

Item

STATEMENT OF ACCOUNTS 2020/21 – SUPPLEMENTARY REPORT

To:

Civic Affairs Committee – 22 September 2021

Report by:

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Wards affected:

None directly affected

1. Overview

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

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

2. Recommendations

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

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

3. Amendments

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

Pensions Adjustment:

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

Shared Waste Service – Understatement of Income and Expenditure:

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

- Group Comprehensive Income and Expenditure – page 72

Missing Related Party:

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

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

4. Pensions Adjustment

4.1 The return on plan assets has increased from £46.6 million to £50.0 million, meaning that the total actuarial movement in the pension liability has reduced from £39.6 million to £36.1 million.

4.2 The net liability for the pension fund on the balance sheet has reduced from £145.7 million to £142.2 million and unusable reserves has increased from £620.9 million to £624.4 million.

4.3 Within the revised report, the actuaries have also updated the sensitivity analysis table as disclosed on page 55 of the Statement of Accounts.

5. Shared Waste Services Adjustment

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

6. Related Party Transactions Adjustment

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

7. Implications

(a) Financial Implications

Included in the report above.

(b) Staffing Implications

None

(c) Equality and Poverty Implications

None

(d) Environmental Implications

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

(e) Procurement Implications

None

(f) Community Safety Implications

None

8. Consultation and communication considerations

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

9. Background papers

Background papers used in the preparation of this report:

- Statement of Accounts 2020/21

10. Appendices

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

11. Inspection of papers

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