding remeasurement of the PFI assets or by an adjustment to the accumulated Revaluation Reserve balance. Where the increase in the liability is greater than the available Revaluation Reserve balance, a charge is made to the revenue accounts; the revenue charge is subsequently reversed out of the General Fund balance to the capital adjustment account via the Movement in Reserves Statement.

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).

## 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.

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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.

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

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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
- 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.

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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. 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)

Expenditure 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) is charged to the relevant service in the Comprehensive Income and Expenditure Statement in the year. The gross expenditure and any financing from existing capital resources (such as capital grants or capital receipts) is then reversed out of the Comprehensive Income and Expenditure Service via a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account. This means that there is no impact from this expenditure 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.

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- 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.

## 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.

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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

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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

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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.

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## 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.

## 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

# Appendix 1 – Accounting Policies

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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.

# Appendix 1 – Accounting Policies

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## 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

# Appendix 1 – Accounting Policies

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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:

# Appendix 1 – Accounting Policies

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

## DEBT REDEMPTION

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

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

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

Estimated life periods will be determined under delegated powers. To the extent that expenditures do not create an asset and are of a type that are subject to estimated life periods that are referred to in the guidance, these estimated life periods will generally be adopted by the

# Appendix 1 – Accounting Policies

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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

## Appendix 1 – Accounting Policies

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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.

# Glossary of Terms

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## 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.

### ADMINISTERING AUTHORITY

The LGPS is administered locally by 86 local pension funds. The administering authority is the body responsible for each fund. For the Cambridgeshire Pension Fund, the administering authority is Cambridgeshire County Council.

### ADMISSION AGREEMENT

A legal agreement allowing certain private companies and charities (Admission bodies) to participate in the LGPS.

### ADMITTED BODIES

Voluntary and charitable bodies whose staff can become members of the Local Government Pension Scheme subject to certain terms and conditions and other organisations to whom Local Government employees have been transferred under the outsourcing of Local Government services.

### ALTERNATIVES

Assets that fall outside of the traditional asset classes (equities, bonds and cash). Types of alternative investments include private equity, infrastructure and property.

### AMORTISATION

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

### ANNUAL BENEFIT STATEMENT

A document issued to active and deferred members on an annual basis informing them of the current and estimated future value of their pension benefits at the end of each scheme year.

# Glossary of Terms

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## **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).

## **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.

# Glossary of Terms

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## **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.

## **CUSTODIAN**

An external body responsible for ensuring Fund assets are registered in the name of the Fund, managing the settlement of trades entered into by the Fund, collecting income arising on Fund assets and reporting transactions and values to the Fund on a regular basis.

## **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.

## **DEFINED BENEFIT**

A pension which guarantees you specific income throughout retirement.

## **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.

# Glossary of Terms

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## **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]

## **EBITDA**

Earnings Before Interest, Taxes, Depreciation, and Amortisation is a statistic used to assess a company's operating performance.

## **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.

## **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.

# Glossary of Terms

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## **FIXED INCOME**

Assets or securities that pay a fixed level of income to investors, typically in the form of fixed interest or dividend. Government and corporate bonds are the most common types of fixed income products.

## **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.

## **FORMAL VALUATION**

A valuation, carried out every three years, of the pension assets and liabilities held by each employer in the Pension Fund.

## **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.

## **HEDGE**

To protect a fund from a fall in prices. This is usually accomplished by the selling of futures.

## **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.

## **INDEX LINKED**

Stock whose value is related directly to an index, usually the Retail Price Index and therefore provides a hedge against inflation.

## **INFRASTRUCTURE ASSETS**

Assets such as roads and bridges.

# Glossary of Terms

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## **INTANGIBLE ASSETS**

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

## **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.

## **LEAVER (LGPS)**

An active member who ceases membership of the LGPS as a result of ending an employment. This includes someone who leaves employment voluntarily or who's employment is terminated by the employer.

## **LOCAL GOVERNMENT (LGPS)**

The term local government within this document covers:

- County, district and borough councils
- Combined local authorities
- Police and Fire service civilian staff
- Town and Parish Council's
- Local authority schools (non-teaching staff)
- Academy trusts (non-teaching staff)
- Sixth form colleges (non-teaching staff)
- Further or Higher education establishments (non-teaching staff)
- Other tax raising bodies

## **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.

# Glossary of Terms

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## **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.

## **PENSION FUND COMMITTEE**

The pension fund committee is the ultimate decision maker for the pension fund. Its members act as 'quasi-trustees'. The pension fund committee decides the overall policy objectives, strategy and operation of the pension fund in line with the relevant legislation. It also decides the strategy for the investment of pension fund money.

## **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.

## **PORTFOLIO**

A collection of investments. This can refer to the investments managed by a particular Investment Manager, or to describe the whole Fund's investments.

## **PRAG**

Pensions Research Accountants Group is a leading independent industry body working for the development of occupational pension scheme, focusing on financial reporting and internal control.

## **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.

## **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.

# Glossary of Terms

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## **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.

## **RETIREMENT**

In this document retirement refers to the act, by an active or deferred member, of taking immediate payment of LGPS benefits following the end of a relevant employment regardless of whether that person stops all employment.

## **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.

## **SCHEDULED BODIES**

Local Authorities and similar bodies whose staff are entitled automatically to become members of the local Authority Pension Fund.

# Glossary of Terms

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## SCHEME EMPLOYER

An employer participating in the pension fund with current employees enrolled in the LGPS.

## SCHEME MEMBER

An individual with pension benefits in the LGPS or who is in receipt of pension benefits from the LGPS. Members are categorized as:

- **Active member:** A current employee of a scheme employer building up pension benefits in the LGPS.
- **Deferred member:** A person who has pension benefits in the LGPS but who is neither building up new benefits in, or receiving payment of pension benefits from, the LGPS.
- **Pensioner member:** A person who receives payment of pension benefits from the LGPS. This may be someone who was an active member in the LGPS or a dependant of someone who was an active member of the LGPS and is being paid dependant benefits.

## 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.

## TRANSFER VALUES

Sums which are paid either to or received from other pension schemes and relate to new and former members' periods of pensionable employment with employers participating in the scheme.

## 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.

## UNFUNDED

Pension benefits not funded by the Pension Fund. Benefits are fully reclaimed from the employer bodies.

## 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.

# Annual Governance Statement 2024 – 25

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## 1. Executive Summary

1.1 The Annual Governance Statement (AGS) provides an overview of how Cambridgeshire County Council has met its governance responsibilities during the year. It reflects on the effectiveness of the council's governance arrangements and includes assessments from statutory officers and internal audit reports to ensure compliance with laws and regulations.

The core aspects of the council's governance arrangements are detailed in relation to each of the seven principles of the CIPFA/Solace Framework in its Local Code of Governance. The annual review of the effectiveness of the Council's governance arrangements during 2024/25 demonstrates that the council has the appropriate systems and processes in place to ensure good governance is maintained and the core arrangements set out in the local Code are operating effectively and fit for purpose.

Looking forward, the Council acknowledges challenges related to increased demand, inflation, and potential local government reorganisation. The leadership will focus on addressing these issues while ensuring the delivery of effective services.

The council's political and managerial leadership is committed to continuously improving governance arrangements and ensuring that the council meets its priorities effectively.

## 2. Statement of Commitment

### 2.1 Leader of The Council and Chief Executive Statement

The Leader of the Council and Chief Executive both recognise the importance of having good management, effective processes, and other appropriate controls in place to have a well-run Council, delivering services to the communities of Cambridgeshire. We acknowledge areas identified for improvement and will use these alongside the review of effectiveness to ensure the Council continues to reflect and build on its governance arrangements to ensure there is a robust framework for delivering the council's priorities.

This Annual Governance Statement (AGS) describes how its corporate governance arrangements have been working. To help us do this, the Council's Audit and Accounts Committee undertakes a review of our governance framework and the development of the AGS.

The AGS for 2024/2025 will be presented to the Audit and Accounts Committee for approval on the 23 July 2025 to be recommended for signing by the Leader of the Council and Chief Executive. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Accounts Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.



Councillor Lucy Nethsingha  
Leader of the Council



Dr Stephen S. Moir  
Chief Executive

Councillor Chris Boden  
Chair of the Audit and Accounts Committee

### 3. Our Assessment of Effectiveness

3.1 Cambridgeshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

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

3.2 The governance framework comprises the systems, processes, culture, and values by which an organisation is directed, controlled, led, and held accountable to their communities and stakeholders. Effective corporate governance in the public sector can be summarised as:

"Achieving the intended outcomes while acting in the public interest at all times".

The Council's corporate governance framework aims to ensure that in conducting business it:

- Operates in a lawful, open, inclusive, and honest manner

- Makes sure public money is safeguarded, properly accounted for, and is used economically, efficiently, and effectively to achieve agreed priorities which meet the needs of Cambridgeshire
- Has effective arrangements in place to manage risk
- Ensure its values and ethical standards are met
- Secures continuous improvements in the way it operates.

Adhering to this framework enables the Council to monitor the success of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate and cost-effective services.

- 3.3 Both risk management and internal control measurements are a significant part of the Council's corporate governance framework and are designed to manage risk to a reasonable level. These safeguarding processes cannot eliminate all risk of failure to achieve the goals set by the Council's policies, aims and strategic objectives and can therefore only provide reasonable, rather than absolute assurances of their effectiveness.

The effectiveness of key elements of the governance framework are assessed throughout the year by the Statutory Officers Group, Corporate Leadership Team (CLT), the Audit and Accounts Committee, Internal Audit and other Officers and Members as required. The review of effectiveness is informed by the work of senior officers who have responsibility for the development and maintenance of the governance environment, the Head of Audit and Risk Management's annual report, and from comments received from external auditors and other review agencies and inspectorates.

- 3.4 The Annual Governance Statement ("the AGS") explains how Cambridgeshire County Council ("the Council") has discharged its governance responsibilities for the period from 1 April 2024 to 31 March 2025 and complies with the requirements of the Accounts and Audit (England) Regulations 2015. Regulation 6(b) requires "relevant bodies" (which includes local authorities) to prepare and publish an Annual Governance Statement.

In preparing the AGS, the Council has:

- Assessed the effectiveness of the Council's governance arrangements against the guidance and principles set out in the CIPFA/SOLACE Delivering Good Governance in Local Government framework (2016)
- Reflected on the Council's core governance arrangements as set out in the Local Code of Corporate Governance\* and considered whether those arrangements are operating effectively.
- Applied the revised guidance which CIPFA are currently consulting on (which will form an addendum to the 2016 Guidance) and will apply to Annual Governance Statements from next year, the guidance has been reviewed and reflected in the Statement this year. A link to the revised guidance is provided below: [Consultation on updated guidance on the annual review](#)
- Produced Assurance Statements from officers relating to their areas of responsibility during 2024/2025.
- Reviewed the key governance issues identified for 2024/5 and reported on the

- progress made in relation to those matters.
- Identified areas where improvements to the Council's governance arrangements are required.

In 2016 CIPFA/SOLACE issued revised best practice guidance for Delivering Good Governance in Local Government, setting out seven principles that should underpin the governance of each Local Authority as amended by the draft addendum (2025) This has also now been supplemented by work done by the Centre for Governance and Scrutiny through the *Governance Risk and Resilience Framework* (2021) which give authorities a method of strength testing their governance control environment against the CIPFA principles.

The review of effectiveness has been informed by Chief Officers and Senior Managers with responsibility for delivering services in accordance with the Council's Policy and Budget framework, financial controls and legal requirements adhering to the principles of good governance as set out in the Constitution. It reflects the outcomes reported by Internal Audit and the annual opinion provided by the Head of Internal Audit and Risk Management.

The Governance Framework and its constituent elements have been developed by executive managers and consulted upon with all members, the Audit and Accounts Committee and the Corporate Leadership Team, as appropriate.

3.5 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Corporate Governance Framework, including the system of internal control. The review of effectiveness is informed by:

- The work of the Statutory Officers Group comprising the Chief Executive (Head of Paid Service), Service Director: Legal and Governance (Monitoring Officer) and Executive Director of Finance and Resources (Section 151 Officer). This group meets regularly to discuss corporate governance arrangements and issues, and to reflect on recurring themes and spheres of activity relating to Council improvement.
- Assurances from Chief Officers and Deputy Chief Officers within the Council who have responsibility for the development and maintenance of the governance environment, including the completion of Self-Assurance Statements by all executive directors.
- The Head of Internal Audit and Risk Management's annual report and opinion on the internal control environment, which draws upon the outcome of audit reviews undertaken throughout 2024/5; and an annual review of the Council's Code of Corporate Governance undertaken by the Monitoring Officer.
- The consideration of relevant outputs from member and officer-led reviews undertaken during the year, and the comments made by the external auditors and other review agencies and inspectorates.

The core aspects of the council's governance arrangements are detailed in relation to each of the seven principles of the CIPFA/Solace Framework in its Local Code of Governance. The annual review of the effectiveness of the Council's governance arrangements during 2024/25 demonstrates that the council has the appropriate systems and processes in place to ensure good governance is maintained and the core arrangements set out in the local Code are operating effectively.

As part of the preparation of the AGS an action plan, developed by the Statutory Officers identifies key governance issues to be addressed in the forthcoming year. This is monitored by the Statutory Officers at their regular meetings.

#### **4. Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- 4.1 The Local Code demonstrates the arrangements that are in place to promote and maintain high standards of ethical conduct for members and officers and to provide assurance that laws, regulations internal policies and procedures are complied with.

All Council employees and Members must conduct themselves in accordance with the terms of the Officers' Code of Conduct and Members' Code of Conduct as set out in the Council's Constitution. These Codes are intended to promote high standards of behaviour for officers and members, and include requirements to declare financial interests, gifts, and hospitality in line with the officer and Member declarations of interests' process.

The Constitution also contains a clear Protocol on Member / Officer Relations, and a Code of Practice for elections and referendums. These have been supplemented with a new media protocol, setting out a series of principles and protocols for proactive communications with media and social media. The shared objective of these codes is to enhance and maintain the integrity of local government governance, in alignment with the seven Nolan principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

The Council also maintains a clear process by which individuals may raise a complaint about the behaviour of a Councillor or co-opted member if they believe that he or she has breached the Code of Conduct.

In general, Elected Member behaviour is consistently in line with the Code of Conduct. This municipal year, the Monitoring Officer has received and assessed 7 complaints under the Council's assessment framework in conjunction with the Council's independent person. In most cases the assessment indicated that the threshold had not been met for an investigation.

More generally, the Council's Constitution has been kept under review throughout the year with oversight from the Constitution and Ethics Committee and its working group. During 2024/5, the Constitution has been updated several times to reflect best practice and provide clarification over delegations and the allocation of responsibility for functions.

This year further work has been undertaken to strengthen governance where breaches of procurement legislation or standing orders have occurred, and these are now reported to Assets and Procurement Committee. The report identifies the breach and any action taken to prevent reoccurrence. This has been strengthened with a review of the contract standing orders and amended accordingly.

In addition to the work of internal and external auditors, the Council maintains robust and effective whistleblowing systems. The Audit and Accounts Committee receive regular updates on whistleblowing, and on 31 October 2024 received the Annual Whistleblowing Report, which provides an overview of whistleblowing cases and outcomes, the results of the employee survey on whistleblowing, internal communications exercises and more.

In respect of the role of key officers, the statutory functions undertaken by the Head of Paid Service, Monitoring Officer, Section 151 Officer, Director of Public Health (DPH), Director of Children's Services (DCS) and Director of Adult Social Services (DASS) were effectively fulfilled during 2024 - 25 and up to the date of this report.

The Council's Corporate Leadership Team and Executive Directors individually have provided assurance through Self-Assurance Statements that:

- They fully understand their roles and responsibilities;
- They are aware of the principal statutory obligations and key priorities of the Council which impact on their services;
- They have assessed the significant risks to the successful discharge of the Council's key priorities;
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks;
- Executive Directors and/or relevant senior officers have provided assurance on the key elements of risk and control in their areas of responsibility;
- Throughout the financial year they consider that risks and internal controls have been sufficiently addressed to provide reasonable assurance of effective financial and operational control, compliance with the Code of Corporate Governance and other laws and regulations.

Where executive directors identified key issues or areas of governance as part of their self-assurance statements, this feedback has been incorporated into the conclusions within this report.

## **5. Core Principle B: Ensuring openness and comprehensive stakeholder engagement**

The Local Code demonstrates the arrangements in place to ensure decisions are made in the public interest, comply with requirements in relation to openness and transparency and reflect the views of residents, service users and key stakeholders.

## 5.1 Decision Making

The Council has established a number of committees to undertake its functions in a more efficient way. These are divided into four categories, Policy, and Service Committees; Regulatory Committees; Joint Committees and other committees.

In some cases, the law requires the Council to establish a committee and stipulates the way it shall operate. However, in most cases Full Council may decide on the size, terms of reference and membership of its committees.

Section D of the constitution contains further information on the committees. Committees are responsible for most major decisions. They comprise up to fifteen councillors.

When major decisions are to be discussed or made, these are published in the Council's Forward Plan as far as they can be anticipated. If these major decisions are to be discussed with Council officers at a meeting of a committee this will be open for the public to attend, except where personal or confidential matters are being discussed.

The committees must make decisions which are in line with the Council's overall policies and budget. If they wish to make a decision which is outside the approved budget or Policy Framework this must be referred to the Council to decide.

An up-to-date record of what part of the Council or individual has responsibility for types of decisions or decisions relating to areas or functions. This record is set out in Part C (Full Council), Part D (Committees) and Chapter G2 (Scheme of Delegations to Officers) of the Constitution.

All decisions are subject to a governance process, legal requirements and provisions set out in the Constitution as follows:

- a. Action taken must be proportionate to the desired outcome;
- b. Professional advice from officers must be considered;
- c. Respect for human rights, in line with equalities and human rights legislation, must be demonstrated;
- d. There must be a presumption in favour of openness, in line with the Freedom of Information Act 2000;
- e. There must be a clear aim and desired outcome; and
- f. Alternative options must be considered alongside documented reasoning behind the decision made.

## 5.2 Openness and Transparency

Cambridgeshire County Council consistently meets statutory deadlines for publication of agendas, information, reports, and decisions, with information published both on its corporate website and through the Cambridgeshire Insight website which acts as a shared research knowledge base for the Cambridgeshire and Peterborough local area. The

Council also maintains a good track record in its response to Freedom of Information (FOI) requests, with FOI request response performance improving in 2024/5.

### **5.3 Consultation and Engagement**

The Council has an Engagement and Consultation Strategy to ensure the Council consults with and engages the diverse communities of Cambridgeshire, allowing them to have a say in the planning and reviewing of the services provided for them.

The Council now undertakes an annual Quality of Life Survey, benchmarked against the LGA survey, to inform and engage residents in the development of the Business Plan. This is supplemented by extensive consultation during the Budget setting process to ensure that residents' views are core to the delivery of services.

The Council has also reviewed and refreshed its processes around complaints from members of the public to ensure these are used to consistently drive improvement where needed. In particular, the Adults Social Care Complaints Policy will be reviewed and updated.

## **6. Core Principle C: Defining outcomes in terms of sustainable economic and environmental benefits**

The Local Code demonstrates the arrangements that are in place to monitor performance against the Council's agreed priorities to deliver sustainable services ensuring principles of best value and fair access to services are maintained.

### **6.1 Vision**

There is a clear vision of the outcomes which the Council wants to achieve for local people as set out in the Business Plan, which incorporates the Council's Strategic Framework 2023 – 28, the Medium-Term Financial Strategy and associated strategies.

The Council operates a business planning process which integrates all aspects of strategic, operational, and financial planning, and which has the full involvement of senior administration councillors and all chief officers of the Council. This ensures financial plans realistically support the delivery of the Council's vision and strategic ambitions in the short and medium terms.

### **6.2 Business Planning**

During 2024/5 we have continued to embed our Business Planning process, learning from previous years. The Quality of Life Survey informs much of the direction of travel of the Council.

This strengthened process means that we have a more robust way of assuring that we have an evidence-based approach to future decision-making priorities. The Business Plan, including the refreshed Strategic Framework for 2024/5 was approved by Full

Council on 13th February 2024. A separate section 25 Report was considered by the Strategy, Resources and Performance Committee in the setting of the 2025/26 budget.

The Council decision making process requires that reports be considered by finance and procurement to achieve consideration and value for money and Best Value. This is also the approach demonstrated through the Council's Change Board (Portfolio of Major Programmes) and the Programme Management Framework governance arrangements.

Work has been undertaken with the Corporate Leadership Team and Service Directors to enhance awareness and understanding of the political nature of strategic planning and decision-making.

Going forward, the Council will continue seeking to enhance its ability to clearly demonstrate the alignment of its strategic framework and business plan with its day-to-day operations, ensuring that the Council's strategy guides decision-making at all levels, informs organisational culture, and is explicitly linked to the organisation's performance management systems.

### **6.3 Partnerships**

In 2024/5, the Council has continued to decouple from its former shared service working with Peterborough City Council, with Public Health and IT and Digital Services arrangements for the two Councils having separated this year. This separation has stood Cambridgeshire County Council in good stead, ensuring that the Council is engaging directly with its local communities and partners and enabling the Council to refocus and re-energise relationships with its external partners, particularly Cambridgeshire Police and the NHS.

Cambridgeshire County Council recognises that it has a significant role in system leadership for the public sector in Cambridgeshire and that its partnership relationships are important both to the Council and local communities. Our local stakeholder and partnership relationships with bodies such as the Cambridgeshire and Peterborough Combined Authority (Mayoral Combined Authority) and NHS Cambridgeshire and Peterborough Integrated Care Board are crucial to ensuring that work across the public sector in Cambridgeshire is conducted effectively. Relationships with the community and voluntary sector in Cambridgeshire are generally positive and engaged, and the Council and public sector partners are effective at ensuring that partners are informed of key upcoming developments across the local area. In 2024/5, the Council has worked closely with other local public bodies on initiation of and support for the Cambridgeshire Independent Poverty Strategy Commission and supporting the improvement plan for the Combined Authority.

The Council's Partnerships Governance Framework and toolkit has been refreshed and updated in 2024/5, and we have also mapped our principal partnerships across the council. This year we tested and launched a self-assessment tool for officers to use to help us evaluate the effectiveness of our partnerships to inform actions for improvement and to help with the management of risk, in what is a very complex partnership environment.

Financial relationships represent a significant element of the risk associated with partnership arrangements, and this is particularly true of relationships with the NHS which are often high-value in nature.

## **7. Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

The Local Code demonstrates the arrangements that are in place for service planning supported by projects and programmes to ensure alignment to strategic objectives and consideration of budget and resource implications and adherence to principles of value for money, best value, and social value. Arrangements are also in place to monitor performance against the Council's Strategic Framework.

### **7.1 Performance Management**

A new Performance Management Framework was approved by Strategy, Resources and Performance Committee October 2024. The new framework includes a revised approach to oversight and scrutiny of performance through our Policy and Service committees and will clarify the role of each of these committees in overseeing performance in relation to their respective terms of reference. This framework will facilitate a more effective and more comprehensive reporting of performance across all aspects of our activity – business as usual service delivery and improvement, delivery of our portfolio of change programmes and projects, delivery against our capital plans and our savings targets.

The Council produces an Integrated Finance Monitoring Report (IFMR) for the Corporate Leadership Team monthly. IMFRs are also presented regularly to meetings of the Strategy, Resources and Performance Committee, in addition to the quarterly Finance Monitoring Reports supplied to service and policy committees.

### **7.2 Project and Programme Management**

Significant work was undertaken in 2023/4 to develop the Council's consistent approach to programme and project management and introduce clear lines of reporting and accountability for projects and programmes, with a governance process to oversee the delivery of our Change Programmes across the organisation, with a council-wide Change Board (Portfolio Board) being chaired by the Chief Executive. This has strengthened our grip and assurance upon the delivery of major change in relation to our council ambitions, our business plan and related savings and our principal council-wide strategies. A new Project Management Framework and project assurance arrangements have also been implemented, and Internal Audit reviews have been completed both on the Project Management Framework and on project governance within capital projects and the school's capital programme, with actions for further development in these areas agreed by management.

The implementation of the Change Board system of governance and the new Project Management Framework in 2024/5 has supported the Council's ability to demonstrate

strong governance arrangements across all projects and programmes. In line with this, going forward the Council needs to continue developing its ability to effectively deliver work which cuts across the organisation's line management structures, as well as developing the organisational culture to support cross-cutting work.

The Capital Programme Board works to scrutinise development and delivery of the Council's capital programme.

### **7.3 Social Value**

The Council considers the inclusion of social value criteria in all contracts valued over £100,000 at procurement planning stage. Social value may not be included where a framework is being used and the required criteria do not allow for the inclusion of social value criteria, where the core focus of the contract is social value or where the market is vulnerable and could not support the delivery of extra requirements. Where possible the Council engages the market on how to embed social value in procurement activity.

For some years, the Council had a contract with the Social Value Portal. Suppliers were asked to commit to delivering social value against one or more of the Portal's Themes Outcomes and Measures (TOMs) and their delivery of this commitment could be monitored by the Contract Manager through the Portal. These TOMs are monetarised. Following a review of the arrangements in 2024, the decision was taken to move to a more locally based approach for the delivery of procurement related social value. The Council now has a contract with Match My Project. This new contract means that local community and voluntary organisations can upload projects they need completing and supplier commit to the delivery of one or more projects via their tender responses. This delivery will then be monitored by the individual contract manager. This new mechanism will ensure that the social value delivered through the Council's contracts is as valuable as possible to the local community.

## **8. Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The Local Code demonstrates the arrangements are in place for the proper discharge of Statutory Officer functions and member and officer protocols provide clarity over roles and responsibilities and requirements in relation to induction, learning and continuous development of members and officers are provided for.

### **8.1 Leadership and roles and responsibilities**

#### **8.1 Head of Paid Service (the Chief Executive)**

Responsible for delivery, coordination and integration of the Council's functions providing leadership and driving the strategic direction of the Council, working collaboratively with Executive Directors. The Chief Executive is responsible for the staffing structure and appointment of all employees other than chief officers and statutory deputy chief officers,

such as the Service Director: Education, and any political assistants, although there are no such political assistants currently in place in Cambridgeshire County Council.

## **8.2 Chief Finance Officer (Executive Director of Finance and Resources)**

Responsible for oversight and delivery of the financial affairs of the Council to ensure the Council controls and manages its money well, operating within the financial control framework, the scheme of financial management, the scheme of delegation and the Contract Procedure Rules.

The Executive Director of Finance and Resources is able to operate effectively and perform core duties - complying with the CIPFA Statement on the role of the Chief Financial Officer.

## **8.3 Monitoring Officer (Service Director: Legal and Governance)**

Responsible for ensuring decisions of Cambridgeshire County Council are taken in accordance with legislation, statutory guidance, caselaw and the Council's Constitution.

The Monitoring Officer is responsible for overseeing and promoting high standards of ethical conduct by Members and co-opted members of the authority.

The Monitoring Officer is responsible for maintaining the Constitution and regularly reports to Council and its Committees to provide updates on matters that come within the remit of the role and to consider changes required to the Constitution to reflect legislative changes and/or good practice.

All three statutory officers are full members of the Council's Corporate Leadership Team.

The Code of Practice on Good Governance for Local Authority Statutory Officers has been reviewed and adopted by the statutory officers and CLT and ELT trained on the contents.

## **8.4 Officer and Member Roles and Responsibilities**

A written Constitution which specifies the roles and responsibilities of elected members and officers, with clear delegation arrangements and protocols for effective communication. The Constitution sets out: Schemes of Delegation to members and officers; Financial and Contract Procedure Rules; and other supporting procedures for how decisions are taken and the processes and controls required to manage risk. There are arrangements in place to ensure these are reviewed regularly;

There are embedded Codes of Conduct which define the standards of behaviour for members and employees.

## **8.5 Corporate Leadership Team (CLT)**

The Corporate Leadership Team implements the policy and budgetary framework set by the Council and oversees and ensures compliance with the Council's governance arrangements.

The Corporate Leadership Team are collectively responsible, under the direction of the Chief Executive, for managing and leading the council's workforce responsible for delivering high-quality services essential to improving social, economic, and environmental outcomes for Cambridgeshire residents, partners, businesses, and other stakeholders.

CLT itself is recognised as having a key role in ensuring good governance and establishing a culture of transparency, accountability, and ethical decision-making across the organisation. Weekly CLT meetings are convened at which the Corporate Leadership team can escalate and share emerging risks and issues, including health and safety matters, discuss and approve proposed operational changes, and review key performance and financial information.

## **8.6 Head of Audit and Risk Management**

The Head of Audit & Risk Management is required to provide an independent opinion on the overall adequacy of, and effectiveness of, the Council's governance, risk, and control framework and therefore the extent to which the Council can rely on it.

The annual report has been considered in the development of the Annual Governance Statement and any significant governance issues incorporated as appropriate. The opinion of the Head of Internal Audit is included in this Annual Governance Statement (see below).

## **8.7 Council Managers**

The Council's managers have day to day responsibility for services and are accountable for their successful delivery. They set 'the tone from the top' and develop and implement the policies, procedures, processes, and controls, ensuring compliance.

The Chief Executive meets regularly with Group Leaders, and service Spokes meetings take place monthly or six-weekly to consider key issues and future issues for decision with the relevant Executive Directors. Chairs and Vice-Chairs of Committees meet with Corporate Leadership Team (CLT) and Group Leaders maintain deputies.

## **8.8 Workforce Planning**

The Council's People Strategy 2023 – 28 was approved by Full Council on 16th May 2023 and the Council's commitments to recruiting, retaining and developing its staff as set out within the Strategy will continue to be a focus in the 2025/6 financial year.

## 8.9 Induction and development

In 2024/5, personal development of officers and Elected Members has been an area of development. Mandatory e-Learning courses are now in place for employees, covering key areas including information security, health and safety, and the Council's Climate Change and Environment Strategy. Targeted training has also been delivered in procurement and contract management training to officers with responsibility for managing contracts. Additionally, documented guidance is available to all officers on the Council's intranet regarding understanding decision making processes, delegated decisions, drafting reports to Committee and more.

As part of our 2024/5 year-end Our Conversations appraisal process, we have implemented a form to capture compliance with mandatory training relevant to officers' roles and responsibilities. This will help reinforce individual responsibility with respect to good governance.

A newsletter for Members has been introduced, and Members are also now able to access recorded training sessions in addition to a live programme of training. A Member Development Panel oversees the Member Development Programme, and the Panel makes effective use of the training sessions offered by the LGA. For 2024/25 there is a comprehensive induction programme for Members following the elections.

The Council will continue to work to increase the consistency of Member training and development and support greater attendance and engagement in these development sessions from Members.

## 8.10 Health and Wellbeing

Wellbeing promotion at the council is planned and informed by representatives from across the organisation. The Wellbeing Group manages content on the [Wellbeing Hub](#), [Wellbeing hour](#), [Mental Health First Aiders](#), promotion of [wellbeing workshops and training courses](#) and [health and safety guidance](#), policy advice and relationships with support services.

This is available to both officers and Members.

## 9. Core Principle F: Managing risks and performance through robust internal control and strong public financial management

The Local Code demonstrates arrangements for internal control and assurance frameworks are maintained and subject to oversight and internal challenge by senior management, formal overview and scrutiny and review by internal audit.

## 9.2 Risk management

The Council maintains an approved Risk Management Policy and Risk Management Toolkit, which were completely revised and updated in July 2023, as well as a Risk Management Strategy. The Strategy includes an Action Plan to further strengthen the Council's risk management activity, following a Risk Maturity Assessment exercise undertaken in April 2023 in line with Institute for Internal Auditors guidelines. In 2024/5, key actions completed from within the Strategy include reintroducing an officer Corporate Risk Group and including specific prompts to include risk information in decision-making reports, as part of the introduction of a new report template for Policy & Service Committees. Implementation of the Strategy will continue in 2024/5.

The Corporate Risk Register has been updated throughout the year and presented to both the Strategy, Resources and Performance Committee and Audit & Accounts Committee at regular intervals. There is a need for the Council to continue developing its risk maturity and as part of that, to support Members in taking the lead on setting the corporate risk tolerance and risk appetite and developing Member confidence in scrutinising risk management activity.

The Corporate Leadership Team (CLT) undertake regular Risk & Assurance meetings. These formal meetings have a dedicated Terms of Reference intended to ensure regular detailed senior management oversight of the corporate and directorate risk registers, to reflect on feedback from Committee and to develop corporate oversight of risk and key independent assurances. Directorate Management Teams maintain their own risk registers and formally consider risk on a regular basis.

## 9.3 Internal Audit

The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities.

Under Public Sector Internal Audit Standards (PSIAS), Internal Audit teams are required to undertake an annual self-assessment of their compliance with PSIAS and undergo an external review of compliance every 5 years. The most recent external 'peer-to-peer' review by the Head of Internal Audit at Peterborough City Council was completed in 2022/3 and concluded that the CCC Internal Audit team fully conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. The Internal Audit team self-assessment conducted in 2024/5 also confirmed that the team is operating in compliance with the Standards.

From the audit reviews undertaken during 2024/5 in each instance where it has been identified that the control environment was not strong enough or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the

implementation of actions is followed up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis.

## **9.4 Financial Management Arrangements**

The council has had regard to the CIPFA Financial Management Code and Standards in designing and implementing its approach to strategic and operational financial management and reporting. The leadership team considers the council's management accounts monthly, alongside performance, risk, and internal audit reporting to ensure financial control and value for money are central to their work and are working to ensure a culture of sustainability is consistent at all levels.

Through the annual business plan, backed up by the Chief Financial Officer's s25 Report to Council annually, councillors have a credible and transparent assessment of the council's financial position and outlook over the medium-term. The budget setting process is robust, including both officer and member scrutiny, and transparent through its public committee meetings.

The council engages stakeholders in developing its strategic framework and medium-term financial plan, through an annual quality of life survey and consultations on the budget setting process and specific proposals. Management accounts prepared for senior officers and presented regularly to public committees are extensive, clear, and transparent, enabling problem areas to be identified and actions targeted, and these include revenue, capital, and balance sheet items. The statement of accounts is prepared annually by a robust and qualified team of accountants, with the Chief Financial Officer taking personal responsibility for the judgements that feed into those accounts.

## **9.5 Oversight and Scrutiny**

The Audit and Accounts Committee is responsible for: independent assurance on the adequacy of the risk management framework and the associated control environment; the independent scrutiny of the Council's financial performance, to the extent that it affects the Council's exposure to risk and weakens the control environment; and for overseeing the financial reporting process;

Statutory officers support and monitor the Council's governance arrangements, ensuring compliance with relevant laws and regulations, internal policies, and procedures and that expenditure is lawful;

There are embedded arrangements for whistleblowing under the Public Interest Disclosure Act, as well as routes for raising other types of concerns including safeguarding, information security and employment concerns. There are policies in place for receiving and investigating complaints from the public, supporting the measurement of the quality of services for users;

The committee-based system of governance provides the Council with the high standards of governance expected of a local authority. Under the committee system, decisions are made by cross-party committees, meaning that a separate scrutiny function is no longer necessary.

The work of Internal Audit provides independent and objective assurance across the whole range of the Council's activities.

## **9.6 Internal control arrangements include the following;**

### **Cyber Security:**

Cyber security remains a top priority for the Council, underpinning the integrity, confidentiality, and availability of our digital systems, services, and data. Over the past year, we have enhanced our cyber resilience in response to evolving threats and changes in cybercrime tactics. The Council has invested in team resources and technology, bolstering our capability and capacity to monitor, detect, and respond to cyber security alerts and incidents. These measures have been successfully implemented, allowing us to transition from a reactive to a proactive approach to cyber security, delivering significant value and benefits.

We have also maintained a proactive approach to cyber risk management by embedding the industry-recognised National Cyber Security Centre (NCSC) 10 Steps framework into our cyber security risk management processes. We will continue to work closely with the Council Information Governance and Emergency Planning teams to ensure compliance with legislation and improve our ability to respond to and recover from cyber incidents.

Staff training and awareness remain key elements of our cyber security strategy and assurance moving forward. Earlier this year, the Council successfully achieved stage one of the national Cyber Assessment Framework (CAF) and will continue through the subsequent stages. In June 2025, the Council participated in a Local Government Association (LGA) Cyber 360 peer review, providing a comprehensive assessment to evaluate and enhance our cyber security culture and practices. We will continue to assess emerging threats and adapt our defences accordingly, ensuring continuous improvement in this area.

### **Information governance:**

Information Governance is managed through the Information Governance Board which oversees the operation of the Council's Freedom of Information and data protections responsibilities. The performance measures for this aspect are reported on a quarterly basis to Strategy, Resources and Performance Committee.

### **Asset management:**

Risk Management: Ensuring that risks associated with asset management are identified and mitigated, including carrying out regular assessments such as condition surveys, fire

risk assessment and water hygiene risk assessments, and asbestos management surveys to ensure compliance and safety.

**Internal Controls:** Implementing controls to safeguard assets and ensure they are used efficiently, including an asset register, annual survey and repair and maintenance schedule.

**Audit and Review:** Regular audits and reviews to assess the effectiveness of asset management practices are undertaken and recommendations responded to.

### **Procurement and contract management:**

During 2024/25, procurement governance was managed through the Procurement Governance Board with additional reporting to the Asset and Procurement Committee in relation to any breaches.

### **Overview and Scrutiny**

Cambridgeshire County Council operates a Committee system, meaning that scrutiny is intended to operate as an inherent part of the committee process, and there are no separate standalone scrutiny committees. Items for decision are scrutinised in detail before a decision is taken at the meeting, and some specific items are also scrutinised at working groups. In 2023/4, work on report writing and report templates for Committees was undertaken to improve the quality of reports and this is now embedded.

The Adults and Health Committee has delegated authority to discharge the Council's statutory health scrutiny function. It is supported in this role by five non-voting co-opted members representing the city and district councils. Delivery of the health scrutiny function was reviewed by the Centre for Governance & Scrutiny in 2023, as part of its wider review of the Council's Governance process. As a result of this review, new work programming arrangements have been introduced for 2024/25 to make health scrutiny more outcome focused. This has included the Committee collectively agreeing the criteria against which potential scrutiny topics should be assessed, a committee workshop to identify scrutiny priorities for 2024/25 and the introduction of a formal scoping process.

Key decisions were made by one of the Council's seven cross-party Policy and Service committees and the Strategy, Resources and Performance Committee, which has an overarching and co-ordinating role and has authority for oversight, operation, and review of Corporate Services. Key decisions may be reviewed following request by at least 9 full members of the Strategy, Resources and Performance Committee, which must be made within 3 days of a decision being published.

### **Audit Committee**

In line with its Terms of Reference, the Audit and Accounts Committee provides independent, effective assurance on the adequacy of the Council's governance environment. All major political parties are represented on the Audit and Accounts Committee. The Audit and Accounts Committee met regularly during 2024/5, considering

reports, including the annual Internal Audit Report from the Head of Internal Audit; the Council's annual Statement of Accounts; debt management updates; and information on financial reporting and related matters from the Council's senior Finance officers and the External Auditor.

The Chair of the Audit and Accounts Committee presents an annual report to Council detailing the work of the Audit and Accounts Committee in the preceding year. In 2023/4 the Committee conducted its first Review of Effectiveness in line with best practice, identifying a number of development actions for the Committee to undertake to improve its effectiveness overall and consequently the Terms of Reference have been reviewed and updated. Additionally, the Committee has appointed an Independent Member in line with good practice.

In respect of whistleblowing a self-assessment benchmarking exercise was undertaken in early 2024 with the whistleblowing charity Protect. This led to the development of an action plan to further develop whistleblowing arrangements, with a particular focus on staff training, which was implemented in 2024/5.

## **10. Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

10.1 The Local Code demonstrates the arrangements in place to ensure timely cooperation and support for the work of external audit, internal audit and other inspection and regulatory bodies. External challenge is welcomed, and recommendations facilitate learning through actions for improvement which are monitored and reported to demonstrate accountability and provide assurance to residents and stakeholders.

In addition to the Council's internal finance controls, Public Sector Audit Appointments (PSAA) have appointed KPMG LLP as the Council's external auditor.

The external auditors audit the Council's financial statements and provide an opinion on these. The external auditors also provide an opinion on whether the Council has an effective framework in place to deliver value for money to the people of Cambridgeshire. They provide:

- An audit opinion on whether the Council's financial statements give a true and fair view of the financial position at the end of the financial year and of the income and expenditure for the year then ended.
- Consideration as to whether the council has in place 'proper arrangements' to secure economy, efficiency, and effectiveness in its use of resources - known as their value for money conclusion.

### **10.2 External Assurance Providers**

The Council undergoes third party reviews by external regulators and other bodies and aims to consistently deliver improvements against any recommendations made by external parties.

In 2024/25 the following Inspections took place;

- **LGA Communications Health check** and resulting action plan implementation.
- On 12 February 2025, the Communities Service received its annual **Prevent Duty assurance visit from the Home Office**. The visit measures our performance against seven set benchmarks and for 2024/25 the Council achieved an 'exceeding' rating on each of the seven benchmarks. The recommendation provided for 2025/26 is 'to build on the communications and engagement work for Cambridgeshire'.

Cambridgeshire Skills and Learning and Development received a **Further Education and Skills inspection by Ofsted** on 29 April to 2 May 2025. The inspection looked at all adult education and apprenticeships delivered by the Council. The overall outcome was Good. The full inspection report can be found here: [Ofsted Inspection of Cambridgeshire County Council](#)

- In November 2024, the **Care Quality Commission (CQC) commenced its assessment of how Cambridgeshire County Council fulfils its duties in providing Adult Social Care**, under the Care Act 2014.

This was the first inspection for the council, following the introduction of these new powers for CQC to assess in the Health and Care Act 2022, and all councils with responsibility for adult social care services will be inspected by the end of 2025.

Following the notification of our assessment, in November 2024, the council submitted 191 documents of evidence to CQC, including our self-assessment. These gave the CQC an understanding of our adult social care offer in Cambridgeshire and identified our strengths and areas for improvement.

CQC conducted their onsite visit from 31st March to 3rd April 2025. During this time they met with more than 100 staff members and senior leaders from the Council and our partners, including the Chief Executive, Executive Director for Adults, Health and Commissioning, and the Chair of the Adults and Health Committee. This allowed them an opportunity to further understand the adult social care offer in Cambridgeshire and the way in which we engage with people, the communities we serve and meet our statutory duties under the Care Act 2014.

- In January 2025, the Council received notification on an **Inspection of the Cambridgeshire Local Area Partnership for Special Educational Needs and Disabilities (SEND)**. The Inspection was carried out by Ofsted and the Care Quality Commission between Thursday 23 and Friday 31 January. During that time

Inspectors interacted with services, visited provider and partner settings, and met with parents and carers, children, and young people.

Inspectors evaluated the impact of the local area partnership's SEND and alternative provision arrangements on the experiences and outcomes of children and young people with SEND and SEN Support, including the extent to which:

- Children and young people's needs are identified accurately and assessed in a timely and effective way
- Children, young people, and their families participate in decision-making about their individual plans and support
- Children and young people receive the right help at the right time
- Children and young people are well prepared for their next steps, and achieve strong outcomes
- Children and young people are valued, visible and included in their communities.

Cambridgeshire received the following outcome:

Local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with SEND. The local area partnership must work jointly to make improvements.

An improvement plan will need to be submitted to Ofsted in June 2025

- In September 2024, the **Department for Works and Pensions (DWP) carried out an audit of data sharing arrangements between the Council and DWP**. Overall, the Council was found to be compliant with a small number of actions to further improve arrangements.

### 10.3 Trading Companies and Joint ventures

Council owned companies have been the focus of significant governance work this year including the establishment of the Shareholder Sub Committee which exercises the shareholder function for the Council's companies.

Meetings are held in public where possible, subject to issues usually of commercial sensitivity. This provides a robust level of challenge to the operation of the companies to protect the Council's interests.

### 10.4 Internal Audit Annual Conclusion

It is the duty of the Head of Internal Audit to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.

The Head of Internal Audit provided her annual report to the Audit Committee on 4<sup>th</sup> June 2025. The report outlined the key findings of the audit work undertaken during 2024/5, including areas of significant weakness in the internal control environment. It is the

opinion of the Head of Internal Audit that: The detail to support this assessment was provided in the Annual Internal Audit Report.

The Internal Audit Plan for 2025/26 presented to the Audit and Accounts Committee on 27<sup>th</sup> March 2025 is substantially based upon the key risks faced by the Council as identified in the Corporate and Directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2025/6.

*“On the basis of the audit work undertaken by Cambridgeshire’s Internal Audit team during the 2024/25 financial year, it is the Head of Internal Audit’s opinion that overall Internal Audit can provide **moderate assurance**<sup>1</sup> over the system of internal control in place at Cambridgeshire County Council for the financial year ended 31st March 2025.*

*This opinion is derived from an assessment of the range of individual opinions arising from work completed in 2024/25 by the Cambridgeshire Internal Audit team (including investigative work for which no assurance opinion is assigned, and work which is partially complete but has not had a draft report issued).*

*The opinion takes account of: the relative materiality of each area under review and the findings; assessment of other evidence and assurances about the organisation’s arrangements for internal control and managing risk, including the assurance provided by other internal and external sources of assurance (such as the Council’s risk management processes, External Audit reports, Ofsted reports, and the annual review letter from the Local Government & Social Care Ombudsman); and ongoing review of management’s progress in addressing control weaknesses...*

*I would particularly highlight the following key pieces of evidence on which my opinion is based:*

- *Assurance opinions from Internal Audit reviews in 2024/25 showing a predominance of 'moderate' audit opinions.*
- *A single audit (LDP Disaggregation Programme) identified findings which were deemed to have the potential for a 'major' organisational impact if the identified risks materialised.*
- *No new 'essential' recommendations were issued for audits delivered as part of the 2024/5 audit plan, although one 'essential' action from 2023/4 remains outstanding.*
- *The Council continues to face significant financial pressures, particularly relating to its wholly owned development company This Land Ltd, its Waste PFI and its*

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<sup>1</sup> The opinion of 'moderate' assurance reflects the service’s standard definitions for assurance opinions, indicating that audit work has identified that there are control weaknesses that present a medium risk to the control environment; and that the control environment has mainly operated as intended, although errors have been detected. For more detail and full definitions of the assurance opinions in use, please see the Annual Internal Audit Report.

- increasing Dedicated Schools Grant deficit. The Council's external auditors, KPMG, in their report on the 2023/4 financial year considered that together these pressures represent a significant risk of long-term strain on the financial sustainability of the Council. Similar themes are reflected in some areas of Internal Audit work in 2024/5; in particular, the audit findings relating to schools in deficit and the LDP Pooled Budget Disaggregation project as well as the outstanding 'essential' audit agreed action relating to the DSG Safety Valve audit are highlighted.*
- *Procurement and contract management continues to represent a key area of risk and focus for Cambridgeshire County Council, and this has been reflected in the Internal Audit plan and the findings of audit work completed throughout the year. The Council has undertaken a range of actions to strengthen the control environment around procurement and contract management throughout 2024/5.*
  - *The management of project and programme risk has been an area of focus for the Internal Audit team in recent years. The 2024/5 audit of Projects Assurance found that, while areas for improvement remain, there has been a strengthening of the control environment and compliance in this area.*
  - *In 2024/5, the management of health and safety risks has represented a key area of risk and focus for the authority as a whole, following the Health & Safety Executive investigation of the Guided Busway. A review of statutory health and safety property checks was undertaken in-year by Internal Audit and resulted in a number of improvement actions being agreed to improve the control environment. This risk area will continue to be a focus for the Audit Plan in the coming financial year.*
  - *Review of the organisation's Code of Corporate Governance and the evidence supporting the Council's Annual Governance Statement, including Director's Assurance Statements. These documents demonstrate a sound core of organisational governance, while highlighting some areas within the corporate framework which require further development. The Council has progressed the implementation of actions identified within the 2024/5 Annual Governance Statement throughout the year, resulting in a range of improvements to organisational governance.*
  - *79% of agreed audit actions due for implementation in 2024/25 have been completed by the organisation. This is slightly higher than the implementation rate of 75% for 2023/4, despite a higher number of actions being due for implementation in 2024/5 compared to the prior year. Each action completed represents an improvement in the Council's systems of internal control.*
  - *Reviews of Key Financial Systems for which Cambridgeshire County Council is the Lead Authority have historically demonstrated a good or moderate assurance across all systems. At the time of writing, the assurance opinions for the 2024/5 suite of shared reviews have yet to be finalised. This does reduce the assurance that can be given over these systems; however, some assurance can be taken from the detailed prior-year audits of these areas carried out by the Cambridgeshire team, and the 14 actions which have been confirmed as implemented in 2024/5 to*

*address the findings of previous audits of Accounts Payable, Income Processing, Debt Recovery, Pensions and General Ledger.*

- *Looking ahead, the Council faces significant uncertainty as a result of Local Government Reorganisation which was announced by the Government in December 2024 as part of the English Devolution White Paper and was followed up by a statutory invitation from the Minister for Local Government in early 2025. This transition from the existing two-tier system of district and county councils in Cambridgeshire to having one or more single-tier unitary councils. This period of uncertainty and transition will introduce new complexities into the management of services and require robust risk management to mitigate disruption.*

*During 2024/25, the Council's Internal Audit service:*

- *Operated in conformance with Public Sector Internal Audit Standards (PSIAS) requirements and undertook a self-assessment against the new Global Internal Audit Standards during the course of the year.*
- *Had unrestricted access to all areas, systems, and information across the authority.*
  - *Received appropriate co-operation from officers and Members.*
- *Operated independent of the organisation, as per the Internal Audit Charter, with no compromises of Internal Audit's independence this year.*
- *Had sufficient resources to enable it to provide adequate coverage of the authority's control environment.*

*As a result, there are no qualifications to the 2024/25 Head of Internal Audit position statement. It should be noted that no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance."*

## **11. How we have improved our governance arrangements in 2024/5**

Last year the Council agreed an Action Plan to address governance issues. This appears below with an update on progress;

<b>ACTION</b>	<b>TARGET</b>	<b>STATUS</b>
Implement a module within the Member Induction programme to include training on decision making and Member/Officer Protocol.	1 <sup>st</sup> June 2025	COMPLETE
To include in Manager Induction a module on decision making at Cambridgeshire County Council.	31 <sup>st</sup> March 2025	In progress

To review process for completion of Annual Governance Statement to ensure that the process is directed and owned by those charged with governance.	31 <sup>st</sup> March 2025	In progress
Embed new client-side management arrangements with Pathfinder Legal Services and implement action plan following audit review.	31 <sup>st</sup> March 2025	COMPLETE
Ensure external auditors finalise their sign-off of outstanding accounts and value for money opinions.	31 <sup>st</sup> March 2025	COMPLETE
Implement Whistleblowing Action Plan following Protect benchmarking exercise.	31 <sup>st</sup> March 2025	COMPLETE
To carry out Strategic Commander training for all Officers on call	31 <sup>st</sup> March 2025	COMPLETE
Fully implement system of Change Boards throughout the Council	31 <sup>st</sup> March 2025	COMPLETE
Complete a review of client-side governance in the Council's relationship with This Land Ltd.	31 <sup>st</sup> March 2025	COMPLETE
Deliver training to Extended Leadership Team on political dynamics and awareness.	31 <sup>st</sup> March 2025	COMPLETE
Deliver further training and communications to Extended Leadership Team as needed to embed understanding and awareness of key governance issues and developments.	31 <sup>st</sup> March 2025	COMPLETE
Work with the Corporate Leadership Team to enhance awareness and understanding of the political nature of strategic planning and decision-making, including a session focused on the Local Government Association guidance on setting up joint arrangements.	31 <sup>st</sup> March 2025	COMPLETE
Delivery of Cambridgeshire's Local Productivity Plan outlining the Council's plans for transforming the way it designs and delivers services to make best use of resources and how it intends to take advantage of the use of data and technology to improve decision-making.	1 <sup>st</sup> July 2024	COMPLETE
Consider adoption of the Local Government Association Model Councillor Code of Conduct.	31 <sup>st</sup> March 2025	COMPLETE
Delivery of procurement and contract management training to officers with responsibility for managing contracts.	31 <sup>st</sup> March 2025	COMPLETE

Review the Constitution to develop a structure that is easier to read and understand.	31 <sup>st</sup> March 2025	COMPLETE
Implement new Performance Management Framework.	31 <sup>st</sup> October 2024	COMPLETE
Develop and implement an Action Plan to address the key recommendations from the March 2024 Ofsted Inspection of Local Authority Children's Services.	31 <sup>st</sup> October 2024	COMPLETE
Conduct a self-assessment of Cambridgeshire County Council against the 2024 statutory guidance on the Best Value Duty for local authorities in England.	31 <sup>st</sup> December 2024	COMPLETE
External LGA health check on the Council's approach to communications and consultation.	30 <sup>th</sup> September 2024	COMPLETE
Development and publication of a new Consultation & Engagement Strategy.	31 <sup>st</sup> August 2024	COMPLETE
Launch partnerships self-assessment tool.	31 <sup>st</sup> October 2024	COMPLETE
Implementation of the Complaints Action Plan in Adults, Health & Commissioning.	31 <sup>st</sup> March 2025	COMPLETE
Formal review and update of the Adults Social Care Complaints Policy.	31 <sup>st</sup> March 2025	COMPLETE
Update the Terms of Reference for the Audit & Accounts Committee.	31 <sup>st</sup> December 2024	COMPLETE
Continue to implement the new processes in relation to selection and scoping of Health scrutiny items for Adults and Health Committee.	31 <sup>st</sup> March 2025	COMPLETE
Increasing emphasis on the role of Health scrutiny in the Members' Training programme		COMPLETE

In addition, the Council completed the following actions to improve the Governance Framework:

- The implementation of the Procurement Act 2023 increased focus on Social Value and Best Value considerations by increasing the focus and mandating that Public Sector Buyers consider the wider benefits to the community, shifting from awarding contracts based on “Most Economically Advantageous Tender” (MEAT) to “Most Advantageous Tender” (MAT), and requiring authorities to set and publish Key Performance Indicators (KPIs) for contracts over a certain value.
- During 2024/25 a robust process was put in place for review of revenue and capital to prepare the Medium Term Financial Plan for 25/26.
- Delivery of the 2024/25 MTFP has been reported to Members and the public by way of quarterly budget monitoring updates covering revenue, capital and the Housing Revenue Account. These reports detail the financial performance of the organisation.
- Adoption of a new “balanced scorecard” approach to performance management.
- Implementation of new Performance Management Framework.

- Delivery of Cambridgeshire County Council's Local Productivity Plan, as required by Government, outlining the Council's plan for transforming the way it designs and delivers services to make best use of resources and how it intended to take advantage of the use of data and technology to improve decision-making.
- Self-assessment of Cambridgeshire County Council against the 2024 statutory guidance on the Best Value Duty for local authorities in England
- Budget Consultation process reviewed and improved.
- Review of the Constitution to ensure accessibility requirements are met and the Constitution is easier to navigate.

## 12. Where our governance needs to improve

From the Review of Effectiveness, the following actions have been included in the AGS Action Plan 2024/5;

Action	Target	Owner
Implementation of Induction Programme and Member Development Plan	31 <sup>st</sup> March 2026	Service Director (Legal and Governance)
Introduction of planning protocol.	31 <sup>st</sup> March 2026	Service Director (Legal and Governance)
Introduction of new part to the Constitution to deal with Council owned companies (including conflicts of interest)	31 <sup>st</sup> March 2026	Service Director (Legal and Governance)
Review of the Strategic Plan to ensure that it meets the new administration's priorities.	31 <sup>st</sup> March 2026	Chief Executive.
Monthly Briefing sessions for Members.	31 <sup>st</sup> March 2026	Service Director (Legal and Governance)
Introduction of a committee dedicated to Health Scrutiny	31 <sup>st</sup> March 2026	Service Director (Legal and Governance)
Implementation of any action plan resulting from review of AGS process.	31 <sup>st</sup> March 2026	Service Director (Legal and Governance)
Preparedness for Local Government Reorganisation.	31 <sup>st</sup> March 2026	Chief Executive.

## **13. Forward look on governance**

### **13.1 Significant Governance Issues**

The Annual Governance Statement process allows the Council to identify any significant governance issues that have been identified, and the associated actions it is proposing to undertake to enhance its corporate governance arrangements. Significant governance issues are defined as those which:

- Seriously prejudice or prevent achievement of a principal objective of the authority;
- Have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- Have led to a material impact on the accounts;
- The Audit Committee advises should be considered significant for this purpose;
- The Head of Audit and Risk Management reports on as significant in the annual opinion on the internal control environment;
- Have attracted significant public interest or have seriously damaged the reputation of the organisation;
- Have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer.

### **13.2 Guided Busway Prosecution**

Cambridgeshire County Council was prosecuted by the Health & Safety Executive (HSE) in relation to the deaths on the guided busway route. This resulted in a fine, which the Council has made arrangements to pay. A full review of safety on the Guided Busway has been undertaken, and Elected Members have been advised of the proposed actions to be taken.

### **13.3 Waste PFI**

In 2025/26, the Council will also need to assess options regarding the provision of its Waste Disposal PFI contract closely for financial consequences and impact to ensure this is affordable.

### **13.4 This Land Ltd:**

The shareholder governance surrounding This Land was reviewed in 2024/25 and led to the establishment of the Shareholder Sub Committee to hold the Council shareholder powers in respect of Council owned Companies that now report regularly into it. This is also being supplemented with an additional section on company Governance being added to the Constitution. The Board of This Land Ltd has been strengthened in 2024/25 through new appointments. The Council continues to review the strength of loans to This Land, although the financial reserves were amended to reflect a greater risk. The Statutory Officers meet weekly to monitor progress in relation to the company and the Council's responsibilities as shareholder.

### **13.5 Dedicated Schools Grant Safety Valve:**

Due to a cumulative deficit in the council's Dedicated Schools Grant (DSG) budget, the Department for Education (DfE) enacted a "Safety Valve" Agreement with the council in March 2023. That agreement saw some additional funding transferred up front to the council and would have seen the historic deficit cleared through additional funding contributions from government and the council, contingent on the council addressing the growth in the deficit. The council has not been able to address the underlying causes of the deficit, with it growing by £22.8m in 2024-25 to reach £62.9m. Consequently, the DfE have suspended the Safety Valve agreement with Cambridgeshire County Council. Under current regulations, the deficit is ringfenced and is not a draw on, nor is it allowed to be funded by, general council resources. This regulatory arrangement is confirmed until March 2026, with the government indicating in June 2025 that it was minded to extend it further to 2028. Nevertheless, this represents one of the biggest financial risks to the council and is a problem for nearly all councils with these responsibilities. While we have made some progress with actions to address the issue where we can, and the launch of our new Inclusion for All strategy aims to make further progress, ultimately the sector needs a response from government that addresses the imbalance between statutory entitlement to services and the level of funding that councils receive.

### **13.6 Local Government Reorganisation**

On 5th February 2025, the Council received an invitation to submit proposals for local government reorganisation in Cambridgeshire. Since that time CCC has been working with the other Councils in Cambridgeshire and Peterborough to develop scenarios for future local government structures in response to the Government's invitation to reorganise from the current "two tier" county and district council arrangements in place across this county and other parts of England and move towards a consistent "single tier" or unitary council arrangement everywhere.

The process is being managed at officer level by a Chief Executives' Group and various workstreams including Governance and Risk Group and at a Member level with the 7 Leaders of the Councils. The County Council determined in March 2025 to establish a working group of Elected Members to guide the process.

### **13.7 Pension Pooling**

Cambridgeshire Pension Fund invests around 80% of its funds a pooled arrangement (ACCESS) with other local government pension funds. Following a consultation on changes to pooling arrangements Ministers instructed the administration authorities in ACCESS to merge with another pool. The Fund are working through the implications and practicalities of this to safeguard the assets of the Fund. Proposals for change will be considered by the Pension Committee with recommendations to Full Council. Any transition will be reported and monitored through the Pension Committee.

### **13.8 Learning Disability Partnership**

Following an independent review and negotiations to revise contributions to the learning disabilities pooled budget with the Integrated Care Board (ICB), the Council served notice to terminate the existing arrangements from the end of March 2025. Several workstreams have been developed to support the transition process and there is ongoing work to review individuals currently receiving care and support that is fully or partly funded by health to ensure clarity on who will commission and fund their care under new arrangements. The operational and financial implication of these changes will be reported and monitored through the corporate leadership team and Committees.

#### **14. Key Areas of focus for the Council's leadership in 2025/6**

Cambridgeshire County Council does continue to face significant future challenges associated with an increase in demand and inflation and uncertain and constrained levels of Government funding, and this has been exacerbated by the impact of the pandemic. The Council's Strategic Framework and Budget is reflective of these pressures, and is subject to annual review, to ensure the major financial pressures facing the Council can be met, whilst continuing to provide effective services to the people of Cambridgeshire.

The ongoing impact of inflation is also a key governance consideration for the Council as a whole, and particularly for services managing capital projects and high value contracts. Advanced ordering of major equipment has sheltered the Council from exposure for some costs; however, not all exposure to price volatility can be managed in advance, in particular with SME (small to medium size enterprise) suppliers.

Furthermore, the Government has signified its intention to implement Local Government Reorganisation in Cambridgeshire and Peterborough which is an emerging and developing landscape for the Council.