



*Conington (small village in South Cambridgeshire)*

## South Cambridgeshire District Council

### Draft Statement of Accounts 2021/22

Please note that figures are rounded to the nearest thousand (where applicable) throughout the document and may not sum due to rounding

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# Narrative Statement

## 1. Introduction

This report has been compiled to provide a summary of the development and performance of the Council over the financial year, outline planned future developments in service delivery including revenue and capital investment plans and to provide assistance in understanding the financial statements and the Council's financial position.

## 2. Key Facts about South Cambridgeshire

South Cambridgeshire is a vibrant rural district at the heart of the rapidly growing East of England region. We are home to world-leading centres of science and technology such as Granta Park, the Babraham Institute and Genome Campus at Hinxton, to the Imperial War Museum at Duxford and some of England's oldest villages and newest and most exciting modern communities.

South Cambridgeshire is the second largest and most populous district in Cambridgeshire covering approximately 350 square miles of countryside, completely surrounding Cambridge City.

It is largely rural with most of the population of around 162,000 living in small, relatively isolated, outlying rural settlements, and with larger settlements situated on strategic routes into Cambridge such as Histon, Milton and Cambourne, and Cambridge Fringe developments such as Orchard Park and Trumpington Meadows. It is at the centre of a number of important corridors of growth; London-Stansted-Cambridge, Norwich-Cambridge and Oxford-Cambridge. Cambourne is the largest settlement, with approximately 12,350 residents, and construction at Northstowe and Waterbeach has begun, both of which will become significant towns in the district.

Overall, South Cambridgeshire is a prosperous area with high levels of economic activity and low levels of unemployment. The district forms part of the Cambridge Sub-Region. It is also a key location within the London-Stansted-Cambridge corridor and on the key Oxford to Cambridge Arc. The district is a key contributor to the growth that makes Greater Cambridge a major driver of UK economic prosperity, competing for inward investment on a global stage with areas such as Massachusetts, California, Europe and the Far East.

## 3. South Cambridgeshire District Council Business Plan 2019-2024

The Business Plan 2019-2024 is the document that sets out the Council's vision and strategic objectives, providing the context for the agreement of financial strategies and subsequent departmental budgets to deliver them. The Plan contains:

- Our Vision for the district;
- Four Strategic Objectives setting out how the Vision will be achieved, delivered through 20 key actions;
- What we will do to achieve each objective, and what success will look like;
- Key performance measures.

Our Strategic Objectives are as follows:

Growing Local Businesses and Economies - We will support businesses of all sizes, including rural enterprise and farming, to help create new jobs and opportunities near to where people live.

Housing that is truly affordable for everyone to live in - We will build vibrant communities in locations where people have good access to facilities and good transport links, so they can genuinely afford to live a happy and healthy life.

Being Green to our Core - We will create a cleaner, greener and zero-carbon future for our communities.

A Modern and Caring Council - We will provide our customers with high-quality services, strive to reduce costs, build on what we are good at to generate our own income, and make decisions in a transparent, open and inclusive way.



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## Current and Future Developments

The high level priorities are underpinned by a number of more detailed actions going forward that help ensure the priorities are being met.

With regard to growing local businesses and economies the immediate objective is to provide support to local business through a support team and promoting the local area enterprise zones. Other longer term objectives have also been set which involve partnership working to promote the district in terms of tourism and business support, encouraging shopping locally and providing affordable housing for essential and key workers.

With regard to housing that is truly affordable for everyone to live in, the Council has set an ambitious house building programme to deliver up to 75 new council homes per annum by 2022/23 and improve the energy efficiency of existing dwellings. Plans also include improving liaison with Parish Council's regarding potential housing development in their area. There are also plans to combat homelessness and be a significant partner driving the new town development at Northstowe.

The Council is committed to reducing its carbon footprint and this is driven by the green to our core priority. Improving recycling rates, trialling electric waste vehicles with a view to greening the fleet, carrying out works at the Council offices to improve energy efficiency and generate our own power through renewable energy and stem the increasing incidence of fly tipping across the district. Longer term aims look at promoting cycling, walking and the use of public transport to, where possible, move people away from car use and further promote recycling, waste reduction and deter fly tipping.

With regard to a modern and caring council, the objectives look at increasing efficiency with more reliance on technology, streamlining processes generally, signposting customers to the use of on-line forms and generating more income from Council activities to support service delivery. Longer term aims look at supporting voluntary groups to deliver local projects and developing members to better equip them to serve their local communities.

## Performance and Plans

The following link, [Performance and Plans](#), provides information on the Council's KPI performance and business plan actions update for each quarter since 2018-19.

### 4. Political and Management Structure

South Cambridgeshire District Council was represented by a total of 57 Councillors until May 2018. Following a boundary review the number reduced to 45. During 2021/22, the breakdown of councillors by political group was as follows:

Liberal Democrat	31
Conservative	11
Independent Group	1
Labour	2

The Council operates a Leader and Cabinet model of governance under which the Leader of the Council, elected by the whole Council to serve a four-year term of office, appoints a Cabinet of up to ten councillors, each of which are given a Portfolio to reflect a corporate priority. The Cabinet implements the strategic policy and budgetary framework agreed by all Councillors each February. It is held to account by the Scrutiny and Overview Committee which comprises of 14 members and met 9 times during the financial year.

The Council's Leadership Team is responsible for ensuring that the plans agreed by Council and Cabinet are delivered. At 31 March 2022, the Team consisted of the Chief Executive and Head of Paid Service (Liz Watts), supported by:

# Narrative Statement

- Chief Operating Officer – Anne Ainsworth
- Head of Finance, Section 151 Officer - Peter Maddock
- Head of Transformation – Jeff Membery
- Head of Housing – Peter Campbell
- Director of Shared Planning (Joint with Cambridge City Council) – Stephen Kelly
- Head of Climate, Waste and Environment (Joint with Cambridge City Council) – Bode Esan
- Monitoring Officer – Rory McKenna

The Council's three statutory officers are as follows:

- Head of Paid Service - Liz Watts
- Head of Finance, Section 151 Officer - Peter Maddock
- Monitoring Officer – Rory McKenna

Further details about these arrangements, and how they operated during 2021/22, are set out in the Annual Governance Statement accompanying these Accounts.

## 5. Summary of Financial Performance

The financial year began with the setting of the budget in February 2021. The following sections describe the actual performance against this budget. The Council incurs both revenue and capital expenditure. The revenue account, known as the General Fund, bears the cost of providing day to day services. The capital account shows the net cost of transactions to buy or sell land, property or other assets, build new property, make improvements and provide grants or loans to other bodies to undertake this type of activity. The tables below show the outturn position and variances for the General Fund (services for the whole community) and the Housing Revenue Income and Expenditure Account (Council housing). The overall financial position of the Council is reflected in its Comprehensive Income & Expenditure Account and its Balance Sheet shown in these Statement of Accounts.

When the budget for the financial year ending 31 March 2022 was set in February 2021, the surplus was estimated at £10,000 (Appropriation to General Fund Balance line). The budget was revised to a surplus of £3.213m in the year. The actual outturn reported to cabinet was a surplus of £2.955m.

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General Fund Summary	Revised Budget	Reported Outturn	Revised Outturn	Difference	Variance
Net Expenditure	2021/22	2021/22	2021/22	Reported vs Revised Outturn	Revised Budget vs Revised Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Portfolio</b>					
Chief Executive	2,086	2,135	2,136	1	50
Head of Climate, Environment & Waste	7,947	8,089	8,203	114	256
Head of Finance	3,604	3,050	6,924	3,874	3,320
Head of Housing	1,727	2,036	1,857	(179)	130
Director of Greater Cambridge Shared Planning	4,917	6,259	6,334	75	1,417
Head of Transformation, HR & Corporate Services	3,019	3,303	3,303	0	284
<b>Operational Net Cost</b>	<b>23,300</b>	<b>24,872</b>	<b>28,757</b>	<b>3,885</b>	<b>5,457</b>
Income from Investments	(4,785)	(4,804)	(4,804)	0	(19)
Other Levies and Contributions	1,828	1,959	1,958	(1)	130
Interest Payable (Inc. HRA)	1,183	1,345	1,383	38	200
Accounting Reversals	1,180	(3,653)	(4,474)	(821)	(5,654)
Appropriation to/(from) Earmarked Reserves	(1,185)	1,313	(1,887)	(3,200)	(702)
<b>Net Operational Budgets</b>	<b>(1,779)</b>	<b>(3,840)</b>	<b>(7,824)</b>	<b>(3,984)</b>	<b>(6,045)</b>
<b>Total Expenditure</b>	<b>21,521</b>	<b>21,032</b>	<b>20,933</b>	<b>(99)</b>	<b>(588)</b>
Government Grants	(2,443)	(2,546)	(2,627)	(81)	(184)
Council Tax	(9,998)	(9,998)	(10,182)	(184)	(184)
Business Rates Income	(11,751)	(10,952)	(10,588)	364	1,163
Business Rates Pool Gain	(1,168)	(1,117)	(1,117)	0	51
Covid Support Grant	(634)	(634)	(634)	0	0
Business Rates - Collection Fund Surplus	1,373	1,373	1,373	0	0
Council Tax - Collection Fund Surplus	(113)	(113)	(113)	0	0
<b>Income from Taxation and Government Grants</b>	<b>(24,734)</b>	<b>(23,987)</b>	<b>(23,888)</b>	<b>99</b>	<b>846</b>
<b>Appropriation (to)/from General Fund</b>	<b>(3,213)</b>	<b>(2,955)</b>	<b>(2,955)</b>	<b>(0)</b>	<b>258</b>

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## Housing Revenue Account

The Housing Revenue Account (HRA) summarises the transactions relating to the provision, management and maintenance of Council houses and flats. Although this account is also included within the core financial statements it represents such a significant proportion of the services provided by the Council that it is a requirement that it has a separate account. The account has to be self-financing and there is a prohibition on cross subsidising to or from the council tax payer. The HRA statement and notes are included after the main statement notes.

Housing Revenue Account	Budget	Reported Outturn	Revised Outturn	Variance Budget vs Revised Outturn
	£000	£000	£000	£000
	2021/22	2021/22	2021/22	2021/22
Housing Management	6,730	6,777	6,771	41
Housing Repairs	5,235	5,278	5,321	86
Depreciation	6,902	6,902	7,685	783
Interest Payable	7,193	7,193	7,193	0
Capital Expenditure Funded from Revenue	3,946	3,946	3,933	(13)
Other Items	401	376	370	(31)
<b>Gross Expenditure</b>	<b>30,407</b>	<b>30,472</b>	<b>31,273</b>	<b>866</b>
Rents	(29,915)	(29,957)	(29,957)	(42)
Charges for services and facilities	(1,337)	(1,319)	(1,331)	6
Interest on Balances	(992)	(1,015)	(1,159)	(167)
Contributions towards expenditure	(253)	(242)	(246)	7
<b>Gross Income</b>	<b>(32,497)</b>	<b>(32,533)</b>	<b>(32,693)</b>	<b>(196)</b>
<b>Amount (to)/from HRA Balance</b>	<b>(2,090)</b>	<b>(2,061)</b>	<b>(1,420)</b>	<b>670</b>

The table above shows the variances against the final 2021/22 budget for the HRA with an overall variance of £0.670m (underspend).

\* Dwelling Rents - An increase in the rental income for the year due to the budget still containing the assumption that we might need to hold void properties pending sale, to meet the high value voids levy proposed by central government. This policy has now been withdrawn.

\* Interest Receivable - An increase in the interest received on cash balances due to the average interest rate achieved on investments being at 3.2% well above the 2.91% estimated.

\* Supervision & Management - The charge to the HRA for Corporate Management was reassessed and resulted in a lower charge than previously and now better reflects the actual cost to the HRA. Overall the outturn position was a draw on the HRA reserves of £1.420m against a budget that assumed a £2.090m contribution to reserves. HRA reserves stood at £4.500m at 31 March 2022, (see movement on HRA statement)



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## Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £52.222m (including Refcus).

The programme included £3.096m spent on enhancements to investment properties, £17.480m being invested through the HRA in the Council's own housing stock and new build initiatives, £13.034m loan to South Cambridgeshire Investment Partnership LLP (SCIP) and £11.263m loan to South Cambs Ltd (Ermine Street).

## Treasury Management

At 31 March 2022, investments (including those classed as cash equivalents) totalled £118.914m. These investments produced interest of £3.38m, which was used towards the cost of services. The Council has debt of £255.123m of which £205.123m was in respect of funding Housing Revenue Account assets shown as long term borrowing and £50m was for General Fund shown as short term borrowing.

## Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £15.160m and £4.500m respectively as at 31 March 2022 (excluding earmarked reserves). This compares to the proposed minimum level of balances of £2.5m (General Fund) and £2.0m (Housing Revenue Account). These will be used to meet the cost of services in future years and/or to control any increases in council tax/rents.

Reserves available for capital expenditure stood at £13.276m, consisting of the usable capital receipts reserve and capital grants unapplied.

## Covid-19 Pandemic and Aftermath

There were three pandemic related lockdowns in 2020/21 and during the third lockdown the Government produced a road map to lifting lockdown using a stepped approach. During March 2021 step one was put into effect meaning that schools could re-open and outdoor gatherings could recommence. In May 2021 step two was enacted meaning for example non essential retail could re-open. Step 3 and step 4 followed where under step 4 most legal restrictions were effectively lifted.

Following the Pandemic a period of increasing inflation was experienced with the Consumer Prices Index (CPI) rising from 1.5% in April 2021 to 7% in March 2022. This was due to increases in energy costs and essential foodstuffs and ended the year well above the government's target of 2.5%. The cost of living crisis, as it is referred to, has continued beyond the financial year 2021/22 and has put added pressure on local authorities in the form of increased cost generally and increased demand for particular services provided.

The Medium Term Financial Strategy (MTFS) took into account the impact of the pandemic and aftermath but in truth the financial impact on the Council was minimal.

## Council Tax

Historically, the Council Tax set by the Council is substantially below the average charged by other shire districts as the Council used a proportion of its reserves to keep down the amount of Council Tax residents would have to pay. Without the use of reserves, the Council Tax would be at its higher, underlying level. The gap is now constant due to applying the maximum £5 increase allowed under the Council Tax capping arrangements.

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## Reporting Cycle

The General Fund and Housing Revenue Account budgets are presented to Cabinet and Council for approval every year, in February, and are published on the Council website.

During the year, expenditure and income is monitored and significant variances reported to Cabinet. The Council's Forward Plan providing information on key reports is published on the Council's website.

The Council regularly monitors performance against key performance indicators, this information and the Business Plan 2019 to 2024 is available on the Council's website.

## The Current Economic Climate and Other Significant Risks

The Government's actions to reduce the fiscal deficit, mainly by reducing public spending have resulted in substantial cuts for local government. The Council's medium term financial strategy is identified in its strategic risk register with an assessed risk of high impact / likely. The financial situation is dependent, amongst other things, on the continuation of the New Homes Bonus and the redistribution of retained Business Rates.

The Homelessness Reduction Act has significantly increased duties owed by the Council, this added to increased costs to meet statutory obligations meaning Homelessness budget pressures are a considerable risk now and into the future. The Council is likely to see increased demand for the service and more in-depth support and assessment for those who approach the Council.

## Affordable Housing

Following on from the Housing Revenue Account self-financing debt settlement at the end of March 2012, the Council has established a new build development programme. In 2021/22 construction was completed on 89 new homes, with the new build programme continuing into 2022/23. No existing market homes were acquired in 2021/22 for letting as affordable housing by the authority.

## Ermine Street Housing

In November 2012 approval was given by Council to set up a subsidiary housing company, registered as South Cambs Ltd and trading as Ermine Street Housing with a principal activity being the management of both purchased and leased properties for the purpose of residential lettings.

The link [Ermine Street Housing](#) opens the website for this company which provides information about its services.

Ermine Street Housing has a growing portfolio of both owned and leased market housing stock, with a year-end portfolio of 190 leased properties and 465 properties acquired for rental across Cambridgeshire, Suffolk, Northamptonshire, Leicestershire, Nottinghamshire and Leeds. Further additions are planned over the next year to achieve a portfolio of 500 owned properties. A full business case was reported to Council in the autumn of 2015. This has been updated annually since, with the latest being agreed in February 2020.

As an independent but wholly owned subsidiary and in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy Code of Practice; the Council has prepared group accounts to show the overall financial position and results of the District Council.

# Narrative Statement

## **Greater Cambridge Partnership (formerly known as the Greater Cambridge City Deal)**

The Greater Cambridge Partnership (GCP) is a partnership of local councils, including South Cambridgeshire, business and academia to deliver the City Deal (an agreement with Central Government). The Partnership constitutes a 15-year plan to improve the infrastructure of the area, supporting economic growth and securing long-term prosperity and quality of life for the people of Cambridge and South Cambridgeshire. The other partners to the Partnership are Cambridge City Council, Cambridgeshire County Council, the GCGP Local Enterprise Partnership (now part of the Cambridgeshire and Peterborough Combined Authority) and Cambridge University.

A thriving and vibrant city region, Greater Cambridge has achieved rapid growth and economic success through world-leading innovation and collaboration between entrepreneurs and academics. It has the highest cluster of technology firms in the UK and competes on a global stage as a gateway for high-tech investment into the UK. However, this success and the area's appeal as an attractive place to live and work, has resulted in significant transport congestion, a shortage of housing and access to relevant skills. These issues have to be addressed to secure future economic growth and quality of life. Through the deal, the GCP has secured powers and funding from Central Government to make vital improvements to secure future economic growth and quality of life in the city region. The GCP aims to deliver over £1 billion of investment, thousands of new homes and jobs, and improved transport links. The 15-year plan focuses on four key issues: Transport, Housing, Skills and Innovation.

## **Cambridgeshire and Peterborough Combined Authority- Devolution**

The Cambridgeshire and Peterborough Combined Authority was formally constituted in March 2017, following a Devolution deal with government which is planned to unlock hundreds of millions of pounds of new funding for the county, including £100 million for affordable homes. On 23rd May 2018 Councillor Bridget Smith was appointed Leader of the Council following the elections on May 3rd 2018, in succession to Councillor Topping who had previously represented the Council on the Combined Authority Board.

.....  
Peter Maddock  
Head of Finance, Section 151 Officer  
Date: 22/12/2023

# The Statement of Responsibilities

## The Authority's Responsibilities

The Authority 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. In this Authority, that officer is the Head of Finance (Section 151 Officer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

.....

### Councillor Atkins

Chairman of the Audit and Corporate Governance Committee

## Head of Finance, Section 151 Officer's Responsibilities

The Head of Finance, Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the 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 of Practice.

The Section 151 Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2022 and its income and expenditure for the year then ended.

.....

Peter Maddock

Head of Finance, Section 151 Officer

# Comprehensive Income and Expenditure Statement

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

Restated 2020/21				2021/22		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£000	£000	£000	Note	£000	£000	£000
<b>Continuing Operations</b>						
2,803	(403)	<b>2,400</b>	Chief Executive	2,894	(758)	<b>2,136</b>
15,989	(7,279)	<b>8,710</b>	Head of Climate, Waste & Environment	17,167	(8,188)	<b>8,979</b>
30,562	(27,616)	<b>2,946</b>	Head of Finance	26,438	(20,824)	<b>5,614</b>
4,810	(3,049)	<b>1,761</b>	Head of Housing	4,845	(2,988)	<b>1,857</b>
10,848	(5,470)	<b>5,378</b>	Director of Greater Cambridge Shared Planning	11,592	(5,258)	<b>6,334</b>
3,229	(468)	<b>2,761</b>	Head of Transformation, HR & Corporate Services	3,924	(621)	<b>3,303</b>
20,695	(30,526)	<b>(9,831)</b>	Housing Revenue Account	23,861	(31,525)	<b>(7,664)</b>
<b>88,936</b>	<b>(74,811)</b>	<b>14,125</b>	<b>Net Cost of Services</b>	<b>90,721</b>	<b>(70,162)</b>	<b>20,559</b>
6,790	(2,985)	3,805	Other Operating Expenditure and Income	7,125	(4,094)	<b>3,031</b>
9,271	(19,620)	(10,349)	Financing and Investment Income and Expenditure	9,095	(5,324)	<b>3,771</b>
0	(32,275)	(32,275)	Taxation and Non-Specific Grant Income	-	(35,119)	<b>(35,119)</b>
<b>104,997</b>	<b>(129,691)</b>	<b>(24,694)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>106,941</b>	<b>(114,699)</b>	<b>(7,758)</b>
	(35,585)		(Surplus) / Deficit on Revaluation of Property Plant & Equipment			<b>(67,008)</b>
	21,158		Actuarial (Gains) / Losses on Pension Assets / Liabilities			<b>(29,214)</b>
		<b>(39,121)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(103,980)</b>



## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other resources. The surplus or deficit on the provision of services line in the CIES shows the true economic cost of providing the authority's services. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movements in Reserves during 2020/21	Note	General Fund Balance	Earmarked Reserves (General Fund)	Housing Revenue Account	Earmarked Reserves (HRA)	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance as at 01 April 2020</b>		<b>(13,757)</b>	<b>(32,079)</b>	<b>(4,214)</b>	<b>(9,500)</b>	<b>(807)</b>	<b>(11,831)</b>	<b>(678)</b>	<b>(72,866)</b>	<b>(281,887)</b>	<b>(354,753)</b>
Total Comprehensive Income and Expenditure	<b>CIES</b>	(17,673)	0	(7,021)	0	0	0	0	(24,694)	(14,427)	(39,121)
Adjustment Between Accounting and Funding Basis Under Regulations	<b>7</b>	8,363	0	8,155	0	(2,538)	(792)	(33)	13,155	(13,155)	0
(Increase) / Decrease in Year		(9,310)	0	1,134	0	(2,538)	(792)	(33)	(11,539)	(27,582)	(39,121)
Transfer to Earmarked Reserves	<b>8</b>	10,860	(10,860)	0	0	0	0	0	0	0	0
<b>(Increase) / Decrease in Year</b>		<b>1,550</b>	<b>(10,860)</b>	<b>1,134</b>	<b>0</b>	<b>(2,538)</b>	<b>(792)</b>	<b>(33)</b>	<b>(11,539)</b>	<b>(27,582)</b>	<b>(39,121)</b>
<b>Balance as at 31 March 2021</b>	<b>B/S</b>	<b>(12,207)</b>	<b>(42,939)</b>	<b>(3,080)</b>	<b>(9,500)</b>	<b>(3,345)</b>	<b>(12,623)</b>	<b>(711)</b>	<b>(84,405)</b>	<b>(309,469)</b>	<b>(393,874)</b>
<b>Movement in reserves during 2021/22</b>											
Total Comprehensive Income and Expenditure	<b>CIES</b>	(2,260)	0	(5,498)	0	0	0	0	(7,758)	(96,222)	(103,980)
Adjustment Between Accounting and Funding Basis Under Regulations	<b>7</b>	1,192	0	4,078	0	(101)	93	(35)	5,227	(5,227)	0
(Increase) / Decrease in Year		(1,068)	0	(1,420)	0	(101)	93	(35)	(2,531)	(101,449)	(103,980)
Transfer to Earmarked Reserves	<b>8</b>	(1,887)	1,887	0	0	0	0	0	0	0	0
<b>(Increase) / Decrease in Year</b>		<b>(2,955)</b>	<b>1,887</b>	<b>(1,420)</b>	<b>0</b>	<b>(101)</b>	<b>93</b>	<b>(35)</b>	<b>(2,531)</b>	<b>(101,449)</b>	<b>(103,980)</b>
<b>Balance as at 31 March 2022</b>	<b>B/S</b>	<b>(15,162)</b>	<b>(41,052)</b>	<b>(4,500)</b>	<b>(9,500)</b>	<b>(3,446)</b>	<b>(12,530)</b>	<b>(746)</b>	<b>(86,936)</b>	<b>(410,918)</b>	<b>(497,854)</b>

# Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority 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 Reserves that may only be used to fund capital or repay debt). The second category of reserves is those that the authority 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.

31 March 2021			31 March 2022
£000		Note	£000
593,891	Property, Plant & Equipment	12	672,503
60,881	Investment Properties	12a	38,118
661	Intangible Assets	36	849
89,551	Long Term Investments	13	115,403
747	Long Term Debtors	14	747
<b>745,731</b>	<b>Total Long Term Assets</b>		<b>827,620</b>
3,548	Short Term Temporary Investments	13	1,000
248	Inventories	-	296
20,388	Debtors and Prepayments	16	13,538
19,277	Cash & Cash Equivalents	17	15,544
0	Assets Held for Sale	35	20,350
<b>43,461</b>	<b>Total Current Assets</b>		<b>50,728</b>
(58,257)	Short Term Creditors	18	(61,164)
(19,000)	Short Term Borrowing	15	(50,000)
(2,062)	Cash & Cash Equivalents	17	(1,821)
(4,645)	Provisions	19	(3,282)
<b>(83,964)</b>	<b>Total Current Liabilities</b>		<b>(116,267)</b>
(81,231)	Pensions Liability	32	(59,104)
(230,123)	Long Term Loans	13	(205,123)
<b>(311,354)</b>	<b>Total Long Term Liabilities</b>		<b>(264,227)</b>
<b>393,874</b>	<b>Net Assets</b>		<b>497,854</b>
(84,405)	Usable Reserves	MIRS	(86,936)
(309,469)	Unusable Reserves	MIRS/ 20	(410,918)
<b>(393,874)</b>	<b>Total Reserves</b>		<b>(497,854)</b>

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Peter Maddock

Head of Finance, Section 151 Officer

# Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2020/21			2021/22
£000		Note	£000
<b>24,694</b>	Net Surplus/(Deficit) on Provision of Services	<b>CIES</b>	7,758
(6,587)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	<b>21</b>	31,285
(18,066)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<b>21</b>	(14,353)
<b>41</b>	Net cash flows from Operating Activities		<b>24,690</b>
(13,951)	Investing Activities	<b>22</b>	(35,303)
13,067	Financing Activities	<b>23</b>	7,122
<b>(843)</b>	<b>Net Increase or (Decrease) in cash and cash equivalents</b>		<b>(3,492)</b>
18,058	Cash and Cash Equivalents at the beginning of the reporting period	<b>17</b>	17,215
<b>17,215</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>17</b>	<b>13,723</b>

## 1 Accounting Policies

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the relevant financial year and its position at the Balance Sheet date of 31 March. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom (2021/22) and the Service Reporting Code of Practice (2021/22) supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

- Council being a 'going concern' – all operations continuing
- Accrual of income and expenditure – placing items in the year in which the liability is incurred

The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the Council.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounting policies are reviewed on an annual basis to ensure that they are appropriate, compliant with accepted accounting practice and relevant to the Council's ongoing business activity.

### 1.2 Accruals of Income and Expenditure

The accounts of the Council are maintained on an accruals basis, that is, sums due to the Council for goods/services provided or due from the Council for goods/services received during the year are included as income or expenditure whether or not the cash has actually been received or paid in the year. Any differences between the actual amounts and accrued amounts will be reflected in the accounts of the following year.

Exceptions to this principle relate, for example, to quarterly payments where payments are charged in the year rather than apportioning charges between financial years. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts. Grants payable to other organisations are included in the accounts on a payment basis.

Where income and expenditure has been recognised in the accounts but cash has not been received or paid, a debtor or creditor is recorded in the balance sheet. The Council adopted a policy of a £5,000 de-minimus level on all manual accruals (debtors and creditors) for 2021/22.

### 1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. They include deposits in constant Net Asset Value money market funds that are available for withdrawal with 24 hours' notice. Cash equivalents are 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.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

# Notes to the Statement of Accounts

## 1.4 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged with the following amounts to reflect the cost of holding non-current assets during the year:

- depreciation attributable to the asset used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off
- amortisation of intangible assets attributable to the service.

Any depreciation, revaluation and impairment losses and amortisation charged to the relevant accounts is reversed out in the movement in reserves statement and transferred to the capital adjustment account so that these charges are not met by council tax or rents.

The provisions for charges to revenue for non-current assets in the HRA were amended on 1 April 2012 following the introduction of self-financing. The Authority is required to charge the Housing Revenue Account a notional amount of depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvements works. The transition period continued until 2017-18, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from then onwards.

The Authority is required to charge an annual provision to revenue as a contribution towards reducing its overall borrowing requirement. This provision, known as the Minimum Revenue Provision (MRP), is an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. No minimum revenue provision is currently charged on the debt acquired in relation to Housing Revenue Account self-financing as this is outside the scope of the MRP regime.

## 1.5 Council Tax and Non Domestic Rates

The Council as a billing authority acts as an agent, collecting council tax and non-domestic rates (NDR) on behalf of Cambridgeshire County Council and Cambridgeshire & Peterborough Police & Crime Commissioner (i.e. the major preceptors which also includes central government for NDR) and as principal, it collects council tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund (known as the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund, is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals.



# Notes to the Statement of Accounts

## 1.6 Exceptional Items

Any material exceptional items are included within the cost of the relevant individual service or, if a degree of prominence is necessary in order to give a fair presentation of the accounts, separately identified on the face of the comprehensive income and expenditure account. Details of any such exceptional items are given in the explanatory notes.

## 1.7 Events After the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types of events:

- for those that provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect such events.
- for those that are indicative of conditions that arose after the reporting period, the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

## 1.8 Financial Instruments

### Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the financing and investment section of the Income and Expenditure Account for interest are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that discounts estimated future cash payments over the life of the instrument to the fair value at which it was originally recognised.

The only financial liabilities for this Council are trade payables of short duration, measured at original or estimated invoice amount, and long term borrowing which is shown in the balance sheet as the outstanding principal repayable with interest charged to the comprehensive income and expenditure account being the amount payable for the year in accordance with the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

Financial assets consist of:

- loans and receivables and
- available-for-sale assets – financial instruments

# Notes to the Statement of Accounts

The financial assets applicable to this Council are loans and receivables which have the defining characteristics of fixed and determinable payments and are not quoted in an active market and, equity shares in the Local Capital Finance Company (Municipal Bond Agency) with no quoted market prices.

Loans and receivables are recognised on the balance sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at amortised cost. Annual credits to the financing and investment section of the comprehensive income and expenditure account for interest are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans and receivables owed to the Council, the amount shown in the balance sheet is the outstanding principal or invoice amount receivable and interest credited to the comprehensive income and expenditure account is the amount receivable for the year in the loan agreement.

## 1.9 Government Grants and Contributions

Government grants and other contributions and donations are recognised as due to the Authority when there is a reasonable assurance that:

- the Authority will comply with the conditions attached to the payment, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the comprehensive income and expenditure statement until such conditions (as distinct from a restriction) attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor, i.e. if the grant or contribution is not used as intended, then it has to be repaid.

Restrictions are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified. The key difference between a condition and a restriction is that a condition requires the grant funder or donor to have a right to the return of their monies or the donated asset (or similar equivalent compensation).

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors (receipts in advance). When conditions are satisfied, the grant or contribution is credited to the relevant service (attributable revenue grants and contributions) or to the taxation and non-specific grant income section (non-ring-fenced revenue grants and all capital grants) in the comprehensive income and expenditure statement.

When the conditions of a grant have been met and it has been reflected as income in the comprehensive income and expenditure statement, the Council still has discretion to carry the grant income forward through an earmarked reserve if it deems this appropriate. This could arise in cases where there is no condition on the timescale in which the grant can be spent, but it has not been spent at the year-end.

In relation to capital grants or contributions recognised as income in the comprehensive income and expenditure statement, where the expenditure has not been incurred at the balance sheet date, the grant recognised as income is transferred to the Usable Reserve (Capital Grants Unapplied Account) representing capital resources not yet utilised.

Where capital grants are credited to the comprehensive income and expenditure statement, they are

- to the capital grants unapplied reserve if the grant has yet to be used to finance capital expenditure or
- to the capital adjustment account if the grant has been used to finance capital expenditure

Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account when they are applied to fund capital expenditure.

# Notes to the Statement of Accounts

## 1.10 Employee Benefits

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, flexi-leave and time off in lieu for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required, under statute, to be reversed out of the General Fund or HRA Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Termination benefits are charged to the appropriate service line in the Comprehensive Income and Expenditure Account when the council can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the council by 31 March.

### Post-Employment Benefits (Pensions)

Post-employment benefits are employee benefits (other than termination and short-term benefits) that are payable after the completion of employment.

Employees of the Authority are eligible to be members of the Local Government Pension Scheme, administered by Cambridgeshire County Council, which is accounted for as a defined benefit Scheme whereby:

- The Authority's share of the liabilities of the pension fund are included in the balance sheet on an actuarial basis using the projected unit cost method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees;
- these liabilities are then discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds;
- the Authority's share of the assets of the pension fund are included in the balance sheet at their fair value being:

Quoted securities	current bid price
Unquoted securities	professional estimate
Unitised securities	current bid price
Property	market value;

The change in the net pension liability is analysed into seven components:

- current service cost being the increase in liabilities as a result of years of service earned in the current year where the cost is allocated in the comprehensive income and expenditure statement to the services for which the employees worked;
- past service cost being the increase or decrease in liabilities arising from decisions in the current year affecting liabilities incurred in past years where the cost is charged or credited to non-distributed costs in the comprehensive income and expenditure account;
- net interest on the net defined benefit liability (asset), that is, the net interest expense for the authority being the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged

## Notes to the Statement of Accounts

where the cost is charged to financing and investment income and expenditure in the comprehensive income and expenditure statement;

- expected return on assets being expected annual investment return on the fund assets, excluding amounts included in net interest on the defined benefit liability (asset), based on the average of the expected long term returns where the return is credited to the financing and investment section of the comprehensive income and expenditure account;
- gains or losses on settlements, being the result of actions to relieve the Authority of liabilities, and curtailments, being events that reduce the expected future service or accrual of benefits of employees, where the gain or losses are credited or charged to non-distributed costs in the comprehensive income and expenditure account;
- actuarial gains and losses being changes in the net pensions liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions where the gains and losses are credited or charged to the pensions reserve; and
- contributions paid to the pension fund in the year being the payments made by the Authority as employer, that is, cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted for as an expense.

The charges and credits to the comprehensive income and expenditure account mentioned above are reversed out in the movement in reserves statement to the pensions reserve and replaced with the contributions paid.

The negative balance on the pensions reserve in the balance sheet measures the future liability in respect of benefits due to members of the fund.

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Cambridgeshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of protected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

# Notes to the Statement of Accounts

## Discretionary Benefits

The Authority also has powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any employee are accrued in the year of the decision to make the award.

## 1.11 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### The Council as Lessee

#### Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A financing charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

#### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

### The Council as Lessor

#### Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal whilst an appropriate debtor balance is created to reflect the amount owed.

#### Operating Leases

Where the Council grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.



## 1.12 Overheads and Support Services

The costs of overheads and support services are charges to those services which benefit from the provision of the overheads and support services in accordance with the costing principles in the Service Reporting Code of Practice. The full cost of overheads and support services are charged out to users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a multi-functional, democratic organisation, and
- Non-distributed costs include pension costs, relating to past service costs and gains and losses on settlements and curtailments, and any depreciation and impairment are reversed out in the movement in reserves statement.

These two categories were defined in the Service Reporting Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, these are now reported in line with the management reporting structure of the Council in accordance with the Expenditure and Funding Analysis in the revised Code of Practice.

## 1.13 Intangible Assets

Expenditure, on an accruals basis, for assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

## 1.14 Property, Plant and Equipment

Assets that have physical substance and 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 during more than one financial year are classified as property, plant and equipment.

### Recognition

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 asset will flow to the Authority and the cost of the asset can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver future economic benefits or service potential, i.e. repairs and maintenance, is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Authority.

Assets are then carried in the balance sheet using the following measurement bases:

- Infrastructure, community assets- historical cost
- Assets under construction- historical cost
- Dwellings- fair value, determined using the basis of existing use value for social housing
- Investment property- fair value

# Notes to the Statement of Accounts

- Assets held for sale- current value
- Non-commercial assets held for sale- lower of carrying amount and fair value less costs to sell
- Non-property assets that have short useful lives and/or low values- depreciated historical cost basis is used as a proxy for fair value, and
- All other assets- fair value, which for this purpose is interpreted as being met by provision of a market value figure which will reflect all potential uses.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets included in the balance sheet at fair value and market values are revalued sufficiently regularly (at least every five years) to ensure that their carrying amount is not materially different from their fair value at the year-end. Valuations are undertaken by a professionally qualified valuer and also carry out a material change review at year end to ensure revaluations are kept up to date. Revaluations also take place when there has been a significant change to the asset (e.g. major building works).

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of a loss previously charged to a service.

Decreases in valuations are accounted for by writing down the balance (if any) of revaluation gains in the revaluation reserve for that asset and then charging any remaining decrease in value to the relevant service in the comprehensive income and expenditure statement.

The revaluation reserve only contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

## Impairment

Assets are assessed at the end of each year as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Depreciation

Depreciation is provided on all property, plant and equipment calculated on a straight-line allocation over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, if any, and assets that are not yet available for use, i.e. assets under construction, if any.

The residual value of an item of property, plant and equipment and its useful life are reviewed at the end of each financial year and, if expectations differ from previous reviews or there has been a significant change in the consumption of economic benefits or service potential, the change is accounted for as a change in accounting estimate.

Where property, plant and equipment assets have major components whose cost is significant in relation to the total cost of the asset, depreciation on the components has been calculated and is not materially different from depreciation on the depreciable part of the whole asset. Components have not, therefore, been depreciated separately.

Revaluation gains are also depreciated by an amount equal to the difference between the current value depreciation charges on the assets and the historic cost depreciation charges on the assets, with this difference being transferred each year from the revaluation reserve to the capital adjustment account.

# Notes to the Statement of Accounts

## Componentisation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts are grouped together in determining the depreciation charge.

The Council has determined that dwellings and other property is subject to componentisation and are assessed against two components determined by the Council's valuer, namely land and buildings, components within buildings being assessed annually for materiality.

## Disposal and Non-Current Assets Held for Sale

An asset is reclassified as an asset held for sale when it becomes probable that the carrying amount of the asset will be recovered principally through a sale transaction. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any subsequent decrease to fair value less costs to sell is posted to the other Operating Expenditure Section in the Comprehensive Income and Expenditure Account but any gains in fair value are only recognised up to the amount of any previously recognised losses. Depreciation is not charged on assets held for sale.

Assets no longer meeting the criteria to be classified as assets held for sale are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and their recoverable amount at the date of the decision not to sell.

### **Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.**

When an asset is disposed of, the carrying amount of the asset in the balance sheet is written off and any receipts on disposal are credited to the other operating expenditure section in the comprehensive income and expenditure account so that this section shows the net gain or loss on the disposal of non-current assets. The net gain or loss is then reversed out in the movement in reserves statement with the carrying amount transferred to the capital adjustment account and the receipts on disposal credited to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

Any revaluation gains in the revaluation reserve in respect of the asset are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

A proportion of capital receipts relating to housing disposals (net of statutory deductions and allowances) is payable to Central Government and shown in the other operating expenditure section in the comprehensive income and expenditure.

## 1.15 Investment Property

Following the PWLB consultation response in November 2020, the Council took the decision not to purchase investment property for yield and hence there were no further such purchases in 2021/22. The bulk of capital spending in the year related to the refurbishment of 270 Science Park which the Council purchased in 2019/20. Rental income and changes in valuation fall within the heading financing and investment income and expenditure in the Comprehensive Income and Expenditure Statement and the year end valuations in the Balance Sheet and note 12a.

# Notes to the Statement of Accounts

## 1.16 Provisions, Contingent Liabilities and Contingent Assets

### Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation in the future that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties. Any payments eventually made are charged against the provision, provisions are reviewed at the end of each financial year and any reduction in the need for the provision is credited back to the relevant service.

### Contingent Liabilities

Contingent liabilities arise where events have taken place which give the Authority possible obligations whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise where a provision would otherwise be made but either it is not probable that a settlement will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

### Contingent Assets

Contingent assets arise where events have taken place which gives the Authority possible assets whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### Developers' Contributions

Developers' contributions are monies received from developers under Section 106 of the Town and Country Planning Act 1990 for future expenditure on affordable housing, drainage, community costs and development etc. Any unused balances of these contributions at the Balance Sheet date are shown as receipts in advance under creditors until such time as the terms and conditions of receipt have been fully satisfied.

## 1.17 Reserves

The Council has set aside certain revenue and capital amounts as earmarked reserves for future policy purposes or to cover contingencies. All other fund balances represent working balances for the purpose of the specific fund and are made up of accumulated surpluses and deficits derived over a period of time. All earmarked fund balances and reserves are reviewed periodically as to their size and appropriateness.

Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are unusable reserves and are kept to manage the accounting processes for non current assets, financial instruments, local taxation, retirement and employee benefits are explained in the relevant policies.

# Notes to the Statement of Accounts

## 1.18 Revenue Expenditure Funded from Capital under Statute

Expenditure which is incurred during the year and may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement. Such expenditure which is met from capital resources or from borrowing is then transferred out in the movement in reserves statement from the General Fund balance to the Capital adjustment account, and then reverses out the charge so that there is no impact on the council tax.

## 1.19 Value Added Tax (VAT)

VAT is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from Income.

## 1.20 Group Accounts

The boundary for Group Accounts is determined by the extent of the Council's control or influence over an entity, and the materiality of the relationship to users of the Council's accounts.

A subsidiary is an entity which the Council controls through the power to govern its financial and operational activities, so as to obtain benefits from the entity. Control is deemed to exist where the Council owns more than half of the entity.

An associate is an entity where the Council has significant influence over decision making, but stopping short of control. It is normally presumed that significant influence exists where the Council owns 20% or more of the entity.

A jointly controlled entity exists where the Council is party to the contractually and binding agreed shared control of an organisation, where strategic financial and operating decisions require unanimous consent of the parties sharing control.

Group accounts have been prepared for South Cambs Ltd (trading as Ermine Street Housing) and Shire Homes Lettings Limited, both wholly owned subsidiaries of South Cambridgeshire District Council. Investments in the subsidiary companies are recognised in the Balance Sheet as unquoted equity investments at cost.

Private sector organisations adopted IFRS16- Leases on 1st April 2019 with retrospective application for 2018/19 as comparator. However, the formal adoption of this standard in the public sector has been delayed until 1st April 2024. As such there is a difference in accounting policies for both 2021/22 and 2020/21 as comparator between South Cambridge District Council (parent) and its subsidiaries (SC Ltd and Shire Homes). The Code mandates that where differing accounting policies exist within group boundaries that the parent's accounting policies must be applied to the subsidiaries and consolidated. As such SCDC has removed the impact of IFRS 16 from the subsidiaries account before consolidation.

## 1.21 Going Concern

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis. Whilst the Covid-19 restrictions created significant issues for many businesses and residents throughout 2020/21 the impact on the Council was not as marked as initially feared and during 2021/22 the General Fund balance increased by around £3m. The Council received further support from Central Government in the sum of £0.634m in covid support funding to fund additional costs incurred by the Council as a result of the pandemic.



# Notes to the Statement of Accounts

## Balances held by the Council

Date	General Fund	Housing	Earmarked Reserves
31/03/2022	15.2m	4.5m	50.5m
31/03/2023	17.5m	3.3m	53.4m
31/03/2024	18.8m	2.8m	54.7m
31/03/2025	21.9m	2.4m	52.6m

The balances in the table remain well above the minimum thresholds set by the Council's S151 officer and both the General Fund and Housing Revenue Account are expected to be at higher levels than at 31/3/2021. A significant amount of HRA resources are applied to expenditure within the capital programme and this funding is set based on affordability and maintaining the HRA balance above the £2m threshold.

The UK economy continues to face uncertainty due to the ongoing financial challenges associated with aftermath of the COVID-19 pandemic and high inflation levels. The Bank of England has increased the base rate several times since 2022/23, which affects interest rates for mortgages and loans. Inflation is used to drive expenditure and income assumptions in revenue budget planning. The Council lends its cash balances externally to generate a return for delivering council services while managing security and liquidity. Short term loans were used in 2022/23 to fund the capital programme though this reduced from a high point of £50m at end of 2021/22 to £40m at the end of that year, external borrowing in 2023/24 initially reduced to around £29m in December 2023 and is expected to reach a maximum of £40m at the end of 2023/24. Cost pressures from inflation, energy prices, and national living wage pressures and interest rates have all been taken into account for the 2023/2024 budget.

## Subsidiary companies

The Council's subsidiary companies' ability to continue as a going concern is dependent on their ability to generate profit in the medium term, where applicable, and/or the continued support of the Council.

The Council has provided cash in the form of loans to its subsidiary Ermine Street Housing for the purchase of property and with regard to Shire Homes Ltd to meet the operating deficit. During the twelve months from the date of approval of the accounts this is expected to continue and there is a parent guarantee in place to that effect.

Due to the parent guarantee from the Council for the subsidiary companies, the subsidiary accounts have been prepared on a going concern basis.

If there is any short-term liquidity requirements over the next twelve months from approval date these will be met on the basis of the guarantee in place.

The Council concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will continue as a going concern, based on the review of the forecasted reserve and cash position 12 months from the signing of the accounts.

## 2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code) has introduced changes in accounting policy as a result of amendments to accounting standards. These standards have been issued but have not yet been adopted by the Council. If these had been adopted for the financial year 2021/22 there would be no material change, as detailed below:

# Notes to the Statement of Accounts

## **IFRS 16 Leases**

Implementation of IFRS 16 has been postponed until 1st April 2024 and therefore applicable to the 2024/25 Statement of Accounts. The Council has decided not to adopt the standard early.

## **Annual Improvements to IFRS Standards 2018 - 2020 Cycle**

### **IFRS 1 (First-time adoption)**

This amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.

### **IAS 37 (Onerous contracts)**

Amendment clarifies the intention of the standard.

### **IAS 41 (Agriculture)**

This amendment relates to biological assets held by a local authority.

The Council does not envisage the above amendments having a significant effect on local authority financial statements.

### **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)**

This amendment is not considered to be relevant as the Council is not in the business of constructing or acquiring assets which are intended to be used in the manufacture of goods for sale.

## **3 Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in note 1 (accounting policies), the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events, this includes a degree of uncertainty about the levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision or through changes to arrangements for service provision.

## **4 Assumptions Made About the Future and Other Major Sources of Estimation/Uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

### **Pensions Liability**

The main item in the Council's balance sheet as at 31 March for which there is a significant risk of material adjustment is the estimation of the pension liability by a consulting Actuary engaged by the pension fund administrator, Cambridgeshire County Council.

# Notes to the Statement of Accounts

The estimation is over several decades where a small change in one of the assumptions can have a large effect on the liability and the Actuary has provided the following sensitivity analysis.

<b>Change in assumption</b>	<b>2020-21 Inc. in Liability (£m)</b>	<b>2021-22 Inc. in Liability (£m)</b>
<i>0.5% decrease in real discount rate</i>	22.71	20.53
<i>0.5% increase in salary increase rate</i>	1.89	2.26
<i>0.5% increase in pension increase rate</i>	20.37	18.26

## **Fair Value Measurement**

When the fair value of assets and liabilities cannot be measured based on quoted prices in an active market (Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observation data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities.

Where Level 1 input is not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

The most significant assets that the Authority has measured at fair value in the Balance Sheet where Level 1 inputs are not available are Investment Properties (Group Accounts) and Surplus Property, Plant and Equipment. Significant changes in any of the unobservable inputs in these valuations would result in significantly higher/lower fair value measurements.

Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities can be found in Notes 12, 15 and 20.

## **Property, Plant and Equipment**

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

If the useful life of assets is reduced, depreciation increased and the carrying value of the asset will decrease. The largest category of assets is Council dwellings and it is estimated that the annual depreciation charge for these would increase by approximately £251,000+ for every year that useful lives had to be reduced.

## **Investment Properties**

The only expenditure on investment properties was related to enhancements. No properties were purchased during 2021/22. Rental income and changes in valuation fall within the heading financing and investment income and expenditure in the Comprehensive Income and Expenditure Statement and the year end valuations in the Balance Sheet and note 12a.

## 5 Events After Balance Sheet Date

The draft Statement of Accounts were authorised for issue by the S151 Officer (Peter Maddock) on 22/12/2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

# Notes to the Statement of Accounts

## 6 Expenditure and Funding Analysis

### (a) Adjustments between Funding & Accounting Basis

The Expenditure and Funding Analysis is complementary to the Movement in Reserves Statement and Comprehensive Income & Expenditure Account. The overall purpose of the Expenditure and Funding Analysis is to analyse the amounts reported in the Comprehensive Income and Expenditure Account as operating reporting segment outturn totals across specific types of Reserves.

2020/21				2021/22				
Net Expenditure Chargeable to the General Fund & HRA Balances	Adjustments between Funding and Accounting Basis Capital	Adjustments between Funding and Accounting Basis Other	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund & HRA Balances	Adjustments between Funding and Accounting Basis Capital	Adjustments between Funding and Accounting Basis Other	Net Expenditure in the CIES
£000	£000	£000	£000		£000	£000	£000	£000
2,341	0	59	2,400	Chief Executive	1,904	0	232	2,136
7,501	809	400	8,710	Head of Climate, Waste & Environment	6,660	847	1,472	8,979
2,765	(70)	251	2,946	Head of Finance	3,879	721	1,014	5,614
820	830	111	1,761	Head of Housing	624	829	404	1,857
5,052	0	326	5,378	Director of Greater Cambridge Shared Planning	5,175	0	1,159	6,334
2,689	0	72	2,761	Head of Transformation, HR & Corporate Services	3,013	0	290	3,303
(12,861)	2,833	197	(9,831)	Housing Revenue Account	(11,419)	3,121	634	(7,664)
<b>8,307</b>	<b>4,402</b>	<b>1,416</b>	<b>14,125</b>	<b>Net Cost of Service</b>	<b>9,836</b>	<b>5,518</b>	<b>5,205</b>	<b>20,559</b>
(16,483)	(32,235)	9,899	(38,819)	Other Income and Expenditure	(12,324)	(11,702)	(4,291)	(28,317)
<b>(8,176)</b>	<b>(27,833)</b>	<b>11,315</b>	<b>(24,694)</b>	<b>(Surplus) / Deficit on provision of services</b>	<b>(2,488)</b>	<b>(6,184)</b>	<b>914</b>	<b>(7,758)</b>
(17,971)				<b>Opening General Fund and HRA Balance</b>	(15,287)			
(8,176)				(Surplus)/Deficit on General Fund and HRA	(2,488)			
10,860				Transfer to/from Earmarked Reserves	(1,887)			
(15,287)				<b>Closing General Fund and HRA Balance</b>	(19,662)			



# Notes to the Statement of Accounts

## (b) Expenditure and Funding by Nature

2020/21	Subjective Analysis	2021/22
£000		£000
	<b>Expenditure</b>	
30,816	Employee Expenses (including Benefits)	36,488
46,604	Other Service Expenses	41,744
12,169	Depreciation, Amortisation and Impairment	12,487
7,252	Interest Payments	7,421
6,310	Precepts and Levies	6,650
1,334	Pension Interest costs & expected return on assets	1,677
474	Payment to Housing Capital Receipts Pool	474
<b>104,959</b>	<b>Total Expenditure</b>	<b>106,941</b>
	<b>Income</b>	
(46,737)	Fees, Charges and Other Service Income	(49,196)
(28,066)	Government Grants/Contributions (Services)	(20,964)
(2,985)	Gain on the disposal of assets	(4,093)
(15,171)	Government Grants/Contributions (Central)	(13,539)
(3,006)	Interest and Investment Income	(3,384)
(16,584)	Net income in relation to inv. prop. and changes in fair value	(1,943)
(15,506)	Income From Council Tax	(16,297)
(1,598)	Business Rates Income and Expenditure	(5,283)
<b>(129,653)</b>	<b>Total Income</b>	<b>(114,699)</b>
<b>(24,694)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(7,758)</b>

# Notes to the Statement of Accounts

## 7 Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

	Gen. Fund	Hou. Rev. Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grant Un-applied	Movement in Unusable Reserves
2021/22	£000	£000	£000	£000	£000	£000
<b>Adjustments Involving the Capital Receipts Reserve</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	62	7,169		(7,231)		
Used to finance new Capital Expenditure				6,829		(6,829)
Contribution towards administrative costs of non-current asset disposals		(21)		21		
Contribution to finance the payments to the Government capital receipts pool	(474)			474		
<b>Adjustments Primarily Involving the Capital Grants Unapplied Account</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	35				(35)	
<b>Adjustments Involving the Capital Adjustment Account</b>						
Charges for depreciation and impairment of non-current assets	(1,519)	(10,785)				12,304
Upward/(Downward) revaluation of non-current assets	(3)	-				3
Amortisation of intangible assets	(180)					180
Capital Grants and contributions applied	844	427				(1,271)
Revenue expenditure funded from Capital under statute	(695)					695
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(370)	(3,513)				3,883
Statutory provision for repayment of debt (MRP)	1,113					(1,113)
Movement in Fair Value of Investment Properties	520					(520)
Capital expenditure charged against the General Fund and HRA balances	1,957	3,932				(5,889)
<b>Adjustments relating to the Major Repairs Reserve</b>						
Depreciation transferred from HRA		7,685	(7,685)			
Use of the MRR to finance new capital exp			7,583			(7,583)
<b>Adjustments involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited/credited to the CIES	(6,273)	(816)				7,089
<b>Adjustments involving the Collection Fund Adjustment Account</b>						
Amount by which council tax and business rate income credited to the CIES is different from that calculated in accordance with statutory requirements	5,966					(5,966)
<b>Adjustments Involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	209		1			(210)
<b>Total Adjustments</b>	<b>1,192</b>	<b>4,078</b>	<b>(101)</b>	<b>93</b>	<b>(35)</b>	<b>(5,227)</b>

# Notes to the Statement of Accounts

	Gen. Fund	Hou. Rev. Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grant Un-applied	Movement in Unusable Reserves
2020/21	£000	£000	£000	£000	£000	£000
<b>Adjustments Involving the Capital Receipts Reserve</b>						
Transfer of cash sale proceeds credited as part of the gain\loss on disposal to the CIES	826	4,143		(4,969)		
Used to finance new Capital Expenditure				3,703		(3,703)
Contribution to finance the payments to the Government capital receipts pool	(474)			474		
<b>Adjustments Primarily Involving the Capital Grants Unapplied Account</b>						
	33				(33)	
<b>Adjustments Involving the Capital Adjustment Account</b>						
Charges for depreciation and impairment of non-current assets	(1,623)	(7,147)				8,770
Upward/(Downward) revaluation of non-current assets	70	(2,833)				2,763
Amortisation of intangible assets	(358)					358
Capital Grants and contributions applied	718	1,045				(1,763)
Revenue expenditure funded from Capital under statute	(704)					704
Amounts of non-current assets written off on disposal or sale as part of the gain\loss on disposal to the CIES	(341)	(1,678)				2,019
Statutory provision for repayment of debt (MRP)	870					(870)
Movement in Fair Value of Investment Properties	14,786					(14,786)
Capital expenditure charged against the General Fund and HRA balances	5,517	7,836				(13,353)
<b>Adjustments relating to the Major Repairs Reserve</b>						
Depreciation transferred from HRA		7,147	(7,147)			
Use of the MRR to finance new capital exp			4,609			(4,609)
<b>Adjustments involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited\credited to the CIES	(2,392)	(329)				2,721
<b>Adjustments involving the Collection Fund Adjustment Account</b>						
Amount by which council tax and business rate income credited to the CIES is different from that calculated in accordance with statutory requirements	(8,261)					8,261
<b>Adjustments Involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(304)	(29)				333
<b>Total Adjustments</b>	<b>8,363</b>	<b>8,155</b>	<b>(2,538)</b>	<b>(792)</b>	<b>(33)</b>	<b>(13,155)</b>

## 8 Movements in Earmarked Reserve

	Balance 01 April 2020 £000	Transfers In £000	Transfers Out £000	Balance 31 March 2021 £000	Transfers In £000	Transfers Out £000	Balance 31 March 2022 £000
Business Rates Growth	(1,000)	(7,784)		(8,784)	0	5,299	(3,485)
Infrastructure	(5,000)		25	(4,975)	(1,050)	190	(5,835)
Greater Cambridge City Deal	(4,329)	(507)	507	(4,329)	0	0	(4,329)
Renewables	(4,738)	(2,080)	1,078	(5,740)	(3,136)	2,746	(6,130)
Pensions	(324)		127	(197)	0	108	(89)
Vehicle Renewables	(2,445)	(771)		(3,216)	(787)	358	(3,645)
Accommodation	(220)	(300)	38	(482)	(400)	307	(575)
Transformation Reserves	(3,903)		357	(3,546)	0	815	(2,731)
Electoral Registration	(57)	(58)		(115)	(115)	58	(172)
Land Charges	(340)		237	(103)	0	0	(103)
Environmental	(316)	(3)	161	(158)	(73)	59	(172)
Planning	(4,648)		55	(4,593)	(288)	5	(4,876)
Other	(33)	(3)	7	(29)	(2)	0	(31)
Homelessness	(619)	(364)	342	(641)	(616)	450	(807)
Community Development	(137)	(228)	84	(281)	(30)	42	(269)
Housing	(295)		37	(258)	0	8	(250)
Property Investment	(3,548)	(203)	14	(3,737)	(1,250)	1,050	(3,937)
Covid-19	0	(1,378)		(1,378)	(2,814)	1,020	(3,172)
HomeLink	(127)			(127)	(29)	12	(144)
Software Fund	0	(250)		(250)	(50)	0	(300)
<b>General Fund</b>	<b>(32,079)</b>	<b>(13,929)</b>	<b>3,069</b>	<b>(42,939)</b>	<b>(10,640)</b>	<b>12,527</b>	<b>(41,052)</b>
Self Insurance	(1,000)	0	0	(1,000)	0	0	(1,000)
Investment Repayment	(8,500)	0	0	(8,500)	0	0	(8,500)
<b>Housing Revenue Account</b>	<b>(9,500)</b>	<b>0</b>	<b>0</b>	<b>(9,500)</b>	<b>0</b>	<b>0</b>	<b>(9,500)</b>
<b>Total Earmarked Reserves</b>	<b>(41,579)</b>	<b>(13,929)</b>	<b>3,069</b>	<b>(52,439)</b>	<b>(10,640)</b>	<b>12,527</b>	<b>(50,552)</b>

# Notes to the Statement of Accounts

## 9 Other Operating Income and Expenditure

31 March 2021		31 March 2022
£000		£000
5,889	Parish Council Precepts	6,105
201	Internal Drainage Boards	205
226	Enterprise Zones	340
474	Payments to the Government Housing Pool	474
(2,985)	(Gains) / losses on the disposal of non-current assets	(4,093)
<b>3,805</b>	<b>Total</b>	<b>3,031</b>

## 10 Financing and Investment Income and Expenditure

31 March 2021		31 March 2022
£000		£000
7,252	Interest payable and similar charges	7,421
1,334	Pensions interest cost	1,677
(3,006)	Interest receivable and similar income	(3,384)
(15,929)	Inc. and exp. in relation to inv. prop. and changes in their fair value	(1,943)
<b>(10,349)</b>	<b>Total</b>	<b>3,771</b>

## 11 Taxation and Non Specific Grant Income and Expenditure

31 March 2021		31 March 2022
£000		£000
(15,506)	Council Tax Income	(16,297)
(1,598)	Non Domestic Rate Income	(5,283)
(14,123)	Non-ring fenced Government Grants (see note 28 for breakdown)	(11,912)
(1,048)	Capital Grants and Other Contributions (see note 28 for breakdown)	(1,627)
<b>(32,275)</b>	<b>Total</b>	<b>(35,119)</b>



## Notes to the Statement of Accounts

### 12 Property, Plant and Equipment

Depreciation starting in the year after acquisition is provided for on non-current assets by writing down the cost (or re-valued amount) less estimated residual value, on a straight-line basis to the appropriate revenue account over the following periods:

- \* Council dwellings – 13 to 54 years,
- \* Buildings other than dwellings – 8 to 40 years,
- \* Vehicles, plant and equipment – 3 to 14 years.

No depreciation is charged on surplus assets, assets held for sale or freehold land in accordance with standard accounting policies. The depreciation charged on dwelling stock is reversed out at 31 March each year when the housing stock is revalued so this charge has no impact on the fair value of the housing stock as recorded in the Balance Sheet.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Assets Under Construction	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Gross Book Value 01 April 2021</b>	<b>533,773</b>	<b>31,070</b>	<b>11,486</b>	<b>1,512</b>	<b>15,942</b>	<b>7,593</b>	<b>601,376</b>
Adjustments	0	0	0	0	0	0	0
Additions	8,097	773	492	0	12,049	354	21,765
Revaluation Cr.ed to Revaluation Reserve	60,886	(1,913)	0	0	0	0	58,973
Revaluation Applied to the CIES	(3,104)	0	0	0	0	0	(3,104)
Derecognition- Disposals	(3,539)	(370)	0	0	0	1	(3,908)
Transfers	17,540	0	0	0	(17,540)	6,029	6,029
<b>Gross Book Value 31 March 2022</b>	<b>613,653</b>	<b>29,560</b>	<b>11,978</b>	<b>1,512</b>	<b>10,451</b>	<b>13,977</b>	<b>681,131</b>
<b>Depreciation 01 April 2021</b>	<b>(37)</b>	<b>(60)</b>	<b>(7,221)</b>	<b>(167)</b>	<b>0</b>	<b>0</b>	<b>(7,485)</b>
Depreciation in Year	(7,659)	(724)	(794)	0	0	0	(9,177)
Adjustments	0	0	0	0	0	0	0
Depreciation w/o to Revaluation Reserve	7,553	481	0	0	0	0	8,034
Depreciation written out to CIES	0	0	0	0	0	0	0
Derecognition- Disposals	0	0	0	0	0	0	0
<b>Depreciation 31 March 2022</b>	<b>(143)</b>	<b>(303)</b>	<b>(8,015)</b>	<b>(167)</b>	<b>0</b>	<b>0</b>	<b>(8,628)</b>
<b>Net Book Value 31 March 2022</b>	<b>613,510</b>	<b>29,257</b>	<b>3,963</b>	<b>1,345</b>	<b>10,451</b>	<b>13,977</b>	<b>672,503</b>

## Notes to the Statement of Accounts

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Assets Under Construction	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Gross Book Value 01 April 2020</b>	<b>495,179</b>	<b>29,555</b>	<b>10,926</b>	<b>1,379</b>	<b>16,801</b>	<b>1,574</b>	<b>555,414</b>
Adjustments	0	0	(41)	0	0	1	(40)
Additions	5,456	174	601	133	10,879	5,459	22,702
Revaluation credited to Revaluation Reserve	26,190	1,294	0	0	0	(16)	27,468
Revaluation Applied to the CIES	(2,796)	47	0	0	0	615	(2,134)
Derecognition- Disposals	(1,994)	0	0	0	0	(40)	(2,034)
Transfers	11,738	0	0	0	(11,738)	0	0
<b>Gross Book Value 31 March 2021</b>	<b>533,773</b>	<b>31,070</b>	<b>11,486</b>	<b>1,512</b>	<b>15,942</b>	<b>7,593</b>	<b>601,376</b>
<b>Depreciation 01 April 2020</b>	<b>0</b>	<b>(23)</b>	<b>(6,073)</b>	<b>(123)</b>	<b>0</b>	<b>0</b>	<b>(6,219)</b>
Depreciation in Year	(7,118)	(457)	(1,149)	(46)	0	0	(8,770)
Adjustments		(3)	1	2	0	0	0
Depreciation w/o to Revaluation Reserve	7,066	423	0	0	0	0	7,489
Depreciation written out to CIES	0	0	0	0	0	0	0
Derecognition- Disposals	15	0	0	0	0	0	15
<b>Depreciation 31 March 2021</b>	<b>(37)</b>	<b>(60)</b>	<b>(7,221)</b>	<b>(167)</b>	<b>0</b>	<b>0</b>	<b>(7,485)</b>
<b>Net Book Value 31 March 2021</b>	<b>533,736</b>	<b>31,010</b>	<b>4,265</b>	<b>1,345</b>	<b>15,942</b>	<b>7,593</b>	<b>593,891</b>

### Revaluations

It is a requirement that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. The Council carries out a programme that will ensure the valuer undertakes an annual desk top revaluation review with an in depth valuation at least every five years.

Valuations, with an effective date of 31 March 2022, on the bases set out in the statement of accounting policies have been carried out for all land and buildings, as follows:

- Council dwellings relating to the Housing Revenue Account, by Wilks, Head & Eve LLP and
- Non-operational assets relating to the Housing Revenue Account, by Mr Paul Gedge, MRICS, District Valuer, East of England
- Other land and buildings, by Mr Paul Gedge, MRICS, District Valuer, East of England.

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 1.14.

The valuation of operational property was on the basis of existing use value. Further detail on the basis for valuation is set out in the statement of accounting policies 1.14.

## Notes to the Statement of Accounts

Surplus assets are valued at fair value (at level 2 of the fair value hierarchy) as at 31 March 2022. This value represents the development potential based on a value per net developable acre taking into account planning risk.

Details on investment property valuation can be found in Note 12a.

Vehicles, Plant and Equipment as short life operational assets, are held at historical cost less depreciation.

	<b>Council Dwellings</b>	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infra-structure Assets</b>	<b>Assets Under Construction</b>	<b>Surplus Assets</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Carried Historical Cost</b>	0	0	11,978	1,512	10,451	0	<b>23,941</b>
<b>Valued at Current Value as from:</b>							
31 March 2022	613,653	29,560	0	0	0	13,977	<b>657,190</b>
<b>Total Cost or Valuation</b>	<b>613,653</b>	<b>29,560</b>	<b>11,978</b>	<b>1,512</b>	<b>10,451</b>	<b>13,977</b>	<b>681,131</b>

# Notes to the Statement of Accounts

## 12a Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

31 March 2021		31 March 2022
£000		£000
(1,845)	Rental income from investment property	(2,006)
703	Direct operating expenses arising from investment property	586
<b>(1,142)</b>	<b>Net (gain)/loss</b>	<b>(1,420)</b>

There are no restrictions on the authority's ability to realise the value inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

31 March 2021		31 March 2022
£000		£000
24,600	Balance at the start of the year	<b>60,881</b>
	Additions:	
21,494	Purchases	0
0	Subsequent expenditure	3,096
0	Asset transfer	(26,379)
14,787	Net gains/(losses) from fair value adjustments	520
<b>60,881</b>	<b>Balance at the end of the year</b>	<b>38,118</b>

All investment properties have been valued based on level 2 (office/commercial units) observable inputs for the asset either directly or indirectly using a market approach and that their current use is their highest and best use. The updated valuations were carried out as at 31 March 2023 and a report dated 16 April 2023 by Paul Gedge MRCIS Senior Surveyor DVS East.

The office and commercial units located in the local authority area are measured using the market approach, it uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets.

The authority's office and commercial units are therefore categorised as Level 2 in the fair value hierarchy as the measurement technique uses observable inputs to determine the fair value measurements. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

# Notes to the Statement of Accounts

## 13 Investments and Borrowing

Credit risk arises from investments with banks and other financial institutions, as well as credit exposures to the Council's customers.

The following shows the original principal sum invested at 31 March analysed by the nature of the financial institution and by maturity, these investments (other than South Cambs Ltd) are fixed time and callable deposits where the deposits are redeemed for the same value as the amount invested. The deposits are with United Kingdom banks, building societies and housing associations and, therefore, no provision is made for possible loss of principal.

31 March 2021	Investments	31 March 2022
£000		£000
0	Local Authorities	3,002
84,572	South Cambs Limited	95,835
14,011	Clearing Banks	1,885
0	Subsidiaries of Clearing Banks	0
0	Banks (other)	8,002
6,267	Money Market Funds	2,156
0	Building Societies with assets: >£10 billion	2,000
5,048	Housing Association	3,538
0	South Cambridgeshire Investment Partnership (SCIP)	13,033
2,476	Other	2,496
<b>112,376</b>		<b>131,947</b>
(19,277)	Less: cash and cash equivalents	(15,544)
<b>93,099</b>	<b>Total</b>	<b>116,403</b>

31 March 2021		31 March 2022	31 March 2022	31 March 2022
		Short Term	Long Term	Total
£000	Principal Investment analysed by maturity	£000	£000	£000
10,000	2020/21	0	0	0
74,044	2021/22	1,000	0	1,000
0	2022/23	0	114,045	114,045
741	Accrued Interest	0	1,358	1,358
<b>84,785</b>		<b>1,000</b>	<b>115,403</b>	<b>116,403</b>

# Notes to the Statement of Accounts

## Long Term Borrowing for HRA Financing

In March 2012 the Council obtained 41 individual loans with maturity dates between 2037 and 2057 from the Public Works Loan Board (PWLB) to finance the one-off payment to buy the Council out of the negative subsidy position at the end of 2011/12. The loans have been included in the Balance Sheet at amortised cost, administration charges where incurred are charged directly to the Housing Revenue Income and Expenditure Account. An analysis of the PWLB long term liability is provided below:

31 March 2021		31 March 2022
£000		£000
(110,000)	Repayable within 25 years	(85,000)
(50,000)	Repayable within 30 years	(50,000)
(50,000)	Repayable within 35 years	(50,000)
(20,123)	Repayable within 40 years	(20,123)
<b>(230,123)</b>	<b>Net Carrying Amount at end of the year</b>	<b>(205,123)</b>

Note: £25m of long term loans in prior year are due within one year and have been reclassified as short term borrowing.

## 14 Long Term Debtors

31 March 2021		31 March 2022
£000		£000
418	Webbs Hole Sluice	418
329	Long Term Loans	329
<b>747</b>	<b>Net Carrying Amount at end of the year</b>	<b>747</b>

## 15 Financial Instruments

Categories of Financial Instruments

Categories of Financial Assets	Long Term		Current	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£000	£000	£000	£000
<b>Financial assets held at amortised costs</b>				
Investments (Principal amount)	88,868	114,045	3,500	1,000
Investments Accrued Interest	683	1,358	48	0
Cash & Cash Equivalents	0	0	19,277	15,544
Debtors	747	747	8,427	10,272
<b>Total Financial Assets</b>	<b>90,298</b>	<b>116,150</b>	<b>31,252</b>	<b>26,816</b>



## Notes to the Statement of Accounts

<b>Financial liabilities held at amortised costs</b>				
Loans (principal amount)	(230,123)	(205,123)	(19,000)	(50,000)
Interest Accrued			0	
Cash & Cash Equivalents			(2,062)	(1,821)
Current Creditors			(8,341)	(12,040)
<b>Total Financial Liabilities</b>	<b>(230,123)</b>	<b>(205,123)</b>	<b>(29,403)</b>	<b>(63,861)</b>

	Long Term		Current	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
<b>Debtors Reconciliation to Balance Sheet</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Included in Financial Assets	747	747	8,427	10,272
Debtors that do not meet the definition of a financial assets:				
Statutory Debtors			14,806	5,730
Prepayments			154	306
<b>Total Debtors</b>	<b>747</b>	<b>747</b>	<b>23,387</b>	<b>16,308</b>

	Long Term		Current	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
<b>Creditors Reconciliation to Balance Sheet</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Included in Financial Liabilities			(8,341)	(12,040)
Creditors that do not meet the definition of a financial liability:				
Statutory Creditors			(26,494)	(17,670)
Receipts in Advance			(23,422)	(31,454)
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>(58,257)</b>	<b>(61,164)</b>

## Notes to the Statement of Accounts

### Income and Expense Gains and Losses

Items of Income, Expense, Gains and Losses Recognised in the Comprehensive Income and Expenditure Statement

The follow table provides a breakdown of the financial instrument items of income, expenditure and gains/ losses recognised in the CIES

Financial instrument items of income, expenditure and gains/losses recognised in the CIES	2020/21			2021/22		
	Financial Liabilities: Amortised Cost	Financial Assets: Amortised Cost	Total	Financial Liabilities: Amortised Cost	Financial Assets: Amortised Cost	Total
	£000	£000	£000	£000	£000	£000
Interest Expense	7,252	0	7,252	7,421	0	7,421
Impairment losses	0	0	0	0	0	0
<b>Total expense in (surplus) or deficit on the provision of services</b>	<b>7,252</b>	<b>0</b>	<b>7,252</b>	<b>7,421</b>	<b>0</b>	<b>7,421</b>
Interest Income	0	(3,006)	(3,006)	0	(3,384)	(3,384)
Dividend Income	0	0	0	0	0	0
<b>Total income in (surplus) or deficit on the provision of services</b>	<b>0</b>	<b>(3,006)</b>	<b>(3,006)</b>	<b>0</b>	<b>(3,384)</b>	<b>(3,384)</b>
<b>Net (Gain)/Loss for the year</b>	<b>7,252</b>	<b>(3,006)</b>	<b>4,246</b>	<b>7,421</b>	<b>(3,384)</b>	<b>4,037</b>

# Notes to the Statement of Accounts

## Fair Values of Assets and Liabilities

Financial liabilities and assets are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions.

For trade payables, bank deposits and trade receivables, being of short duration, and for long term mortgages, being at variable rates, the carrying value in the balance sheet is considered approximate to their fair value.

For investments, which are mainly at fixed rates, fair value has not been calculated as this is the same as its carrying value.

Estimated ranges of interest rates at 31 March 2022 of 1.96% to 2.13% (1.1% to 1.27% at 31 March 2021) for SCDC loans from the Public Works Loans Board based on premature repayment rates at that date.

Fair value is the amount determined by knowledgeable, willing parties in an arm's length transaction. Local authorities are required to follow the fair value hierarchy prescribed by paragraphs 76-90 of IFRS13. This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value, these include:

- Level 1 inputs- quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date
- Level 2 inputs- inputs other than quoted prices included within level1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs- unobservable inputs for the asset or liability

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair values and carrying values are considered to be the same with the exception of the following;

	31 March 2021		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
<b>Financial liabilities</b>				
Long term borrowing	(230,123)	(285,015)	(205,123)	(238,538)
<b>Total Financial Liabilities</b>	<b>(230,123)</b>	<b>(285,015)</b>	<b>(205,123)</b>	<b>(238,538)</b>

The fair value of the long term PWLB loans measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for a market transaction undertaken at the balance sheet date. The difference between the carrying amount and the fair value measure the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing rates.

The fair value of the loans from the PWLB has been assessed using the new loans rate. IFRS13 and the Code require that in the absence of a quoted price for a liability, fair value should be measured from the perspective of a market participant. For PWLB loans, measurement is therefore required from the perspective of the PWLB, assessing the price

## Notes to the Statement of Accounts

that they would be able to secure if they were to sell the loans in an orderly market transaction. However, it is sometimes not possible to find observable active markets.

If the Council were to seek to take advantage of the lower prevailing market rates by repaying current PWLB loans, the PWLB would charge a penalty and the Council would have to pay an early redemption rate. The exit price for PWLB loans including this penalty would be over £250m.

The fair value of the liabilities is greater than the carrying amount because the Council's loan portfolio includes fixed rate loans where the interest rate payable is greater than the prevailing rates at the balance sheet date.

### 16 Short Term Debtors and Payments in Advance

An analysis of debtors falling due within one year is shown below:

31 March 2021		31 March 2022
£000		£000
8,968	Central Government Bodies	1,157
7,300	Local Authorities	10,888
36	NHS	-
6,929	Other Entities and Individuals	3,957
154	Payments in Advance	306
<b>23,387</b>	<b>Total debtors and payments in advance</b>	<b>16,308</b>
	<b>Less: Provision for Bad Debts / Impairment</b>	
(76)	Council Tax Arrears- Council share	(88)
(433)	NDR Arrears- Council share	(317)
(722)	Housing (HRA)	(743)
(1,768)	Sundry Debtors (customer debt)	(1,622)
<b>(2,999)</b>	<b>Total provisions for bad debts / impairments</b>	<b>(2,770)</b>
<b>20,388</b>	<b>Total net figure</b>	<b>13,538</b>

The credit risk associated with accounts payable to the Council is reflected in the provisions made in the accounts for doubtful debts.

# Notes to the Statement of Accounts

## 17 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 March 2021 £000		31 March 2022 £000
19,277	Short-term Deposits with Money Market Funds	15,544
(2,062)	Bank Overdrafts	(1,821)
<b>17,215</b>	<b>Total Cash and Cash Equivalents</b>	<b>13,723</b>

## 18 Short Term Creditors and Revenue Grants Receipts in Advance

An analysis of creditors falling due within one year is shown below:

Restated 31 March 2021 £000		31 March 2022 £000
(16,523)	Central Government Bodies	(13,853)
(9,949)	Local Authorities	(11,240)
(22,690)	Other Entities and Individuals - S106 (see breakdown in note 18a)	(22,827)
(7,372)	Other Entities and Individuals -Other	(4,618)
(1,723)	Receipts in Advance	(8,626)
<b>(58,257)</b>	<b>Total creditors and receipts in advance</b>	<b>(61,164)</b>

# Notes to the Statement of Accounts

## 18(a) Capital Grants and Contributions

### Developer (S106) Contributions:

Developers' contributions are monies received from developers under section 106 of the Town and Country Planning Act 1990 which contribute to the infrastructure costs for drainage and to community arts and development and are detailed below:

31 March 2021		31 March 2022
£000	Developer (S106) Contributions:	£000
	<b>Capital</b>	
(18,689)	Commutated sums	(18,925)
(1,259)	Community Transport Initiative	(1,128)
(2,235)	Affordable Housing s106	(1,974)
<b>(22,183)</b>		<b>(22,027)</b>
	<b>Revenue</b>	
(54)	Sustainability s106 Orchard park	(54)
(50)	Public art s106 Orchard Park	(50)
(121)	Community development s106	(189)
(26)	Electoral arrangements	(23)
(256)	Waste Management	(484)
<b>(507)</b>		<b>(800)</b>
<b>(22,690)</b>		<b>(22,827)</b>

## 19 Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts, which have been netted off against debtors as shown in the Balance Sheet and Note 16.

New arrangements for the retention of Business Rates came into effect on 1 April 2013, at which time the Council assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which will include amounts that were paid over to central Government in respect of 2012/13 and prior years. A provision for the appeals liabilities of £3.282m has been recognised in the 2021/22 accounts (£4.645m in 2020/21), and the in-year movement is shown in Note 19.



# Notes to the Statement of Accounts

Short Term (Business Rates) £000	Short Term (Business Rates) £000
<b>(4,479) Balance at 01 April 2021</b>	<b>(4,645)</b>
(615) Additional provisions made in 2021/22	939
449 Amounts used in 2021/22	424
<b>(4,645) Balance as at 31 March 2022</b>	<b>(3,282)</b>

## 20 Unusable Reserves

Movements in Usable Reserves are shown in detail on the Movement in Reserves Statement.

31 March 2021 £000		31 March 2022 £000
(157,216) Revaluation Reserve	(a)	(221,552)
(242,720) Capital Adjustment Account	(b)	(251,533)
81,231 Pension Reserve	(c)	59,104
(97) Deferred Capital Receipts Reserve	(d)	(97)
8,743 Collection Fund Adjustment Account	(e)	2,777
590 Accumulated Absences Account	(f)	383
<b>(309,469)</b>		<b>(410,918)</b>

### (a) Revaluation Reserve

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

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

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

## Notes to the Statement of Accounts

31 March 2021 £000		31 March 2022 £000
(123,973)	<b>Balance at 1 April</b>	<b>(157,216)</b>
(37,594)	Upward revaluation of assets	(68,440)
2,009	Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on Provision of Services	1,432
<b>(35,585)</b>	<b>(Surplus) or Deficit on revaluation of non current assets not posted to the (Surplus)/Deficit on the Provision of Services</b>	<b>(67,008)</b>
1,894	Difference between fair value depreciation and historical cost depreciation	2,248
448	Accumulated gains on assets sold or scrapped	424
<b>2,342</b>	<b>Net amount transferred to the Capital Adjustment Account</b>	<b>2,672</b>
<b>(157,216)</b>	<b>Balance at 31 March</b>	<b>(221,552)</b>

### (b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 details the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve and Deferred Capital Receipts.

## Notes to the Statement of Accounts

31 March 2021 £000		31 March 2022 £000
(215,916)	<b>Balance at 1 April</b>	(242,720)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:	
8,770	Charges for depreciation and impairment of non-current assets	9,204
5,631	Revaluation impairment through CIES	6,978
(2,868)	Reversal of impairment on revaluation	(3,874)
358	Amortisation of intangible assets	180
704	Revenue expenditure funded from capital under statute	695
2,019	Amounts of non-current assets written off on disposal as part of the gain / loss on disposal posted to the CIES	3,884
(448)	Write out of revaluation gain on disposal from Revaluation Reserve	(424)
(1,894)	Depreciation, amortisation and impairment w/o from Reval. Res.	(2,248)
12,272	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	14,395
	<b>Capital financing applied in the year:</b>	
(3,703)	Use of the Capital Receipts Reserve to finance new capital expenditure	(6,829)
(4,609)	Use of the Major Repairs Reserve to finance new capital expenditure	(7,583)
(1,045)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(427)
(718)	Application of grants to capital financing from the Capital Grants Unapplied Account	(844)
(870)	Statutory provision for the financing of capital investment charged against the General Fund balance	(1,113)
	Use of General Earmarked Reserved to finance new capital expenditure	
(13,353)	Capital expenditure charged against the General Fund and HRA balances	(5,889)
(24,298)		(22,685)
(14,786)	Movements in the market value of Investment Properties credited to the CIES	(520)
8	Other adjustment	(3)
(242,720)	<b>Balance at 31 March</b>	(251,533)

# Notes to the Statement of Accounts

## (c) Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance of the Pension Reserve therefore shows a substantial shortfall in the benefits earned by the past and current employees and the resources the Council have set aside to meet them. The statutory arrangements ensure the funding will have been set aside by the time the benefits come to be paid.

See Note 32 for further details of the Reserve Balance which equates to the Liability.

31 March 2021 £000		31 March 2022 £000
57,352	<b>Balance at 1 April</b>	<b>81,231</b>
21,158	Remeasurements of the net defined benefit liabilities	(29,214)
7,373	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	12,057
(4,652)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,970)
<b>81,231</b>	<b>Balance at 31 March</b>	<b>59,104</b>

## (d) Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as useable for financing new capital expenditure until they are backed by cash receipts. When the cash is eventually received, amounts are transferred to the Capital Receipts Reserve.

31 March 2021 £000		31 March 2022 £000
(88)	<b>Balance at 1 April</b>	<b>(97)</b>
(9)	Movement in year	0
<b>(97)</b>	<b>Balance at 31 March</b>	<b>(97)</b>

# Notes to the Statement of Accounts

## (e) Collection Fund Adjustment Account

The Collection Fund Adjustment Account represents the amount that the Council owes itself at the year end arising from the declared Collection Fund Surplus for the year. This amount is not permitted to be allocated to the General Fund under Statute hence its inclusion within this Reserve.

31 March 2021 £000		31 March 2022 £000
482	<b>Balance at 1 April</b>	8,743
8,215	Amount by which the non-domestic rates income credited to the Comprehensive Income & Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(5,988)
46	Amount by which the council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	22
<b>8,743</b>	<b>Balance at 31 March</b>	<b>2,777</b>

## (f) Accumulated Absence Reserve

The Accumulating Compensated Absence Reserve reflects the input of excess staff time utilised at the Balance Sheet Date which will be paid in kind beyond the Balance Sheet Date in the form of excess leave or flexi time carried forward.

31 March 2021 £000		31 March 2022 £000
257	<b>Balance at 1 April</b>	590
(257)	Settlement or cancellation of accrual made at the end of previous year	(207)
590	Amounts accrued at the end of current year	0
<b>590</b>	<b>Balance at 31 March</b>	<b>383</b>

# Notes to the Statement of Accounts

## 21 Cash Flow Statement- Operating Activities

Adjusted net surplus or deficit on the provision of services for non cash movements

31 March 2021 £000		31 March 2022 £000
9,127	Depreciation	9,357
(12,027)	Impairment and upward revaluations	2,585
5,956	Increase / (decrease) in creditors	2,907
(91)	Increase / (decrease) in provisions	(1,363)
(14,333)	(Increase) / decrease in debtors	6,850
41	(Increase) / decrease in inventories	(48)
2,721	Pension Liability	7,087
2,019	Carrying amount of Non-Current Assets sold	3,908
0	Other Non-Cash Items Charged to the Net Surplus or deficit on the Provision of Services	2
<b>(6,587)</b>	<b>Total</b>	<b>31,285</b>

Adjusted for items included in the net surplus or deficit on the provision of services that are investing or financing activities

31 March 2021 £000		31 March 2022 £000
(337)	Creditors relating to Section 106 etc.	(137)
(6,971)	Creditors relating to Collection Fund Agencies	(1,226)
(5,759)	Debtors relating to Collection Fund Agencies	(5,759)
(5,004)	Proceeds from the sale of property and equipment, investment property and intangible assets	(7,231)
<b>(18,071)</b>	<b>Total</b>	<b>(14,353)</b>



## Notes to the Statement of Accounts

Operating activities within the cashflow statement include the following cash flows relating to interest and other operating activities

31 March 2021		31 March 2022
£000		£000
3,006	Interest Received	3,384
(7,252)	Interest Charge for the Year	(7,421)
<b>(4,246)</b>	<b>Total</b>	<b>(4,037)</b>

### 22 Cash Flow Statement- Investing Activities

31 March 2021		31 March 2022
£000		£000
(44,635)	Purchase of Property, Plant & Equipment, Investing Property	(25,230)
(14,875)	Purchase of Short-term and Long-term Investments	(23,304)
34,000	Purchase of Short-term and Long-term Borrowing	6,000
5,004	Proceeds from Sale of Property, Plant & Equipment, Investment	7,231
6,560	Proceeds from Short-term and Long-term Investments	0
<b>(13,946)</b>	<b>Total</b>	<b>(35,303)</b>

### 23 Cash Flow Statement- Financing Activities

31 March 2021		31 March 2022
£000		£000
337	Creditors relating to Section 106 etc.	137
6,971	Creditors relating to Collection Fund Agencies	1,226
5,759	Debtors relating to Collection Fund Agencies	5,759
<b>13,067</b>	<b>Total</b>	<b>7,122</b>

# Notes to the Statement of Accounts

## 24 Trading Operations

There were no trading operations at the Council in 2021/22 or prior.

## 25 Members' Allowance

South Cambridgeshire District Council was represented by a total of 45 Councillors during the year. Further information is available upon request from the Democratic Services Manager, South Cambridgeshire District Council, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA.

31 March 2021		31 March 2022
£		£
350,792	Allowances	358,381
41	Expenses	4,847
<b>350,833</b>	<b>Total</b>	<b>363,228</b>

# Notes to the Statement of Accounts

## 26 Officer Remuneration

Senior Officer Remuneration:

	2021/22				
	Salary (including fees and allowances)	Benefits in Kind	Pension Contributions	Compensation for Loss of Office	Total Remuneration including Pension Contributions
Chief Executive	137,500	0	23,263	0	160,763
Interim Executive Director <sup>1</sup>	0	0	0	0	0
Chief Operating Officer	110,713	0	18,804	0	129,517
Head of Housing	75,271	0	12,779	0	88,050
Interim Head of Housing <sup>5</sup>	0	0	0	0	0
Head of Waste & Environment <sup>4</sup>	23,449	0	3,294	0	26,743
Joint Director for Planning and Economic Development <sup>2</sup>	114,134	0	19,386	0	133,520
Head of Finance & Section 151 Officer	83,857	0	14,239	0	98,096
Head of Human Resources & Corporate Services <sup>3</sup>	37,686	0	6,390	73,338	117,414
Head of Transformation	76,141	0	12,927	0	89,068
Head of Climate, Environment & Waste	45,937	0	7,809	0	53,746
<b>Total</b>	<b>704,688</b>	<b>0</b>	<b>118,891</b>	<b>73,338</b>	<b>896,917</b>

A new Senior Officer Structure was fully implemented during 2020/21, therefore not all posts comparable year on year

<sup>1</sup> Interim arrangement ended during 2020/21 with the appointment of Chief Operating Officer

<sup>2</sup> Shared Director with Cambridge City Council. 100% of Remuneration costs shown above. Costs shared 50:50.

<sup>3</sup> Post superseded by Head of Transformation, HR & Corporate Services

<sup>4</sup> Post superseded by Head of Climate, Environment & Waste

<sup>5</sup> Interim arrangements ended during 2020/21 with the appointment of Head of Housing

## Notes to the Statement of Accounts

	2020/21				
	Salary (including fees and allowances)	Benefits in Kind	Pension Contributions	Compensation for Loss of Office	Total Remuneration including Pension Contributions
Chief Executive	133,503	0	22,696	0	156,199
Interim Executive Director (Corporate Services)	35,008	0	4,727	0	39,735
Chief Operating Officer <sup>1</sup>	77,952	0	13,252	0	91,204
Head of Housing <sup>4</sup>	67,851	0	11,442	0	79,293
Interim Head of Housing <sup>5</sup>	8,400	0	0	0	8,400
Head of Waste & Environment	78,868	0	13,309	0	92,177
Joint Director for Planning and Economic Development <sup>2</sup>	111,253	0	18,913	0	130,166
Head of Finance & Section 151 Officer	79,090	0	13,445	0	92,535
Head of Human Resources & Corporate Services	78,391	0	13,234	0	91,625
Head of Transformation <sup>6</sup>	53,489	0	9,093	0	62,582
<b>Total</b>	<b>723,805</b>	<b>0</b>	<b>120,111</b>	<b>0</b>	<b>843,916</b>

<sup>1</sup> Commenced employment 6 July 2020

<sup>2</sup> Shared Director with Cambridge City Council. 100% of Remuneration costs shown above. Costs shared 50:50.

<sup>4</sup> Commenced employment 20 April 2020

<sup>5</sup> Interim arrangements ended May 2020.

<sup>6</sup> Commenced employment 30 June 2020

# Notes to the Statement of Accounts

The number of employees, excluding Senior Officers shown below, whose remuneration was £50,000 or more were:

31 March 2021		31 March 2022
No of Employees	Remuneration Band	No of Employees
9	£50,000 - £54,999	10
8	£55,000 - £59,999	7
5	£60,000 - £64,999	5
1	£65,000 - £69,999	2
1	£70,000 - £74,999	2
0	£75,000 - £79,999	2
1	£85,000 - £89,999	0
0	£105,000 - £109,999	1
<b>25</b>	<b>Total</b>	<b>29</b>

Remuneration for these purposes includes all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits other than in cash. As remuneration includes redundancy and compensation for loss of office, the number of employees in each salary band can vary from year to year. Pension contributions payable by either the employee or employer are excluded.

## Termination Benefits

Exit packages are those that have been agreed by the Authority, i.e. those packages for which the Authority is demonstrably committed and, have been paid in 2021/22 or are committed to be paid within 12 months. The costs included are those termination benefits defined and measured in accordance with the Code of Practice and include all relevant redundancy costs, pension contributions in respect of early retirement, ex gratia payments and other departure costs.

	2021/22			Total Cost of Exit Packages in Each Band £000
	No of Compulsory Redundancies	No of Other Departures	Total No of Exit Packages	
<b>Exit Package Cost Band (inc. special payments)</b>				
£0 - £20,000	1	5	6	34
£20,001 - £40,000	0	1	1	26
£40,001 - £60,000	1	0	1	73
£80,001 - £100,000	0	1	1	84
£200,001 - £220,000	0	0	0	0
<b>Total Cost Included in Bandings and in the CIES</b>	<b>2</b>	<b>7</b>	<b>9</b>	<b>217</b>

# Notes to the Statement of Accounts

	2020/21			
	No of Compulsory Redundancies	No of Other Departures	Total No of Exit Packages	Total Cost of Exit Packages in Each Band £000
<b>Exit Package Cost Band (inc. special payments)</b>				
£0 - £20,000	1	7	8	21
£20,001 - £40,000	1	0	0	24
£40,001 - £60,000	0	0	0	0
£80,001 - £100,000	0	0	1	0
£200,001 - £220,000	0	0	0	0
<b>Total Cost Included in Bandings and in the CIES</b>	<b>2</b>	<b>7</b>	<b>9</b>	<b>45</b>

## 27 External Audit Fees

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims and returns:

31 March 2021		31 March 2022
£000		£000
40	External audit fees - EY LLP (Note 1)	40
24	Certification of Grant Claims & Returns - Housing Benefits - EY LLP	24
4	Certification of Grant Claims & Returns - Housing pooling capital receipts - Ensors Accountants LLP	4
<b>68</b>	<b>Total</b>	<b>68</b>

Note 1 The 2021/22 audit fee presented in the table above of £40k is the scale of fees as determined by the PSAA, the final fee for 2020/21 is still to be determined.

# Notes to the Statement of Accounts

## 28 Grants and Contributions

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement

31 March 2021		31 March 2022
£000		£000
	<b>Credited to Taxation and Non-Specific Grant Income</b>	
(2,768)	New Homes Bonus	(2,193)
(131)	Other non-ringfenced government grants	(250)
(2,088)	Covid grants	(4,133)
(9,134)	Business Rates	(5,336)
(1,050)	Capital Grants and Contributions	(1,627)
<b>(15,171)</b>	<b>Total Grants and Contributions</b>	<b>(13,539)</b>
	<b>Credited to Services</b>	
(22,200)	Department for Work and Pensions (DWP)- Housing Benefit	(19,875)
(11)	Cabinet Office (CO)- Electoral Registration	(11)
(242)	Ministry for Hou, Comm. and Local Government (MHCLG)	(242)
(789)	Other Government Grants	(169)
(3,741)	Covid Support Grants	(634)
(1,083)	Contributions from local authorities	(33)
<b>(28,066)</b>	<b>Total Grants and Contributions</b>	<b>(20,964)</b>
<b>(43,237)</b>	<b>Total</b>	<b>(34,503)</b>

### Covid-19 Grants

As a result of the Covid-19 pandemic a significant amount of additional Government Grants were provided to local authorities. The accounting requirements differ depending on whether the Council is acting as either a 'principal' or an 'agent' or whether they are non-ringfenced grants. In general terms if the Council has discretion on grant scheme criteria they are acting as a 'principal' and the transactions will be included in the CIES, where there is no discretion the Council acts as an 'intermediary agent' and the transactions will not be shown in the CIES. The most material transactions within the CIES relate to the Covid19 grants (£4.767m).



## 29 Related Party Declarations

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. The Council holds a Register of Interests in which all members are required to declare any interests in accordance with the code of conduct which is open to the public.

The Council has two subsidiary companies wholly owned by the Council, South Cambs Limited (trading as Ermine Street Housing) and Shire Homes Lettings Limited. Transactions between these companies and the Council are accounted within the Council's group accounts (see Note G5).

### Ermine Street Housing

Two employees P Campbell and J Membery and one member Councillor I Sollom are Directors of South Cambs Limited T/A Ermine Street Housing. During 2021/22, the Council charged £5,311,262 (£3,488,109 2020/21) for its services to Ermine Street Housing. Amounts owed at the end of the year by Ermine Street Housing to the Council total £94,619,955 (£84,949,218 2020/21) related to recharges for contracted services and short term loans taken out to purchase investment properties.

### Shire Homes Limited

One officer (H Wood) and one member (Councillor P Fane) of the Council are the company directors. During 2021/22 expenditure of £301,550 (£262,103 2020/21) was paid to Shire Homes Lettings Limited for contracted services to manage the Council's private sector scheme and the Council charged £190,235 (£200,087 2020/21) for its services. At the end of 2021/22 the net amount of £136,961 (£96,863 2020/21) was outstanding to the Council by Shire Homes.

### Care Network Cambridgeshire

One Member (Councillor Sue Ellington) of the Council is the company director of Care Network Cambridgeshire. During 2021/22, grant of £18,500 (£18,500 2020/21) was paid by the Council.

### Central Government

Central Government is responsible for providing the statutory framework within which the Council operates and provides a significant amount of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties, for example Council Tax bills, housing benefits.

In 2021/22, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

## 30 Capital Expenditure and Financing

The total amount of capital enhancement incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital enhancement is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

# Notes to the Statement of Accounts

31 March 2021		31 March 2022		
£000		HRA £000	GF £000	Total £000
306,234	<b>Opening Capital Financing Requirement</b>	204,429	135,060	339,489
(141)	Adjustment to Opening CFR	0	0	0
	<b>Capital Investment</b>			
12,350	Loan to South Cambs Ltd *		11,263	11,263
444	Intangible Assets		369	369
22,702	Property, Plant and Equipment	17,479	4,286	21,765
21,494	Investment Properties		3,096	3,096
0	Loan to South Cambridgeshire Investment Partnership (SCIP)*		13,033	13,033
704	Rev. Expenditure Funded from Capital Under Statute		695	695
	<b>Sources of Finance</b>			
(3,703)	Capital receipts	(5,647)	(1,182)	(6,829)
(13,353)	Revenue	(3,824)	(2,065)	(5,889)
(1,763)	Capital Grants	(425)	(846)	(1,271)
(4,609)	Major repairs reserve	(7,583)	0	(7,583)
(870)	MRP from Capital Adjustment Account		(1,113)	(1,113)
<b>339,489</b>	<b>Total</b>	<b>204,429</b>	<b>162,596</b>	<b>367,025</b>

\* The loans made to South Cambs Limited and SCIP, from cash balances, are recognised as capital in year, increasing the Council's underlying need to borrow.

## 31 Leases

### Council as a lessee:

#### Finance Leases

The Council has two leases that are classified as finance lease. They are two travellers sites, Blackwell and Whaddon, which have been leased on a peppercorn rent over a lease term of 125 years from Cambridgeshire County Council (ending 08/05/2144).

The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet at the following net amounts:

# Notes to the Statement of Accounts

	2021/22	2020/21
	£000s	£000s
<b>Other Land and Buildings</b>		
Blackwell Site	1,588	1,590
Whaddon Site	1,675	1,675
<b>Total</b>	<b>3,265</b>	<b>3,070</b>

There were no Minimum Lease Payments to report in 2021/22 or 2020/21.

## Operating Leases

Following a full review of the Council's related agreements there are no embedded leases to report for 2021/22 (£0k in 2020/21)

### The Council as a lessor:

The Council has no finance lease as a lessor.

## Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure Statement.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2021/22	2020/21
	£000s	£000s
Not later than one year	1,446	2,102
Later than one year and not later than five years	5,710	5,729
Later than five years	4,670	6,098
<b>Total</b>	<b>11,826</b>	<b>13,929</b>

## 32 Pensions

The Council participates in the national Local Government Pension Scheme which is a funded defined benefit (average career) scheme and which also provide historic unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council. With the funded scheme, the Council (the employer) and employees both pay contributions into the pension fund with the employer's contribution calculated every three years at a level intended to balance the scheme assets and liabilities over a twenty year period.

The transactions below have been made in the CIES during the year.

## Notes to the Statement of Accounts

31 March 2021		31 March 2022
£000		£000
	<b>Comprehensive Income and Expenditure Statement</b>	
6,039	Service Cost	10,380
1,334	Net Interest Charged	1,677
<b>7,373</b>	<b>Net Charge made to the CIES</b>	<b>12,057</b>
	<b>Re-Measurements in Other Comprehensive Income</b>	
(26,622)	Return on Fund Assets in Excess of Interest	9,974
46,221	Changes in Financial Assumptions	14,520
2,406	Change in Demographic Assumptions	4,720
<b>22,005</b>	<b>Re-Measurement of the Net Assets / (Defined Liability)</b>	<b>29,214</b>
	<b>Pension Assets and Liabilities Recognised in the Balance Sheet</b>	
(220,766)	Present Value of the Funded Obligation	(219,511)
(1,837)	Present Value of the Unfunded Obligation	(1,743)
141,372	Fair Value of Scheme Assets	162,150
<b>(81,231)</b>	<b>Net Liability in the Balance Sheet</b>	<b>(59,104)</b>

Reconciliation of the fair value of the Scheme Liabilities

Unfunded Liabilities	Funded Liabilities		Unfunded Liabilities	Funded Liabilities
2019/20			2020/21	
£000	£000		£000	£000
<b>(2,035)</b>	<b>(179,602)</b>	<b>Net pensions liability at 1 April</b>	<b>(1,706)</b>	<b>(167,796)</b>
(41)	(4,365)	Interest Cost	(41)	(3,883)
55	4,196	Change in Demographic Assumptions	(42)	(2,364)
203	15,381	Change in Financial Assumptions	(156)	(46,065)
0	(148)	Change in Other Assumptions		1,905
0	(6,964)	Current Service Cost		(6,039)
0	0	Past Service Cost Including Curtailments		0
0	(1,014)	Contributions by Scheme Participants		(1,134)
112	4,720	Estimated Benefits Paid	108	4,610
<b>(1,706)</b>	<b>(167,796)</b>	<b>Net Pension Liability at 31 March</b>	<b>(1,837)</b>	<b>(220,766)</b>

# Notes to the Statement of Accounts

## Reconciliation of the fair value of the Scheme Assets

31 March 2021		31 March 2022
£000		£000
112,150	Fair Value of the Plan Assets at 1 April	141,372
2,590	Interest on Assets	2,839
25,564	Return on Assets less Interest	16,621
4,652	Employer Contributions including Unfunded	4,970
1,134	Contributions by Scheme Participants	1,284
(4,610)	Benefits Paid	(4,829)
(108)	Contribution in respect of unfunded benefits	(107)
<b>141,372</b>	<b>Fair Value of the Plan Assets at 31 March</b>	<b>162,150</b>

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The last triennial valuation was completed during 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The estimated Employer contributions for the period to 31 March 2022 are £4,863,000 (2020/21 £4,544,000).

### Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full (triennial) valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary have been:

## Notes to the Statement of Accounts

2020/21		2021/22
	<b>Mortality Assumptions</b>	
	Longevity at 65 for current pensioners in years:	
22.2	* Men	22.0
24.4	* Women	24.6
	Longevity at 65 for future pensioners in years:	
23.2	* Men	22.8
26.2	* Women	26.1
3.4%	Rate of increase in salaries	3.70%
2.9%	Rate of increase in pensions	3.20%
2.0%	Rate for discounting scheme liabilities	2.70%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumption in longevity, for example, assume that life expectancy increases (or decreases) for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

# Notes to the Statement of Accounts

The Scheme's assets consist of the following categories, by proportion of the total assets held.

Quoted active market	Quoted non-active market	Total		Quoted active market	Quoted non-active market	Total
£000	£000	£000		£000	£000	£000
3,883	0	3,883	Cash and cash equivalents	1,568	0	1,568
			<b>Equity inst: by industry type</b>			
0	0	0	Consumer	0	0	0
0	0	0	Manufacturing	0	0	0
0	0	0	Energy and Utilities	0	0	0
0	0	0	Financial Institutions	0	0	0
0	0	0	Health and Care	0	0	0
0	0	0	Info. Technology	0	0	0
0	0	0	<b>Sub-total equity</b>	0	0	0
			<b>Debt Securities: by sector</b>			
0	0	0	Corporate Bonds(inv. grade)	0	0	0
0	0	0	Corporate Bonds (non-inv. grade)	0	0	0
0	5,706	5,706	UK Government	0	7,958	7,958
0	0	0	Other	0	0	0
0	5,706	5,706	<b>Sub-total bonds</b>	0	7,958	7,958
			<b>Property: by type</b>			
0	8,621	8,621	UK Property	0	11,387	11,387
0	2	2	Overseas Property	0	0	0
0	8,623	8,623	<b>Sub-total property</b>	0	11,387	11,387
			<b>Private Equity:</b>			
0	13,160	13,160	All (UK & Overseas)	0	17,306	17,306
0	13,160	13,160	<b>Sub-total private equity</b>	0	17,306	17,306
			<b>Inv. Funds and Unit Trusts</b>			
0	84,163	84,163	Equities	0	93,485	93,485
0	15,647	15,647	Bonds	0	17,234	17,234
0	0	0	Hedge Funds	0	0	0
0	0	0	Commodities	0	0	0
0	11,862	11,862	Infrastructure	0	12,884	12,884
0	0	0	Other	0	0	0
0	111,672	111,672	<b>Sub-total other inv. funds</b>	0	123,603	123,603
			<b>Derivatives:</b>			
0	(1,672)	(1,672)	Other	0	328	328
0	(1,672)	(1,672)	<b>Sub-total derivatives</b>	0	328	328
3,883	137,489	141,372	<b>Total</b>	1,568	160,582	162,150



# Notes to the Statement of Accounts

## Fair value of scheme assets

31 March 2021		31 March 2022
%		%
0.0%	Equity Instruments	0.0%
4.0%	Debt Securities	5.0%
6.0%	Property	7.0%
8.0%	Private Equity	11.0%
80.0%	Investment Funds and Unit Trusts	77.0%
0.0%	Derivatives	0.0%
2.0%	Cash and cash equivalents	1.0%
100.0%		100.0%

The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities was considered by the actuaries in the 2017 actuarial review of the Pension Fund. The anticipated shortfall in the funding of the scheme has determined the future level of pension contributions which will be due in between triennial valuations.

Sensitivity Analysis as at 31 March 2022	Sensitivity 1	Assumptions	Sensitivity 2
	£000	£000	%
<b>Adjustment to Discount Rate</b>			
Present Value of Total Obligation	4,106	221,254	2%
<b>Adjustment to Long Term Salary Increase</b>			
Present Value of Total Obligation	452	221,254	0%
<b>Adjustment to Pension Increases and Deferred Revaluation</b>			
Present Value of Total Obligation	3,622	221,254	2%
<b>Sensitivity Analysis as at 31 March 2021</b>	<b>Sensitivity 1</b>	<b>Assumptions</b>	<b>Sensitivity 2</b>
	£000	£000	%
<b>Adjustment to Discount Rate</b>			
Present Value of Total Obligation	22,713	222,603	10%
<b>Adjustment to Long Term Salary Increase</b>			
Present Value of Total Obligation	1,894	222,603	1%
<b>Adjustment to Pension Increases and Deferred Revaluation</b>			
Present Value of Total Obligation	20,366	222,603	9%

# Notes to the Statement of Accounts

## 33 Nature & extent of risks arising from financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Council has the following financial instruments:

- financial liabilities: trade payables and long term borrowing
- financial assets: loans and receivables comprising bank deposits, trade receivables, investments, shares and long term mortgages

The Council has given interest free loans, repayable on the sale/transfer of charged properties, which have not been classified as financial instruments. These loans are included in the balance sheet as long term debtors', the outstanding amount was £329k as at 31 March 2021 (£329k in 2020/21). No such loans have been made since 2012/13.

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions which are included as counterparties in the Council's Investment Strategy, which regards the successful identification, monitoring and control of risk to be the prime criteria. The Council has a policy of tiered maximum investments with the uppermost limit not more than £10 million of its surplus balances to any one institution. With no historical experience of default, the exposure to credit risk on bank deposits and investments is not considered material. The main exposure to credit risk relates to housing rents where a provision for bad debts is made.

Where sums are owed by the Council's customers and contractual debtors the Council makes provision for doubtful debt, detailed in Note 16, based on an assessment of the risks for each type and the age of those debts, the Council does not generally extend credit beyond 21 days.

### Debtors

The following analysis summarises the Council's analysis of its potential maximum exposure to credit risk (impairment allowance) in relation to debtors:

31 March 2021			31 March 2022	
Customer Debt	Other Debtors		Customer Debt	Other Debtors
£000	£000		£000	£000
(2,244)	(773)	<b>Balance at 1st April</b>	(1,768)	(1,231)
431	(517)	(Increase)/decrease in provisions	120	7
45	59	Amounts used	26	76
<b>(1,768)</b>	<b>(1,231)</b>	<b>Balance at 31st March</b>	<b>(1,622)</b>	<b>(1,148)</b>

## Notes to the Statement of Accounts

The Council does not normally extend credit beyond 21 days. At 31 March 2022, the total debtor balance can be analysed as follows:

31 March 2021		31 March 2022
£000		£000
	<b>Customer Debts:</b>	
7,313	Less than 3 months	7,947
1,114	More than 3 months	2,325
<b>8,427</b>	<b>Balance at 31st March</b>	<b>10,272</b>

### Investments

The risk is minimised through the Treasury Management Strategy, which requires that deposits are made with Debt Management Office, other local authorities, AAA rated money market funds or Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy. It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. A limit of £10m is placed on the amount of money that can be invested with a single counterparty excepting UK Central Government which is unlimited. The Council also sets a total group investment limit (£10m) for institutions that are part of the same banking group.

The table below summarises the nominal value of the Council's investment portfolio at 31 March 2022, and confirms that all investments were made in line with the Council's approved rating criteria when investment placed:

The amounts below include the money market fund which is included in cash and cash equivalents.

	Balances Invested as at 31 March 2022						
	Credit Rating Criteria Met	Up to 1 Month	1 - 3 Months	4 - 6 Months	7 - 12 Months	Greater than 12 Months	Total
		£000	£000	£000	£000	£000	£000
Banks UK	YES	1,885	7,000	1,000			9,885
Building Societies	YES		2,000				2,000
South Cambs Ltd	YES					94,620	94,620
SCIP						13,033	13,033
Housing Assoc	YES		3,500				3,500
Local Authorities	YES	2,500				500	3,000
CLIC	YES					2,400	2,400
Money Market Funds	YES	2,155					2,155
<b>Total</b>		<b>6,540</b>	<b>12,500</b>	<b>1,000</b>	<b>0</b>	<b>110,553</b>	<b>130,593</b>

CLIC- Cambridge Leisure and Ice Centre

# Notes to the Statement of Accounts

## Liquidity Risk

All trade and other payables are due to be paid in less than one year. The PWLB loans have maturities of between 25 and 45 years as detailed in Note 13, interest being paid half yearly, a Repayment Reserve being used to manage the future repayment of principal.

## Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments as most investments are at fixed rates. Movement in interest rates can have an impact on the Council's interest receipts from investments; for example, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the assets will fall (but the carrying amount will not change)

As most investments are at fixed rates, a sensitivity analysis for interest rate changes has not been carried out. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget which is used to update the Council's medium term financial strategy periodically during the year, this allows any adverse changes to be accommodated.

## Price Risk

The Council does not invest in equity holdings or in financial instruments whose capital value is subject to market fluctuations. It therefore has no exposure to losses arising through price variations.

## Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

## 34 Capital Commitments

Material capital commitments as at 31 March 2022 were £4.335 million on Housing (£9.510m as at 31st March 2021). The reduction year on year is due to the capital spend on new build sites, which includes some large schemes; Babraham Road (Sawston) and Bennell Farm (Toft) and Hardwick.

# Notes to the Statement of Accounts

## 35 Assets Held for Sale

31 March 2021		31 March 2022
£000		£000
	<b>Cost or valuation</b>	
0	<b>At 1 April</b>	<b>0</b>
0	Adjustments	0
0	Additions	0
0	Revaluation increases / (decreases) recognised in the Revaluation Reserve	0
0	Revaluation increases / (decreases) recognised in the CIES	0
0	Derecognition - Disposals	0
0	Other movements / reclassifications within assets	20,350
<b>0</b>	<b>Total</b>	<b>20,350</b>

Assets held for sale relate to Vitrium Building which was disposed in 2022/23.

## 36 Intangible Assets

31 March 2021		31 March 2022
£000		£000
	<b>Cost or valuation</b>	
535	<b>At 1 April</b>	<b>661</b>
444	Additions- Purchase only	369
(358)	Amortisation	(180)
40	Other movements / reclassifications	(1)
<b>661</b>	<b>Total</b>	<b>849</b>

## 37 Contingencies

There were no material contingent assets to report for the Council as at 31 March 2022.

# Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year for providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2020/21	Note	2021/22
£000		£000
<b>Income</b>		
(28,595) Dwelling Rents		(29,582)
(392) Non Dwelling Rents		(375)
(1,134) Charges for Services and Facilities		(1,331)
0 Revaluation Gains of non-current assets		0
<b>Contributions towards expenditure:</b>		
(130) General Fund		(129)
(18) Other Sources		(116)
<b>(30,269) Total Income</b>		<b>(31,533)</b>
<b>Expenditure</b>		
3,798 Repairs and Maintenance		5,321
1,226 Special Services		1,324
<b>Supervision and Management:</b>		
2,646 General		3,355
1,655 Repairs and Maintenance		2,070
278 Rents, Rates and Other Charges		276
<b>Depreciation and Amortisation:</b>		
7,147 Depreciation		7,685
2,833 Impairments	H9	3,100
52 Treasury Management Costs		44
158 Inc./(Dec.) Provision for Bad/Doubtful Debts		50
<b>19,793 Total Expenditure</b>		<b>23,225</b>
<b>(10,476) Net Cost of Services as Included in the Comprehensive Income and Expenditure Statement</b>		<b>(8,308)</b>
646 HRA services share of Corporate Expenses		646
<b>(9,830) Net Cost / (Income) of HRA Services</b>		<b>(7,662)</b>
<b>(9,830) HRA Share of the Income and Expenditure included in the Comprehensive Income and Expenditure Statement</b>		<b>(7,662)</b>
(2,480) Loss/(Gain) on Sale of HRA Non-Current Assets		(3,635)
7,193 Interest Payable and similar charges		7,193
(1,034) Interest and Investment Income		(1,159)
161 Pensions Interest / Return on Assets		194
(1,031) Capital Grants and Contributions		(429)
<b>(7,021) (Surplus) / Deficit for the Year on HRA Services</b>		<b>(5,498)</b>

## Movement on Housing Revenue Account Statement

The Housing Revenue Income and Expenditure Statement shows the Council's actual financial performance for the year in managing its housing stock, measured in terms of the resources consumed and generated over the last twelve months. However, Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.

The payment of a share of housing capital receipts to the Government is treated as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than from council tax.

Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits earned.

The Housing Revenue Account Statement compares the Council's spending against the Income that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for the future.

This reconciliation statement summarises the differences between the outturn in the Housing Revenue Income and Expenditure Statement and the Housing Revenue Account balance.

Note 7 details the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve and Deferred Capital Receipts.

<b>2020/21</b>	<b>2021/22</b>
<b>£000</b>	<b>£000</b>
<b>(7,021)</b>	<b>(5,498)</b>
(Surplus)/ deficit for the year on the Housing Revenue Account Income and Expenditure Statement	
8,155	4,078
Adjustments between accounting basis and funding basis under statute (including to or from reserves)	
1,134	(1,420)
(Increase) / decrease in the Housing Revenue Account Balance	
<b>(4,214)</b>	<b>(3,080)</b>
Housing Revenue Account Surplus Brought Forward	
<b>(3,080)</b>	<b>(4,500)</b>
Housing Revenue Account Surplus Carried Forward	



# Notes to the Housing Revenue Account

## H1 Housing Stock Volumes

The Housing Revenue Account includes all the expenditure and income associated with the following stock of Housing Revenue Account dwellings:

2020/21		2021/22			
Total		Conversion	Additions	Disposals	Total
1,094	1 Bedroom	0	34	(4)	1,124
2,369	2 Bedroom	0	49	(14)	2,404
1,848	3 Bedroom	0	7	(9)	1,846
74	4+ Bedroom	0	0	0	74
<b>5,385</b>		<b>0</b>	<b>90</b>	<b>(27)</b>	<b>5,448</b>

31 March 2021		31 March 2022
5,335	<b>Stock (Whole Property Equivalent) as at 1 April</b>	
(10)	Less:	<b>5,385</b>
(6)	Other Movements *	(27)
66	New Properties #	90
<b>5,385</b>	<b>Stock as at 31 March</b>	<b>5,448</b>
	Other movements / reclassifications within assets	
	Number of houses:	
5,113	Houses and Bungalows	5,119
272	Flats and Maisonettes	329
0	Other	
<b>5,385</b>	<b>Stock as at 31 March</b>	<b>5,448</b>
<b>5,385</b>	<b>Total</b>	<b>5,448</b>

\* Other Movements include; equity share and shared ownership sales, demolitions and non-RTB sales

# New Properties include; New Builds and equity share and shared ownership acquisitions

# Notes to the Housing Revenue Account

## H2 Housing Stock Values

The total balance sheet values of dwellings and other property and land within the HRA are

2020/21			2021/22	
Asset Value	Depreciation		Asset Value	Depreciation
£000	£000		£000	£000
528,509	6,957	Council Dwellings (HRA only)	607,793	14,510
	(6,957)	Depreciation adj. on revaluation		(14,510)
27,219	394	Other Land & Buildings	19,142	394
	(394)	Depreciation adj. on revaluation		(394)
1,562	0	Surplus assets held	1,577	0
265	15	Infrastructure	265	15
<b>557,555</b>	<b>15</b>		<b>628,777</b>	<b>15</b>

In 2021/22, depreciation on buildings is based on the asset lives as assessed by the Council's appointed valuers, Wilks, Head and Eve. Land is not depreciated. The dwellings are valued in accordance with Guidance on Stock Valuation for Resource Accounting issued by the Office of the Deputy Prime Minister. This requires the dwellings to be valued at open market value with vacant possession, which is then adjusted to reflect tenancies at less than open market rents by using an adjustment factor based on the ratio of local authority rents to open market rents for the relevant region. The adjustment factor for the eastern region is 38%.

The value of council dwellings (Housing Revenue Account) at 31 March 2022, based on vacant possession, was £1,568m.

## H3 Gross Dwelling Rent Income

During 2021/22, 1.80% (1.90% in 2020/21) of all lettable dwellings were vacant.

Average rents were £107.35 (£104.97 in 2020/21) per week including affordable rents, an increase of £2.38 or 2.3% (£3.78 or 3.7% increase in 2020/21) on the previous year. 33.69% (38.75% in 2020/21) of all Council tenants received some help through rent rebates in 2021/22.

Rent arrears increased to £937,420 (£886,348 in 2020/2021), which represents 3.18% (3.06% in 2020/21) of gross dwelling rent income.

The provision for bad and doubtful debts on these arrears amounted to £703,859 (£682,722 in 2020/21). Amounts written off during the year totalled £28,492 (£3,572 in 2020/21). Dwelling rents are shown after allowing for voids.

# Notes to the Housing Revenue Account

## H4 Rent Arrears on Dwellings

31 March 2021		31 March 2022
£000		£000
	886 Arrears	937
	(683) Provision for uncollectable amounts	(704)
	<b>203 Net arrears</b>	<b>233</b>
	3.06% Arrears as a percentage of gross rents collectable	3.18%

## H5 Pensions

This contribution, shown in the Statement of Movement on the Housing Revenue Income and Expenditure Account, reverses out the pensions liabilities apportioned to net operating expenditure and adds back in the payments to the pension scheme so that the adoption of International Accounting Standard 19 (IAS 19) Employee Benefits has no effect on the deficit/surplus for the year. In view of the uncertainty over future pension costs, an additional percentage of pensionable pay has been charged against the Housing Revenue Account and placed in a reserve for use in future years (Note 32).

## H6 Housing Revenue Account Capital Receipts

The Council received £7,169,441 (£4,157,759 in 2020/21) in respect of HRA capital receipts during 2021/22.

This arose as a result of the sale of council houses including shared-ownership of £7,169,441 (£3,952,759 in 2020/21). Of this the Council had £2,350,366 (£1,431,649 in 2020/21) available for house building projects and £20,800 (£14,625 in 2020/21) for the administration of the sales which left £4,798,275 (£2,237,042 in 2020/21) to fund other capital projects and pay the central government pool an amount of £474,443 (£474,443 in 2020/21).

# Notes to the Housing Revenue Account

## H7 Capital Expenditure, Financing and Receipts

Capital expenditure and financing relating to the HRA during the financial year was:

31 March 2021		31 March 2022
£000		£000
<b>204,429</b>	Opening capital financing requirement	<b>204,429</b>
	Expenditure:	
16	Acquisition and Improvement of land	0
10,804	New build- dwellings	9,525
34	Re-provision of existing dwellings	0
513	Acquisition of existing dwellings	368
4,609	Improvement of housing stock and other buildings	7,586
	Financing:	
(2,712)	Capital receipts and contributions	(5,647)
(7,610)	Revenue	(3,824)
(1,045)	Grants and Reserves	(425)
(4,609)	Major Repairs Allowance	(7,583)
<b>204,429</b>	Closing capital financing requirement	<b>204,429</b>

Capital receipts relating to the HRA during the financial year were:

31 March 2021		31 March 2022
£000		£000
205	Sale of Land	0
2,018	Right to Buy	2,601
1,935	Other	4,574
<b>4,158</b>	<b>Total</b>	<b>7,175</b>

## H8 Major Repairs Reserve

Previously, within the housing subsidy scheme, there was an annual allowance for major repairs which could only be used for expenditure on major repairs and/or improvements to Housing Revenue Account dwellings. The housing subsidy scheme and, therefore the Major Repairs Allowance, ceased at the end of 2011/12 with the advent of the Self Financing regime. In 2012/13 the Council was required to charge the Housing Revenue Account a notional amount for depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvement works. The transition period continued until the end of 2016/17, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2017/18 onwards.

## Notes to the Housing Revenue Account

2020/21		2021/22
£000		£000
(807)	Balance as at 1 April	(3,345)
(7,147)	Transfer to Capital Adjustment Account	(7,685)
4,609	HRA capital expenditure charged to Major Repairs Reserve	7,584
(2,538)	Total Expenditure	(101)
(3,345)	Balance as at 31 March	(3,446)

### H9 Impairments

Impairment is a reduction in the value of non-current assets. When this occurs through the clear consumption of economic benefit or through market value reduction, it has been identified and is written off against any revaluation gains in the Revaluation Reserve for that group of assets until the gain is reduced to zero and then any balance is charged to Housing Revenue Income and Expenditure Account.

### H10 Note of Reconciling Items for the Statement of Movement on HRA Balance

2020/21		2021/22
£000		£000
(7,021)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Account	(5,498)
2,465	(Loss)/Gain on sale of HRA non-current assets	3,635
(329)	HRA share of contributions to the Pensions Reserve	(816)
(2,833)	Reversal of Depreciation & Impairment	(3,100)
(7,147)	Depreciation	(7,685)
0	Revaluation	0
1,045	Capital Grants and Contributions	427
7,147	Transfer from Major Repairs Reserve	7,685
(29)	Accumulated Leave Reversal	(1)
7,836	Capital Expenditure funded by the HRA	3,933
8,155	<b>Adjustments between accounting basis and funding basis under statute (including to or from reserves)</b>	<b>4,078</b>
1,134	<b>Net increase/(decrease) before transfers to/from res.</b>	<b>(1,420)</b>
0	Transfers To Earmarked Reserves	0
1,134	<b>Dec/(inc) in the HRA balance for the year</b>	<b>(1,420)</b>
(4,214)	HRA balance brought forward	(3,080)
(3,080)	HRA balance carried forward	(4,500)

# Collection Fund Statement

This account reflects the statutory requirement for the Council, as the billing authority, to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (Business Rates).

2020/21				2021/22			
Non Domestic Rates	Council Tax	Collection Fund Total		Note	Non Domestic Rates	Council Tax	Collection Fund Total
£000	£000	£000			£000	£000	£000
			<b>Income</b>				
	(121,905)	(121,905)	Council Tax	CF1		(127,826)	(127,826)
(73,582)		(73,582)	Non Domestic Rates	CF2	(82,058)		(82,058)
<b>(73,582)</b>	<b>(121,905)</b>	<b>(195,487)</b>	<b>Total Income</b>		<b>(82,058)</b>	<b>(127,826)</b>	<b>(209,884)</b>
			<b>Expenditure</b>				
			Apportionment of previous years surplus/(deficit)				
383	0	383	Central Government		(9,720)	0	(9,720)
69	552	621	Cambridgeshire County Council		(1,750)	631	(1,119)
8	30	38	Cambridgeshire & Peterborough Fire Authority		(194)	33	(161)
0	94	94	Cambridgeshire Police and Crime Commissioner			108	108
307	99	406	South Cambridgeshire District Council		(7,776)	113	(7,663)
			<b>Precepts and Demands</b>				
44,685	0	44,685	Central Government		44,234	0	44,234
8,043	86,468	94,511	Cambridgeshire County Council		7,962	90,107	98,069
894	4,586	5,480	Cambridgeshire & Peterborough Fire Authority		885	4,733	5,618
0	14,801	14,801	Cambridgeshire Police and Crime Commissioner		0	15,938	15,938
35,748	9,562	45,310	South Cambridgeshire District Council		35,388	9,998	45,386
0	5,882	5,882	Special Expenses- Parish Precepts		0	6,105	6,105
			<b>Charges to the Collection Fund</b>				
50	(5)	45	Write Offs / (write backs)			22	22
760	193	953	BDP charge for year		(156)	207	51
415	0	415	Provision for Appeals		(3,407)	0	(3,407)
242	0	242	Cost of Collection Allowance		240	0	240
563	0	563	Transitional Payment Protection (TPP)		(30)	0	(30)
1,495	0	1,495	Disregarded Amounts		1,425	0	1,425
<b>93,662</b>	<b>122,262</b>	<b>215,924</b>	<b>Total Expenditure</b>		<b>67,101</b>	<b>127,995</b>	<b>195,096</b>
<b>20,080</b>	<b>357</b>	<b>20,437</b>	<b>Deficit / (Surplus) for the Year</b>		<b>(14,957)</b>	<b>169</b>	<b>(14,788)</b>
<b>1,756</b>	<b>(1,727)</b>	<b>29</b>	<b>Balance Brought Forward</b>		<b>21,836</b>	<b>(1,370)</b>	<b>20,466</b>
<b>21,836</b>	<b>(1,370)</b>	<b>20,466</b>	<b>Balance Carried Forward</b>		<b>6,879</b>	<b>(1,201)</b>	<b>5,678</b>

# Notes to Collection Fund Statement

## Collection Fund Balances:

Attribution of deficit/(surplus) carried forward:

2020/21				2021/22			
Non Domestic Rates £000	Council Tax £000	Collection Fund Total £000		Note	Non Domestic Rates £000	Council Tax £000	Collection Fund Total £000
			<b>Proportional split</b>				
10,919	0	10,919	Central Government		3,439	0	3,439
1,965	(974)	991	Cambridgeshire County Council		619	(852)	(233)
218	(51)	167	Cambridgeshire & Peterborough Fire Authority		69	(45)	24
0	(170)	(170)	Cambridgeshire Police and Crime Commissioner		0	(152)	(152)
<b>13,102</b>	<b>(1,195)</b>	<b>11,907</b>	<b>Total</b>		<b>4,127</b>	<b>(1,049)</b>	<b>3,078</b>
8,734	(175)	8,559	South Cambridgeshire District Council		2,752	(152)	2,600
<b>21,836</b>	<b>(1,370)</b>	<b>20,466</b>	<b>Deficit / (Surplus)</b>		<b>6,879</b>	<b>(1,201)</b>	<b>5,678</b>



# Notes to Collection Fund Statement

## CF1 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands, estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Cambridgeshire County Council, Cambridgeshire & Peterborough Police & Crime Commissioner, Cambridgeshire Fire & Rescue Service and this Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted discounts: 64,353.8 for 2021/22, (63,617.6 for 2020/21). The basic amount of Council Tax for a Band D property £1,971.04 for 2021/22, (£1,906.70 for 2020/21) is multiplied by the proportion specified for the particular band to give an individual amount due.

2020/21		2021/22			
Equivalent Number of Band D Dwellings		Chargeable Dwellings	Chargeable Dwellings after Discount, Exemptions and Disabled Relief	Ratio to Band D	Band D Equivalents
4.0	Band A Disabled	7.8	7.8	5/9	4.3
1,350.7	Band A	2,037.2	2,037.2	6/9	1,358.1
5,073.8	Band B	6,683.5	6,683.5	7/9	5,198.3
16,874.2	Band C	19,181.3	19,181.3	8/9	17,050.0
13,003.6	Band D	11,934.9	12,893.3	9/9	12,893.3
12,907.3	Band E	10,687.5	10,687.5	11/9	13,062.5
10,711.3	Band F	7,576.0	7,576.0	13/9	10,943.0
7,007.9	Band G	4,288.8	4,288.8	15/9	7,148.0
737.5	Band H	374.0	374.0	18/9	748.0
<b>67,670.3</b>	<b>Total Band D</b>	<b>62,771.0</b>	<b>63,729.4</b>		<b>68,405.5</b>
(3,765.0)	Less Band D equivalents entitled to Council Tax Support				(3,765.0)
95.7	MOD contribution				101.1
<b>64,001.0</b>	<b>Total Band D Equivalents</b>				<b>64,741.6</b>
(383.4)	Less Adjustment for Collection Rate		99.4%		(387.8)
<b>63,617.6</b>	<b>Council Tax Base</b>				<b>64,353.8</b>

Income of £118.7m for 2021/22 (£115.4m for 2020/21) was receivable from council tax payers.

# Notes to Collection Fund Statement

## CF2 Non Domestic Rates

Non Domestic Rates are organised on a national basis. The Government specifies an amount, 49.9p (small business) and 51.2p (others) in 2021/22, (49.9p (small business) 51.2p (others) in 2020/21) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

From 1 April 2013 Business Rates Retention was introduced whereby Local Authorities retain 50% of the Business Rates collected and pay the remainder over to Central government. The amount retained is shared between the Council (40%), Cambridgeshire County Council (9%) and Fire Authority (1%). In addition, the Government has set a level of Business Rates Funding deemed to be applicable to each area and every Council either receives a top up (where business rates are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding).

If the Council increases its business rates base and therefore income it is allowed to retain a proportion of this increased income whilst paying up to 50% to Central Government. This payment is known as a levy payment.

If a reduction of business rates income of more than 7.5% of its funding baseline has occurred then the government will make up any difference between this and the actual loss in the form of a safety net payment.

The total non-domestic rateable value at the year-end was £220,767,832 (£188,877,313 in 2020/21).

## **Group Accounts and Consolidation with the Council**

The Council has 2 wholly owned subsidiaries South Cambs Limited (Ermine Street Housing) and Shire Homes Lettings Limited. As a result a set of Group Accounts for the Group as a whole are produced. The Accounts have been consolidated on a line by line basis, as per IFRS10.

The impact of the Companies activities upon the Reserves of the Group are detailed in note G1. Context of Group Accounts and Consolidation with the Council

# Group Accounts

## Group - Comprehensive Income and Expenditure Statement

This statement shows the cost in the year of providing services in accordance with generally accepted accounting practices. Authorities raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is reflected in the 'Revenue Purpose' column of the Movement In Reserves Statement which shows how the Total Comprehensive Income & Expenditure is allocated to each individual Reserve.

Restated 2020/21				2021/22		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£000	£000	£000	Note	£000	£000	£000
<b>Continuing Operations</b>						
2,803	(403)	<b>2,400</b>	Chief Executive	2,894	(758)	<b>2,136</b>
10,848	(5,470)	<b>5,378</b>	Director of Greater Cambridge Shared Planning	11,592	(4,694)	<b>6,898</b>
15,989	(7,279)	<b>8,710</b>	Head of Climate, Waste & Environment	17,167	(8,188)	<b>8,979</b>
30,300	(26,771)	<b>3,529</b>	Head of Finance	26,438	(20,824)	<b>5,614</b>
4,810	(3,049)	<b>1,761</b>	Head of Housing	4,845	(2,988)	<b>1,857</b>
3,229	(468)	<b>2,761</b>	Head of Transformation, HR & Corporate Services	3,924	(621)	<b>3,303</b>
20,695	(30,526)	<b>(9,831)</b>	Housing Revenue Account	23,861	(31,525)	<b>(7,664)</b>
2,696	(6,227)	<b>(3,531)</b>	Subsidiary Companies	<b>G1</b> 4,391	(7,710)	<b>(3,319)</b>
<b>91,370</b>	<b>(80,193)</b>	<b>11,177</b>	<b>Net Cost of Services</b>	<b>95,112</b>	<b>(77,308)</b>	<b>17,804</b>
	3,805		Other Operating Expenditure and Income			<b>1,625</b>
	(9,112)		Financing and Investment Income and Expenditure			<b>6,994</b>
	(32,275)		Taxation and Non-Specific Grant Income			<b>(35,119)</b>
	1,084		Tax expenses of Subsidiary Companies			<b>763</b>
	<b>(25,321)</b>		<b>(Surplus) / Deficit on Provision of Services</b>			<b>(7,933)</b>
	(35,585)		(Surplus) / Deficit on Revaluation of Property Plant & Equipment	<b>20a</b>		<b>(67,008)</b>
	21,158		Actuarial (Gains) / Losses on Pension Assets / Liabilities	<b>32</b>		<b>(29,214)</b>
	<b>(39,748)</b>		<b>Total Comprehensive Income and Expenditure</b>			<b>(104,155)</b>

# Group Accounts

## Group - Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other resources. The surplus or deficit on the provision of services line in the CIES shows the true economic cost of providing the authority's services. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked Reserves (GF)	Housing Revenue Account	Earmarked Reserves (HRA)	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Un-applied	Subsidiary Companies	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Movements in 2020/21</b>											
<b>Balance as at 01 April 2020</b>	(13,757)	(32,078)	(4,214)	(9,500)	(807)	(11,831)	(678)	(2,606)	(75,471)	(281,888)	(357,359)
Total Comprehensive Income and Exp.	(17,673)	-	(7,021)	-	-	-	-	(627)	(25,321)	(14,427)	(39,748)
Adjustment Between Accounting and Funding Basis Under Regulations	8,363	-	8,155	-	(2,538)	(792)	(33)	-	13,155	(13,155)	-
<b>Net Increase / (Decrease) before Transfer to Earmarked Reserves</b>	<b>(9,310)</b>	<b>-</b>	<b>1,134</b>	<b>-</b>	<b>(2,538)</b>	<b>(792)</b>	<b>(33)</b>	<b>(627)</b>	<b>(12,166)</b>	<b>(27,582)</b>	<b>(39,748)</b>
Transfer to Earmarked Reserves	10,860	(10,860)	-	-	-	-	-	-	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>1,550</b>	<b>(10,860)</b>	<b>1,134</b>	<b>-</b>	<b>(2,538)</b>	<b>(792)</b>	<b>(33)</b>	<b>(627)</b>	<b>(12,166)</b>	<b>(27,582)</b>	<b>(39,748)</b>
<b>Balance as at 31 March 2021</b>	<b>(12,207)</b>	<b>(42,938)</b>	<b>(3,080)</b>	<b>(9,500)</b>	<b>(3,345)</b>	<b>(12,623)</b>	<b>(711)</b>	<b>(3,233)</b>	<b>(87,638)</b>	<b>(309,470)</b>	<b>(397,107)</b>
<b>Movements in 2021/22</b>											
Total Comprehensive Income and Exp.	(2,260)	-	(5,498)	-	-	-	-	(175)	(7,933)	(96,222)	(104,155)
Adjustment Between Accounting and Funding Basis Under Regulations	1,192	-	4,078	-	(101)	93	(35)	-	5,227	(5,227)	-
<b>Net Increase / (Decrease) before Transfer to Earmarked Reserves</b>	<b>(1,068)</b>	<b>-</b>	<b>(1,420)</b>	<b>-</b>	<b>(101)</b>	<b>93</b>	<b>(35)</b>	<b>(175)</b>	<b>(2,706)</b>	<b>(101,449)</b>	<b>(104,155)</b>
Transfer to Earmarked Reserves	(1,887)	1,887	-	-	-	-	-	-	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>(2,955)</b>	<b>1,887</b>	<b>(1,420)</b>	<b>-</b>	<b>(101)</b>	<b>93</b>	<b>(35)</b>	<b>(175)</b>	<b>(2,706)</b>	<b>(101,449)</b>	<b>(104,155)</b>
<b>Balance as at 31 March 2022</b>	<b>(15,162)</b>	<b>(41,051)</b>	<b>(4,500)</b>	<b>(9,500)</b>	<b>(3,446)</b>	<b>(12,530)</b>	<b>(746)</b>	<b>(3,408)</b>	<b>(90,344)</b>	<b>(410,919)</b>	<b>(501,262)</b>

# Group Accounts

## Group - Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority 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 Reserves that may only be used to fund capital or repay debt). The second category of reserves is those that the authority 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.

31 March 2021		Note	31 March 2022
£000			£000
	<b>Long Term Assets</b>		
593,891	Property, Plant & Equipment		672,503
151,056	Investment Properties	<b>G2</b>	139,484
661	Intangible Assets		1,121
4,979	Long Term Investments		19,568
747	Long Term Debtors		747
<b>751,334</b>	<b>Total Long Term Assets</b>		<b>833,423</b>
	<b>Current Assets</b>		
3,548	Short Term Temporary Investments		1,000
248	Inventories		294
20,239	Debtors and Prepayments		13,329
19,754	Cash & Cash Equivalents		16,740
<b>43,789</b>	<b>Total Current Assets</b>		<b>51,713</b>
	<b>Current Liabilities</b>		
(59,080)	Short Term Creditors		(62,004)
(19,000)	Short Term Borrowing		(50,000)
(2,062)	Cash & Cash Equivalents		(1,821)
(4,645)	Provisions		(3,282)
<b>(84,787)</b>	<b>Total Current Liabilities</b>		<b>(117,107)</b>
	<b>Long Term Liabilities</b>		
(81,231)	Pensions Liability		(59,104)
(230,123)	Long Term Borrowing		(205,123)
(1,875)	Long Term Prov. (Tax) (Group only)		(2,539)
<b>(313,229)</b>	<b>Total Long Term Liabilities</b>		<b>(266,766)</b>
<b>397,107</b>	<b>Total Assets Less Liabilities</b>		<b>501,263</b>
	<b>Reserves</b>		
(87,637)	Usable Reserves		(90,344)
(309,470)	Unusable Reserves		(410,919)
<b>(397,107)</b>	<b>Total Reserves</b>		<b>(501,263)</b>

# Group Accounts

## Group - The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2020/21		2021/22
£000		£000
<b>25,321</b>	<b>Net Surplus/(Deficit) on Provision of Services</b>	<b>7,933</b>
5,914	Adjustments to net surplus or deficit on the provision of services for non-cash movements	31,373
(18,083)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(14,353)
<b>13,152</b>	<b>Net cash flows from Operating Activities</b>	<b>24,953</b>
(28,969)	Investing Activities	(34,848)
14,885	Financing Activities	7,122
<b>(932)</b>	<b>Net Increase or (Decrease) in cash and cash equivalents</b>	<b>(2,773)</b>
18,624	Cash and Cash Equivalents at the beginning of the reporting period	17,692
<b>17,692</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>14,919</b>



# Group Accounts

## Group Notes

### G1. Context of Group Accounts and Consolidation with the Council

The Council has 2 wholly owned subsidiaries South Cambs Limited (Ermine Street Housing) and Shire Homes Lettings Limited. As a result a set of Group Accounts for the Group as a whole are produced. The Accounts have been consolidated on a line by line basis, as per IFRS10.

In preparing the Group Financial Statements the Council has aligned the accounting policies of all group entities with those of the Council.

The impact of the Companies' activities upon the Reserves of the Group are as follows;

	South Cambs £000	Shire Homes £000	Total £000
Turnover	(6,791)	(919)	(7,710)
Service Expenses	4,036	919	4,955
Interest Payable	3,223	0	3,223
Interest and Investment Income Receivable	0	0	0
(Gain)/Loss on FV of Investment Properties	(712)	0	(712)
Tax Liability	763	0	763
<b>Profit/(Loss) for the year after taxation</b>	<b>519</b>	<b>0</b>	<b>519</b>
Useable Reserves			
Balance as at 01 April 2021	(3,219)	(14)	(3,233)
Profit/(Loss) for the year after taxation	519	0	519
<b>Total company reserves position of Group Balance Sheet</b>	<b>(2,700)</b>	<b>(14)</b>	<b>(2,714)</b>

The Assets & Liabilities of the Company's at the Balance Sheet Date are as follows:

	South Cambs £000	Shire Homes £000	Total £000
Property, Plant, Equipment	272	0	272
Investment Properties	103,891	0	103,891
Long Term Investments	0	0	0
Short Term Debtors & Cash	1,388	141	1,529
Short Term Creditors	(97,093)	(127)	(97,220)
Short Term Leases	0	0	0
Long Term Borrowing	0	0	0
Long Term Provisions (Tax)	(2,539)	0	(2,539)
Long Term Leases	0	0	0
<b>Total assets net of Council share</b>	<b>5,919</b>	<b>14</b>	<b>5,933</b>

# Group Accounts

## G2. Investment Properties

The group balance sheet includes properties which have been purchased by South Cambs Ltd for the purpose of earning rentals or for capital appreciation or both, properties for refurbishment, improvement and resale are classified as stock in hand and are included within Inventories.

The Council carries out a programme that ensures that all Investment Property are valued annually, at the end of each reporting period. Property, Plant and Equipment is required to be measured at fair value and is re-valued at least every five years.

Investment Property assets valuation relating to South Cambs Limited as at 31 March 2022 was undertaken by Wilks, Head and Eve, Professional Valuers

The following items of income and expense have been accounted for in respect of Investment Properties and have been recognised in the company Income and Expenditure Account and Group comprehensive income and expenditure account.

2020/21		SCDC	SC Ltd	Shire Homes	2021/22
£000		£000	£000	£000	£000
(5,820)	Rental Income	(2,006)	(5,713)	(510)	(8,229)
4,050	Direct Expenses	586	1,746	324	2,656
<b>(1,770)</b>	<b>Total</b>	<b>(1,420)</b>	<b>(3,967)</b>	<b>(186)</b>	<b>(5,573)</b>

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date.

The following summarises the movement in the fair value of investment properties over the year.

2020/21		SCDC	SC Ltd	Shire Homes	2021/22
£000		£000	£000	£000	£000
<b>60,560</b>	<b>At 1st April</b>	<b>60,881</b>	<b>77,189</b>	<b>599</b>	<b>138,669</b>
38,073	Acquisitions	0	15,037	786	15,823
0	Disposals	0	0	(24)	(24)
1,616	Revaluation inc/(dec) in CIES	520	18,403	(442)	18,481
<b>100,249</b>	<b>At 31st March</b>	<b>61,401</b>	<b>110,629</b>	<b>919</b>	<b>172,949</b>
	<b>Fair Value:</b>				
<b>60,560</b>	<b>At 1st April</b>	<b>60,881</b>	<b>77,189</b>	<b>599</b>	<b>138,669</b>
<b>100,249</b>	<b>At 31st March</b>	<b>61,401</b>	<b>110,629</b>	<b>919</b>	<b>172,949</b>

### Fair Value Measurement of Investment Properties

Investment properties are held at fair value. Investment properties are classified as Level 2 within the value hierarchy as defined within IFRS13. Level 2 inputs used in valuing the properties are those which are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

The portfolio is valued in line with the accounting policy.

# Group Accounts

The valuation is undertaken by the Professional Valuer, Wilks, Head and Eve, on a fair value basis in line with IFRS13 and in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors (RICS) Valuation-Professional Standards.

South Cambs Limited provides data to the valuer including current lease and tenant data. These valuations and the assumptions they have made have been discussed with officers representing the company. The valuation technique applied in respect of Investment Property is the market approach. The market approach is described at paragraphs B5 to B7 of IFRS13; it uses prices and other relevant information generated by market transactions involving identical or comparable assets.

There has been no change in the valuation technique used during the year for investment properties.

## G3. Loans and Investments

The Council has undertaken fixed term investments of £95.835m (£84.572m 2020/21) with South Cambs Ltd a corresponding liability transaction has been shown on the balance sheet of South Cambs Ltd these transactions have been eliminated in the group accounts.

## G4. Leases

The Council's leases have been reported in [Note 31](#). Payments of £47,458 in respect of vehicle contract hire were made in 2021/22 (£52,172 in 2020/21). South Cambs Ltd has operating leases with payments of £619,967 in 2021/22 (£641,041 in 2020/21) in respect of property leases. Shire Homes Lettings Limited had payments of £584,336 in 2021/22 (£481,475 in 2020/21) in respect of property leases.

The future minimum contract hire payments due under non-cancellable agreements in future years are:

2020/21		SCDC	SC Ltd	Shire Homes	2021/22
£000		£000	£000	£000	£000
(1,151)	Not later than 1 year	0	(666)	(525)	(1,191)
(2,762)	Later than 1 year, not later then 5 years	0	(1,605)	(415)	(2,020)
0	Later than 5 years	0	0	0	0
284	Future finance charges and other adj's	0	0	0	0
<b>(3,629)</b>	<b>Total</b>	<b>0</b>	<b>(2,271)</b>	<b>(940)</b>	<b>(3,211)</b>

## G5. Related Party Transactions

The Council has two subsidiary companies wholly owned by the Council, South Cambs Limited (trading as Ermine Street Housing) and Shire Homes Lettings Limited. Transactions between these companies and the Council are accounted within the Council's group accounts.

### Ermine Street Housing

Two employees P Campbell and J Membery and one member Councillor I Sollom are Directors of South Cambs Limited T/A Ermine Street Housing.

## **Shire Homes Limited**

One officer (H Wood) and one member (Councillor P Fane) of the Council are the company directors.

## Covering Note

This is a covering introduction for the **Annual Governance Statement 2021/2022 (AGS)**, recognising the revised timetable for concluding the accompanying Statement of Accountants.

The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), have produced a framework for delivering good governance in local government. The framework guidance “Delivering Good Governance in Local Government Framework 2016” is used as a guide in compiling the AGS. Arrangements for compiling the AGS were coordinated through the Internal Audit team, with input from key stakeholders and management.

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

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

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

The 2021/2022 AGS is expected to be approved as part of the draft Statement of Accounts in January 2024. In October 2023 the [Public Sector Audit Appointments](#) highlighted a cumulative backlog of 918 delayed audit opinions in the Local Government sector. There is currently uncertainty about the process and timing of external audit work and the impact this could have on approving the Statement of Accounts. Consequently, it is possible that further amendments may be required to this document following, consultation and review by the externally appointed auditors.

This document will continue to be developed during this period and updated on our website.

Despite the delay to the 2021/2022 Statement of Accounts being finalised and the impact on this AGS being concluded, it is still a good opportunity for the Council to reflect on what has happened in the financial year, through the Review of Effectiveness.

The final version of the AGS, will accompany the Statement of Accounts for approval by the Committee, as required by the Accounts and Audit Regulations 2015.

# Annual Governance Statement



## Introduction and purpose

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

## Definition of Corporate Governance

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

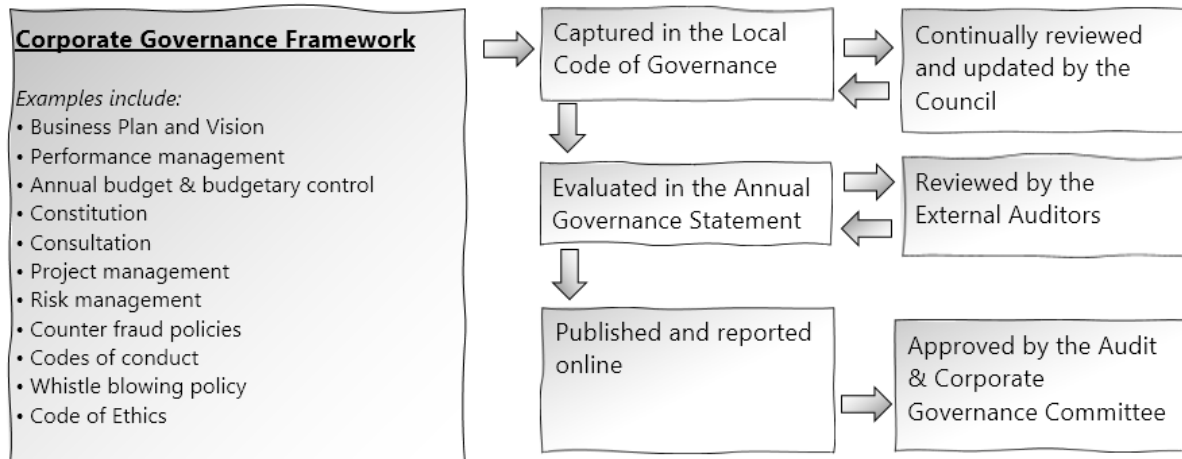
Good governance in the public sector means: "*achieving the intended outcomes while acting in the public interest at all times*"

# Annual Governance Statement

## The Governance Framework

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

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



The governance framework for the 2021/2022 financial year supports the Council aims and objectives, which are published on [our website](#)<sup>1</sup>.



The Council produces a [Business Plan](#)<sup>2</sup> which sets out four Priority Areas, with specific and measurable actions, “Putting the heart into South Cambridgeshire by”:

- Growing local businesses and economies
- Housing that is truly affordable for everyone to live in
- Being green to our core
- A modern and caring Council

Performance against the [Business Plan](#), is published in the [Performance Page](#) of our website.

<sup>1</sup> <https://www.scams.gov.uk/your-council-and-democracy/performance-and-plans/>

<sup>2</sup> <https://www.scams.gov.uk/your-council-and-democracy/performance-and-plans/council-plans-and-reports/our-business-plan/>

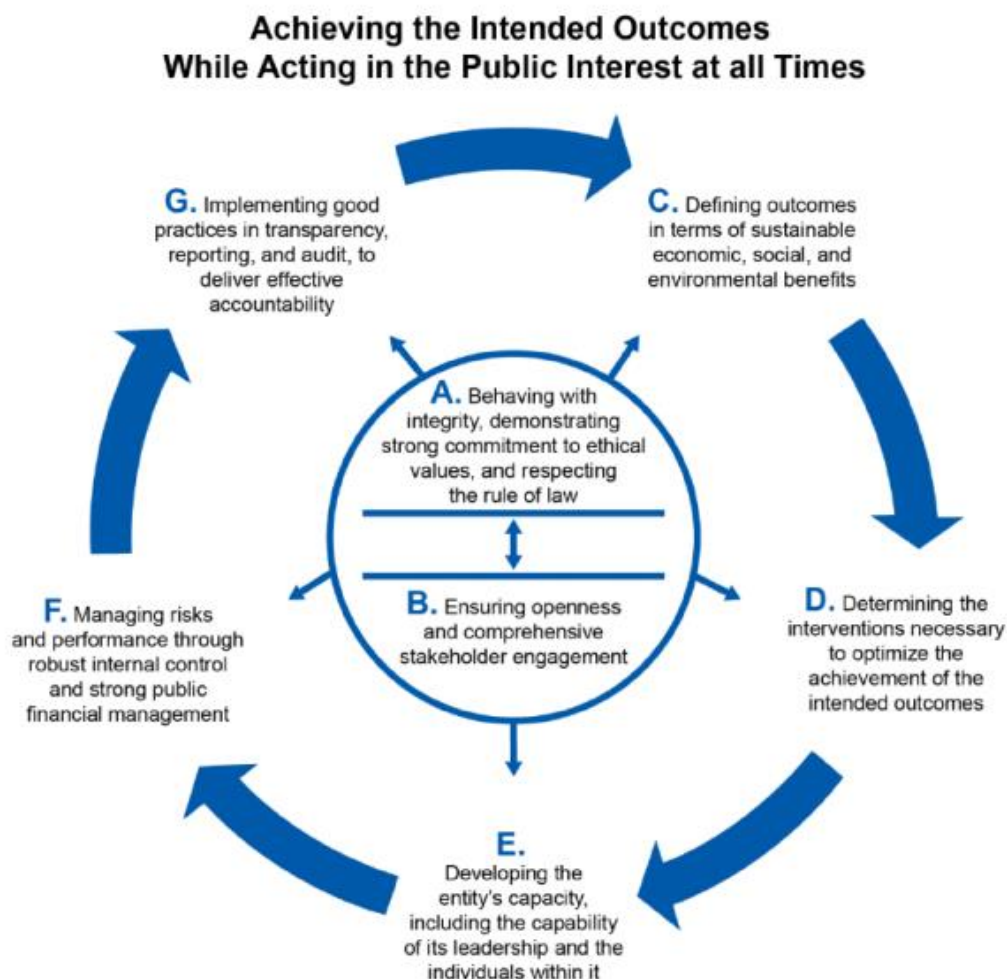


# Annual Governance Statement

## Local Code of Governance

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

This Governance Framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts. It is recorded in our [Local Code of Governance](#), which was reviewed by our Audit & Corporate Governance Committee in January 2023. Our code is underpinned by the 7 principles of good governance as set out in the CIPFA / SOLACE publication 'Delivering Good Governance in Local Government Framework 2016'. The principles are:



# Annual Governance Statement

## Role and responsibilities

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

Governance structures	Roles and responsibilities
<a href="#">Council</a>	Council agrees the budget and policy framework, such as the Corporate Plan, Medium Term Financial Strategy.
<a href="#">Cabinet</a>	This is the Council's principal decision-making body charged with implementing the budget and policy framework agreed by Council.
<a href="#">Leadership Team</a>	The management team structure includes a strategic Leadership Team and is supported by an operational Corporate Management Team. Both teams consider policy formulation and future planning.
<a href="#">Audit and Corporate Governance Committee</a>	<p>The Audit and Corporate Governance Committee also plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done. It provides an assurance role to the Council by examining areas such as audit, risk management, internal control, counter fraud and financial accountability.</p> <p>The Committee exists to challenge the way things are being done, making sure the right processes are in place. It works closely with both Internal Audit and senior management to continually improve the governance, risk and control environment.</p>
<a href="#">Civic Affairs Committee</a>	This committee reviews the Council's Constitution, including proposals for substantive changes for consideration by the Council. It also considers changes to electoral arrangements, setting ethical standards and monitoring the Council's Code of Conduct.
<a href="#">Scrutiny and Overview committee</a>	It monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout the district, whether or not South Cambridgeshire District Council provides them, and makes recommendations for improvement. The committee also has an overview function in which it considers matters that may affect South Cambridgeshire and decides whether the Council is appropriately responding to these issues. It works closely with external organisations to come up with solutions to these problems and provide recommendations that will improve Council services.

# Annual Governance Statement

## Purpose of the Annual Governance Statement

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

This enables us to demonstrate whether, and to what extent, the Council complied with its Local Code of Governance.

The Local Code of Governance is updated regularly. This process records our good practice, and also helps us to plan further action which can improve our governance arrangements.

## Statutory compliance

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

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

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

## Other review and assurance mechanisms

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

## Head of Internal Audit Opinion

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

The audit opinion was regularly communicated to the [Audit & Corporate Governance Committee](#) throughout 2021/2022. The reports outlined the key findings of the internal audit work undertaken during the year, including any areas of significant weakness in the internal control environment.

From the audit reviews undertaken, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and reported to Audit and Corporate Governance Committee.

It is the opinion of the Head of Internal Audit that, taking into account all available evidence, reasonable assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2021/2022, and this remains at a similar level to the previous year.

# Annual Governance Statement

## Partnership Assurance

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

## External Reviews

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

The [Local Government and Social Care Ombudsman](#) resolve complaints in the public sector and provides annual statistic on performance. No public interest reports were published.

The DVLA completed a review of Information Assurance & Governance in our Fraud and Environmental Teams. Their assurance report provided a "green" rating (No issues were observed; or any non-conformance observed is minor) on our management of DVLA data and internal controls.

## Peer review

Typically, every Council has a Peer Review every five years. The process is designed to provide robust, strategic and credible challenge and support to councils. The Council's last Peer Review was on its [Planning Committee in 2020](#). This latest review was of the whole Council and was [completed in 2023](#) and can be seen on our website.

## External Audit

Ernst & Young (now EY) are the appointed external auditor. Their results report (ISA260) and audit opinion for 2021/2022 will be presented to the Audit & Corporate Governance committee once the work is concluded.

EY have most recently issued an "unqualified" audit opinion on the financial statements which provided assurance for the Statement of Accounts. They issued an "except for qualified" value for money conclusion in respect of the Authority's proper arrangements to make informed decisions as a result of having reliable and timely financial reporting. This was because of the consecutive years that the Authority has been unable to prepare and publish its accounts by the dates outlined in the Accounts and Audit Regulations.

This ongoing challenge is reflected in our Opportunities for Improvement.

# Annual Governance Statement

## **Public Services Network**

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

## **The Financial Management Code**

Strong financial management is an essential part of ensuring public sector finances are sustainable, and CIPFA launched a Financial Management Code to support this. A key goal of the code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The code incorporates existing requirements on local government to give a comprehensive picture of financial management in the Council.

Councils are required to be compliant with the code from the 2021/2022 financial year, and we must demonstrate that the requirements of the code are being satisfied.

An independent Internal Audit review of the Financial Management Standards (FMS) contained within the code has already been completed, to provide assurance and develop any actions needed to achieve compliance.

# Annual Governance Statement

## Challenges to Local Authority Governance

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

## Impact of Coronavirus

The pandemic Covid-19 had the potential to significantly impact the governance risk and control environment. Immediate threats included the Council's decision-making processes, risk management, and the overall capacity and capability of the Council. In the longer term it was also appropriate to consider the impact on our outcomes, financial and organisational resilience, stakeholder engagement and accountability.

The AGS considers the effectiveness of our Code of Governance, both during the financial year plus significant issues up to the time it is approved, and it is appropriate to recognise the longer-term impact of Covid-19 pandemic.

The financial year 2021/2022 was another year in which council services were disrupted by the impacts of the global coronavirus pandemic. Restrictions and regulations changed during the year. Some services continued largely unaffected, whilst others were not able to operate "normally" until later in the year. Even when services were allowed to operate normally, the continuing presence of coronavirus in the community lead to periods of sick leave and isolation, reducing our capacity to deliver some services at times.

In response to the pandemic we implemented various measures through our business continuity framework, with continuous risk management, and proactively worked with our stakeholders, partners and customers. We drafted a Reset and Recovery Plan to outline the key areas across the Council that would be prioritised. This positively contributed to many of the principals from our Local Code of Governance, such as engaging with stakeholders, determining interventions to achieve outcomes, managing risk, and adapting our internal controls.

The use of Council Anywhere technology helped us to continue working from remote locations and maintain service delivery. This has helped us to maintain our governance arrangements, and further specific reference due to the impact of Covid-19 are included below where it helps to communicate the impact.

It was an exceptional year and our [Covid Response](#) highlighted how our council services adapted to the restrictions imposed by the government in response to the global coronavirus pandemic, seeking new ways of working – including with communities and partners - to deliver the services that are important to local people and to respond to the challenges of Covid-19.

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

## Transformation and new ways of working

The Council has significantly changed the way it works as a result of the Covid-19 pandemic, with an increase in the use of technology, more flexible working, and more home working, all while maintaining

# Annual Governance Statement

standards across frontline services for residents and businesses. We are however still faced with recruitment issues, across a range of services, and an increasingly challenging financial environment. The need to continue to develop new ways of working that will protect services to residents and businesses, whilst maintaining a motivated and highly productive workforce has led to a proposal to trial a four-day week.

Our [four-day week trial](#) is helping to deliver changes to services that have not been possible in the past. This new model of working that we are trialling, creates a social contract between our officers and the Council with an aim of ensuring our services are maintained and improved where possible.

Cabinet approved a proposal to trial a four-day week at the Council, running from January to March 2023, and preceded by a planning period of three months. The proposal considered potential risks of innovating a new way of working, such as adverse publicity, short term disruption and dissatisfaction from those not involved in the trial.

In March 2023 Cabinet confirmed the arrangements for the next steps of the Four-Day Week Trial, to ensure clarity around the process of reviewing the first trial and considering the next steps.

In May 2023 Cabinet [approved an extension to the trial](#), up until March 2024, in order to assess the impact on recruitment and retention, with regular reports on progress being submitted to Employment & Staffing Committee during 2023/2024 and a final report to Cabinet and Council at the end of the extended trial period. Cabinet also approved a three-month trial for Facilities Management colleagues at South Cambs Hall.

The trial has attracted scrutiny, publicity and debate since its launch. In November 2023 the Department for Levelling Up, Housing and Communities issued a [Best Value Notice](#) to the Council. The department expects authorities to identify and implement arrangements to secure continuous improvement. The Notice is a request that we engage with them to provide assurance of improvement (and was not issued using any legislative powers). Consequently, we are providing them with information about the impact of the trial and productivity.

We have continued to keep our customers and stakeholders updated about the trial on the [Council website](#).

## Impact on our governance arrangements

We have proactively taken action to meet these challenges. This has positively contributed to many of the principals from our Local Code of Governance, such as engaging with stakeholders, determining interventions to achieve outcomes, managing risk, and adapting our internal controls.



# Annual Governance Statement

## Review of effectiveness

The Council records policies and procedures, and ongoing good practice, in our [Local Code of Governance](#). These are mapped to the seven principles of good governance. We have a positive risk appetite, and the governance framework is designed to manage risk to an acceptable level. It provides a reasonable level of assurance, as it is not possible to eliminate all risks which may impact the achievement of its vision, policies, aims and objectives.

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



The [Performance Page](#) on the Council's website sets out details of how the examples below have contributed to the delivery of quality services and the Council's Corporate Plan objectives.

The Council is involved in partnership working and has group relationships with other entities. It is the sole owner of [Ermine Street Housing](#), a contributor and partner to the [Greater Cambridge Partnership](#). Additionally, the Council owns a leasing company [Shire Homes](#) which looks to house vulnerable adults and families into short term let accommodation. Activities of the groups are also reflected in our review of effectiveness where these have a significant impact on our governance arrangements.

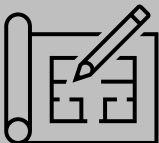

The 2021/2022 Statement of Accounts was not concluded by the statutory deadline, due to the delay in the previous 2020/2021 Statement of Accounts, and the Annual Governance Statement must be approved in advance of the Statement of Accounts. As good practice the Council is also reporting items up to the date that the Statement of Accounts is concluded. As they relate to the next financial year, they may also feature in the next AGS too.

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


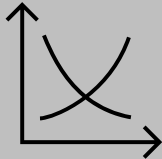
# Annual Governance Statement

Principle	Review of effectiveness
<p>A Behave: integrity, ethical values, respect rule of law</p> 	<ul style="list-style-type: none"> <li>• The Local Code of Governance was reviewed and updated to reflect the latest professional standards and guidance.</li> <li>• Council adopted a new Model Code of Conduct from May 2022, with training for Councillors across the 106 parishes in the District.</li> <li>• The Employment and Staffing committee approved a revised Disciplinary Policy for employees.</li> <li>• The Audit and Corporate Governance Committee adopted the <a href="#">Corporate Fraud Policy</a> and acknowledged the governing body's responsibility for ensuring that risks associated with fraud, theft, bribery and corruption were managed effectively across all parts of the organisation.</li> <li>• We proactively implemented risk-based controls to mitigate the increased potential for Business Grants fraud and delivered prompt funding support to businesses in the community.</li> <li>• We continued to work closely with Public Health colleagues to coordinate and support the wider county' public health response to the pandemic, including sharing local community intelligence to help contain outbreaks and reduce community transmission of the virus. We redeployed staff to Covid activities, and used our website to signpost to national guidance, policy and advice on Health and Safety.</li> </ul>
<p>B Openness &amp; stakeholder engagement</p> 	<ul style="list-style-type: none"> <li>• We actively communicated with residents throughout the Covid-19 pandemic. This included using the website to signpost people to where they could get help, keeping them updated on changes to services, and financial support for businesses and residents.</li> <li>• The Development Management Service established quarterly meetings with parishes to engage them on planning issues of concern, provide training and answer queries about Development Management.</li> <li>• We maintained openness through access to meetings, information and online support.</li> <li>• The Scrutiny and Overview Committee considered a report on the draft Empty Homes Strategy 2021 - 2025, following a survey of owners of empty properties undertaken in July 2021. This Strategy relates to the issue of empty homes in South Cambridgeshire and the tools available to the District Council to help bring them back into use. Cabinet subsequently approved the Strategy to go out to wider public consultation.</li> <li>• The Council maintains a <a href="#">webpage for consultations</a>.</li> <li>• Cabinet agreed the Greater Cambridge Local Plan: First Proposals (preferred options) (Regulation 18) (Appendix A) for public consultation;</li> <li>• Cabinet supported a public consultation on the Biodiversity Supplementary Planning Document prior to its return to Cabinet for review and adoption in late 2021.</li> <li>• Cabinet received the Cambridge South Infrastructure Enhancements consultation response and confirmed the Council's position as set out in the Statement of Case for the Public Inquiry.</li> </ul>

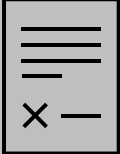
# Annual Governance Statement

Principle	Review of effectiveness
<p>C Defining outcomes - economic, social, environmental</p> 	<ul style="list-style-type: none"> <li>• Council considered and approved the 2020-25 Business Plan for both the 2021/2022 and 2022/2023 financial years. The Action Plan focussed on the delivery for 2021-2022 recognising the context of the pandemic.</li> <li>• Cabinet agreed the joint response with Cambridge City Council to the Government's Creating a Vision Oxford-Cambridge Arc Consultation. Updates were regularly reported to Council meetings.</li> <li>• We actively tackle climate change, and detailed information is <a href="#">published on our website</a>. The Council passed a motion to become the first authority to support the designation of a Fens Biosphere and encouraged other neighbouring local authorities to do the same. The Council also received a Certificate of Excellence from IESE for the Council's "Green to Our Core" work.</li> </ul>
<p>D Determine interventions to achieve outcomes</p> 	<ul style="list-style-type: none"> <li>• In response to the Covid-19 pandemic we took swift action to help support the public and provided regular updates on our website. We also provided support to businesses by providing information, and financial assistance through the distribution of national and local business support grants.</li> <li>• We established a working group to discuss the best way to support members of the community seeking to assist Ukrainian refugees.</li> <li>• Cabinet approved the <a href="#">Private Sector Housing Policy</a>, to ensure the Council follows guidance from the Ministry for Housing, Communities and Local Government, to tackle substandard conditions in the private rented sector.</li> <li>• Cabinet approved the Cambridgeshire Council Tax Compliance and Counter-Fraud Initiative Business Case, to procure data matching software that enables comparison of data sets across the Cambridgeshire Councils and detect fraud and anomalies.</li> <li>• Cabinet approved the proposal to end the use of fixed term tenancies for its own housing tenants and replaces these with lifetime tenancies for both existing and new tenants.</li> <li>• Cabinet approved the property acquisition to deliver interim community facilities in Northstowe.</li> <li>• Cabinet approved, in their capacity as shareholder, the Ermine Street Business Plan for the period 2021/2022 to 2030/2031.</li> <li>• Cabinet approved the revised Equality Scheme 2020-2024 and reviewed the Equality Scheme action plan progress report, detailing progress against actions set in the 2020-2021 iteration of the Equality Scheme. By virtue of the Public Sector Equality Duty, Councils should publish at least one equality objective every four years. We met this requirement through our Equality Scheme and action plan.</li> </ul>

# Annual Governance Statement

Principle	Review of effectiveness
<p>E Develop capacity and capability of entity</p> 	<ul style="list-style-type: none"> <li>The Scrutiny and Overview Committee reviewed the Re-set and Recovery Plan outlining the key areas the Council would prioritise during the period 2021-23 in response to the COVID-19 pandemic. The Plan focused on practical recovery and sought to identify a small number of critical activities or changes to ways of working, that might help South Cambridgeshire communities and businesses recover.</li> <li>The pandemic challenged our capacity to manage the governance framework. Digital enabling technology enabled the Council to adapt and respond with different ways of working. The Scrutiny and Overview Committee examined the procedures and backups in place for the delivery of hybrid meetings, should the technology fail.</li> <li>The Employment and Staffing Committee recommended that Cabinet approve a <a href="#">Hybrid Working Policy</a>, allowing us to continue meeting our residents needs while also accommodating the needs and wellbeing of our employees, and the increased flexibility that the modern workforce expects. This should also positively impact our recruitment and staff retention, as it demonstrates we are a modern and caring council. To support this, we introduced Team Charters to outline how we would continue to provide services to residents and customers, and be accessible. The policy was adopted in the following financial year.</li> <li>Council adopted the Member Parental Leave Policy, granting all councillors the right to take extended leave for reasons of maternity, paternity, adoption, or shared parental leave whilst continuing to receive their allowances.</li> <li>The Employment and Staffing Committee approved a <a href="#">Performance Development Policy</a>, to replace the current Performance Management Policy. The new policy emphasises development opportunities and long-term career aspirations. This should improve employee engagement, which in turn may improve talent retention and our ability to plan for long-term staffing by giving us a better understanding of our overall performance and skill-level.</li> </ul>
<p>F Manage risk &amp; performance, internal control, finance</p> 	<ul style="list-style-type: none"> <li>Cabinet adopted the <a href="#">Corporate Fraud Strategy</a>; acknowledging the governing body's responsibility for ensuring that risks associated with fraud and corruption are managed effectively across all parts of the organisation. The Audit &amp; Corporate Governance Committee reviewed the Annual Fraud report, which detailed the counter fraud activity undertaken by the Fraud Investigation Services in 2020/2021 and noted that nationally the amount of fraud had increased due to the pandemic.</li> <li>The Audit &amp; Corporate Governance Committee reviewed Treasury Management activities in the financial year 2020/2021, and noted that the Council had achieved a better investment return on average than others similar authorities in the same benchmarking group.</li> <li>The Council maintains a Risk Management Framework, which considers both risk and opportunity. We also considered risks in response to Covid-19 to help manage the impact with timely and proportionate mitigation as part of our Contingency Planning. The Audit &amp; Corporate Governance Committee reviewed the current processes for managing risk for the Council and Chief Operating Officer outlined proposals to improve risk management across the authority.</li> <li>Cabinet received a bi-annual update on the delivery of activities and services which promote physical and mental health and wellbeing in the community. This contributes to our Health &amp; Wellbeing Strategy.</li> </ul>

# Annual Governance Statement

Principle	Review of effectiveness
<p data-bbox="106 308 407 453">G Transparency, reporting, audit, accountability</p> 	<ul data-bbox="487 308 1797 1061" style="list-style-type: none"><li data-bbox="487 308 1797 376">• Both Council and the Audit &amp; Corporate Governance Committee opted into the Public Sector Audit Appointments (PSAA) contract and framework for appointing external auditors.</li><li data-bbox="487 394 1797 630">• There has been a continued delay to the Statement of Accounts. The Audit and Corporate Governance Committee approved the Statement of Accounts for 2019/2020 in January 2023. The 2020/2021 accounts are anticipated to be approved in November 2023, and the 2021/2022 accounts are being drafted for audit in the early 2024 (although it is unclear nationally whether audit firms will be expected to undertake full audits or will provide something less complete; this is a decision that rests with central government). The ongoing challenge is already recognised in our action plan for improvement in the 2019/2020 <a href="#">Statement of Accounts</a>.</li><li data-bbox="487 648 1797 716">• Cabinet agreed the Cambridge City Council and South Cambridgeshire District Council - Authority Monitoring Report for Greater Cambridge 2020-2021 for publication on the <a href="#">Councils' websites</a>.</li><li data-bbox="487 734 1797 1061">• The Scrutiny and Overview Committee considered an Internal Audit review of Planning Performance. The report included information and analysis relating to the numbers of decisions that met the Government's statutory targets, the numbers of decisions made with and without extensions of time (EOTs) and the numbers of applications in hand or outstanding at the end of each month within the assessment period. The aim was to review the calculation process, and the supporting evidence used to complete the returns made to the Ministry of Housing, Communities and Local Government. A limited assurance report was issued in April 2021, and an action plan was developed for improvement. A further follow-up review in November 2021 and this provided reasonable assurance that the Council had made satisfactory progress at implementing the action plan.</li></ul>

# Annual Governance Statement

## Conclusion and opinion

The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our residents and stakeholders.

No significant governance issues were identified from our review of effectiveness. Where we have identified challenges or opportunities for improvement, these are included in the Annual Governance Statement. We are satisfied that any planned actions identified from our review of effectiveness will continue to improve our governance arrangements.

Signed:

Signed:

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Liz Watts  
Chief Executive

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Councillor Bridget Smith  
Leader of the Council

Date:

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Date:

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# Glossary

AGS	Annual Governance Statement
CFO	Chief Financial Officer
CFR	Capital Financing Requirement
CIES	Comprehensive Income & Expenditure Statement
CIPFA	Chartered Institute of Public Finance & Accountancy
EY	Ernst & Young Auditors
GAAP	General Accepted Accounting Practice
GCP	Greater Cambridge Partnership
GF	General Fund
HRA	Housing Revenue Account
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard
IPSAS	Institute Public Sector Accounting Standards
ISO	International Organisation for Standardisation
LGPS	Local Government Pension Scheme
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
MIRS	Movement in Reserves Statement
MRP	Minimum Revenue Provision
MRR	Major Repairs Reserve
NNDR	Non-Domestic Rates
PSN	Public Services Network
PWLB	Public Works Loans Board
REFCUS	Revenue Expenditure Funded by Capital under Statute
SOLACE	Society of Local Authority Chief Executives and Senior Managers

## Glossary of Terms

### Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

### Accounting Policies

The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

### Accruals

Amounts included in the final accounts to recognise income earned and expenditure incurred for both revenue and capital in the financial year, but for which actual payment had not been received or made as at 31 March.

### Amortisation

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.



## **Annual Governance Statement**

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

## **Asset**

An item having a value to the Council in monetary terms. Assets are categorised as either non-current or current:

- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. a leisure centre, or intangible, e.g. computer software licences.
- A current asset will be consumed or cease to have material value within the financial year e.g. cash and stock.

## **Audit of Accounts**

An independent examination of the Council's financial affairs

## **Balances (or Reserves)**

These are usable or unusable reserves. Usable reserves represent accumulated funds from prior years, that are available to the Council and can be spent. Some reserves may be earmarked for specific purposes and are for funding future defined initiatives or meeting identified risks or liabilities. The unusable reserves, which have been established for technical purposes are not available to spend and cannot be used to fund service provision.

## **Balance Sheet**

This statement sets out an authority's financial position at the year-end. It shows the balances and reserves at an authority's disposal and its long-term indebtedness and the fixed and net current assets employed in its operations together with summarised information on the fixed assets held.

## **Capital Expenditure**

Expenditure on the acquisition, construction, enhancement or replacement of a non-current asset such as land, buildings, and computer. It is expenditure that enhances and improves the use of the assets. It isn't expenditure that merely maintains the value of an existing asset.

## **Capital Adjustment Account**

This account records the accumulated amount of set aside capital receipts and minimum revenue provision (the contribution from revenue to cover repayment of the borrowing that has been undertaken to fund capital expenditure) together with capital expenditure financed by way of capital receipts, grants and revenue contributions. Set against these amounts are adjustments to the revenue account for depreciation and capital expenditure written off to revenue during the year. This, therefore, ensures that only actual expenses are charged to revenue in year and are paid for by council tax payers.

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## Capital Financing

Funds used to pay for capital expenditure. There are various sources funding to finance capital expenditure including borrowing, leasing, revenue contributions, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

## Capital Financing Requirement

This measures the change in the underlying need for the council to borrow to finance capital expenditure. Where all capital expenditure is financed when it is incurred by resources generated by the council, e.g. revenue contributions, grants and capital receipts, the Capital Financing Requirement (CFR) will not increase. However if borrowing is required to finance capital expenditure then the CFR will increase. The annual minimum revenue provision will be applied to reduce the CFR each year and capital receipts can also be used to reduce the CFR.

## Capital Receipt

The proceeds from the disposal of land or other non-current asset. The government regulates the proportion of capital receipts that can be used to finance new capital expenditure. Capital receipts cannot ordinarily be used to finance revenue expenditure.

## Cash Equivalents

Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## Cash Flow Statement

This statement summarises the cash flows of the authority for capital and revenue spending as well as the cash flows used to finance these activities.

## CIPFA

This is the Chartered Institute of Public Finance and Accountancy. This organisation produces the Code of Practice that practitioners follow so that all local authorities prepare their accounts in a consistent and comparable way.

## Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate collection fund which shows the transactions of the billing authority in relation to non-domestic rates and the council tax and illustrates the way in which these have been distributed to other authorities (preceptors) and the general fund.

## Community Assets

Assets that the local authority intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

## Comprehensive Income and Expenditure Statement

This is the statement that shows the accounting cost (surplus/deficit) in the year of providing services in accordance with generally accepted accounting practices. It is not the amount funded from taxation. The Council raises taxation to cover

# Glossary

the cost of expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## **Consistency**

The accounting treatment of like items within an accounting period and from one period to the next is the same.

## **Contingent Gains**

A contingent gain (or asset) is a possible economic gain arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control.

## **Contingent Liabilities**

A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the authority's control; or
- a current obligation arising from past events where it is not probable (but not impossible) that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

It is considered that a contingent liability below £50,000 need not be disclosed, as any such amounts would not be significant.

## **Corporate and Democratic Core**

This includes all the activities which local authorities engage in specifically because they are elected, multi-purpose organisations. The costs of these activities are those that are over and above those that would be incurred by a series of independent, single-purpose nominated bodies managing the same services. It includes costs relating to the corporate management and democratic representation.

## **Council Tax**

A local tax on dwellings within the district, set by billing authority (South Cambridge District Council) and the precepting authorities (the county council, fire and rescue services, the police and town and parish councils). It is calculated by taking the revenue expenditure requirements for each authority divided by the council tax base for the year.

## **Creditors**

Amounts owed by the Council for goods and services that it has received before 31 March, but that have not been paid for at that date.

## **Debtors**

Amounts owed to the Council for goods and services that it has provided before 31 March, but where the associated income was not received at that date.

## **Defined Benefit Scheme**

A pension or other retirement benefit scheme other than a defined contributions scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

# Glossary

## **Depreciation**

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset whether arising from use, passage of time or obsolescence through technological or other changes. The useful life is the period over which the local authority will derive benefit from the use of a fixed asset.

## **Events after Balance Sheet Date**

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the responsible financial officer signs the Statement of Accounts.

## **Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the assets.

## **Finance Leases**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if, at the inception of the lease, the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

## **General Fund**

This account where all the costs of providing the Council services (with the exception of the landlord services, the costs of which sit in the HRA and Local Council precepts) are charged to and paid for from Council Tax and government grants.

## **Going Concern**

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

## **Government Grants**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

## **Housing Revenue Account**

The Housing Revenue Account (HRA) reflects a statutory obligation to account separately for local authority housing provision, as defined in particular in Schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure such as maintenance, administration, rent rebates and capital financing costs, and how these are met by rents subsidy and other income.

## **Impairment**

A reduction in the carrying value of a non-current asset to below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

# Glossary

## **Intangible Assets**

Expenditure which may properly be defined as being capital expenditure, but which does not result in a physical asset being created. For expenditure to be recognised as an intangible asset it must yield future economic benefits to the council. One of the most common examples would be software licences.

## **International Financial Reporting Standards (IFRS)**

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB).

## **International Public Sector Accounting Standards (IPSAS)**

International Public Sector Accounting Standards (IPSAS) are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

## **Investments**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments that do not meet the above criteria should be classified as current assets.

## **Investment Properties**

An interest in land and/or buildings:

- in respect of which construction work and development have been completed; and
- which are held for their investment potential, any rental income being negotiated at arms length.

## **Liability**

A liability exists where the Council owes payment to an individual or another organisation

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

## **Long Term Debtors**

These debtors represent the capital income still to be received, e.g. from the sale of an asset or the granting of a mortgage or a loan.

## **Minimum Revenue Provision (MRP)**

This is the minimum amount that the Council must charge to the comprehensive income and expenditure statement each year to provide for the repayment of General Fund debt.

## **Movement in Reserves Statement (MIRS)**

This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

## **National Non-Domestic Rates (NNDR) also known as Business Rates**

Non-domestic rates, or business rates, collected by the Council are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1st April 2013, authorities keep a proportion of the business rates paid locally (currently 50%). This money, together with revenue from council tax payers, fees and charges and certain other sums, is used to pay for the services provided by the Council.

## **Net Book Value (NBV)**

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

## **Non-Operational Assets**

Non-current assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, assets that are surplus to requirements pending sale or redevelopment and assets under development or construction.

## **Operating Leases**

Leases other than a finance lease.

## **Operational Assets**

Non-current assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility. Operational assets comprise Council dwellings, other land and buildings, vehicles, plant and equipment, infrastructure and community assets.

## **Outturn**

Outturn refers to actual income and expenditure balances as opposed to budgeted amounts.

## **Precept**

The levy (demand for money) made by precepting authorities (the authorities with the power to instruct another local authority (the billing authority) to collect an amount from council tax on their behalf). Precepts are demanded by the County Council, Fire and Rescue services, the Police and Parish and town Councils.

## **Prior Years/Periods Adjustments**

The material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## Property, Plant and Equipment

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

## Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. Provisions are required to be recognised when:

the local authority has a present obligation (legal or constructive) as a result of a past;

- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.
- A transfer of economic benefits or other event is regarded as probable if the event is more likely than not to occur. If these conditions are not met, no provision should be recognised.

A constructive obligation is an obligation that derives from an authority's actions where;

- by an established pattern of past practice, published policies or sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities; and
- as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

## Prudence

The concept that revenue is not anticipated until received in the form either of cash or of other assets, or a reliable estimate of the cash realisation can be assessed with reasonable certainty.

## Public Works Loan Board (PWLB)

A Central Government Agency, which provides loans for one year and above to local authorities at interest rates only slightly higher than those at which the Government can borrow itself. Virtually all borrowing undertaken by local authorities comes from the PWLB.

## Related Parties

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source, to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Advice from CIPFA is that related parties to a local authority include Central Government, bodies precepting or levying demands on the Council Tax, members and chief officers of the Council and its pension fund.



## Related Party Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- the provision of services to a related party, including the provision of pension fund administration services;

transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the authority but also in relation to its related party.

## Remuneration

This is all sums paid to or receivable by an employee and any sums due by way of expenses and allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

## Revaluation Reserve

This account was created on 31 March 2007. The purpose of which is to hold all revaluations occurring to fixed assets subsequent to that date.

## Revenue Expenditure

Day to day payments on the running of Council services including salaries, wages, contract payments, supplies and capital financing costs.

Expenditure of a capital nature that does not result in a fixed asset being created. An example of such an item would be expenditure on a former HRA property held on a long lease by a third party. The expenditure is written off in the year that it is incurred.

## Stocks

These are items of raw materials and stores a Council has procured and holds in expectation of future use. Stock comprises the following categories:

- Goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances; and
- finished goods.

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## The Code

The Code of Practice on Local Authority Accounting in the United Kingdom known as 'The Code' incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003. There are also accompanying guidance notes for practitioners.

## Pensions Glossary

### Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- actual events have not coincided with the actuarial assumptions made for the last valuation (known as experience gains and losses) or
- the actuarial assumptions have changed

### Current Service Costs

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

### Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

### Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

### Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### Discretionary Benefits

# Glossary

Retirement benefits that the employer has no legal, contractual or constructive obligations to award and which are awarded under the authority's discretionary powers, such as the Local Government (Discretionary Payments) regulations 1996.

## **Expected Rate of Return on Pension Assets**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## **IAS19**

International Accounting Standard 19 (IAS19) ensures that organisations account for employee retirement benefits when they are committed to pay them, even if the actual payment may be years into the future.

## **Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

## **Investments (Pensions Fund)**

The investments of the Pensions Fund will be accounted for in the statements of the fund. However authorities (other than town and community councils) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

## **Non-Distributed Costs**

Non-distributed costs are defined as comprising:

- retirement benefit costs including past service costs, settlements and curtailments. To note, current service pension costs are included in the total costs of services;
- the costs associated with unused shares of IT facilities; and
- the costs of shares of other long-term unused but unrealisable assets.

## **Past Service Cost**

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

## **Pension Scheme Liability**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## **Projected Unit Method- Pension Fund Valuation**

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

# Glossary

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

## Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- an employer's decision to terminate an employee's employment before the normal retirement date, or
- an employee's decision to accept redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

## Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

