

Item

STATEMENT OF ACCOUNTS 2020/21 – SUPPLEMENTARY REPORT

To:

Civic Affairs Committee – 22 September 2021

Report by:

Francesca Griffiths, Senior Accountant (Technical and Financial Accounting)

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Wards affected:

None directly affected

1. Overview

- 1.1 At the time of writing the initial report and of preparing the Statement of Accounts for 2020-21, there was one further material change anticipated, relating to the net pension liability on the Balance Sheet.
- 1.2 The auditors of the Cambridgeshire Pension Fund (also EY) have identified a material difference between the estimated pension asset values used by the actuary in calculating the Council's net liability, and the actual asset values (which were not yet available to the actuary at the time of issuing their report).
- 1.3 We have since received a revised report from the actuary with updated asset values, and we have updated the Statement of Accounts accordingly. It should be noted that any actuarial movement in the pension liability is taken to unusable reserves, therefore there is no impact on the Council's usable reserve position.
- 1.4 Two further adjustments to the Statement of Accounts have also been identified since the report was issued. The first relates to the 'netting down' of income and expenditure from the Shared Waste Service. The

result of this was that both income and expenditure were understated by £519,000. This had no impact on the overall net expenditure and therefore no impact on usable reserves. The second was a missing related party that should have been included in the table in Note 11 – Related Party Transactions. This was an administrative oversight by the Finance team as a result of rolling forward the previous year's table – the related party was correctly disclosed by the relevant member within the Council's Register of Interests.

2. Recommendations

- 2.1 Recommendation 2.2 in the Statement of Accounts 2020/21 be amended as follows (additional text underlined):-

That the Statement of Accounts for the year ended 31 March 2021, as amended by Appendix 1 to this Supplementary Report, be approved, subject to any remaining amendments per recommendation 2.3.

3. Amendments

- 3.1. The pages / notes impacted by the amendments are as follows:

Pensions Adjustment:

- Narrative Report – page ix
- Movement in Reserves – page 2
- Comprehensive Income and Expenditure – page 4
- Balance Sheet – page 5
- Note 3: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty – page 10
- Note 4: CIES – Material Items of Income and Expenditure – page 11
- Note 32: Unusable Reserves – pages 39 & 42
- Note 35: Defined Benefit Pension Schemes – pages 52-55
- Group Movement in Reserves – page 70
- Group Comprehensive Income and Expenditure – page 72
- Group Balance Sheet – page 73

Shared Waste Service – Understatement of Income and Expenditure:

- Comprehensive Income and Expenditure – page 4
- Note 1: Expenditure and Funding Analysis – page 9

- Group Comprehensive Income and Expenditure – page 72

Missing Related Party:

- Note 11: Related Party Transactions – pages 21-24

3.2 Attached to this supplementary report are substitute pages with the amendments featured above. On the substitute pages, the figures that have been amended are highlighted in blue for transparency.

4. Pensions Adjustment

- 4.1 The return on plan assets has increased from £46.6 million to £50.0 million, meaning that the total actuarial movement in the pension liability has reduced from £39.6 million to £36.1 million.
- 4.2 The net liability for the pension fund on the balance sheet has reduced from £145.7 million to £142.2 million and unusable reserves has increased from £620.9 million to £624.4 million.
- 4.3 Within the revised report, the actuaries have also updated the sensitivity analysis table as disclosed on page 55 of the Statement of Accounts.

5. Shared Waste Services Adjustment

- 5.1 Income and expenditure within the Climate Change, Environment and City Centre portfolio were both understated by £519,000. Gross income and expenditure have therefore both increased by this amount but the surplus on the provision of services remains unchanged. Usable reserves are not affected.

6. Related Party Transactions Adjustment

- 6.1 One related party was missing from the table in Note 11 – Related Party Transactions, as a result of an administrative oversight by the Finance team. This has now been updated.

7. Implications

(a) Financial Implications

Included in the report above.

(b) Staffing Implications

None

(c) Equality and Poverty Implications

None

(d) Environmental Implications

None. Paper copies of the Statement of Accounts document will only be produced on request. An electronic version will be available on the Council's website.

(e) Procurement Implications

None

(f) Community Safety Implications

None

8. Consultation and communication considerations

Paper copies of the Statement of Accounts document will only be produced on request. An electronic version will be available on the Council's website.

9. Background papers

Background papers used in the preparation of this report:

- Statement of Accounts 2020/21

10. Appendices

- Appendix 1 – Statement of Accounts 2020/21 Substitute Pages

11. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Francesca Griffiths, Senior Accountant (Technical and Financial Accounting), tel: 01223 - 458126, email: francesca.lawton@cambridge.gov.uk.

Narrative Report

Capital Spending and Receipts

In 2020/21 the Council spent £39,038,000 on property, plant and equipment. Of this, £11,265,000 was on council dwellings (including both new build completions and major repairs and improvements to existing dwellings), £331,000 on other land and buildings, £950,000 on vehicles, plant and equipment, £733,000 on infrastructure, £12,000 on community assets and £25,747,000 on assets under construction. Of the assets under construction spend, £24,660,000 was on new housing developments. £15,828,000 of new council dwellings were completed in year and therefore transferred from assets under construction at the end of the year. These included 24 new dwellings at Anstey Way, 15 new dwellings at Ventress Close, and a further 19 new dwellings at various other sites across the city.

In addition to the above, the Council also spent £202,000 on its investment property portfolio. This was all in relation to enhancements to existing properties.

Capital receipts continued to be generated through the sale of land, council houses, shared ownership dwellings and other property. Capital receipts for the year were £5,686,000, of which £5,027,000 was in relation to the disposal of housing properties. £1,359,000 of housing receipts were paid to central government.

The Council's future commitments under capital contracts are detailed further at note 18 to the accounts.

Assets

Just as in the private sector, changes in the values of Council-owned property are reflected in the accounts each year. As a result of asset revaluations and the capital expenditure discussed above (and net of asset disposals), the value of property, plant and equipment increased by £41,768,000 to £850,092,000 and the value of investment property (including investment property held for sale) decreased by £603,000 to £162,119,000 as at 31 March 2021. Although these movements appear significant, it should be noted that revaluation gains and losses are not realised until asset disposals take place.

Liabilities

The Council did not need to undertake any new external borrowing during the year. The external debt of £213.6 million shown in the Balance Sheet at the end of the financial year relates to borrowing undertaken in 2011/12 to meet a one-off debt settlement payment to central government in relation to new self-financing arrangements for the Housing Revenue Account.

The Council's share of the assets and liabilities of the Cambridgeshire Pension Fund show an estimated net liability of **£142.2 million** as at 31 March 2021. This liability has no impact on the level of the Council's usable reserves.

The net pension liability has increased this year by **£39.4 million**. This net figure reflects a number of factors used by the actuary to estimate the Council's scheme liabilities. Further information on this change and relating to the assets, liabilities, income and expenditure of the Council's pension scheme is presented at note 35.

Cash Flows

The balance of cash and cash equivalents at 31 March 2021 was £14,303,000. This excludes the Council's investments in fixed term deposits and other long term investments

Main Financial Statements

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The ‘(surplus) or deficit on the provision of services’ line shows the true economic cost of providing the Council’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The ‘net (increase)/decrease before transfers to earmarked reserves’ line shows the statutory General Fund balance and Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves.

Financial year 2020/21

| (£000s) | General Fund balance | Collection Fund deficit earmarked reserve | Other earmarked General Fund reserves | Housing Revenue Account balance | Earmarked HRA reserves | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Total usable reserves | Unusable reserves | Total Council reserves |
|---|----------------------|---|---------------------------------------|---------------------------------|------------------------|--------------------------|-----------------------|--------------------------|-----------------------|-------------------|------------------------|
| Balance at 1 April 2020 | (17,263) | 0 | (18,680) | (15,066) | (17,257) | (46,657) | (9,801) | (23,362) | (148,086) | (650,587) | (798,673) |
| Movement in reserves during 2020/21 | | | | | | | | | | | |
| (Surplus) / deficit on the provision of services | (255) | 0 | 0 | (28,840) | 0 | 0 | 0 | 0 | (29,095) | 0 | (29,095) |
| Other comprehensive income and expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,340 | 1,340 |
| Total comprehensive income and expenditure | (255) | 0 | 0 | (28,840) | 0 | 0 | 0 | 0 | (29,095) | 1,340 | (27,755) |
| Adjustments between accounting basis and funding basis under regulations (note 5) | (31,639) | 0 | 0 | 25,476 | 0 | 6,444 | (3,846) | (21,310) | (24,875) | 24,875 | 0 |
| Net (increase) / decrease before transfers to earmarked reserves | (31,894) | 0 | 0 | (3,364) | 0 | 6,444 | (3,846) | (21,310) | (53,970) | 26,215 | (27,755) |
| Transfers to / from earmarked reserves (note 6) | 32,563 | (31,809) | (754) | 10 | (10) | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase) / decrease in year | 669 | (31,809) | (754) | (3,354) | (10) | 6,444 | (3,846) | (21,310) | (53,970) | 26,215 | (27,755) |
| Balance at 31 March 2021 | (16,594) | (31,809) | (19,434) | (18,420) | (17,267) | (40,213) | (13,647) | (44,672) | (202,056) | (624,372) | (826,428) |

Main Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting costs in the year of providing services in accordance with generally accepted accounting practices, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

| (£000s) | Notes | 2020/21 | | | 2019/20 | | |
|---|----------|-------------------|------------------|-----------------|-------------------|------------------|-----------------|
| | | Gross expenditure | Gross income | Net expenditure | Gross expenditure | Gross income | Net expenditure |
| Climate Change, Environment and City Centre | | 11,981 | (3,208) | 8,773 | 10,795 | (3,627) | 7,168 |
| Communities | | 12,614 | (3,979) | 8,635 | 17,440 | (8,692) | 8,748 |
| General Fund Housing | | 9,125 | (4,451) | 4,674 | 6,271 | (2,063) | 4,208 |
| Planning Policy and Open Spaces | | 12,366 | (3,459) | 8,907 | 11,831 | (4,504) | 7,327 |
| Transport and Community Safety | | 8,336 | (3,189) | 5,147 | 8,492 | (10,304) | (1,812) |
| Housing Revenue Account | | 36,450 | (42,904) | (6,454) | 35,165 | (41,538) | (6,373) |
| Finance and Resources | 4 | 40,844 | (37,668) | 3,176 | 37,315 | (33,676) | 3,639 |
| Strategy and External Partnerships | | 3,168 | (214) | 2,954 | 5,609 | (363) | 5,246 |
| Cost of services | | 134,884 | (99,072) | 35,812 | 132,918 | (104,767) | 28,151 |
| Other operating expenditure | 7 | 1,712 | 0 | 1,712 | 1,134 | (2,772) | (1,638) |
| Financing and investment income and expenditure | 4/8 | 13,156 | (13,404) | (248) | 14,503 | (800) | 13,703 |
| Taxation and non-specific grant income | 4/9 | 0 | (66,371) | (66,371) | 0 | (53,284) | (53,284) |
| (Surplus) / deficit on the provision of services | 1 | 149,752 | (178,847) | (29,095) | 148,555 | (161,623) | (13,068) |
| <i>Items that will not be reclassified to the (surplus) / deficit on the provision of services</i> | | | | | | | |
| (Surplus) / deficit on revaluation of non-current assets and impairment losses charged to revaluation reserve | 32 | | | (34,766) | | | (10,849) |
| Remeasurements of the net defined benefit liability | 4/35 | | | 36,106 | | | (42,065) |
| Other comprehensive (income) / expenditure | | | | 1,340 | | | (52,914) |
| Total comprehensive (income) / expenditure | | | | (27,755) | | | (65,982) |

Main Financial Statements

Balance Sheet

The Balance Sheet shows the value at the stated date of the Council's assets and liabilities. The net assets are matched by reserves. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes those reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| (£000s) | Notes | 31 March 2021 | 31 March 2020 |
|-------------------------------------|-------|------------------|------------------|
| Property, plant and equipment | 14 | 850,092 | 808,324 |
| Heritage assets | | 669 | 669 |
| Investment property | 19 | 158,594 | 162,722 |
| Intangible assets | | 844 | 555 |
| Long term investments | 23 | 75,022 | 74,499 |
| Long term debtors | 24 | 6,489 | 3,709 |
| Long term assets | | 1,091,710 | 1,050,478 |
| Short term investments | 23 | 83,161 | 70,990 |
| Investment properties held for sale | 21 | 3,525 | 0 |
| Inventories | | 198 | 187 |
| Short term debtors | 25 | 29,035 | 27,115 |
| Cash and cash equivalents | 26 | 14,303 | 11,590 |
| Current assets | | 130,222 | 109,882 |
| Short term borrowing | 33 | (82) | (82) |
| Short term creditors | 27 | (29,206) | (32,773) |
| Receipts in advance | 28 | (6,146) | (7,929) |
| Provisions | 29 | (4,209) | (4,419) |
| Current liabilities | | (39,643) | (45,203) |
| Long term borrowing | 33 | (213,572) | (213,572) |
| Other long term liabilities | 35 | (142,209) | (102,825) |
| Receipts in advance | | (80) | (87) |
| Long term liabilities | | (355,861) | (316,484) |
| Net assets | | 826,428 | 798,673 |
| Usable reserves | 31 | (202,056) | (148,086) |
| Unusable reserves | 32 | (624,372) | (650,587) |
| Total reserves | | (826,428) | (798,673) |

Caroline Ryba, Head of Finance

XX September 2021

Notes to the Main Financial Statements

Income and expenditure are analysed subjectively as follows:

| (£000s) | 2020/21 | 2019/20 |
|--|------------------|------------------|
| Employee benefit expenses | 37,977 | 40,666 |
| Other service expenses | 72,544 | 70,865 |
| Depreciation, amortisation and impairment | 26,253 | 23,377 |
| Interest payments and investment income expenses | 11,619 | 12,513 |
| Payments to Housing Capital Receipts Pool | 1,359 | 1,134 |
| Total expenditure | 149,752 | 148,555 |
| Government grants, contributions and donations | (116,772) | (75,442) |
| Fees, charges and other service income | (57,292) | (70,161) |
| Income from council tax | (8,664) | (8,602) |
| Income from non-domestic rates | 15,744 | (5,952) |
| Gain on the disposal of non-current assets | 0 | (2,772) |
| Interest and investment income | (11,863) | 1,306 |
| Total income | (178,847) | (161,623) |
| Surplus on the provision of services | (29,095) | (13,068) |

Fees, charges and other service income is analysed by segment as follows:

| (£000s) | 2020/21 | 2019/20 |
|---|-----------------|-----------------|
| Climate Change, Environment and City Centre | (2,729) | (3,535) |
| Communities | (2,335) | (7,814) |
| General Fund Housing | (1,474) | (1,027) |
| Planning Policy and Open Spaces | (3,096) | (3,480) |
| Transport and Community Safety | (3,018) | (10,192) |
| Housing Revenue Account | (42,300) | (41,078) |
| Finance and Resources | (682) | (894) |
| Strategy and External Partnerships | (117) | (35) |
| Financing and investment income | (1,541) | (2,106) |
| Fees, charges and other service income | (57,292) | (70,161) |

In addition to this external income, interest and investment income above includes rental income from the Council's investment property portfolio of £9,734,000 (2019/20: £10,054,000).

2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out on pages 81 to 98, 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:

- ◆ There is a degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and significantly reduce levels of service provision.

Notes to the Main Financial Statements

3 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 as at the balance sheet date and the amounts reported for revenue and expenditure during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The net pension liability at 31 March 2021 is estimated to be **£142.2 million** (31 March 2020: £102.8 million) and the estimated effects on the liability of changes in individual assumptions are disclosed at note 35.

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent upon assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council did not sustain its current spending on repairs and maintenance the useful lives currently assigned to assets may be reduced.

If the useful life of assets is reduced, depreciation increases and the carrying value of the assets fall; it is estimated that the annual depreciation charge for assets would increase by approximately £1,548,000 for every year that useful lives had to be reduced.

Business Rates

Since the introduction of the Business Rates Retention Scheme from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses, both in the current financial year and earlier years, in proportion to their local share of business rates income. The Council's General Fund share of business rates income is 40%.

A provision has therefore been recognised for the best estimate of the amount that will be repayable in respect of years up to 31 March 2021 following successful rating valuation appeals. The Council's share of this provision is £4.1 million (31 March 2020: £4.2 million) as disclosed at note 29. The provision has been calculated using an estimate of the likely remaining average reduction in rateable values over the life of the 2017 Valuation Office Agency (VOA) ratings list, plus an estimate of the amounts which will be required to settle appeals still outstanding on the 2010 ratings list. The estimates are based upon historical experience, and the Council has employed relevant experts to assist with this process. However, it remains possible that appeals may be settled at amounts which differ from these estimates.

Notes to the Main Financial Statements

Fair Value Measurements

When the fair value of assets and liabilities cannot be measured based on quoted prices in active markets (level 1 inputs), their fair value is measured using valuation techniques. 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.

Where level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

The most significant assets that the Council has measured at fair value in the Balance Sheet where level 1 inputs are not available are investment properties. Significant changes in any of the unobservable inputs used in these valuations would result in significantly higher or lower fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities can be found at notes 15, 20 and 33.

4 Comprehensive Income and Expenditure Statement – Material Items of Income and Expenditure

The following material items of income and expenditure are included in the relevant lines of the Comprehensive Income and Expenditure Statement.

There is a total debit for remeasurements of the Council's net defined benefit pension liability of £36.1 million (2019/20: net credit of £42.1 million) which is recognised in other comprehensive income. In addition, financing and investment expenditure includes a net interest cost on the pension liability of £2.4 million (2019/20: £3.3 million). Further details are set out at note 35.

The Council's share of non-domestic rates income totalling £21.5 million (2019/20: £42.6 million) and the tariff of £37.3 million (2019/20: £36.7 million) payable to central government under the rates retention scheme have been included in taxation and non-specific grant income. The Council received £23.4 million of business rate relief grants (2019/20: £2.2 million).

Housing benefit subsidy grants received from government totalling £30.0 million (2019/20: £31.5 million), together with associated expenditure on housing benefits of £30.5 million (2019/20: £32.2 million), are included within Finance and Resources income and expenditure.

Capital grants and contributions income includes £29.0 million (2019/20: £26.9 million) of grant funding to support new homes under the Cambridge and Peterborough Devolution Deal. Of this, £14.0 million (2019/20: £9.9 million) was received from the Cambridge and Peterborough Combined Authority, with the remaining £15.0 million (2019/20: £17.0 million) coming directly from central government.

Financing and investment expenditure includes interest payable on Public Works Loan Board (PWLB) borrowings of £7.5 million (2019/20: £7.5 million).

Non-ringfenced government grants income includes New Homes Bonus from central government of £4.9 million (2019/20: £5.5 million) and £5.9 million from central government under the compensation scheme for lost sales, fees and charges income (2019/20: £0).

Notes to the Main Financial Statements

The following transactions and balances are deemed to be material to either party:

| Related Party | Member / Officer | Income from Related Party (£000s) | Expenditure with Related Party (£000s) | Debtor balance at 31 March 2021 (£000s) | Creditor balance at 31 March 2021 (£000s) |
|--------------------------------|---|-----------------------------------|--|---|---|
| Cambridge BID Ltd | Cllr Rosy Moore – Director of Cambridge BID Ltd | 98 | 13 | 6 | 0 |
| Wintercomfort for the Homeless | Cllr Rod Cantrill – Trustee of Wintercomfort for the Homeless | 5 | 136 | 1 | 1 |
| Cambridge Sustainable Food CIC | Cllr Katie Thornburrow – Director of Cambridge Sustainable Food CIC | 0 | 53 | 0 | 0 |
| Sheridan House (Cambridge) Ltd | Cllr Rod Cantrill – Director of Sheridan House (Cambridge) Ltd | 9 | 0 | 0 | 0 |
| The Red Hen Project | Cllr Kevin Price – Trustee of The Red Hen Project | 0 | 9 | 0 | 0 |
| Granta Architects Ltd | Cllr Katie Thornburrow – Director of Granta Architects Ltd | 0 | 8 | 0 | 0 |

In addition to the above, the Council collects levy payments from local businesses on behalf of Cambridge BID Ltd. During the year, the Council collected levy payments (net of refunds) totalling £933,000 (2019/20: £809,000) and paid £848,000 over to Cambridge BID (2019/20: £909,000). At 31 March 2021, the outstanding creditor balance due to Cambridge BID in respect of these levies was £99,000 (31 March 2020: £14,000). In 2020/21, the Council also distributed £46,000 of central government COVID-19 support grants to Cambridge BID in its role as distributary agent. (2019/20: nil).

Cambridge Investment Partnership LLP / CIP operating companies

The Council has a 50% stake in a limited liability partnership with Hill Investment Partnerships Limited. The partnership is primarily engaged in house building and redeveloping land in the Cambridge area. This includes delivering new affordable and social dwellings for council housing financed from the Housing Revenue Account. The partnership consists of four separate companies.

Cambridge Investment Partnership LLP, incorporated 30 November 2018, provides management services to CIP operating companies as needed. It also manages the main site and various design, build and sale contracts on behalf of the Council's social housing capital programme. The company reported a profit of £703,000 in 2020/21 (2019/20: £603,000 loss).

Operating companies are established for individual sites as they commence and details of those in existence during 2020/21 are as follows:

- ◆ CIP (Mill Road Development) LLP, incorporated on 22 December 2016. The company reported a profit of £3,332,000 in 2020/21 (2019/20: £2,000).
- ◆ CIP (Cromwell Road) LLP, incorporated on 10 January 2019. The company reported a loss of £6,000 in 2020/21 (2019/20: nil).

Notes to the Main Financial Statements

- ◆ CIP Orchard Park L2 LLP, incorporated on 19 December 2019. The company reported a loss of £5,000 in 2020/21 (2019/20: nil).

The Council recognised income of £380,000 from the partnership during 2020/21 in respect of management recharges (2019/20: £335,000), and £327,000 of section 106 contributions in respect of housing developments (2019/20: £471,000). At 31 March 2021, short term debtors were £325,000 (31 March 2020: £322,000).

The cost of work carried out by the partnership in 2020/21 was £20,157,000 (2019/20: £25,754,000). This included expenditure of £8,733,000 at Mill Road (2019/20: £8,625,000), £6,181,000 at Cromwell Road (2019/20: £4,696,000), and £5,243,000 at various other developments (2019/20: £12,433,000). At 31 March 2021, short term creditors were £1,363,000 (31 March 2020: £2,355,000).

The Council disposed of the former Mill Road depot site to CIP (Mill Road Development) LLP in December 2017. The deferred sales proceeds due from CIP are reflected in a loan note (currently expected to be repaid in 2022) as included at note 23. The outstanding balance at 31 March 2021 was £5,240,000 (31 March 2020: £5,041,000). Notional interest on the loan is reflected in interest income – this was £199,000 in 2020/21 (2019/20: £191,000).

In addition, the Council has a further outstanding long term investment balance of £7,011,000 at 31 March 2021 (31 March 2020: £5,019,000) with CIP (Mill Road Development) LLP, in respect of loan financing provided (including accrued interest). This loan financing has generated £192,000 of interest income during 2020/21 (2019/20: £119,000).

The Council has an outstanding long term investment balance of £37,089,000 (including accrued interest) with CIP (Cromwell Road) LLP at 31 March 2021 (31 March 2020: £28,651,000), representing a loan note in consideration of development land transferred to the LLP in March 2019, together with additional loan financing provided since this date. This has generated £538,000 of interest income during 2020/21 (2019/20: £151,000).

The Council has an outstanding long term investment balance of £1,129,000 with CIP Orchard Park L2 LLP at 31 March 2021 (31 March 2020: £1,129,000). This represents an interest-free loan provided for the purposes of land purchase. The other partner in the joint venture has advanced the same amount under equal terms.

In group accounting terms, these companies form a joint venture and have been consolidated accordingly into the Group Financial Statements.

Property Management Companies

The Council has a 50% interest in Virido Management Company Ltd, incorporated on 24 July 2015, which exists for the purposes of managing property at Clay Farm. The company has no income and expenditure in its own right as all transactions are undertaken on an agency basis on behalf of leaseholders. As such, there are no transactions for consolidation into the Group Financial Statements.

During 2019/20, two new companies were incorporated to take on property management responsibility in respect of recent housing developments. These are as follows:-

- ◆ Iron Works (Cambridge) Management Company Ltd, incorporated on 21 October 2019. The Council is deemed to have control over this company.

Notes to the Main Financial Statements

- ◆ Romsey Works Cambridge Management Company Ltd (previously known as Timberworks (Cambridge) Management Company Ltd until 16 August 2020), incorporated on 6 December 2019. This is a joint venture with Hill Investment Partnerships Ltd in which the Council has a 50% stake.

Neither company had begun trading as at 31 March 2021, therefore there are no transactions for consolidation into the Group Financial Statements.

Cambridge City Housing Company Limited

The Council owns 100% of the share capital of Cambridge City Housing Company Limited (CCHC), incorporated on 15 February 2016. The company exists to provide and manage housing that is affordable for those in housing need and to undertake any other property related activity in Cambridge and neighbouring districts.

The company made a profit of £46,000 in 2020/21 (2019/20: £207,000). Revaluation losses of £30,000 (2019/20: gains of £183,000) are included in these results.

As detailed at note 23 the Council made a loan to CCHC of £7,500,000 in 2016/17. Interest of £152,000 (2019/20: £152,000) on the loan is included in financing and investment income.

The Council recognised income from rent, service charges, repairs and management fees totalling £73,000 in 2019/20 (2019/20: £51,000). Total debtors at 31 March 2021 were £8,000 (31 March 2020: £8,000).

The Council paid £23,000 (2019/20: nil) to CCHC in respect of void periods on leased properties, in accordance with the terms of the relevant lease agreements.

The company has been consolidated into the Group Financial Statements.

Cambridge Live

The Council transferred the running of the Cambridge Folk Festival, Corn Exchange and other aspects of the arts and recreation service to a new arts trust charity, Cambridge Live, a company limited by guarantee, on 1 April 2015. On 1 October 2018, following a period of financial difficulties, the Council took direct control of Cambridge Live and its trading subsidiary (Cambridge Live Trading Limited). Their results were consolidated into the Group Financial Statements from that date.

On 1 April 2019, all of the assets, liabilities and operations of Cambridge Live and Cambridge Live Trading Limited transferred to the Council for consideration of £1. The cost to the Council in terms of net liabilities assumed was £1,351,000, which included a net pension liability of £839,000 to be funded from the Council's unusable reserves. The two entities themselves are in the process of being wound up. No transactions have occurred with either entity during 2020/21.

Storey's Field Community Trust

Storey's Field Community Trust is a company limited by guarantee established by the University of Cambridge and Cambridge City Council to jointly manage and operate the new community centre in North West Cambridge. The University and the Council each appoint three Trustees.

Notes to the Main Financial Statements

The Council incurred and recharged staff management costs of £137,000 to the Trust in relation to 2020/21 (2019/20: £163,000). There was a debtor balance of £77,000 at 31 March 2021 (31 March 2020: £44,000).

The Council recognised expenditure of £1,000 with the Trust in 2020/21 (2019/20: £5,000), in respect of facilities hire and discretionary COVID-19 grant support. The Council paid an additional £13,000 (2019/20: nil) of COVID-19 support grants to the Trust in its capacity as distributary agent for central government.

In group accounting terms, Storey's Field Community Trust is a joint venture, but the Council has not included the Trust's results in the Group Financial Statements on the grounds of materiality. The Trust has a year-end of 31 July, and in the year ended 31 July 2020 recognised a net deficit of £183,000 (£191,000 in the year ended 31 July 2019). As at 31 July 2020, the Trust had net assets of £791,000 (31 July 2019: £829,000).

Visit Cambridge and Beyond

The Council transferred the provision of tourism services to Visit Cambridge and Beyond (VCB), a company limited by guarantee, on 1 February 2016. As at 31 March 2021 there were 9 directors, of which one was appointed by the City Council. The Council is therefore not considered to have significant influence over the company. Upon incorporation, start-up costs of £90,000 were paid by the Council on behalf of the company and a long term loan established. The budget report for 2019/20 approved in February 2019 included a change so that this loan is no longer due, and it was provided against in full during 2018/19.

The Council has paid grant and other subsidies of £60,000 to VCB in 2020/21 (2019/20: £71,000), and has recharged VCB for its share of costs, including utilities and rent for offices at the Guildhall which is determined on a commercial basis. Income from VCB in 2020/21 totalled £45,000 (2019/20: £67,000). At 31 March 2021, short term debtors were £54,000 (31 March 2020: £27,000) and short term creditors were nil (31 March 2021: £6,000).

On 3 August 2020, a special resolution was passed that VCB be voluntarily wound up, and the company remained in liquidation as at 31 March 2021.

Shared services with other local authorities

The Council shares a number of services with Huntingdonshire District Council and South Cambridgeshire District Council. These include ICT, Building Control, and Legal, which commenced on 1 October 2015 under the banner of 3C Shared Services. In addition, the Council shares a waste service and planning service with South Cambridgeshire District Council. There is a lead authority for each service and the Council accounts for shared service transactions in its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Notes to the Main Financial Statements

The Code requires that income and expenditure related to such agency arrangements is not recognised within the Council's Comprehensive Income and Expenditure Statement, as the Council does not have control over how the grants are spent. These grants are not, therefore, included in the tables above.

The table below sets out the agency arrangements in place during the year in respect of COVID-19 specific grants, together with other agency arrangements where these are material.

| (£000s) | Balance at 1 April 2020 | Cash Received | Cash Distributed | Balance at 31 March 2021 |
|--|-------------------------------|------------------|---------------------|--------------------------------|
| COVID-19 related grants | | | | |
| Retail, Hospitality and Leisure Grants Fund | 0 | (13,885) | 13,885 | 0 |
| Local Restrictions Support Grants (Closed) | 0 | (12,117) | 8,892 | (3,225) |
| Small Business Grants Fund | 0 | (8,310) | 8,310 | 0 |
| Closed Business Lockdown Payment | 0 | (8,181) | 6,019 | (2,162) |
| Test and Trace Support Payments – Main Scheme | 0 | (72) | 49 | (23) |
| Christmas Support Payment for Wet-led Pubs | 0 | (58) | 57 | (1) |
| BID Support Grant | 0 | (46) | 46 | 0 |
| National Leisure Recovery Fund – monitoring and evaluation grant | 0 | (2) | 0 | (2) |
| Other material grants | | | | |
| Housing Infrastructure Fund | 0 | (8,832) | 8,832 | 0 |

There were no material agency arrangements in place during 2019/20.

Balances held at year-end will be retained on the balance sheet for distribution in future years (where permitted by the grant conditions) or returned to the grantor.

31 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes 5 and 6.

32 Unusable Reserves

| (£000s) | 31 March 2021 | 31 March 2020 |
|--|------------------|------------------|
| Deferred Capital Receipts Reserve | (2,777) | (3,126) |
| Revaluation Reserve | (200,586) | (170,271) |
| Capital Adjustment Account | (587,781) | (577,071) |
| Financial Instruments Adjustment Account | 60 | 92 |
| Pensions Reserve | 142,209 | 102,825 |
| Collection Fund Adjustment Account | 24,007 | (3,490) |
| Accumulated Absences Account | 341 | 454 |
| Pooled Investment Adjustment Account | 155 | 0 |
| Total unusable reserves | (624,372) | (650,587) |

Notes to the Main Financial Statements

| (£000s) | 2020/21 | 2019/20 |
|--|----------------|----------------|
| Balance at 1 April | 102,825 | 138,035 |
| Remeasurements of the net defined benefit liability | 36,106 | (42,065) |
| Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement | 11,024 | 14,233 |
| Employer's pension contributions and direct payments to pensioners payable in the year | (7,746) | (7,378) |
| Balance at 31 March | 142,209 | 102,825 |

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| (£000s) | 2020/21 | 2019/20 |
|--|----------------|----------------|
| Balance at 1 April | (3,490) | (1,609) |
| 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 | 367 | 32 |
| Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different to the non-domestic rates income calculated for the year in accordance with statutory requirements | 27,130 | (1,913) |
| Balance at 31 March | 24,007 | (3,490) |

Notes to the Main Financial Statements

table below shows the transactions that have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year.

| (£000s) | Local Government Pension Scheme | |
|--|---------------------------------|-----------------|
| | 2020/21 | 2019/20 |
| Comprehensive Income and Expenditure Statement | | |
| Cost of services: | | |
| Current service cost | 8,505 | 10,555 |
| Past service cost (including curtailments) | 109 | (484) |
| Effect of business combinations | 0 | 839 |
| Financing and investment income and expenditure: | | |
| Net interest cost | 2,410 | 3,323 |
| Total post-employment benefit charged to the surplus or deficit on the provision of services | 11,024 | 14,233 |
| Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement | | |
| Remeasurement of net defined benefit liability comprising: | | |
| Return on plan assets (excluding the amount included in the net interest expense) | (50,019) | 23,199 |
| Changes in financial assumptions | 84,854 | (29,305) |
| Changes in demographic assumptions | 4,653 | (8,074) |
| Other experience changes | (3,382) | (27,885) |
| Total post-employment benefit (credited) / charged to other comprehensive income and expenditure | 36,106 | (42,065) |
| Total post-employment benefit (credited) / charged to the Comprehensive Income and Expenditure Statement | 47,130 | (27,832) |
| Movement in Reserves Statement | | |
| Charges made to the surplus or deficit on the provision of services | 11,024 | 14,233 |
| Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code | (3,278) | (6,855) |
| Actual charges to the General Fund and Housing Revenue Account – Employers' contributions payable to the scheme | 7,746 | 7,378 |

Pensions Assets and Liabilities Recognised in the Balance Sheet

| (£000s) | 2020/21 | 2019/20 |
|--|------------------|------------------|
| Present value of the defined benefit obligation | (413,311) | (318,219) |
| Fair value of plan assets | 271,102 | 215,394 |
| Net liability arising from defined benefit obligation | (142,209) | (102,825) |

The net liability shows the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £142.2 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

Notes to the Main Financial Statements

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

Assets and liabilities in relation to post-employment benefits

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

| (£000s) | 2020/21 | 2019/20 |
|---|------------------|------------------|
| Opening balance at 1 April | (318,219) | (367,285) |
| Current service cost | (8,505) | (10,555) |
| Past service cost | (109) | 484 |
| Effect of business combinations | 0 | (4,496) |
| Interest cost | (7,333) | (8,902) |
| Contributions by scheme participants | (1,658) | (1,636) |
| Benefits paid | 8,373 | 8,629 |
| Estimated unfunded benefits paid | 265 | 278 |
| Remeasurements – changes in financial assumptions | (84,854) | 29,305 |
| Remeasurements – changes in demographic assumptions | (4,653) | 8,074 |
| Remeasurements – other experience | 3,382 | 27,885 |
| Closing balance at 31 March | (413,311) | (318,219) |

Reconciliation of fair value of the scheme (plan) assets:

| (£000s) | 2020/21 | 2019/20 |
|--|----------------|----------------|
| Opening balance at 1 April | 215,394 | 229,250 |
| Effects of business combination | 0 | 3,657 |
| Interest income on plan assets | 4,923 | 5,579 |
| Contributions by scheme participants | 1,658 | 1,636 |
| Employer contributions | 7,481 | 7,100 |
| Contributions in respect of unfunded benefits | 265 | 278 |
| Benefits paid | (8,373) | (8,629) |
| Unfunded benefits paid | (265) | (278) |
| Remeasurements – return on assets excluding amount in net interest expense | 50,019 | (23,199) |
| Closing balance at 31 March | 271,102 | 215,394 |

Notes to the Main Financial Statements

Local Government Pension Scheme asset breakdown

| (£000s) | Fair value of scheme assets | | | |
|--|---------------------------------------|---|---------------------------------------|---|
| | 2020/21 | | 2019/20 | |
| | Quoted prices in active markets | Quoted prices not in active markets | Quoted prices in active markets | Quoted prices not in active markets |
| Debt securities: | | | | |
| UK Government | 0 | 10,942 | 0 | 11,151 |
| Private equity | 0 | 25,236 | 0 | 17,667 |
| Real estate: | | | | |
| UK property | 0 | 16,532 | 0 | 16,117 |
| Overseas property | 0 | 3 | 0 | 3 |
| Investment funds and unit trusts: | | | | |
| Equities | 0 | 161,395 | 0 | 130,557 |
| Bonds | 0 | 30,006 | 0 | 14,608 |
| Infrastructure | 0 | 22,747 | 0 | 19,421 |
| Derivatives | 0 | (3,207) | 0 | 2,620 |
| Cash and cash equivalents | 7,448 | 0 | 3,250 | 0 |
| Closing balance at 31 March | 7,448 | 263,654 | 3,250 | 212,144 |

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed for the County Council Fund by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2019.

Notes to the Main Financial Statements

The principal assumptions used by the actuary have been:

| | Local Government Pension Scheme | |
|--|---------------------------------|---------|
| | 2020/21 | 2019/20 |
| Mortality Assumptions: | | |
| <i>Longevity at 65 for current pensioners</i> | | |
| Men | 22.2 | 22.0 |
| Women | 24.4 | 24.0 |
| <i>Longevity at 65 for future pensioners</i> | | |
| Men | 23.2 | 22.7 |
| Women | 26.2 | 25.5 |
| | | |
| Rate of increase in salaries | 3.35% | 2.40% |
| Rate of increase in pensions | 2.85% | 1.90% |
| Rate for discounting scheme liabilities | 2.00% | 2.30% |
| Take up of option to convert annual pension into retirement lump sum (in respect of pre April 2008 service) | 25.00% | 25.00% |
| Take up of option to convert annual pension into retirement lump sum (in respect of post April 2008 service) | 64.00% | 64.00% |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table below. The sensitivity analysis below has been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes whilst all other factors remain constant. The assumptions in longevity for example assume that life expectancy increases for men and women. 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 period.~~

| Change in assumption at 31 March 2021 | Approximate % increase to employer liability | Approximate monetary amount (£000s) |
|--|--|-------------------------------------|
| 0.1% decrease in the real discount rate | 2% | 7,938 |
| 1 year increase in member life expectancy | 4% | 16,532 |
| 0.1% increase in the salary increase rate | 0% | 681 |
| 0.1% increase in the pension increase rate (CPI) | 2% | 7,170 |

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve an appropriate funding level over the period until 31 March 2023.

The Council paid a deficit repair contribution of £8,905,000 during 2020/21 to cover the 3 years until 31 March 2023. The first £3,151,000 of this contribution was recognised in 2020/21 (2019/20: £2,913,000).

Group Financial Statements

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditures or reduce local taxation) and other reserves. The ‘(surplus) or deficit on the provision of services’ line shows the true economic cost of providing services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

Financial year 2020/21

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| (£000s) | General Fund balance | Earmarked General Fund reserves | Collection Fund Earmarked reserve | Housing Revenue Account balance | Earmarked HRA reserves | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Total usable reserves | Unusable reserves | Total Council reserves | Council share of subsidiaries' and joint ventures' reserves | Total Group reserves |
|--|----------------------|---------------------------------|-----------------------------------|---------------------------------|------------------------|--------------------------|-----------------------|--------------------------|-----------------------|-------------------|------------------------|---|----------------------|
| Balance as at 1 April 2020 | (17,263) | (18,680) | 0 | (15,066) | (17,257) | (46,557) | (9,801) | (23,362) | (148,086) | (650,587) | (798,673) | (534) | (799,207) |
| Movement in reserves during 2020/21 | | | | | | | | | | | | | |
| (Surplus) / deficit on the provision of services | (98) | 0 | 0 | (28,804) | 0 | 0 | 0 | 0 | (28,902) | 0 | (28,902) | (955) | (29,857) |
| Other comprehensive income and expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,340 | 1,340 | (44) | 1,296 |
| Total comprehensive income and expenditure | (98) | 0 | 0 | (28,804) | 0 | 0 | 0 | 0 | (28,902) | 1,340 | (27,562) | (999) | (28,561) |
| Adjustments between group accounts and authority accounts | (157) | 0 | 0 | (36) | 0 | 0 | 0 | 0 | (193) | 0 | (193) | 193 | 0 |
| Net (increase) / decrease before transfers | (255) | 0 | 0 | (28,840) | 0 | 0 | 0 | 0 | (29,095) | 1,340 | (27,755) | (806) | (28,561) |
| Adjustments between accounting basis and funding basis under regulations | (31,639) | 0 | 0 | 25,476 | 0 | 6,444 | (3,846) | (21,310) | (24,875) | 24,875 | 0 | 0 | 0 |
| Net (increase) / decrease before transfers to earmarked reserves | (31,894) | 0 | 0 | (3,364) | 0 | 6,444 | (3,846) | (21,310) | (53,970) | 26,215 | (27,755) | (806) | (28,561) |
| Transfers to / from earmarked reserves | 32,563 | (754) | (31,809) | 10 | (10) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase) / decrease in year | 669 | (754) | (31,809) | (3,354) | (10) | 6,444 | (3,846) | (21,310) | (53,970) | 26,215 | (27,755) | (806) | (28,561) |
| Balance as at 31 March 2021 | (16,594) | (19,434) | (31,809) | (18,420) | (17,267) | (40,213) | (13,647) | (44,672) | (202,056) | (624,372) | (826,428) | (1,340) | (827,768) |

Group Financial Statements

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting costs in the year of providing services in accordance with generally accepted accounting practices, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

| (£000s) | 2020/21 | | | 2019/20 | | |
|---|-------------------|------------------|-----------------|-------------------|------------------|-----------------|
| | Gross expenditure | Gross income | Net expenditure | Gross expenditure | Gross income | Net expenditure |
| Climate Change, Environment and City Centre | 11,981 | (3,208) | 8,773 | 10,795 | (3,627) | 7,168 |
| Communities | 12,614 | (3,979) | 8,635 | 16,928 | (8,768) | 8,160 |
| General Fund Housing | 9,125 | (4,430) | 4,695 | 6,271 | (2,044) | 4,227 |
| Planning Policy and Open Spaces | 12,366 | (3,459) | 8,907 | 11,831 | (4,504) | 7,327 |
| Transport and Community Safety | 8,336 | (3,189) | 5,147 | 8,492 | (10,304) | (1,812) |
| Housing Revenue Account | 36,450 | (42,868) | (6,418) | 35,165 | (41,520) | (6,355) |
| Finance and Resources | 40,844 | (37,668) | 3,176 | 37,315 | (33,673) | 3,642 |
| Strategy and External Partnerships | 3,168 | (214) | 2,954 | 4,770 | (363) | 4,407 |
| Other Group housing services | 129 | (325) | (196) | 78 | (293) | (215) |
| Cost of services | 135,013 | (99,340) | 35,673 | 131,645 | (105,096) | 26,549 |
| Other operating expenditure | 1,712 | 0 | 1,712 | 1,134 | (2,772) | (1,638) |
| Financing and investment income and expenditure | 13,156 | (13,245) | (89) | 14,503 | (638) | 13,865 |
| Taxation and non-specific grant income | 0 | (66,371) | (66,371) | 0 | (53,284) | (53,284) |
| (Surplus) / deficit on the provision of services | 149,881 | (178,956) | (29,075) | 147,282 | (161,790) | (14,508) |
| Share of the (surplus) / deficit on the provision of services by joint ventures | | | (759) | | | 0 |
| Group (surplus) / deficit | | | (29,834) | | | (14,508) |
| <i>Items that will not be reclassified to the (surplus) / deficit on the provision of services</i> | | | | | | |
| (Surplus) / deficit on revaluation of non-current assets and impairment losses charged to revaluation reserve | | | (34,810) | | | (11,040) |
| Remeasurements of the net defined benefit liability | | | 36,106 | | | (42,065) |
| Other comprehensive (income) / expenditure | | | 1,296 | | | (53,105) |
| Total comprehensive (income) / expenditure | | | (28,538) | | | (67,613) |

Group Financial Statements

Group Balance Sheet

The Group Balance Sheet shows the value at the stated date of the Group's assets and liabilities. The net assets are matched by reserves. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group is not able to use to provide services. This category of reserves includes those reserves that hold unrealisable gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| (£000s) | Notes | 2020/21 | 2019/20 |
|-------------------------------------|-------|------------------|------------------|
| Property, plant and equipment | 5 | 857,989 | 816,251 |
| Heritage assets | | 669 | 669 |
| Investment property | | 158,594 | 162,722 |
| Intangible assets | | 844 | 555 |
| Long term investments | 7 | 67,522 | 66,999 |
| Investments in joint ventures | | 759 | 0 |
| Long term debtors | | 6,489 | 3,709 |
| Long term assets | | 1,092,866 | 1,050,905 |
| Short term investments | 7 | 83,161 | 70,990 |
| Investment properties held for sale | | 3,525 | 0 |
| Inventories | | 198 | 187 |
| Short term debtors | | 29,046 | 27,107 |
| Cash and cash equivalents | | 14,565 | 11,786 |
| Current assets | | 130,495 | 110,070 |
| Short term borrowing | | (82) | (82) |
| Short term creditors | | (29,237) | (32,797) |
| Receipts in advance | | (6,153) | (7,929) |
| Provisions | | (4,209) | (4,419) |
| Current liabilities | | (39,681) | (45,227) |
| Long term borrowing | | (213,572) | (213,572) |
| Other long term liabilities | | (142,260) | (102,882) |
| Receipts in advance | | (80) | (87) |
| Long term liabilities | | (355,912) | (316,541) |
| Net assets | | 827,768 | 799,207 |
| Usable reserves | | (202,669) | (147,746) |
| Unusable reserves | | (625,099) | (651,461) |
| Total reserves | | (827,768) | (799,207) |