

Cambridge City Council

Statement of Accounts

for the year ended 31 March 2022

Introduction

This Statement of Accounts gives an overview of the Council’s finances for the year ended 31 March 2022. 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 2021/22, 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 has been another year of disruption to council services as a result of the global Covid-19 pandemic. Restrictions waxed and waned, and whilst some services were largely unaffected, others (such as the Corn Exchange and live cultural events) were not able to operate normally for much of the year.

In addition, the UK has continued to experience the social and economic impacts of leaving the European Union, such as nationwide labour shortages in a number of sectors. This has also impacted upon council services, for example contributing towards a driver shortage which led to a temporary suspension of green waste collections.

Further new challenges which emerged towards the end of the year include the arrival of refugee guests from Ukraine, and the cost of living crisis and its impact on city residents. Meanwhile, the United Nations Climate Change Conference (COP26) highlighted the continuing and urgent need to tackle the greatest threats to our planet.

Against this challenging backdrop the Council has continued to work closely with partners and communities to achieve its objectives, and in the autumn produced a draft strategy to promote a green and sustainable recovery from the economic and social impacts of the pandemic.

During the year the Council has also entered a period of significant internal change as it launched the Our Cambridge transformation programme. This ambitious programme will transform and modernise the way the Council works, delivering a more customer focussed and efficient approach to service delivery, and a systems-based approach to delivering the Council’s vision in partnership with communities and stakeholders.

The disruption to services caused by Covid-19, and difficulties in recruiting and retaining staff, have contributed to the Council spending £3.5 million less than budgeted on delivering General Fund services. However, £0.9 million of this underspend will be carried forward to support the delivery of delayed work in 2022/23.

In the medium term, the Council is required to find annual savings on its General Fund budget of £6.9 million, much of which will be delivered through the Our Cambridge programme. Further information is set out in the Council’s [Budget Setting Report 2021/22](#)¹.

Alongside this, the Council collected £44.2 million 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.

¹ <https://democracy.cambridge.gov.uk/documents/s54960/Council%20Final%2025-2-2021%20Full%20report%20and%20appendices.pdf>

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 is 17.6% higher than in 2011, the fifth highest increase for a local authority area in England and Wales.
Around 15,000 people move to and leave the city each year from within the UK, partly due to the nearly 20,000 full time students that attend our world class university and colleges.
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.
Cambridge has one of the highest skilled workforces in the country, with 63.4% of working people having qualifications of NVQ Level 4 and above, compared to the national average of 43.1%.
Social mobility is an issue. Cambridge ranks 275th out of 324 local authorities across England and Wales in the Social Mobility Index.
Levels of homelessness are higher in Cambridge than the national average, with 13.7% of households owed a duty under the Homelessness Prevention Act compared to an average of 11.7% in England.
Cambridge has a strong, successful economy, including a globally significant cluster of hi-tech and bio-technology businesses. There are over 5,000 knowledge intensive companies with more than 61,000 employees and a combined revenue of over £15.5 billion in the sub-region.
Cambridge is also an attractive tourist destination – 7.6 million people visit the area annually, generating over £2 billion for the local economy. Cambridge is the tenth most popular international travel destination in the UK, with 450,000 international visitors in 2020.
In 2020/21, 9% of working age households were claiming council tax support and the fuel poverty rate in Cambridge (11% of households) is higher than the national average (10%).
The average house price in the city is £440,600, ranking second in the UK 20 City Index. Lower quartile prices are 13.9 times greater than lower quartile incomes.
42% of all households in the city live in private-rented homes. Private sector rents in the city across all property sizes are the highest in the Eastern region and considerably above the England average

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](#)² can be found on the Council's website.

Our Services

Our services have been reported to management and committees in the following portfolios during 2021/22:

Portfolio	Examples of services included
Strategy and External Partnerships	Chief Executive, Corporate Strategy, Democratic Services
Finance and Resources	Finance, Human Resources, Property Services, Transformation
General Fund Housing	Housing Strategy, Housing Development, Homelessness
Climate Change, Environment and City Centre	Waste and Recycling, Sustainable City, Licensing
Communities	Culture and Community, Sport and Recreation, Community Centres
Open Spaces, Sustainable Food and Community Wellbeing	Community Safety, Streets and Open Spaces
Planning Policy and Transport	Planning, Building Control, Parking Services
Housing Revenue Account	Services delivered as a landlord to the Council's residential tenants and leaseholders

Our Companies

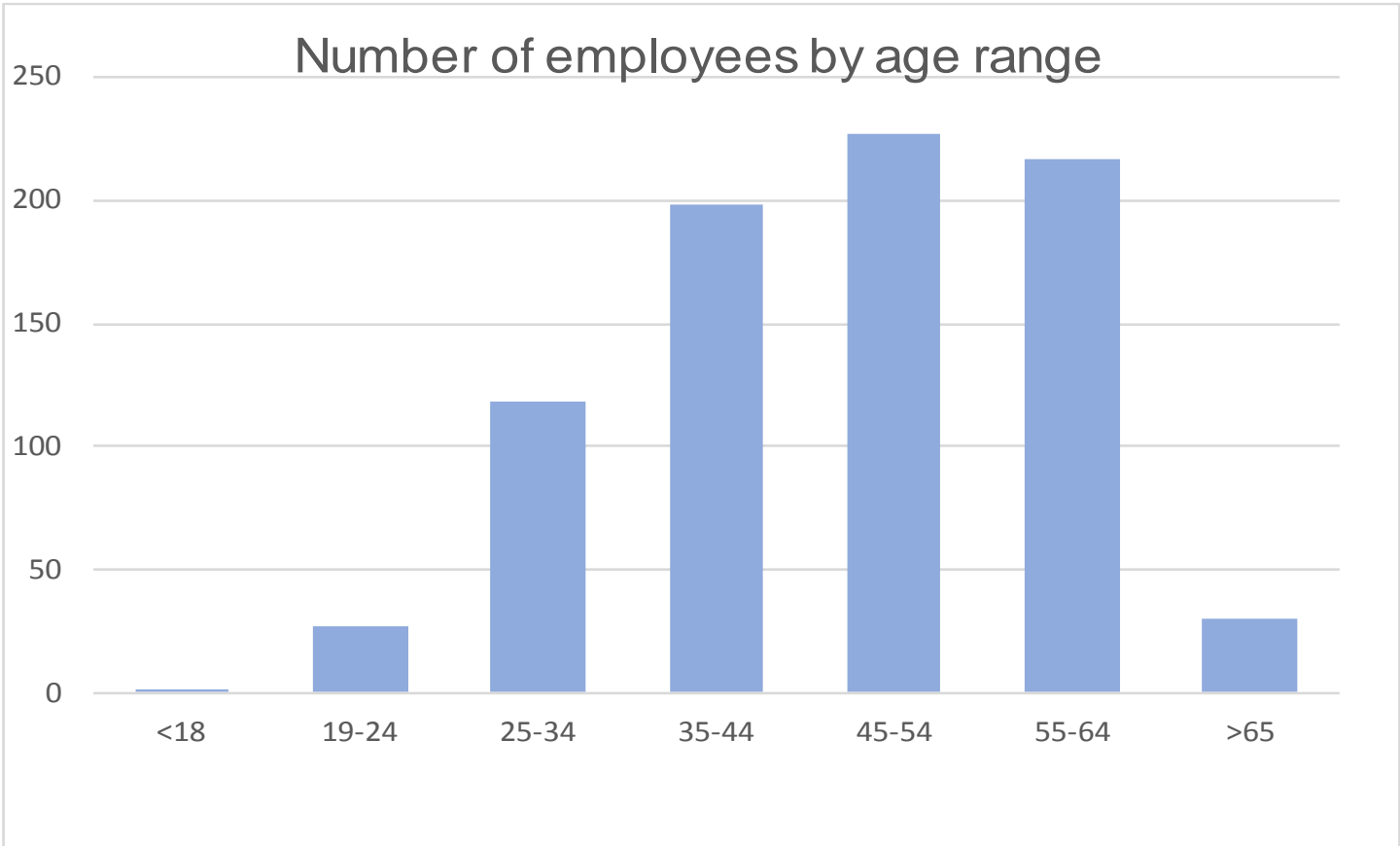
The council owns 100% of the shares of Cambridge City Housing Company, which provides housing for sub-market rents and other housing services in the city.

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 819 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 **626** full time and **193** part time employees

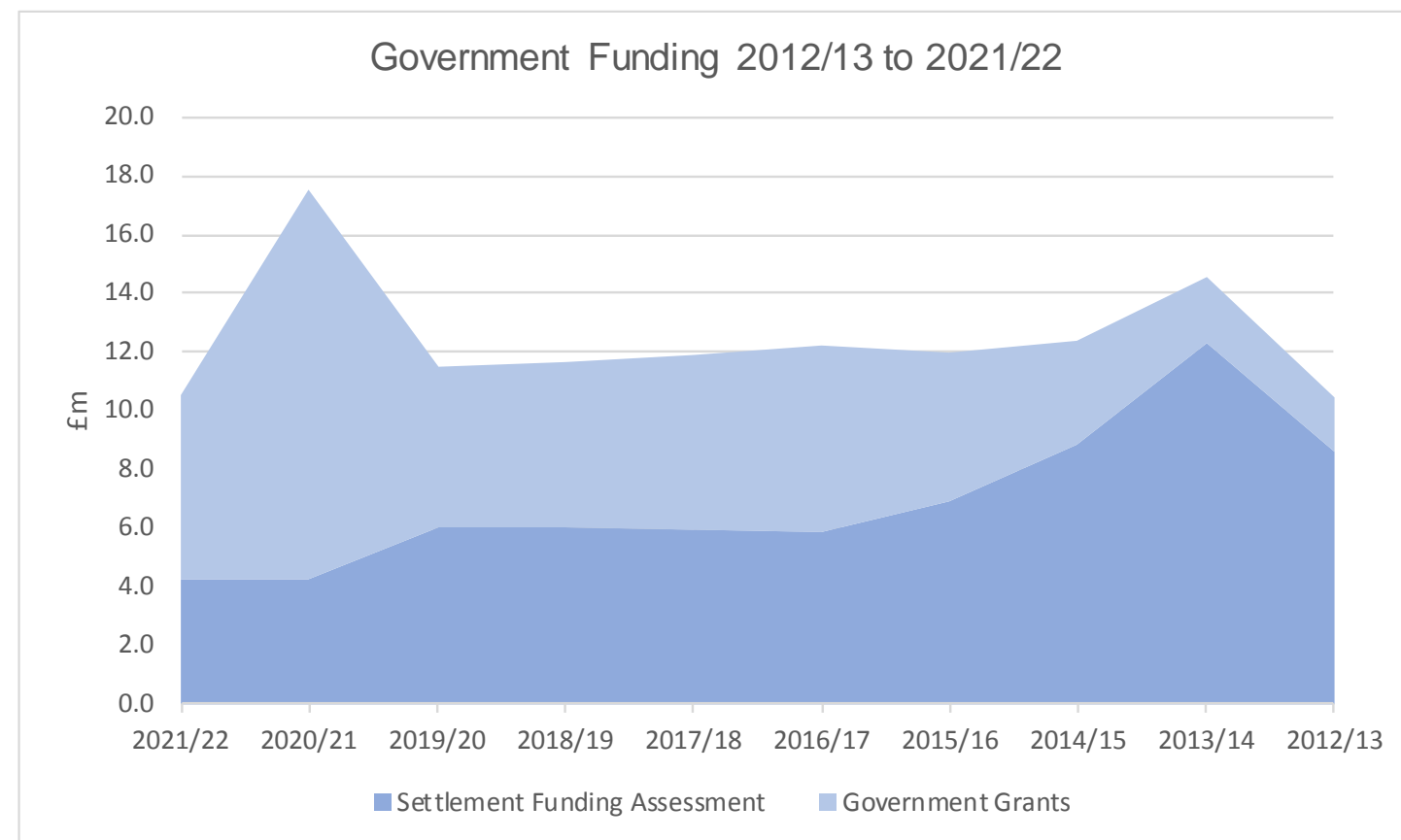
47.98% of our workforce are female and **52.02%** are male

41.3% 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 peak in government grants in 2020/21 is due to additional funding allocated to the Council as a result of the Covid-19 pandemic. Over ten years, core funding has reduced from 83% to 41% of total government funding for the Council.

² <https://www.cambridge.gov.uk/corporate-plan-2022-27-our-priorities-for-cambridge>



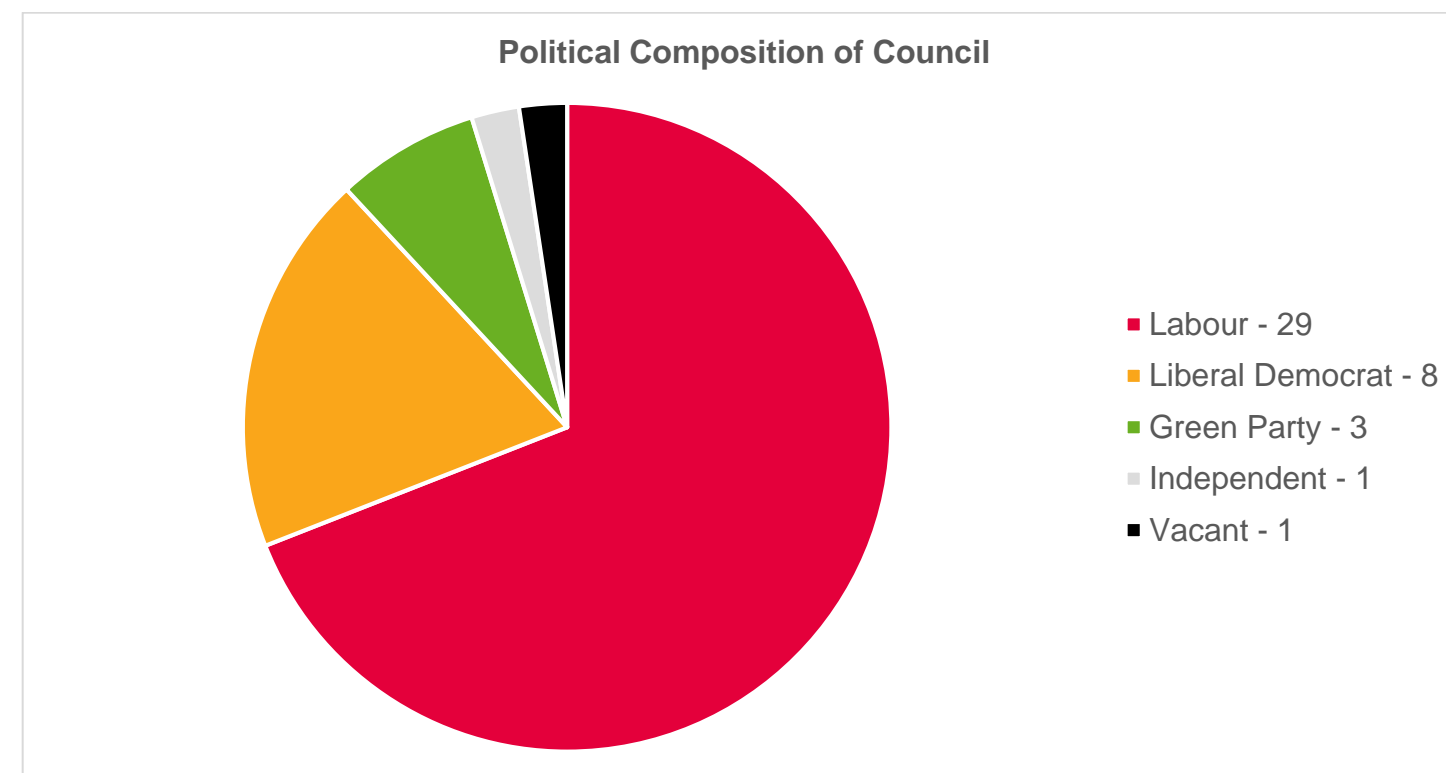
Our External Economic Outlook

The direct economic effects of the Covid-19 pandemic have lessened during 2021/22, as commercial and retail activities have increased. However, the Council continues to support businesses through the application of business rates reliefs and the distribution of Covid-related grants. Supply issues arising from the recovery and conflict in the Ukraine are causing high levels of inflation that continue to put pressure on budgets, for the Council, local households and businesses.

For some time, the government has been consulting on a number of proposals as part of the reform of local government funding, including a fairer funding methodology (distribution of funding within the sector), business rates retention and a business rates reset. No firm implementation dates have been announced for these reforms, giving rise to significant uncertainty in the levels of government funding that the Council will receive in future years.

How the Council is Governed

Cambridge City Council has 14 wards represented by 42 elected members (councillors). Councillors combine into political groups as follows:-



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](https://www.cambridge.gov.uk/constitution)³ can be found on the Council's website.

The [Annual Governance Statement 2021/22](https://www.cambridge.gov.uk/statement-of-accounts)⁴ 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 2021/22, and this remains at a similar level to the previous year.

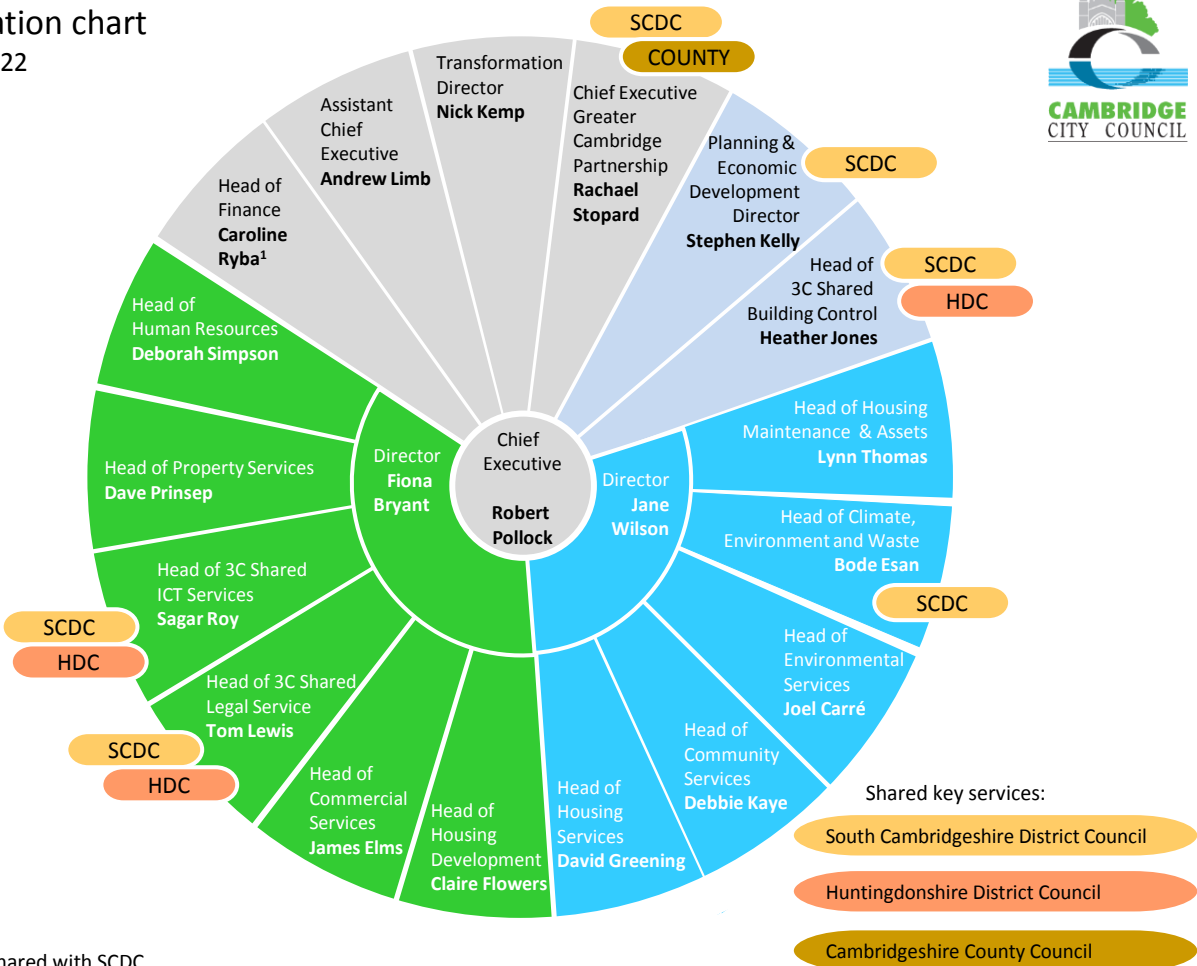
³ <https://www.cambridge.gov.uk/constitution>

⁴ <https://www.cambridge.gov.uk/statement-of-accounts>

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.

Organisation chart
January 2022



Performance

Highlights

The Annual Report on the Corporate Plan shows what was achieved in 2021/22 under the three priority themes during that year. The highlights are:

Tackling poverty and inequality and helping people in the greatest need
Paid £24.4 million in housing benefit and £8.2 million in council tax support
Supported food hubs to distribute over 204 tonnes of food through a total of 21,210 visits to food hubs
Provided energy advice to 178 households
Engaged over 350 people in the free Healthy You festival
Helped secure Region of Learning programme funding worth £1.6 million
Provided £695,770 in grants and contracts to deliver homelessness prevention
Prevented homelessness for 396 households
Delivered seven Housing First tenancies and six modular homes for rough sleepers
Achieved “started on site” for 546 new council homes, and gained approval for a further 83
Completed 30 new affordable homes on strategic growth sites, and 66 on other sites
Carried out £15.8 million of planned capital and revenue work on council homes
Delivered energy saving improvements to 100 council homes
Carried out over 12,000 responsive repairs
Investigated 136 complaints relating to houses in multiple occupation (HMOs)
Issued 132 mandatory HMO licences and revoked 18
Completed 33 estate improvement projects
Taken enforcement action against antisocial behaviour
Completed technical design for three new community centres
Awarded over £43,000 of section 106 funds to community groups & centres
Allocated £1.066 million of community grants
Supported volunteers by offering them time credits
Worked in partnership to resettle families from Afghanistan and Syria

Leading Cambridge’s responses to the climate change emergency and biodiversity crisis
Deployed a further five fast and rapid electric vehicle (EV) chargers for taxis
Planted over 1,400 trees
Increased the area of open spaces managed for biodiversity by 9.2 ha
Created 5,740 m ² of new perennial native wildflower meadow
Used £1.7 million of government funding to deliver heat pumps, additional solar panels and other energy efficiency measures at Parkside and Abbey Pools.
Undertaken 1,805 public realm environmental crime investigations
Carried out over 700 environmental health complaint investigations
Supported Cambridge Sustainable Food to attain Silver Award status for Cambridge
With our partners in the Greater Cambridge Partnership, invested £8.5 million to improve connectivity in Greater Cambridge, and £6.2 million in cycling and active travel schemes

Delivering quality services within financial constraints while transforming the Council
Dealt with 2,859 planning applications
Collected £82.3 million in council tax from 59,129 households
Collected £91 million in business rates from 4,418 businesses, and administered £36 million in Covid business grants and rate relief
Collected 1,248.5 tonnes of litter and bin waste from our parks and open spaces
Cleared 2,347 cases of fly-tipping
Inspected 269 food businesses
Attracted over £32,000 of donations to the Street Aid Fund to keep people off the street
Collected waste from over 50,000 bins, missing only 0.2% of bins
Collected over 43,000 tonnes of materials for recycling and composting
Saw 2.3 million visits to our car parks
Achieved a net income of £923,465 from the shared commercial waste service
Nearly 104,000 people attended our cultural and entertainment events
Carried out 20 corporate consultations
149,613 council transactions were conducted over the internet
Delivered 1,662 short online training sessions to help enhance digital skills
840 staff attended 110 learning and development courses
Reduced planning applications awaiting decision by around 1,000
Generated receipts from the disposal of property assets totalling £12.7 million
Supported the police in making 400 community engagements

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 2021/22 was a surplus of £8.9 million, compared to a budgeted deficit of £5.4 million (i.e. a total net underspend of £14.3 million). The main reasons for the variance were as follows:-

- During 2020/21, a significant provision was put aside to cover the costs of business rates appeals arising specifically in relation to Covid-19. The government has since legislated to rule out such claims, so the provision has now been released. The in year benefit to the General Fund was £8.6 million, although it should be noted that this reverses a loss previously recognised.
- There was a net underspend on services of £3.5 million, which is spread across a number of individual services as set out in the table above. This was caused by a variety of reasons, including difficulty recruiting staff to vacant posts, and higher than budgeted interest income from investments with joint ventures (due to higher than anticipated borrowing requirements). It should be noted that £0.9 million of the underspent amount will be carried forward to 2022/23 as approved by Council. Further details on individual service variances can be found in the [General Fund Outturn Report](#)⁵ on the Council’s website.
- There was a net underspend on General Fund capital financing of £1.2 million, due to capital slippage on a number of projects. This amount will be carried forward in its entirety to fund the capital works in future years.
- The Council received additional Covid-19 support grants totalling £1.1 million from central government which were not included in the budget.

The table below sets out 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).

⁵ [https://democracy.cambridge.gov.uk/documents/s59872/GF Outturn 21-22 Final v1.pdf](https://democracy.cambridge.gov.uk/documents/s59872/GF%20Outturn%2021-22%20Final%20v1.pdf)

	Original budget	Final budget	Overspend / (underspend)	Actual net expenditure	Accounting adjustments	Total chargeable to General Fund
	£'000	£'000	£'000	£'000	£'000	£'000
Strategy and External Partnerships	7,323	6,675	(1,460)	5,215	(200)	5,015
Finance and Resources	(5,026)	(4,496)	(1,596)	(6,092)	9,980	3,888
General Fund Housing	3,431	3,545	169	3,714	195	3,909
Climate Change, Environment and City Centre	5,143	5,889	232	6,121	(625)	5,496
Communities	7,848	7,487	(540)	6,947	(1,736)	5,211
Open Spaces, Sustainable Food and Community Wellbeing	2,428	5,358	(53)	5,305	(608)	4,697
Planning Policy and Transport	3,444	(120)	(253)	(373)	(1,101)	(1,474)
Total cost of services	24,591	24,338	(3,501)	20,837	5,905	26,742
Other income and expenditure	0	0	0	0	(9,577)	(9,577)
Capital expenditure financed from General Fund	1,458	1,458	(1,208)	250	421	671
Other capital adjustments	(6,347)	(6,013)	17	(5,996)	5,994	(2)
Contributions to earmarked reserves	1,722	5,722	584	6,306	(237)	6,069
Contribution to / (from) General Fund balance	(813)	(5,417)	14,534	9,117	(178)	8,939
Net spending requirement	20,611	20,088	10,426	30,514	2,328	32,842
Financed by:						
Council tax	(9,033)	(9,033)	0	(9,033)	0	(9,033)
Business rates settlement	(5,671)	(5,671)	(9,242)	(14,913)	0	(14,913)
New Homes Bonus	(3,458)	(3,458)	0	(3,458)	0	(3,458)
Other core government grants	(1,641)	(1,641)	(1,144)	(2,785)	(442)	(3,227)
Use of earmarked reserves	(23,882)	(25,694)	34	(25,660)	(1,886)	(27,546)
Collection Fund deficit repayment	23,074	25,409	(74)	25,335	0	25,335
Total financing	(20,611)	(20,088)	(10,426)	(30,514)	(2,328)	(32,842)

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 2021/22 was a surplus of £1.2 million, compared with a budgeted deficit of £14.1 million. The main reasons for the variance were as follows:-

- There was an underspend of £3.7 million on HRA expenditure, due mainly to fewer than expected backlog and responsive repairs, delays in the delivery of smoke and heat detector programmes, and a reduction in depreciation charges following a review of the remaining useful lives of council

dwellings. It should be noted that £1.4 million of the underspend will be carried forward to 2022/23 as agreed by Council – this is mainly to deliver housing repairs and maintenance which have been delayed.

- HRA contributions to capital expenditure were £20.9 million below budget due to delays in the delivery of the capital programme, brought about predominantly by materials and labour shortages following the Covid-19 pandemic. The full amount will be carried forward to fund the capital expenditure in future years. As a result, a budgeted contribution from earmarked reserves of £9.8 million to fund this expenditure was not yet required, and will instead be drawn down in future years as the spend is incurred.

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	(44,591)	(44,234)	(165)	(44,399)
Expenditure	30,200	31,059	(3,654)	27,405
Net cost of Housing Revenue Account services	(14,391)	(13,175)	(3,819)	(16,994)
Interest receivable	(231)	(146)	(95)	(241)
Interest payable	7,472	7,494	0	7,494
Capital expenditure financed from Housing Revenue Account	19,133	29,417	(20,930)	8,487
Transfer to / (from) earmarked reserves	(5,586)	(9,491)	9,575	84
(Surplus) / deficit for the year	6,397	14,099	(15,269)	(1,170)

Capital Programme

The outturn for the year on the Council's capital programme was as follows:-

	Original budget £'000	Final budget £'000	Actual net expenditure £'000	Overspend / (underspend) £'000	Carried forward to future years £'000	Overspend / (underspend) after carry forwards £'000
General Fund	41,760	102,461	23,294	(79,167)	71,909	(7,258)
Housing Revenue Account	67,845	61,080	37,804	(23,276)	22,055	(1,221)
Total capital programme	109,605	163,541	61,098	(102,443)	93,964	(8,479)

There are significant in-year underspends against capital budgets in both the General Fund and HRA. In most cases, this is due to the slippage of capital projects, and the budgets have been carried forward to fund the works in future years. The most significant underspends were as follows:-

- Park Street car park development – an underspend of £29.6 million due to initial delays to the start of the project. Mitigating actions have been taken and the project remains on track to complete on time.
- Cambridge Investment Partnership (CIP) loans – an underspend of £20.6 million. This budget represents the commitment that the Council has made to provide loan financing to CIP for the development of new build housing – however the timing and extent of the loans depends upon CIP's cash flow requirements. Of this amount, £14.1 million will be carried forwards, whilst the remaining £6.5 million is no longer required as the related development is almost complete.

- Depot relocation project – an underspend of £10.0 million. The deadline for moving from the current depot site has now been extended, and this budget will be carried forward to future years.
- HRA new build schemes – an underspend of £11.5 million. The programme has slipped due mainly to materials and labour shortages. Most of this amount will be required in future years and has been carried forwards.

Note that the total capital expenditure figure of £61.1 million above differs slightly from total capital expenditure recognised in the Council Financial Statements (£62.2 million – see note 29) due to the existence of accounting adjustments, including in relation to interest on CIP loans.

During the year, the Council generated £12.7 million of new capital receipts from the sale of properties, including investment properties and council dwellings (under the right-to-buy scheme). These receipts will be used to finance future capital expenditure. As at 31 March 2022, the Council's total reserves which are restricted by statute to capital purposes stood at £96.2 million.

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 2021/22 were as follows:-

	General Fund earmarked reserves £'000	Housing Revenue Account earmarked reserves £'000	Total earmarked reserves £'000
Balance at 1 April 2021	(51,243)	(17,267)	(68,510)
Contributions to earmarked reserves	(6,069)	(272)	(6,341)
Use of earmarked reserves to fund expenditure	27,546	188	27,734
Balance at 31 March 2022	(29,766)	(17,351)	(47,117)

The most significant movements were as follows:-

- A planned contribution from earmarked reserves of £25.4 million to fund the repayment of the Collection Fund deficit which arose during the Covid-19 pandemic. This deficit primarily relates to business rates lost through expanded retail discount – the Council was compensated in full for this by central government in 2020/21 and the funds put aside in an earmarked reserve in anticipation of this payment.

- A contribution of £3.9 million from the General Fund to cover the anticipated revenue costs of the Our Cambridge transformation programme.

Assets

The most significant assets on the Council's Balance Sheet are its property, plant and equipment (£953.0 million) and investment properties (£160.7 million). 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.

As at 31 March 2022 the Council held investments totalling £184.7 million (including loans 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 2022 totalled £30.2 million.

Liabilities

The Council has external borrowing of £213.6 million 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 £19.1 million in 2022/23, and a further £140.8 million over the subsequent 3 years, in order to fund its future capital programme. This is as set out in the [Treasury Management Strategy](#)⁶ 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.

There is a net liability on the Balance Sheet of £102.3 million in relation to the Local Government Pension Scheme (LGPS). This 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.

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 deficit of £17.9 million as at 31 March 2022, of which the Council's share is £6.8 million. This largely reflects business rates lost during the Covid-19 pandemic, which legislation required to be paid back over a 3 year period beginning in 2021/22. The Council has set aside funds in an earmarked reserve to cover its share of the outstanding deficit.

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 £5.7 million during the year, of which £5.4 million relates to CIP profits (which are yet to be distributed).

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](#)⁷ (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:

- Inability to recruit and retain staff with suitable skills, aptitude and abilities to meet the Council's needs.
- Failure to manage the impact of a pandemic.
- Inability to manage service delivery following an unforeseen event.
- Inability to maintain safeguarding systems and processes.
- Brexit has negative impact on city and Council.
- Cambridge's successful economy starts to fail.
- Failure to set and deliver a balanced budget.

Future Outlook

The Council's [Corporate Plan 2022 - 2027](#)⁸ sets out the current strategic priorities. The General Fund and Housing Revenue Account [Budget Setting Reports](#)⁹ 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 2022-23](#)⁹ assumes that there will be a significant impact on our funding levels, resulting in an annual estimated funding gap of £5.5 million in 2023/24, rising to £7.6

⁶ <https://democracy.cambridge.gov.uk/ielIssueDetails.aspx?IId=27584&Opt=3>

⁷ <https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CIId=116&MIId=3964&Ver=4>

⁸ <https://www.cambridge.gov.uk/corporate-plan-2022-27-our-priorities-for-cambridge>

⁹ <https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CIId=116&MIId=3965&Ver=4>

million in 2027/28. The Council has earmarked £3.9 million 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 £6.64 million based on our current understanding of financial risk. The balance on this reserve as at 31 March 2022 was £25.53 million, giving significant coverage for the programme to deliver the savings needed to achieve a balanced budget.

The Council has approved the following capital programme for the period 1 April 2022 to 31 March 2026 – note that this is in addition to the unspent 2021/22 capital budgets carried forward as set out on page 9:

	2022/23	2023/24	2024/25	2025/26
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
General Fund capital expenditure	36,734	49,554	15,190	19,411
Housing Revenue Account capital expenditure	96,204	67,598	150,717	195,882
Total capital expenditure	132,938	117,152	165,907	215,293
Financed by:				
Capital receipts	(10,339)	(15,867)	(6,447)	(1,203)
Other contributions (from capital and revenue resources)	(76,402)	(67,642)	(107,909)	(118,451)
Total capital financing to be applied	(86,741)	(83,509)	(114,356)	(119,654)
Total to be financed from internal and external borrowing	66,442	46,197	33,643	51,551

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 Head of Finance and Section 151 Officer.

The Head of Finance and Section 151 Officer's Responsibilities

The Head of Finance 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 Head of Finance 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 Head of Finance 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 2022, and of its expenditure and income for the year then ended.

Caroline Ryba
Head of Finance and Section 151 Officer
XX XXXX 2022

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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.

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	2021/22			2020/21 (Restated)		
		Gross expenditure £'000	Gross income £'000	Net expenditure £'000	Gross expenditure £'000	Gross income £'000	Net expenditure £'000
Strategy and External Partnerships		3,461	(360)	3,101	3,168	(214)	2,954
Finance and Resources		36,595	(31,095)	5,500	40,844	(37,668)	3,176
General Fund Housing		8,545	(3,251)	5,294	9,125	(4,451)	4,674
Climate Change, Environment and City Centre		10,202	(3,108)	7,094	11,981	(3,208)	8,773
Communities		14,685	(5,981)	8,704	12,614	(3,979)	8,635
Open Spaces, Sustainable Food and Community Wellbeing		7,418	(1,026)	6,392	7,215	(1,120)	6,095
Planning Policy and Transport		13,172	(11,367)	1,805	13,487	(5,528)	7,959
Housing Revenue Account		21,196	(43,596)	(22,400)	36,450	(42,904)	(6,454)
Cost of services		115,274	(99,784)	15,490	134,884	(99,072)	35,812
Other operating income and expenditure	9	1,134	(6,208)	(5,074)	1,712	0	1,712
Financing and investment income and expenditure	10	13,111	(17,190)	(4,079)	13,156	(13,404)	(248)
Taxation and non-specific grant income	11	0	(31,995)	(31,995)	0	(66,371)	(66,371)
(Surplus) / deficit on the provision of services	1	129,519	(155,177)	(25,658)	149,752	(178,847)	(29,095)
(Surplus) / deficit on revaluation of non-current assets	15			(63,547)			(34,766)
Remeasurement of the net defined benefit liability	21			(47,627)			36,106
Other comprehensive (income) / expenditure				(111,174)			1,340
Total comprehensive (income) / expenditure				(136,832)			(27,755)

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 2020		(17,263)	0	(18,680)	(15,066)	(17,257)	(46,657)	(9,801)	(23,362)	(148,086)	(650,587)	(798,673)
Movement in reserves during 2020/21:												
Total comprehensive income and expenditure	CIES	(255)	0	0	(28,840)	0	0	0	0	(29,095)	1,340	(27,755)
Adjustments between accounting basis and funding basis under statutory provisions	12	(31,639)	0	0	25,476	0	6,444	(3,846)	(21,310)	(24,875)	24,875	0
Transfers to / from earmarked reserves	13	32,563	(31,809)	(754)	10	(10)	0	0	0	0	0	0
(Increase) / decrease in year		669	(31,809)	(754)	(3,354)	(10)	6,444	(3,846)	(21,310)	(53,970)	26,215	(27,755)
Balance at 31 March 2021		(16,594)	(31,809)	(19,434)	(18,420)	(17,267)	(40,213)	(13,647)	(44,672)	(202,056)	(624,372)	(826,428)
Movement in reserves during 2021/22:												
Total comprehensive income and expenditure	CIES	(4,345)	0	0	(21,313)	0	0	0	0	(25,658)	(111,174)	(136,832)
Adjustments between accounting basis and funding basis under statutory provisions	12	16,883	0	0	20,059	0	(2,926)	2,106	3,138	39,260	(39,260)	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	(150,434)	(136,832)
Balance at 31 March 2022		(25,533)	(6,377)	(23,389)	(19,590)	(17,351)	(43,139)	(11,541)	(41,534)	(188,454)	(774,806)	(963,260)

Balance Sheet

	Note	31 March 2022		31 March 2021 (Restated)	
		£'000	£'000	£'000	£'000
Property, plant and equipment	15	952,957		850,092	
Heritage assets		669		669	
Investment property	16	160,682		158,594	
Intangible assets		812		844	
Loans to joint ventures	17	38,476		50,469	
Loan to subsidiary	17	7,500		7,500	
Other long-term investments	17	22,451		17,053	
Long-term debtors		1,119		6,489	
Long-term assets			1,184,666		1,091,710
Investment property held for sale	16	620		3,525	
Short-term investments	17	116,235		83,161	
Short-term debtors	18	15,347		52,809	
Inventories		194		198	
Cash and cash equivalents	CFS	30,208		14,303	
Current assets			162,604		153,996
Short-term borrowing	17	(82)		(82)	
Short-term creditors	19	(63,863)		(59,126)	
Provisions	20	(4,051)		(4,209)	
Current liabilities			(67,996)		(63,417)
Long-term borrowing	17	(213,572)		(213,572)	
Long-term receipts in advance		(105)		(80)	
Net defined benefit pension liability	21	(102,337)		(142,209)	
Long-term liabilities			(316,014)		(355,861)
Net assets			963,260		826,428
Usable reserves	MIRS	(188,454)		(202,056)	
Unusable reserves	14	(774,806)		(624,372)	
Total reserves			(963,260)		(826,428)

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.

Prior year short-term debtors and creditors have been adjusted to reflect the nature of the arrangements with central government in relation to non-domestic rates. These arrangements require discrete balances due to/from government to be settled separately rather than being set against one another to form a single payment or receipt. In the previous year's Statement of Accounts, the Balance Sheet as at 31 March 2021 presented amounts due to government in relation to non-domestic rates as a net balance. This has been corrected in the restated column in line with the treatment applied to correctly recognise the equivalent balances as at 31 March 2022. There is no change to the total net assets previously reported.

Caroline Ryba
Head of Finance and Section 151 Officer
XX XXXX 2022

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	2021/22		2020/21	
		£'000	£'000	£'000	£'000
Net surplus on the provision of services	CIES	25,658		29,095	
Adjust net surplus on the provision of services for non-cash movements	22	22,851		60,646	
Adjust for items included in the net surplus on the provision of services that are investing and financing activities	22	(22,290)		(42,022)	
Net cash flows from operating activities			26,219		47,719
Investing activities:					
Purchase of property, plant and equipment, investment property and intangible assets		(50,429)		(39,825)	
Purchase of short-term and long-term investments		(197,640)		(67,700)	
Proceeds from the sale of property, plant and equipment, assets held for sale, investment property and intangible assets		15,465		6,099	
Proceeds from short-term and long-term investments		174,747		55,587	
Capital grants received		19,321		43,482	
Other receipts / (payments) from investing activities		25		24	
Net cash flows from investing activities			(38,511)		(2,333)
Financing activities	23		28,197		(42,673)
Net increase / (decrease) in cash and cash equivalents			15,905		2,713
Cash and cash equivalents at the beginning of the year:					
Overnight money market funds		13,500		11,000	
Bank accounts		786		574	
Cash held by the Council		17		16	
Total cash and cash equivalents at the beginning of the year			14,303		11,590
Cash and cash equivalents at the end 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 end of the year			30,208		14,303

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	2021/22					2020/21 (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
Strategy and External Partnerships		5,015	0	(1,914)	0	3,101	5,128	10	(2,184)	0	2,954
Finance and Resources		3,888	1,029	583	0	5,500	1,353	1,510	378	(65)	3,176
General Fund Housing		3,909	531	854	0	5,294	3,918	344	412	0	4,674
Climate Change, Environment and City Centre		5,496	794	804	0	7,094	7,712	650	411	0	8,773
Communities		5,211	2,079	1,414	0	8,704	5,452	2,507	676	0	8,635
Open Spaces, Sustainable Food and Community Wellbeing		4,697	1,050	645	0	6,392	4,700	1,092	303	0	6,095
Planning Policy and Transport		(1,474)	1,369	1,910	0	1,805	5,175	1,796	988	0	7,959
Housing Revenue Account		(8,033)	(15,023)	656	0	(22,400)	(9,769)	3,479	(116)	(48)	(6,454)
Net cost of services		18,709	(8,171)	4,952	0	15,490	23,669	11,388	868	(113)	35,812
Other income and expenditure		(7,425)	(16,889)	2,803	(19,637)	(41,148)	(58,927)	(36,010)	2,410	27,620	(64,907)
(Surplus) / deficit		11,284	(25,060)	7,755	(19,637)	(25,658)	(35,258)	(24,622)	3,278	27,507	(29,095)
Opening General Fund and HRA balance	MIRS	(103,524)					(68,266)				
Closing General Fund and HRA balance	MIRS	(92,240)					(103,524)				

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

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.

Note 2 – Accounting Policies

1 General Principles

This Statement of Accounts summarises the Council’s transactions for the 2021/22 financial year and its financial position at the year-end of 31 March 2022. 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 2021/22 (‘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 31 March 2024, the Council has carried out forecasting of income and expenditure, the impact on reserve balances, and cash flows.

The 2022/23 Budget Setting Report (BSR) forecasts a General Fund balance of £24.2 million at 31 March 2023 and £25.0 million at 31 March 2024. The BSR also includes an alternative scenario where required savings targets are not met, which results in a General Fund balance of £19.7 million at 31 March 2023 and £13.5 million at 31 March 2024. In both cases, the balance remains well above the Council’s prudent minimum balance of £6.6 million.

Cash flow forecasting demonstrates positive liquid cash balances throughout the going concern period, with no expectation of external borrowing other than to support the planned capital programme. This is consistent with the Capital Strategy.

The Council therefore has a reasonable expectation that it will have adequate resources to continue its operations and maintain provision of services throughout the going concern period.

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 2021/22.

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 is 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.

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 2.7% (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 liability is analysed into the following components:

Component	Description	Accounting Treatment
<u>Service costs</u>		
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
<u>Remeasurements</u>		
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	
<u>Other</u>		
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 negative balance on the Pensions Reserve therefore measures the benefit to the General Fund and HRA of being required to account for retirement benefits on the basis of cash flows, rather than as benefits are earned by employees.

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.

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 2022/23, and therefore apply to the Council with effect from 1 April 2022. Neither are anticipated to have a material impact on the Statement of Accounts 2022/23:

- Annual Improvements to IFRS Standards 2018-2020 – amendments to IFRS 1 (First-time adoption), IAS 37 (Onerous contracts), IFRS 16 (Leases) and IAS 41 (Agriculture)
- Amendments to IAS 16 (Property, Plant and Equipment) – Proceeds before Intended Use

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 2022 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 2022 £'000	31 March 2021 £'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.	952,957	850,092	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.	160,682	158,594	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.	(3,863)	(4,059)	20
Net defined benefit pension 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.	(102,337)	(142,209)	21

Note 6 – Events After the Reporting Period

This audited Statement of Accounts was authorised for issue by the Head of Finance and Section 151 Officer on **XX XXXX 2022**. 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 2022, the figures in the accounts and notes have been adjusted to reflect the impact of this information.

Note 7 – Income and Expenditure Analysed by Nature

	Note	2021/22 £'000	2020/21 £'000
Income			
Fees, charges and other service income	8	(66,038)	(57,292)
Interest and investment income	10	(15,577)	(11,863)
Income from council tax and business rates	11	(4,754)	7,080
Government grants and contributions	27	(62,600)	(116,772)
Gain on disposal of non-current assets	9	(6,208)	0
Total income		(155,177)	(178,847)
Expenditure			
Employee benefits expenses		41,942	37,977
Other service expenses		66,688	72,543
Depreciation, amortisation and impairment		8,144	26,254
Interest payments and investment expenses	10	11,611	11,619
Payments to the housing capital receipts pool	9	1,134	1,359
Total expenditure		129,519	149,752
(Surplus) / deficit on the provision of services		(25,658)	(29,095)

Included within other service expenses is expenditure associated with housing benefits of £28.4 million (2020/21: £30.5 million). Within the CIES, this is included within Finance and Resources expenditure.

Note 8 – Segmental Fees, Charges and Other Service Income

	2021/22 £'000	2020/21 £'000
Strategy and External Partnerships	(176)	(117)
Finance and Resources	(730)	(682)
General Fund Housing	(1,326)	(1,474)
Climate Change, Environment and City Centre	(2,545)	(2,729)
Communities	(4,443)	(2,335)
Open Spaces, Sustainable Food and Community Wellbeing	(799)	(627)
Planning Policy and Transport	(11,352)	(5,487)
Housing Revenue Account	(43,053)	(42,300)
Financing and investment income	(1,614)	(1,541)
Total fees, charges and other service income	(66,038)	(57,292)

Last 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

	2021/22		2020/21	
	Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
(Gains) / losses on the disposal of non-current assets	(6,208)	0	0	353
Payments to government housing capital receipts pool	0	1,134	0	1,359
Total other operating income and expenditure	(6,208)	1,134	0	1,712

Note 10 – Financing and Investment Income and Expenditure

	2021/22		2020/21	
	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	2,803	0	2,410
Interest receivable and similar income	(2,170)	0	(2,483)	0
Investment property income and expenditure	(9,290)	1,314	(9,734)	1,715
Changes in fair value of investment property	(1,661)	0	444	0
(Gains) / losses on financial instruments classified as fair value through profit or loss	(2,456)	0	(90)	0
Trading account income and expenditure	(1,613)	1,500	(1,541)	1,537
Total financing and investment income and expenditure	(17,190)	13,111	(13,404)	13,156

Note 11 – Taxation and Non-Specific Grant Income

	2021/22		2020/21	
	£'000	£'000	£'000	£'000
Council tax		(9,126)		(8,664)
Business rates:				
Council share of business rates income collected	(32,890)		(21,518)	
Less tariff payable to central government	37,262		37,262	
Net retained business rates income		4,372		15,744
Non-ringfenced government grants		(17,711)		(37,178)
Capital grants and contributions		(9,530)		(36,273)
Total taxation and non-specific grant income		(31,995)		(66,371)

Net retained business rates income is negative for 2020/21 and 2021/22 due to the impact of expanded retail rates relief offered by central government in response to the Covid-19 pandemic. The Council has been 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.

	2021/22						2020/21						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	
<u>Adjustments for capital purposes</u>													
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:													
Depreciation, impairment and revaluation gains and losses on property, plant and equipment	(5,617)	6,701	0	(8,981)	0	7,897	(7,066)	(8,154)	0	(10,893)	0	26,113	Capital Adjustment Account
Amortisation of intangible assets	(129)	0	0	(118)	0	247	(85)	0	0	(56)	0	141	Capital Adjustment Account
Movements in the fair value of investment properties	1,626	35	0	0	0	(1,661)	(629)	185	0	0	0	444	Capital Adjustment Account
Capital grants and contributions	8,264	1,266	0	0	(9,530)	0	7,064	29,209	0	0	(36,273)	0	
Revenue expenditure funded from capital under statute	(1,108)	0	0	0	0	1,108	(811)	0	0	0	0	811	Capital Adjustment Account
Costs of disposal funded from capital receipts	0	(165)	165	0	0	0	0	(120)	120	0	0	0	
Carrying value of non-current assets and non-current assets held for sale written off on disposal	(3,423)	(3,129)	0	0	0	6,552	(523)	(5,590)	0	0	0	6,113	Capital Adjustment Account
Proceeds from the disposal of non-current assets and non-current assets held for sale (greater than £10,000)	5,193	7,528	(12,721)	0	0	0	659	5,027	(5,686)	0	0	0	
Amount payable into the housing capital receipts pool	(1,134)	0	1,134	0	0	0	(1,359)	0	1,359	0	0	0	
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:													
Minimum revenue provision for repayment of debt	306	0	0	0	0	(306)	306	0	0	0	0	(306)	Capital Adjustment Account
Financing of capital expenditure from usable reserves	368	8,487	29,979	11,205	12,668	(62,707)	1,715	4,794	11,040	7,103	14,963	(39,615)	Capital Adjustment Account
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(2,705)	0	0	2,705	0	0	(349)	0	0	349	Deferred Capital Receipts Reserve
Transfers on repayment of loans	(9)	0	(18,778)	0	0	18,787	0	0	(40)	0	0	40	Capital Adjustment Account
Total adjustments for capital purposes	4,337	20,723	(2,926)	2,106	3,138	(27,378)	(729)	25,351	6,444	(3,846)	(21,310)	(5,910)	
<u>Pensions adjustments</u>													
Reversal of pension costs charged to the Comprehensive Income and Expenditure Statement in accordance with IAS 19	(13,040)	(2,396)	0	0	0	15,436	(9,391)	(1,633)	0	0	0	11,024	Pensions Reserve
Insertion of contributions due under the pension scheme regulations	5,942	1,739	0	0	0	(7,681)	5,996	1,750	0	0	0	(7,746)	Pensions Reserve
Total pensions adjustments	(7,098)	(657)	0	0	0	7,755	(3,395)	117	0	0	0	3,278	
Total adjustments for capital purposes and pensions adjustments	(2,761)	20,066	(2,926)	2,106	3,138	(19,623)	(4,124)	25,468	6,444	(3,846)	(21,310)	(2,632)	

	2021/22						2020/21						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	
Total adjustments for capital purposes and pensions adjustments	(2,761)	20,066	(2,926)	2,106	3,138	(19,623)	(4,124)	25,468	6,444	(3,846)	(21,310)	(2,632)	
<u>Other statutory adjustments</u>													
Transfers between the General Fund and Housing Revenue Account under statutory provisions	7	(7)	0	0	0	0	40	(40)	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	(37)	0	0	0	0	37	32	0	0	0	0	(32)	Financial Instruments Adjustment Account
Council tax and business rates income	17,168	0	0	0	0	(17,168)	(27,497)	0	0	0	0	27,497	Collection Fund Adjustment Account
Fair value gains and losses on pooled investment funds	2,506	0	0	0	0	(2,506)	(155)	0	0	0	0	155	Pooled Investment Adjustment Account
Movements in the accumulated absences accrual	0	0	0	0	0	0	65	48	0	0	0	(113)	Accumulated Absences Account
Total other statutory adjustments	19,644	(7)	0	0	0	(19,637)	(27,515)	8	0	0	0	27,507	
Total adjustments between accounting basis and funding basis under statutory provisions	16,883	20,059	(2,926)	2,106	3,138	(39,260)	(31,639)	25,476	6,444	(3,846)	(21,310)	24,875	

Note 13 – Earmarked Reserves

	1 April 2020 £'000	Transfers In £'000	Transfers Out £'000	31 March 2021 £'000	Transfers In £'000	Transfers Out £'000	31 March 2022 £'000
General Fund							
Collection Fund deficit reserve	0	(31,809)	0	(31,809)	0	25,432	(6,377)
Earmarked for capital use	(4,678)	(1,501)	1,889	(4,290)	(975)	129	(5,136)
Greater Cambridge Partnership	(5,328)	(715)	901	(5,142)	(418)	346	(5,214)
Other shared / partnership working	(2,036)	(560)	517	(2,079)	(325)	370	(2,034)
Insurance Fund	(1,238)	(118)	0	(1,356)	0	37	(1,319)
Service specific reserves	(5,358)	(3,724)	2,649	(6,433)	(289)	1,212	(5,510)
Transformation	0	(101)	0	(101)	(4,062)	20	(4,143)
Other	(42)	0	9	(33)	0	0	(33)
Total General Fund earmarked reserves	(18,680)	(38,528)	5,965	(51,243)	(6,069)	27,546	(29,766)
Housing Revenue Account (HRA)							
Asset Repair and Renewal Reserves	(2,505)	(263)	234	(2,534)	(266)	188	(2,612)
Earmarked for HRA debt redemption / reinvestment	(14,705)	0	0	(14,705)	0	0	(14,705)
Other	(47)	(6)	25	(28)	(6)	0	(34)
Total HRA earmarked reserves	(17,257)	(269)	259	(17,267)	(272)	188	(17,351)

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.

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 2020		(577,071)	(170,271)	102,825	(3,490)	0	454	92	(3,126)	(650,587)
Other comprehensive income and expenditure:										
(Surplus) / deficit on revaluation of non-current assets	CIES	0	(34,766)	0	0	0	0	0	0	(34,766)
Remeasurement of the net defined benefit liability	CIES	0	0	36,106	0	0	0	0	0	36,106
Adjustments between accounting basis and funding basis under statutory provisions:										
Adjustments for capital purposes	12	(6,259)	0	0	0	0	0	0	349	(5,910)
Pensions adjustments	12	0	0	3,278	0	0	0	0	0	3,278
Other statutory adjustments	12	0	0	0	27,497	155	(113)	(32)	0	27,507
Transfers between unusable reserves:										
Difference between fair value depreciation and historic cost depreciation		(4,115)	4,115	0	0	0	0	0	0	0
Accumulated gains on non-current assets disposed of		(336)	336	0	0	0	0	0	0	0
Balance at 31 March 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	(63,547)	0	0	0	0	0	0	(63,547)
Remeasurement of the net defined benefit liability	CIES	0	0	(47,627)	0	0	0	0	0	(47,627)
Adjustments between accounting basis and funding basis under statutory provisions:										
Adjustments for capital purposes	12	(30,083)	0	0	0	0	0	0	2,705	(27,378)
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		(622,060)	(259,937)	102,337	6,839	(2,351)	341	97	(72)	(774,806)

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 2020:								
Gross carrying amount	608,549	155,804	26,662	7,184	1,339	0	36,296	835,834
Accumulated depreciation and impairment	0	(10,521)	(15,887)	(1,102)	0	0	0	(27,510)
Net book value	608,549	145,283	10,775	6,082	1,339	0	36,296	808,324
Additions	11,265	331	950	733	12	0	25,747	39,038
Disposals	(5,532)	0	(155)	(30)	0	0	0	(5,717)
Revaluation increases / (decreases) recognised in the revaluation reserve	29,576	5,180	0	0	0	10	0	34,766
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(8,228)	87	0	0	0	0	0	(8,141)
Assets reclassified (to) / from investment properties	0	0	0	0	0	0	(24)	(24)
Assets reclassified (to) / from intangible assets	0	0	0	0	0	0	(182)	(182)
Assets reclassified (to) / from other categories of property, plant and equipment	14,767	0	0	0	0	0	(14,767)	0
Depreciation charge	(10,593)	(5,011)	(2,170)	(198)	0	0	0	(17,972)
Balance at 31 March 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)
Revaluation increases / (decreases) recognised in the revaluation reserve	58,627	5,112	0	0	0	(192)	0	63,547
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	6,318	667	(21)	0	0	(7)	0	6,957
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 31 March 2022:								
Gross carrying amount	726,429	147,106	21,595	8,488	1,331	79	64,193	969,221
Accumulated depreciation and impairment	0	(1,302)	(13,456)	(1,506)	0	0	0	(16,264)
Net book value	726,429	145,804	8,139	6,982	1,331	79	64,193	952,957

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 2022	726,429	133,457	79	859,965
31 March 2021	0	6,314	0	6,314
31 March 2020	0	2,251	0	2,251
31 March 2019	0	2,620	0	2,620
31 March 2018	0	1,162	0	1,162
Total	726,429	145,804	79	872,312

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 2022 is £29,905,000 (31 March 2021: £29,070,000). 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 2022	31 March 2021
	£'000	£'000
Park Street car park redevelopment	84,717	90,803
New build dwellings	49,220	62,725
Capital works on existing dwellings	8,436	7,266
Meadows Community Centre and Buchan Street shops	3,269	5,972
Other property, plant and equipment	1,483	81
Total contractual commitments for property, plant and equipment	147,125	166,847

Note 16 – Investment Property

Movements on Balances

	Central Cambridge shopping centres <u>£'000</u>	Other retail <u>£'000</u>	Offices <u>£'000</u>	Industrial <u>£'000</u>	Land <u>£'000</u>	Leisure <u>£'000</u>	Other <u>£'000</u>	Total investment properties <u>£'000</u>	Investment properties held for sale <u>£'000</u>	Total <u>£'000</u>
Balance at 1 April 2020	21,975	32,180	13,000	26,690	37,386	1,000	30,491	162,722	0	162,722
Additions – subsequent expenditure	0	72	60	53	0	0	17	202	0	202
Unrealised revaluation gains / (losses)	(6,145)	(626)	(554)	3,697	1,755	780	649	(444)	0	(444)
Disposals	0	0	0	0	0	0	(385)	(385)	0	(385)
Transfers to investment property held for sale	0	(2,135)	0	0	0	0	(1,390)	(3,525)	3,525	0
Transfers (to) / from property, plant and equipment	0	0	24	0	0	0	0	24	0	24
Transfers between investment property classes	0	0	0	0	0	1,800	(1,800)	0	0	0
Balance at 31 March 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

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	6.20% - 6.75%
Other retail	Investment	Market rent (psf)	£7.00 - £45.70
		Market rent (area in terms of Zone A)	£20.00 - £136.00
		Yield	2.70% - 11.00%
Offices	Investment	Market rent (psf)	£12.00 - £26.50
		Yield	6.50% - 10.15%
Industrial	Investment	Market rent (psf)	£7.00 - £18.00
		Yield	6.37% - 8.24%
Land	Investment / Comparable	Market rent (per acre)	£200 - £50,000
		Net initial yield	2.70% - 5.71%
		Equivalent yield	5.30% - 5.70%
		£ / acre	£3,000 - £1,330,000
Leisure	Investment	Equivalent yield	7.59% - 8.25%
Other	Investment / Comparable	Yield	3.50% - 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:

	2021/22 £'000	2020/21 £'000
Rental income from investment property	(9,290)	(9,734)
Direct operating expenses arising from investment property	551	419
Net (gain) / loss	(8,739)	(9,315)

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 2022 £'000	31 March 2021 £'000
Not later than one year	6,623	5,883
Between one and five years	20,236	17,951
Later than five years	102,828	99,476
Total future minimum lease payments due under non-cancellable leases	129,687	123,310

The future minimum lease payments above do not include contingent rents. In 2021/22, contingent rents of £773,000 (2020/21: £1,589,000) 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 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Fair value through profit or loss	0	0	0	0	17,401	14,803	753	3,520	14,950	15,042	0	0	0	0	33,104	33,365
Amortised cost	38,476	50,469	7,500	7,500	5,050	2,250	51	8	101,285	68,119	30,208	14,303	5,569	6,330	188,139	148,979
Total financial assets	38,476	50,469	7,500	7,500	22,451	17,053	804	3,528	116,235	83,161	30,208	14,303	5,569	6,330	221,243	182,344
Assets not defined as financial instruments	0	0	0	0	0	0	315	2,961	0	0	0	0	9,778	46,479	10,093	49,440
Total	38,476	50,469	7,500	7,500	22,451	17,053	1,119	6,489	116,235	83,161	30,208	14,303	15,347	52,809	231,336	231,784

Financial Liabilities

	Long-term		Short-term				Total	
	Borrowing		Borrowing		Creditors			
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Amortised cost	(213,572)	(213,572)	(82)	(82)	(15,777)	(10,978)	(229,431)	(224,632)
Total financial liabilities	(213,572)	(213,572)	(82)	(82)	(15,777)	(10,978)	(229,431)	(224,632)
Liabilities not defined as financial instruments	0	0	0	0	(48,086)	(48,148)	(48,086)	(48,148)
Total	(213,572)	(213,572)	(82)	(82)	(63,863)	(59,126)	(277,517)	(272,780)

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:

	2021/22		2020/21	
	£'000	£'000	£'000	£'000
Net (gains) / losses on:				
Financial assets measured at fair value through profit or loss	(4,589)		(90)	
Financial assets measured at amortised cost	73		949	
Total net (gains) / losses		(4,516)		859
Interest revenue:				
Financial assets measured at fair value through profit or loss	(607)		(784)	
Financial assets measured at amortised cost	(1,563)		(1,699)	
Total interest revenue		(2,170)		(2,483)
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		808		5,870

The net gain on financial assets measured at fair value through profit or loss includes a gain on derecognition of £2,133,000 (2020/21: nil). This relates to contingent proceeds from the disposal of assets which were settled in full during the year, and is included within other operating income in the Comprehensive Income and Expenditure Statement.

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 2022 £'000	31 March 2021 £'000
Investments in pooled investment vehicles	Level 1	Unadjusted quoted prices in active markets for identical units	32,351	29,845
Soft loans	Level 3	Present value of likely future cash flows	753	815
Contingent proceeds from disposal of assets	Level 3	Present value of likely estimated sales proceeds	0	2,705
Total financial assets held at fair value			33,104	33,365

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 2.61% (2020/21: 2.15%).

	31 March 2022		31 March 2021	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets				
Loans to joint ventures	38,476	38,476	50,469	50,469
Loan to subsidiary	7,500	7,500	7,500	7,500
Other long-term investments	5,050	5,050	2,250	2,250
Long-term debtors	51	51	8	8
Short-term investments	101,285	101,285	68,119	68,119
Cash and cash equivalents	30,208	30,208	14,303	14,303
Short-term debtors	5,569	5,569	6,330	6,330
Total financial assets held at amortised cost	188,139	188,139	148,979	148,979
Financial liabilities				
Long-term borrowing	(213,572)	(249,087)	(213,572)	(271,424)
Short-term borrowing	(82)	(82)	(82)	(82)
Short-term creditors	(15,777)	(15,777)	(10,978)	(10,978)
Total financial liabilities held at amortised cost	(229,431)	(264,946)	(224,632)	(282,484)

Note 18 – Short-term Debtors

	31 March 2022	31 March 2021
	<u>£'000</u>	<u>(Restated)</u> <u>£'000</u>
Trade receivables	3,457	3,957
Prepayments	4,060	3,325
Other receivables	7,830	45,527
Total short-term debtors	15,347	52,809

Note 19 – Short-term Creditors

	31 March 2022	31 March 2021
	<u>£'000</u>	<u>(Restated)</u> <u>£'000</u>
Trade creditors	(606)	(894)
Receipts in advance	(11,453)	(6,146)
Other creditors	(51,804)	(52,086)
Total short-term creditors	(63,863)	(59,126)

Note 20 – Provisions and Contingencies**Provisions**

	Business rates appeals <u>£'000</u>	Other <u>£'000</u>	Total <u>£'000</u>
Balance at 1 April 2020	(4,200)	(219)	(4,419)
Additional provisions made	(2,987)	(133)	(3,120)
Amounts used	3,128	120	3,248
Unused amounts reversed	0	82	82
Balance at 31 March 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)

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 2022, 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.

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

	2021/22		2020/21	
	£'000	£'000	£'000	£'000
<u>Comprehensive Income and Expenditure Statement</u>				
Cost of services:				
Current service cost	12,822		8,505	
Past service costs (including settlements and curtailments)	(189)		109	
Financing and investment expenditure:				
Net interest expense	2,803		2,410	
Total charged to surplus on the provision of services	15,436		11,024	
Remeasurement of the net defined benefit liability:				
Return on plan assets (excluding amount included in net interest expense)	(18,262)		(50,019)	
Changes in demographic assumptions	(2,003)		84,854	
Changes in financial assumptions	(28,067)		4,653	
Other experience	705		(3,382)	
Total charged to other comprehensive income and expenditure	(47,627)		36,106	
Total charged to Comprehensive Income and Expenditure Statement	(32,191)		47,130	
<u>Movement in Reserves Statement – General Fund and Housing Revenue Account</u>				
Net charges included in surplus on the provision of services as above	15,436		11,024	
Reversal of net charges included in surplus on the provision of services	(15,436)		(11,024)	
Insertion of employer contributions due under the pension scheme regulations	7,681		7,746	
Total charged to General Fund and Housing Revenue Account	7,681		7,746	

Reconciliation of Plan Assets and Liabilities

	Plan assets		Plan liabilities		Net defined benefit liability	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance at 1 April	271,102	215,394	(413,311)	(318,219)	(142,209)	(102,825)
Current service cost	0	0	(12,821)	(8,505)	(12,822)	(8,505)
Past service costs (including settlements and curtailments)	(836)	0	1,025	(109)	189	(109)
Interest income and expense	5,490	4,923	(8,293)	(7,333)	(2,803)	(2,410)
Remeasurement of the net defined benefit liability:						
Return on plan assets (excluding amount included in net interest expense)	18,262	50,019	0	0	18,262	50,019
Changes in demographic assumptions	0	0	2,003	(4,653)	2,003	(4,653)
Changes in financial assumptions	0	0	28,067	(84,854)	28,067	(84,854)
Other experience	0	0	(705)	3,382	(705)	3,382
Contributions from employer	7,681	7,746	0	0	7,681	7,746
Contributions from employees	1,672	1,658	(1,672)	(1,658)	0	0
Benefits paid	(9,054)	(8,638)	9,054	8,638	0	0
Balance at 31 March	294,317	271,102	(396,654)	(413,311)	(102,337)	(142,209)

Fair Value of Plan Assets

	31 March 2022			31 March 2021		
	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	15,354	15,354	0	10,942	10,942
Private equity	0	28,398	28,398	0	25,236	25,236
Real estate – UK property	0	19,433	19,433	0	16,532	16,532
Real estate – Overseas property	0	2	2	0	3	3
Derivatives	0	(153)	(153)	0	(3,207)	(3,207)
Cash and cash equivalents	3,464	0	3,464	7,448	0	7,448
Investment funds and unit trusts:						
Equities	0	173,648	173,648	0	161,395	161,395
Bonds	0	31,187	31,187	0	30,006	30,006
Infrastructure	0	22,984	22,984	0	22,747	22,747
Total plan assets	3,464	290,853	294,317	7,448	263,654	271,102

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 2019, and the following significant assumptions:

	31 March 2022	31 March 2021
Pension increase rate (CPI)	3.20%	2.85%
Salary increase rate	3.70%	3.35%
Discount rate (for plan liabilities)	2.70%	2.00%
Longevity at 65:		
Current pensioners – men	22.0 years	22.2 years
Current pensioners – women	24.2 years	24.4 years
Future pensioners (aged 45 at last valuation date) – men	22.9 years	23.2 years
Future pensioners (aged 45 at last valuation date) – women	26.0 years	26.2 years
Take up of option to convert annual pension into retirement lump sum:		
In respect of service prior to April 2008	25%	25%
In respect of service since April 2008	64%	64%

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 2022	Approximate increase in plan liabilities	
	%	£'000
0.1% decrease in discount rate	2	7,679
1 year increase in member life expectancy	4	15,866
0.1% increase in salary increase rate	0	629
0.1% increase in pension increase rate (CPI)	2	6,993

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 2023.

The Council paid a deficit repair contribution of £8,905,000 in April 2020, covering the three year period ending 31 March 2023. This has been accounted for initially as a prepayment, and included within employer contributions across the three years. The amount included in employer contributions in 2021/22 is £2,965,000 (2020/21: £3,151,000), and the prepayment remaining at 31 March 2022 is £2,789,000 (31 March 2021: £5,754,000).

Employer contributions in 2022/23 (including the release of the final prepaid amount) are projected to be £7,022,000. As at the last full valuation date (31 March 2019), the weighted average duration of the Council's funded obligations is 21 years.

Note 22 – Cash Flows from Operating Activities

Cash flows from operating activities include the following amounts relating to interest and dividends:

	2021/22 £'000	2020/21 £'000
Interest received	1,753	1,258
Interest paid	(7,494)	(7,494)
Dividends received	584	661

Within the Cash Flow Statement, the surplus on the provision of services has been adjusted for the following items:

	2021/22 £'000	2020/21 £'000
Non-cash movements		
Depreciation	14,854	17,972
Impairment and downward valuations	0	8,585
Amortisation	247	141
(Decrease) / increase in impairment for bad debts	(154)	824
Increase in creditors	1,957	32,141
Decrease / (increase) in debtors	3,995	(7,157)
Decrease / (increase) in inventories	4	(11)
Movement in pension liability	7,755	3,278
Carrying amount of non-current assets and assets held for sale disposed of	6,552	6,102
Other non-cash items credited to surplus on the provision of services	(12,359)	(1,229)
Total adjustments to net surplus on the provision of services for non-cash movements	22,851	60,646
Items that are investing and financing activities		
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(12,760)	(5,749)
Capital grants receivable	(9,530)	(36,273)
Total adjustments from items included in the net surplus on the provision of services that are investing or financing activities	(22,290)	(42,022)

Note 23 – Reconciliation of Assets and Liabilities Arising from Financing Activities

	1 April 2020 £'000	Financing Cash Flows £'000	31 March 2021 £'000	Financing Cash Flows £'000	31 March 2022 £'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	(13,388)	37,162	23,774	(25,505)	(1,731)
Total liabilities from financing activities	(227,042)	37,162	(189,880)	(25,505)	(215,385)
Short-term debtors: business rates and council tax collected as an agent for others	0	5,511	5,511	(2,692)	2,819
Total assets from financing activities	0	5,511	5,511	(2,692)	2,819

Note 24 – Members' Allowances

The total of members' allowances and expenses paid in the year was £372,000 (2020/21: £358,000).

Note 25 – Officers' Remuneration

Senior Employees

	2021/22			2020/21		
	Salary, fees and allowances £	Pension contribution £	Total £	Salary, fees and allowances £	Pension contribution £	Total £
Chief Executive ¹	119,087	20,721	139,808	0	0	0
Chief Executive ²	0	0	0	71,149	11,622	82,771
Assistant Chief Executive and Head of Corporate Strategy ^{3,4}	79,326	13,803	93,129	78,154	13,599	91,753
Director of Enterprise and Sustainable Development ⁵	103,745	18,052	121,797	102,212	17,785	119,997
Director of Neighbourhoods and Communities ⁶	66,826	11,628	78,454	0	0	0
Strategic Director ⁷	37,816	5,928	43,744	102,212	17,785	119,997
Head of Finance and Section 151 Officer	79,326	13,803	93,129	77,824	13,599	91,423
Head of Transformation ⁸	62,620	10,857	73,477	78,154	13,599	91,753

¹ Joined on 19 April 2021

² Left on 30 September 2020

³ Previously known as Head of Corporate Strategy

⁴ In addition, £1,912 was paid in respect of elections work (2020/21: nil)

⁵ Previously known as Strategic Director

⁶ Appointed to current role on 12 July 2021 – remuneration from previous role (as a non-senior employee) is not included in the table above

⁷ Left on 31 July 2021

⁸ Left on 18 January 2022

In addition, there was 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 year is £31,646 (2020/21: £142,646).

The Council appointed a new Head of Transformation on 6 December 2021, who is paid through an agency arrangement. The cost for the year was £54,972.

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	2021/22 No. of employees	2020/21 No. of employees
£50,000 - £54,999	19	20
£55,000 - £59,999	13	6
£60,000 - £64,999	6	4
£65,000 - £69,999	1	1
£70,000 - £74,999	1	2
£75,000 - £79,999	9	8

Prior year figures have been restated to exclude senior employees for consistency.

Exit Packages

Exit package cost band (including special payments)	Total number of exit packages		Total cost of exit packages	
	2021/22 No.	2020/21 No.	2021/22 £'000	2020/21 £'000
£0 - £20,000	7	4	75	14
£20,001 - £40,000	0	2	0	59
£40,001 - £60,000	2	1	89	51
£60,001 - £80,000	0	1	0	72
£80,001 - £100,000	0	2	0	234
Total	9	10	164	430

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

In addition, the Council frequently places fixed term deposits with other local authorities for treasury management purposes. The total principal amount invested with other local authorities at 31 March 2022 (included within short-term investments) was £88,000,000 (31 March 2021: £62,000,000).

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 2021/22 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](#)¹⁰ 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:

¹⁰ <https://www.cambridge.gov.uk/councillors-duties-conduct-and-allowances>

Organisation	Relationship	Income from services provided		Grants paid to organisation		Year-end debtor / (creditor)	
		2021/22	2020/21	31 March 2022	31 March 2021	31 March 2022	31 March 2021
		£'000	£'000	£'000	£'000	£'000	£'000
Cambridge BID Ltd	One member is a director	(107)	(97)	47	11	(13)	6
Cambridge Sustainable Food CIC	Two members sit on Partnership Board	0	0	108	53	23	0
Granta Architects Ltd	One member is a director	0	0	2	8	0	0
Cherry Hinton Residents' Association	Three members sit on the Committee (including the Committee Chair)	0	0	1	0	0	0

The Council also paid Covid-19 support grants totalling £16,000 (2020/21: £46,000) to two (2020/21: one) non-profit organisations in which members have declared an interest. These were paid in the Council's capacity as a distributary agent for central government, therefore the Council had no discretion in determining the amounts to be paid and is fully reimbursed by central government (see note 27).

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 2021/22, the Council collected £1,038,000 (2020/21: £933,000) and paid £984,000 (2020/21: £848,000) to Cambridge BID. At 31 March 2022, the outstanding creditor balance in respect of levies due was £127,000 (31 March 2021: £99,000).

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	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Management fees and recharged costs	(281)	(380)	(64)	(41)	(145)	(137)
Rent and service charges	0	0	(27)	(32)	0	0
Section 106 capital contributions	(524)	(327)	0	0	0	0
Interest receivable on loans	(1,114)	(929)	(152)	(152)	0	0

	Cambridge Investment Partnership		Cambridge City Housing Company		Storey's Field Community Trust	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Capital expenditure – new development	9,601	20,147	0	0	0	0
Grants paid	0	0	0	0	0	1
Services provided	80	10	0	0	3	0
Payment for loss of rental income due to property voids	0	0	23	23	0	0

	Cambridge Investment Partnership		Cambridge City Housing Company		Storey's Field Community Trust	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Balance Sheet						
Loans	38,476	50,469	7,500	7,500	0	0
Short-term debtors	344	325	(4)	8	45	77
Short-term creditors	(958)	(1,363)	(15)	0	(1)	0

The Council also paid £16,000 (2020/21: £13,000) of Covid-19 support grants to Storey's Field Community Trust in the capacity of distributary agent for central government. The Council had no discretion in determining the amounts to be paid and is fully reimbursed by central government (see note 27).

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 2021/22 or 2020/21:

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

	2021/22		2020/21	
	£'000	£'000	£'000	£'000
<u>Credited to taxation and non-specific grant income</u>				
Covid-19 related grants and contributions:				
Business rates relief grant – retail discount and nursery relief	(10,065)		(22,834)	
Other Covid-19 related grants and contributions	(1,778)		(8,366)	
Other grants and contributions:				
Capital grants and contributions	(9,530)		(36,273)	
New Homes Bonus	(3,458)		(4,913)	
Business rates relief grant – other	(961)		(571)	
Other grants and contributions	(1,449)		(494)	
Total grants and contributions credited to taxation and non-specific grant income		(27,241)		(73,451)
<u>Credited to services</u>				
Covid-19 related grants and contributions:				
Direct support for businesses and individuals	(1,470)		(6,234)	
Other Covid-19 related grants and contributions	(1,554)		(3,214)	
Other grants and contributions:				
Housing benefit subsidy	(27,951)		(30,016)	
Other grants and contributions	(4,384)		(3,857)	
Total grants and contributions credited to services		(35,359)		(43,321)
Total grants and contributions		(62,600)		(116,772)

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
Balance at 1 April 2020	0	0	0
Cash received from central government	(42,551)	0	(8,832)
Cash distributed to grant recipients	37,163	0	8,832
Balance at 31 March 2021	(5,388)	0	0
Cash received from central government	(10,776)	(6,239)	(11,525)
Cash distributed to grant recipients	11,115	0	11,525
Cash repaid to central government	265	0	0
Balance at 31 March 2022	(4,784)	(6,239)	0

Note 28 – External Audit Costs

	2021/22 £'000	2020/21 £'000
Fees payable to EY for external audit services carried out by the appointed auditor for the year	50	40
Additional fees payable to EY for external audit services carried out by the appointed auditor for previous years	38	43
Fees payable to EY for the certification of grant claims and returns	8	15
Total fees payable to EY	96	98

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).

	2021/22		2020/21	
	£'000	£'000	£'000	£'000
Capital Financing Requirement at 1 April		286,451		275,431
Capital investment:				
Property, plant and equipment		51,110		39,038
Investment property		179		202
Intangible assets		214		245
Revenue expenditure funded from capital under statute		1,108		811
Capital loans advanced		9,569		10,645
Capital financing applied:				
Capital receipts		(29,979)		(11,040)
Capital grants and contributions		(12,668)		(14,963)
Major Repairs Reserve		(11,205)		(7,103)
Direct revenue contributions (towards in year capital investment)		(8,855)		(6,509)
Minimum revenue provision (towards historic unfinanced capital investment)		(306)		(306)
(Decrease) / increase in Capital Financing Requirement		(833)		11,020
Capital Financing Requirement at 31 March		285,618		286,451

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](#)¹¹ and [Capital Strategy](#)¹¹. 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 2022 (31 March 2021: 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:-

	2021/22	2020/21
	£'000	£'000
Balance at 1 April	(3,169)	(2,359)
Amounts written off	66	139
Other decrease / (increase) in credit loss allowance	(57)	(949)
Balance at 31 March	(3,160)	(3,169)

The maximum exposure to credit risk on receivables held at amortised cost is as follows:-

	31 March 2022			31 March 2021		
	Gross debtor £'000	Credit loss allowance £'000	Carrying value £'000	Gross debtor £'000	Credit loss allowance £'000	Carrying value £'000
Current and former tenants	2,432	(1,966)	466	2,271	(1,894)	377
Other debtors	6,348	(1,194)	5,154	7,236	(1,275)	5,961
Total	8,780	(3,160)	5,620	9,507	(3,169)	6,338

¹¹ <https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=116&MId=3965&Ver=4>

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 to be very low.

The maturity profile of the Council's borrowing is as follows:

	31 March 2022			31 March 2021		
	Principal repayments	Interest payments	Total payments	Principal repayments	Interest payments	Total payments
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
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	0	37,471	37,471	0	37,471	37,471
Between 15 and 20 years	53,393	33,766	87,159	42,714	35,250	77,964
Between 20 and 25 years	53,393	24,426	77,819	53,393	26,302	79,695
Between 25 and 30 years	53,393	15,020	68,413	53,393	16,903	70,296
Between 30 and 35 years	53,393	5,618	59,011	53,393	7,494	60,887
Between 35 and 40 years	0	0	0	10,679	374	11,053
Total	213,572	191,243	404,815	213,572	198,736	412,308

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 2022	Change in value considered reasonably possible	Impact on surplus on the provision of services of reasonably possible change in value
	<u>£'000</u>	<u>%</u>	<u>£'000</u>
Enhanced cash funds	14,950	2	299
Pooled investment vehicles	17,401	20	3,480

The change in value which is deemed reasonably possible has been based upon prior experience. The range of reasonably possible movements on pooled investment vehicles has been increased from 5% at 31 March 2021 to 20% at 31 March 2022. This follows a significant upwards movement in valuation experienced during 2021/22, which is deemed to increase the likelihood of similar large movements (upwards or downwards) in future years.

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.

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.

	2021/22		2020/21	
	£'000	£'000	£'000	£'000
Expenditure:				
Repairs and maintenance	10,336		8,801	
Supervision and management	7,615		7,571	
Rents, rates, taxes and other charges	278		138	
Depreciation, impairment and revaluation losses on non-current assets (net of reversals)	2,398		19,103	
Movement in the allowance for bad debts	132		523	
HRA share of corporate and democratic core costs	437		314	
Total expenditure		21,196		36,450
Income:				
Dwelling rents	(38,767)		(38,030)	
Non-dwelling rents	(846)		(816)	
Charges for services and facilities	(3,441)		(3,454)	
Contributions towards expenditure	(528)		(565)	
Reimbursement of costs	(14)		(39)	
Total income		(43,596)		(42,904)
Net income from HRA services as included in the Comprehensive Income and Expenditure Statement		(22,400)		(6,454)
HRA share of other income and expenditure included in the Comprehensive Income and Expenditure Statement:				
(Gain) / loss on sale of HRA non-current assets		(4,399)		563
Interest payable and similar charges		7,494		7,494
HRA interest and investment income		(742)		(1,234)
Capital grants and contributions		(1,266)		(29,209)
Surplus for the year on HRA services		(21,313)		(28,840)

Movement on the Housing Revenue Account Statement

	2021/22		2020/21	
	£'000	£'000	£'000	£'000
Surplus for the year on HRA services		(21,313)		(28,840)
Adjustments between accounting basis and funding basis under statutory provisions:				
Depreciation, impairment and revaluation gains and losses on property, plant and equipment	6,701		(8,154)	
Movements in the fair value of investment properties	35		185	
Capital grants and contributions	1,266		29,209	
Costs of disposal funded from capital receipts	(165)		(120)	
Gain / (loss) on sale of HRA non-current assets	4,399		(563)	
Capital expenditure funded by the HRA	8,487		4,794	
HRA share of contributions to / (from) the Pensions Reserve	(657)		117	
Transfers from the General Fund under statutory provisions	(7)		(40)	
Movements in the accumulated absences accrual	0		48	
Total adjustments between accounting basis and funding basis under statutory provisions		20,059		25,476
Net increase in HRA before transfers to / (from) earmarked reserves		(1,254)		(3,364)
Transfers to / (from) earmarked reserves		84		10
Increase in year in the HRA		(1,170)		(3,354)
Balance at 1 April		(18,420)		(15,066)
Balance at 31 March		(19,590)		(18,420)

Notes to the Housing Revenue Account Statements

1 Dwelling Stock

	31 March 2022 No.	31 March 2021 No.
Sheltered housing units	514	513
Shared ownership properties (whole property equivalent)	45	47
Other houses and bungalows	3,530	3,536
Other flats and maisonettes	3,111	3,054
Total dwelling stock (whole property equivalent)	7,200	7,150

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 2022 £'000	31 March 2021 £'000	2021/22 £'000	2020/21 £'000
Property, plant and equipment:				
Council dwellings	726,429	639,804	8,694	10,593
Other land and buildings	10,258	10,312	152	169
Vehicles, plant, furniture and equipment	107	109	19	31
Infrastructure assets	4,586	4,094	116	100
Assets under construction	50,804	45,494	0	0
Total property, plant and equipment	792,184	699,813	8,981	10,893
Investment property	6,599	5,919	0	0
Intangible assets	354	353	118	56
Total non-current assets	799,137	706,085	9,099	10,949

The value of council dwellings at 1 April 2021, based upon vacant possession, was £1,684 million (1 April 2020: £1,601 million). 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:

	2021/22 £'000	2020/21 £'000
Capital expenditure:		
Property, plant and equipment	40,692	33,976
Investment property	44	10
Intangible assets	119	184
Total capital expenditure	40,855	34,170
Financed by:		
Capital receipts	(10,454)	(7,974)
Capital grants and contributions	(10,709)	(14,299)
Major Repairs Reserve	(11,205)	(7,103)
Direct revenue contributions	(8,487)	(4,794)
Total capital financing applied	(40,855)	(34,170)

4 Capital Receipts

The following amounts have been received from the disposal of HRA non-current assets:

	2021/22 £'000	2020/21 £'000
Capital receipts from the disposal of:		
Council dwellings	7,486	5,027
Other land	42	0
Total capital receipts	7,528	5,027
Payments to the central government housing capital receipts pool	(1,134)	(1,359)
Total capital receipts retained by Council	6,394	3,668

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 2022 were £2,432,000 (31 March 2021: £2,271,000). At 31 March 2022, a net provision for bad debt of £1,966,000 was held on the Balance Sheet (31 March 2021: £1,894,000).

Collection Fund Statement

	Note	Council tax		Business rates	
		2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<u>Income</u>					
Council tax and business rates receivable from taxpayers		(85,173)	(82,265)	(88,063)	(62,119)
Transfers from General Fund in respect of locally funded discounts		(83)	(912)	0	0
Contributions towards previous year's collection fund deficit:					
Cambridge City Council		(178)	0	(25,157)	0
Cambridgeshire County Council		(1,195)	0	(5,660)	0
Cambridgeshire and Peterborough Police and Crime Commissioner		(204)	0	0	0
Cambridgeshire and Peterborough Fire Authority		(63)	0	(629)	0
Central government		0	0	(31,446)	0
<u>Expenditure</u>					
Council tax precepts and shares of business rates income distributed:					
Cambridge City Council		9,033	9,001	43,111	47,112
Cambridgeshire County Council		60,933	60,417	9,700	10,600
Cambridgeshire and Peterborough Police and Crime Commissioner		10,778	10,342	0	0
Cambridgeshire and Peterborough Fire Authority		3,201	3,204	1,078	1,178
Central government		0	0	53,889	58,890
Distribution of previous year's collection fund surplus:					
Cambridge City Council		0	30	0	4,480
Cambridgeshire County Council		0	197	0	1,008
Cambridgeshire and Peterborough Police and Crime Commissioner		0	33	0	0
Cambridgeshire and Peterborough Fire Authority		0	11	0	112
Central government		0	0	0	5,600
Other expenditure:					
Transitional protection payment payable to central government		0	0	322	610
Impairment of debts		451	3,324	862	470
Movement in business rates appeals provision		0	0	(491)	(352)
Allowable collection costs payable to General Fund		0	0	239	237
Total movement on fund balance		(2,500)	3,382	(42,245)	67,826
Collection Fund deficit / (surplus) at 1 April		3,633	251	59,032	(8,794)
Collection Fund deficit at 31 March		1,133	3,633	16,787	59,032

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 2022 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 deficit		Business rates deficit	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
Cambridge City Council	124	395	6,715	23,612
Cambridgeshire County Council	827	2,644	1,511	5,313
Cambridgeshire and Peterborough Police and Crime Commissioner	137	453	0	0
Cambridgeshire and Peterborough Fire Authority	45	141	167	591
Central government	0	0	8,394	29,516
Total deficit	1,133	3,633	16,787	59,032

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	
	2021/22 £	2020/21 £
Cambridge City Council	207.50	202.50
Cambridgeshire County Council	1,399.77	1,359.18
Cambridgeshire and Peterborough Police and Crime Commissioner	247.59	232.65
Cambridgeshire and Peterborough Fire Authority	73.53	72.09
Total council tax due per band D property	1,928.39	1,866.42

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 for 2021/22 was calculated as follows:-

Valuation band	2021/22				2020/21			
	Total dwellings	Equivalent dwellings after discounts, reliefs and exemptions	Ratio to band D	Band D equivalent dwellings	Total dwellings	Equivalent dwellings after discounts, reliefs and exemptions	Ratio to band D	Band D equivalent dwellings
	No.	No.		No.	No.	No.		No.
A	4,263	3,223	6/9	2,149	4,246	2,781	6/9	1,854
B	10,674	8,803	7/9	6,847	10,567	8,662	7/9	6,737
C	20,050	17,655	8/9	15,693	19,940	17,476	8/9	15,534
D	10,197	8,900	1	8,900	10,094	8,661	1	8,661
E	5,858	5,090	11/9	6,221	5,812	5,035	11/9	6,154
F	3,766	3,339	13/9	4,823	3,734	3,285	13/9	4,745
G	3,235	2,740	15/9	4,567	3,228	2,715	15/9	4,525
H	493	306	18/9	612	490	307	18/9	614
Total	58,536	50,056		49,812	58,111	48,922		48,824
Adjustments to tax base				(6,281)				(4,373)
Forecast tax base for 2021/22				43,531				44,451

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 2022 was £305,237,704 (31 March 2021: £309,654,357). The standard business rates multiplier for 2021/22 as set by central government was 51.2p (2020/21: 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	2021/22			2020/21 (Restated)		
		Gross expenditure £'000	Gross income £'000	Net expenditure £'000	Gross expenditure £'000	Gross income £'000	Net expenditure £'000
Strategy and External Partnerships		3,461	(360)	3,101	3,168	(214)	2,954
Finance and Resources		36,595	(31,083)	5,512	40,844	(37,668)	3,176
General Fund Housing		8,522	(3,228)	5,294	9,102	(4,430)	4,672
Climate Change, Environment and City Centre		10,202	(3,108)	7,094	11,981	(3,208)	8,773
Communities		14,685	(5,981)	8,704	12,614	(3,979)	8,635
Open Spaces, Sustainable Food and Community Wellbeing		7,418	(1,026)	6,392	7,215	(1,120)	6,095
Planning Policy and Transport		13,172	(11,367)	1,805	13,487	(5,528)	7,959
Housing Revenue Account		21,196	(43,577)	(22,381)	36,450	(42,868)	(6,418)
Other group housing services		120	(337)	(217)	129	(325)	(196)
Cost of services		115,371	(100,067)	15,304	134,990	(99,340)	35,650
Other operating income and expenditure		1,134	(6,208)	(5,074)	1,712	0	1,712
Financing and investment income and expenditure		13,111	(17,028)	(3,917)	13,156	(13,245)	(89)
Taxation and non-specific grant income		0	(31,995)	(31,995)	0	(66,371)	(66,371)
(Surplus) / deficit on the provision of services		129,616	(155,298)	(25,682)	149,858	(178,956)	(29,098)
Share of the (surplus) / deficit on the provision of services by joint ventures	3			(5,406)			(759)
Group (surplus) / deficit				(31,088)			(29,857)
(Surplus) / deficit on revaluation of non-current assets				(63,774)			(34,810)
Remeasurement of the net defined benefit liability				(47,627)			36,106
Other comprehensive (income) / expenditure				(111,401)			1,296
Total comprehensive (income) / expenditure				(142,489)			(28,561)

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.

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 2020	(17,263)	0	(18,680)	(15,066)	(17,257)	(46,657)	(9,801)	(23,362)	(148,086)	(650,587)	(798,673)	(534)	(799,207)
Movement in reserves during 2020/21:													
Total comprehensive income and expenditure	(98)	0	0	(28,804)	0	0	0	0	(28,902)	1,340	(27,562)	(999)	(28,561)
Adjustments between Group accounts and Council accounts	(157)	0	0	(36)	0	0	0	0	(193)	0	(193)	193	0
Net (increase) / decrease before transfers	(255)	0	0	(28,840)	0	0	0	0	(29,095)	1,340	(27,755)	(806)	(28,561)
Adjustments between accounting basis and funding basis under statutory provisions	(31,639)	0	0	25,476	0	6,444	(3,846)	(21,310)	(24,875)	24,875	0	0	0
Transfers to / from earmarked reserves	32,563	(31,809)	(754)	10	(10)	0	0	0	0	0	0	0	0
(Increase) / decrease in year	669	(31,809)	(754)	10	(10)	0	0	0	0	0	0	0	0
Balance at 31 March 2021	(16,594)	(31,809)	(19,434)	(18,420)	(17,267)	(40,213)	(13,647)	(44,672)	(202,056)	(624,372)	(826,428)	(1,340)	(827,768)
Movement in reserves during 2021/22:													
Total comprehensive income and expenditure	(4,171)	0	0	(21,294)	0	0	0	0	(25,465)	(111,174)	(136,639)	(5,850)	(142,489)
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	(4,345)	0	0	(21,313)	0	0	0	0	(25,658)	(111,174)	(136,832)	(5,657)	(142,489)
Adjustments between accounting basis and funding basis under statutory provisions	16,883	0	0	20,059	0	(2,926)	2,106	3,138	39,260	(39,260)	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	(150,434)	(136,832)	(5,657)	(142,489)
Balance at 31 March 2022	(25,533)	(6,377)	(23,389)	(19,590)	(17,351)	(43,139)	(11,541)	(41,534)	(188,454)	(774,806)	(963,260)	(6,997)	(970,257)

Group Balance Sheet

	Note	31 March 2022		31 March 2021 (Restated)	
		£'000	£'000	£'000	£'000
Property, plant and equipment	4	961,080		857,989	
Heritage assets		669		669	
Investment property		160,682		158,594	
Intangible assets		812		844	
Loans to joint ventures		38,476		50,469	
Investments in joint ventures	3	6,165		759	
Other long-term investments		22,451		17,053	
Long-term debtors		1,119		6,489	
Long-term assets		1,191,454		1,092,866	
Investment property held for sale		620		3,525	
Short-term investments		116,235		83,161	
Short-term debtors		15,363		52,820	
Inventories		194		198	
Cash and cash equivalents		30,514		14,565	
Current assets		162,926		154,269	
Short-term borrowing		(82)		(82)	
Short-term creditors		(63,882)		(59,164)	
Provisions		(4,051)		(4,209)	
Current liabilities		(68,015)		(63,455)	
Long-term borrowing		(213,572)		(213,572)	
Long-term receipts in advance		(105)		(80)	
Net defined benefit pension liability		(102,337)		(142,209)	
Other long-term liabilities		(94)		(51)	
Long-term liabilities		(316,108)		(355,912)	
Net assets		970,257		827,768	
Usable reserves		(194,508)		(202,669)	
Unusable reserves		(775,749)		(625,099)	
Total reserves		(970,257)		(827,768)	

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.

Prior year short-term debtors and creditors have been adjusted to reflect the nature of the arrangements with central government in relation to non-domestic rates. These arrangements require discrete balances due to/from government to be settled separately rather than being set against one another to form a single payment or receipt. In the previous year's Statement of Accounts, the Balance Sheet as at 31 March 2021 presented amounts due to government in relation to non-domestic rates as a net balance. This has been corrected in the restated column in line with the treatment applied to correctly recognise the equivalent balances as at 31 March 2022. There is no change to the total net assets previously reported.

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.

	2021/22		2020/21	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Net surplus on the provision of services	25,682		29,098	
Adjust net surplus on the provision of services for non-cash movements	22,871		60,709	
Adjust for items included in the net surplus on the provision of services that are investing and financing activities	(22,290)		(42,003)	
Net cash flows from operating activities		26,263		47,804
Investing activities:				
Purchase of property, plant and equipment, investment property and intangible assets	(50,429)		(39,825)	
Purchase of short-term and long-term investments	(197,640)		(67,700)	
Proceeds from the sale of property, plant and equipment, assets held for sale, investment property and intangible assets	15,465		6,099	
Proceeds from short-term and long-term investments	174,747		55,587	
Capital grants received	19,321		43,482	
Other receipts and payments from investing activities	25		24	
Net cash flows from investing activities		(38,511)		(2,333)
Financing activities		28,197		(42,692)
Net increase / (decrease) in cash and cash equivalents		15,949		2,779
Cash and cash equivalents at the beginning of the year:				
Overnight money market funds	13,500		11,000	
Bank accounts	1,048		770	
Cash held by the Council	17		16	
Total cash and cash equivalents at the beginning of the year		14,565		11,786
Cash and cash equivalents at the end 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 end of the year		30,514		14,565

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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Income	(44,660)	(50,826)	(32,918)	(16,852)	(32,907)	0	0	0	(110,485)	(67,678)
Expenditure	44,294	50,123	26,440	13,520	29,494	6	3	5	100,231	63,654
(Profit) / loss from continuing operations and total comprehensive income	(366)	(703)	(6,478)	(3,332)	(3,413)	6	3	5	(10,254)	(4,024)
Council share (50%)	(183)	(351)	(3,239)	(1,666)	(1,707)	3	2	2	(5,127)	(2,012)
Adjustments in respect of unrealised losses	0	301	0	1,137	3	(3)	(2)	(2)	1	1,433
Movements in provision for unrealised profit	0	0	(280)	(180)	0	0	0	0	(280)	(180)
Share of the (surplus) / deficit on the provision of services by joint ventures recognised in the Group Comprehensive Income and Expenditure Statement	(183)	(50)	(3,519)	(709)	(1,704)	0	0	0	(5,406)	(759)

	Cambridge Investment Partnership LLP		CIP (Mill Road Development) LLP		CIP (Cromwell Road) LLP		CIP Orchard Park L2 LLP		Total	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Current assets	12,618	21,526	13,784	10,653	39,951	45,819	3,607	2,255	69,960	80,253
Current liabilities (including members' loans)	(12,152)	(21,426)	(4,885)	(8,232)	(36,544)	(45,825)	(3,615)	(2,260)	(57,196)	(77,743)
Members' capital (classified as a liability)	466	100	8,899	2,421	3,407	(6)	(8)	(5)	12,764	2,510
Council share (50%)	233	50	4,449	1,210	1,704	(3)	(4)	(2)	6,382	1,255
Adjustments in respect of unrealised losses	0	0	0	0	0	3	4	2	4	5
Provision for unrealised profit	0	0	(221)	(501)	0	0	0	0	(221)	(501)
Investments in joint ventures recognised in the Group Balance Sheet	233	50	4,228	709	1,704	0	0	0	6,165	759
Included in current assets above:										
Cash and cash equivalents	396	81	3,546	82	297	31	1,703	115	5,942	309
Current financial liabilities (excluding trade and other payables)	9,633	18,485	0	5,240	27,797	27,473	3,051	2,258	40,481	53,456

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 2020:								
Gross carrying amount	608,549	163,731	26,662	7,184	1,339	0	36,296	843,761
Accumulated depreciation and impairment	0	(10,521)	(15,887)	(1,102)	0	0	0	(27,510)
Net book value	608,549	153,210	10,775	6,082	1,339	0	36,296	816,251
Additions	11,265	331	950	733	12	0	25,747	39,038
Disposals	(5,532)	0	(155)	(30)	0	0	0	(5,717)
Revaluation increases / (decreases) recognised in the revaluation reserve	29,576	5,224	0	0	0	10	0	34,810
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(8,228)	124	0	0	0	0	0	(8,104)
Assets reclassified (to) / from investment properties	0	0	0	0	0	0	(24)	(24)
Assets reclassified (to) / from intangible assets	0	0	0	0	0	0	(182)	(182)
Assets reclassified (to) / from other categories of property, plant and equipment	14,767	0	0	0	0	0	(14,767)	0
Depreciation charge	(10,593)	(5,122)	(2,170)	(198)	0	0	0	(18,083)
Balance at 31 March 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	58,627	5,221	0	0	0	(192)	0	63,656
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	6,318	895	(21)	0	0	(7)	0	7,185
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)	(3,869)	(2,190)	(213)	0	0	0	(14,965)
Balance at 31 March 2022:								
Gross carrying amount	726,429	155,229	21,595	8,488	1,331	79	64,193	977,344
Accumulated depreciation and impairment	0	(1,302)	(13,456)	(1,506)	0	0	0	(16,264)
Net book value	726,429	153,927	8,139	6,982	1,331	79	64,193	961,080

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 2022	726,429	141,580	79	868,088
31 March 2021	0	6,314	0	6,314
31 March 2020	0	2,251	0	2,251
31 March 2019	0	2,620	0	2,620
31 March 2018	0	1,162	0	1,162
Total	726,429	153,927	79	880,435

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 2022 £'000	31 March 2021 £'000
Cambridge Investment Partnership LLP	0	25
CIP (Mill Road Development) LLP	1,295	1,780
CIP (Cromwell Road) LLP	6,108	12,798
CIP Orchard Park L2 LLP	4,121	0
Total	11,524	14,603

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 2022			31 March 2021		
	Maximum facility £'000	Amount utilised £'000	Unutilised commitment £'000	Maximum facility £'000	Amount utilised £'000	Unutilised commitment £'000
Cambridge Investment Partnership LLP	28,000	(8,992)	19,008	28,000	(16,627)	11,373
CIP Orchard Park L2 LLP	8,000	(558)	7,442	0	0	0
Total	36,000	(9,550)	26,450	28,000	(16,627)	11,373

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 of 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