



Cambridge City Council

Civic Affairs

Date: Thursday, 5 December 2024

Time: 5.30 pm

Venue: Committee Room 1 & 2, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Agenda

- 1 Apologies
- 2 Declarations of Interest
- 3 Minutes (Pages 3 - 6)
- 4 Public Questions
- 5 Review of Polling Districts, Polling Places and Polling Stations (Pages 7 - 30)
- 6 Annual Governance Statement and Local Code of Governance (Pages 31 - 78)
- 7 Statement of Accounts 2022-23 - Audit Opinion (Pages 79 - 198)
- 8 Officer Delegated Decisions
- 8a Record of Officer Delegated Decision - To Implement the Joint Negotiating Committee for Chief Executives of Local Authorities Pay Award for 2024-25. (Pages 199 - 202)
- 8b Record of Officer Urgent Decision - To Implement the National Joint Council Local Government Services Pay Agreement 2024 (Pages 203 - 210)

Civic Affairs Members: McPherson (Chair), Gawthrop Wood (Vice-Chair), Bennett, Robertson, Sheil and Young

Alternates: Bick, Clough and Holloway

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The full text of any public question must be submitted in writing by noon two working days before the date of the meeting or it will not be accepted. All questions submitted by the deadline will be published on the meeting webpage before the meeting is held.

Further information on public speaking will be supplied once registration and the written question / statement has been received.

CIVIC AFFAIRS

11 September 2024

5.30pm

Present: Councillors McPherson (Chair), Gawthrop Wood (Vice-Chair), Robertson, Sheil and Young

FOR THE INFORMATION OF THE COUNCIL

24/27/Civ Apologies

Apologies for absence were received from Rob Bennett, Independent Person.

24/28/Civ Declarations of Interest

There were no declarations of interest received.

24/29/Civ Minutes

The minutes from the meeting held on 10 July 2024 were agreed as a true and accurate record.

24/30/Civ Public Questions

There were no public questions received.

24/31/Civ Freedom of Information, Data Protection and Transparency: Annual Report

The Committee received a report on the Freedom of Information, Data Protection and Transparency Annual Report.

The report was introduced by the Information Governance Manager, this was the annual report providing assurance for Councillors and members of the committee. Training was provided to on a quarterly basis to those who complete responses to Freedom of Information requests.

Members of the Committee commented on the report which included:

- i. The figures presented to members were in relation to the City Council. The other authorities within the shared service received their own reports.
- ii. Work had been done by officers around increasing the strength of systems around cyber security and training was provided to staff to be able to identify threats to cyber security.

The Committee agreed to resolve (Unanimous) that the contents of the report are noted.

24/32/Civ Internal Audit update report

The Committee received a report in relation to an Internal Audit update.

The report was introduced by the Head of Shared Internal Audit. Members were directed to the appendices contained within the report and questions that had been submitted by the Council's Independent Person which included:

1. will the full plan be completed by the end of the year?
2. will the audit check a sample of rents to ensure that they are being calculated correctly in the first instance?
3. concerns on the findings of the Housing electrical safety audit, what was being done to ensure that the quality of the recorded data is improved and the backlog of uninspected properties was cleared as soon as possible and was there a detailed plan to do that with a planned trajectory to complete the work over time and was that being monitored for delivery?
4. members should see the results of the Fire Safety audit when available.

Members of the Committee commented on the report which included:

- i. In answering some of the questions from the Council's Independent person, the resources were in place to complete the work outlined in the plan. If there were any higher priority items that arose through the year these would be looked, this was the benefit of having an agile audit plan.
- ii. With regards to the rent re-calculations these were being adjusted accordingly. Officers were working the team to work through some mitigations that could be taken going forward.
- iii. An action plan was in place to improve the electrical safety data. Data Quality was important, and the majority of records were correct. The errors (mostly date related) were related to how data

was updated between our records and contractor records. Good progress has already been made by the compliance team to ensure both records are consistent and accurate. There was a monitoring framework in place. Information had been reported regularly to the Housing Scrutiny Committee. Officers had also been regularly attending the Housing Compliance Board meetings, which is keeping us regularly updated on the progress of the works.

- iv. In terms of the fire safety The HRA Fire Compliance was limited assurance and the HRA Tenant Satisfaction Measures - Data Quality was reasonable assurance. Further updates would be provided in future reports.
- v. With regards to the limited assurance around housing payments for those from Ukraine these had now been resolved and adjustments made and will be reported as an assurance in the next report.
- vi. The Council was being proactive in ensuring the refunds for the rents errors were made. There was still some final data from DWP that needed to be checked against.
- vii. Contact with the external auditors varied, at the current time external auditors were focused on the backlog of accounts that needed to be signed off, but the working relationship with the external auditors was positive.
- viii. There was a graduate trainee within the team previously, this was part of a programme of placements across the three Councils. It was a struggle to recruit to internal audit roles so having this within graduate programmes was a positive.
- ix. The Council had a risk register that would highlight potential risks for the Council to be aware of. There were times where it was not possible to identify beforehand issues as was the case with the incorrect rent figures. However, officers worked with peers across other authorities to try and get as much information as possible to avoid issues going forward.
- x. There were strong controls in place around data governance and working with contractors around this, including the data they held and how this was shared.
- xi. Internal Audit were not the experts in housing rents, there was a reliance on those with experience being able to pick up some of the issues that were identified. There was now regular engagement with the Housing team as Internal Audit attended the Housing Compliance Board. As part of good governance those areas flowing from the Housing Compliance Board were being reported to the Housing Scrutiny Committee.

- xii. There was an important role for Housing Scrutiny Committee in looking in more detail on some of those issues and assurances that were given.

The Committee resolved (unanimous) to:

- i. approve the draft Internal Audit Plan and Strategy; and
- ii. approve the supporting Charter and the Code of Ethics.

24/33/Civ Officer Delegated Decisions

**24/34/Civ Joint Negotiating Committee's Chief Officers Pay Agreement
2024-2025**

The Committee noted the contents of the report.

The meeting ended at 6.35pm

CHAIR

Review of Polling Districts, Polling Places and Polling Stations

To:

Civic Affairs Committee – 5 December 2024

Report by:

Vicky Jenner, Deputy Electoral Registration Officer

Tel: (01223) 457057, Email: vicky.jenner@cambridge.gov.uk

Wards affected:

All wards.

1. Recommendations

1.1 It is recommended that Civic Affairs Committee:

1. Approve the amendments to three polling districts in Cambridge, as laid out in the Proposed Changes, at *Appendix A*.
2. Agree that the polling place for each polling district is the polling district boundary. (See definition of terms at 4.1).

2. Purpose and reason for the report

2.1 Under the Electoral Administration Act 2013 a review of polling districts, polling places and polling stations must be conducted every five years. The next compulsory review must be completed by 31 January 2025.

2.2 Each local authority is responsible for reviewing polling districts and polling places in its area. The Civic Affairs Committee is delegated this function in Cambridge.

2.3 Changes to the polling district boundaries will come into force at the next publication of the register of electors, scheduled for 1 February 2025.

3. Alternative options considered

3.1 All comments received during the consultation were considered, and reasons for accepting or rejecting can be found at *Appendix B*.

4. Background and key issues

4.1 Definition of terms:

- A polling district is a geographical area created by the sub-division of a parliamentary constituency. In practice, the same polling district boundaries are used at all elections, and so they must also be coterminous with city ward and county division boundaries.
- A polling place is the building or area in which a polling station is situated.
- A polling station is the room or area within the polling place where voting takes place. Unlike polling districts and polling places, which are set by the local authority, the relevant Returning Officer selects polling stations for each election.

4.2 The last review of polling arrangements was conducted in 2019 and took account of impending changes to ward boundaries, which came into effect at the elections held in May 2021.

4.3 The current review commenced on 7 October 2024, with a six-week consultation period that ended on 18 November 2024.

4.4 There are currently 54 polling districts within the city area. A list of current polling districts and their relevant areas can be found at *Appendix C*. The new scheme reduces the number of polling districts by two to 52. This is due to recent changes to parliamentary constituency boundaries, being re-aligned with the city wards.

4.5 The allocation of polling stations is at the discretion of the Returning Officer. The attached list at *Appendix D* shows the current list of polling stations, however these may change following further investigation of comments received during the consultation or if the venue availability changes.

4.6 Polling stations across the city are reviewed in advance of each election, to ensure they are suitable and appropriate for polling. The council's Access Officer has been unable to conduct their own inspection during the current review period, however this will be conducted before the next scheduled elections in May 2025, and any recommendations taken into consideration.

5. Corporate plan

- 5.1 The review is statutory, so does not have any direct links to the Council's Corporate Plan. However, provision of suitable polling stations and access to voting ensure residents can actively participate in democratic life to meet the Council's vision of 'One Cambridge, Fair for All'.

6. Consultation, engagement and communication

- 6.1 A consultation was published on the council's Go Vocal consultation platform and promoted through the council's social media and other communication channels.

Comments were sought from the following:

- Electors.
- Elected representatives.
- Those who have a particular expertise in relation to access to premises or facilities for persons who have different forms of disability.

- 6.2 As is also required, the Acting Returning Officer for South Cambridgeshire District Council was consulted on that part of the city area that sits within the South Cambridgeshire Parliamentary Constituency, i.e. the Cherry Hinton and Queen Edith's wards.

- 6.3 The ARO for South Cambridgeshire said: "The Acting Returning Officer (ARO) for the South Cambridgeshire Constituency is committed to supporting Cambridge City Council regarding polling arrangements in the South Cambridgeshire constituency wards that sit within Cambridge City (Cherry Hinton and Queen Ediths). The ARO supports the principles laid out by Cambridge City Council regarding the importance of accessibility of polling stations for voters in the Cherry Hinton and Queen Ediths wards. The ARO believes that existing polling district (and polling station) arrangements largely support these principles well. The ARO notes (and supports) the proposal to merge polling district KDK into KAK, which will improve administrative arrangements with little voter facing impact."

- 6.4 There were 41 participants in the consultation survey, and four comments received via email, with 16 comments specifically relating to polling district boundaries and polling stations, all of which can be viewed at *Appendix B*.

6.5 Several comments were received in relation to issues regarding city ward and local authority boundaries, neither of which are within the scope of this review. These are also listed at *Appendix B* for completion.

7. Anticipated outcomes, benefits or impact

7.1 The purpose of the review is to ensure that:

- all voters in Cambridge have such reasonable facilities for voting as are possible in the circumstances, and
- so far as is achievable, every polling station that we are responsible for is accessible to voters who are disabled.

7.2 The proposed changes to three polling districts will ensure that voters are allocated to the most appropriate polling station. Voters in the EDK polling district will continue to vote at Lichfield Hall, Lichfield Road. For voters in the current KDK polling district, this will mean they will vote at future elections at The Wilkinson Room, St John the Evangelist, Hills Road. (Instead of St James's Church, Wulfstan Way). Voters affected in the BAB polling district will continue to vote at the Good Shepherd Church Hall, Mansel Way.

8. Implications

8.1 Relevant risks

Failure to ensure appropriate polling districts, places and stations are in place, could unreasonably disenfranchise voters if the location and accessibility of their allocated station is not properly considered.

Financial Implications

8.2 The review has no financial impact. Voters registered in the three affected polling districts will be voting at polling station locations already in use. There will therefore be no reduction or increase in the cost of polling station venues, staffing or equipment.

Legal Implications

8.3 Failure to conduct the review within the legal timeframe, would result in a breach of

statutory duty by the Electoral Registration Officer.

Equalities and Socio-economic Implications

- 8.4 The review has a positive impact on electors within the following categories: Age (including safeguarding of adults), Disability, and Pregnancy & Maternity. The location and venue used for polling is assessed to ensure it is suitable and provides adequate facilities for those listed above.
- 8.5 The review could have a negative impact on electors within the Religion or Belief category. Some electors are uncomfortable voting in venues used for religious purposes, and while the limited number of venues for hire means that their use cannot always be avoided, it is a consideration when looking for new venues. Other methods of voting can be offered to these electors.

Net Zero Carbon, Climate Change and Environmental implications

- 8.6 The review has a NIL Climate Change Impact.

Procurement Implications

- 8.7 No impact.

Community Safety Implications

- 8.8 No impact.
- 8.9 There are no other relevant implications because of the review and decisions to be made.

9. Background documents

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1 Maps of the current wards with their polling district arrangements can be found at:
www.cambridge.gov.uk/media/otr0bro/cambridge-polling-districts-map.pdf

10. Appendices

- 10.1 *Appendices A, A1, A2, A3 – Proposed changes and associated maps*
Appendix B – Consultation comments
Appendix C – List of current polling districts and their areas
Appendix D – List of current polling stations

To inspect the background papers or if you have a query on the report please contact
Vicky Jenner, Electoral Services Manager, tel: 01223 457057, email:
vicky.jenner@cambridge.gov.uk

Proposed Changes

Change 1 (*appendix A1*)

Current polling district	EDK – Coleridge D
Move to new polling district	EBK – Coleridge B
City Ward / County Division	Coleridge / Queen Edith's
Parliamentary Constituency	Cambridge
Properties affected (14)	1 – 14, Boundary Court, Rathmore Road
Number of electors affected (as at 01/11)	12
Polling station change?	No, voters continue voting at Lichfield Hall, Lichfield Road

Change 2 (*appendix A2*)

Current polling district	KDK – Queen Edith's D
Move to new polling district	KAK – Queen Edith's A
City Ward / County Division	Queen Edith's / Queen Edith's
Parliamentary Constituency	South Cambridgeshire
Properties affected (15)	135 - 141 (odds) Blinco Grove Morden House, 122, Hartington Grove 1 - 5 (odds) Hinton Avenue 160, Mowbray Road 17, Rock Road Flats 1 - 5, Burton House, Rock Road
Number of electors affected (as at 01/11)	12
Polling station change?	Yes, to The Wilkinson Room, St. John the Evangelist, Hills Road
	Electors will receive extra information in advance of the next election to inform them of their new polling station

Proposed Changes

Change 3 (appendix A3)

Current polling district	BAB – Arbury A
Move to new polling district	BCB – Arbury C
City Ward / County Division	Arbury / Arbury
Parliamentary Constituency	Cambridge
Properties affected (14)	73 – 97 (odds), Roseford Road
Number of electors affected (as at 01/11)	19
Polling station change?	No, voters continue to vote at the Good Shepherd Church Hall, Mansel Way



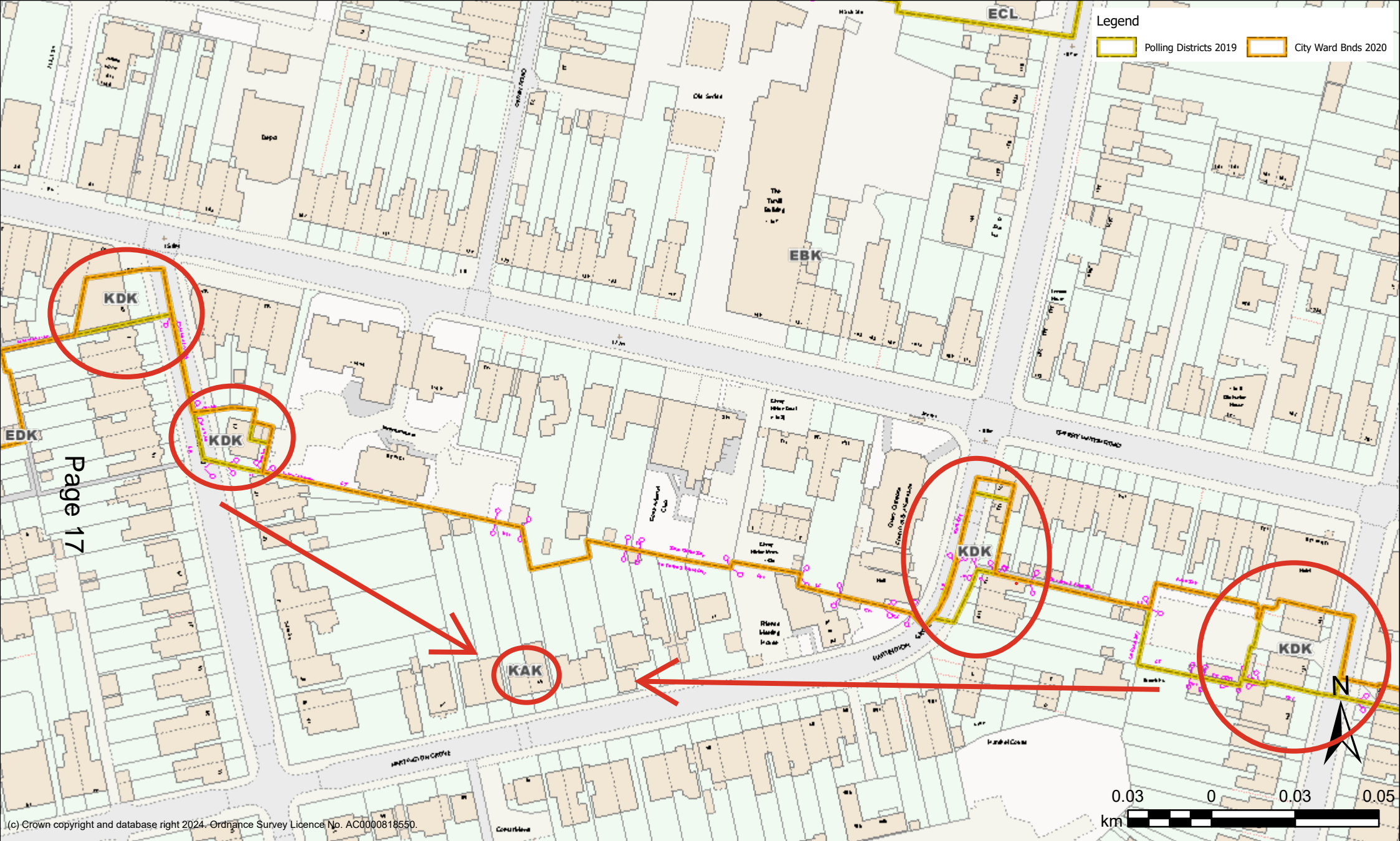
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Title: **Appendix A1**
Change 1 - EDK merging into EBK

Date: 14 November 2024
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Appendix A2

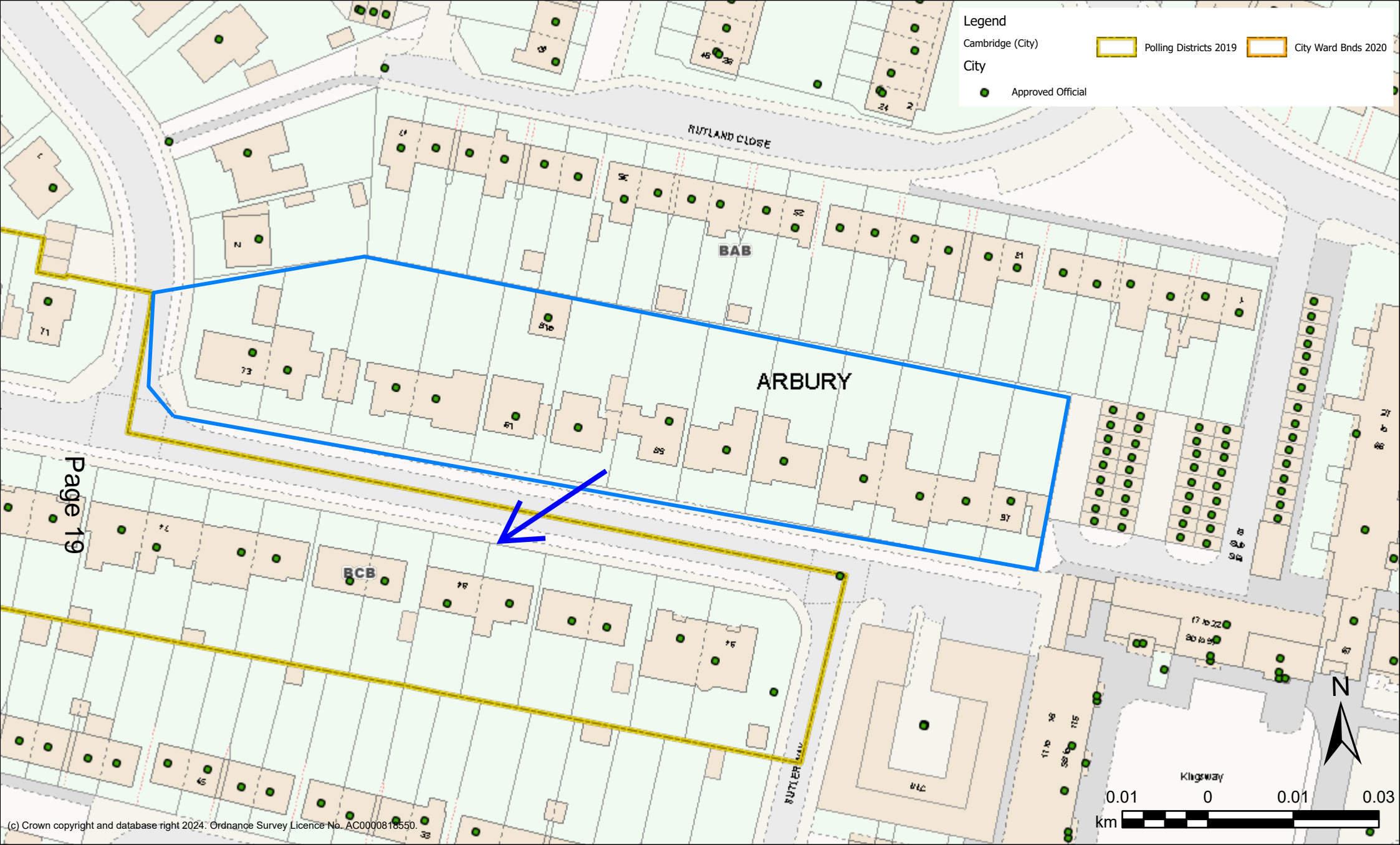
Change 2 - KDK merging into KAK

Date: 14 November 2024

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Appendix A3

Change 3 - Move properties from BAB in to BCB

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Consultation Comments

Comments related to polling districts & polling stations		Response
1	On the boundary of JAJ and JBJ, I feel it would make more sense for Kingston Street and the entirety of Gwydir Street to be in JAJ	While this does look practical on the map, it would mean those electors are further away from their allocated polling station, and therefore not suitable at this time.
2	ABA is very large considering it will have a large population on the Marshalls site in coming years. Some boundaries seem very small (i.e. ADJ, BDC, EDK, GAB) but it doesn't make sense why.	Increases in residential development will be considered at a future review, which can take place at any time and does not need to wait for the statutory five-year period. Polling district boundaries must respect both city ward and county division boundaries, so where these diverge it can create small polling district 'pockets' which cannot be resolved until a review of those other boundaries take place.
3	Abbey esp. AAA cuts across buildings and roads	This cannot always be avoided.
4	After the change from Castle to Arbury, the McManus area (to the West of Histon Road) is quite far from the polling station at the Good Shepherd.	Unfortunately, there is no way to currently resolve this as there is no other suitable building that is closer. The comment will be retained for future review.
5	Eliminate EDK and merge it with EBK	This is being proposed in the review.
6	Adjust Roseford road so that both sides west of St Albans road are in the BAB catchment?	This move would alter the balance of electors between the BAB & BCB polling districts. However, it has highlighted an inconsistency in Roseford Road, and the decision has been taken to propose moving the smaller part of Roseford Road (no's 73 – 97 odds) from BAB into BCB. These voter's polling station is not affected.
7	In King's Hedges, the polling stations at Arbury Community Centre and Arbury Court Library are very close together	The location of a polling station cannot always be completely central to the polling district. While the location of a polling station is a consideration during a review, the location could change (due to venue availability) so should not be altered unnecessarily

Consultation Comments

8	My only comment is that C3 church is the most comfortable polling station ever	Noted.
9	Nuns Way Pavilion, as it currently appears to be abandoned and unused - perhaps paving the way to make excuses for its removal?	This has been investigated for use as a polling station in the past, but the renovation of buildings is not within the remit of the Returning Officer. Your comments are noted.
10	I strongly dislike having to go into a religious building in order to vote (and always have; I am not alone in this view). The Sturton Street Howard Mallett Centre or the Mill Road Library would have been terrific, but oops, the County Council has tragically disposed of both of these (formerly City Council owned) community assets. The new PACT Community Centre at the old Depot site would work for some, but that is too far away for this hyperlocal area. The building at 18 Upper Gwydir St (a former shoe-repair factory-turned harpsichord workshop- turned dojo/library/workshop) that is currently the subject of a hotly contested planning application (to despicably turn it into a densely packed HMO) is a rare opportunity to acquire and build an excellent community facility. Why doesn't the City Council purchase that (compulsorily, if necessary) and create something truly valuable and lovely, that would also serve as a polling station	<p>The commenter currently votes at St. Matthew's Church Hall.</p> <p>The wish not to vote in a religious venue is understood. Unfortunately, there is currently no other alternative venue in the polling district. Religious buildings are often a focal point in a community and usually have suitable facilities for polling. Currently, the only option for voters not wishing to enter religious buildings is to offer a vote by post or proxy.</p>

Consultation Comments

	for the whole community? I can always dream...	
11	I think some supermarkets (Tesco - Newmarket Rd) parking areas should be used for mobile van polling stations.	The comments are noted. The Returning Officer only uses mobile polling stations when no alternative building is available, due to the inflated cost of hire and the lack of good accessibility for disabled voters.
12	Meadows community centre	The Meadows has been used for a by-election and a high number of complaints were received regarding its location. It is also used as a polling station by South Cambridgeshire District Council, for residents on the Orchard Park Estate. We feel that also using the venue would cause further confusion for all voters.
13	Other polling venues suggested: a) new Buchan street community centre b) St Barnabas Church, Mill Road c) Petersfield Community Centre d) Mayfield Primary School	a) We will undertake to assess this for future use as polling station. b) As above. c) As above. d) The Returning Officer chooses not to use schools as polling stations, so as not to disrupt the timetables of educational establishments.
14	Information should be provided in multiple languages for voters for whom English isn't their spoken language.	Unfortunately, by law some election documents can only be produced in English or Welsh. We will undertake a review of which documents we can offer in other languages.
15	I think ensuring polling stations are located close to the areas they server will aid with voter turnout.	The comment is noted. While the Returning Officer does try to hire buildings central to the polling district area, this is not always possible.
16	In King's Hedges, the polling stations at Arbury Community Centre and Arbury Court Library are very close together.	This is unfortunate, but other venues have not previously been available to us. The comment is noted.

Consultation Comments

Comments related to other boundaries, not within the scope of this review	Response
<p>A</p> <p>We cannot understand why we are in South Cambs when Trumpington is in Cambridge City. We live in a road much closer to the city centre than those who live at Clay Farm for example. We feel that this should be reviewed.</p>	<p>This is the boundary between Cambridge City Council and South Cambridgeshire District Council and is not within the remit of the current review.</p>
<p>B</p> <p>I have not understood how, in the previous election, that Cherry Hinton and Queen Ediths were assigned to be within the boundaries of South Cambridgeshire. I would have preferred more communications to explain some of the changes in the electoral boundaries, if possible.</p>	<p>The boundary for Parliamentary Constituencies is the responsibility of the Boundary Commission for England. More information on the most recent review in 2023, which confirmed the Cherry Hinton and Queen Edith's city wards would be part of the South Cambridgeshire constituency for Parliamentary elections, can be found at www.boundarycommissionforengland.independent.gov.uk/2023-review</p>
<p>C</p> <p>It is odd that a very small section of south Trumpington is not part of the council.</p>	<p>This is the boundary between Cambridge City Council and South Cambridgeshire District Council, and is not within the remit of the current review</p>
<p>D</p> <p>Silverwood Close and St Matthew's Gardens should OBVIOUSLY be in Petersfield and not in Abbey Ward (for historic, cultural and community reasons); Most of JCJ (Petersfield) should go back to Trumpington (same reasons).</p>	<p>The boundary between city wards is not within the remit of the current review. The comment will be retained for the next ward boundary review.</p>
<p>E</p> <p>The northwest side of Kings Hedges ward has 4 houses in a different ward.</p>	<p>This is the boundary between Cambridge City Council and South Cambridgeshire District Council and is not within the remit of the current review.</p>

Consultation Comments

F	The 3 Coleridge polling districts for the city should be synchronous with which division they are in for the county	The comment is noted; however, the city and county electoral boundaries are not within the remit of this review.
G	Cambridge Place and St Paul's Walk, which were always in JB, have been added to HCJ. St Paul's Walk is a set of homes in a gated community between St Paul's Road and Cambridge Place. Access is on foot down an alleyway from Hills Rd and by car through a gate off Cambridge Place.	The boundary between city wards is not within the remit of the current review. The comment will be retained for the next ward boundary review.
H	I think we could increase turnout by polling on a weekend day and making it a celebratory event as they do in some other European countries.	The timing of polling day and what activity can take place outside a polling station is laid down in legislation and any changes are a matter for the Government.
I	Do not segregate the tiny part of south Trumpington - make it part of the city council	This is the boundary between Cambridge City Council and South Cambridgeshire District Council, and is not within the remit of the current review
J	Continuing with the McManus area, I still think that we would fit better geographically in Castle and would be much more convenient for voting too.	The boundary between city wards is not within the remit of the current review. The comment will be retained for the next ward boundary review.

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Registers	City Ward	County Division	Constituency	Notes
AAA: Abbey A	Abbey	Abbey	Cambridge	
ABA: Abbey B				
ACA: Abbey C		Petersfield		
ADJ: Abbey D				
BAB: Arbury A	Arbury	Arbury		
BBB: Arbury B				
BCB: Arbury C		Castle		
BDC: Arbury D				
CAC: Castle A	Castle	Castle		
CBC: Castle B				
CCC: Castle C				
CDC: Castle D				
CEI: Castle E		Newnham		
CFB: Castle F		Arbury		
CGB: Castle G				
EAD: Coleridge A	Coleridge	Cherry Hinton		
EBK: Coleridge B		Queen Edith's		
ECL: Coleridge C		Romsey		
EDK: Coleridge D		Queen Edith's	Merge in to EBK	
FAF: East Chesterton A	East Chesterton	Chesterton		
FBF: East Chesterton B		King's Hedges		
FCG: East Chesterton C				
GAB: King's Hedges A	King's Hedges	Arbury		
GBG: King's Hedges B		King's Hedges		
GCG: King's Hedges C				
HAH: Market A	Market	Market		
HBH: Market B		Petersfield		
HCH: Market C				
IAI: Newnham A	Newnham	Newnham		
IBI: Newnham B		Market		
ICH: Newnham C				
JAJ: Petersfield A	Petersfield	Petersfield		
JBH: Petersfield B				
JCH: Petersfield C				
LAL: Romsey A	Romsey	Romsey		
LBL: Romsey B				
LCL: Romsey C				
MAM: Trumpington A	Trumpington	Trumpington		
MBM: Trumpington B				
MCM: Trumpington C				
MDM: Trumpington D				
NAB: West Chesterton A	West Chesterton	Arbury		
NBC: West Chesterton B		Castle		
NCF: West Chesterton C		Chesterton		
NDF: West Chesterton D		Market		
NEH: West Chesterton E				

Registers	City Ward	County Division	Constituency	Notes
DAD: Cherry Hinton A	Cherry Hinton	Cherry Hinton	South Cambridgeshire	
DBD: Cherry Hinton B				
DCD: Cherry Hinton C		Queen Edith's		
DDK: Cherry Hinton D				
KAK: Queen Edith's A	Queen Edith's	Queen Edith's		
KBK: Queen Edith's B		Trumpington		
KCM: Queen Edith's C				
KDK: Queen Edith's D		Queen Edith's		

Ward & Polling District	Polling Station Location
Abbey	
AAA	Barnwell Baptist Church, Howard Road, Cambridge, CB5 8QS
ABA	East Barnwell Community Centre, Newmarket Road, Cambridge, CB5 8RS
ACA	The River Lane Community Room, The River Centre, 50 River Lane, Cambridge, CB5 8HP
ADJ	St. Matthew's Parish Rooms, St. Matthew's Church, St. Matthew's Street, Cambridge, CB1 2LT
Arbury	
BAB	Good Shepherd Church Hall, Mansel Way, Cambridge, CB4 2ET
BBB	St. Luke's Church Centre, Victoria Road, Cambridge, CB4 3DZ
BCB	Good Shepherd Church Hall, Mansel Way, Cambridge, CB4 2ET
BDC	St. Luke's Church Centre, Victoria Road, Cambridge, CB4 3DZ
Castle	
CAC, CGB	Storey's Field Centre, Eddington Avenue, Cambridge, CB3 1AA
CBC, CFB	St. Augustine's Church, Richmond Road, Cambridge, CB4 3PS
CCC	Castle Street Methodist Church, Castle Street, Cambridge, CB3 0AH
CDC	Seminar Rooms 3 & 4, Churchill College, Storey's Way, Cambridge, CB3 0DS
CEI	Seminar Rooms 3 & 4, Churchill College, Storey's Way, Cambridge, CB3 0DS
Cherry Hinton	
DAD	St. Andrew's Church Centre, Coldhams Lane, Cherry Hinton, Cambridge, CB1 3JS
DBD	Cherry Hinton Village Leisure Centre, Colville Road, Cambridge, CB1 9EJ
DCD	St. Philip Howard Church Centre, Walpole Road, Cambridge, CB1 3TH
DDK	St. Philip Howard Church Centre, Walpole Road, Cambridge, CB1 3TH
Coleridge	
EAD	St. Thomas' Church Hall, Ancaster Way, Cambridge, CB1 3TT
EBK, EDK	Lichfield Hall, Lichfield Road, Cambridge, CB1 3SR
ECL	St. Martin's Church Hall, Suez Road, Cambridge, CB1 3QD
East Chesterton	
FAF	St. Andrew's Hall, 97 St. Andrew's Road, Cambridge, CB4 1DH
FBF	Chesterton Methodist Church, Green End Road, Cambridge, CB4 1RW
FCG	Brown's Field Youth & Community Centre, 31a Green End Road, Cambridge, CB4 1RU
King's Hedges	
GAB	Arbury Court Library, Arbury Road, Cambridge, CB4 2JQ
GBG	Arbury Court Library, Arbury Road, Cambridge, CB4 2JQ
GCG	Arbury Community Centre, Campkin Road, Cambridge, CB4 2LD
GCG	Arbury Community Centre, Campkin Road, Cambridge, CB4 2LD
Market	
HAH	St. Andrew's Street Baptist Church, 43 St. Andrew's Street, Cambridge, CB2 3AR
HBH	The Nave, Wesley Methodist Church, Short Street, Cambridge, CB1 1LG
HBH	The Nave, Wesley Methodist Church, Short Street, Cambridge, CB1 1LG
HCI	Christian Science Church, 58 Panton Street, Cambridge, CB2 1HS
Newnham	
IAI	Trinity Old Field Pavilion, Grange Road, Cambridge, CB3 9AA
IBI	St. Mark's Church, Barton Road, Cambridge, CB3 9JZ
ICH	Fisher Hall, Guildhall Place, Cambridge, CB2 3NH
Petersfield	
JAJ	St. Matthew's Parish Rooms, St. Matthew's Church, St. Matthew's Street, Cambridge, CB1 2LT
JBJ	The Salvation Army Community Centre, 104, Mill Road, Cambridge, CB1 2BD
JCJ	The Signal Box Centre, 82 Glenalmond Avenue, Cambridge, CB2 8DB

Ward & Polling District	Polling Station Location
Queen Edith's	
KAK	The Wilkinson Room, St. John The Evangelist, Hills Road, Cambridge, CB2 8RN
KBK	St. James Church, Wulfstan Way, Cambridge, CB1 8QJ
KBK, KDK	St. James Church, Wulfstan Way, Cambridge, CB1 8QJ
KCM	The Wilkinson Room, St. John The Evangelist, Hills Road, Cambridge, CB2 8RN
Romsey	
LAL	Ross Street Community Centre, Ross Street, Cambridge, CB1 3UZ
LBL	The C3 Centre, 2 Brooks Road, Cambridge, CB1 3HR
LCL	Romsey Mill, Hemingford Road, Cambridge, CB1 3BZ
Trumpington	
MAM	Trumpington Village Hall, High Street, Trumpington, Cambridge, CB2 9HZ
MBM	The Clay Farm Centre, Hobson Square, Hobson Avenue, Trumpington, Cambridge, CB2 9FN
MCM	The Clay Farm Centre, Hobson Square, Hobson Avenue, Trumpington, Cambridge, CB2 9FN
MDM	Trumpington Village Hall, High Street, Trumpington, Cambridge, CB2 9HZ
West Chesterton	
NAB	Milton Road Library, Ascham Road, Cambridge, CB4 2BD
NBC	New Chesterton Institute, Holland Street, Cambridge, CB4 3DL
NCF	The Parish Room, St. Laurence's Catholic Church, 91 Milton Road, Cambridge, CB4 1XB
NDF	Milton Road Library, Ascham Road, Cambridge, CB4 2BD
NEH	Castle Street Methodist Church, Castle Street, Cambridge, CB3 0AH



REPORT TITLE: Annual Governance Statement and Local Code of Governance

To:

Civic Affairs Committee

Report by:

Jonathan Tully, Head of Shared Internal Audit Service

Email: jonathan.tully@cambridge.gov.uk

Wards affected:

All

1. Recommendations

1.1 It is recommended that the Civic Affairs Committee:

1. approve the Annual Governance Statement (AGS) attached at Appendix A in advance of the Statement of Accounts. Noting the arrangements for compiling, reporting on and signing the AGS;

- the progress made on issues reported in the previous year;
- the current review of effectiveness
- the issues considered for inclusion in the current AGS;

2. note and endorse the amendments to the updated Local Code of Corporate Governance attached at Appendix B;

2. Purpose and reason for the report

2.1 This report presents the Annual Governance Statement (AGS) for 2022/2023, and the Local Code of Corporate Governance, for consideration by the Civic Affairs Committee.

The purpose of this report is to report the annual review of effectiveness, provide updates on the progress from the previous year, communicate any new governance issues, and provide an update of the Local Code of Corporate Governance.

The Accounts and Audit Regulations require the Council to review its governance arrangements and prepare an AGS to accompany the Statement of Accounts.

The legislation requires that the AGS must be approved in advance of the Statement of Accounts.

3. Alternative options considered

3.1 Members of the Committee can consider suggesting amendments to the contents of the Annual Governance Statement, prior to approval.

4. Background and key issues

4.1 Scope of the AGS

Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:

- the Council's policies are implemented in practice;
- high quality services are delivered efficiently and effectively;
- the Council's values and ethical standards are met;
- laws and regulations are complied with;
- required processes are adhered to;
- financial statements and other published information are accurate and reliable; and
- human, financial and other resources are managed efficiently and effectively.

4.2 Arrangements for compiling the AGS

The Accounts and Audit Regulations require the Council to review its governance arrangements and prepare an AGS to accompany the Statement of Accounts. The AGS should demonstrate how we comply with our Local Code of Governance.

The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), have produced a framework for delivering good governance in local government. The framework guidance "Delivering Good Governance in Local Government Framework 2016" is used as a guide in compiling the AGS. We also take into account continuous best practice issued throughout the year that supplements the framework guidance.

Arrangements for compiling the AGS have been coordinated through Internal Audit, with input from stakeholders and colleagues. The AGS should communicate how we are complying with our Local Code of Governance.

4.3 Financial Management Code

The latest guidance from CIPFA requires that we evaluate our compliance with the Financial Management Code. This is a new requirement, and we added a section in the previous AGS report to highlight this. Internal Audit have completed an independent review in 2022/2023 to help support this statement.

4.4 Arrangements for reporting and approving the AGS

The Accounts and Audit regulations require the Committee to approve the AGS in advance of the Statement of Accounts.

Completing the AGS enables the Council to document what has happened in the financial year, through the Review of Effectiveness, and conclude how we have complied with our Code of Governance.

The draft AGS was prepared with the Statement of Accounts and published on our [website](#).

The draft AGS was then issued to the External Auditors to review as part of the draft Statement of Accounts. No further amendments have been requested prior to the publication of this report.

As the AGS and Committee report is published prior to the external auditor's work being concluded, we may need to reflect any updates requested between the publication date and the meeting, although these would be expected to be minor.

Members of the Committee should approve the AGS in advance of the Statement of Accounts, and we have included a separate agenda item to reflect this.

In October 2023 the [Public Sector Audit Appointments](#) highlighted a cumulative backlog of 918 delayed audit opinions in the Local Government sector. CIPFA has published its [Bulletin 18 Local audit backlog in England | CIPFA](#) following [legislation](#) bringing into effect backstop dates for authorities in England to publish final accountability statements. The first backstop will help clear the backlog and enable a focus on recent accounts.

The AGS should reflect the governance matters from the relevant financial year, plus up to the date when the accounts are signed. In February 2024 CIPFA published [Bulletin 16 Local audit delays and the publication of the annual governance statement](#). This provided clarity on reporting significant governance matters where authorities have a set of unaudited financial statements for prior years. An example of this approach is that we have reflected the Housing rents correction in 2022/2023, in addition to 2023/2024. We had already adopted this approach locally for the previous year's AGS, with the pandemic, and the format of our AGS is the same.

The final, and formatted, version of the AGS will also be included with the approved and published Statement of Accounts.

4.5 Local Code of Corporate Governance

The preparation of the AGS and the Local Code of Governance is undertaken in accordance with the guidance published by CIPFA.

The framework is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders.

Guidance suggests each local authority should develop and maintain a Code of Corporate Governance based on seven core principles, supported by sub-principles that should underpin the governance structure for the whole Council. The Code stands as the overall statement of the Councils corporate governance principles and commitments.

The Council first adopted a Code of Corporate Governance on 25 April 2002. Significant changes were made in 2017, following revised international guidance being issued in 2016. The Code is continually reviewed as good practice. We have attached the current version of the code, and it includes tracked changes to highlight the updates. A final “clean” version will be published on our website.

We have included a diagram to illustrate our assurance channels. This is a high-level assurance map, based on the professionally recognised “three lines of defense” model. Both the LGA and CIPFA are developing guidance on assurance mapping and we will probably reflect this in future versions of our Code of Governance.

The Code includes the Seven principles of public life, as it applies to anyone who works for local government and supports good governance.

5. Corporate plan

- 5.1 The Councils [Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council](#) is a component of our Code of Governance and is reflected in our Annual Governance Statement.

6. Consultation, engagement and communication

- 6.1 The AGS is coordinated through Internal Audit, with input from the Senior Officers of the Council. The draft AGS is published on our website and reviewed by our externally appointed auditors.

7. Anticipated outcomes, benefits or impact

- 7.1 Continued review of our Code of Governance through the AGS helps provide assurance that the Council is maintaining good governance.

8. Implications

8.1 Relevant risks

This is a statutory requirement and there are no significant risks from approving the AGS.

Should a significantly material governance issue from the 2022/2023 financial year be identified at a later date, it could be recognised in the AGS being prepared at that time.

Financial Implications

- 8.2 There are no financial implications. The AGS is compiled using existing resources.

Legal Implications

- 8.3 There are no legal implications as completing the AGS is a statutory requirement.

Equalities and socio-economic Implications

- 8.4 The AGS is a statutory report. We have used Microsoft tools to check for accessibility of the document.

Net Zero Carbon, Climate Change and Environmental implications

- 8.5 The AGS is a statutory report. There are no relevant implications.

Procurement Implications

- 8.6 The AGS is a statutory report. There are no relevant implications.

Community Safety Implications

- 8.7 The AGS is a statutory report. There are no relevant implications.

9. Background documents

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1
 - Delivering Good Governance in Local Government (CIPFA 2016)
 - Accounts and Audit (England) Regulations 2015 and subsequent Amendment Regulations
 - CIPFA good practice guidance on AGS presentation
 - CIPFA Bulletin 16
 - CIPFA Bulletin 18

10. Appendices

- 10.1
 - a) Annual Governance Statement
 - b) Local Code of Governance

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, email: jonathan.tully@cambridge.gov.uk.

Covering Note

This is the draft Annual Governance Statement (AGS) for 2022/2023.

The AGS has been prepared as per the Accounts and Audit Regulations 2015, and Proper Professional Practice. This includes guidance from CIPFA and SOLACE.

The current status of this document is draft. It is unaudited and may be updated and amended.

The draft AGS has been published as required by relevant legislation: <http://www.legislation.gov.uk/uksi/2015/234/regulation/15/made>. It has been prepared in accordance with regulation 6(1)(b). As a draft document the statement has not yet been approved in accordance with regulation 6(2)(b), and the final version will be approved by the Civic Affairs Committee in advance of the Statement of Accounts.

The AGS should reflect significant events in the relevant financial year, plus up to when the Accounts are approved by Committee.

The document will continue to be developed during this period.



Introduction and purpose

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that it also provides value for money. It has to effectively manage its risks and put in place proper arrangements for the governance of its affairs.

Definition of Corporate Governance

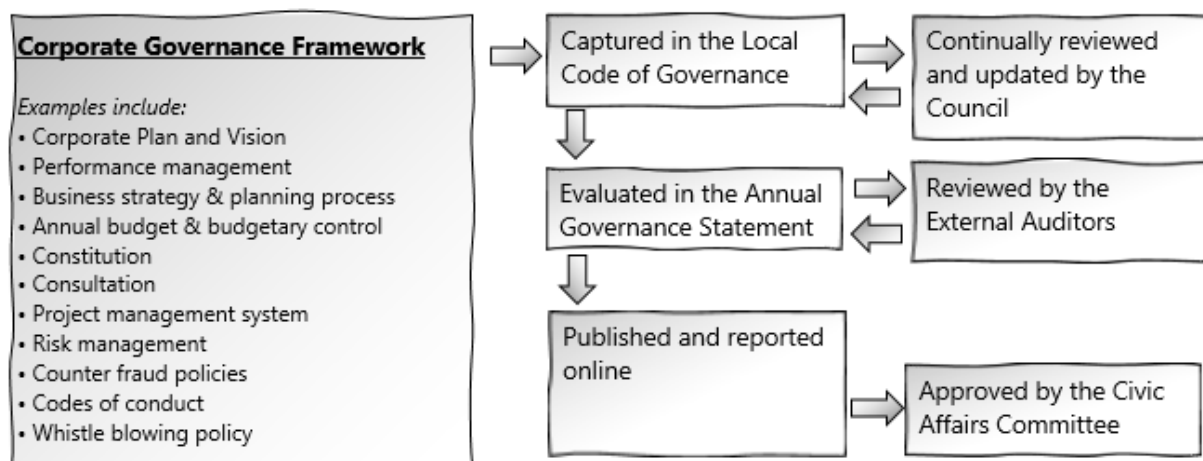
Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

Good governance in the public sector means: *"achieving the intended outcomes while acting in the public interest at all times"*

The Governance Framework

Our governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.

The Council has a robust process for reviewing and updating the governance framework.

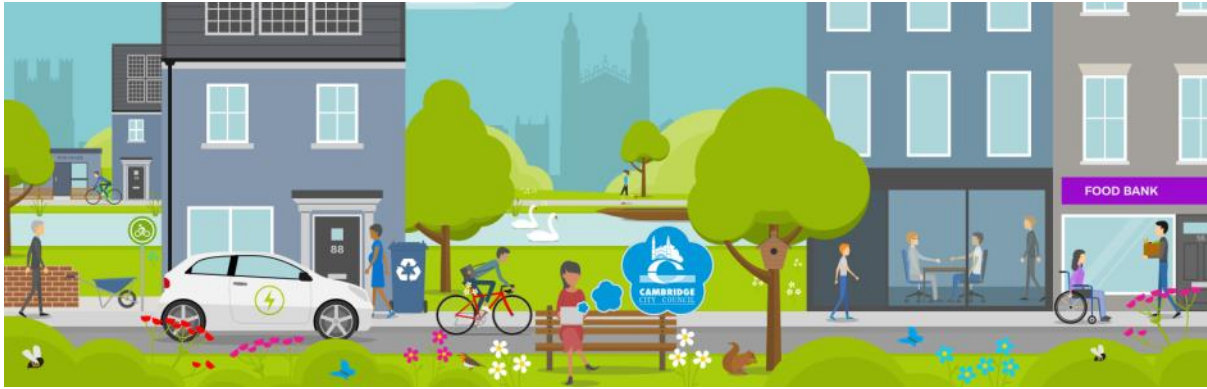


The Council has set out aims and objectives which are published on [our website](#)¹. The Council has a clear vision to *"lead a united city, 'One Cambridge - Fair for All', in which economic dynamism and prosperity are combined with social and environmental justice and equality"*

The vision has three main aims, captured in the annual statement:

- to make Cambridge fair for all,
- to make it a great place to live, learn and work, and
- caring for the planet.

¹ <https://www.cambridge.gov.uk/vision-statement>



The Council produces a [Corporate Plan](#)², which included four key priorities for 2022/2023:

- Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council to lead a greener city that is fair for all

The Council prepares an Annual Report illustrating progress against the plan each year, and this is published on the [website](#).

Local Code of Governance

We are responsible for ensuring that there is a sound system of governance which incorporates the system of internal control.

The Governance Framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the statement of accounts. It is recorded in our [Local Code of Governance](#), which is underpinned by the 7 principles of good governance as set out in the CIPFA / SOLACE publication 'Delivering Good Governance in Local Government Framework 2016'. The principles are:

- A. behaving with integrity and in accordance with our core values
- B. being open and ensuring effective engagement takes place
- C. working together to achieve our intended outcomes
- D. setting goals for economic, social and environmental benefits and reaching them
- E. growing our capacity - including our leadership and the people who work with us
- F. managing risks and performance through robust internal control and strong financial management
- G. Implementing good practice in transparency, reporting and audit – delivering effective accountability

² <https://www.cambridge.gov.uk/corporate-plan>

Role and responsibilities

All of the Council is responsible for developing and complying with its Local Code of Governance. We have a variety of governance structures, and some of the key roles include:

Governance structures	Roles and responsibilities
Council	Council agrees the budget and policy framework, such as the Corporate Plan, Medium Term Financial Strategy. Further details are published on our website .
The Executive	<p>The Executive includes the Leader of the council and Executive Councillors. They make decisions on major service areas.</p> <p>They can make decisions individually, usually at a meeting of a scrutiny committee relevant to their executive area. They also meet collectively to determine the council's budget and medium-term financial strategy.</p>
Scrutiny and Overview Committees	<p>To balance the Executive's powers, scrutiny committees are responsible for advising and reviewing decisions. They hold the Executive to account to make sure the best decisions are taken for the council and local residents. Further details are published on our website:</p> <ul style="list-style-type: none"> • Environment and Community Scrutiny Committee • Housing Scrutiny Committee • Planning and Transport Scrutiny Committee • Strategy and Resources Scrutiny Committee
Leadership Team	Our management structure includes a Leadership Team that is collectively responsible for managing and leading over 800 staff to deliver high-quality services and improve social, economic and environmental outcomes for Cambridge residents and businesses.
Civic Affairs Committee	<p>The Civic Affairs Committee plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done. It provides an assurance role to the Council and is responsible for corporate governance issues including:</p> <ul style="list-style-type: none"> • Electoral issues • Audit and regulatory financial matters • Civic and democratic process management issues • Miscellaneous regulatory responsibilities <p>It works closely with both Internal Audit and senior management to continually improve the governance, risk and control environment. Meetings details and minutes are published on the website. The Committee has also appointed an independent person which is regarded as best practice.</p>

You can visit our website for more information about "[How the Council Works](#)".

Purpose of the Annual Governance Statement

The Council conducts a review of its system of internal control, prepares and publishes an Annual Governance Statement in each financial year.

This enables us to demonstrate whether, and to what extent, the Council complied with its Local Code of Governance. This process records our good practice, and also helps us to plan further action which can improve our governance arrangements.

Statutory compliance

Producing the Annual Governance Statement helps the Council meet the requirements of Regulation 6(1)b of the Accounts and Audit (England) Regulations 2015. It is reviewed by the Civic Affairs Committee and approved in advance of the Statement of Accounts.

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. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

The Council's financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Review and assurance mechanisms

Management activities contribute to the continuous review of the Local Code of Governance, and also inform the Annual Governance Statement. In addition, assurance can be provided from other sources:

Head of Internal Audit Opinion

The Head of Internal Audit provides an independent opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and the extent to which the Council can rely on it. This has been considered in the development of the Annual Governance Statement.

Regular updates are presented to the Civic Affairs Committee throughout the year which outline the key findings of the internal audit work undertaken during 2022/2023, including any areas of significant weakness in the internal control environment.

Resource was allocated to supporting the Council deliver Covid-19 activities, where this could help to maintain or improve the governance, risk and control environment. Consequently, resources have been diverted from typical assurance-based activities. Internal audit maintains a risk-based plan and this approach was supported by the Civic Affairs Committee. The breadth of and volume of other risk-based assurance was less than usual, however core assurance work was delivered, and we considered the governance, risk and internal control environment.

From the audit reviews undertaken, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. 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 reported to Civic Affairs Committee.

It is the opinion of the Head of Internal Audit that, taking into account all available evidence, reasonable assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2022/2023, and this remains at a similar level to the previous year.

Partnership assurance

The Council has services which are delivered in partnership with other Councils. Where other Councils are the lead authority, they will provide assurance back to Cambridge City Council that controls are effective, and where there is opportunity for improvement. This includes Waste Services, Planning and Development, plus Information and Communications Technology.

The Council set up an Investment Partnership with Hill Investment Partnerships in 2017. Updates on all the Cambridge Investment Partnerships current projects are provided quarterly to the Housing Scrutiny Committee, and information is available on their [website](#). Cambridge City Housing Company Ltd was established in 2016 as a wholly owned company. The Council's published annual statement of accounts includes details of the Housing Company, and reports on the Council's relationship with the Housing Company, financial performance

and loan arrangements. The Council receives information on the Housing Company through its Strategy & Resources Scrutiny Committee. The Committee reviews the Housing Company's business plan, and the Council's published Corporate Plan sets out the objectives, activities and people involved in management and decisions.

External reviews

The Trade Waste function of the Shared Waste Services received positive assurance from their Internal audit reviews and maintained their accreditation with the ISO9001 (Quality Management) and ISO14001 (Environmental Management) standards.

The Huntingdonshire District Council and Cambridge City Council CCTV Shared Service achieved accreditation in: ISO 900-2015; BS7958: Control Room Management and Operations; plus the Surveillance Cameras Commissioners Code of Compliance.

The Local Government and Social Care Ombudsman (LGSCO) resolve complaints in the public sector and provides annual statistic on performance. In 2022-23 the LGSCO received 15 complaints relating to Cambridge City Council. Of these, 6 were treated as complaints where a decision was applicable. As a result of the LGO's detailed investigations, 5 were upheld and the remaining case was not upheld. The LGSCO were satisfied that 100% of their recommendations from 2022-23 cases were implemented by the Council. Information is included in our Annual Report. No public interest reports were published.

External Audit

Ernst & Young (now EY) are the appointed external auditor, and their results report (ISA260) will be presented to the Civic Affairs committee later in 2023. For 2021/2022 financial year EY issued ["unqualified" audit opinions](#) on the financial statements, value for money conclusion and whole of government accounts which provided assurance to the Council.

Public Services Network

The Council completed the Cabinet Office compliance verification process for the Public Services Network Code of Connection (PSN), and a certificate was issued. This demonstrated that the information technology infrastructure was sufficiently secure to connect to the PSN.

The Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable, and CIPFA launched a Financial Management Code to support this. Councils are required to be compliant with the code.

A key goal of the code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The code incorporates existing requirements on local government, to give a comprehensive picture of financial management in the Council.

Our evaluation has demonstrated that the requirements of the code are being satisfied.

Challenges to Local Authority Governance

Significant events

Significant events have the potential to significantly affect our governance, risk and control environment. Immediate impacts could include the Council's decision-making processes, risk management, and the overall capacity and capability of the Council. In the longer term it can also impact our strategic outcomes, financial and organisational resilience, stakeholder engagement and accountability.

The financial year 2022/2023 was another year of change and turbulence for many people and organisations in Cambridge, in the face of a complex and intertwined set of circumstances. Following the upheaval and tragedy of the global pandemic across the previous two years, 2022/2023 saw war break out in mainland Europe, leading to hundreds of thousands of people fleeing the tragic situation there and exacerbating energy supply and price shocks.

In response we implemented mitigating measures through our business continuity framework, with continuous risk management, and proactively worked with our stakeholders, partners and customers. This has positively contributed to many of the principals from our Local Code of Governance, such as engaging with stakeholders, determining interventions to achieve outcomes, managing risk, and adapting our internal controls.

Our [Annual Report for 2022/2023](#) illustrates how it was an exceptional year and highlights how council services continued to adapt, seeking new ways of working – including with communities and partners - to deliver the services that are important to local.

The continued pressures illustrate how important 'good governance' has been to enable and sustain a whole system response. It has highlighted the systemic risks beyond the Councils control that can have a significant impact on achieving intended outcomes for the residents of Cambridge. This includes, for example, our ability to sustain partnerships, joined up delivery of services and multi-agency co-ordination mechanisms with police, fire, NHS, and other local authorities, where they are under significant strain, or under-resourced, or take a different approach to managing risk, accountability and transparency.

Housing rents

In late 2023, the Council identified an error in how some of its tenants' rents have been calculated in the past, in relation to some service charges, meaning that affected tenants' rents would need to be corrected going forward, and that some tenants will need to be refunded.

We worked urgently to correct tenants' rents so that rents charged for the financial year starting in April 2024 were correct.

The Housing Scrutiny Committee noted the decision to recombine all gas maintenance and electrical or mechanical maintenance charges into rent. This will reduce some tenants' rents, where they are more than Formula Rent for the property. Our [HRA Budget-Setting Report](#) set out our assumptions for the HRA Business Plan and Medium-Term Financial Strategy, and this highlighted the impact on financial forecasts and our proposed remedial actions.

A separate rent-setting issue was identified as part of the same internal process that brought this service charging issue to light. This issue related to a small number of tenants who have 'Affordable Rent' tenancies.

We will examine individual rent accounts to determine which have been overcharged in previous years. The Housing Scrutiny Committee approved the [Rent Regulation Error Refund / Remediation Policy](#) specific to this issue to ensure that there is clarity and consistency in respect of considering and making these refunds.

We proactively took legal advice and proactively engaged with the Regulator for Social Housing when we identified that these issues had historically been set and displayed incorrectly. The Regulator has issued a [judgement](#) and noted our improvement plan.

The [council's Rent Corrections webpage](#) has information for tenants concerned about the impact of any refund on benefits, more detail about why these errors occurred, and more.

Progress from the last Annual Governance Statement

The Council prepared an [Annual Governance Statement for 2021/2022](#) which was approved by the Civic Affairs Committee in November 2022:

Action	Update and status
Managing our recovery and resilience	<p>We recognised that the UK faced a sequence of significant and ongoing macroeconomic shocks over the past three years. Examples included the pandemic, and the war in Ukraine. The cost-of-living crisis raised the prospect of our many residents in the city facing further economic hardship. High inflation, a tight labour market, and supply chain disruption also created pressures and uncertainty.</p> <p>We continued to respond to emerging challenges and seek new ways of working (including our communities and partners) to deliver the services that are important to local people.</p>
Transformation, resources and risk management	<p>In 2020/2021 the council initiated an ambitious programme of transforming and modernising the way it works, the Our Cambridge Programme.</p> <p>This will deliver a more customer-focussed and efficient approach to service delivery, and a systems-based approach to delivering the council's vision of "One Cambridge, Fair for all" in partnership with communities and a wide range of partners and stakeholders.</p> <p>In 2022/2023 we continued the transformation by reviewing the organisational design of the council, identifying savings to achieve a balanced budget. Council approved a Senior Management Review.</p> <p>We also implemented revised project governance and reviewed our risk management framework to ensure it is complimentary to the Our Cambridge Programme.</p>
Minimising the fraud and error risks	<p>We continued to review and update our local policies and procedures to reflect best practice guidance such as national Fighting Fraud and Corruption Locally Strategy. The fraud landscape continues to develop, and it is important that we proactively respond to this.</p> <p>We completed post assurance work on Business Grant Schemes, working with the Cabinet Office, BEIS, and HMRC through data sharing initiatives. This included high levels of transactions and regular updates were reported to our Stakeholders.</p>
Maintaining good governance and proactively preparing for emerging legislative change.	<p>The Council is committed to maintaining good ethical governance, and our Local Code of Governance reflects the Seven Principles of Public Life in local government. To help enhance this process we reviewed our local guidance and promoted updates through our Intranet site.</p> <p>External factors continued to create uncertainty to developments in national legislation which could impact Councils. We continued to monitor and respond to emerging legislation (across key areas such as procurement, planning, environmental). This was also reflected in our revised Corporate Plan 2022-27, along with supporting policies and procedures.</p>

Review of effectiveness

The Council has a number of policies and procedures which are recorded in its [Local Code of Governance](#). These are mapped to the seven principles of good governance.

The effectiveness of the key elements of the governance framework is reviewed throughout the year. This activity is informed by the work of senior officers who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and from comments received from external auditors and other review agencies and inspectorates.

The Council is involved in partnership working and has group relationships with other entities. The Cambridge City Housing Company Ltd, Cambridge Investment Partnership LLP, and the Cambridge Live Group are incorporated into Group Financial Statements in our Statement of Accounts. Activities of the groups are also reflected in our review of effectiveness where these have a significant impact on our governance arrangements.

The review concludes that the Council has complied with its Code. Additional examples of good practice, emerging controls, and governance issues from the last twelve months, considered when completing the review are recorded below, and will be incorporated into the next revision of the Code where appropriate:

Principle	Review of effectiveness
<p>A Behave: integrity, ethical values, respect rule of law</p>	<ul style="list-style-type: none"> The Local Code of Governance was reviewed and updated to reflect the latest professional standards and guidance. The Civic Affairs Committee approved a revised Whistleblowing Policy, which reflected best practice guidance.
<p>B Openness & stakeholder engagement</p>	<ul style="list-style-type: none"> We have published more than 9,000 comments received as part of the consultation into the First Proposals for the new Local Plan being developed in partnership with South Cambridgeshire District Council, and an update to the development strategy. Emerging policies included in the First Proposals included a net zero carbon buildings policy, requiring net zero carbon operational emissions, a water efficiency policy and a requirement for all development to achieve a minimum 20% biodiversity net gain. Following a successful pilot, which commenced in April 2022, the Council approved to permanently adopt Tenancy Audit visits within City Homes. This work would ensure tenants are supported in a variety of ways, that our systems are up to date with the correct household information and our properties are being looked after and used for the intended purpose. As a result we have provided 26 victims of domestic abuse with support after reaching out for help, we have given advice and support to 147 households on moving to more suitable accommodation, and we have identified three sub-lets and two abandoned properties. 60% of properties visited were found to have property condition issues. Condensation, damp and mould issues have been a priority. We have received 13 formal damp and mould complaints, and have received 248 contacts through the new dedicated damp and mould contact pathway, 214 of which were inspected in the year. Other examples of consultation included: community and stakeholder engagement for the new community centre, library and pre-school facility in Barnwell.

Principle	Review of effectiveness
<p>C Defining outcomes - economic, social, environmental</p>	<ul style="list-style-type: none"> • The Council set out four new key priorities for Cambridge which are set out on our website. These were included in the revised Corporate Plan 2022-27. • The Annual Report against the Corporate Plan was reviewed by the Strategy and Resources Committee. A new "State of the City" profile accompanied the report to provide a brief analysis of how Cambridge measures up on a range of social, economic and environmental factors. This provides a broad overview of the context in which the council and its partners operate. It is intended that a fuller analysis will be developed over the coming year to provide a richer "City Portrait", which would then be replicated, developed and reported each year. • During the year we took forward major projects to reduce carbon emissions from council buildings, land and vehicles with the aim of achieving net zero carbon emissions from these assets by 2030. The Environment & Scrutiny Committee approved the Waterbeach Renewable Energy Network (WREN) Solar Project for a solar farm next to the Greater Cambridge Shared Waste Service depot in Waterbeach. Working with our partners at South Cambridgeshire District Council, the scheme will provide renewable electricity to charge electric vehicles at the site, enabling up to 20 diesel refuse collection vehicles to be replaced with electric vehicles. Update on other projects are included in our Annual Report. • The Housing Scrutiny Committee approved plans to procure and install measures such as external wall insulation, cavity wall insulation, ventilation upgrades and solar PV panels. This will improve the energy efficiency of the Council's existing housing stock. • The Housing Scrutiny Committee approved a new Void Management Policy and revised Re-Let Standard. This confirmed the council's commitment to ensuring a consistent approach to managing the turnaround of void repairs. The voids repair processes were reviewed, and a programme of communication with tenants and prospective tenants outlined.

Principle	Review of effectiveness
<p>D Determine interventions to achieve outcomes</p>	<ul style="list-style-type: none"> • The Environment and Community Scrutiny Committee approved the Biodiversity Strategy (2022 – 2030) and accompanying Action Plan. The strategy was informed following a biodiversity audit and consultation in 2021. It identifies seven objectives to guide our work in response to Priority 1 of the Corporate Plan. • The Environment and Community Scrutiny Committee approved a litter strategy to support positive change in behaviours, make it easy to dispose of litter, continue with our enforcement activity, when it is proportionate and reasonable to do so, maximise the productivity of our streets and open spaces waste management service and minimise the volume of litter. • The Housing Scrutiny Committee noted an update on the compliance related activities delivered within the Estates and Facilities Team, including a summary on gas servicing, electrical testing and fire safety work. • The Housing Scrutiny Committee approved the allocation of up to 20 Council properties to Ukrainian refugees to support the Council's homelessness prevention plans and avert the need for temporary accommodation. • The Housing Scrutiny Committee approved a Minimum Energy Efficiency Standards Enforcement and Fee policy. This sets out how the Council will carry out its statutory responsibilities for ensuring minimum energy efficiency standards in the private rented sector, including enforcement of the regulations and fee setting in relation to financial penalties. • We worked with partner organisations to support residents struggling with the rising cost of living in Cambridge. As part of a joint 'Heating and Health' initiative with South Cambridgeshire and East Cambridgeshire District Councils funded by the Integrated Care Board (ICB), we organised a series of 11 Cost of Living Support Pop-Ups at community venues across the city from October 2022 to February 2023.

Principle	Review of effectiveness
<p>E Develop capacity and capability of entity</p>	<ul style="list-style-type: none"> The Council continued to progress the “Our Cambridge Transformation Programme”. Updates on the approach and progress were reported to the Strategy and Resources Committee and reported on our website. This included proposals for changes to operations, future council infrastructure and identified areas for saving and reinvestment. Proposals for a new senior leadership structure were also reviewed and approved to take place from May 2023. The Centre for Governance and Scrutiny (CfGS) were commissioned to assess the Council's budget policy framework and process. This builds on wider work the Council is developing to enable and support its transformation journey. The review made ten wide-ranging recommendations, covering political management arrangements, member training and development, as well as specific recommendations relating to the budget process and timetable. Officers will work with the Leader/Executive to develop a broader consultative process, with input from opposition Group Leaders, to consider how to take forward the recommendations of the Independent Remuneration Panel and Council-commissioned analysis of its decision making, and democratic processes undertaken by Centre for Governance and Scrutiny (CfGS). The Council completed an initial review of its assets for civic and administrative purposes. This was carried out to reflect the change in requirements, align with the transformation programme, climate change outcomes, and also support recovery of the wider City economy. The Environment & Scrutiny Committee approved the future direction of travel and approach for community development services including priority work with children, young people, and families, and for community centres management. This is part of the council's Our Cambridge transformation programme.
<p>F Manage risk & performance, internal control, finance</p>	<ul style="list-style-type: none"> The Environment and Community Scrutiny Committee received updates on the Councils progress at delivering the Single Equality Scheme, and the Anti-Poverty Strategy. The Strategy & Resources Committee recognised report findings from a project carried out between Cambridge City Council (CCC), Cambridge City Housing Company Ltd (CCHC) and Social Finance. This illustrated that it is not financially feasible at this time, in current market conditions, to expand the CCHC portfolio by the proposed 250 homes. It was agreed that expansion metrics would continue to be reviewed quarterly to consider expansion in future.

Principle	Review of effectiveness
G Transparency, reporting, audit, accountability	<ul style="list-style-type: none"> <li data-bbox="528 288 2029 453"> The Environment and Community Scrutiny Committee noted that the Local Government & Social Care Ombudsman (LGO) has found there was fault by the Council “but not causing injustice”, in relation to how the Council investigated a noise complaint from a large item of commercial equipment within the city. The LGO has also formally accepted that all the identified service improvement actions, offered by the Council to the complainant, have been fully actioned by the Council. <li data-bbox="528 475 2029 539"> The Housing Scrutiny noted a report which detailed findings of the Housing Ombudsman. The report also outlined the actions taken by the Council to remedy the matter for the customer and identify areas for future improvement.

Conclusion and opinion

The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. No significant governance issues were identified from our review of effectiveness. We have identified opportunities for improvement, and these are included in our Action Plan above.

We are satisfied that the planned actions will improve our governance arrangements, identified from our review of effectiveness. We will monitor their implementation and operation throughout the year and report their progress as part of our next annual review.

Signed:

Signed:

.....
Councillor Mike Davey
Leader of the Council

.....
Robert Pollock
Chief Executive

Date:

Date:

2024



Local Code of Governance -



Local Code of Corporate Governance

Good governance

Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

A Council's Code of Corporate Governance is:

"The system by which local authorities direct and control their functions and relate to their communities"

Our commitment

Cambridge City Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance.

The Governance Framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. It enables the Council to monitor the achievement of its [strategic objectives](#) and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

This local code of governance has been developed in accordance with and is consistent with the Delivering Good Governance in Local Government framework, which builds on the seven Principles for the Conduct of Individuals in Public Life.

Core principles of good governance

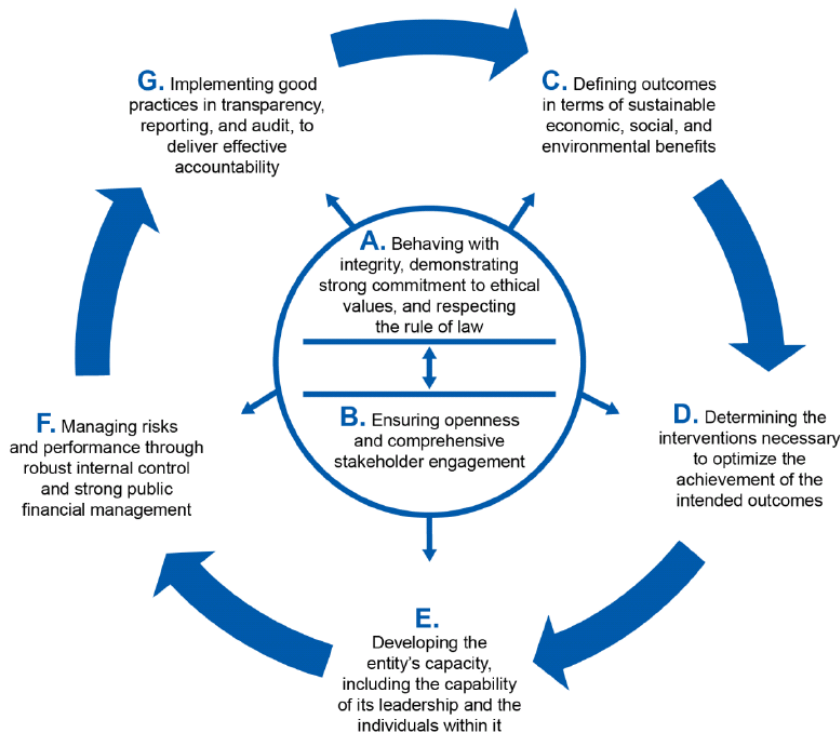
The core governance principles of the council are:-

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Applying the core principles of good governance

This document describes how the Council achieves the seven principles of good governance and describes how the Council's corporate governance arrangements will be monitored and reviewed.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



This Code takes each of the principles of good governance in turn and sets out the systems, processes and principles the Council has put in place to ensure good corporate governance.

The Code will be reviewed annually through the Annual Governance Statement process, which will identify the actions to be taken to enhance the code or address any limitations with in it.

Principle A – Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

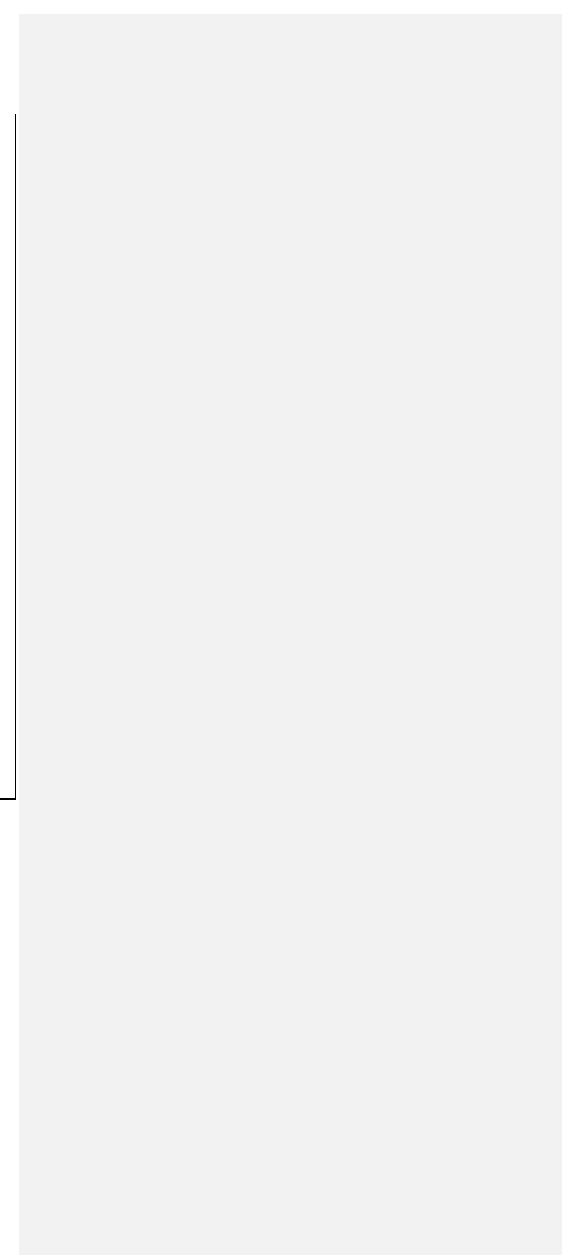
Supporting Principles:

- Behaving with integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of law



	How does the Council achieve this?	Supporting examples
1	The Council expects the authority's leadership – both Members and Officers - to create a climate of openness, support and respect and to uphold the Council's values. The Council operates within the legal framework for local councils complying with its statutory duties and making the most of its powers to meet the needs of the District and its residents.	Constitution
2	Standards of conduct and personal behaviour are set out in the Employee Code of Conduct, the Member Code of Conduct and in the Member/ Officer protocol.	Employee Code of Conduct Member Code of Conduct Member/Officer Protocol
3	An up-to-date register of Member and Officer Senior Officer Interests is maintained. The underlying principles which underpin the Codes of Conduct build upon the Seven Principles of Public Life (the Nolan Principles).	Register of Interests
4	The Council has put in place procedures for considering complaints so that members of the public can express dissatisfaction with Council services and their concerns can be monitored and addressed. The Council has appointed an "independent person" to support this, in accordance with the requirements of the Localism Act, 2011.	Complaints Procedure and website
5	We publish an Annual Complaints report analysing trends in complaints against the Council and what has been done to address them.	Complaints – Annual Report
6	The Local Government and Social Care Ombudsman provides an annual summary of statistics on their decisions and provides feedback to help Councils help improve service delivery.	Local Government Ombudsman Letter

7	<p>The Council's Civic Affairs Committee fulfils the core functions of an Audit Committee. The Committee is responsible for constitutional issues and ensures that the constitution is monitored and updated when required.</p>	Terms of Reference for Civic Affairs Committee
8	<p>The terms of reference of the Civic Affairs committee include responsibility for advising on the Council's ethical framework and the promotion of openness, accountability and probity to ensure the highest standards of conduct.</p>	
8	<p>The Council maintains a Whistleblowing policy to enable confidential reporting of suspected breaches of the Employee Code of Conduct or unethical behaviour. We also maintain a Prevention of Fraud and Corruption Policy. Both policies are reviewed by the Civic Affairs Committee.</p>	Whistleblowing Policy Prevention of Fraud & Corruption Policy
09	<p>The Council's standing orders and financial regulations put in place processes designed to ensure that Members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.</p>	Financial Regulations
10	<p>The Head of Legal Practice is the Council's Monitoring Officer, responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. <u>Their role is set out in the Constitution.</u></p>	Monitoring Officer Role Description
11	<p>The Council ensures that Statutory Officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.</p>	Professional Qualifications and training
12	<p>The Council has a clear Procurement Strategy designed to meet the Council's wider objectives and Contract Procedures Rules designed to deliver robust and fair procurement processes.</p>	Procurement Strategy



Principle B - Ensuring openness and comprehensive stakeholder engagement

Supporting Principles		
<ul style="list-style-type: none"> • Openness • Engaging comprehensively with Institutional stakeholders • Engaging stakeholders effectively, including citizens and service users 		
	How does the Council achieve this?	Supporting Examples
1	<p>The Council holds its meetings, and those of its committees and working groups in public unless there are good reasons for confidentiality. The public are allowed to ask questions at all Council and committee meetings.</p> <p>The Council adopted legislation and best practice, and implemented software, to enable it to continue holding meetings remotely during the pandemic.</p>	<p>Committee Agendas</p> <p>Committee Forward Plan</p>
2	<p>The Council records the deliberation of scrutiny committees and the reasons for Executive and Regulatory decisions and makes agenda papers and minutes available on the Council's website. The Council also records and publishes on the website written questions asked at Council meetings and their answers, and oral questions and answers where these are available.</p>	<p>Agendas and Minutes of Committees</p> <p>Council Website</p>
3	<p>Officers use standard report templates for committee and executive reports to help ensure that readers are provided with information that is accurate, complete and unbiased. Reports make clear the options available so that the implications of all decisions and strategic risks can be assessed before those decisions are made.</p>	<p>Standard Committee Report Templates</p>
4	<p>The Council has a network of Area Committees to ensure neighbourhood issues are considered in the Council's decision-making processes.</p>	<p>Area Committee Terms of Reference</p>
5	<p>The Council has a Joint Development Control Committee with South Cambridgeshire District Council for decisions affecting growth sites bordering the City and South Cambridgeshire.</p>	<p>Terms of Reference of Joint Development Control Committee</p>
6	<p>The Council seeks to encourage engagement in its work through a variety of means including public representatives on the Equalities Panel, Tenant Representatives on the Housing Scrutiny Committee and involvement of appointed "Independent Persons" in the work of the Civic Affairs Committee.</p> <p>It also puts resources into outreach work through its community development services and support to tenant and leaseholder representatives.</p>	<p>Membership and Terms of Reference of these bodies</p>

7	<p>The Council seeks to ensure all partnerships with which it is engaged have a set of values or criteria against which decision-making and actions can be judged. It works with those partnerships to promote open and accountable decision making and to ensure they have clear governance structures in place.</p> <p>It also ensures that there is clarity about the legal status of each partnership and that all representatives in the partnership have clarity about their powers to bind their own organisation to partnership decisions.</p> <p>The Council operates in accordance with principles of partnership working agreed with our key partner organisations.</p>	<p>Partnership Guidance Principles of Partnership Working</p>
8	<p>The Council ensures that the authority as a whole is open and accessible to the community, service users and its staff.</p>	<p>Customer Charter and Service Standards</p>
9	<p>The Council makes clear through its website and other Council publications the services that it is responsible for, how people can contact the Council and the service standards they can expect.</p>	<p>Council website – Our Services Council Tax Leaflet Annual Report Open Door Magazine Cambridge Matters</p>
10	<p>The Council promotes the role of Councillors and lets the public know who the Councillors are, what roles they have on the Council and how to contact them.</p>	<p>Council website - Members.</p>
11	<p>The Council's consultation programme ensures that the Council proactively seeks the views of a wide range of people and engages with all sections of the community effectively.</p> <p>This is achieved through a mix of corporate consultation initiatives with more targeted consultation on service specific issues led by relevant departments.</p> <p>The Council seeks to ensure all views are actively considered when making decisions, recognising that it is not always possible to reconcile conflicting viewpoints.</p> <p>The Council ensures it makes feedback available to consultees on the outcomes of consultation, what has changed as a result and explaining why it has made the decisions it has.</p>	<p>Consultation pages on website Code of Best Practice on Consultation and Community Engagement</p>
12	<p>The Statement of Community Involvement sets out how South Cambridgeshire District Council and Cambridge City Council will involve communities on a wide range of planning matters throughout the planning process.</p>	<p>Statement of Community Involvement</p>

13	<p>We are committed to challenging discrimination and promoting equality of opportunity in all aspects of our work. The Council undertakes Equality Impact Assessments of all major Council decisions and takes action to implement changes required, to ensure that council services and policies consider the diverse needs of its service users and citizens. It also uses research data, or other relevant data, to inform decisions about relative deprivation in the City.</p> <p>Our Comprehensive Equalities and Diversity Policy sets out the Council's commitment to promoting equality and diversity, including through its role as an employer and a provider of services to the public.</p> <p>Our Equality Value Statement sets out the responsibility of our staff.</p> <p>Our Single Equality Scheme sets out how the organisation will challenge discrimination and promote equal opportunities in all aspects of its work over the next 3 years</p> <p>We regularly monitor our progress and each year we publish an Annual Equalities Review, which sets out what we have achieved over the past twelve months to advance our equalities and diversity work.</p> <p>The Council's Equalities Panel (which has staff, member and public representatives) helps the Council evaluate its success in promoting diversity and meeting a broad range of needs.</p>	<p>Equalities and Diversity Policy</p> <p>Equality Value Statement</p> <p>Single Equality Scheme</p> <p>Annual Equalities Review</p> <p>Equality in Employment - End of Year Workforce Report</p> <p>Equality in Employment Workforce Report</p>
14	<p>The Council enters into compacts with Tenants and the Voluntary Sector agreeing ways of working with these two stakeholder groups.</p>	<p>Compact documents</p>
15	<p>The Council sets out in its collective agreements, employment policies and procedures, and terms of reference for forums and meetings involving trade unions, and how it consults with staff and Trade Unions.</p> <p>The Council recognises two Trade Unions. Members meet with the Trade Unions in a Joint Staff/ Employer Forum. Each Strategic Director has staff forums and there are Joint Trade Unions Group meetings.</p>	<p>Joint Staff/Employer Forum</p> <p>Terms of Reference and Agendas/Joint Trade Unions Group Agendas and Minutes_</p> <p>eEmployment policies and procedures.</p> <p>Trade Union Facilities Agreement</p>

Commented [BG1]: need to add main body text for equality report

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principles:		
<ul style="list-style-type: none"> • Defining Outcomes • Sustainable economic, social and environmental benefits 		
	How does the Council achieve this?	Supporting Examples
1	The Council has a clear vision for the City and sets objectives to guide the Council's activities.	Vision
2	We review our objectives each year, through the Annual Statement agreed at the Annual Council meeting and the Corporate Plan.	Annual Statement
3	The Council actively considers the environmental impact of the Council's decisions. <u>We are committed to reducing carbon emissions and climate change impacts, and promoting a high-quality, sustainable environment in the city. Our environment policy statement details a comprehensive range of actions that we will take to achieve these goals.</u>	Environmental Policy Statement Environmental Assessment Tool for Council Policies Plans and Projects
4	<u>Our Climate Change Strategy shares our vision for Cambridge to be net-zero carbon by 2030. It includes six key objectives to address the causes and consequences of climate change.</u> <u>Our Climate Change Strategy Action Plan explains how we plan to achieve this vision. Our Carbon Management Plan explains how we plan to reduce our own emissions to net zero. Our objectives depend partly on the government, industry and regulators making necessary changes.</u>	<u>Climate Change Strategy and Action Plan</u>
5	The Council proactively contributes to key strategic partnerships, reflecting partnership objectives within its Corporate Plan where appropriate e.g., Health and Well-being, Greater Cambridge Partnership, and the Business Board of the Cambridgeshire and Peterborough Combined Authority (formally LEP). Updates on the work of key partnerships are reported through Council.	Strategic Partnerships
6	<u>The Council owns significant property assets of a wide-ranging nature. Our Asset Management Plan sets out how the council will manage these properties efficiently and effectively so that they are fit for the purpose for which they are held, meeting requirements in terms of function, size, environmental performance, cost, financial return and location now and in the future.</u>	<u>Asset Management Plan General Fund 2023/24 to 2033/34</u>

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

Supporting Principles:

- Determining Interventions
- Planning Interventions
- Optimising achievement of intended outcomes

	How does the Council achieve this?	Supporting Examples
1	The Council has a Medium-Term Financial Strategy to resource its aspirations and to assess and plan for any financial risks. The strategy is reviewed annually for both the General Fund and the Housing Revenue Account.	Medium Term Financial Strategy
2	<p>The Council puts service to the public first. The annual business planning process is used to agree the priorities for the Council. The Corporate Plan expresses the strategic objectives for the Council for over the current financial year and beyond.</p> <p>Alongside each of the objectives are detailed the outcomes to be achieved and performance measures that provide evidence that the outcomes are being delivered. This information enables members and the services contributing to the delivery of the plan to be clear about the priorities for the Council and assists in decisions about where resources should be focussed.</p>	Corporate Plan
3	Directors and Heads of Service prepare annual Strategic Delivery Plans indicating how they will meet objectives set in the Corporate Plan and setting out their priorities and work programmes for the year ahead.	Strategic Delivery Plans Operational Plans
4	<p>The Council's overall spending plans are set out in an annual Budget Setting report for both revenue and capital expenditure.</p> <p>There are arrangements in place for regular budget monitoring and the reporting of significant variances to senior management.</p>	Budget Setting Report Budget Variance Reports
5	<p>The Council works to maximise its resources by delivering services as efficiently as possible, working in partnership with others and using other providers where these are the best options.</p> <p><u>We have a Transformation Programme 'Our Cambridge', which is committed to building a better, more efficient and sustainable council. We need to be an organisation that is fit for the future and operates within our budget. All councils across England face challenging financial situations and this programme aims to identify and help achieve the savings and income generation required to balance the Council's</u></p>	Transformation Programme

budget. This work includes introducing new ways of working and working more closely with local partners and other public sector organisations.

6

The Council has a duty and a power (both statutory and discretionary) to take action to enforce a wide range of statutes relating to: public health and safety, quality of life, anti-social behaviour, preservation of public and residential amenity, maintenance of the environment and protection of public funds. The Council maintains and publishes a Corporate Enforcement Policy. This is used as a guide when the Council acknowledges the need for firm action against those who flout the law and put consumers and others at risk.

Corporate Enforcement Policy

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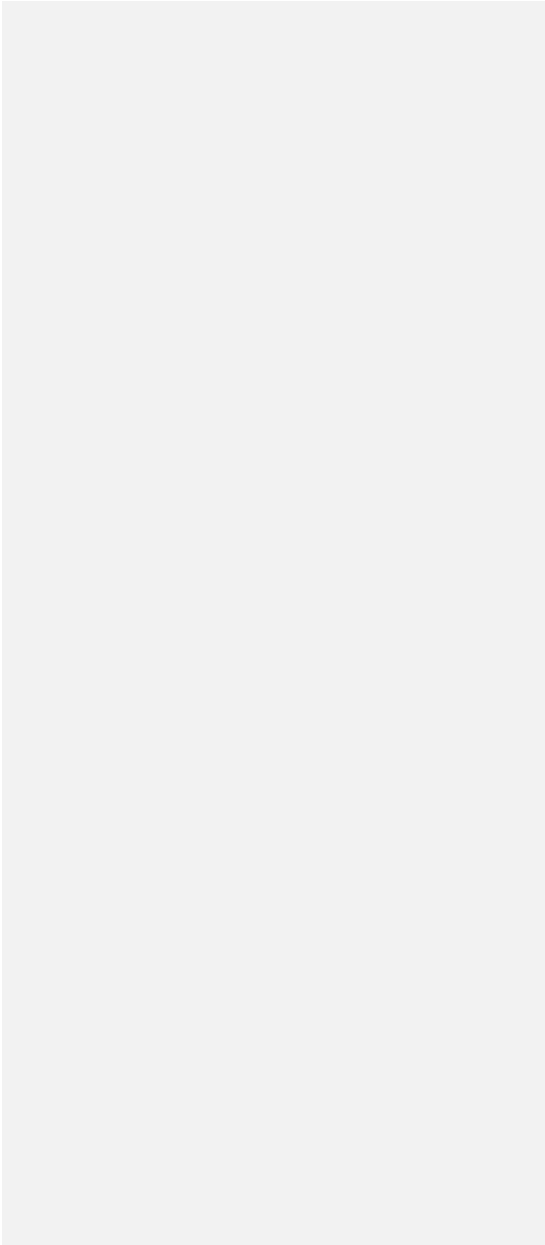
The Council has established a Corporate Programme Office with a Project Management Toolkit to set out practical guidance for project managers and provide standardised templates for consistency across the Council.

Project Management Framework

Principle E - Developing the Council's capacity, including the capability of its leadership and the individuals within it

Supporting principles:		
<ul style="list-style-type: none"> • Developing the Council's capacity • Developing the capability of the entity's leadership and other individuals 		
	How does the Council achieve this?	Supporting Examples
1	The Council sets out a clear statement of the roles and responsibilities of Executive Members, other Members and Council Officers in its Constitution. The scheme of delegation within the Constitution makes clear which matters are reserved for collective decision-making by Council.	Constitution: Scheme of delegation
2	A Member/Officer protocol is used to aid effective communication between Officers and Members and to clarify their respective roles and appropriate ways of working.	Member/Officer Protocol
3	The Council's Chief Executive is its Head of Paid Service and is responsible and accountable to the authority for its operational management.	
3	When representing the Council on Outside Bodies working in partnerships the Council ensures that Members are clear about their roles and responsibilities, both individually and collectively, in relation to the partnerships and to the Council and are documented through Terms of Reference.	Partnership Terms of Reference
4	Our values provide us with a set of guiding principles, purpose and direction; to guide colleagues in what we stand for, our culture, what's important to us and how we do things Our behaviours help us to describe in actionable terms how we do our jobs; they are relevant, actionable, achievable for all job roles within the council. Our values and behaviours align with and support the transformational Our Cambridge programme which aims to modernise our council	Values and Behaviours
5	The behaviour expected of employees is set out in the Council's competency framework and this is used as the basis for our performance appraisals. The Council has up-to-date job descriptions. It sets and monitors clear objectives for Officers through the annual performance review process. It agrees appropriate remuneration for officers based on an agreed framework of national and local agreements which include job evaluation. The Council maintains its Investors in People accreditation. The Council undertakes regular staff surveys to check the wellbeing of colleagues.	Performance review Framework Investors in People Accreditation Investors in People Maintenance Report Staff Survey

6	Employees joining the Council are offered an induction programme and their training and development needs are reviewed regularly through the Council's annual performance review process.	Officer Induction Programme
7	<p>The Council offers all new Members an induction programme and the opportunity to develop, with a briefing and development programme to meet their needs. The Council also provides resources for training, attending conferences/seminars and briefings in-house for all elected Members. It keeps a register of the training received by Members and involves Members in reviewing training needs and the resources available during the year.</p> <p>The Council encourages and facilitates Members to have appropriate training or briefing before performing certain roles (e.g. dealing with staff recruitment or disciplinary issues, being a member of the Planning or Licensing Committees).</p>	Member Induction Programme
8	The Council has developed Shared Services with their partners, and this helps to build resilience and expertise across partners.	Shared Services Business Cases, service plans and performance reports



Principle F - Managing risks and performance through robust internal control and strong public financial management

Supporting Principles:

- Managing Risk
- Managing Performance
- Robust Internal Control
- Managing data
- Strong public financial management

	How does the Council achieve this?	Supporting Examples
1	<p>The Council has a Risk Management Strategy, supplemented by procedures and guidance. <u>The Strategy sets a risk appetite which considers both opportunity and risk management.</u></p> <p>It maintains strategic and operational service risk registers which are reviewed regularly. It undertakes systematic risk assessments in all areas of Council activity, including those covered by Health and Safety legislation.</p> <p>The Council ensures that risk management is embedded into the culture of the authority; with managers at all levels recognising that risk management is part of their job. Risk assessment is incorporated into the Council's decision making and Members are advised of the Council's risk profile at key stages.</p>	Risk Management Strategy, Procedures and guidance
2	<p>The Council respects the personal data of its citizens, employees, suppliers and others the Council may communicate with. <u>We have a Data Protection Policy</u> -in line with the principles of the Data Protection legislation and makes this clear in its own Data Protection Policy.</p> <p>The Council has an Information Security group<u>Governance Board, shared across the 3C ICT Council network. It is which is</u> chaired by the Data Protection Officer and Senior Information Risk Officers, <u>with support from the Data Protection Officer</u>, to help manage Information Governance Risks and <u>develop</u> continuous improvement is monitored through an action plan.</p>	Information Governance Policies and Website Privacy Notice
3	<p>The Council respects the privacy of members of the public if it has to carry out investigations under the Regulation of Investigatory Powers Act 2000, and ensures that privacy is only interfered with when the law permits and there is clear public interest justification.</p>	Regulation of Investigatory Powers Act 2000 – Guidance
4	<p>The Council's Chief Financial Officer and S151 Officer is responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control. They maintain compliance with the CIPFA Role of the S151 Officer in Local Government. Delegated powers are set out in our Constitution - Article 12: Officers functions are responsibilities.</p>	Compliance with the CIPFA Role of the S151 Officer

5	The Council develops and maintains an effective Scrutiny process to encourage constructive challenge and enhance the Council's performance.	Terms of Reference of Scrutiny Committees
6	The Council has clear protocols about Members' access to information and officer advice to enable them to perform their roles.	Constitution: Access to Meetings and Information Procedure Rules
7	The Council has emergency and business continuity plans in place, including co-ordination and joint working arrangements with partners.	Corporate Business Continuity Plan Corporate Emergency Response Plan Team Service Continuity Plans

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

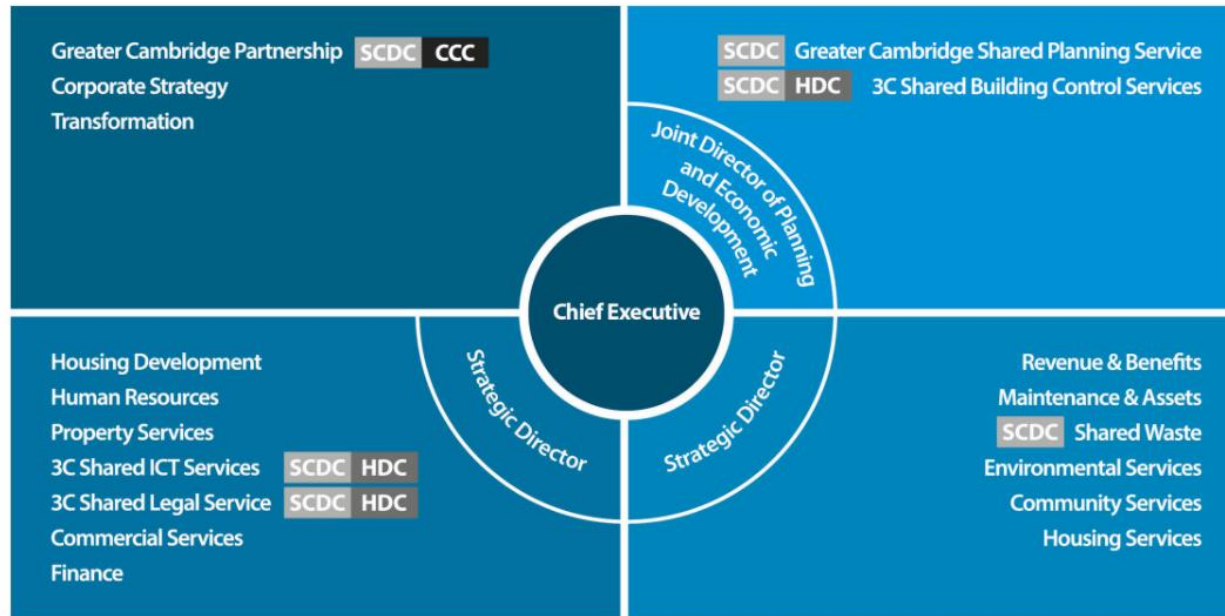
Supporting Principles:

- Implementing good practice in transparency
- Implementing good practices in reporting
- Assurance and effective accountability

	How does the Council achieve this?	Supporting Examples
1	<p>The Council makes sure members of the public have access to information about the workings of the Council. It makes clear what information is routinely published through its Freedom of Information Publication scheme and responds promptly to requests for information.</p> <p>The Council publishes on its website all responses to Freedom of Information requests and has privacy notices and information-sharing agreements to ensure GDPR compliance.</p>	<p>Freedom Of Information, Open Data</p> <p>Publication Scheme</p> <p>Data Protection And Transparency: Annual Report</p> <p>Website Privacy Notice</p>
2	<p>Each year the Council publishes an Annual Report and Statement of Accounts giving information on the authority's vision, strategy, performance, future plans and financial statements.</p>	<p>Annual Report and Statement of Accounts</p>
3	<p>Shared services arrangements with other local authorities or partners document their governance arrangements, which are clear, open and accountable.</p>	<p>Shared Services Collaboration Agreements</p>
4	<p>The Council maintains an independent Internal Audit function, with a risk-based audit plan, designed to test regularly that the Council's policies and processes operate in practice and that the Council complies with legislation and good practice.</p> <p>The Head of Internal Audit produces an opinion on the Council's internal control environment and the risk management framework to meet the requirements of the Public Sector Internal Audit Standards.</p>	<p>Risk based Internal Audit Plan and Head of Internal Audit Opinion</p>
5	<p>The Head of Internal Audit opinion and the Councils assurance framework is used to inform an Annual Governance Statement.</p>	<p>Annual Governance Statement</p>
6	<p>The Council also agrees an annual work plan with its External Auditors to test the Council's response to major legislation and the soundness of its financial and governance processes.</p> <p>Recommendations arising from internal and external audit and inspection processes are used to inform future decision-making.</p>	<p>External Audit Plan and Annual External Audit Letter</p>

7	The Council uses an Independent Remuneration Panel to give advice on payments to Members and considers their advice when setting the Members' Allowance Scheme. The Panel's recommendations are set out in a public report to Council. The Scheme is available to view on the Council's website and is subject to regular review.	Members' Allowances Scheme and Independent Remuneration Panel reports.
8	Full Council approves the annual pay policy statement to report relevant information, such as salary and expenses, of chief officer posts and the ratio of lowest and highest paid employees.	Pay Policy Statement

How the Council is organised



Shared services key:

- SCDC** South Cambridgeshire District Council
- HDC** Huntingdonshire District Council
- CCC** Cambridgeshire County Council

Partnerships and separate bodies

The Council works in partnerships with several bodies, and has two significant separate bodies:

Who	Background	Governance
Investment Partnership	<p>The Council set up an Investment Partnership with Hill Investment Partnerships in 2017. The members agreement has the following objectives:</p> <ul style="list-style-type: none"> • Investment in the development of land to create successful new places that meet both the financial objectives (primarily a revenue return) and social objectives of the Cambridge City Council (particularly housing that is affordable and is needed locally), provided always that the individual sites may be developed to meet either financial or social objectives; • Improve the use of Council assets and those of other Public Sector Bodies in the Cambridge, or Cambridge wide, area; • Maximise financial return through enhanced asset value, (with reference to the first bullet above), provide a return to the Investment Partners commensurate to their investment and the level of risk in respect to such investment. 	<p>Potential sites would first need to be approved by the Executive Cllr and considered at the relevant scrutiny committee.</p> <p>Updates on all the Cambridge Investment Partnerships current projects are provided quarterly to the Housing Scrutiny Committee.</p> <p>CIP has a website: https://www.ip-cambridge.co.uk/about-us/</p>
Cambridge City Housing Company Ltd	<p>This was established in 2016 as a wholly owned company with Cambridge City Council as the only shareholder.</p> <p>The objectives of the company are to provide and manage housing that is affordable for those in housing need and any other property related activity in Cambridge and neighbouring districts, whilst also generating a financial return for the Council.</p> <p>The Housing Company is registered with Companies House with full accounts and Director information published on the Companies House website.</p> <p>The Council's published annual statement of accounts includes details of the Housing Company, reporting on the Council's relationship with the Housing Company, its financial performance and the loans between the Council and Housing Company. This provides transparency of the relationship between the two organisations.</p>	<p>The Council receives information on the Housing Company through its Strategy & Resources Scrutiny Committee with reports and minutes from these meetings published online through the Council's website. This Committee reviews the Housing Company's business plan and the Council's published Corporate Plan sets out the objectives, activities and people involved in management and decisions with regard to the Housing Company</p>

Monitoring and reporting

The Council will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that corporate governance arrangements are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Civic Affairs Committee for consideration and will form part of the Council's annual Statement of Accounts.

The Governance Statement will include:

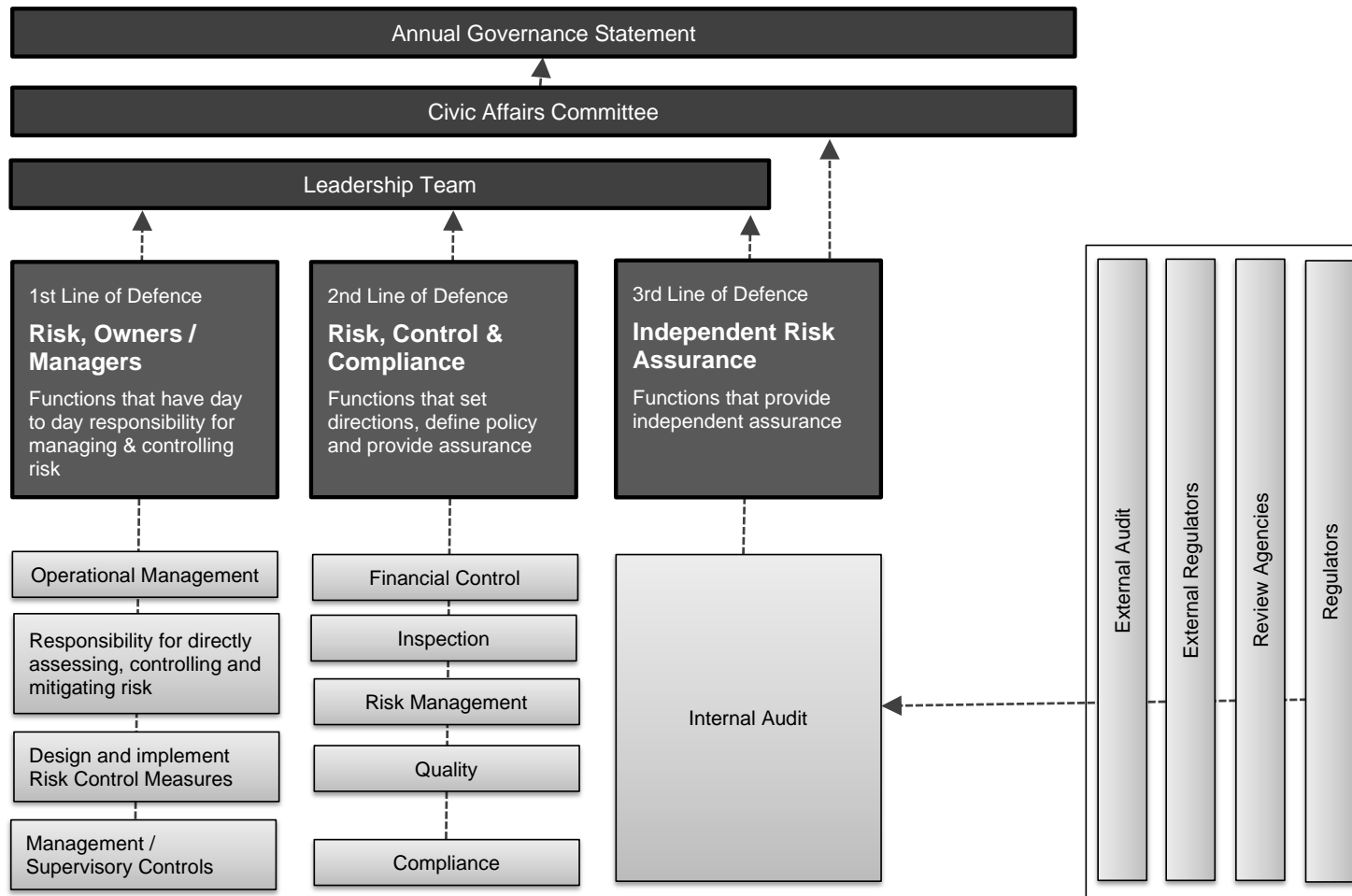
- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance;
- a reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- a reference to how issues raised in the previous year's annual governance statement have been resolved; and
- a conclusion including a commitment to monitoring implementation as part of the next annual review.

In reviewing and approving the Annual Governance Statement, members will be provided with detailed information regarding the effectiveness of the governance arrangements and system of internal control and how these address the key risks faced by the Council. Those Assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the Council.

The Council will continually strive to operate an assurance framework, embedded into its business processes, that maps corporate objectives to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual Governance Statement and will help members to identify whether corporate objectives and significant business risks are being properly managed.

Our assurance channels

The review of effectiveness is informed from various sources (also known as the Lines of Defense):



Seven principles for the conduct of individuals in public life

The governance framework is supported by the [seven Principles of Public Life](#), and apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this
Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.
Leadership	Holders of public office should promote and support these principles by leadership and example. <u>Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.</u>

Version Control

Major recent iterations and updates are published below.

Date updated	Summary of changes
TBC	Presented to Civic Affairs Committee with draft 2023/2024 AGS
05/12/2024	Presented to Civic Affairs Committee with draft 2022/2023 AGS
03/11/2022	Presented to Civic Affairs Committee with draft 2021/2022 AGS

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REPORT TITLE: Statement of Accounts 2022-23 – Audit Opinion

To:

Civic Affairs Committee 5th December 2024

Report by:

Isabel Brittain , Interim Deputy S151 Officer

Tel: 01223 457000 Email: Isabel.brittain@cambridge.gov.uk

Wards affected:

all

1. Recommendations

1.1 It is recommended that Civic Affairs Committee:

1. Receive the Audit Results Report presented by EY and the unaudited statement of accounts for 2022-23
2. Approve the Statement of Accounts for the year ended 31 March 2023 based on the current Reset and Recovery legislation.
3. That the Chair of the meeting be authorised to sign the Management representation letter as shown in Appendix A of the Report for Those Charged with Governance.

2. Purpose and reason for the report

2.1 Following publication of the draft 2022-23 accounts, our external auditors EY have completed their Value for Money opinion for the Civic Affairs Committee agreement. As set out in the Committee's terms of reference, the Civic Affairs Committee are responsible for reviewing the annual governance statement and approving the annual accounts.

As previously reported to Committee, there have been national issues with timely delivery of local government audits which has resulted in legislation to introduce backstop dates for each year's audit. Previously, if there were outstanding issues with

an Authority's accounts which were unresolved those accounts could remain outstanding for multiple years as the auditors were not in a position to issue an opinion in-line with their responsibilities. The implementation of a backstop date means that all accounts up-to and including the financial year 2022/23 must be finalised with an opinion by the 13th December 2024, and future dates being imposed for the years from 2023/24 onward. Where the auditors are unable to complete their audit work by the relevant backstop date for the year, then the audit is concluded with a disclaimer opinion in which the auditors state that they have been unable to complete sufficient work to come to a conclusion on the statement of accounts. The intention behind this is to allow the system to catch up and focus efforts on timely conclusion of more recent audits.

- 2.2 The attached EY audit report (Appendix 1) considers the impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing.

The Civic Affairs Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit.

The report considers and reports on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Civic Affairs Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and considers the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where it may be necessary to do so.

3. Alternative options considered

- 3.1 None

4. Corporate plan

- 4.1 Completing annual statement of accounts and the associated audit are required by law and enables the Cambridge City Council's stakeholders, to hold us to account and for us to deliver on our commitment to being a transparent and accountable organisation.

5. Consultation, engagement and communication

- 5.1 None

6. Anticipated outcomes, benefits or impact

- 6.1 None

7. Implications

7.1 Relevant risks

The Committee should note that the disclaimed opinion being issued does not indicate any identified shortcomings or inaccuracies in the Authority's accounts, nor any undue delay to the draft accounts being available for audit.

Financial Implications

- 7.2 All financial information is included within the appendices of the report and relate back to activity undertaken in the financial year 2022/23.

Legal Implications

- 7.3 None

Equalities and socio-economic Implications

7.4 None

Net Zero Carbon, Climate Change and Environmental implications

7.5 None

Procurement Implications

7.6 None

Community Safety Implications

7.7 None

8. Appendices

8.1 Appendix 1 Completion Report for those Charged with Governance
Appendix 2 2022/23 Unaudited Statement of Accounts

To inspect the background papers or if you have a query on the report please contact
Isabel Brittain Interim Deputy S151 Officer Isabel.brittain@cambridge.gov.uk

Cambridge City Council

Completion Report for Those Charged with Governance

Year ended 31 March 2023

Report issued - 21 November 2024

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Civic Affairs Committee
Cambridge City Council
The Guildhall
Market Square
Cambridge
CB2 3QJ

21 November 2024

Dear Civic Affairs Committee

Cambridge City Council - Completion Report for Those Charged With Governance - 2022/23 financial year

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Civic Affairs Committee of Cambridge City Council (the Council) with a detailed complete report covering our approach and outcomes of the 2022/23 audit.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the year ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for this audit year we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements, against this backdrop we have also considered the Committee's service expectations.

This report considers the impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The joint statement on the update to proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Civic Affairs Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit.

We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Civic Affairs Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw Civic Affairs Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix A).

This report is intended solely for the information and use of the Civic Affairs Committee, and Management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

MARK HODGSON

Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

Enc

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Civic Affairs Committee and management of Cambridge City Council. Our work has been undertaken so that we might state to the Civic Affairs Committee and management of Cambridge City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Civic Affairs Committee and management of Cambridge City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary

Executive Summary – System wide context

Context for the audit – Department for Housing, Communities and Local Government (MHCLG) and Financial Reporting Council (FRC) measures to address local audit delays


Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector will need to work together to address this. The Department for Housing, Communities and Local Government (MHCLG) (initially as DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to clear the backlog. The proposals, which have been developed to maintain auditor independence and enable compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

To support the further development and testing of the measures, consultations are taking place to receive further feedback and inform the decision on how to proceed. Specifically:

- ▶ MHCLG has enacted through Parliament Statutory Instrument (2024) No. 907 - “The Accounts and Audit (Amendment) Regulations 2024”, to insert statutory backstop dates for historic financial statements and for the financial years 2023/24 to 2027/28.
- ▶ The National Audit Office (NAO) has amended the Code of Audit Practice to:
 - ▶ Require auditors to issue audit opinions according to statutory backstop dates for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
 - ▶ Allow auditors to produce a single Value for Money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of Councils and residents.

As a result of the system wide implementation of backstop dates we expect to *disclaim the opinion on the Authority's 2022/23 financial statements*. The proposed disclaimer of the Council's 2022/23 accounts will impact both the audit procedures to be undertaken to gain assurance on the 2023/24 financial statements and the form of the Audit Report in 2023/24 and subsequent years during the 'Recovery phase' of the Government's proposals.



Executive Summary – Council responsibilities

Responsibilities of Authority management and those charged with governance

For the planned measures to be successful and the current backlog to be addressed it is vital that all stakeholders properly discharge their responsibilities.

The Council's Section 151 Officer is responsible for preparing the statement of accounts in accordance with proper practices and confirming they give a true and fair view of the financial position at the reporting date and of its expenditure and income for the year ended 31 March 2023. To allow the audit to be completed on a timely and efficient basis it is essential that the financial statements are supported by high quality working papers and audit evidence and that Council resources are readily available to support the audit process, within agreed deadlines. The Civic Affairs Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this is not done, we will:

- ▶ Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- ▶ Consider the use of other statutory reporting powers to draw attention to weaknesses in Council financial reporting arrangements where we consider it necessary to do so.

Seek a fee variation for the cost of additional resources needed to discharge our responsibilities. We have set out this and other factors that will lead to a fee variation at Appendix B of this report together with, at Appendix E, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.

Impact the availability of audit resource available to complete the audit work in advance of any applicable backstop dates.



Executive Summary - Local context

Local Background and Context

The position at this Council has developed over the past few years resulting in unaudited financial statements for 31 March 2023.

The main reasons for the Council's financial statements not being prepared, audited and signed to date include:

- ▶ The post pandemic timelines resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to move onto the 2022/23 audit year.
- ▶ In addition, there were a number of new technical issues and challenges to address during this period, including, accounting for infrastructure assets, taking into account the updated pension fund valuations, which led to some delays to the prior year 2021/22 audit being completed, with the audit opinion being signed on the 30 November 2022.

As a result, and taken together, this has ultimately led to a lack of capacity to be able to commence the 2022/23 audit year with sufficient time to be able to complete the audit.

Executive Summary - Report structure and work completed

Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 - Executive Summary - this section, setting out the national and local context and the structure of our report.

Section 2 - Work Plan - we have completed the following planning tasks

- ▶ Completed required independence procedures.
- ▶ Set a level of materiality.
- ▶ Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.

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Updated our understanding of the business, including review of responses to inquiry letters, internal team meeting, minute review, etc.

Identified significant, inherent and other areas of higher risk or focus.

Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report e.g. Non-compliance with laws and regulations (NOCLAR), Objections, Significant weaknesses in arrangements for Value for Money, or any other matters that may result in the use of the auditor's powers etc.

Section 3 - Results and findings - Work completed to issue the disclaimer, findings and results:

- ▶ Review of the financial statements.
- ▶ Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, and report as appropriate.
- ▶ Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. Non-compliance with laws and regulations, (NOCLAR), Objections, Significant weaknesses in arrangements for Value for Money, any matters that may result in the use of the etc.

Section 4 - Audit Report

- ▶ The draft audit opinion.

Section 5 - Value for Money reporting

- ▶ The Value for Money report covering the year to 31 March 2023.

Section 6 - Appendices



BOARDROOM



02 Work Plan

Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2023 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on Value for Money in Section 5.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

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- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

Given that Statutory Instrument (2024) No. 907 - The Accounts and Audit (Amendment) Regulations 2024 imposes a backstop date of the 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

Work Plan - Materiality

Materiality

Planning materiality

£3.4m

Materiality for y/e 31 March 2023 has been set at £3.4 million, which represents 2% of 2022/23 gross expenditure on deficit on the provision of services.

Performance materiality

£2.5m

Performance materiality for y/e 31 March 2023 has been set at £2.5 million, which represents 75% of planning materiality.

Audit differences

£0.17m

We will report all uncorrected misstatements relating to the primary statements greater than £170,000 for y/e 31 March 2023.

Other misstatements identified will be communicated to the extent that they merit the attention of the Civic Affairs Committee.

In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the published draft 2022/23 Statement of Accounts. These materiality levels have been set based on the main Council financial statements - we have not considered group materiality. These levels are being used to assess our response to any issues identified in the Council's financial statements.

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Inappropriate capitalisation of revenue expenditure	31 March 2023	Fraud risk	No change / increase in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Misstatement due to fraud or error	31 March 2023	Fraud risk	No change / increase in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. We will consider during the course of our audit whether in light of the Authority experiencing ongoing procurement and legal challenges, there is a heightened risk on the appropriate recognition and accounting for provisions.
Investment Property Valuation	31 March 2023	Significant risk	No change / increase in risk or focus	The Council’s investment property portfolio is a material balance as disclosed on the Council’s balance sheet. Whilst RICS guidance on material uncertainty (as an impact of the Covid 19 pandemic) has been lifted, there is still a significant level of judgement around assumptions within valuations, especially where these assumptions rely on market data or income-based measures, given difficulties in estimating future income.
Pension Liability Valuation	31 March 2023	Significant risk	Increase in risk from 2021/22 (IR to SR)	The Local Authority Accounting Code of Practice and IAS19 require the Council / Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Valuation of Land and Buildings	31 March 2023	Inherent risk	Decrease in risk from 2021/22 (SR to IR)	The Council's land and buildings is material as disclosed in Council's balance sheet. These assets are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet for land and buildings in particular.
Council dwellings valuations	31 March 2023	Inherent risk	No change in risk or focus	<p>The valuation is provided by an external management specialist who has been providing the valuation of the Council's properties for a number of years. We have not previously experienced any issues in the valuation approach and methodology adopted, access to information has been readily available and accounting entries and application of accounting policies have been correctly dealt with.</p> <p>Despite this, as the value of council houses are significant, and the outputs from the valuer are subject to estimation and assumptions, we considered there to be a higher inherent risk associated with the significant account.</p>
Group accounting	31 March 2023	Inherent risk	No change in risk or focus	<p>The Council has been preparing group accounts for several years. The Council will need to undertake its annual assessment of the group boundary to determine the procedures it needs to undertake to consolidate the relevant component entities. It is important that the Council performs a detailed assessment to ensure that all potential associates and joint ventures are appropriately recognised in the accounts. Although there have been no significant changes for this year, we have assessed this to be a inherent risk given the complexity of group structure.</p>
Recoverability of debtors	31 March 2023	Inherent risk	No change in risk or focus	This includes large value debtors with subsidiary companies. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of Covid-19 and assess the appropriateness of this estimation technique. Given that there might be some subjectivity to the recoverability of debtors the Council will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.

Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence
- ▶ The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the Civic Affairs Committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).
- ▶ All proposed NAS for PIE audit clients will be subject to a determination of whether the service might create a self-review threat (SRT), with no allowance for services related to amounts that are immaterial to the audited financial statements.

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Work Plan - Independence

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your Audit Engagement Partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately nil:nil. No additional safeguards are required.

Self review threats

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4. There are no other self-interest threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

EY Transparency Report 2023

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2023 and can be found here: [EY UK 2023 Transparency Report](#).



03 Results and findings

Results and findings

Status of the audit

Our audit work in respect of the Council opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

Final Closing procedures:

- ▶ Completion of subsequent events procedures;
- ▶ Receipt of a signed management representation letter

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is included later in this section.

Value for Money

Our value for money (VFM) work is complete and reported in Section 5 of this report. We identified one risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 4 of the report for further details.

Audit differences

We have not identified any audit differences from our work, either adjusted or unadjusted by Management. The Council should ensure that in approving the Statement of Accounts, that all sets cast correctly, all prior year comparatives agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 Officers. The Council should also seek explanations for any material variances between years to fully understand the Statement of Accounts.

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. We have no matters to report as a result of this work.

We did not receive any questions or objections to the Council's financial statements from any member of the public following the inspection period.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.



Results and findings

Areas of audit focus

In our Audit Plan section we identified a number of key areas of focus for our audit of the financial report of Cambridge City Council. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues;
- ▶ You concur with the resolution of the issue; and
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by Management or disclosed in this report, which we believe should be brought to the attention of Management, the Civic Affairs Committee, or full Council.

Control observations

During the audit, we did not identify any significant deficiencies in internal control.

Independence

Further to our review of independence in Section 2 of this report we have not identified any issues to bring to your attention..

Results and findings

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
 - ▶ Going concern;
 - ▶ Consideration of laws and regulations;
 - ▶ Group audit.



Results and findings

Summary of audit differences

We have not identified any audit differences, either adjusted or unadjusted, as part of our audit.

The Council should ensure that in approving the Statement of Accounts, that all sets cast correctly, all prior year comparatives agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 Officers. The Council should also seek explanations for any material variances between years to fully understand the Statement of Accounts, especially where due to reclassification by the Council.



04 Audit Report

DRAFT

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE CITY COUNCIL

Disclaimer of opinion

We were engaged to audit the financial statements of Cambridge City Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2023. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 1 to 31 to the Council financial statements and notes 1 to 6 to the Group financial statements,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 5,
- Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Group and the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The backstop date and the wider requirements of the local audit system reset, meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Council.

Our opinion on the financial statements

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended) we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer and Section 151 Officer

As explained more fully in the Statement of Responsibilities set out on page 14, the Chief Financial Officer and Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Group and Council financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer and Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer and Section 151 Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our opinion on the financial statements

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in January 2023, as to whether Cambridge City Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Cambridge City Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Cambridge City Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Cambridge City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Cambridge City Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and Council and the Group and Council's members as a body, for our audit work, for this report, or for the opinions we have formed.



05 Value for Money



VFM - Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements, which we have done within our Interim VFM Arrangements Report - 30 April 2024. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this commentary is to explain the work we have undertaken in respect of the period 1 April 2022 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) as it was at the time, worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation stated that where auditors had begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report Value for Money (VFM) in line with our full responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 30 April 2024.

VFM - Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with management and key officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We identified a significant risk related to 'Governance - How the Council ensures that it makes informed decisions and properly manages its risks' as part of our risk assessment procedures. We set out our planned response to address this risk in the table below.

Description of risk identified	Work planned to address the risk of significant weakness
<p>The Authority was unable to publish its Draft Statement of Accounts by the target dates outlined in the Accounts and Audit Regulations 2015 (31 May 2023). The unaudited statements were published 22 June 2023.</p> <p>The issue above is evidence of a potential weaknesses in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information - Governance - How the Council ensures that it makes informed decisions and properly manages its risks.</p>	<p>Reviewing the Council's Statement of Accounts closedown and publishing arrangements.</p>

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements.

VFM - Executive Summary (continued)

Reporting

Our commentary for 2022/23 is set out over pages 30 to 32. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2022/23.

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 30 April 2024 . These were reported in our 2021/22 Auditor's Annual Report and have been updated for 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	Significant risk identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements.

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with Management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023. Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

During 2021/22 and 2022/23 the Council continued to manage the impact on finances of a number of issues such as general inflation, pay increases and uncertainties in relation to the amount of funding to be received in the future.

The final outturn on the General Fund for the year was a surplus of £2.5 million, compared to the budgeted deficit of £1 million. This predominantly related to costs that were budgeted for but which ultimately were not incurred, or additional income receipts from central government. There was a net underspend on services of £3.9 million, which is spread across a number of individual services. This was due to a variety of reasons, including increase in interest earned, budget adjustments held centrally, support services costs which have not been fully allocated, difficulty recruiting staff to vacant posts.

During the year, the Council have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services. The Council recognise the challenges ahead in meeting their identified base savings requirements of £11.515 million over the 5 year period to 2027/28 and produce relevant models for assessing the gaps as part of their Medium Term Financial Strategy. If all savings identified are delivered as expected, with minimal additional expenditure, the Council will still face a five-year new net savings requirement of over £7.6 million, with a total budget gap over the five years of nearly £25.0 million.

At the 31 March 2023, the Council held a General Fund Reserve balance of £28.1 million and had further Earmarked General Fund reserves of £28.7 million, which provides a strong level of resources if future savings are not identified or achieved in each of the 5 financial years of the Medium Term Financial Strategy, to allow the Council to continue to deliver services.

The Council should continue its scenario assessment of the savings requirement and continue to identify relevant schemes to achieve the annual savings requirements to minimise the use of reserves where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023. Our risk assessment identified one risk of significant weakness in arrangements in respect of governance.

The Council have continued to manage governance considerations in response to the current challenges such as the conflict in Ukraine and the cost-of-living crisis, including in partnership working and delivery of services with other local authorities. The Council reviewed the Budget Setting Report in February 2022, with the Medium Term Financial Strategy updated during the year. Both documents were taken to the Strategy and Resources Scrutiny Committee before final approval at Full Council, which ensures that all Members are kept well informed of the process.

The Council's Annual Governance Statement sets out the core governance arrangements for the year, including an Action Plan, which demonstrates how the Council's Code of Governance reflects the seven principles of good governance. The Head of Internal Audit concluded that for the 2022/23 financial year, 'reasonable assurance' may be awarded over the adequacy and effectiveness of the Council's overall internal control environment.

We identified that improvements are required in the preparation of Statement of Accounts in 2022/23. The Authority was unable to publish its Statement of Accounts by the target dates outlined in the Accounts and Audit Regulations 2015 (being the 31 May 2023). The unaudited statements were published on the 22 June 2023. The Council did set out in its statutory notice, published on Council's website, the reasons for not being able to publish the draft Statement of Accounts by the 31 May date. The delay was caused by prioritising the closure of the 2021/22 Statements of Accounts audit, that in turn impacted the preparation of the 2022/23 Statement of Accounts.

The Council did properly advertise and held the inspection period for members of the public to inspect the Statement of Accounts in line with Accounts and Audit Regulations 2015. We confirm that the 2022/23 draft Statement of Accounts were arithmetically correct, agreed to the data in the general ledger, and prepared in line with the content required by the CIPFA Code. The Council has also performed bank reconciliations during the 2022/23 financial year.

Whilst we raised the issue above, as a significant risk of weakness (See page 28) we are satisfied that the Council did appropriately set out the reasons for the delay within its Statutory notice, and did subsequently publish the 2022/23 Statement of Accounts as soon as was practicable.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to makes informed decisions and properly manages its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023. In 2022/23, we did not identify a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

During previous year the Council have launched the 'Our Cambridge' transformation program, which aims to deliver a more efficient approach to customer focused service delivery.

The 'Corporate Plan' for 2022 to 2027, approved in February, sets four key priorities in respect of climate, poverty, housing, and equality. Performance reporting is maintained against these key criteria, with regular reporting on performance and finances taken to the relevant Scrutiny committees throughout the year to continuously monitor performance. The Council also produced a separate Annual Report which shows progress against the Corporate Plan and publishes an accompanying series of Key Performance Indicators linked to this. This performance information is available to the public, but also allows for key information to be considered as part of decision making on service delivery.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



06 Appendices

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

This letter of representations is provided in connection with your audit of the [consolidated and parent] Authority financial statements of [name of entity] ("the [Group and] authority") for the year ended [balance sheet date]. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or 'present fairly, in all material respects,') the [Group and] authority financial position of [name of entity] as of [balance sheet date] and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the [Group and] the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our [consolidated and parent] Authority financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist. Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the [Group and the parent] Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the [Group and] authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the [consolidated and parent] Authority financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the [Group and parent] Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the [Group and] authority financial statements are appropriately described in the [Group and] authority financial statements.
4. As members of management of the [Group and] authority, we believe that the [Group and] authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [applicable financial reporting framework] for the Group and [applicable financial reporting framework] for the Authority that are free from material misstatement, whether due to fraud or error.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

5. *[When there are unadjusted audit differences in the current year]* We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because *[specify reasons for not correcting misstatement]*.
6. *[When the comparative figures have been restated]* The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. *[Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.]* There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended *[date]* are solely the result of reclassifications for comparative purposes.
7. We confirm the *[Group and]* authority does not have securities (debt or equity) listed on a recognized exchange.
8. We have confirmed to you any changes in service organizations within the *[Group and]* authority since the last audited financial year.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the *[Group and]* authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the *[consolidated and parent]* Authority financial statements may be materially misstated as a result of fraud.
4. *[When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws and regulations.]* We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with laws and regulations, including fraud, known to us that may have affected the *[Group or]* Authority (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the *[consolidated and parent]* Authority financial statements
 - Related to laws or regulations that have an indirect effect on amounts and disclosures in the *[consolidated and parent]* Authority financial statements, but compliance with which may be fundamental to the operations of the *[Group and]* authority's business, its ability to continue in business, or to avoid material penalties

Appendix A - Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the [consolidated and parent] Authority financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the [Group and] authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the [consolidated and parent] Authority financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with [applicable financial reporting framework].
6. We have disclosed to you, and the [Group and] authority has complied with, all aspects of contractual agreements that could have a material effect on the [consolidated and parent] Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the [consolidated and parent] Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Appendix A – Management representation letter

Management representation letter

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Management Rep Letter

8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the [consolidated and parent] Authority financial statements, including disclosures.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the [consolidated and parent] Authority financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note [X] to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than the events described in Note [X] to the [consolidated and parent] Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the [Council/Authority] has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the [Council/Authority]'s assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note [X] to the financial statements. All assets to which the [Council/Authority] has satisfactory title appear in the balance sheet(s).

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in Note [X] to the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

We agree with the findings of the specialists that we engaged to evaluate the [describe assertion] and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

G. Estimates [for audits of periods ending on or after 15 December 2020]

When we have identified a higher risk estimate, we include the following representation(s) (refer to ESTIMATES 17):

1. We confirm that the significant judgments made in making the *[insert name of the accounting estimate]* have taken into account all relevant information [and the effects of the COVID-19 pandemic on XXX] of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the *[insert name of the accounting estimate]*.
3. We confirm that the significant assumptions used in making the *[insert name of the accounting estimate]* appropriately reflect our intent and ability to carry out *[describe the specific courses of action]* on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty [and the effects of the COVID-19 pandemic on XXX], are complete and are reasonable in the context of *[the applicable financial reporting framework]*.
5. We confirm that appropriate specialized skills or expertise has been applied in making the *[insert name of the accounting estimate]*.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements *[, including due to the COVID-19 pandemic]*.

7. *[When estimates have been identified that do not meet the recognition or disclosure criteria of the applicable financial reporting framework]. We confirm that the recognition and/or disclosure criteria within *[applicable financial reporting framework]* have not been met with respect to the accounting estimate for *[describe accounting estimate]* and accordingly we have *[not recognized the estimate in the financial statements / disclosed the existence in the notes to the financial statements but not recorded the estimate in the accounting records]*.*

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

Appendix A – Management representation letter

Management representation letter

Management Rep Letter

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

1. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, [continue listing as appropriate]) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
2. Matters referred to in the letters dated [date] issued to you by the [Council/Authority]'s Monitoring Officer and the [Council/Authority]'s legal advisor.
3. Matters referred to in the letter of comments received from the [name of regulator] regarding

K. Going Concern

1. Note [X] to the financial statements discloses all the matters of which we are aware that are relevant to the [Council/Authority]'s ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than..... described in Note [X] to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises [describe the other information applicable to the entity].
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We confirm that the Annual Governance Statement for 20xx/xx is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 20xx/xx and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered [*include the following language when climate-related commitments have been made:*, including the impact resulting from the commitments made by the [Council/Authority],] and reflected in the financial statements.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chairman of the Civic Affairs Committee)

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

The original fees for these years were based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.
- ▶ Note 1 - Due to the reset enacted through Statutory Instrument (2024) No. 907 - The Accounts and Audit (Amendment) Regulations 2024, the above approach is not relevant

	Current Year - 2022/23	Prior Year - 2021/22
	£'s	£'s
Scale Fee - Code Work	61,962	52,422
Determined Scale Fee Variation	TBC - Note 1	81,728
Total audit		134,150
Other non-audit services not covered above (Housing Benefits) - Note 2	N/A	16,500
Total fees	TBC	150,650

All fees exclude VAT

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2022/23.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Note 2 - Planned fee to date, prior to completing all certification requirements.

Appendix C – Required communications with the Civic Affairs Committee

We have detailed the communications that we must provide to the Civic Affairs Committee.

Our Reporting to you

Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Civic Affairs Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	This Completion report for Those Charged with Governance
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Any other matters considered significant. 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Civic Affairs Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	This Completion report for Those Charged with Governance
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	This Completion report for Those Charged with Governance
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Civic Affairs Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Civic Affairs Committee responsibility 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Civic Affairs Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	This Completion report for Those Charged with Governance
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Civic Affairs Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Civic Affairs Committee should also be provided an opportunity to discuss matters affecting auditor independence 	This Completion report for Those Charged with Governance
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	This Completion report for Those Charged with Governance
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Civic Affairs Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Civic Affairs Committee may be aware of 	This Completion report for Those Charged with Governance
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Civic Affairs Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics \(IESBA Code\)](#) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

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Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Appendix E – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.
- assign responsibilities clearly to staff with the appropriate expertise and experience;
- provide necessary resources to enable delivery of the plan;
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
- during the course of the audit provide responses to auditor queries on a timely basis.

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

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Cambridge City Council

Draft Statement of Accounts

for the year ended 31 March 2023

Introduction

This Statement of Accounts gives an overview of the Council's finances for the year ended 31 March 2023. It has been written to help residents and others to:

- understand the overall financial performance and position of the Council;
- have confidence that public money has been used and accounted for in an appropriate manner; and
- be assured that the financial position of the Council is sound and secure.

The document is split into the following key sections:-

- The **Narrative Report** explains how the Council is organised, managed and governed. It sets out the Council's vision and priorities, and the main risks faced in the achievement of these. It also contains commentary on the Council's financial and non-financial performance for the year.
- The **Council Financial Statements** set out in more detail the financial cost to the Council of the services it has provided during the year, and its financial position at the year-end. It consists of a number of main statements and notes, as set out in the Contents table opposite. It is prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, and the Council's accounting policies which are explained in more detail at note 2.
- The **Group Financial Statements** explain the impact on the Council's finances of its involvement with Cambridge City Housing Company Ltd (a wholly owned subsidiary) and the Cambridge Investment Partnership (a joint venture partnership).
- The **Glossary** contains a definition of any complex accounting terms used throughout this Statement of Accounts.

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Introduction

This year has been a period characterised by volatility and uncertainty. Whilst the lifting of coronavirus restrictions enabled our services to fully re-open, the economic environment has brought considerable challenges to both the City Council and the city's residents. Meeting the emerging and changing needs of our residents during the 'cost of living crisis' has been a key area of focus whilst the Council has responded to the impact of inflation through careful management of service budgets.

Households across the city have continued to provide sanctuary to individuals and families from Ukraine. Colleagues across the Council have worked with community groups and host families to support the local Ukrainian population as they continue to integrate into city life. Earlier this year the Council was advised that it was eligible to receive funding of £4.6M to provide a minimum of 29 homes to help meet the needs of Afghan and Ukrainian refugees. This funding complements existing plans to construct new housing across the city as reflected in the HRA's capital programme which incorporates the individual schemes which will deliver the 10-year New Homes programme.

The Council's ambitious 'Our Cambridge' transformation programme gathered momentum with colleagues participating in a range of workstreams to develop new ways of working that focus on ensuring the Council's financial sustainability in the medium-term by reshaping and redesigning the Council to be a better and more sustainable organisation that has a deeper and more integrated relationship with the local community and partners. Following a consultation with colleagues and partner local authorities, the Council finalised changes to its senior management structure. These changes will be implemented early in the 2023/24 financial year and are expected to generate annual savings of around £0.3M.

The Council owns a significant property portfolio encompassing both assets used as office accommodation for staff and/or to provide services to the public, as well as buildings which are leased to organisations across the private and public sectors. As a property owner and landlord, the Council recognises that it has significant responsibilities for environmental stewardship. In October 2022 members resolved that the Council's preferred option was to retain the Guildhall as its main office and civic space depending upon the potential to ensure it is fit for purpose for future use and the cost of achieving this. More broadly, members received an updated Asset Management Strategy in March 2023 highlighting actions needed to progress towards the vision of achieving a net zero Council by 2030.

The Council has an ambitious savings target with annual savings of £11.1M needing to be achieved within five years. Whilst the 'Our Cambridge' programme is forecast to contribute significantly to the achievement of these targets, the Council had to take difficult decisions as part of the 2023/24 budgets to respond to financial challenges impacting the Council. These challenges include reduced income from some of the Council's commercial services, includes its crematorium which has faced increasing competition and its market and car parks which are still seeing some weekday reductions in demand as customer behaviour has changed following the pandemic.

In 2022/23 the Council returned a surplus on General Fund services of £2.525M before adjusting for carry-forwards of £0.556M which reflect resources which will be required to deliver services next year. The surplus was, in part, driven by a significant increase in investment income as the Council benefited from an interest rate environment determined by multiple increases in the Bank of England base rate to a 15-year high. Whilst the Council anticipates that it will continue to benefit from the current bank rate (and has taken appropriate steps to ensure it is able to do so), inflation rates are likely to continue to exceed interest rates in the short-term eroding the buying power of cash balances. The Council recognises that it will need to work closely with partners to take forward its capital programme where external borrowing is required to deliver planned investment

Careful management of service budgets successfully addressed the impact of inflation although in general many services spent less on salaries and wages than had been expected due to continuing difficulties recruiting to vacant and specialist positions.

The Council collected £46.708M of rent and other income through the Housing Revenue Account. This is used solely to provide services to the Council's housing tenants and leaseholders, and to support the construction of new council housing and improvements to existing properties.

Local authorities remain subject to considerable uncertainty following repeated delays in the implementation of the fair funding review and associated changes relating to business rates. Whilst the most recent local government finance settlement provided authorities with indicative details of funding available in 2024/25 there is no clarity beyond that point. This creates numerous challenges as the authority seeks to plan for the long-term and deliver against its vision for the City.

Organisational Overview and External Environment

About Cambridge

Cambridge covers a relatively small urban area (measuring 3 miles by 5 miles), with a population of 145,700 (Census 2021). This ranked as the fastest growing of any city in England and Wales.

In the 2021 Census, an estimated 71,600 residents - 31% of the population - across the Cambridge City & Fringe were born outside the UK, up from 23% in 2011, and a rate ahead of national (17%) and national city benchmarks (22%).

50 languages are spoken in the city. People from around the world are attracted to study and work in Cambridge, with international students making up just over a third of all higher education places in the city.

Analysis by the Centre for Cities showed by May 2022 Cambridge's city centre footfall and spending had recovered to pre-pandemic levels, and at a faster rate than benchmarks.

The turnover of registered businesses in Cambridge City increased by 10% (in real terms) over 2021/22 – the largest increase since 2018, and twice the Combined Authority average - to a total of £9.7bn.

The proportion of the working age population in Cambridge (City & Fringe) in work or actively looking for work is currently 82.7%. This exceeds relevant benchmarks and indicates Cambridge was the ninth highest economic activity rate of 58 cities nationwide.

International research indicates resident's perception of their quality of life continues to improve with Cambridge scoring higher than any other UK city beside Edinburgh.

In the 10 years to 2021 the number of new homes increased at a faster rate than that seen elsewhere in the UK. 7,800 new homes were built during this period which increased the housing supply by 16.2% compared to a national average of 8.3%.

The proportion of homes in Cambridge that are owned outright or with a mortgage increased to 50.4% in 2021, up from 48.3% six years ago. This rate lags behind national (63.5%) and national city (58.9%) benchmarks, though these gaps are slowly closing. Only Oxford and Hull had a lower home ownership rate than Cambridge in 2021.

In 2022, 618 households in Cambridge were assessed as homeless or threatened with homelessness, a 3% increase on the 599 assessed in 2021. This is equivalent to 14.1 cases per 1,000 households in the City, which exceeds national (11.7) and national city (13.5) benchmarks, with Cambridge having the 21st highest number of cases per 1,000 households out of 55 cities nationwide.

The median price of a home in Cambridge stood at £475,000 in 2022, 76% higher than the national average of £270,000. Over 2021/22, the median price of a home in Cambridge has (in nominal terms i.e. not adjusted for inflation) increased by 73%, well ahead of the national average of 50%. At the same time, median pay in the City has increased by only 23%.

When adjusted for population, Cambridge recorded 97.2 criminal offences per 1,000 residents in 2021/22, which was some 8% higher than the national average, but 4% lower than the national city average: a decade ago, crime rates in the City were 13% above the national city average.

The life expectancy gap between the most and least deprived neighbourhoods in Cambridge in 2020 stood at 12.0 years for males and 11.8 years for females, a significantly larger gap than the national average of 9.7 years for males and 7.9 years for females. Cambridge recorded the 6th largest life expectancy inequality out of 55 cities in England.

Council Vision and Priorities

Cambridge City Council has a vision:

'One Cambridge Fair for All', in which economic dynamism and prosperity are combined with social justice and equality.

It's a vision we share and develop, working with our citizens and partner organisations.

To achieve this vision, our Corporate Plan priorities are:

Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030

Tackling poverty and inequality and helping people in the greatest need

Building a new generation of council and affordable homes and reducing homelessness

Modernising the council to lead a greener city that is fair for all

The [Corporate Plan 2022-27](https://www.cambridge.gov.uk/corporate-plan-2022-27)¹ can be found on the Council's website.

¹ <https://www.cambridge.gov.uk/corporate-plan-2022-27-our-priorities-for-cambridge>

Our Services

Our services have been reported to management and committees in the following portfolios during 2022/23:

Portfolio	Examples of services included
The Leader	Chief Executive, Corporate Strategy, Democratic Services
Finance, Resources and Transformation	Finance, Human Resources, Property Services, Transformation
Recovery, Employment and Community Safety	Community Safety, CCTV, Post Covid 19 Recovery, supporting refugee communities
Environment, Climate Change and Biodiversity	Waste and Recycling, Sustainable City, Licensing
Open Spaces, Food Justice and Community Development	Culture and Community, Community Grants, Sport and Recreation, Community Centres, Streets and Open Spaces
Planning Policy and Infrastructure	Planning, Building Control, Parking Services
Housing	Services delivered as a landlord to the Council’s residential tenants and leaseholders and Housing Strategy, Housing Development, Homelessness delivered part of the General Fund

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Our Companies

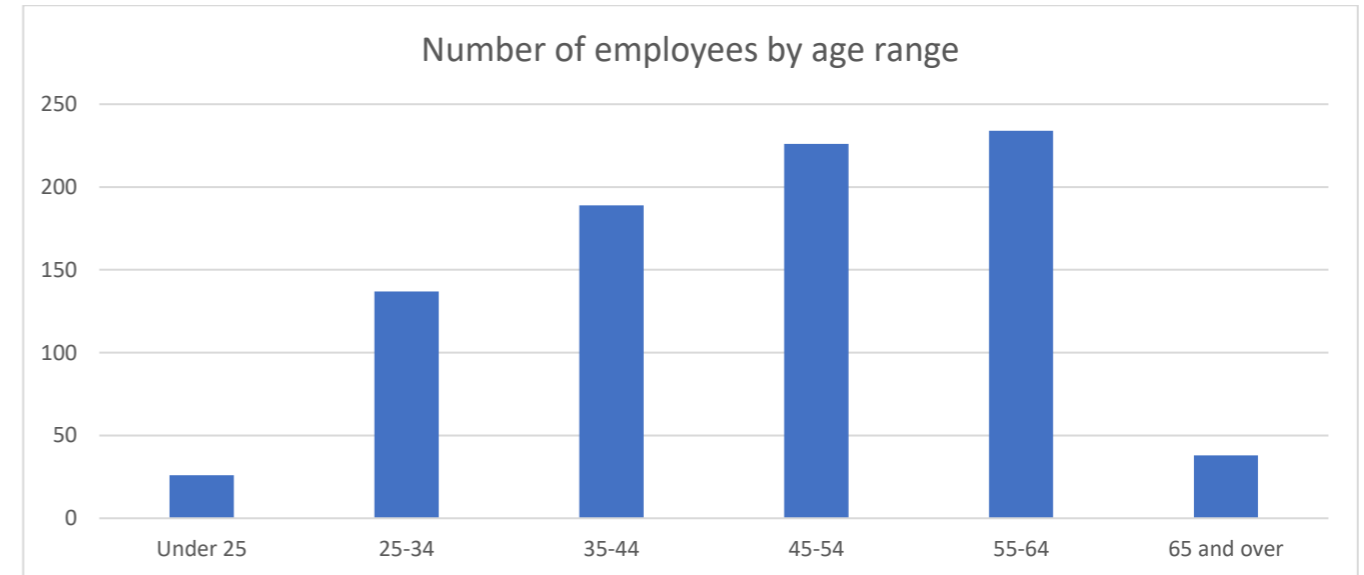
The council owns 100% of the shares of Cambridge City Housing Company, which provides housing for sub-market rents and other housing services in the city.

The council also participates as a 50% joint venture partner with a property developer in the Cambridge Investment Partnership, consisting of four limited liability partnerships (LLPs) which are engaged in housing development in the Cambridge area.

Further information can be found in the Group Financial Statements.

Our People

The City Council employs 850 staff directly as well as delivering services through others who are based in our shared services and arm’s length partnership arrangements. As an Investors in People employer, we are committed to developing and supporting our staff through effective leadership and continuous improvement that supports the Council’s vision.



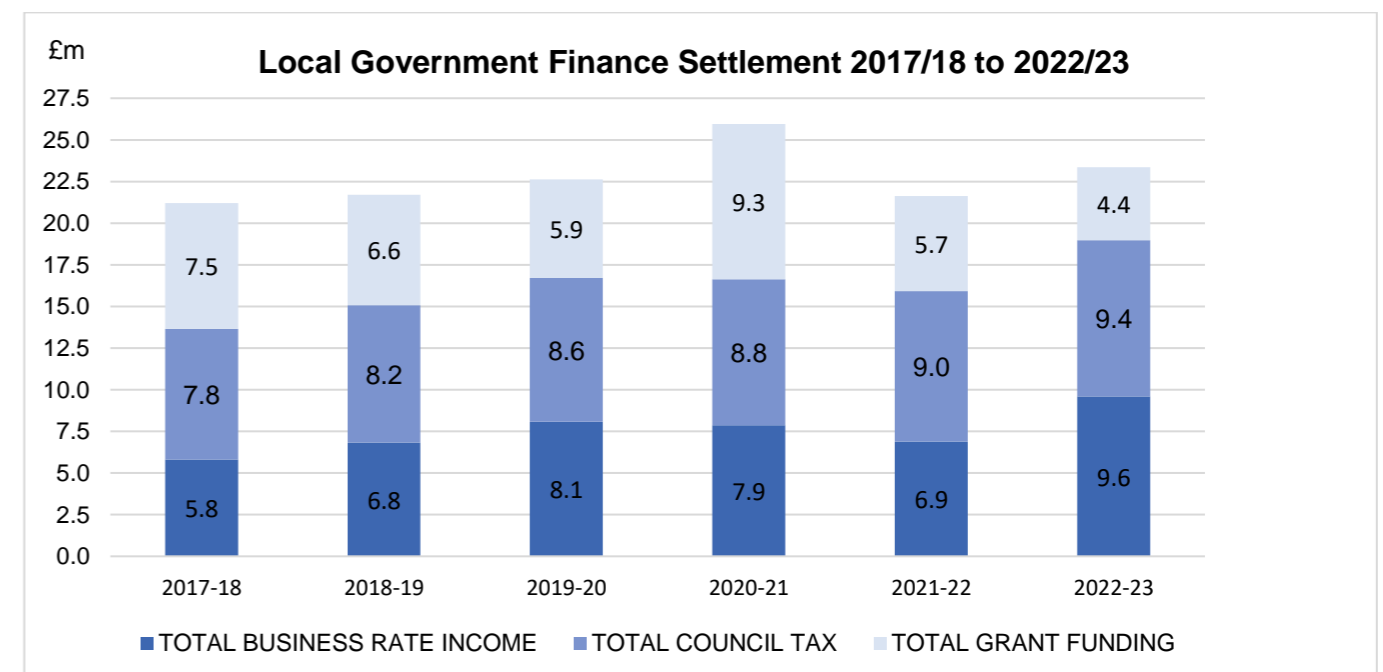
We have **585** full time and **265** part time employees

47.88% of our workforce are female and **52.12%** are male

40.5% of staff have been with the Council over **10 years**

Our Funding

The Settlement Funding Assessment is the core government funding for the Council. The following table shows how the proportion of the government’s overall funding has continued to fall over the preceding five years apart from 2020-21 when substantial non-ring-fenced funding was provided to mitigate the impact of the pandemic.



Our External Economic Outlook

Our local economy has shown considerable resilience following the formal lifting of restrictions linked to Covid. Despite widespread fears of a recession, the Council has seen an increase in its underlying business rates base and income from commercial services, including car parking and rental income from the Council’s property portfolio has generally held up well.

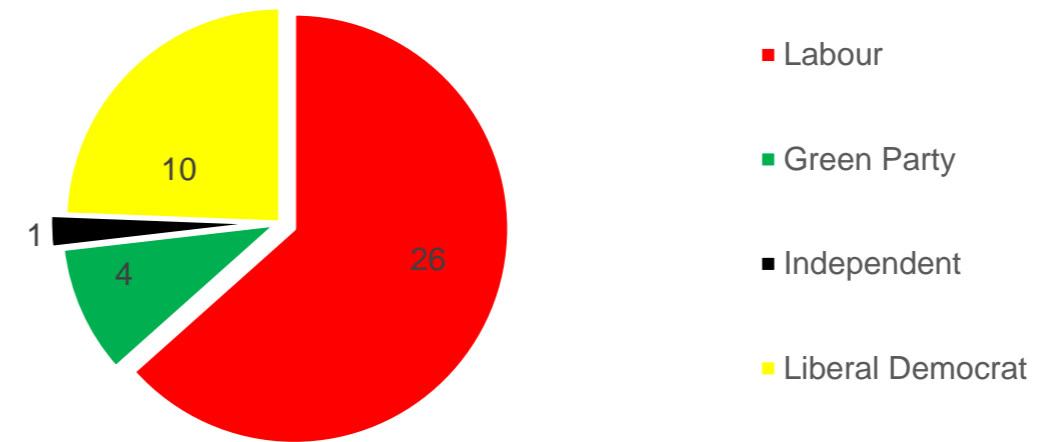
Soaring inflation, including the significant spike in energy prices, has impacted service delivery. Forward purchasing of energy, together with investment in energy-saving technologies, reduced the Council’s degree of exposure in 2022/23 but with prices not expected to return to levels seen prior to the pandemic the long-term impact of increased energy costs will impact the Council over the medium-term. The cost-of-living crisis has impacted our residents, and many will continue to need the Council’s support going forward. So far, however, collection rates for business rates and council tax have remained high and above the targets set at the start of the year.

The combination of high inflation and high interest rates has had a pronounced impact on the affordability and viability of capital projects, particularly those relating to housing because increases in social housing rents are subject to regulation by central government.

Funding for the 2022/23 pay settlement was agreed part-way through the year as the settlement agreed nationally exceeded the amount built into the original 2022/23 budget. Negotiations regarding the 2023/24 pay settlement are ongoing at the time of producing these statements but are expected to have a significant impact on the Council’s cost base. Like many local authorities the Council uses temporary staff to provide interim support and expertise for fixed periods. The cost of staff engaged on such arrangements continues to increase owing to tight labour market conditions and high demand for experienced and technically competent officers. This will continue to impact on service budgets.

How the Council is Governed

Cambridge City Council has 14 wards represented by 42 elected members (councillors). Prior to elections which took place in May 2023, Councillors were combined into political groups as follows during the 2022/23 financial year (with a by-election for one seat pending):-



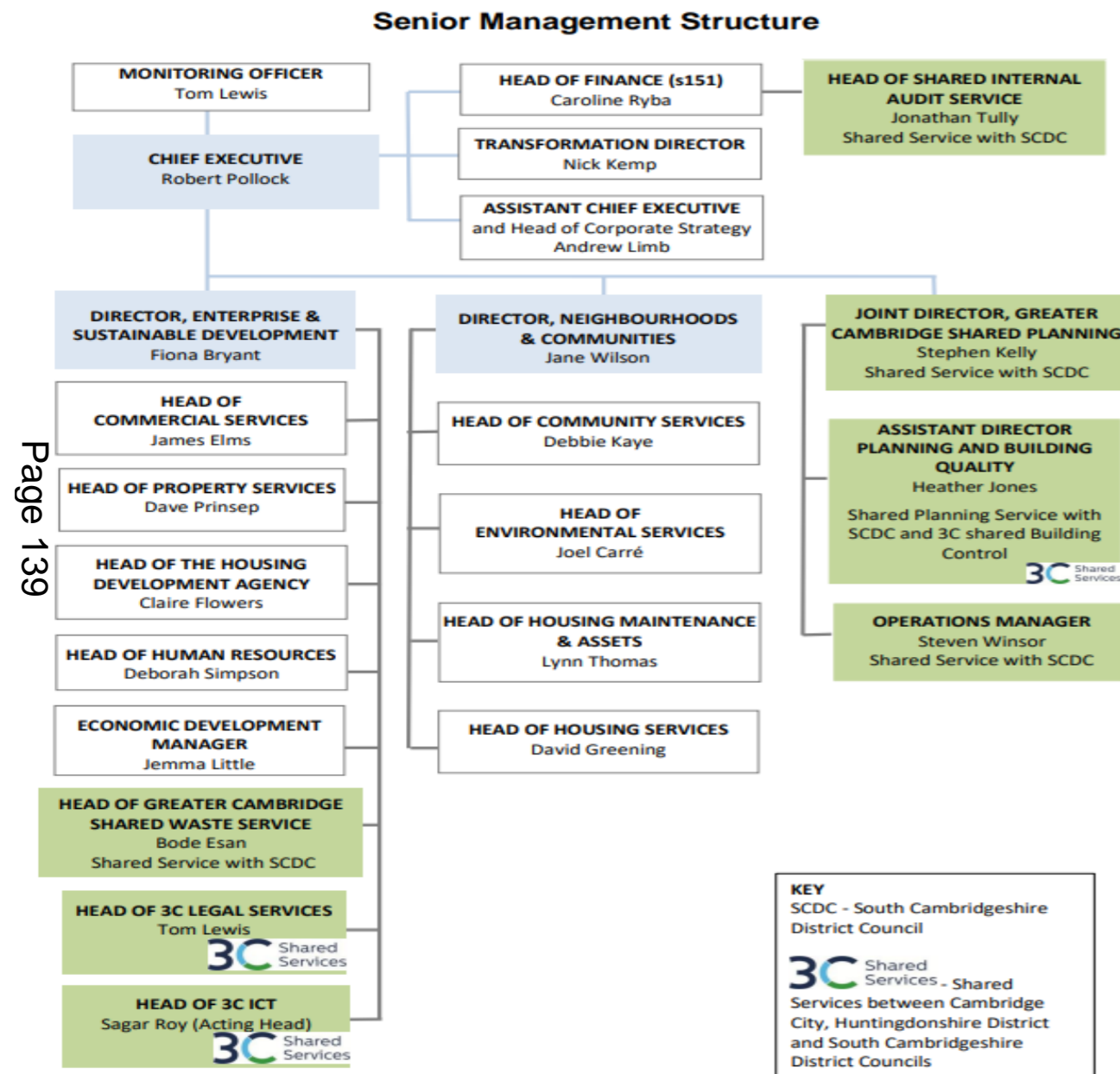
The Council’s constitution sets out the governance arrangements of the Council, comprising a hybrid Leader and Executive system with pre-scrutiny committees. This provides assurance to our citizens that decisions made in their name have been taken correctly. The [Constitution](#) can be found on the Council’s website.

The [Annual Governance Statement 2022/23](#) is also available on the Council’s website. This is published alongside the Statement of Accounts and provides details of the annual review of the effectiveness of the Council’s governance framework, including the system of internal control. It also includes the annual opinion of the Head of Internal Audit.

It is the opinion of the Head of Internal Audit that, taking into account all available evidence, reasonable assurance may be awarded over the adequacy and effectiveness of the Council’s overall internal control environment during the financial year 2022/23, and this remains at a similar level to the previous year.

How the Council Operates

The Council operates to achieve its objectives through utilising its resources (inputs) to achieve value for money (effective, efficient and economical outputs). The Senior Management Team under the leadership of the Chief Executive, Robert Pollock, is responsible for the management of the organisation, initiatives and projects to support delivery of the Corporate Plan. The chart below shows the structure which was in place during the 2022/23 financial year.



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Highlights

The Annual Report on the Corporate Plan shows what was achieved in 2022/23 under the four priority themes during that year. The highlights are:

Leading Cambridge's response to the climate change and biodiversity emergencies

New Asset Management Plan produced setting out the carbon reduction needs and costs for all council buildings

£1.7m scheme completed (using Government funding) to reduce carbon emissions from Parkside and Abbey Pools: the use of air source heat pumps, LED lighting and other measures is expected to reduce the Council's CO2 emissions by approximately 9.6%

Funding secured from the Cambridgeshire & Peterborough Combined Authority for a new solar farm next to the Greater Cambridge Shared Waste Service depot in Waterbeach to provide renewable energy for electric vehicles. The Council will be contributing £1.7m to the cost of this facility

Started a feasibility study looking at opportunities for a city centre heat network which could potentially generate renewable energy to heat buildings in the city centre

Installed external wall insulation and solar PV to 96 existing council homes with poor energy efficiency ratings

Led a partnership of all the Cambridgeshire local authorities, using a total of £2.4m in Government funding in 2022/23 to retrofit energy efficiency measures in 271 homes across Cambridgeshire, with 101 of these in Cambridge

Works commenced to provide a network of publicly accessible EV charging points in Council car parks

Supported Cambridge Sustainable Food Partnership to work towards the Gold Award for Cambridge from Sustainable Food Places

Delivered enhancements to the fish pass at Byron's Pool Local Nature Reserve (LNR) and worked with the Wildlife Trust to undertake habitat enhancement at the Coldham's Lane lakes

Planted trees in 469 locations in Cambridge and a further 178 trees were distributed to residents

Tackling poverty and inequality and helping people in the greatest need

Organised 'Heating and Health' initiative with South Cambridgeshire and East Cambridgeshire District Councils comprising 11 Cost of Living Support Pop-Ups at community venues across the city

Provided regular 'Warm and Welcoming Spaces' at our five community centres, which offered community events, quiet spaces and meals to local people

Awarded £1,000 Winter Support Grants to 43 voluntary and community organisations, and we promoted additional warm spaces at public libraries and 17 venues run by voluntary and community partners

Provided Council Tax reductions for 6,732 households and administered the government's initial £150 energy rebate scheme, making over 40,000 payments to residents with a total value of £6M

Worked with partner organisations to allocate £1m of Community Grants to 65 organisations for projects aiming to reduce social and economic deprivation

Partnered with Peterborough Environment City Trust (PECT), who provided tailored energy advice for residents

Delivered a programme of 10 'community days' and 11 'skip days' to save residents money by disposing of almost 150 tonnes of bulky waste and develop a sense of pride among residents in their neighbourhood

Developed the 'Region of Learning' project to promote learning pathways for people aged 15-24, evidence formal and informal learning and skills through digital badges, and link to live labour market opportunities

Worked with local partners in the Social Mobility Business Partnership to deliver a Work Skills and Insight Week, which introduced 30 young people from low-economic backgrounds to local creative industries

Provided 50% reductions on entry prices at our leisure centres for people receiving means-tested benefits, leading to 56,878 discounted entries during 2022/23

Modernising the council to lead a greener city that is fair for all

Senior management review completed with new structure approved for implementation from May 2023

Test project completed to facilitate a new way for us to hold community conversations through the Cambridge Together project

Mobile visitor information service has been established, using two electric assisted vehicles

Growth and business support provided to 30 businesses to develop and enhance their growth and business opportunities within cleantech sectors

Agreements finalised to let the ground floor of the Guildhall to Allia as a Future Business Centre

Supported Cambridge Market by running a campaign to attract traders, replaced canopies and allocated Shared Prosperity Fund monies to enhance local markets including a youth enterprise programme for disadvantaged and future traders

Building a new generation of council and affordable homes and reducing homelessness

208 new council homes completed during 2022/23 with work commencing on a further 144 properties including 21 Passivhaus certified homes

Commenced tenancy audit programme leading to support being provided to victims of domestic abuse and 147 households being provided with support to move on to more suitable accommodation with 10% of tenancies audited by 31 March 2023. Collected £82.3M in council tax from 59,129 households

Homelessness Prevention Plan developed to support the significant numbers of Ukrainian households living in Cambridge. Advice on housing options has been provided to over 100 Ukrainian refugee households.

Launched a £5m Net Zero Carbon Homes pilot project, where up to 50 council homes will be retrofitted to net zero carbon standards

Investigated 283 complaints around private-sector housing safety, suitability and management 228 private-sector Houses in Multiple Occupation, (HMOs), both licensable and non-licensable, have been brought up to the required safety and suitability standards

Financial Performance

General Fund

The General Fund represents the resources of the Council which are available to fund revenue services or capital expenditure without restriction (except that they may not be spent on Housing Revenue Account services or assets).

The final outturn on the General Fund for 2022/23 was a contribution to the General Fund balance of £2.525M compared to a budgeted transfer of £4.131M. The main reasons for the variance were as follows:-

- At the time of setting the 2022/23 budget the Bank of England base rate was 0.25%. Forecasts indicated that the base rate was expected to reach 0.75% by March 2023. Following a series of rate increases to tackle soaring inflation, the base rate was 4% by the end of the financial year. The change in base rate, together with higher than forecast cash balances, resulted in investment income exceeding that estimated in the original budget by £2.954M with the General Fund benefiting from £1.617M of investment income not included in the original budget.
- The budgeted surplus of £4.131M included an expected transfer to reserves of £4.387M relating to business rates growth which was originally forecast to be achieved during the year. This estimate was sensitive to a variety of uncertainties relating to the Covid 19 pandemic amongst other factors. The outturn includes a transfer of £1.66M which reflects income relating to business rates above the baseline set out in the annual funding assessment which forms part of the local government finance settlement. Whilst this transfer is lower than the figure in the budget, there has been an increase in the business rate taxbase. Regulations prevent the benefit of this increase being recognised in 2022/23, but the improved position will be recognised in 2023/24 and future financial years.
- Pay costs were under-budget by £2.28M. This principally reflects challenging labour markets with some roles, including those requiring specialist expertise, taking longer to recruit than would have been the case previously.
- The local government pay settlement for 2022/23 had not been agreed at the time of setting the 2022/23 budget and discussions were still at a comparatively early stage. A national agreement was reached in November 2022. In October 2022, as part of the approval of the Council's Medium Term Financial Strategy, the Council approved the use of £1.027M from the General Reserve to fund the cost of the pay award to the extent this was not reflected in the original estimate.
- The Our Cambridge transformation programme continued. Costs to deliver the project (£1.14M) were fully funded from the reserve established in the 2021/22 financial year. The programme has begun to deliver savings following implementation of a new corporate management structure in May 2023. Further reviews are scheduled to complete during the 2023/24 financial year.

The table on the next page sets out in detail the General Fund revenue outturn for the year for each service portfolio. The accounting adjustments column reflects differences between the way in which the Council's resources are managed internally, and the way in which income and expenditure must

be reported in the Statement of Accounts in line with accounting requirements. The most significant adjustments relate to the classification of income and expenditure relating to investment properties and the allocation of depreciation charges across service lines. The 'total chargeable to the General Fund' column represents the movements on the General Fund as presented in the Council's Expenditure and Funding Analysis (see note 1 to the Council Financial Statements).

Earmarked Reserves

The Council holds earmarked reserves for a variety of purposes, including:

- to fund future anticipated revenue costs;
- to fund future capital expenditure (both on the construction of new assets and the repairs and renewal of existing assets); and
- to hold funds which are ringfenced to a particular purpose, for example restricted grants, or surpluses generated through partnership working.

The movements on earmarked reserves during 2022/23 were as follows:-

	General Fund earmarked reserves £'000	Housing Revenue Account earmarked reserves £'000	Total earmarked reserves £'000
Balance at 1 April 2022	(29,766)	(17,351)	(47,117)
Contributions to earmarked reserves	(10,314)	(298)	(10,612)
Use of earmarked reserves to fund expenditure	11,292	321	11,613
Balance at 31 March 2023	(28,788)	(17,328)	(46,116)

The most significant movements were as follows:-

- The use of £1.141M from the Transformation reserve to cover costs incurred in year to deliver the Our Cambridge transformation programme.
- The transfer of the Council's share of £6.5M in profits received from the Mill Road development into the Development Reserve.
- The use £6.253M held in the designated earmarked reserve for Collection Fund deficits attributable to Covid 19 to cover the prior year deficits relating to business rates and council tax recognised in 2022/23 in accordance with relevant regulations.

	Original budget	Final budget	Overspend / (underspend)	Outturn	Accounting adjustments	Total chargeable to General Fund
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
The Leader	6,556	7,103	(1,143)	5,960	47	6,007
Finance, Resources and Transformation	(5,153)	(10,117)	(2,565)	(12,682)	16,236	3,554
General Fund Housing	3,542	4,034	187	4,221	30	4,251
Environment, Climate Change and Biodiversity	9,512	9,693	(132)	9,561	(2,322)	7,239
Open Spaces, Food Justice and Community Development	9,709	9,522	315	9,837	(1,256)	8,581
Planning Policy and Infrastructure	(705)	(1,288)	(270)	(1,558)	(1,447)	(3,005)
Recovery, Employment and Community Safety	792	813	(276)	537	(15)	522
Total cost of services	24,253	19,760	(3,884)	15,876	11,273	27,149
Other income and expenditure	0	0	0	0	(16,988)	(16,988)
Capital expenditure financed from General Fund	40	1,248	(1,012)	236	0	236
Other capital adjustments	(6,347)	(5,766)	15	(5,751)	5,751	0
Contributions to earmarked reserves	627	8,360	0	8,360	0	8,360
Contribution to / (from) General Fund balance	4,131	1,005	1,520	2,525	3	2,528
Collection Fund (Surplus)/Deficit Repayment	2,481	7,367	0	7,367	0	7,367
Net spending requirement	25,185	31,974	(3,361)	28,613	39	28,652
Financed by:						
Council tax	(9,371)	(9,371)	0	(9,371)	0	(9,371)
Settlement Funding Assessment	(4,272)	(4,272)	23	(4,249)	0	(4,249)
Locally Retained Business Rates	(4,387)	(6,160)	3,310	(2,850)	0	(2,850)
New Homes Bonus	(1,957)	(1,957)	0	(1,957)	0	(1,957)
Other core government grants	(1,973)	(2,059)	21	(2,038)	0	(2,038)
Use of earmarked reserves	(3,225)	(8,155)	7	(8,148)	(39)	(8,187)
Total financing	(25,185)	(31,974)	3,361	(28,613)	(39)	(28,652)

Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) reflects the statutory requirement for the Council to maintain a separate revenue account for council housing provision. It contains the balance of income and expenditure in connection with the Council's landlord function (for example rental income), which can only be used to fund expenditure on HRA services in the future.

The final outturn on the HRA for 2022/23 was a deficit of £9.069M, compared with a final budgeted deficit of £9.147M. The main reasons for the variance were as follows:-

- There was an overspend of £1.256M on the repairs service. This was largely due to an increase in the complexity, volume and average cost of completing works connected to void properties which were returned to the Council in poor condition. Cyclical and responsive repairs, together with planned maintenance were all also overspent across a range of headings. These overspends were offset by savings in asset management costs and risk and compliance works. This was partly attributable to difficulties gaining access to properties and also difficulties recruiting to vacant posts. Where scheduled work has been deferred a request has been made for budget to be carried forward to ensure these works can be completed in the 2023/24 financial year.
- Depreciation exceeded budget by £0.156M. This was attributable to the carrying value of properties, at the end of the 2021/22 financial year exceeding the assumption built into the 2022/23 budget. This particularly applied to garages. Additionally, the HRA recognised depreciation associated with investment in the Orchard system in recent years.
- Income receivable by the HRA exceeded budget by £1.059M. This variance included a small positive variance of £0.277M relating to dwelling rents arising from handovers which took place in the latter part of the year, work undertaken on voids and the use of decant properties for temporary housing. However, the bulk of the variance (£0.611M) arose from additional investment income which was achieved through higher interest rates than originally forecast and higher cash balances being available to invest.
- The variances referred to above are in addition to changes reflected after the adoption of changes arising from the 2021/22 outturn report and the HRA Medium Term Financial Strategy. These principally related to the approval of £12.562M of carry forwards from 2021/22 into the 2022/23 budget and changes to the profiling and financing of capital expenditure from Housing Revenue Account resources, including amounts set aside from capital receipts which the Council is required to spend within five years of the relevant disposal.

The following table sets out the HRA outturn for the year compared to budget:

	Original budget £'000	Final budget £'000	Overspend / (underspend) £'000	Actual net expenditure £'000
Dwelling rents and other income	(47,062)	(46,261)	(447)	(46,708)
Expenditure	30,637	31,053	1,367	32,420
Net cost of Housing Revenue Account services	(16,425)	(15,208)	920	(14,288)
Interest receivable	(218)	(962)	(611)	(1,573)
Interest payable	7,727	7,494	0	7,494
Capital expenditure financed from Housing Revenue Account	14,611	17,546	(66)	17,480
Housing Set-Aside	(4,942)	0	0	0
Transfer to / (from) earmarked reserves	277	277	(321)	(44)
(Surplus) / deficit for the year	1,030	9,147	(78)	9,069

Assets

The most significant assets on the Council's Balance Sheet are its property, plant and equipment (£1.028 Billion) and investment properties (£161.71M). These are revalued on a regular basis in line with accounting requirements and are therefore subject to large fluctuations in value. However, under statutory provisions these movements do not impact the usable resources of the Council.

At 31 March 2023 the Council held investments totalling £149.466M (including loans of £20.375M to its subsidiary and joint ventures). These are mostly held at amortised cost – further detail is given at note 17 to the Council Financial Statements. Cash and cash equivalents held at 31 March 2023 totalled £31.791M.

In the year there was significant expenditure on the construction of new Council dwellings, many of which were completed during the year contributing to an increase of £57.869M. Council Dwellings are revalued annually. The impact of the valuations is accounted for within the HRA and revaluation reserve. Since Council Dwellings are valued with reference to their use as social housing it is common for a downward valuation to be recognised when they are first recognised. This reflects the difference between the cost of construction, which includes funding from capital grants, and the valuation which is based on the rents the Council is able to charge.

Liabilities

The Council has external borrowing of £213.6M with the Public Works Loan Board (PWLB). This was taken out to fund the HRA self-financing payment to central government in March 2012, and no further external borrowing has been required since. The Council does anticipate undertaking further external borrowing of £87.35M in 2023/24, and a further £192.5M over the subsequent 3 years, in order to fund its future capital programme. This is as set out in the [Treasury Management Strategy](#)² which is available on the Council's website. Prudent provision is made within the Council's budgets for the repayment of debt in accordance with statutory guidance.

Pension Fund Asset/Liability

There is a net asset on the Balance Sheet of £6.865M in relation to the Local Government Pension Scheme (LGPS). The Council's pension asset/liability is revalued by an external actuary on an annual basis and is subject to large valuation movements as a result of changes to assumptions such as rates of inflation and longevity assumptions. However, gains and losses of this nature do not impact on the Council's usable resources under statutory provisions. A funding strategy is agreed with the actuary every three years to ensure that the Council is making sufficient contributions (and charging sufficient amounts to the General Fund and HRA) to ensure that all liabilities can be paid by the pension fund as they fall due. It is unusual for the Council to find itself in a position where the underlying position is a net asset. This position has arisen from a sharp decline in the actuarial valuation of the Council's pension liability in respect of pension scheme members which has arisen from a change in the discount rate used to reflect current economic conditions in a high-interest rate environment where corporate bond yield rates have increased significantly. If changing economic conditions result in a change in the applicable discount rate this will have an impact on the underlying pension fund asset/liability when this is revalued in future years as part of work to produce the Statement of Accounts.

Collection Fund

The Council is required to operate a separate Collection Fund in respect of council tax and business rates it collects on behalf of itself, local preceptors and central government. The Collection Fund had a surplus of £12.587M at 31 March 2023, of which the Council's share is £4.835M. The Council will distribute the surplus, including that due to this Council, from 2023/24 onwards. The significant surplus on the Collection Fund reflects strong underlying performance in respect of the Council Tax and Business Rates including an increase in the tax base and collection rates which, so far have not been significantly impacted by the cost-of-living crisis.

Group Performance

The Council is required to produce Group Financial Statements incorporating the performance of its subsidiary company (Cambridge City Housing Company Ltd), and its share of the profits of CIP. The Council's share of the net assets of group increased by £0.943M during the year after distribution of profits relating to the Mill Road Development of £6.5M.

Risks and Opportunities

The Council manages all risks in line with its risk management strategy and framework, which is approved by the Civic Affairs Committee. As part of the process, comprehensive strategic, service and project risk registers are maintained, and processes are in place for risk identification, evaluation and prioritisation. Resources can then be allocated to manage risks in the most efficient way possible.

Financial risks are specifically identified and considered within the General Fund and Housing Revenue Account [Medium Term Financial Strategies](#)³ (MTFS – available on the Council's website) and as part of the budget setting process. These risks are then monitored throughout the year, with quarterly financial monitoring reports reviewed by the Senior Management Team and members.

The key strategic risks for the council are:

- The Council is not financially sustainable
- The Council's transformation is delayed/sub-optimal
- Insufficient Officer capacity to deliver safe and effective services
- Failure to establish and adhere to effective governance arrangements
- Failure to achieve corporate objectives including Corporate Climate Change

Future Outlook

The Council's [Corporate Plan 2022 - 2027](#)⁴ sets out the current strategic priorities. The General Fund and Housing Revenue Account [Budget Setting Reports](#)⁵ set out how these will be funded. These are all available on the Council's website.

The government has been undertaking a Fairer Funding Review and a review of the business rates retention scheme, both of which have been delayed due to priorities around Brexit and Covid-19. The General Fund [Budget Setting Report 2023/24](#)⁵ assumes that there will be a significant impact on our funding levels, resulting in an annual estimated funding gap of £2.9M in 2024/25, rising to £11.1M in 2027/28. The Council has earmarked £3.9M of reserves to fund a comprehensive transformation programme, Our Cambridge, to reshape and redesign the Council to build a better, more sustainable organisation that takes a whole-system approach with a deeper and more integrated relationship with its community and partners.

The prudent minimum balance for the General Fund has been set at £6.85M based on our current understanding of financial risk. The balance on this reserve at 31 March 2023 was £28.06M, giving significant coverage for the programme to deliver the savings needed to achieve a balanced budget.

² <https://democracy.cambridge.gov.uk/ie/IssueDetails.aspx?IId=27584&Opt=3>

³ <https://democracy.cambridge.gov.uk/ie/ListDocuments.aspx?CIId=116&MIId=3964&Ver=4>

⁴ <https://www.cambridge.gov.uk/corporate-plan-2022-27-our-priorities-for-cambridge>

⁵ <https://democracy.cambridge.gov.uk/ie/ListDocuments.aspx?CIId=116&MIId=3965&Ver=4>

The Council has approved the following capital programme for the period 1 April 2023 to 31 March 2027– note that this is in addition to the unspent 2022/23 capital budgets carried forward as set out on page 10:

	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
General Fund capital expenditure	45,124	15,107	15,047	952
Housing Revenue Account capital expenditure	122,943	93,993	104,072	78,111
Total capital expenditure	168,067	109,100	119,119	79,063
Financed by:				
Capital receipts	(6,994)	(3,918)	(4,385)	(4,924)
Capital grants	(21,561)	(10,268)	(7,905)	(4,496)
Other contributions (from capital and revenue resources)	(42,983)	(20,388)	(21,202)	(21,416)
Total capital financing to be applied	(71,358)	(34,574)	(33,492)	(30,836)
Total to be financed from internal and external borrowing	96,709	74,526	85,627	48,227

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

At this Council, the officer with responsibility for the administration of financial affairs is the Chief Financial Officer and Section 151 Officer.

The Chief Financial Officer and Section 151 Officer's Responsibilities

The Chief Financial Officer and Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts 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 Chief Financial Officer and Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Chief Financial Officer and Section 151 Officer has also:

- kept proper accounting records that were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification

I certify that this Statement of Accounts gives a true and fair view of the financial position of Cambridge City Council as at 31 March 2023, and of its expenditure and income for the year then ended.

Jody Etherington
Chief Financial Officer and Section 151 Officer
05 December 2024

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Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The amounts chargeable to taxation and rents for the year are set out in the Movement in Reserves Statement, whilst the Expenditure and Funding Analysis (note 1) shows how these amounts have been applied to fund services.

	Note	2022/23			2021/22 (Restated)		
		Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
The Leader		4,372	(179)	4,193	3,461	(360)	3,101
Finance, Resources and Transformation		33,492	(28,285)	5,207	36,595	(31,095)	5,500
General Fund Housing		9,032	(3,072)	5,960	8,545	(3,251)	5,294
Environment, Climate Change and Biodiversity		18,737	(4,886)	13,851	14,812	(3,290)	11,522
Open Spaces, Food Justice and Community Development		23,799	(9,496)	14,303	18,397	(6,158)	12,239
Planning Policy and Infrastructure		10,530	(11,517)	(987)	10,945	(11,367)	(422)
Recovery, Employment and Community Safety		1,660	(764)	896	1,449	(667)	782
Housing Revenue Account		50,823	(45,940)	4,883	22,389	(43,596)	(21,207)
Cost of services		152,445	(104,139)	48,306	116,593	(99,784)	16,809
Other operating income and expenditure	9	178	(1,980)	(1,802)	1,134	(6,208)	(5,074)
Financing and investment income and expenditure	10	16,780	(23,035)	(6,255)	13,111	(17,190)	(4,079)
Taxation and non-specific grant income	11	0	(39,347)	(39,347)	0	(31,995)	(31,995)
(Surplus) / deficit on the provision of services	1	169,403	(168,501)	902	130,838	(155,177)	(24,339)
(Surplus) / deficit on revaluation of non-current assets	15			(31,519)			(62,219)
Remeasurement of the net defined benefit liability	21			(118,510)			(46,003)
Other comprehensive (income) / expenditure				(150,029)			(108,222)
Total comprehensive (income) / expenditure				(149,127)			(132,561)

Prior year cost of services figures have been reclassified to reflect changes in the Council's internal reporting structure – there is no change to the total net cost of services figure reported previously.

Movement in Reserves Statement (MIRS)

This statement shows the movement 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 'unusable reserves'. The Movement in Reserves Statement shows how the movements in the Council's reserves are broken down between comprehensive income and expenditure incurred in accordance with generally accepted accounting practices (as shown in the Comprehensive Income and Expenditure Statement) and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The increase / decrease line shows the reserve movements for the year following those adjustments.

	Note	General Fund	Collection Fund deficit earmarked reserve	Other earmarked General Fund reserves	Housing Revenue Account (HRA)	Earmarked HRA reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total usable reserves	Unusable reserves	Total Council reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021		(16,594)	(31,809)	(19,434)	(18,420)	(17,267)	(40,213)	(13,647)	(44,672)	(202,056)	(624,372)	(826,428)
Movement in reserves during 2021/22:												
Total comprehensive income and expenditure	CIES	(4,219)	0	0	(20,120)	0	0	0	0	(24,339)	(108,222)	(132,561)
Adjustments between accounting basis and funding basis under statutory provisions	12	16,757	0	0	18,866	0	(2,926)	2,106	3,138	37,941	(37,941)	0
Transfers to / from earmarked reserves	13	(21,477)	25,432	(3,955)	84	(84)	0	0	0	0	0	0
(Increase) / decrease in year		(8,939)	25,432	(3,955)	(1,170)	(84)	(2,926)	2,106	3,138	13,602	(146,163)	(132,561)
Balance at 31 March 2022		(25,533)	(6,377)	(23,389)	(19,590)	(17,351)	(43,139)	(11,541)	(41,534)	(188,454)	(770,535)	(958,989)
Movement in reserves during 2022/23:												
Total comprehensive income and expenditure	CIES	4,415	0	0	(3,513)	0	0	0	0	902	(150,029)	(149,127)
Adjustments between accounting basis and funding basis under statutory provisions	12	(5,965)	0	0	12,605	0	7,410	3,857	20,331	38,238	(38,238)	0
Transfers to / from earmarked reserves	13	(978)	6,253	(5,275)	(23)	23	0	0	0	0	0	0
(Increase) / decrease in year		(2,528)	6,253	(5,275)	9,069	23	7,410	3,857	20,331	39,140	(188,267)	(149,127)
Balance at 31 March 2023		(28,061)	(124)	(28,664)	(10,521)	(17,328)	(35,729)	(7,684)	(21,203)	(149,314)	(958,802)	(1,108,116)

Balance Sheet

	Note	31 March 2023		31 March 2022	
		£'000	£'000	£'000	£'000
Property, plant and equipment	15	1,027,960		950,310	
Heritage assets		669		669	
Investment property	16	161,708		160,682	
Intangible assets		512		812	
Loans to joint ventures	17	12,875		38,476	
Loan to subsidiary	17	7,500		7,500	
Other long-term investments	17	23,382		22,451	
Long-term debtors		1,729		1,119	
Net defined benefit pension asset	21	6,865		0	
Long-term assets			1,243,200		1,182,019
Investment property held for sale	16	825		620	
Short-term investments	17	105,709		116,235	
Short-term debtors	18	10,815		15,347	
Inventories		200		194	
Cash and cash equivalents	CFS	31,790		30,208	
Current assets			149,339		162,604
Short-term borrowing	17	(82)		(82)	
Short-term creditors	19	(66,814)		(63,863)	
Provisions	20	(3,891)		(4,051)	
Current liabilities			(70,787)		(67,996)
Long-term borrowing	17	(213,572)		(213,572)	
Long-term receipts in advance		(64)		(105)	
Net defined benefit pension liability	21	0		(103,961)	
Long-term liabilities			(213,636)		(317,638)
Net assets			1,108,116		958,989
Usable reserves	MIRS	(149,314)		(188,454)	
Unusable reserves	14	(958,802)		(770,535)	
Total reserves			(1,108,116)		(958,989)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are 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 (for example the capital receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold. It also includes reserves which reflect timing differences between the recognition of income and expenditure under generally accepted accounting practices, and the point at which it must be credited or charged to usable reserves under statutory provisions.

Jody Etherington
Chief Financial Officer (Section 151 Officer)
5 December 2024

Cash Flow Statement (CFS)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council 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. The amount of net cash flows from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation, grant income and from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities reflect movements in the cash collected by the Council on behalf of others in respect of council tax and business rates.

	Note	2022/23		2021/22	
		£'000	£'000	£'000	£'000
Net surplus / (deficit) on the provision of services	CIES	(902)		24,339	
Adjust net surplus on the provision of services for non-cash movements	22	33,263		24,170	
Adjust for items included in the net surplus on the provision of services that are investing and financing activities	22	(21,106)		(22,290)	
Net cash flows from operating activities			11,255		26,219
Investing activities:					
Purchase of property, plant and equipment, investment property and intangible assets		(84,481)		(50,429)	
Purchase of short-term and long-term investments		(263,250)		(197,640)	
Proceeds from the sale of property, plant and equipment, assets held for sale, investment property and intangible assets		7,117		15,465	
Proceeds from short-term and long-term investments		297,310		174,747	
Capital grants received		13,352		19,321	
Other receipts / (payments) from investing activities		12		25	
Net cash flows from investing activities			(29,940)		(38,511)
Financing activities	23		20,267		28,197
Net increase / (decrease) in cash and cash equivalents			1,582		15,905
Cash and cash equivalents at the beginning of the year:					
Overnight money market funds		29,500		13,500	
Bank accounts		692		786	
Cash held by the Council		16		17	
Total cash and cash equivalents at the beginning of the year			30,208		14,303
Cash and cash equivalents at the end of the year:					
Overnight money market funds		30,000		29,500	
Bank accounts		1,780		692	
Cash held by the Council		10		16	
Total cash and cash equivalents at the end of the year			31,790		30,208

Note 1 – Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) has been used in providing services in comparison with those resources consumed or earned by the Council 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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Last year's figures have been reclassified to reflect changes in the Council's internal reporting structure. There is no change to the net cost of services figure previously reported.

	Note	2022/23				2021/22 (Restated)					
		Net expenditure chargeable to the General Fund and HRA balances	Adjustments for capital purposes	Pensions adjustments	Other statutory adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement	Net expenditure chargeable to the General Fund and HRA balances	Adjustments for capital purposes	Pensions adjustments	Other statutory adjustments	Net expenditure in the Comprehensive Income and Expenditure Statement
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
The Leader		6,007	9	(1,823)	4,193	5,015	0	(1,914)		3,101	
Finance, Resources and Transformation		3,554	1,079	574	5,207	3,888	1,029	583		5,500	
General Fund Housing		4,251	837	872	5,960	3,909	531	854		5,294	
Environment, Climate Change and Biodiversity		7,239	4,785	1,827	13,851	8,553	993	1,976		11,522	
Open Spaces, Food Justice and Community Development		8,581	3,901	1,821	14,303	7,687	2,696	1,855		12,239	
Planning Policy and Infrastructure		(3,005)	1,376	642	(987)	(2,529)	1,369	738		(422)	
Recovery, Employment and Community Safety		522	150	224	896	218	360	204		782	
Housing Revenue Account		3,667	502	714	4,883	(8,033)	-13,830	656		(21,207)	
Net cost of services		30,816	12,639	4,851	0	48,306	18,709	(6,852)	4,952	0	16,809
Other income and expenditure		(23,274)	(18,147)	2,832	(8,815)	(47,404)	(7,425)	(16,889)	2,803	(19,637)	(41,148)
(Surplus) / deficit		7,542	(5,508)	7,683	(8,815)	902	11,284	(23,741)	7,755	(19,637)	(24,339)
Opening General Fund and HRA balance	MIRS	(92,240)					(103,524)				
Closing General Fund and HRA balance	MIRS	(84,698)					(92,240)				

Further information about the adjustments for capital purposes, pensions adjustments and other statutory adjustments are set out at note 12.

Note 2 – Accounting Policies

1 General Principles

This Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its financial position at the year-end of 31 March 2023. The Council is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ('the Code'), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2 Going Concern

These accounts have been prepared on a going concern basis, in accordance with the requirements of the Code.

In making its assessment that this basis is appropriate, for the going concern period to 30 June 2024, the Council has carried out forecasting of income and expenditure, the impact on reserve balances, and cash flows.

The Council's assessment of going concern can be found at note 31.

3 Changes in Accounting Policies and Estimates

Changes in accounting policies are only made when required by proper accounting practices, or where the change provides more reliable or relevant information about the Council's financial position or performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and prior year amounts as if the new policy had always applied.

There have been no significant changes in accounting policies during 2022/23.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years, and do not give rise to a prior year adjustment.

4 Fair Value Measurement

The Council measures some of its financial and non-financial assets at fair value at each Balance Sheet date, as set out in these accounting policies. For other financial assets and liabilities measured at amortised cost, the Council is required to disclose the fair value in this Statement of Accounts (see note 17).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell

the asset takes place either in the principal market for the asset, or, in the absence of a principal market, in the most advantageous market.

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

The fair value of the Council's financial assets is measured based upon quoted market prices where available, or if not, using discounted cash flow analysis.

The fair value of the Council's non-financial assets (such as investment properties) assumes that a market participant would look to use the asset in its highest and best use, which may differ from its current use.

For all assets, 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.

Inputs to the valuation techniques are categorised within the following fair value hierarchy:

Input Level	Description
Level 1	Quoted prices (unadjusted) in active markets for identical assets 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, either directly or indirectly
Level 3	Unobservable inputs for the asset

5 Income and Expenditure Accruals

Income and expenditure are accounted for in the Comprehensive Income and Expenditure Statement (CIES) in the year in which the activity takes place, not simply when cash is received or paid. In particular:

- Revenue from contracts for goods or services is recognised when (or as) the goods or services are transferred in accordance with the performance obligations in the contract.
- Expenditure on goods and services is recognised when (or as) the goods or services are received.
- Interest payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument.

Where there is a timing difference between the recognition of income or expenditure as above and the receipt or payment of cash, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

Where the Council is acting as an agent for a third party, income and expenditure are recognised only to the extent that commission is receivable by the Council, or the Council incurs expenses directly on its own behalf.

6 Council Tax and Business Rates

The Council, as a billing authority, collects council tax and business rates both for itself, and on behalf of local preceptors (and central government for business rates). Billing authorities are required to maintain a separate Collection Fund for the collection and distribution of council tax and business rates. Under the legislative framework, billing authorities, major preceptors, and central government (for business rates) share proportionately the risks and rewards that the amount of council tax and business rates collected could be more or less than predicted.

The council tax and business rates income included in the CIES is the Council's share of accrued income for the year. However, regulations determine the amount that must be included in the Council's General Fund, which is based upon amounts forecast in the preceding January, adjusted for the distribution or repayment of historic Collection Fund surpluses or deficits. The difference between the income included in the CIES and the amount required to be credited to the General Fund is transferred to the Collection Fund Adjustment Account through the Movement in Reserves Statement (MIRS).

The Balance Sheet includes the Council's share of the year-end balances in respect of council tax and business rates arrears, impairment allowances for doubtful debts, overpayments and prepayments, and business rates appeal provisions.

7 Grants and Contributions

Grants and contributions are recognised as income in the CIES when there is reasonable assurance that the grants or contributions will be received, and that the Council will comply with any conditions attached. Revenue grants and contributions for specific services are credited to the relevant service line, whilst non-ringfenced revenue grants and all capital grants are credited to taxation and non-specific grant income.

Conditions are stipulations that the grant or contribution is to be used by the Council as specified, or that it must be returned to the donor. Where there is not yet sufficient assurance that conditions will be met, any cash received is held on the Balance Sheet as a creditor.

Under statutory provisions, capital grants credited to the CIES are reversed out of the General Fund or Housing Revenue Account (HRA) to the Capital Grants Unapplied Reserve through the MIRS. When the amount is applied to fund capital expenditure, it is transferred through the MIRS to the Capital Adjustment Account.

8 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits, such as wages and salaries and paid leave, are recognised as expenditure on the relevant service line in the CIES, in the year in which employees render service to the Council.

Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. They are recognised as expenditure on the relevant service line in the CIES, at the earlier of the point that the Council can no longer withdraw the offer of termination, or the point at which the Council recognises restructuring costs. Where termination benefits reflect the outcome of a restructure which impacts multiple services the termination benefits associated with that restructure are apportioned on an appropriate basis reflective of the services impacted by the change.

Local Government Pension Scheme

Employees of the Council are members of the Local Government Pension Scheme (LGPS), unless they opt out. The LGPS is a defined benefits scheme.

The Council's share of pension fund liabilities is included on 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 upon assumptions about mortality rates, employee turnover rates, projected earnings for current employees, etc.

Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (based upon constituents of the iBoxx AA corporate bond index).

The Council's share of the assets of the pension fund is included in the Balance Sheet at their fair value, using bid prices where quoted, or professional estimates for unquoted securities and property assets.

The change in the net pension asset/liability is analysed into the following components:

Component	Description	Accounting Treatment
Service costs		
Current service cost	Increase in liabilities as a result of years of service earned this year	Service costs are charged to the services for which the employees worked in the CIES, whilst net interest costs are charged to financing and investment expenditure.
Past service cost	Change in liabilities as a result of scheme amendment or curtailment affecting years of service earned in earlier years	
Net interest cost	Increase in net liability arising from the passage of time, calculated by applying the liability discount rate at the start of the year to the net liability at the start of the year	

Component	Description	Accounting Treatment
Remeasurements		
Return on plan assets	The Council's share of the return on pension fund assets for the year, excluding amounts included within the net interest cost	Remeasurements are included in the CIES as other comprehensive income and expenditure and credited or charged to the Pensions Reserve.
Actuarial gains and losses	Changes to the net pension liability because events have not occurred in line with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions	
Other		
Employer contributions	Cash contributions paid by the Council to fund future benefit payments in accordance with scheme rules.	Employer contributions will reduce the net pension liability, but do not give rise to expenditure in the CIES.

Statutory provisions require the General Fund and HRA to be charged with the amount of employer contributions payable by the Council in the year, not the amount calculated according to accounting standards. This means that the MIRS includes transfers to and from the Pensions Reserve to remove the notional expenditure set out under 'service costs' in the table above, and replace it with the employer contributions payable for the year.

The balance on the Pensions Reserve therefore measures the benefit to the General Fund and HRA being required to account for retirement benefits on the basis of cash flows, rather than as benefits are earned by employees.

Additionally, the Council has applied the asset ceiling principle set out in IAS 19 which limits the extent to which an entity can recognise a pension asset where an actuarial valuation indicates that the value of pension assets exceeds the value of pension liabilities. The net defined benefit pension asset on the Balance Sheet is based on the actuary's assessment of the difference between the net present value of future service costs the net present value of future contributions by the employer.

9 Overheads and Support Services

The cost of overheads and support services is apportioned to individual service lines within the CIES. This is based upon a best estimate of the proportions in which each support service is utilised.

10 VAT

VAT payable is included within expenditure only to the extent that it is not recoverable from HM Revenue & Customs (HMRC). VAT receivable is excluded from income.

11 Investment Property

Investment properties are those that are used solely to earn rental income and/or for capital appreciation. Rental income receivable in relation to investment properties is credited to financing and investment income in the CIES.

Recognition and Measurement

Investment properties are measured initially at cost, and subsequently at fair value.

Investment properties are not depreciated, but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are credited or charged to financing and investment income in the CIES.

Under statutory arrangements, gains and losses on revaluation are not permitted to have an impact on the General Fund or HRA balance. Any gains or losses are therefore transferred through the MIRS to the Capital Adjustment Account.

Investment Properties Held for Sale and Disposals

When it becomes probable that the carrying amount of an investment property will be recovered principally through sale, rather than through its continuing use, it is reclassified as an investment property held for sale. The property is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

When an investment property is sold, the carrying amount of the asset in the Balance Sheet (whether investment property or investment property held for sale) is written off to other operating income or expenditure in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same place.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts, and transferred to the Capital Receipts Reserve through the MIRS. These amounts are restricted for use to fund new capital investment, or to reduce the Council's underlying need to borrow.

Under statutory arrangements, any gain or loss on disposal is transferred through the MIRS to the Capital Adjustment Account, in order that it does not impact the General Fund or Housing Revenue Account balance. This is because the cost of investment properties is fully provided for under separate arrangements for capital financing.

12 Property, Plant and Equipment

Property, plant and equipment comprises physical assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used for more than one year.

Recognition and Measurement

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be reliably measured.

Expenditure on repairs and maintenance that does not add to an asset's potential to deliver future economic benefits or service potential (e.g. by enhancing its performance or extending its life) is charged as an expense to the relevant service line in the CIES.

Assets are initially measured at cost, comprising the purchase price plus any costs attributable to bringing the asset to the location and condition necessary for its operation.

Assets are subsequently carried on the Balance Sheet using the following measurement bases:

Class of asset	Measurement basis
Council dwellings	Current value, determined using the basis of existing use value for social housing (EUV-SH)
Other land and buildings	Current value, determined as the amount that would be paid for the asset in its existing use (EUV), except for highly specialised assets where there is no market-based evidence of current value, for which depreciated replacement cost (DRC) is used
Vehicles, plant, furniture and equipment	Current value, determined using depreciated historic cost as a proxy (due to assets having short lives and/or low values)
Infrastructure assets	Depreciated historic cost
Community assets	Historic cost
Surplus assets	Fair value
Assets under construction	Historic cost

Assets measured at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, and as a minimum every five years.

In addition, an assessment is made at each year-end as to whether there is any indication that any property, plant and equipment assets may be impaired. Where such indications exist, and any possible impairment is estimated to be material, an impairment loss is recognised for the difference between the recoverable amount of the asset and its carrying amount.

Revaluation gains are recognised in other comprehensive income within the CIES, and credited to the Revaluation Reserve. The exception is for gains that reverse a previous revaluation or impairment loss which was charged to the CIES – in this case the gain will be credited back to same service line originally charged to the extent that it reverses the original loss (adjusted for additional depreciation which would have been charged in the meantime had the loss not been recognised).

Revaluation and impairment losses are accounted for as follows:-

- Where there is a balance of previous revaluation gains for the asset in the Revaluation Reserve, the loss will be charged to other comprehensive income within the CIES, and the Revaluation Reserve reduced accordingly.
- Where there is no balance for the asset in the Revaluation Reserve, or the balance is insufficient to cover the full amount of the loss, any excess amount will be charged to the relevant service line in the CIES.

Under statutory arrangements, gains and losses on revaluation and impairment are not permitted to have an impact on the General Fund or HRA balance. Any gains or losses charged to the CIES are therefore transferred through the MIRS to the Capital Adjustment Account.

The Revaluation Reserve only contains revaluation gains recognised since 1 April 2007, the date of its implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Depreciation

Depreciation is charged on property, plant and equipment assets on the following bases:

Asset Class	Depreciation Method	Useful Economic Lives
Council dwellings	Land: Not depreciated as indefinite useful economic life Buildings: Straight line using a weighted average life for all significant components	As advised by external valuer: Houses / Bungalows: 55 years Flats / Maisonettes: 53 years
Other land and buildings	Land: Not depreciated as indefinite useful economic life Buildings: Straight line	Buildings: 5 – 90 years (as advised by external valuer), with shorter lives applied to individual components where the impact is material
Vehicles, plant, furniture and equipment	Straight line	3 – 25 years
Infrastructure assets	Straight line	10 – 40 years
Community assets	Not depreciated	Not applicable
Surplus assets	Not depreciated	Not applicable
Assets under construction	Not depreciated	Not applicable

Revaluation gains are also depreciated. An amount equal to the difference between the depreciation charged on assets and the depreciation that would have been charged based on their historic cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Under statutory arrangements, the Council is not required to raise council tax to fund depreciation. However, it is required to make an annual contribution from revenue resources towards the reduction in its overall General Fund borrowing requirement, known as the Minimum Revenue Provision (MRP). MRP must be calculated on a prudent basis determined in accordance with statutory guidance.

Depreciation charges on General Fund assets are therefore reversed out of the General Fund to the Capital Adjustment Account by way of a transfer in the MIRS, and replaced by a transfer in the opposite direction representing the annual MRP charge.

Different arrangements apply to the HRA whereby depreciation charged is not reversed, but an equivalent amount is transferred from the Capital Adjustment Account to the Major Repairs Reserve through the MIRS to ensure that the Council maintains a prudent level of capital resources ringfenced for maintaining the standard of council dwellings.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to other operating income or expenditure in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same place. Any accumulated revaluation gains for the asset held in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts, and transferred to the Capital Receipts Reserve through the MIRS. These amounts are restricted for use to fund new capital investment, or to reduce the Council's underlying need to borrow.

Under statutory arrangements, any gain or loss on disposal is transferred through the MIRS to the Capital Adjustment Account, in order that it does not impact the General Fund or HRA balance. This is because the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing.

Donations

When the Council receives an asset by way of a donation, the asset is recognised at fair value at the date when the Council takes possession of the asset. The fair value of the asset is credited to the Comprehensive Income and Expenditure Account. Donated assets are subject to revaluation in accordance with the principles set out above reflecting the type of asset which has been donated.

13 Leases

Leases are classified as finance leases where substantially all the risks and rewards incidental to ownership of the asset are transferred from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, each element is considered separately for classification.

Council as Lessee – Finance Leases

Property held under finance leases is recognised on the Balance Sheet at the start of the lease, at the lower of its fair value and the present value of minimum lease payments. The asset is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the asset, applied to write down the lease liability.
- A finance charge, debited to financing and investment expenditure in the CIES.

Property held under finance leases is accounted for using the policies applied generally to the relevant class of asset, subject to depreciation being charged over the lease term if this is shorter than the asset's useful economic life.

Council as Lessor – Operating Leases

Where the Council grants an operating lease over a property, the asset is retained on the Balance Sheet. Rental income is credited to financing and investment income in the CIES, on a straight-line basis over the life of the lease.

14 Investments in Other Entities

The Council has material interests in a number of subsidiaries and joint ventures, which requires the preparation of group accounts. The basis of consolidation is set out at note 1 to the Group Financial Statements.

Within the Council Financial Statements (the single-entity accounts), these interests are recorded as financial assets at cost.

15 Financial Instruments

Financial Assets

Financial assets are classified and measured using an approach that reflects the business model for holding the assets and their cash flow characteristics. The Council holds financial assets measured at:

- Amortised cost
- Fair value through profit or loss

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the asset, and are initially measured at fair value. They

are subsequently measured at amortised cost, i.e. the outstanding principal receivable plus any accrued interest not yet received. Interest receivable is credited to financing and investment income in the CIES, based upon the amount due for the year as set out in the loan agreement.

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.

Impairment losses are calculated to reflect the expectation that 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 asset was 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.

Trade receivables (debtors) held by the authority are only assessed on a lifetime basis.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the asset, and are initially measured and subsequently carried at fair value. Fair value gains and losses are recognised as they arise within financing and investment income in the CIES.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of the liability, and are initially measured at fair value. They are subsequently carried at amortised cost, i.e. the outstanding principal repayable (plus any accrued interest not yet paid). Interest payable is charged to financing and investment expenditure in the CIES, based upon the amount due for the year as set out in the loan agreement.

16 Cash and Cash Equivalents

Cash comprises cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in 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.

17 Provisions and Contingencies

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement (e.g. a payment to be made), and the amount of the

obligation can be reliably estimated. For instance, the Council may be involved in a court case that could eventually result in the payment of compensation.

Provisions are charged to the appropriate service line in the CIES when the Council has an obligation, and are measured at the best estimate at the Balance Sheet date, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that payment will now be required (or a lower settlement is anticipated), the provision is reversed in full or in part and credited back to the relevant service line in the CIES.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset, whose existence will only be confirmed by the outcome of future uncertain events not entirely within the Council's control.

Contingent assets are not recognised in the Balance Sheet but disclosed in the Statement of Accounts where it is probable that the asset will be received.

18 Earmarked Reserves

The Council sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by transferring amounts out of the General Fund or HRA through the MIRS. When expenditure to be financed from an earmarked reserve is incurred, it is charged to the appropriate service line in the CIES, then an equivalent amount transferred back to the General Fund or HRA through the MIRS.

Note 3 – Accounting Standards Issued but not yet Adopted

The following accounting standards are adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and therefore apply to the Council with effect from 1 April 2023. None are anticipated to have a material impact on the Statement of Accounts 2023/24:

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

Note 4 – Critical Judgement in Applying Accounting Policies

In applying the accounting policies set out in note 2, the Council has had to make the following critical judgement involving uncertainty about future events:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to indicate that its assets might be impaired, for example as a result of a need to close facilities or reduce levels of service provision.

Note 5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of these accounts requires estimates to be made that are based upon the Council's assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors – nevertheless some balances cannot be determined with certainty and actual results could be materially different from the estimates made.

The items in the Balance Sheet as at 31 March 2023 at significant risk of material adjustment in the following year are set out below. These are the estimates which require the most difficult, subjective or complex judgements. More detailed information about each estimate is set out within the relevant disclosure note.

Balance Sheet Item	Source of Estimation Uncertainty	31 March 2023 £'000	31 March 2022 £'000	Note
Property, plant and equipment	Assets are depreciated over useful lives dependent on assumptions made about the level of repairs and maintenance that will be carried out. Should the Council not sustain an appropriate level of spending on repairs and maintenance, asset lives may be reduced leading to a higher annual depreciation charge. Operational property assets are revalued by the Council's external valuers, using valuation techniques which are based upon observable data wherever possible. Where such data is not available, professional judgements must be made taking into account considerations such as uncertainty and risk. Changes in the assumptions used could affect the valuation amount.	1,027,960	950,310	15
Investment property	Investment property assets are held at fair value as determined by the Council's external valuers, using valuation techniques which are based upon observable data wherever possible. Where such data is not available, professional judgements must be made taking into account considerations such as uncertainty and risk. Changes in the assumptions used could affect the valuation amount.	161,708	160,682	16

Provisions – business rates appeals provision	The Council is liable for its share (40%) of current and previous years' business rates income lost as a result of successful rating appeals. An external expert has been engaged to assist with calculating a best estimate of the provision required, but inherent uncertainties remain around the quantity, value and success rates of appeals, both already submitted and still to come.	(2,984)	(3,863)	20
Net defined benefit pension asset/(liability)	The net pension liability depends on a number of complex judgements, e.g. the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The assumptions used are themselves highly sensitive to external economic factors, for example increasing interest rates could have a detrimental impact on asset returns. The Council engages a professional actuary to carry out the valuation of the net pension liability. See Note 21 for more information on sensitivity analysis and the quantification of some of these uncertainties.	6,865	(103,961)	21

Note 6 – Events After the Reporting Period

This draft Statement of Accounts was authorised for issue by the Chief Financial Officer and Section 151 Officer on 22 June 2023. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the accounts and notes have been adjusted to reflect the impact of this information.

Following a review of the Council's rent setting arrangements for its housing tenancies after this date, it has been determined that certain service charges were being excluded from the assessments of rents against the formula rents calculated using the Government methodology. As a result, it has been established that some tenants are due a reimbursement of the rent that they were charged.

This means that some of the rent income previously recognised in the Housing Revenue Account (HRA) needs to be disallowed and a creditor established for the amounts that might need to be reimbursed or applied to abate future rents. The necessary adjustments have not been processed in these financial statements, but if they had the effect would be:

Disallowance of rent income in the HRA:	2021/22 and earlier years	3,309,858
	2022/23	517,425
Reduction in HRA balance 31 March 2023		3,827,283
Increase in receipts in advance balance 31 March 2023		(3,827,283)

Note 7 – Income and Expenditure Analysed by Nature

	Note	2022/23 £'000	2021/22 £'000
Income			
Fees, charges and other service income	8	(70,856)	(66,038)
Interest and investment income	10	(14,857)	(15,577)
Income from council tax and business rates	11	(14,503)	(4,754)
Government grants and contributions	27	(59,805)	(62,600)
Gain on disposal of non-current assets	9	(1,980)	(6,208)
Share of profits from connected entities		(6,500)	0
Total income		(168,501)	(155,177)

	Note	2022/23 £'000	2021/22 £'000
Expenditure			
Employee benefits expenses		44,515	41,942
Other service expenses		74,900	66,688
Depreciation, amortisation and impairment		34,625	9,463
Interest payments and investment expenses	10	15,185	11,611
Payments to the housing capital receipts pool	9	178	1,134
Total expenditure		169,403	130,838
(Surplus) / deficit on the provision of services		902	(24,339)

Included within other service expenses is expenditure associated with housing benefits of £27.6 million (2021/22: £28.4 million). Within the CIES, this is included within Finance and Resources expenditure.

Note 8 – Segmental Fees, Charges and Other Service Income

	2022/23 £'000	Restated 2021/22 £'000
The Leader	(71)	(175)
Finance, Resources and Transformation	(745)	(730)
General Fund Housing	(1,471)	(1,326)
Environment, Climate Change and Biodiversity	(3,204)	(2,885)
Open Spaces, Food Justice and Community Development	(7,294)	(4,903)
Planning Policy and Infrastructure	(11,579)	(11,352)
Recovery, Employment and Community Safety	(5)	0
Housing Revenue Account	(44,808)	(43,053)
Financing and investment income	(1,679)	(1,614)
Total fees, charges and other service income	(70,856)	(66,038)

The previous year's figures have been reclassified to reflect changes in the Council's internal reporting structure. There is no change to the total figure previously reported.

Note 9 – Other Operating Income and Expenditure

	2022/23		2021/22	
	Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
(Gains) / losses on the disposal of non-current assets	(1,980)	0	(6,208)	0
Payments to government housing capital receipts pool	0	178	0	1,134
Total other operating income and expenditure	(1,980)	178	(6,208)	1,134

Note 10 – Financing and Investment Income and Expenditure

	2022/23		2021/22	
	Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
Interest payable and similar charges	0	7,494	0	7,494
Interest on net defined benefit pension liability	0	2,832	0	2,803
Interest receivable and similar income	(4,813)	0	(2,170)	0
Investment property income and expenditure	(10,043)	1,910	(9,290)	1,314
Changes in fair value of investment property	0	21	(1,661)	0
(Gains) / losses on financial instruments classified as fair value through profit or loss	0	2,927	(2,456)	0
Share of profits from connected entities	(6,500)	0	0	0
Trading account income and expenditure	(1,679)	1,596	(1,613)	1,500
Total financing and investment income and expenditure	(23,035)	16,780	(17,190)	13,111

Note 11 – Taxation and Non-Specific Grant Income

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Council tax		(9,539)		(9,126)
Business rates:				
Council share of business rates income collected	(42,226)		(32,890)	
Less tariff payable to central government	37,262		37,262	
Net retained business rates income		(4,964)		4,372
Non-ringfenced government grants		(11,020)		(17,711)
Capital grants and contributions		(13,824)		(9,530)
Total taxation and non-specific grant income		(39,347)		(31,995)

Net retained business rates income was negative for 2021/22 due to the impact of expanded retail rates relief offered by central government in response to the Covid-19 pandemic. The Council was compensated for this through the receipt of business rates relief grants, which are recognised within non-ringfenced government grants above (see note 27).

Note 12 – Adjustments Between Accounting Basis and Funding Basis Under Statutory Provisions

This note details the adjustments made to the total comprehensive income and expenditure recognised in accordance with proper accounting practice, in order to arrive at the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure. The adjustments are made against the following usable reserves:

General Fund – the statutory fund into which all the receipts of the Council are required to be paid, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, which is not necessarily in accordance with generally accepted accounting practices. The General Fund balance therefore summarises the resources that the Council is empowered to spend on its services or on capital investment at the end of the financial year. The balance is not available to be applied to funding HRA services.

Housing Revenue Account (HRA) – reflects the statutory obligation to maintain a separate revenue account for council housing provision under Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure in connection with the council's landlord function (for example rental income), which can only be used to fund expenditure on HRA services in the future.

Major Repairs Reserve – contains an element of the Council's capital resources which is limited to being used to finance future or historic capital expenditure on HRA assets (such as council houses).

Capital Receipts Reserve – holds the proceeds from the disposal of property and other assets, which can only be used to finance future or historic capital expenditure.

Capital Grants Unapplied Reserve – holds grants and contributions received towards capital projects which have not yet been applied to meet expenditure. The balance is restricted by the grant terms as to the capital expenditure against which it can be applied and/or the financial years in which this can place.

	2022/23						2021/22						Unusable Reserve Affected
	General Fund £'000	Housing Revenue Account (HRA) £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Unusable reserves £'000	General Fund £'000	Housing Revenue Account (HRA) £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Reserve £'000	Unusable reserves £'000	
Adjustments for capital purposes													
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:													
Depreciation, derecognition, impairment and revaluation gains and losses on property, plant and equipment	(6,016)	(17,822)	0	(10,451)	0	34,289	(5,743)	5,508	0	(8,981)	0	9,216	Capital Adjustment Account
Amortisation of intangible assets	(160)	0	0	(177)	0	337	(129)	0	0	(118)	0	247	Capital Adjustment Account
Movements in the fair value of investment properties	(338)	317	0	0	0	21	1,626	35	0	0	0	(1,661)	Capital Adjustment Account
Capital grants and contributions	2,147	11,205	0	0	(13,352)	0	8,264	1,266	0	0	(9,530)	0	
Revenue expenditure funded from capital under statute	(6,000)	(19)	0	0	0	6,019	(1,108)	0	0	0	0	1,108	Capital Adjustment Account
Costs of disposal funded from capital receipts	0	(142)	142	0	0	0	0	(165)	165	0	0	0	
Carrying value of non-current assets and non-current assets held for sale written off on disposal	(1,002)	(4,300)	0	0	0	5,302	(3,423)	(3,129)	0	0	0	6,552	Capital Adjustment Account
Proceeds from the disposal of non-current assets and non-current assets held for sale (greater than £10,000)	650	6,615	(7,265)	0	0	0	5,193	7,528	(12,721)	0	0	0	
Amount payable into the housing capital receipts pool	(178)	0	178	0	0	0	(1,134)	0	1,134	0	0	0	
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:													
Minimum revenue provision for repayment of debt	1,509	0	0	0	0	(1,509)	306	0	0	0	0	(306)	Capital Adjustment Account
Financing of capital expenditure from usable reserves	1,100	17,480	45,965	14,485	33,683	(112,713)	368	8,487	29,979	11,205	12,668	(62,707)	Capital Adjustment Account
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	(2,705)	0	0	2,705	Deferred Capital Receipts Reserve
Other capital adjustments	472	0	0	0	0	(472)	0	0	0	0	0	0	Capital Adjustment Account
Transfers on repayment of loans	(10)	0	(31,610)	0	0	31,620	(9)	0	(18,778)	0	0	18,787	Capital Adjustment Account
Total adjustments for capital purposes	(7,826)	13,334	7,410	3,857	20,331	(37,106)	4,211	19,530	(2,926)	2,106	3,138	(26,059)	

	2022/23						2021/22						Unusable Reserve Affected
	General Fund	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Unusable reserves	General Fund	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Unusable reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Pensions adjustments													
Reversal of pension costs charged to the Comprehensive Income and Expenditure Statement in accordance with IAS 19	(12,943)	(2,488)	0	0	0	15,431	(13,040)	(2,396)	0	0	0	15,436	Pensions Reserve
Insertion of contributions due under the pension scheme regulations	5,974	1,774	0	0	0	(7,748)	5,942	1,739	0	0	0	(7,681)	Pensions Reserve
Total pensions adjustments	(6,969)	(714)	0	0	0	7,683	(7,098)	(657)	0	0	0	7,755	
Total adjustments for capital purposes and pensions adjustments	(14,795)	12,620	7,410	3,857	20,331	(29,423)	(2,887)	18,873	(2,926)	2,106	3,138	(18,304)	
Other statutory adjustments													
Transfers between the General Fund and Housing Revenue Account under statutory provisions	5	(5)	0	0	0	0	7	(7)	0	0	0	0	
Adjustments for differences between the income and expenditure included in the Comprehensive Income and Expenditure Statement and the amounts charged to the General Fund and HRA under statutory provisions, in respect of:													
Finance income and expenditure	(69)	0	0	0	0	69	(37)	0	0	0	0	37	Financial Instruments Adjustment Account
Council tax and business rates income	11,674	0	0	0	0	(11,674)	17,168	0	0	0	0	(17,168)	Collection Fund Adjustment Account
Fair value gains and losses on pooled investment funds	(2,843)	0	0	0	0	2,843	2,506	0	0	0	0	(2,506)	Pooled Investment Adjustment Account
Movements in the accumulated absences accrual	63	(10)	0	0	0	(53)	0	0	0	0	0	0	Accumulated Absences Account
Total other statutory adjustments	8,830	(15)	0	0	0	(8,815)	19,644	(7)	0	0	0	(19,637)	
Total adjustments between accounting basis and funding basis under statutory provisions	(5,965)	12,605	7,410	3,857	20,331	(38,238)	16,757	18,866	(2,926)	2,106	3,138	(37,941)	

Note 13 – Earmarked Reserves

	1 April 2021 £'000	Transfers In £'000	Transfers Out £'000	31 March 2022 £'000	Transfers In £'000	Transfers Out £'000	31 March 2023 £'000
General Fund							
Collection Fund deficit reserve	(31,809)	0	25,432	(6,377)	0	6,253	(124)
Earmarked for capital use	(4,290)	(975)	129	(5,136)	(7,250)	1,554	(10,832)
Greater Cambridge Partnership	(5,142)	(418)	346	(5,214)	(242)	196	(5,260)
Other shared / partnership working	(2,079)	(325)	370	(2,034)	(435)	154	(2,315)
Insurance Fund	(1,356)	0	37	(1,319)	0	25	(1,294)
Service specific reserves	(6,433)	(289)	1,212	(5,510)	(2,387)	1,969	(5,928)
Transformation	(101)	(4,062)	20	(4,143)	0	1,141	(3,002)
Other	(33)	0	0	(33)	0	0	(33)
Total General Fund earmarked reserves	(51,243)	(6,069)	27,546	(29,766)	(10,314)	11,292	(28,788)
Housing Revenue Account (HRA)							
Asset Repair and Renewal Reserves	(2,534)	(266)	188	(2,612)	(271)	296	(2,587)
Earmarked for HRA debt redemption / reinvestment	(14,705)	0	0	(14,705)	0	0	(14,705)
Other	(28)	(6)	0	(34)	(27)	25	(36)
Total HRA earmarked reserves	(17,267)	(272)	188	(17,351)	(298)	321	(17,328)

The **Collection Fund deficit reserve** holds money set aside to cover the Council's share of forecast future collection fund deficits caused mainly by the Covid-19 pandemic and the government's response (for example the expansion of mandatory and discretionary rates relief). The impact of this has largely been funded by compensatory grants from central government. The balance on this reserve has been substantially utilised as at 31 March 2023 as the deficits linked to Covid-19 have been largely recovered.

Note 14 – Unusable Reserves

The Council's principal unusable reserves are as follows:-

Capital Adjustment Account – absorbs timing differences arising from the different arrangements for accounting for the consumption of non-current assets, and for financing the capital expenditure on these assets under statutory provisions. The account is debited as depreciation, revaluation and impairment losses and losses on disposal of non-current assets are charged to the Comprehensive Income and Expenditure Statement, and credited as amounts are set aside from capital resources to finance capital expenditure. It contains accumulated gains and losses on investment properties, together with revaluation gains accumulated on property, plant and equipment prior to 1 April 2007.

Revaluation Reserve – holds unrealised gains on property, plant and equipment accumulated since the reserve's implementation on 1 April 2007. Gains accumulated before this date are held in the Capital Adjustment Account.

Pensions Reserve – absorbs timing differences arising from the different arrangements for accounting for the Local Government Pension Scheme, and for funding the scheme in accordance with statutory provisions. The Council accounts for scheme costs in the Comprehensive Income and Expenditure Statement as benefits are earned by employees, updating the future liability each year to reflect changing assumptions and investment returns. However, statutory arrangements require the General Fund and Housing Revenue Account to be charged only with the employer contributions payable for the year. The debit balance on the reserve therefore reflects the current shortfall between the benefits earned by employees and the resources set aside to meet them. Statutory requirements will ensure that funding will have been set aside by the time the benefits come to be paid.

Collection Fund Adjustment Account – absorbs timing differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rates payers, and the statutory arrangements for paying across amounts to the General Fund. The balance here will be transferred to the General Fund in future years in line with statutory requirements.

	Note	Capital Adjustment Account	Revaluation Reserve	Pensions Reserve	Collection Fund Adjustment Account	Pooled Investment Adjustment Account	Accumulated Absences Account	Financial Instruments Adjustment Account	Deferred Capital Receipts Reserve	Total unusable reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021		(587,781)	(200,586)	142,209	24,007	155	341	60	(2,777)	(624,372)
Other comprehensive income and expenditure:										
(Surplus) / deficit on revaluation of non-current assets	CIES	0	(62,219)	0	0	0	0	0	0	(62,219)
Remeasurement of the net defined benefit liability	CIES	0	0	(46,003)	0	0	0	0	0	(46,003)
Adjustments between accounting basis and funding basis under statutory provisions:										
Adjustments for capital purposes	12	(28,764)	0	0	0	0	0	0	2,705	(26,059)
Pensions adjustments	12	0	0	7,755	0	0	0	0	0	7,755
Other statutory adjustments	12	0	0	0	(17,168)	(2,506)	0	37	0	(19,637)
Transfers between unusable reserves:										
Difference between fair value depreciation and historic cost depreciation		(3,566)	3,566	0	0	0	0	0	0	0
Accumulated gains on non-current assets disposed of		(630)	630	0	0	0	0	0	0	0
Balance at 31 March 2022		(620,741)	(258,609)	103,961	6,839	(2,351)	341	97	(72)	(770,535)
Other comprehensive income and expenditure:										
(Surplus) / deficit on revaluation of non-current assets	CIES	0	(31,519)	0	0	0	0	0	0	(31,519)
Remeasurement of the net defined benefit liability	CIES	0	0	(118,510)	0	0	0	0	0	(118,510)
Adjustments between accounting basis and funding basis under statutory provisions:										
Adjustments for capital purposes	12	(37,105)	0	0	0	0	0	0	0	(37,105)
Pensions adjustments	12	0	0	7,683	0	0	0	0	0	7,683
Other statutory adjustments	12	0	0	0	(11,674)	2,843	(54)	69	0	(8,816)
Transfers between unusable reserves:										
Difference between fair value depreciation and historic cost depreciation		(4,365)	4,365	0	0	0	0	0	0	0
Accumulated gains on non-current assets disposed of		(618)	618	0	0	0	0	0	0	0
Balance at 31 March 2023		(662,829)	(285,145)	(6,866)	(4,835)	492	287	166	(72)	(958,802)

Note 15 – Property, Plant and Equipment

Movements on Balances

	Council dwellings £'000	Other land and buildings £'000	Vehicles, plant, furniture and equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total property, plant and equipment £'000
Balance at 1 April 2021:								
Gross carrying amount	639,804	146,957	22,131	7,880	1,351	10	47,070	865,203
Accumulated depreciation and impairment	0	(1,087)	(12,731)	(1,293)	0	0	0	(15,111)
Net book value	639,804	145,870	9,400	6,587	1,351	10	47,070	850,092
Additions	16,053	715	420	608	0	0	33,314	51,110
Disposals	(3,131)	(420)	(68)	0	(20)	(8)	0	(3,647)
Derecognition				(1,193)				(1,193)
Revaluation increases / (decreases) recognised in the revaluation reserve	58,627	3,784	0	0	0	(192)	0	62,219
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	6,318	541	(21)	0	0	(7)	0	6,831
Assets reclassified (to) / from investment properties	0	300	0	0	0	0	(548)	(248)
Assets reclassified (to) / from other categories of property, plant and equipment	17,451	(2,682)	598	0	0	276	(15,643)	0
Depreciation charge	(8,693)	(3,758)	(2,190)	(213)	0	0	0	(14,854)
Balance at 1 April 2022:								
Gross carrying amount	726,429	145,652	21,595	7,295	1,331	79	64,193	966,574
Accumulated depreciation and impairment	0	(1,302)	(13,456)	(1,506)	0	0	0	(16,264)
Net book value	726,429	144,350	8,139	5,789	1,331	79	64,193	950,310
Additions	36,789	2,795	434	1,175	0	0	43,911	85,104
Disposals	(4,299)	0	(308)	(75)	0	0	0	(4,682)
Revaluation increases / (decreases) recognised in the revaluation reserve	13,715	4,379	0	0	0	(29)	0	18,065
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(17,015)	(1,210)	0	0	0	0	0	(18,225)
Assets reclassified (to) / from other categories of property, plant and equipment	28,742	366	200	17	15	0	(29,340)	0
Depreciation charge	(10,067)	(3,718)	(2,075)	(187)	0	0	0	(16,047)
Balance at 31 March 2023:								
Gross carrying amount	784,298	151,982	20,671	8,238	1,346	50	78,764	1,045,349
Accumulated depreciation and impairment	0	(1,588)	(14,282)	(1,519)	0	0	0	(17,389)
Net book value	784,298	150,394	6,389	6,719	1,346	50	78,764	1,027,960

Valuation

Council dwellings are revalued at 31 March each year, using a beacon approach. The housing stock is divided into a number of 'archetypes' containing dwellings with similar characteristics (e.g. location, property type, number of bedrooms). Within each archetype, one representative 'beacon' property is selected for revaluation, with the resulting valuation applied to all similar dwellings.

Valuations are undertaken by an external valuer who inspects beacon properties on a rolling 5-yearly cycle. Valuations are carried out in accordance with 'Stock Valuation for Resource Accounting – Guidance for Valuers' published by the Department for Levelling Up, Housing and Communities (DLUHC), and the RICS Valuation – Professional Standards ('Red Book') except where varied to reflect DLUHC requirements.

In addition, the external valuer carries out an annual desktop revaluation exercise on all properties not subject to inspection in any given year. This exercise is carried out with reference to UK House Price Index data.

Other land and buildings are subject to revaluation on at least a 5-yearly rolling basis, with additional valuations carried out where there is a risk that values have moved significantly in the intervening period. Valuations are undertaken by an external valuer in accordance with the RICS Valuation – Professional Standards ('Red Book'), with one departure in respect of the physical inspection of properties. The valuer undertakes physical inspection of only a sample of properties, relying upon information provided by the Council in respect of the remaining properties. The Council has chosen to depart from the Red Book in this way to secure best value for money in relation to property valuation work.

The following table shows the current carrying value of property, plant and equipment (excluding those classes of asset held at historic cost) by date of most recent valuation:

	Council dwellings	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000	£'000
Valued at current value as at:				
31 March 2023	784,298	136,833	50	921,181
31 March 2022	0	3,660	0	3,660
31 March 2021	0	4,990	0	4,990
31 March 2020	0	1,950	0	1,950
31 March 2019	0	2,787	0	2,787
Prior to 2019	0	174	0	174
Total	784,298	150,394	50	934,742

Finance Leases

Included under other land and buildings are three car parks held by the Council under finance leases. The net carrying value as at 31 March 2023 is £36,685,000 (31 March 2022: £29,905,000). Since the leases are at peppercorn rent, there is no associated lease liability.

Capital Commitments

The Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in future years, with the following values:-

	31 March 2023	31 March 2022
	£'000	£'000
Park Street car park redevelopment	76,376	84,717
New build dwellings	41,431	49,220
Capital works on existing dwellings	7,150	8,436
Meadows Community Centre and Buchan Street shops	516	3,269
Other property, plant and equipment	772	1,483
Total contractual commitments for property, plant and equipment	126,245	147,125

Note 16 – Investment Property

Movements on Balances

	Central Cambridge shopping centres £'000	Other retail £'000	Offices £'000	Industrial £'000	Land £'000	Leisure £'000	Other £'000	Total investment properties £'000	Investment properties held for sale £'000	Total £'000
Balance at 1 April 2021	15,830	29,491	12,530	30,440	39,141	3,580	27,582	158,594	3,525	162,119
Additions – subsequent expenditure	0	43	21	90	18	0	7	179	0	179
Unrealised revaluation gains / (losses)	(220)	(579)	(186)	260	2,413	(18)	(9)	1,661	0	1,661
Disposals	0	0	0	0	0	0	0	0	(2,905)	(2,905)
Transfers (to) / from property, plant and equipment	0	338	0	0	0	0	(90)	248	0	248
Balance at 31 March 2022	15,610	29,293	12,365	30,790	41,572	3,562	27,490	160,682	620	161,302
Acquisitions	0	0	0	0	0	0	1,477	1,477	0	1,477
Additions – subsequent expenditure	0	71	26	101	0	0	197	395	0	395
Unrealised revaluation gains / (losses)	(4,230)	841	(255)	1,359	1,420	7	837	(21)	0	(21)
Disposals	0	0	0	0	0	0	0	0	(620)	(620)
Transfers (to) / from held for sale	0	(825)	0	0	0	0	0	(825)	825	0
Balance at 31 March 2023	11,380	29,380	12,136	32,250	42,992	3,569	30,001	161,708	825	162,533

Fair Value Measurement

Investment property is held at fair value as determined by an external valuer. Valuations are carried out in accordance with the RICS Valuation – Professional Standards ('Red Book'), with one departure in respect of physical inspection of properties. The valuer undertakes physical inspection of only a sample of properties, relying upon information provided by the Council in respect of the remaining properties. The Council has chosen to depart from the Red Book in this way to secure best value for money in relation to property valuation work.

The valuation techniques and key inputs used for each class of investment property are as follows:-

Investment property class	Predominant valuation technique	Key unobservable inputs	Range of inputs
Central Cambridge shopping centres	Investment	Net initial yield	7% - 7.02%
Other retail	Investment	Market rent (psf)	£7 - £50
		Market rent (area in terms of Zone A)	£20 - £150
		Yield	5.25% - 8.94%
Offices	Investment	Market rent (psf)	£12.50 - £28
		Yield	6% - 10.15%
Industrial	Investment	Market rent (psf)	£7 - £21.25
		Yield	6.25% - 8.27%
Land	Investment / Comparable	Market rent (per acre)	£200 - £52,000
		Net initial yield	2.51% - 5.74%
		Equivalent yield	5.30% - 5.70%
		£ / acre	£3,000 - £1,330,000
Leisure	Investment	Equivalent yield	7.74% - 8.23%
Other	Investment / Comparable	Yield	6.92% - 11.00%

The **investment method** involves estimating the rental value of each property and capitalising at an appropriate yield. This approach factors in future assumptions such as rent growth, occupancy levels and future maintenance costs, and also adjusts for redevelopment potential where applicable.

The **comparable method** involves reviewing recent similar transactions on the open market and using these as a benchmark, with appropriate adjustments to reflect differences between observed transactions and the Council's individual investment properties.

Both of these methods rely upon significant unobservable inputs to determine fair value, and therefore all investment property valuations are classified as level 3 in the fair value hierarchy. There is no

reasonably available information that indicates that market participants would use different assumptions.

Significant increases in market rents or land values would result in a significantly higher fair value measurement, and vice versa.

Significant increases in yields would result in a significantly lower fair value measurement, and vice versa.

Income and Expenditure

The following is included within financing and investment income and expenditure in the Comprehensive Income and Expenditure Statement:

	2022/23 £'000	2021/22 £'000
Rental income from investment property	(10,043)	(9,290)
Direct operating expenses arising from investment property	1,910	551
Net (gain) / loss	(8,133)	(8,739)

Highest and Best Use

All of the Council's investment properties are currently operating at their highest and best use, with the exception of property in the Cambridge Northern Fringe East development area which is let out on a short term basis (with the Council able to exercise break clauses) pending redevelopment.

Operating Leases

Investment properties are let to a variety of tenants under operating leases. The future minimum lease payments due under non-cancellable leases are as follows:-

	31 March 2023 £'000	31 March 2022 Restated £'000
Not later than one year	6,603	6,623
Between one and five years	18,829	19,449
Later than five years	87,290	82,861
Total future minimum lease payments due under non-cancellable leases	112,722	108,933

The prior year has been restated following a review of lease terms. The future minimum lease payments above do not include contingent rents. In 2022/23, contingent rents of £1,297,000 (2021/22: £773,000) were receivable.

Note 17 – Financial Instruments

Categories of Financial Instruments

Financial Assets

	Long-term								Short-term						Total	
	Loans to joint ventures		Loan to subsidiary		Other long-term investments		Debtors		Investments		Cash and cash equivalents		Debtors		31 March 2023 £'000	31 March 2022 £'000
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000		
Fair value through profit or loss	0	00	0	0	14,532	17,401	677	753	9,973	14,950	0	0	0	0	25,182	33,104
Amortised cost	12,875	38,476	7,500	7,500	8,850	5,050	819	51	95,736	101,285	31,790	30,208	9,933	5,569	167,503	188,139
Total financial assets	12,875	38,476	7,500	7,500	23,382	22,451	1,496	804	105,709	116,235	31,790	30,208	9,933	5,569	192,685	221,243
Assets not defined as financial instruments	0	0	0	0	0	0	233	315	0	0	0	0	882	9,778	1,115	10,093
Total	12,875	38,476	7,500	7,500	23,382	22,451	1,729	1,119	105,709	116,235	31,790	30,208	10,815	15,347	193,800	231,336

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Financial Liabilities

	Long-term		Short-term				Total	
	Borrowing		Borrowing		Creditors		31 March 2023 £'000	31 March 2022 £'000
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000		
Amortised cost	(213,572)	(213,572)	(82)	(82)	(22,249)	(15,777)	(235,903)	(229,431)
Total financial liabilities	(213,572)	(213,572)	(82)	(82)	(22,249)	(15,777)	(235,903)	(229,431)
Liabilities not defined as financial instruments	0	0	0	0	(44,565)	(48,086)	(44,565)	(48,086)
Total	(213,572)	(213,572)	(82)	(82)	(66,814)	(63,863)	(280,468)	(277,517)

Income, Expense, Gains and Losses

The following income and expenditure relating to financial instruments is reflected in the surplus or deficit on the provision of services:

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Net (gains) / losses on:				
Financial assets measured at fair value through profit or loss	2,927		(4,589)	
Financial assets measured at amortised cost	0		73	
Total net (gains) / losses		2,927		(4,516)
Interest revenue:				
Financial assets measured at fair value through profit or loss	(628)		(607)	
Financial assets measured at amortised cost	(4,163)		(1,563)	
Total interest revenue		(4,791)		(2,170)
Interest expense on financial liabilities measured at amortised cost		7,494		7,494
Net (income) / expenditure recognised in surplus or deficit on the provision of services		5,630		808

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Fair Value

Financial Assets Measured at Fair Value

The following financial assets are measured at fair value on a recurring basis:

	Fair value hierarchy input level	Valuation technique	31 March 2023 £'000	31 March 2022 £'000
Investments in pooled investment vehicles	Level 1	Unadjusted quoted prices in active markets for identical units	24,529	32,351
Soft loans	Level 3	Present value of likely future cash flows	677	753
Contingent proceeds from disposal of assets	Level 3	Present value of likely estimated sales proceeds	825	0
Total financial assets held at fair value			26,031	33,104

Financial Assets Not Measured at Fair Value

The fair value of financial assets and liabilities measured at amortised cost can be assessed by calculating the present value of future cash flows, using the following assumptions:-

- For instruments which will mature in the next 12 months, carrying value is taken as an approximation of fair value.
- No early repayments are assumed.
- The fair value of long-term borrowing from the Public Works Loan Board (PWLB) is calculated using the average new loans rate for the year of 4.67% (2021/22: 2.61%).

	31 March 2023		31 March 2022 (Restated)	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets				
Loans to joint ventures	12,875	12,953	38,476	36,474
Loan to subsidiary	7,500	7,050	7,500	7,553
Other long-term investments	8,855	8,619	5,050	5,044
Long-term debtors	819	819	51	51
Short-term investments	105,709	105,709	101,285	101,285
Cash and cash equivalents	31,790	31,790	30,208	30,208
Short-term debtors	9,933	9,933	5,569	5,569
Total financial assets held at amortised cost	177,481	176,873	188,139	186,184
Financial liabilities				
Long-term borrowing	(213,572)	(178,319)	(213,572)	(249,087)
Short-term borrowing	(82)	(82)	(82)	(82)
Short-term creditors	(22,249)	(22,249)	(15,777)	(15,777)
Total financial liabilities held at amortised cost	(235,903)	(200,650)	(229,431)	(264,946)

Fair values have been obtained for the Council's loan to joint ventures, its subsidiary company and other-long term investments. In previous year's accounts a separate valuation was not obtained as the difference between the carrying value and the fair value was assumed to be immaterial. In the interest of consistency, The same methodology has been adopted to determine the fair value at 31 March 2023 and 31 March 2022 and for this reason the prior year comparators have been restated in respect of these assets.

Note 18 – Short-term Debtors

	31 March 2023	31 March 2022
	£'000	£'000
Trade receivables	3,944	3,457
Prepayments	616	4,060
Other receivables	6,255	7,830
Total short-term debtors	10,815	15,347

Note 19 – Short-term Creditors

	31 March 2023	31 March 2022
	£'000	£'000
Trade creditors	(2,797)	(606)
Receipts in advance	(8,522)	(11,453)
Other creditors	(55,495)	(51,804)
Total short-term creditors	(66,814)	(63,863)

Note 20 – Provisions and Contingencies**Provisions**

	Business rates appeals £'000	Other £'000	Total £'000
Balance at 1 April 2021	(4,059)	(150)	(4,209)
Additional provisions made	(478)	(159)	(637)
Amounts used	674	72	746
Unused amounts reversed	0	49	49
Balance at 31 March 2022	(3,863)	(188)	(4,051)
Additional provisions made	(2,984)	(719)	(3,703)
Amounts used	3,863	0	3,863
Unused amounts reversed	0	0	0
Balance at 31 March 2023	(2,984)	(907)	(3,891)

The **business rates appeals provision** represents the best estimate of the Council's share of the amount repayable to ratepayers, for years up to 31 March 2023, following successful rating valuation appeals. The estimate is calculated with the assistance of an external expert, using data from the Valuation Office Agency (VOA) on outstanding appeals and the outcomes of historic appeals. The timing and amount of payments remains uncertain, as the settlement of appeals is outside of the Council's control. **Other provisions** reflect amounts provided for in respect of redundancy costs linked to restructuring approved prior to 31 March 2023 and the Council's estimate of costs it will incur to settle insurance claims accepted by the Council's insurers as at 31 March 2023.

Contingent Assets

The Council has disposed of land in North East Cambridge for a consideration which is contingent on a number of events. The potential proceeds are so uncertain both in timing and amount that no asset has been recognised in respect of this.

Note 21 – Defined Benefit Pension Scheme

The Council participates in the Local Government Pension Scheme (LGPS) administered by Cambridgeshire County Council. The scheme provides defined benefits (lump sums and pensions) to members on retirement. It is funded through contributions from the Council and employees, calculated at a level intended to balance future pension liabilities with investment assets.

The scheme is operated under the regulatory framework for the LGPS, and its governance is the responsibility of the Pensions Committee and Investment Sub Committee of Cambridgeshire County Council, along with the Local Pension Board. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council arising from the scheme are statutory or structural changes to the scheme (e.g. large scale withdrawals), changes to actuarial assumptions (e.g. longevity, discount rates and inflation rates), and the performance of investments held by the scheme. These are mitigated to some extent by the statutory requirement to charge the General Fund and Housing Revenue Account only with the employer contributions payable for the year (see note 2 – accounting policy 8).

Transactions Relating to Defined Benefit Pension Scheme

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Cost of services:				
Current service cost	12,557		12,822	
Past service costs (including settlements and curtailments)	42		(189)	
Financing and investment expenditure:				
Net interest expense	2,832		2,803	
Total charged to surplus on the provision of services	15,431		15,436	
Remeasurement of the net defined benefit liability:				
Return on plan assets (excluding amount included in net interest expense)	613		(16,638)	
Changes in demographic assumptions	(9,145)		(2,003)	
Changes in financial assumptions	(147,670)		(28,067)	
Other experience	36,098		705	
Limit to asset ceiling	1,594		0	
Total charged to other comprehensive income and expenditure	(118,510)		(46,003)	
Total charged to Comprehensive Income and Expenditure Statement	(103,079)		(30,567)	
Movement in Reserves Statement – General Fund and Housing Revenue Account				
Net charges included in surplus on the provision of services as above	15,431		15,436	
Reversal of net charges included in surplus on the provision of services	(15,431)		(15,436)	
Insertion of employer contributions due under the pension scheme regulations	7,499		7,681	
Total charged to General Fund and Housing Revenue Account	7,499		7,681	

Reconciliation of Plan Assets and Liabilities

	Plan assets		Plan liabilities		Net defined benefit liability	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Balance at 1 April	292,693	271,102	(396,654)	(413,311)	(103,961)	(142,209)
Current service cost	0	0	(12,557)	(12,821)	(12,557)	(12,822)
Past service costs (including settlements and curtailments)	0	(836)	(42)	1,025	(42)	189
Interest income and expense	7,936	5,490	(10,768)	(8,293)	(2,832)	(2,803)
Remeasurement of the net defined benefit liability:						
Return on plan assets (excluding amount included in net interest expense)	(613)	16,638	0	0	(613)	16,638
Changes in demographic assumptions	0	0	9,145	2,003	9,145	2,003
Changes in financial assumptions	0	0	147,670	28,067	147,670	28,067
Other experience	0	0	(36,098)	(705)	(36,098)	(705)
Contributions from employer	7,499	7,681	0	0	7,499	7,681
Contributions from employees	1,850	1,672	(1,850)	(1,672)	-	0
Benefits paid	(9,283)	(9,054)	9,531	9,054	248	0
Limit on Asset Ceiling	(1,594)	0	0	0	(1,594)	0
Balance at 31 March	298,488	292,693	(291,623)	(396,654)	6,865	(103,961)

Fair Value of Plan Assets

	31 March 2023			31 March 2022		
	Quoted prices in active markets	Quoted prices not in active markets	Total	Quoted prices in active markets	Quoted prices not in active markets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Debt securities – UK government	0	10,103	10,103	0	14,364	14,364
Private equity	0	37,041	37,041	0	31,238	31,238
Real estate – UK property	0	19,497	19,497	0	20,554	20,554
Real estate – Overseas property	0	0	0	0	1	1
Derivatives	0	1,253	1,253	0	592	592
Cash and cash equivalents	7,211	0	7,211	2,830	0	2,830
Investment funds and unit trusts:						
Equities	0	164,918	164,918	0	168,748	168,748
Bonds	0	32,224	32,224	0	31,110	31,110
Infrastructure	0	26,241	26,241	0	23,256	23,256
Total plan assets	7,249	291,277	298,488	2,830	289,863	292,693

Actuarial Assumptions

Plan liabilities have been assessed by an independent actuary, Hymans Robertson, based upon the latest full valuation of the scheme as at 31 March 2022, and the following significant assumptions:

	31 March 2023	31 March 2022
Pension increase rate (CPI)	2.95%	3.20%
Salary increase rate	3.45%	3.70%
Discount rate (for plan liabilities)	4.75%	2.70%
Longevity at 65:		
Current pensioners – men	21.6 years	22.0 years
Current pensioners – women	24.5 years	24.2 years
Future pensioners (aged 45 at last valuation date) – men	22.7 years	22.9 years
Future pensioners (aged 45 at last valuation date) – women	26.2 years	26.0 years

The estimation of the plan liabilities is sensitive to the actuarial assumptions in the table above. The sensitivity analysis below is based on reasonably possible changes to the assumptions used at the Balance Sheet date. It assumes in each case that the assumption analysed changes while all other assumptions remain constant. In practice, this is unlikely to occur, as changes in some of the assumptions may be interrelated. The estimations used in the sensitivity analysis have followed the accounting policies for the scheme.

Change in assumption as at 31 March 2023	Approximate increase in plan liabilities	
	%	£'000
0.1% decrease in discount rate	2	4,971
1 year increase in member life expectancy	4	11,665
0.1% increase in salary increase rate	0	516
0.1% increase in pension increase rate (CPI)	2	4,529

Funding Policy

The objective of the scheme is to keep employer contributions at as constant a rate as possible. A strategy has been agreed with the scheme actuary to achieve an appropriate funding level over the period to 31 March 2026.

The Council paid a deficit repair contribution of £8,905,000 in April 2020, covering the three-year period ending 31 March 2023. This was accounted for initially as a prepayment and included within employer contributions across the three years. The full amount has now been recognised and therefore here is no remaining prepayment balance within the Council's balance sheet. A deficit repair contribution of £7,934,000 covering the three-year period ending 31 March 2026 was agreed with the Pension Fund and this was paid in May 2023.

Employer contributions in 2023/24 are projected to be £12,636,000, including the aforementioned deficit repair contribution.

Note 22 – Cash Flows from Operating Activities

Cash flows from operating activities include the following amounts relating to interest and dividends:

	2022/23 £'000	2021/22 £'000
Interest received	3,582	1,753
Interest paid	(7,494)	(7,494)
Dividends received	614	584

Within the Cash Flow Statement, the surplus on the provision of services has been adjusted for the following items:

	2022/23 £'000	2021/22 £'000
<u>Non-cash movements</u>		
Depreciation	16,047	14,854
Impairment, derecognition and downward valuations	0	1,193
Amortisation	337	247
(Decrease) / increase in impairment for bad debts	(721)	(154)
(Increase) / decrease in creditors	(16,597)	1,957
Decrease / (increase) in debtors	964	3,995
Decrease / (increase) in inventories	(6)	4
Movement in pension liability	7,683	7,755
Carrying amount of non-current assets and assets held for sale disposed of	5,302	6,552
Other non-cash items credited to surplus on the provision of services	20,254	(12,233)
Total adjustments to net surplus on the provision of services for non-cash movements	33,263	24,170
<u>Items that are investing and financing activities</u>		
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(7,282)	(12,760)
Capital grants receivable	(13,824)	(9,530)
Total adjustments from items included in the net surplus on the provision of services that are investing or financing activities	(21,106)	(22,290)

Note 23 – Reconciliation of Assets and Liabilities Arising from Financing Activities

	1 April 2021 £'000	Financing Cash Flows £'000	31 March 2022 £'000	Financing Cash Flows £'000	31 March 2023 £'000
Long-term borrowings	(213,572)	0	(213,572)	0	(213,572)
Short-term borrowings	(82)	0	(82)	0	(82)
Short-term creditors: business rates and council tax collected as an agent for others	23,774	(25,505)	(1,731)	(17,448)	(19,179)
Total liabilities from financing activities	(189,880)	(25,505)	(215,385)	(17,448)	(232,833)
Short-term debtors: business rates and council tax collected as an agent for others	5,511	(2,692)	2,819	(2,819)	0
Total assets from financing activities	5,511	(2,692)	2,819	(2,819)	0

Note 24 – Members' Allowances

The total of members' allowances and expenses paid in the year was £426,000 (2021/22: £372,000).

Note 25 – Officers' Remuneration**Senior Employees**

	2022/23			2021/22		
	Salary, fees and allowances £	Pension contribution £	Total £	Salary, fees and allowances £	Pension contribution £	Total £
Chief Executive ¹	127,280	22,147	149,427	119,087	20,721	139,808
Assistant Chief Executive and Head of Corporate Strategy	81,251	14,138	95,389	79,326	13,803	93,129
Director of Enterprise and Sustainable Development	105,670	18,387	124,057	103,745	18,052	121,797
Director of Neighbourhoods and Communities ²	94,684	16,475	111,159	66,826	11,628	78,454
Strategic Director ³	0	0	0	37,816	5,928	43,744
Head of Finance and Section 151 Officer	81,251	14,138	95,389	79,326	13,803	93,129
Head of Transformation ⁴	0	0	0	62,620	10,857	73,477

Job titles in the table reflect those in place during the 2022/23 and 2021/22 financial year.

1. The current postholder was appointed to the role of Chief Executive on 15 May 2021. Prior to their appointment, the Council employed an Interim Chief Executive and Returning Officer in post from 1 October 2020 to 14 May 2021, who was paid through an agency arrangement. The cost for the 2021/22 was £31,646.

3. The postholder was appointed to their current role on 12 July 2021 – remuneration from previous role (as a non-senior employee) is not included in the table above.

3. The postholder left on 31 July 2021.

4. There was a Head of Transformation in post until 18 January 2022. Additionally, the Council employed a Director of Transformation from 6 December 2021 to 10 October 2022. The postholder was paid through an agency arrangement. The cost for the year was £93,047 (2021/22 £54,972). The

Council's current management structure does not include a Director of Transformation. Under the current structure the Head of Transformation is not identified as meeting the definition of a senior employee.

Other Employees

The Council's other employees (excluding the senior employees disclosed separately above) receiving more than £50,000 remuneration for the year (excluding employer pension contributions) were paid as follows:-

Remuneration band	2022/23 No. of employees	2021/22 No. of employees
£50,000 - £54,999	35	19
£55,000 - £59,999	18	13
£60,000 - £64,999	5	6
£65,000 - £69,999	3	1
£70,000 - £74,999	0	1
£75,000 - £79,999	2	9

Exit Packages

Exit package cost band (including special payments)	Total number of exit packages		Total cost of exit packages	
	2022/23 No.	2021/22 No.	2022/23 £'000	2021/22 £'000
£0 - £20,000	3	7	10	75
£20,001 - £40,000	1	0	21	0
£40,001 - £60,000	1	2	48	89
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
Total	5	9	79	164

All exit packages relate to compulsory redundancies.

Note 26 – Related Party Transactions

Central Government and Other Public Bodies

The UK government has significant influence over the operations of the Council. It is responsible for setting the statutory framework in which the Council operates, provides a significant level of funding, and prescribes the terms of many of the Council's transactions with others (e.g. relating to council tax and housing benefits).

The Council has a number of transactions and balances with central government and other public bodies (under its common control). Most of those which are material are disclosed elsewhere in this Statement of Accounts as follows:-

Transaction / Balance	Note
Government grant income and material year-end balances	27
Council tax and business rates collected on behalf of central government and local preceptors and related year-end balances	23, Collection Fund Statement
Transactions and balances with Local Government Pension Scheme administered by Cambridgeshire County Council	21

The Council shares a number of key services with Huntingdonshire District Council and South Cambridgeshire District Council under the banner of 3C Shared Services, including ICT, Building Control and Legal. The Council also shares waste, planning, internal audit and payroll services with South Cambridgeshire District Council. In each case, the Council accounts for its share of income and expenditure, and any year-end debtor or creditor balances, in accordance with Code requirements.

Members

Members of the Council have direct control over its financial and operating policies. The total of members' allowances and expenses paid in 2022/23 is set out at note 24.

Members are required to make declarations of interest concerning third parties. Details are recorded in the Council's [Register of Interests](https://www.cambridge.gov.uk/councillors-duties-conduct-and-allowances)⁶ which is open to public inspection and available on the Council's website. The following table sets out transactions and balances (material to either party) between the Council and other organisations in which members have declared a controlling interest:

Organisation	Relationship	Income from services provided		Grants paid to organisation		Year-end debtor / (creditor)	
		2022/23	2021/22	2022/23	2021/22	31 March 2023	31 March 2022
		£'000	£'000	£'000	£'000	£'000	£'000
Cambridge BID Ltd	One member is a director	(107)	(107)	59	47	0	(13)
Cambridge Sustainable Food CIC	Two members sit on Partnership Board	(8)	0	56	108	(8)	23
Granta Architects Ltd	One member is a director	0	0	0	2	0	0
Cherry Hinton Residents' Association	Three members sit on the Committee (including the Committee Chair)	0	0	2	1	0	0

In addition to the amounts in the table above, the Council acts as agent for Cambridge BID Ltd in collecting levy payments from local businesses. During 2022/23, the Council collected £1,013,451 (2021/22: £1,038,000) and paid £1,175,441 (2021/22: £984,000) to Cambridge BID. At 31 March 2023, the outstanding creditor balance in respect of levies due was £16,046 (31 March 2022: £127,000).

Subsidiaries and Joint Ventures

The transactions and balances arising with the Council's subsidiaries and joint ventures are as follows:

	Cambridge Investment Partnership		Cambridge City Housing Company		Storey's Field Community Trust	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Management fees and recharged costs	(312)	(281)	(59)	(64)	(159)	(145)
Rent and service charges	0	0	0	(27)	0	0
Section 106 capital contributions	0	(524)	0	0	0	0
Interest receivable on loans	(776)	(1,114)	(152)	(152)	0	0

⁶ <https://www.cambridge.gov.uk/councillors-duties-conduct-and-allowances>

	Cambridge Investment Partnership		Cambridge City Housing Company		Storey's Field Community Trust	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Expenditure						
Capital expenditure – new development	14,379	9,601	0	0	0	0
Grants paid	0	0	0	0	0	0
Services provided	78	80	0	0	5	3
Payment for loss of rental income due to property voids	0	0	29	23	0	0

Entity	Relationship
Cambridge Live	Full control
Cambridge Live Trading Ltd	Full control
Iron Works (Cambridge) Management Company Ltd	Joint control (75%)
Cambridge 4 LLP	Joint control (50%)
Romsey Works Cambridge Management Company Ltd	Joint control (50%)
Virido Management Company Ltd	Joint control (50%)

Note 27 – Grant Income

	Cambridge Investment Partnership		Cambridge City Housing Company		Storey's Field Community Trust	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Balance Sheet						
Loans	12,875	38,476	7,500	7,500	0	0
Short-term debtors	0	344	0	(4)		45
Short-term creditors	0	(958)	874	(15)	(1)	(1)

The **Cambridge Investment Partnership (CIP)** consists of the following four limited liability partnerships (LLPs) in which the Council holds a 50% interest and exercises joint control:

- Cambridge Investment Partnership LLP
- CIP (Mill Road Development) LLP
- CIP (Cromwell Road) LLP
- CIP Orchard Park L2 LLP

Cambridge City Housing Company Ltd (CCHC) is a wholly owned subsidiary of the Council.

Storey's Field Community Trust is a company limited by guarantee in which the Council exercises joint control.

In addition, the Council has significant influence over the following entities with which there were no transactions or balances in 2022/23 or 2021/22:

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Credited to taxation and non-specific grant income				
Covid-19 related grants and contributions:				
Business rates relief grant – retail discount, nursery relief and Covid-19 Additional Relief Fund	(4,083)		(10,065)	
Other Covid-19 related grants and contributions	(6)		(1,778)	
Other grants and contributions:				
Capital grants and contributions	(13,824)		(9,530)	
New Homes Bonus	(1,957)		(3,458)	
Business rates relief grant – other	(2,192)		(961)	
Other grants and contributions	(2,782)		(1,449)	
Total grants and contributions credited to taxation and non-specific grant income		(24,844)		(27,241)
Credited to services				
Covid-19 related grants and contributions:				
Direct support for businesses and individuals	(17)		(1,470)	
Other Covid-19 related grants and contributions	24		(1,554)	
Other grants and contributions:				
Housing benefit subsidy	(27,072)		(27,951)	
Other grants and contributions	(7,896)		(4,384)	
Total grants and contributions credited to services		(34,961)		(35,359)
Total grants and contributions		(59,805)		(62,600)

Council Acting as Distributary Agent

There are several arrangements by which the Council acts as a distributary agent for government grants. In these cases, grant amounts and eligibility criteria are set by central government, and the Council has no discretion to alter these. The Council is reimbursed in full (or paid in advance) for the expenditure incurred.

Income and expenditure related to such grants is not included in the Comprehensive Income and Expenditure Statement (or the tables above), as the Council does not have control over how the grants are spent. The material agency arrangements in place during the year were as follows:-

	Covid-19 business support grants £'000	Council tax rebate £'000	Housing Infrastructure Fund £'000	Other £'000
Balance at 1 April 2021	(5,388)	0	0	0
Cash received from central government	(10,776)	(6,239)	(11,525)	0
Cash distributed to grant recipients	11,115	0	11,525	0
Cash repaid to central government	265	0	0	0
Balance at 31 March 2022	(4,784)	(6,239)	0	0
Cash received from central government	0	0	0	(989)
Cash distributed to grant recipients	0	6,071	0	663
Cash repaid to central government	4,784	168	0	0
Balance at 31 March 2023	0	0	0	(326)

The other column relates to amounts paid out to households and individuals in connection with the government's Homes for Ukraine scheme and the Energy Bill Support Scheme.

Note 28 – External Audit Costs

	2022/23 £'000	2021/22 £'000
Fees payable to EY for external audit services carried out by the appointed auditor for the year	90	50
Additional fees payable to EY for external audit services carried out by the appointed auditor for previous years	52	38
Fees payable to EY for the certification of grant claims and returns	26	8
Total fees payable to EY	168	96

Note 29 – Capital Expenditure and Financing

The table below shows the capital expenditure incurred along with the resources used to finance it. All capital expenditure must be financed, either at the point it is incurred, or in future years as the underlying assets are used. The balance of historic capital expenditure yet to be financed is known as the Capital Financing Requirement (CFR).

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Capital Financing Requirement at 1 April	285,618		286,451	
Capital investment:				
Property, plant and equipment	84,632		51,110	
Investment property	1,872		179	
Intangible assets	35		214	
Revenue expenditure funded from capital under statute	4,062		1,108	
Repayment of Capital Grants	1,938		0	
Capital loans advanced	6,029		9,569	
Capital financing applied:				
Capital receipts	(45,965)		(29,979)	
Capital grants and contributions	(33,684)		(12,668)	
Major Repairs Reserve	(14,485)		(11,205)	
Direct revenue contributions (towards in year capital investment)	(18,579)		(8,855)	
Minimum revenue provision (towards historic unfinanced capital investment)	(1,509)		(306)	
(Decrease) / increase in Capital Financing Requirement	(15,654)		(833)	
Capital Financing Requirement at 31 March	269,964		285,618	

Note 30 – Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the risk that other parties may fail to pay amounts due to the Council
- Liquidity risk – the risk that the Council might not have funds available to meet its commitments to make payments
- Market risk – the risk that financial loss may occur as a result of changes in financial markets (e.g. interest rate and stock market movements).

The Council's approach to managing these risks is set out in the [Treasury Management Strategy](#) and [Capital Strategy](#). These are refreshed annually and approved by full Council, and are available to view on the Council's website. Day to day risk management is carried out by the Finance service in accordance with these strategies.

Credit Risk

Credit risk arises both from the Council's investments, and receivables from customers.

Investments

Credit risk management practices in relation to investments are set out in section 6 of the Capital Strategy. Investments with financial institutions are assessed using an external creditworthiness service provided by Link Asset Services. This uses credit ratings from three rating agencies, overlaid with credit watches, credit outlooks, and Credit Default Swap spreads to give early warning of likely changes. In making its investments, the Council prioritises security, liquidity and yield, in that order.

Investments with other local authorities are considered to have a low credit risk, due to the strong capacity of local authorities generally to meet future cash flow commitments, and the fact that they can only be discontinued through statutory provision.

Other significant investments (e.g. loans to subsidiaries and joint ventures) are only made where sufficient collateral is offered, for example through a charge on the assets of the borrower.

In light of the above, there are no expected credit losses arising from investments as at 31 March 2023 (31 March 2022: nil).

Receivables

There are written policies in place for the recovery and write-off of receivables from customers. An expected credit loss allowance is made for receivables, grouped by age and type, based upon previous collection experience. Movements in the credit loss allowance are follows:-

	2022/23 £'000	2021/22 £'000
Balance at 1 April	(3,160)	(3,169)
Amounts written off	181	66
Other decrease / (increase) in credit loss allowance	(175)	(57)
Balance at 31 March	(3,154)	(3,160)

The maximum exposure to credit risk on receivables held at amortised cost is as follows:-

	31 March 2023			31 March 2022		
	Gross debtor £'000	Credit loss allowance £'000	Carrying value £'000	Gross debtor £'000	Credit loss allowance £'000	Carrying value £'000
Current and former HRA tenants	2,425	(1,951)	474	2,432	(1,966)	466
Other debtors	7,508	(1,201)	6,307	6,348	(1,194)	5,154
Total	9,933	(3,152)	6,781	8,780	(3,160)	5,620

Liquidity Risk

The Council has comprehensive cash flow management processes which ensure that cash is available as needed, with balances monitored and forecasts updated on a daily basis. Should unexpected events occur which require additional cash at short notice, the Council has ready access to borrowing from the money markets and other local authorities. Therefore, the risk that the Council will be unable to meet its commitments to make payments is considered very low. The maturity profile of the Council's borrowing is as follows:

	31 March 2023			31 March 2022		
	Principal repayments £'000	Interest payments £'000	Total payments £'000	Principal repayments £'000	Interest payments £'000	Total payments £'000
Less than 1 year	0	7,494	7,494	0	7,494	7,494
Between 1 and 5 years	0	29,977	29,977	0	29,977	29,977
Between 5 and 10 years	0	37,471	37,471	0	37,471	37,471
Between 10 and 15 years	10,679	37,471	48,150	0	37,471	37,471
Between 15 and 20 years	53,393	31,908	85,301	53,393	33,766	87,159
Between 20 and 25 years	53,393	22,548	75,941	53,393	24,426	77,819
Between 25 and 30 years	53,393	13,136	66,529	53,393	15,020	68,413
Between 30 and 35 years	42,714	3,744	46,458	53,393	5,618	59,011
Total	213,572	183,749	397,321	213,572	191,243	404,815

Borrowing consists of fixed-rate maturity loans from the Public Works Loan Board (PWLB), and was taken out to meet the cost of the Housing Revenue Account (HRA) self-financing settlement in March 2012. The HRA Business Plan anticipates the repayment of these loans on maturity.

Market Risk

Since most of the Council's investments are at fixed interest rates, the Council is not exposed to significant risks arising from changes in interest rates.

Instead, the principal market risk to which the Council is exposed is the risk of price changes on investments held at fair value. This is mitigated to some extent by the fact that it is the Council's intention to hold such investments over the long term.

The following investment balances are subject to price risk:

Investment type	Fair value at 31 March 2023	Change in value considered reasonably possible		Impact on surplus on the provision of services of reasonably possible change in value
	£'000		%	£'000
Enhanced cash funds	9,973		2	199
Pooled investment vehicles	14,532		20	2,906

The change in value which is deemed reasonably possible has been based upon prior experience.

Please note that any movements in the fair value of pooled investment vehicles are transferred through the Movement in Reserves Statement to unusable reserves (the Pooled Investment Adjustment Account), so as not to affect the General Fund.

Note 31 – Going Concern

The Council has applied the going concern basis to prepare these financial statements having considered its forecast reserve balances, forecast income and expenditure, and accompanying cash flows for the period to 30 June 2024.

Reserve Balances

The availability of reserves forms a key aspect of the Council's arrangements to mitigate the impact of a short-term deterioration in its financial performance. Such a deterioration could be linked to increasing net expenditure on service delivery, particularly non-discretionary services, or a decline in the resources available to the Council.

The Council's year-end General Fund reserve balance, as reported in these statements, is as follows:

Date	General Fund £'000
31 March 2023	28,061

As part of the Budget Setting Report considered by Full Council in February 2023, the Council's Chief Financial Officer provided the following forecasts of General Fund Balances (before accounting for business rate growth) relating to the expected year-end position and the assessment period covered by this note.

Date	General Fund £'000
31 March 2023	21,505
31 March 2024	22,424
31 March 2025	22,184

The balance at 31 March 2023 reported in these accounts, which incorporates the outturn position on business rates for 2022/23, is comfortably above the forecast balance.

The Council has assessed the minimum balance that it should hold to mitigate against risks it has identified. This assessment is based on an analysis of the financial impact of risks identified and a consideration of their relative probability. The balances referred to above exceed both the prudent minimum balance and the target minimum balance (£6.9 million and £8.2 million respectively).

The balances above assume delivery of savings as part of the Council's transformation programme. However, the Council has determined that even if planned savings were not delivered in full by 31 March 2025 balances would still remain comfortably above both the prudent minimum balance and the target minimum balance.

Liquidity

The Council's cash flow forecast is updated on an ongoing basis. Investments are managed pro-actively to ensure there is sufficient cash available to meet the Council's operational needs in respect of the General Fund, Housing Revenue Account and the capital programme.

The Council can access loans provided by the Public Works Loans Board to fund its capital programme. Whilst some use of external borrowing to finance the capital programme is anticipated prior to 31 March 2025, the medium-term cash flow forecast indicates the Council holds sufficient cash balances to prevent it needing to take out loans at interest rates which might be detrimental to its medium-term financial strategy to a material extent.

External Factors

The Council recognises that delivery of its medium-term financial strategy is partly dependent on the accuracy of the assumptions management have made about the economic environment in which the Council operates.

Current levels of inflation exceed that forecast and observed in recent years. The current MTFS includes provision to reflect the continuing impact of inflation on service budgets. Additionally, a specific earmarked reserve has been established to mitigate the impact on service budgets in 2023/24 of fluctuating energy prices recognising that the full impact of recent increases in commodity prices has not yet been felt by the Council. The MTFS also acknowledges declining demand for some discretionary services for reasons linked to ongoing pressure on households caused by high rates of inflation and high interest rates. As explained above, reserve balances provide additional contingency should the impact of the aforementioned factors exceed forecast amounts.

Future government policy could significantly impact the Council's financial position over the period covered by the MTFS. The Council is satisfied that there is sufficient resilience within the current MTFS to ensure that potential changes in government policy will not impact on its ability to operate as a going concern in the period covered by this assessment.

Housing Revenue Account Income and Expenditure Statement

This statement shows the economic cost in the year of providing Housing Revenue Account (HRA) services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents. The Council charges rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The total increase or decrease on the HRA for the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Expenditure:				
Repairs and maintenance	12,728		10,336	
Supervision and management	8,484		7,615	
Rents, rates, taxes and other charges	350		278	
Depreciation, impairment, derecognition and revaluation losses on non-current assets (net of reversals)	28,450		3,591	
Movement in the allowance for bad debts	309		132	
HRA share of corporate and democratic core costs	502		437	
Total expenditure		50,823		22,389
Income:				
Dwelling rents	(40,795)		(38,767)	
Non-dwelling rents	(827)		(846)	
Charges for services and facilities	(3,666)		(3,441)	
Contributions towards expenditure	(608)		(528)	
Reimbursement of costs	(44)		(14)	
Total income		(45,940)		(43,596)
Net income from HRA services as included in the Comprehensive Income and Expenditure Statement		4,883		(21,207)
HRA share of other income and expenditure included in the Comprehensive Income and Expenditure Statement:				
(Gain) / loss on sale of HRA non-current assets		(2,315)		(4,399)
Interest payable and similar charges		7,494		7,494
HRA interest and investment income		(2,370)		(742)
Capital grants and contributions		(11,205)		(1,266)
Surplus for the year on HRA services		(3,513)		(20,120)

Movement on the Housing Revenue Account Statement

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Surplus for the year on HRA services		(3,513)		(20,120)
Adjustments between accounting basis and funding basis under statutory provisions:				
Depreciation, derecognition, impairment and revaluation gains and losses on property, plant and equipment	(17,822)		5,508	
Movements in the fair value of investment properties	317		35	
Capital grants and contributions	11,205		1,266	
Revenue expenditure funded from capital under statute	(19)		0	
Costs of disposal funded from capital receipts	(142)		(165)	
Gain / (loss) on sale of HRA non-current assets	2,315		4,399	
Capital expenditure funded by the HRA	17,480		8,487	
HRA share of contributions to / (from) the Pensions Reserve	(714)		(657)	
Transfers from the General Fund under statutory provisions	(5)		(7)	
Movements in the accumulated absences accrual	(10)		0	
Total adjustments between accounting basis and funding basis under statutory provisions		12,605		18,866
Net increase in HRA before transfers to / (from) earmarked reserves		9,092		(1,254)
Transfers to / (from) earmarked reserves		(23)		84
Increase in year in the HRA		9,069		(1,170)
Balance at 1 April		(19,590)		(18,420)
Balance at 31 March		(10,521)		(19,590)

Notes to the Housing Revenue Account Statements

1 Dwelling Stock

	31 March 2023 No.	31 March 2022 No.
Sheltered housing units	522	514
Shared ownership properties (whole property equivalent)	43	45
Other houses and bungalows	3,524	3,530
Other flats and maisonettes	3,302	3,111
Total dwelling stock (whole property equivalent)	7,391	7,200

2 Non-Current Assets

The value of non-current assets held by the HRA, and depreciation charged for the year, are as follows:-

	Net Book Value		Depreciation charged for the year	
	31 March 2023 £'000	31 March 2022 £'000	2022/23 £'000	2021/22 £'000
Property, plant and equipment:				
Council dwellings	784,298	726,429	10,067	8,694
Other land and buildings	10,404	10,258	274	152
Vehicles, plant, furniture and equipment	87	107	19	19
Infrastructure assets	4,476	3,393	91	116
Assets under construction	52,791	50,804	0	0
Total property, plant and equipment	852,056	790,991	10,451	8,981
Investment property	6,922	6,599	0	0
Intangible assets	209	354	177	118
Total non-current assets	859,187	797,944	10,628	9,099

The value of council dwellings at 31 March 2023, based upon vacant possession, was £2.064 billion (31 March 2022: £1.912 billion). This is the estimate of the total sum that would be received if all dwellings were sold with vacant possession on the open market. However, the Balance Sheet value above is calculated on the basis of existing use value – social housing (EUV-SH), which takes into account the fact that the dwellings are subject to ongoing tenancies at less than market rent. The difference between the two valuations shows the economic cost of providing housing at less than market rents.

3 Capital Expenditure and Financing

The following table sets out total capital expenditure on HRA assets, together with sources of capital financing:

	2022/23 £'000	2021/22 £'000
Capital expenditure:		
Property, plant and equipment	69,007	40,692
Investment property	160	44
Intangible assets	32	119
Total capital expenditure	69,196	40,855
Financed by:		
Capital receipts	(11,307)	(10,454)
Capital grants and contributions	(25,924)	(10,709)
Major Repairs Reserve	(14,485)	(11,205)
Direct revenue contributions	(17,480)	(8,487)
Total capital financing applied	(69,196)	(40,855)

4 Capital Receipts

The following amounts have been received from the disposal of HRA non-current assets:

	2022/23 £'000	2021/22 £'000
Capital receipts from the disposal of:		
Council dwellings	6,570	7,486
Other land	45	42
Total capital receipts	6,615	7,528
Payments to the central government housing capital receipts pool	(178)	(1,134)
Total capital receipts retained by Council	6,437	6,394

The capital receipts retained by the Council have been transferred to the Capital Receipts Reserve to finance future capital expenditure, in line with statutory requirements.

5 Rent Arrears

Rent arrears at 31 March 2023 were £2,425,000 (31 March 2022: £2,432,000). At 31 March 2023, a net provision for bad debt of £1,952,000 was held on the Balance Sheet (31 March 2022: £1,966,000).

Collection Fund Statement

	Note	Council tax		Business rates	
		2022/23	2021/22	2022/23	2021/22
		£'000	£'000	£'000	£'000
Income					
Council tax and business rates receivable from taxpayers		(89,631)	(85,173)	(116,941)	(88,063)
Transfers from General Fund in respect of locally funded discounts		(82)	(83)	0	0
Contributions towards previous year's collection fund deficit:					
Cambridge City Council		(23)	(178)	(7,344)	(25,157)
Cambridgeshire County Council		(149)	(1,195)	(1,652)	(5,660)
Cambridgeshire and Peterborough Police and Crime Commissioner		(22)	(204)	0	0
Cambridgeshire and Peterborough Fire Authority		(8)	(63)	(183)	(629)
Central government		0	0	(9,180)	(31,446)
Reduction in provision for outstanding arrears		(727)	0	(215)	0
Reduction in provision for outstanding appeals		0	0	(2,197)	(491)
Expenditure					
Council tax precepts and shares of business rates income distributed:					
Cambridge City Council		9,371	9,033	43,381	43,111
Cambridgeshire County Council		64,809	60,933	9,761	9,700
Cambridgeshire and Peterborough Police and Crime Commissioner		11,359	10,778	0	0
Cambridgeshire and Peterborough Fire Authority		3,306	3,201	1,085	1,078
Central government		0	0	54,226	53,889
Other expenditure:					
Transitional protection payment payable to central government		0	0	316	322
Increase in provision for outstanding arrears		0	451	0	862
Allowable collection costs payable to General Fund		0	0	233	239
Total movement on fund balance		(1,797)	(2,500)	(28,710)	(42,245)
Collection Fund deficit / (surplus) at 1 April		1,133	3,633	16,787	59,032
Collection Fund deficit / (surplus) at 31 March		(664)	1,133	(11,923)	16,787

As a billing authority, the Council has a statutory obligation to maintain a separate collection fund in respect of council tax and business rates. This statement shows the amounts collected from tax and rate payers, together with the amounts distributed to local preceptors (including the Council's own share) and central government.

Notes to the Collection Fund Statement

1 Collection Fund Balances

The deficit on the Collection Fund as at 31 March 2023 will be recovered in future years from local preceptors (including the Council) and central government in line with statutory requirements. Each entity's share of the balance is as follows:-

Entity	Council tax (surplus)/deficit		Business rates (surplus)/deficit	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Cambridge City Council	(66)	124	(4,769)	6,715
Cambridgeshire County Council	(486)	827	(1,073)	1,511
Cambridgeshire and Peterborough Police and Crime Commissioner	(89)	137	0	0
Cambridgeshire and Peterborough Fire Authority	(23)	45	(119)	167
Central government	0	0	(5,962)	8,394
Total deficit	(664)	1,133	(11,923)	16,787

2 Council Tax Base

Each domestic property within the Council's area is assigned to one of eight valuation bands for council tax purposes, based on its estimated value as at 1 April 1991. Council tax is set for band D properties (separately by the Council and each local preceptor), and the tax for other bands is calculated as a proportion of the band D amount.

The council tax for the year due on band D properties can be broken down as follows:-

Entity	Council tax per band D property	
	2022/23 £	2021/22 £
Cambridge City Council	212.50	207.50
Cambridgeshire County Council	1,469.61	1,399.77
Cambridgeshire and Peterborough Police and Crime Commissioner	257.58	247.59
Cambridgeshire and Peterborough Fire Authority	74.97	73.53
Total council tax due per band D property	2014.66	1,928.39

In setting council tax, the Council and preceptors must first calculate their council tax requirement for the year (the amount which must be raised to cover budgeted expenditure net of other sources of finance such as government grants). This is then divided by the council tax base, which is the number of domestic properties in the Council's area, expressed as the number of 'band D equivalent' dwellings.

The council tax base is forecast each January for the following financial year. The council tax base was calculated as follows:-

Valuation band	2022/23				2021/22			
	Total dwellings No.	Equivalent dwellings after discounts, reliefs and exemptions No.	Ratio to band D	Band D equivalent dwellings No.	Total dwellings No.	Equivalent dwellings after discounts, reliefs and exemptions No.	Ratio to band D	Band D equivalent dwellings No.
A	4,324	3,322	6/9	2,216	4,263	3,223	6/9	2,149
B	10,761	8,788	7/9	6,835	10,674	8,803	7/9	6,847
C	20,137	17,667	8/9	15,704	20,050	17,655	8/9	15,693
D	10,245	8,914	1	8,914	10,197	8,900	1	8,900
E	5,940	5,151	11/9	6,295	5,858	5,090	11/9	6,221
F	3,836	3,395	13/9	4,903	3,766	3,339	13/9	4,823
G	3,252	2,719	15/9	4,533	3,235	2,740	15/9	4,567
H	498	314	18/9	627	493	306	18/9	612
Total				50,027	58,536	50,056		49,812
Adjustments to tax base				(5,917)				(6,281)
Forecast tax base				44,110				43,531

The adjustments to tax base in the table above are to take account of forecast growth in property numbers, changes in exemption status, local council tax support scheme claims and an allowance for non-collection.

3 Business Rates Multiplier and Rateable Value

The total rateable value of non-domestic properties within the Council area at 31 March 2023 was £313,496,554 (31 March 2022: £305,237,704). The standard business rates multiplier for 2022/23 as set by central government was 51.2p (2021/22: 51.2p).

Group Comprehensive Income and Expenditure Statement (GCIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The amounts chargeable to taxation and rents for the year are set out in the Group Movement in Reserves Statement.

Last year's figures have been reclassified to reflect changes in the Council's internal reporting structure. There is no change to the total cost of services figure previously reported.

	Note	2022/23			2021/22 (Restated)		
		Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
The Leader		4,372	(179)	4,193	3,461	(360)	3,101
Finance, Resources and Transformation		33,492	(28,283)	5,209	36,595	(31,083)	5,512
General Fund Housing		9,003	(3,051)	5,952	8,522	(3,228)	5,294
Environment, Climate Change and Biodiversity		18,737	(4,886)	13,851	14,812	(3,290)	11,522
Open Spaces, Food Justice and Community Development		23,799	(9,496)	14,303	18,397	(6,158)	12,239
Planning Policy and Infrastructure		10,530	(11,517)	(987)	10,945	(11,367)	(422)
Recovery, Employment and Community Safety		1,660	(764)	896	1,449	(667)	782
Housing Revenue Account		50,823	(45,914)	4,909	22,389	(43,577)	(21,188)
Other group housing services		157	(311)	(154)	120	(337)	(217)
Cost of services		152,573	(104,401)	48,172	116,690	100,067	16,623
Other operating income and expenditure		178	(1,980)	(1,802)	1,134	(6,208)	(5,074)
Financing and investment income and expenditure		16,780	(16,373)	407	13,111	(17,028)	(3,917)
Taxation and non-specific grant income		0	(39,347)	(39,347)	0	(31,995)	(31,995)
(Surplus) / deficit on the provision of services		169,531	(162,101)	7,430	130,935	(155,298)	(24,363)
Share of the (surplus) / deficit on the provision of services by joint ventures	3			(5,557)			(5,407)
Group (surplus) / deficit				1,873			(29,770)
(Surplus) / deficit on revaluation of non-current assets				(31,701)			(62,446)
Remeasurement of the net defined benefit liability				(118,510)			(46,003)
Other comprehensive (income) / expenditure				(150,211)			(108,449)
Total comprehensive (income) / expenditure				(148,338)			(138,219)

Prior year cost of services figures have been reclassified to reflect changes in the Council's internal reporting structure – there is no change to the total net cost of services figure reported previously.

Group Movement in Reserves Statement (GMIRS)

This statement shows the movement on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The Group Movement in Reserves Statement shows how the movements in the Group's reserves are broken down between comprehensive income and expenditure incurred in accordance with generally accepted accounting practices (as shown in the Group Comprehensive Income and Expenditure Statement) and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The increase / decrease line shows the reserve movements for the year following those adjustments.

	General Fund	Collection Fund deficit earmarked reserve	Other earmarked General Fund reserves	Housing Revenue Account (HRA)	Earmarked HRA reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total usable reserves	Unusable reserves	Total Council reserves	Council share of subsidiary and joint venture reserves	Total Group reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	(16,594)	(31,809)	(19,434)	(18,420)	(17,267)	(40,213)	(13,647)	(44,672)	(202,056)	(624,372)	(826,428)	(1,340)	(827,768)
Movement in reserves during 2021/22:													
Total comprehensive income and expenditure	(4,045)	0	0	(20,101)	0	0	0	0	(24,146)	(108,222)	(132,368)	(5,851)	(138,219)
Adjustments between Group accounts and Council accounts	(174)	0	0	(19)	0	0	0	0	(193)	0	(193)	193	0
Net (increase) / decrease before transfers	(4,219)	0	0	(20,120)	0	0	0	0	(24,339)	(108,222)	(132,561)	(5,658)	(138,219)
Adjustments between accounting basis and funding basis under statutory provisions	16,757	0	0	18,866	0	(2,926)	2,106	3,138	37,941	(37,941)	0	0	0
Transfers to / from earmarked reserves	(21,477)	25,432	(3,955)	84	(84)	0	0	0	0	0	0	0	0
(Increase) / decrease in year	(8,939)	25,432	(3,955)	(1,170)	(84)	(2,926)	2,106	3,138	13,602	(146,163)	(132,561)	(5,657)	(138,219)
Balance at 31 March 2022	(25,533)	(6,377)	(23,389)	(19,590)	(17,351)	(43,139)	(11,541)	(41,534)	(188,454)	(770,535)	(958,989)	(6,997)	(965,987)
Movement in reserves during 2022/23:													
Total comprehensive income and expenditure	11,071	0	0	(3,487)	0	0	0	0	7,584	(150,029)	(142,445)	(5,893)	(148,338)
Adjustments between Group accounts and Council accounts	(6,656)	0	0	(26)	0	0	0	0	(6,682)	0	(6,682)	6,682	0
Net (increase) / decrease before transfers	4,415	0	0	(3,513)	0	0	0	0	902	(150,029)	(149,127)	789	(148,338)
Adjustments between accounting basis and funding basis under statutory provisions	(5,965)	0	0	12,605	0	7,410	3,857	20,331	38,238	(38,238)	0	0	0
Transfers to / from earmarked reserves	(978)	6,253	(5,275)	(23)	23	0	0	0	0	0	0	0	0
(Increase) / decrease in year	(2,528)	6,253	(5,275)	9,069	23	7,410	3,857	20,331	39,140	(188,267)	(149,127)	789	(148,338)
Balance at 31 March 2023	(28,061)	(124)	(28,664)	(10,521)	(17,328)	(35,729)	(7,684)	(21,203)	(149,314)	(958,802)	(1,108,116)	(6,208)	(1,114,324)

Group Balance Sheet

	Note	31 March 2023		31 March 2022	
		£'000	£'000	£'000	£'000
Property, plant and equipment	4	1,036,230		958,433	
Heritage assets		669		669	
Investment property		161,708		160,682	
Intangible assets		512		812	
Loans to joint ventures		12,875		38,476	
Investments in joint ventures	3	5,222		6,165	
Other long-term investments		23,424		22,451	
Long-term debtors		1,729		1,119	
Net defined benefit pension asset		6,865		0	
Long-term assets		1,249,234		1,188,807	
Investment property held for sale		825		620	
Short-term investments		105,709		116,235	
Short-term debtors		10,816		15,363	
Inventories		200		194	
Cash and cash equivalents		32,201		30,514	
Current assets		149,751		162,926	
Short-term borrowing		(82)		(82)	
Short-term creditors		(66,850)		(63,882)	
Provisions		(3,891)		(4,051)	
Current liabilities		(70,823)		(68,015)	
Long-term borrowing		(213,572)		(213,572)	
Long-term receipts in advance		(105)		(105)	
Net defined benefit pension liability		0		(103,961)	
Other long-term liabilities		(161)		(94)	
Long-term liabilities		(213,838)		(317,732)	
Net assets		1,114,324		965,987	
Usable reserves		(154,410)		(194,508)	
Unusable reserves		(959,914)		(771,479)	
Total reserves		(1,114,324)		(965,987)	

The Group Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold. It also includes reserves which reflect timing differences between the recognition of income and expenditure under generally accepted accounting practices, and the point at which it must be credited or charged to usable reserves under statutory provisions.

Group Cash Flow Statement (GCFS)

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation, grant income and from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities reflect movements in the cash collected by the Council on behalf of others in respect of council tax and business rates.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Net surplus on the provision of services	(7,430)		24,363	
Adjust net surplus on the provision of services for non-cash movements	39,896		24,190	
Adjust for items included in the net surplus on the provision of services that are investing and financing activities	(21,106)		(22,290)	
Net cash flows from operating activities		11,360		26,263
Investing activities:				
Purchase of property, plant and equipment, investment property and intangible assets	(84,953)		(50,429)	
Purchase of short-term and long-term investments	(263,250)		(197,640)	
Proceeds from the sale of property, plant and equipment, assets held for sale, investment property and intangible assets	7,117		15,465	
Proceeds from short-term and long-term investments	297,310		174,747	
Capital grants received	13,824		19,321	
Other receipts and payments from investing activities	12		25	
Net cash flows from investing activities		(29,940)		(38,511)
Financing activities		20,267		28,197
Net increase / (decrease) in cash and cash equivalents		1,687		15,949
Cash and cash equivalents at the beginning of the year:				
Overnight money market funds	29,500		13,500	
Bank accounts	998		1,048	
Cash held by the Council	16		17	
Total cash and cash equivalents at the beginning of the year		30,514		14,565
Cash and cash equivalents at the end of the year:				
Overnight money market funds	30,000		29,500	
Bank accounts	2,191		998	
Cash held by the Council	10		16	
Total cash and cash equivalents at the end of the year		32,201		30,514

Note 1 – Accounting Policies

The accounting policies applied to the Group Financial Statements are the same as those set out at note 2 to the Council Financial Statements, with the following additions:

Basis of Consolidation

Control and Joint Control

The Council is deemed to have control over another entity when both of the following conditions are met:

- The Council is exposed to variable returns from its involvement with the entity (for example a share of the entity's profits).
- The Council can use its power over the entity to affect these returns.

Joint control exists where decisions affecting the entity's returns can only be made by the unanimous consent of more than one investor.

Subsidiaries

Subsidiaries are separate entities which are controlled by the Council.

The financial statements of subsidiaries are consolidated on a line by line basis. This means that transactions and balances are included in the relevant lines in the Group Financial Statements.

Adjustments are made to remove transactions and balances between the Council and its subsidiary, such that the Group Financial Statements present the financial performance and position of the Group as a whole, from an external perspective.

Joint Ventures

A joint venture is a separate entity which is jointly controlled by the Council and at least one other investor.

The financial statements of joint ventures are consolidated using the equity method. The Council's investment in the joint venture is initially recognised on the Balance Sheet at cost, and subsequently adjusted to match the Council's share of the entity's net assets. The change in the Council's share of net assets (effectively the Council's share of the entity's profit or loss) is recognised within other comprehensive income in the Group Comprehensive Income and Expenditure Statement (GCIES).

Alignment of Accounting Policies

The results of subsidiaries and joint ventures are adjusted where applicable to align their accounting policies with those of the Council:

- Cambridge City Housing Company Ltd holds a portfolio of dwellings for rent. Within the company accounts these are accounted for as investment properties under International Accounting

Standard (IAS) 40. However, adjustments are made within the Group Financial Statements to account for these dwellings as property, plant and equipment (other land and buildings) using the Council's accounting policies (see note 2 to the Council Financial Statements – accounting policy 12). The difference in treatment reflects the fact that the Group's primary reason for holding the properties is service related (i.e. the provision of affordable housing), rather than solely to generate rental income.

Note 2 – Group Composition

Cambridge City Housing Company Ltd

Cambridge City Housing Company Ltd (CCHC) is a private limited company. It's main activity is to provide and manage housing for those in housing need in Cambridge and neighbouring districts, whilst also generating a financial return for the Council.

The Council owns 100% of the company's share capital and has the right to appoint all of the company's directors (all of whom are Council officers). As such, the Council is deemed to have full control over CCHC and it is accounted for as a subsidiary.

Cambridge Investment Partnership

The Cambridge Investment Partnership (CIP) consists of the four separate limited liability partnerships (LLPs), as follows:

- Cambridge Investment Partnership LLP
- CIP (Mill Road Development) LLP
- CIP (Cromwell Road) LLP
- CIP Orchard Park L2 LLP

The main activity of the partnership is the redevelopment of sites within Cambridge for the provision of housing, including affordable housing. The partnership is strategically important to the Council as the vehicle through which a significant proportion of its new build programme for council dwellings is to be delivered.

Each of the four LLPs is owned jointly by the Council and a private sector property developer, with each having a 50% interest and equal voting rights. As such, the Council is deemed to have joint control over each of the LLPs, and they are accounted for as separate joint ventures.

Note 3 – Joint Ventures

The financial performance and position of the Council's joint ventures can be summarised as follows:-

	Cambridge Investment Partnership LLP		CIP (Mill Road Development) LLP		CIP (Cromwell Road) LLP		CIP Orchard Park L2 LLP		Total	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2020/21	2022/23	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	(26,089)	(44,660)	(37,847)	(32,918)	(51,908)	(32,907)	(8,522)	0	(124,366)	(110,485)
Expenditure	26,265	44,294	33,393	26,440	45,998	29,494	8,033	3	113,689	100,231
(Profit) / loss from continuing operations and total comprehensive income	176	(366)	(4,454)	(6,478)	(5,910)	(3,413)	(489)	3	(10,677)	(10,254)
Council share (50%)	88	(183)	(2,227)	(3,239)	(2,955)	(1,707)	(245)	2	(5,339)	(5,127)
Adjustments in respect of unrealised losses	0	0	0	0	0	3	4	(2)	4	1
Movements in provision for unrealised profit	0	0	0	(280)	0	0	0	0	0	(280)
Other adjustments	0	0	(222)	0	0	0	0	0	(222)	0
Share of the (surplus) / deficit on the provision of services by joint ventures recognised in the Group Comprehensive Income and Expenditure Statement	88	(183)	(2,449)	(3,519)	(2,955)	(1,704)	(241)	0	(5,557)	(5,406)

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	Cambridge Investment Partnership LLP		CIP (Mill Road Development) LLP		CIP (Cromwell Road) LLP		CIP Orchard Park L2 LLP		Total	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current assets	10,846	12,618	2,172	13,784	17,270	39,951	3,117	3,607	33,405	69,960
Current liabilities (including members' loans)	(10,557)	(12,152)	(1,819)	(4,885)	(7,953)	(36,544)	(2,636)	(3,615)	(22,965)	(57,196)
Members' capital (classified as a liability)	289	466	353	8,899	9,317	3,407	481	(8)	10,440	12,764
Council share (50%)	145	233	177	4,449	4,659	1,704	241	(4)	5,222	6,382
Adjustments in respect of unrealised losses	0	0	0	0	0	0	0	4	0	4
Provision for unrealised profit	0	0	0	(221)	0	0	0	0	0	(221)
Investments in joint ventures recognised in the Group Balance Sheet	145	233	177	4,228	4,659	1,704	241	0	5,222	6,165
Included in current assets above:										
Cash and cash equivalents	308	396	1,982	3,546	4,724	297	2,372	1,703	9,386	5,942
Current financial liabilities (excluding trade and other payables)	9,398	9,633	0	0	7,557	27,797	0	3,051	16,955	40,481

Note 4 – Property, Plant and Equipment

Movements on Balances

	Council dwellings £'000	Other land and buildings £'000	Vehicles, plant, furniture and equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total property, plant and equipment £'000
Balance at 1 April 2021:								
Gross carrying amount	639,804	154,854	22,131	7,880	1,351	10	47,070	873,100
Accumulated depreciation and impairment	0	(1,087)	(12,731)	(1,293)	0	0	0	(15,111)
Net book value	639,804	153,767	9,400	6,587	1,351	10	47,070	857,989
Additions	16,053	715	420	608	0	0	33,314	51,110
Disposals	(3,131)	(420)	(68)	0	(20)	(8)	0	(3,647)
Revaluation increases / (decreases) recognised in the revaluation reserve	0	0	0	(1,193)	0	0	0	(1,193)
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	58,627	3,893	0	0	0	(192)	0	62,328
Assets reclassified (to) / from investment properties	6,318	769	(21)	0	0	(7)	0	7,059
Assets reclassified (to) / from intangible assets	0	300	0	0	0	0	(548)	(248)
Assets reclassified (to) / from other categories of property, plant and equipment	17,451	(2,682)	598	0	0	276	(15,643)	0
Depreciation charge	(8,693)	(3,869)	(2,190)	(213)	0	0	0	(14,965)
Balance at 31 March 2022:	726,429	153,775	21,595	7,295	1,331	79	64,193	974,697
Gross carrying amount	0	(1,302)	(13,456)	(1,506)	0	0	0	(16,264)
Accumulated depreciation and impairment	726,429	152,473	8,139	5,789	1,331	79	64,193	958,433
Net book value								
Additions	36,789	2,323	434	1,175	0	0	43,911	84,632
Donated Assets	(4,299)	0	(308)	(75)	0	0	0	(4,682)
Revaluation increases / (decreases) recognised in the revaluation reserve	13,715	4,563	0	0	0	(29)	0	18,249
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(17,015)	(1,130)	0	0	0	0	0	(18,145)
Assets reclassified (to) / from other categories of property, plant and equipment	28,742	366	200	17	15	0	(29,340)	0
Depreciation charge	(10,067)	(3,832)	(2,075)	(187)	0	0	0	(16,161)
Balance at 31 March 2023:	784,298	160,252	20,671	8,238	1,346	50	78,764	1,053,619
Gross carrying amount	0	(1,588)	(14,282)	(1,519)	0	0	0	(17,389)
Accumulated depreciation and impairment	784,298	158,664	6,389	6,719	1,346	50	78,764	1,036,230
Net book value								

Valuation

Details of the valuation approach adopted for the Council's property, plant and equipment are set out at note 15 to the Council Financial Statements.

CCHC dwellings are revalued at 31 March each year, using a beacon approach. The stock is divided into a number of 'archetypes' containing dwellings with similar characteristics (e.g. location, property type, number of bedrooms). Within each archetype, one representative 'beacon' property is selected for revaluation, with the resulting valuation applied to all similar dwellings.

Valuations are carried out in accordance with 'Stock Valuation for Resource Accounting – Guidance for Valuers' published by DLUHC, and the RICS Valuation – Professional Standards ('Red Book') except where varied to reflect DLUHC requirements.

The following table shows the current carrying value of property, plant and equipment (excluding those classes of asset held at historic cost) by date of most recent valuation:

	Council dwellings	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000	£'000
Valued at current value as at:				
31 March 2023	784,298	145,103	50	929,451
31 March 2022	0	3,660	0	3,660
31 March 2021	0	4,990	0	4,990
31 March 2020	0	1,950	0	1,950
31 March 2019	0	2,787	0	2,787
Prior to 2019	0	174	0	174
Total	784,298	158,664	50	943,012

Note 5 – Commitments with Joint Ventures

Capital Commitments

The Council has contracted with the Cambridge Investment Partnership for the construction of new build council dwellings. The amounts contractually committed but not yet recognised at the year-end were as follows:-

Entity	31 March 2023 £'000	31 March 2022 £'000
Cambridge Investment Partnership LLP	989	0
CIP (Mill Road Development) LLP	350	1,295
CIP (Cromwell Road) LLP	0	6,108
CIP Orchard Park L2 LLP	7,075	4,121
Total	8,414	11,524

Loan Commitments

The Council has entered into agreements with the Cambridge Investment Partnership to provide loan financing through the use of a revolving credit facility. Loans are secured on the property of the partnership (work in progress and unsold dwellings, excluding affordable housing), with a maximum loan to value ratio of 60% at any given time.

The balances on the facilities at year-end were as follows:-

Entity	31 March 2023			31 March 2022		
	Maximum facility £'000	Amount utilised £'000	Unutilised commitment £'000	Maximum facility £'000	Amount utilised £'000	Unutilised commitment £'000
Cambridge Investment Partnership LLP	28,000	(5,250)	22,750	28,000	(8,992)	19,008
CIP Orchard Park L2 LLP	8,000	0	8,000	8,000	(558)	7,442
Total	36,000	(5,250)	30,750	36,000	(9,550)	26,450

Note 6 – External Audit Costs

Entity	Service	2022/23 £'000	2021/22 £'000
Council	External audit and certification of grant claims	168	96
Cambridge City Housing Company	External audit	6	6
	Taxation compliance services	1	1
	Other non-audit services	2	2
Total		177	105

Glossary of Terms

Accrual	An item of income or expenditure which is included in the Statement of Accounts because it relates to goods or services provided or received during the year, even though payment has not yet been received or paid (and no formal invoices raised).
Amortisation	An expense recognised to reflect the consumption of intangible assets, similar to depreciation on property, plant and equipment. It is generally charged on a straight line basis over the useful life of the relevant asset.
Amortised cost	A method for determining the value of financial assets or liabilities based upon the principal invested or borrowed, adjusted for any interest accrued and expected credit losses (e.g. bad debt).
Business rates retention	The arrangements, set out by central government, which determine the proportion of the business rates collected which can be retained by the City Council, and the proportion which is paid to local preceptors and central government (for redistribution to other local authorities).
Capital expenditure	Expenditure on new long-term assets such as property, plant and equipment, intangible assets, and investment property. Also includes expenditure which enhances existing assets, for example through significantly prolonging their useful life or increasing their value. Under statutory requirements, loans to third parties to finance their own capital expenditure are also treated as capital expenditure of the Council.
Capital financing	The use of the Council's resources (revenue or capital) to fund capital expenditure in the current year, or to repay borrowing associated with capital expenditure in previous years.
Capital grants	Grants received by the Council which can only be used for capital financing.
Capital loans	Loans made by the Council to a third party to finance their capital expenditure, for example loans made to the Cambridge Investment Partnership to fund property development. Under statutory provisions, the making of these loans is treated as capital expenditure by the Council, whilst repayments are treated as capital receipts.
Capital receipts	Cash received from the sale of long-term assets such as council houses, land or other buildings. This may only be used to finance future capital expenditure.
Cash equivalents	Highly liquid investments that mature in 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.
Code	The Code of Practice on Local Authority Accounting in the United Kingdom, which sets out the rules which the Council must follow in preparing and presenting their Statement of Accounts.
Creditors	Amounts owed by the Council.
Current assets	Assets which are expected to be used or realised within 12 months of the Balance Sheet date.
Current liabilities	Liabilities which are due to be settled (or could be called in) within 12 months of the Balance Sheet date.
Current service cost	The increase in the Council's net pension liability as a result of future pension entitlement earned by employees as a result of their service during the year.
Debtors	Amounts owed to the Council.
Defined benefit	A type of pension scheme whereby the benefits paid on retirement (lump sums and pensions) are based upon length of service with the Council and salary earned.

Depreciated replacement cost (DRC)	An approach to valuing property assets based upon the estimated cost of rebuilding an equivalent asset from scratch (using modern methods and specifications), depreciated to reflect the actual condition of the existing asset (i.e. the proportion of its total useful life remaining).
Depreciation	An expense recognised to reflect the consumption of property, plant and equipment. It is generally charged on a straight line basis over the useful life of the relevant asset.
Discount rate	The rate used to discount future cash flows (for example future pension payments) to their value at today's prices.
Effective interest rate (EIR)	The rate which exactly discounts the future cash flows arising from a financial instrument to the amount at which it was originally recognised – essentially representing the average interest rate over the life of the instrument.
Enhanced cash funds	A managed investment fund, similar to a money market fund, but generally offering slightly higher potential returns in exchange for slightly higher levels of risk in terms of the security and liquidity of its investments.
Fair value	The price at which an asset could be sold, or liability settled, in an orderly transaction between market participants (i.e. knowledgeable, willing parties operating at arm's length).
Finance lease	A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee. The lease period tends to cover most or all of the useful life of the asset, and the value of lease payments made over the duration of the lease tends to approximately equal the value of the asset at the start of the lease.
Financial asset	An asset which represents cash, or the right to receive cash (or cash equivalents) in the future, for example fixed term deposits, investments in pooled investment vehicles, loans and trade debtors.
Financial instrument	A contract which gives rise to a financial asset in one entity and a financial liability in another.
Financial liability	A liability which will require the Council to pay out cash (or cash equivalents) in the future, for example borrowings and trade creditors.
Going concern	A basis of accounting which assumes that the Council will continue in existence for the foreseeable future.
Group	Includes the Council and all other entities which it controls (subsidiaries). The Group Financial Statements also incorporate the Council's share of the profits of its joint ventures.
Impairment	A reduction to the value of a non-financial asset as a result of its recoverable amount falling below its carrying value on the Balance Sheet, for example because it has been damaged or become obsolete. Impairments can also apply to financial assets, for example when there is an expectation that amounts due to the Council in the future will not be paid (credit losses).
Intangible assets	Assets without physical substance, which are expected to benefit the Council over the course of more than one year, for example software licences.
Joint venture	A separate entity which is deemed to be jointly controlled by the Council and at least one other investor, where strategic decision making is by unanimous consent. The Council's share of any profits is included in the Group Financial Statements.
Minimum revenue provision (MRP)	A charge to the General Fund which must be made each year for the repayment of borrowing (internal and external) undertaken to fund historic capital expenditure. Effectively this is to ensure that the Council has sufficient capital resources available to renew or replace assets at the end of their lives. The charge must be set in accordance with statutory guidance, which ensures that it is prudent.

Money market funds	A managed investment fund consisting of highly liquid, short-term investments such as cash, cash equivalents, and short-term debt-based securities with high credit ratings. They are designed to offer high liquidity and very low risk to investors.
Non-current assets	Assets which are expected to benefit the Council over the course of more than one year, for example property, plant and equipment, intangible assets and investment property.
Operating lease	A lease which does not in substance transfer ownership of an asset to the lessor (i.e. the opposite of a finance lease). In practice these tend to be short in nature (as compared to the total useful life of the asset). Since land is deemed to have an infinite useful life, all leases of land are classified as operating leases.
Outturn	Actual income or expenditure amounts as opposed to budgeted amounts.
Past service cost	A change in the Council's net pension liability as a result of changes to the pension scheme which affect the pension entitlement earned by employees in previous years.
Pooled investment vehicle	A managed investment fund which takes investment from a large number of investors and pools this together in order to maximise returns and diversify risk. Investors can buy and sell units in these funds, which generate returns through the payment of dividends, increase in the underlying value of units, or both. Under statutory provisions, any change in value of pooled investment fund units is not recognised in the General Fund until it is realised (i.e. the units are sold).
Preceptor	Another local authority who is not a billing authority, and on whose behalf the Council collects council tax (i.e. Cambridgeshire County Council, Cambridgeshire and Peterborough Police and Crime Commissioner, and Cambridgeshire and Peterborough Fire Authority)
Provision	A liability which represents a future obligation as a result of a past event, but where the timing or amount of the obligation is uncertain. An example is the settlement of business rates appeals, whose outcome is unknown and outside of the control of the Council.
Restricted grants	Grants which can only be spent on particular purposes (for example a specific service), under the terms of the grant agreement.
Revenue expenditure	Expenditure which is not capital, i.e. spending on the day to day running of the Council such as staff costs and general supplies and services.
Revenue Expenditure Funded from Capital under Statute (REFCUS)	Expenditure which is revenue in nature, but which statute permits to be funded from resources usually earmarked for capital use. This includes capital grants to third parties (such as Disabled Facilities Grants to residents).
Section 106 (S106) contributions	Contributions from developers agreed as part of planning conditions, for example to provide infrastructure improvements to support new housing development.
Soft loan	A loan made at a below-market interest rate (which could be nil), generally made in pursuit of service interests (for example the provision of interest-free home improvement loans to eligible residents).
Subsidiary	A separate entity which is deemed to be controlled by the Council, and whose results are therefore included in the Group Financial Statements.

Abbreviations

CFS	Cash Flow Statement
CIC	Community interest company
CIES	Comprehensive Income and Expenditure Statement
CIP	Cambridge Investment Partnership
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer price inflation
HRA	Housing Revenue Account
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LGPS	Local Government Pension Scheme
LLP	Limited liability partnership
MIRS	Movement in Reserves Statement
RICS	Royal Institution of Chartered Surveyors
PSF	Per square foot

Cambridge City Council Record of Officer Delegated Decision

To Implement the Joint Negotiating Committee for Chief Executives of Local Authorities Pay Award for 2024-25.

Decision taken: 23 October 2024

Decision of: Head of People

Reference: Delegation of Civic Affairs Committee

Date of decision: 22 October 2024

Matter for Decision: Decision delegated from Civic Affairs Committee

Any alternative options considered and rejected: The pay award for chief executive level posts is determined by national level collective bargaining between the Joint Negotiating Committee for Chief Executives of Local Authorities and Trade Unions. Once agreed at a national level the City Council implements the pay award in accordance with the terms outlined in employment contracts.

Reason for the decision including any background papers considered: To implement the nationally agreed pay award for chief executives following receipt of notification by circular from the Joint Negotiating Committee for Chief Executives of Local Authorities dated 22 October 2024. The award is for an increase of 2.5% on each pay point and is backdated to 1 April 2024.

Conflict of interest and dispensation granted by Chief Executive: The Head of People is exercising this delegation, the Chief Executive has a personal interest. The matter is delegated to the Head of People.

Comments: This decision is taken in accordance with the delegated authority from Civic Affairs Committee to the Head of People, as follows:

To implement any award of a joint negotiating body so far as it concerns rates of salary, wages, car allowances or other allowances payable to officers and other employees of the Council except where the terms thereof involve the exercise of a discretion by the Council provided that when any action is taken in pursuance of this paragraph members are advised by the Head of People and a record of that advice be made available to the public.

Contact for further information: Lynsey Fulcher, Head of People

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Joint Negotiating Committee for Chief Executives of Local Authorities

**To: Chief Executives in England and Wales (N Ireland for information)
(to be shared with Finance Director and HR Director)
Regional Employer Organisations
Members of the Joint Negotiating Committee**

22 October 2024

Dear Chief Executive,

CHIEF EXECUTIVES' PAY AGREEMENT 2024

Employers are encouraged to implement this pay award as swiftly as possible.

Agreement has now been reached on the pay award applicable from **1 April 2024** (covering the period 1 April 2024 to 31 March 2025).

The individual basic salaries¹ of all officers within scope of the JNC for Chief Executives of local authorities should be increased by **2.50 per cent** with effect from 1 April 2024.

Backpay for employees who have left employment since 1 April 2024

If requested by an ex-employee to do so, we recommend that employers should pay any monies due to that employee from 1 April 2024 to the employee's last day of employment.

When salary arrears are paid to ex-employees who were in the LGPS, the employer must inform its local LGPS fund. Employers will need to amend the CARE and final pay figures (if the ex-employee has pre-April 2014 LGPS membership) accordingly.

Further detail is provided in [section 15 of the HR guide](#) and [the Backdated Pay Award FAQs](#), which are available on the [employer resources section](#) of www.lgpsregs.org.

Yours faithfully,

Naomi Cooke

Kathryn Hall

Joint Secretaries

¹ Basic salary should exclude other separately identified payments such as Returning Officer fees etc.

Employers' Secretary: Naomi Cooke Local Government Association 18 Smith Square London SW1P 3HZ info@local.gov.uk	Officers' Secretary: Kathryn Hall Honorary Secretary ALACE Kathryn.Hall@midsussex.gov.uk
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Cambridge City Council Record of Officer Urgent Decision

To Implement the National Joint Council Local Government Services Pay Agreement 2024

Decision taken: To implement the National Joint Council for Local Government Services (NJC) Pay Award for 2024-25 for employees on Bands 1-11.

Decision of: Chief Executive

Reference: Delegation of Civic Affairs Committee

Date of decision: 23 October 2024

Matter for Decision: Decision delegated from Civic Affairs Committee

Any alternative options considered and rejected: The pay award for staff on City pay bands 1-11 is determined by national level collective bargaining between the National Employers and Trade Unions. Once agreed at a national level the City Council implements the pay award in accordance with the terms outlined in employment contracts.

Reason for the decision including any background papers considered: To implement the nationally agreed pay award for staff on City bands 1-11 following receipt of notification by circular from the National Joint Council for local government services (NJC) dated 22 October 2024. The award is for a flat rate of £1,290 on each pay point from 1 - 43, and an increase of 2.5% for scale points 44 – 56. The award is backdated to April 2024.

Conflict of interest and dispensation granted by the Chief Executive:

The Chief Executive is exercising this decision as the Head of People has a personal interest in this pay award.

Comments: This decision is taken in accordance with the delegated authority from Civic Affairs Committee to the Chief Executive, as follows:

To implement any award of a joint negotiating body so far as it concerns rates of salary, wages, car allowances or other allowances payable to officers and other employees of the Council except where the terms thereof involve the exercise of a discretion by the Council provided that when any action is taken in pursuance of this paragraph members are advised by the Head of People and a record of that advice be made available to the public.

Contact for further information: Robert Pollock, Chief Executive

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National Joint Council for local government services

Employers' Secretary
Naomi Cooke

Trade Union Secretaries

Mike Short, UNISON
Sharon Wilde, GMB

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l.government@unison.co.uk

**To: Chief Executives in England, Wales and N Ireland
(to be shared with Finance Director and HR Director)
Regional Employer Organisations
Members of the National Joint Council**

22 October 2024

Dear Chief Executive,

LOCAL GOVERNMENT SERVICES PAY AGREEMENT 2024

Employers are encouraged to implement this pay award as swiftly as possible.

Agreement has been reached on rates of pay applicable from **1 April 2024** (covering the period 1 April 2024 to 31 March 2025). The new pay rates, each increased by £1,290 per annum, are attached at **Annex 1**.

All locally determined pay points above the maximum of the pay spine but graded below deputy chief officer, should be increased by 2.50 per cent, in accordance with Green Book Part 2 Para 5.4¹.

The new rates for allowances, uprated by 2.50 per cent, are set out at **Annex 2**.

Joint work

It has been agreed that there will be joint discussions on how the NJC can capture gender, ethnicity and disability pay gap information that will be of most benefit to the sector.

Backpay for employees who have left employment since 1 April 2024

If requested by an ex-employee to do so, we recommend that employers should pay any monies due to that employee from 1 April 2024 to the employee's last day of employment.

When salary arrears are paid to ex-employees who were in the LGPS, the employer must inform its local LGPS fund. Employers will need to amend the CARE and final pay figures (if the ex-employee has pre-April 2014 LGPS membership) accordingly.

¹ The Green Book Part 2 Para 5.4 provides that posts paid above the maximum of the pay spine but graded below deputy chief officer are within scope of the NJC. The pay levels for such posts are determined locally, but once fixed are increased in line with agreements reached by the NJC.

Further detail is provided in [section 15 of the HR guide](#) and the [Backdated Pay Award FAQs](#), which are available on the [employer resources section](#) of www.lgpsregs.org.

Yours faithfully,

*Naomi
Cooke*

Naomi Cooke



Mike Short



Sharon Wilde

SCP	01-Apr-23		01-Apr-24	
	per annum	per hour	per annum	per hour
1	<i>Deleted wef 01 Apr 23</i>			
2	£22,366	£11.59	£23,656	£12.26
3	£22,737	£11.79	£24,027	£12.45
4	£23,114	£11.98	£24,404	£12.65
5	£23,500	£12.18	£24,790	£12.85
6	£23,893	£12.38	£25,183	£13.05
7	£24,294	£12.59	£25,584	£13.26
8	£24,702	£12.80	£25,992	£13.47
9	£25,119	£13.02	£26,409	£13.69
10	£25,545	£13.24	£26,835	£13.91
11	£25,979	£13.47	£27,269	£14.13
12	£26,421	£13.69	£27,711	£14.36
13	£26,873	£13.93	£28,163	£14.60
14	£27,334	£14.17	£28,624	£14.84
15	£27,803	£14.41	£29,093	£15.08
16	£28,282	£14.66	£29,572	£15.33
17	£28,770	£14.91	£30,060	£15.58
18	£29,269	£15.17	£30,559	£15.84
19	£29,777	£15.43	£31,067	£16.10
20	£30,296	£15.70	£31,586	£16.37
21	£30,825	£15.98	£32,115	£16.65
22	£31,364	£16.26	£32,654	£16.93
23	£32,076	£16.63	£33,366	£17.29
24	£33,024	£17.12	£34,314	£17.79
25	£33,945	£17.59	£35,235	£18.26
26	£34,834	£18.06	£36,124	£18.72
27	£35,745	£18.53	£37,035	£19.20
28	£36,648	£19.00	£37,938	£19.66
29	£37,336	£19.35	£38,626	£20.02
30	£38,223	£19.81	£39,513	£20.48
31	£39,186	£20.31	£40,476	£20.98
32	£40,221	£20.85	£41,511	£21.52
33	£41,418	£21.47	£42,708	£22.14
34	£42,403	£21.98	£43,693	£22.65
35	£43,421	£22.51	£44,711	£23.17
36	£44,428	£23.03	£45,718	£23.70
37	£45,441	£23.55	£46,731	£24.22
38	£46,464	£24.08	£47,754	£24.75
39	£47,420	£24.58	£48,710	£25.25
40	£48,474	£25.13	£49,764	£25.79
41	£49,498	£25.66	£50,788	£26.32
42	£50,512	£26.18	£51,802	£26.85
43	£51,515	£26.70	£52,805	£27.37

NB: hourly rate calculated by dividing annual salary by 52.143 weeks (which is 365 days divided by 7) and then divided by 37 hours (the standard working week)

Part 3 Paragraph 2.6(e) Sleeping-in Duty Payment:

1 April 2024
£41.78

**RATES OF PROTECTED ALLOWANCES AT 1 APRIL 2024
(FORMER APT&C AGREEMENT (PURPLE BOOK))**

Paragraph 28(3) Nursery Staffs in Educational Establishments - Special Educational Needs Allowance

1 April 2024
£1,491

Paragraph 28(14) Laboratory / Workshop Technicians

City and Guilds Science Laboratory Technician's Certificate Allowance:

1 April 2024
£243

City and Guilds Laboratory Technician's Advanced Certificate Allowance:

1 April 2024
£175

Paragraph 32 London Weighting and Fringe Area Allowances £ Per Annum

Inner Fringe Area:

1 April 2024
£1,013

Outer Fringe Area:

1 April 2024
£706

Paragraph 36 Standby Duty Allowance - Social Workers (1)(a)(i) Allowance - Per Session

1 April 2024
£33.63

FORMER MANUAL WORKER AGREEMENT (WHITE BOOK)

Section 1 Paragraph 3 London and Fringe Area Allowances £ Per Annum

Inner Fringe Area:

1 April 2024

£1,013

Outer Fringe Area:

1 April 2024

£706

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