



West Camboorne

South Cambridgeshire District Council

Draft Statement of Accounts 2022/23

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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accountancy@scambs.gov.uk

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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 of 350 square miles surrounding Cambridge City. We are home to world-leading centres of science and technology such as Granta Park, the Babraham Institute and the Genome Campus at Hinxton. In addition to hosting some of the most renowned science parks, we are home to some 8,320 businesses, the majority of whom are small to medium enterprises. The greatest employment within the knowledge intensive (KI) sector is science and technology, whereas within the non-KI sectors, manufacturing, wholesale, retail trade and construction are key employment areas. Although we are home to some of England's oldest villages, we are also developing some of the most exciting and largest new towns in the country. This includes Cambourne, Northstowe and Waterbeach. Greater Cambridge (the city of Cambridge and South Cambridgeshire) has seen 19,000 new homes from April 2011 to March 2023. This brings with it the environmental and housing based pressures associated with one of the fastest growing areas of the UK. The newly upgraded A14 passes through the district, while National Highways is currently working on a plan to upgrade the A428 – which is another key route that passes through South Cambridgeshire. The district is also served by railway stations, such as those at Cambridge North, Foxton, Meldreth, Shelford, Shepreth, Waterbeach and Whittlesford Parkway.

The district 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. 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.

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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.

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 Councils 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. At 31st March 2023, the breakdown of councillors by political group was as follows:

Liberal Democrat	35
Conservative	9
Independent Group	1

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

Narrative Statement

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 2023, the Team consisted of the Chief Executive and Head of Paid Service (Liz Watts), supported by:

- 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 2022/23, 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 2022. 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 2023 was set in February 2022, the surplus was estimated at £10,000 (Appropriation to General Fund Balance line). The budget was revised to a surplus of £2.159m in the year. The actual outturn reported to cabinet was a surplus of £3.258m.

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General Fund Summary	Revised Budget	Provisional Outturn	Actual Outturn	Difference	Variance
	2022/23	2022/23	2022/23	Provisional vs Actual Outturn	Revised Budget vs Actual Outturn
	£'000	£'000	£'000	£'000	£'000
Net Expenditure					
Portfolio					
Chief Executive	2,271	2,376	2,364	(12)	93
Head of Climate, Environment & Waste	9,975	9,369	9,437	68	(538)
Head of Finance	3,786	7,174	6,813	(361)	3,027
Head of Housing	2,542	2,455	2,713	258	171
Director of Greater Cambridge Shared Planning	6,553	6,120	6,120	0	(433)
Head of Transformation, HR & Corporate Services	2,563	2,260	2,266	6	(297)
Contingency and Unallocated	70	0			
Operational Net Cost	27,760	29,754	29,713	(41)	2,023
Income from Investments	(5,603)	(5,995)	(20,914)	(14,919)	(15,311)
Other Levies and Contributions	1,858	2,028	2,028	0	170
Interest Payable (Inc. HRA)	1,727	1,831	1,837	6	110
Accounting Reversals	(3,011)	(3,302)	10,876	14,178	13,887
Appropriation to/(from) Earmarked Reserves	(574)	(2,630)	(2,898)	(268)	(2,324)
Net Operational Budgets	(5,603)	(8,068)	(9,071)	(1,003)	(3,468)
Total Expenditure	22,157	21,686	20,642	(1,044)	(1,445)
Government Grants	(2,923)	(2,931)	(2,931)	0	(8)
Council Tax	(10,489)	(10,489)	(10,479)	10	10
Business Rates Income	(12,755)	(12,936)	(11,499)	1,437	1,256
Business Rates Pool Gain	(740)	(1,179)	(1,179)	0	(439)
Business Rates Collection Fund Deficit	2,786	2,786	2,786	0	0
Council Tax - Collection Fund Surplus	(195)	(195)	(195)	0	0
Income from Taxation and Government Grants	(24,316)	(24,944)	(23,497)	1,447	819
Appropriation (to)/from General Fund	(2,159)	(3,258)	(2,855)	403	(626)

The table above shows the variances against the final 2022/23 budget for the General Fund with an overall variance of £0.403m.

Expenditure – The largest variance was within finance and was due to some unforeseen write offs. Other variances were fairly modest.

Income - This was slightly higher due to the inclusion of accrued interest relating to the loan made in May 2021 to the South Cambridgeshire Investment Partnership (SCIP), which was not included in the reported outturn.

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The income from Business rates was not finalised until after the reported outturn as there were changes to the levy calculation used.

Overall the outturn position was an addition to the General Fund reserves of £2.855m against a budget that assumed a £2.159m contribution to reserves. General Fund reserves stood at £18.017m at 31 March 2023, (see movement on General Fund statement)

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	Provisional Outturn	Actual Outturn	Variance Provisional vs Actual Outturn	Variance Budget vs Actual Outturn
	2022/23	2022/23	2022/23	2022/23	2022/23
	£'000	£'000	£'000	£'000	£'000
Housing Management	7,110	7,396	7,410	14	300
Housing Repairs	5,709	5,894	5,902	8	193
Depreciation	7,290	7,290	9,157	1,867	1,867
Interest Payable	7,193	7,193	7,193	0	0
Capital Expenditure Funded from Revenue	9,162	8,189	6,471	(1,718)	(2,691)
Other Items	397	453	468	15	71
				0	
Gross Expenditure	36,861	36,415	36,601	186	(260)
				0	
Rents	(31,875)	(31,870)	(31,871)	(1)	4
Charges for services and facilities	(1,262)	(1,258)	(1,273)	(15)	(11)
Interest on Balances	(1,224)	(1,240)	(1,240)	0	(16)
Contributions towards expenditure	(483)	(503)	(552)	(49)	(69)
Gross Income	(34,844)	(34,871)	(34,936)	(65)	(92)
Amount (to)/from HRA Balance	2,017	1,544	1,665	121	(352)

The table above shows the variances against the final 2022/23 budget for the HRA with an overall variance of £0.121m.

Depreciation – Due to an increase in property values and a reduction in useful lives there was an increase in depreciation which was not anticipated when the budget was set and the provisional outturn reported. The effect was to provide more resources in the Major Repairs Reserve to fund capital expenditure and less available in the HRA itself. A £2m adjustment has therefore been made between the two to ensure the HRA balance remains above the minimum set.

Capital Expenditure Funded from Revenue - This is £2m lower due to the adjustment made referred to above.

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Overall the outturn position was a draw on the HRA reserves of £1.665m against a budget that assumed a £2.017m contribution from reserves. HRA reserves stood at £2.835m at 31 March 2023, (see movement on HRA statement)

Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £35.537m (including revenue expenditure funded from capital (refcus)).

The programme included £0.622m spent on enhancements to investment properties, £21.405m being invested through the HRA in the Council's own housing stock and new build initiatives, and £4.165m loan to South Cambs Ltd (Ermine Street) to purchase further properties for rent.

Treasury Management

At 31 March 2023, investments (including those classed as cash equivalents) totalled £153.922m. These are shown on the Balance Sheet as follows, long term investments £122.848m, short term investments £12.021m and cash and cash equivalents £19,053m.

These investments produced interest of £5.308m, which was used towards the cost of services. The Council has debt of £245.123m of which £205.123m was in respect of funding Housing Revenue Account assets as long term borrowing and £40m was for General Fund shown as short term borrowing.

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were £18.044m and £2.812m respectively as at 31 March 2023 (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 £43.042m, consisting of the usable capital receipts reserve, capital grants unapplied and major repairs reserve.

Covid-19 Pandemic and Aftermath

Following the Covid – 19 pandemic, restrictions effectively ended during the middle of 2021 but there followed a period of high inflation which persisted through 2022/23 and into 2023/24. The cost of living crisis, as it is referred to, 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 although 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 because in the past 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.

Narrative Statement

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 2022/23 construction was completed on 91 new homes, with the new build programme continuing into 2023/24. No existing market homes were acquired in 2022/23 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 518 properties acquired for rental across Cambridgeshire, Suffolk, Northamptonshire, Leicestershire, Nottinghamshire and Leeds. The company achieved its target of 500 acquisitions in March 2022. However, further acquisition opportunities were presented to the Council, and it was agreed that the Company could pursue these opportunities in the financial year 2022-23 and 18 properties were added to the portfolio. 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 2023.

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.

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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

The Cambridgeshire and Peterborough Combined Authority was formally constituted in March 2017, following a Devolution deal with government which was 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. Cllr Smith represented the Council throughout 2022/23 financial year.

.....
Peter Maddock
Head of Finance, Section 151 Officer
Date: 28/03/2024

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 2023 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 2021/22				2022/23			
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend	
£000	£000	£000	Note	£000	£000	£000	
			Continuing Operations				
2,894	(758)	2,136	Chief Executive	2,821	(457)	2,364	
17,167	(8,188)	8,979	Head of Climate, Waste & Environment	18,712	(9,310)	9,402	
26,438	(20,824)	5,614	Head of Finance	28,953	(19,295)	9,658	
4,845	(2,988)	1,857	Head of Housing	7,199	(3,277)	3,922	
11,592	(5,258)	6,334	Director of Greater Cambridge Shared Planning	11,078	(4,958)	6,120	
3,924	(621)	3,303	Head of Transformation, HR & Corporate Services	6,919	(4,653)	2,266	
23,861	(31,525)	(7,664)	Housing Revenue Account	31,162	(33,856)	(2,694)	
90,721	(70,162)	20,559	Net Cost of Services	106,844	(75,806)	31,038	
7,125	(4,094)	3,031	Other Operating Expenditure and Income	9	7,131	(8,421)	(1,290)
9,095	(5,324)	3,771	Financing and Investment Income and Expenditure	10	9,583	(21,312)	(11,729)
0	(35,119)	(35,119)	Taxation and Non-Specific Grant Income	11	0	(33,050)	(33,050)
106,941	(114,699)	(7,758)	(Surplus) / Deficit on Provision of Services		123,558	(138,589)	(15,031)
		(67,008)	(Surplus) / Deficit on Revaluation of Property Plant & Equipment	20a			4,506
		(29,214)	Actuarial (Gains) / Losses on Pension Assets / Liabilities	32			(65,397)
		(103,980)	Total Comprehensive Income and Expenditure				(75,922)

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 unusable reserves. 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 2021/22	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
Balance as at 01 April 2021		(12,207)	(42,939)	(3,080)	(9,500)	(3,345)	(12,623)	(711)	(84,405)	(309,469)	(393,874)
Total Comprehensive Income and Expenditure	CIES	(2,260)	0	(5,498)	0	0	0	0	(7,758)	(96,222)	(103,980)
Adjustment Between Accounting and Funding Basis Under Regulations	7	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	8	(1,887)	1,887	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year		(2,955)	1,887	(1,420)	0	(101)	93	(35)	(2,531)	(101,449)	(103,980)
Balance as at 31 March 2022	B/S	(15,162)	(41,052)	(4,500)	(9,500)	(3,446)	(12,530)	(746)	(86,936)	(410,918)	(497,854)
Movement in reserves during 2022/23											
Total Comprehensive Income and Expenditure	CIES	(14,224)	0	(807)	0	0	0	0	(15,031)	(60,891)	(75,922)
Adjustment Between Accounting and Funding Basis Under Regulations	7	19,191	0	2,472	0	1,298	(27,691)	73	(4,657)	4,657	0
(Increase) / Decrease in Year		4,967	0	1,665	0	1,298	(27,691)	73	(19,688)	(56,234)	(75,922)
Transfer from Earmarked Reserves	8	(7,822)	7,822	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year		(2,855)	7,822	1,665	0	1,298	(27,691)	73	(19,688)	(56,234)	(75,922)
Balance as at 31 March 2023	B/S	(18,017)	(33,230)	(2,835)	(9,500)	(2,148)	(40,221)	(673)	(106,624)	(467,152)	(573,776)

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 2022			31 March 2023
£000		Note	£000
672,503	Property, Plant & Equipment	12	670,143
38,118	Investment Properties	12a	53,741
849	Intangible Assets	36	753
115,403	Long Term Investments	13	122,848
747	Long Term Debtors	14	747
0	Capital Programme		0
827,620	Total Long Term Assets		848,232
1,000	Short Term Temporary Investments	13	12,021
296	Inventories	-	342
13,538	Debtors and Prepayments	16	11,106
15,544	Cash & Cash Equivalents	17	19,053
20,350	Assets Held for Sale	35	0
50,728	Total Current Assets		42,522
(61,164)	Short Term Creditors	18	(66,896)
(50,000)	Short Term Borrowing	15	(40,000)
(1,821)	Cash & Cash Equivalents	17	(1,313)
(3,282)	Provisions	19	(3,219)
(116,267)	Total Current Liabilities		(111,428)
(59,104)	Pensions Liability	32	(427)
(205,123)	Long Term Loans	13	(205,123)
0	Capital Grants and Contributions	18(a)	0
(264,227)	Total Long Term Liabilities		(205,550)
497,854	Net Assets		573,776
(86,936)	Usable Reserves	MIRS	(106,624)
(410,918)	Unusable Reserves	MIRS/ 20	(467,152)
(497,854)	Total Reserves		(573,776)

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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.

2021/22			2022/23
£000		Note	£000
7,758	Net Surplus/(Deficit) on Provision of Services	CIES	15,031
31,285	Adjustments to net surplus or deficit on the provision of services for non-cash movements	21	44,453
(14,353)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	21	(42,677)
24,690	Net cash flows from Operating Activities		16,807
(35,303)	Investing Activities	22	(22,225)
7,122	Financing Activities	23	9,436
(3,492)	Net Increase or (Decrease) in cash and cash equivalents		4,017
17,215	Cash and Cash Equivalents at the beginning of the reporting period	17	13,723
13,723	Cash and Cash equivalents at the end of the reporting period	17	17,740

Notes to the Statement of Accounts

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 (2022/23) and the Service Reporting Code of Practice (2022/23) 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 2022/23.

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. There was an initial transitional period to 31 March 2018 where a notional charge in line with the major repairs allowance was used, but from 1st April 2018 a full depreciation charge equivalent to the whole capital adjustment transfer has to be made to the Housing Revenue Account.

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.

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.

Notes to the Statement of Accounts

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

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.

Notes to the Statement of Accounts

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.

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

Notes to the Statement of Accounts

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

Notes to the Statement of Accounts

- 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; they 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 are 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 revalued 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 2022/23. The 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 (REFCUS)

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 joint venture is where two organisations work together in a formal partnership sharing 50% each of the risk and rewards. The Council is in a partnership with Hill Partnerships Ltd called the South Cambridgeshire Investment Partnership (SCIP) and with Balfour Beattie called South Cambridgeshire Projects (SCP). The Council has lent money to SCIP for the purchase of land opposite the Council Offices for a Housing Development scheme.

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 2022/23 and 2021/22 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.

Notes to the Statement of Accounts

Balances held by the Council

Date	General Fund	Housing	Earmarked Reserves
31/03/2023	18.0m	2.8m	42.7m
31/03/2024	19.1m	2.5m	34.2m
31/03/2025	23.6m	2.4m	34.3m

The table shows that balances are and will remain well above the minimum thresholds set by the Council's S151 officer and both the General Fund and Housing Revenue Account. 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 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 2022/23 (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 2022/23 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.

Change in assumption	2021-22 Inc. in Liability (£m)	2022-23 Inc. in Liability (£m)
<i>0.1% decrease in real discount rate</i>	20.53	28.15
<i>0.1% increase in salary increase rate</i>	2.26	0.27
<i>0.1% increase in pension increase rate</i>	18.26	25.87

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 2022/23. 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 12(a).

5 Events After Balance Sheet Date

The draft Statement of Accounts were authorised for issue by the S151 Officer (Peter Maddock) on 28/03/2024. 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 2023, 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.

2021/22				2022/23				
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
1,904	0	232	2,136	Chief Executive	2,165	0	199	2,364
6,660	847	1,472	8,979	Head of Climate, Waste & Environment	7,262	731	1,409	9,402
3,879	721	1,014	5,614	Head of Finance	4,572	4,103	983	9,658
624	829	404	1,857	Head of Housing	808	2,709	405	3,922
5,175	0	1,159	6,334	Director of Greater Cambridge Shared Planning	5,056	0	1,064	6,120
3,013	0	290	3,303	Head of Transformation, HR & Corporate Services	1,944	2	320	2,266
(11,419)	3,121	634	(7,664)	Housing Revenue Account	(10,758)	7,460	604	(2,694)
9,836	5,518	5,205	20,559	Net Cost of Service	11,049	15,005	4,984	31,038
(12,324)	(11,702)	(4,291)	(28,317)	Other Income and Expenditure	(4,417)	(39,685)	(1,967)	(46,069)
(2,488)	(6,184)	914	(7,758)	(Surplus) / Deficit on provision of services	6,632	(24,680)	3,017	(15,031)
(15,287)				Opening General Fund and HRA Balance	(19,662)			
(2,488)				(Surplus)/Deficit on General Fund and HRA	6,632			
(1,887)				Transfer to/from Earmarked Reserves	(7,822)			
(19,662)				Closing General Fund and HRA Balance	(20,852)			

Notes to the Statement of Accounts

(b) Expenditure and Funding by Nature

2021/22	Subjective Analysis	2022/23
£000		£000
	Expenditure	
36,488	Employee Expenses (including Benefits)	39,019
41,744	Other Service Expenses	48,229
12,487	Depreciation, Amortisation and Impairment	19,580
7,421	Interest Payments	7,789
6,650	Precepts and Levies	7,131
1,677	Pension Interest costs & expected return on assets	1,810
474	Payment to Housing Capital Receipts Pool	-
106,941	Total Expenditure	123,558
	Income	
(49,196)	Fees, Charges and Other Service Income	(53,361)
(20,964)	Government Grants/Contributions (Services)	(22,429)
(4,093)	Gain on the disposal of assets	(8,421)
(13,539)	Government Grants/Contributions (Central)	(9,342)
(3,384)	Interest and Investment Income	(5,432)
(1,943)	Net income in relation to inv. prop. and changes in fair value	(15,896)
(16,297)	Income From Council Tax	(17,241)
(5,283)	Business Rates Income and Expenditure	(6,467)
(114,699)	Total Income	(138,589)
(7,758)	(Surplus)/Deficit on Provision of Services	(15,031)

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	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grant Un-applied	Movement in Unusable Reserves
2022/23	£000	£000	£000	£000	£000	£000
Adjustments Involving the Capital Receipts Reserve						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	25,385	7,856		(33,241)		
Used to finance new Capital Expenditure				5,550		(5,550)
Contribution towards administrative costs of non-current asset disposals		-		-		
Contribution to finance the payments to the Government capital receipts pool	-			-		
Adjustments Primarily Involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	-				0	
Adjustments Involving the Capital Adjustment Account						
Charges for depreciation and impairment of non-current assets	(1,448)	(9,157)				10,605
Upward/(Downward) revaluation of non-current assets	(1,300)	(7,460)				8,760
Amortisation of intangible assets	(215)					215
Capital Grants and contributions applied	2,023	776			73	(2,872)
Revenue expenditure funded from Capital under statute	(4,583)					4,583
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(20,500)	(4,349)				24,849
Statutory provision for repayment of debt (MRP)	997					(997)
Movement in Fair Value of Investment Properties	15,001					(15,001)
Capital expenditure charged against the General Fund and HRA balances	6,025	6,471				(12,496)
Adjustments relating to the Major Repairs Reserve (MRR)						
Depreciation transferred from HRA		9,157	(9,157)			
Use of the MRR to finance new capital exp			10,455			(10,455)
Adjustments involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited/credited to the CIES	(5,916)	(804)				6,720
Adjustments involving the Collection Fund Adjustment Account						
Amount by which council tax and business rate income credited to the CIES is different from that calculated in accordance with statutory requirements	3,779					(3,779)
Adjustments Involving the Accumulated Absences Account						
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	(57)	(18)				75
Total Adjustments	19,191	2,472	1,298	(27,691)	73	4,657

Notes to the Statement of Accounts

	Gen. Fund	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grant Un-applied	Movement in Unusable Reserves
2021/22	£000	£000	£000	£000	£000	£000
Adjustments Involving the Capital Receipts Reserve						
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 to finance the payments to the Government capital receipts pool	(474)			474		
Adjustments Primarily Involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	35				(35)	
Adjustments Involving the Capital Adjustment Account						
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)
Transfer to Deferred Capital Receipts Reserve upon revaluation of rents to mortgages.						
Adjustments relating to the Major Repairs Reserve (MRR)						
Depreciation transferred from HRA		7,685	(7,685)			
Use of the MRR to finance new capital exp			7,583			(7,583)
Adjustments involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited\credited to the CIES	(6,273)	(816)				7,089
Adjustments involving the Collection Fund Adjustment Account						
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)
Adjustments Involving the Accumulated Absences Account						
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)

8 Movements in Earmarked Reserve

	Balance 01 April 2021	Transfers In	Transfers Out	Balance 31 March 2022	Transfers In	Transfers Out	Balance 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Business Rates Growth	(8,784)	0	5,299	(3,485)		3,000	(485)
Infrastructure	(4,975)	(1,050)	190	(5,835)		3,542	(2,293)
Greater Cambridge City Deal	(4,329)	0	0	(4,329)			(4,329)
Renewables	(5,740)	(3,136)	2,746	(6,130)	(1,513)	1,105	(6,538)
Pensions	(197)	0	108	(89)		89	0
Vehicle Renewables	(3,216)	(787)	358	(3,645)	(850)	668	(3,827)
Accommodation	(482)	(400)	307	(575)	(124)	29	(670)
Transformation Reserves	(3,546)	0	815	(2,731)		1,230	(1,501)
Electoral Registration	(115)	(115)	58	(172)	(82)	172	(82)
Land Charges	(103)	0	0	(103)			(103)
Environmental	(158)	(73)	59	(172)	(453)	121	(504)
Planning	(4,593)	(288)	5	(4,876)	(856)	486	(5,246)
Other	(29)	(2)	0	(31)	(1,279)	26	(1,284)
Homelessness	(641)	(616)	450	(807)	(591)	599	(799)
Community Development	(281)	(30)	42	(269)		226	(43)
Housing	(258)	0	8	(250)		35	(215)
Property Investment	(3,737)	(1,250)	1,050	(3,937)	(111)	628	(3,420)
Covid-19	(1,378)	(2,814)	1,020	(3,172)		1,879	(1,293)
HomeLink	(127)	(29)	12	(144)	(8)	15	(137)
Software Fund	(250)	(50)	0	(300)	(100)	39	(361)
Revenues and Benefits	0	0	0	0	(100)		(100)
General Fund	(42,939)	(10,640)	12,527	(41,052)	(6,067)	13,889	(33,230)
Self Insurance	(1,000)	0	0	(1,000)	0	0	(1,000)
Investment Repayment	(8,500)	0	0	(8,500)	0	0	(8,500)
Housing Revenue Account	(9,500)	0	0	(9,500)	0	0	(9,500)
Total Earmarked Reserves	(52,439)	(10,640)	12,527	(50,552)	(6,067)	13,889	(42,730)

Notes to the Statement of Accounts

9 Other Operating Income and Expenditure

31 March 2022		31 March 2023
£000		£000
6,105	Parish Council Precepts	6,516
205	Internal Drainage Boards	208
340	Enterprise Zones	407
474	Payments to the Government Housing Pool	-
(4,093)	(Gains) / losses on the disposal of non-current assets	(8,421)
3,031	Total	(1,290)

10 Financing and Investment Income and Expenditure

31 March 2022		31 March 2023
£000		£000
7,421	Interest payable and similar charges	7,789
1,677	Pensions interest cost	1,810
(3,384)	Interest receivable and similar income	(5,432)
(1,943)	Income and expenditure in relation to investment properties and changes in their fair value	(15,896)
3,771	Total	(11,729)

11 Taxation and Non Specific Grant Income and Expenditure

31 March 2022		31 March 2023
£000		£000
(16,297)	Council Tax Income	(17,241)
(5,283)	Non Domestic Rate Income	(6,467)
(11,912)	Non-ring fenced Government Grants (see note 28 for breakdown)	(7,165)
(1,627)	Capital Grants and Other Contributions (see note 28 for breakdown)	(2,177)
(35,119)	Total	(33,050)

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
Gross Book Value 01 April 2022	613,653	29,560	11,978	1,512	10,451	13,977	681,131
Adjustments	7	(10)	(2)	0	3	(5)	(7)
Additions	8,908	2,665	1,291	95	13,166	6	26,131
Revaluation Cr.ed to Revaluation Reserve	(14,542)	558	0	0	0	(64)	(14,048)
Revaluation Applied to the CIES	(7,396)	(504)	0	0	0	(860)	(8,760)
Derecognition- Disposals	(4,528)	0	0	0	0	1	(4,527)
Transfers	22,813	1,042	(211)	119	(18,913)	(5,061)	(211)
Gross Book Value 31 March 2023	618,915	33,311	13,056	1,726	4,707	7,994	679,709
Depreciation 01 April 2022	(143)	(303)	(8,015)	(167)	0	0	(8,628)
Depreciation in Year	(9,044)	(552)	(932)	(76)	0	0	(10,604)
Adjustments	70	200	(125)	(56)	0	0	89
Depreciation w/o to Revaluation Reserve	9,037	512	0	0	0	0	9,549
Depreciation written out to CIES	0	0	0	0	0	0	0
Derecognition- Disposals	28	0	0	0	0	0	28
Depreciation 31 March 2023	(52)	(143)	(9,072)	(299)	0	0	(9,566)
Net Book Value 31 March 2023	618,863	33,168	3,984	1,427	4,707	7,994	670,143
Net Book Value 31 March 2022	613,510	29,257	3,963	1,345	10,451	13,977	672,503

Notes to the Statement of Accounts

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infra-structure Assets £000	Assets Under Construction £000	Surplus Assets £000	Total £000
Gross Book Value 01 April 2021	533,773	31,070	11,486	1,512	15,942	7,593	601,376
Adjustments	0	0	0	0	0	0	0
Additions	8,097	773	492	0	12,049	354	21,765
Revaluation credited 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
Gross Book Value 31 March 2022	613,653	29,560	11,978	1,512	10,451	13,977	681,131
Depreciation 01 April 2021	(37)	(60)	(7,221)	(167)	0	0	(7,485)
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
Depreciation 31 March 2022	(143)	(303)	(8,015)	(167)	0	0	(8,628)
Net Book Value 31 March 2022	613,510	29,257	3,963	1,345	10,451	13,977	672,503
Net Book Value 31 March 2021	533,736	31,010	4,265	1,345	15,942	7,593	593,891

Revaluations

It is a requirement that all Property, Plant and Equipment required to be measured at fair value is revalued 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 2023, 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.

Notes to the Statement of Accounts

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.

Surplus assets are valued at fair value (at level 2 of the fair value hierarchy) as at 31 March 2023. 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.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Assets Under Construction	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000
Carried Historical Cost	0	0	13,056	1,726	4,707	0	19,489
Valued at Current Value as from:							
31 March 2023	618,915	33,311	0	0	0	7,994	660,220
Total Cost or Valuation	618,915	33,311	13,056	1,726	4,707	7,994	679,709

Notes to the Statement of Accounts

12(a) 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 2022		31 March 2023
£000		£000
(2,006)	Rental income from investment property	(1,497)
586	Direct operating expenses arising from investment property	602
(1,420)	Net (gain)/loss	(895)

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 2022		31 March 2023
£000		£000
60,881	Balance at the start of the year	38,118
	Additions:	
0	Purchases	0
3,096	Subsequent expenditure	622
(26,379)	Asset transfer	0
520	Net gains/(losses) from fair value adjustments	15,001
38,118	Balance at the end of the year	53,741

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 2022		31 March 2023
£000	Investments	£000
3,002	Local Authorities	19,547
95,835	South Cambs Limited	101,302
1,885	Clearing Banks	9,657
0	Subsidiaries of Clearing Banks	0
8,002	Banks (other)	5,115
2,156	Money Market Funds	2,374
2,000	Building Societies with assets: >£10 billion	0
3,538	Housing Association	0
13,033	South Cambridgeshire Investment Partnership (SCIP)	13,396
2,496	Other	2,531
131,947		153,922
(15,544)	Less: cash and cash equivalents	(19,053)
116,403		Total 134,869

31 March 2022		31 March 2023	31 March 2023	31 March 2023
£000	Principal Investment analysed by maturity	Short Term	Long Term	Total
£000		£000	£000	£000
1,000	2022/23	0	0	0
114,045	2023/24	12,000	0	12,000
0	2024/25	0	120,864	120,864
1,358	Accrued Interest	21	1,984	2,005
116,403		12,021	122,848	134,869

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 2022		31 March 2023
£000		£000
(85,000)	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)
(205,123)	Net Carrying Amount at end of the year	(205,123)

14 Long Term Debtors

31 March 2022		31 March 2023
£000		£000
418	Webbs Hole Sluice	418
329	Long Term Loans	329
747	Net Carrying Amount at end of the year	747

15 Financial Instruments

Categories of Financial Instruments

Categories of Financial Assets	Long Term		Current	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£000	£000	£000	£000
Financial assets held at amortised costs				
Investments (Principal amount)	114,045	120,864	1,000	12,000
Investments Accrued Interest	1,358	1,984	0	21
Cash & Cash Equivalents	0	0	15,544	19,053
Debtors	747	747	10,272	7,341
Total Financial Assets	116,150	123,595	26,816	38,415

Notes to the Statement of Accounts

Categories of Financial Liabilities	Long Term		Current	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
Financial liabilities held at amortised costs				
Loans (principal amount)	(205,123)	(205,123)	(50,000)	(40,000)
Interest Accrued				
Cash & Cash Equivalents			(1,821)	(1,313)
Current Creditors			(12,040)	(15,401)
Total Financial Liabilities	(205,123)	(205,123)	(63,861)	(56,714)

Debtors Reconciliation to Balance Sheet	Long Term		Current	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£000	£000	£000	£000
Included in Financial Assets	747	747	10,272	7,341
Debtors that do not meet the definition of a financial assets:				
Statutory Debtors			5,730	6,864
Prepayments			306	127
Total Debtors	747	747	16,308	14,332

Creditors Reconciliation to Balance Sheet	Long Term		Current	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£000	£000	£000	£000
Included in Financial Liabilities			(12,040)	(15,401)
Creditors that do not meet the definition of a financial liability:				
Statutory Creditors			(17,670)	(22,566)
Receipts in Advance			(31,454)	(28,929)
Total Creditors	0	0	(61,164)	(66,896)

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	2021/22			2022/23		
	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	7,421	0	7,421	7,789	0	7,789
Impairment losses	0	0	0	0	0	0
Total expense in (surplus) or deficit on the provision of services	7,421	0	7,421	7,789	0	7,789
Interest Income	0	(3,384)	(3,384)	0	(5,432)	(5,432)
Dividend Income	0	0	0	0	0	0
Total income in (surplus) or deficit on the provision of services	0	(3,384)	(3,384)	0	(5,432)	(5,432)
Net (Gain)/Loss for the year	7,421	(3,384)	4,037	7,789	(5,432)	2,357

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 2023 of 3.62% to 3.79% (1.96% to 2.13% at 31 March 2022) 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 2022		31 March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial liabilities				
Long term borrowing	(205,123)	(238,538)	(205,123)	(197,886)
Total Financial Liabilities	(205,123)	(238,538)	(205,123)	(197,886)

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.

16 Short Term Debtors and Payments in Advance

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

31 March 2022		31 March 2023
£000		£000
1,157	Central Government Bodies	1,505
10,888	Local Authorities	5,758
-	NHS	230
3,957	Other Entities and Individuals	6,712
306	Payments in Advance	127
16,308	Total debtors and payments in advance	14,332
	Less: Provision for Bad Debts / Impairment	
(88)	Council Tax Arrears- Council share	(125)
(317)	NDR Arrears- Council share	(863)
(743)	Housing (HRA)	(753)
(1,622)	Sundry Debtors (customer debt)	(1,485)
(2,770)	Total provisions for bad debts / impairments	(3,226)
13,538	Total net figure	11,106

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 2022	31 March 2023
£000	£000
15,544 Short-term Deposits with Money Market Funds	19,053
(1,821) Bank Overdrafts	(1,313)
13,723 Total Cash and Cash Equivalents	17,740

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 2022	31 March 2023
£000	£000
(13,853) Central Government Bodies	(20,817)
(11,240) Local Authorities	(10,806)
(22,827) Other Entities and Individuals - S106 (see breakdown in note 18a)	(25,020)
(4,618) Other Entities and Individuals -Other	(5,005)
(8,626) Receipts in Advance	(5,248)
(61,164) Total creditors and receipts in advance	(66,896)

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 2022		31 March 2023
£000	Developer (S106) Contributions:	£000
	Capital	
(18,925)	Commuted sums	(21,978)
(1,128)	Community Transport Initiative	(956)
(1,974)	Affordable Housing s106	(1,335)
(22,027)		(24,269)
	Revenue	
(54)	Sustainability s106 Orchard park	(54)
(50)	Public art s106 Orchard Park	(13)
(189)	Community development s106	(95)
(23)	Electoral arrangements	(16)
(484)	Waste Management	(573)
(800)		(751)
(22,827)		(25,020)

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 £3.219m has been recognised in the 2022/23 accounts (£3.282m in 2021/22), 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
(4,645) Balance at 01 April 2022	(3,282)
939 Additional provisions made in 2022/23	63
424 Amounts used in 2022/23	0
(3,282) Balance as at 31 March 2023	(3,219)

20 Unusable Reserves

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

31 March 2022 £000		31 March 2023 £000
(221,552) Revaluation Reserve	(a)	(213,026)
(251,533) Capital Adjustment Account	(b)	(253,902)
59,104 Pension Reserve	(c)	427
(97) Deferred Capital Receipts Reserve	(d)	(106)
2,777 Collection Fund Adjustment Account	(e)	(1,001)
383 Accumulated Absences Account	(f)	456
(410,918)		(467,152)

(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 2022 £000		31 March 2023 £000
	(157,216) Balance at 1 April	(221,552)
(68,440)	Upward revaluation of assets	(3,558)
1,432	Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on Provision of Services	8,064
(67,008)	(Surplus) or Deficit on revaluation of non current assets not posted to the (Surplus)/Deficit on the Provision of Services	4,506
2,248	Difference between fair value depreciation and historical cost depreciation	3,213
424	Accumulated gains on assets sold or scrapped	807
	2,672 Net amount transferred to the Capital Adjustment Account	4,020
	(221,552) Balance at 31 March	(213,026)

(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 2022 £000		31 March 2023 £000
(242,720)	Balance at 1 April	(251,533)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:	
9,204	Charges for depreciation and impairment of non-current assets	10,605
6,978	Revaluation impairment through CIES	8,760
(3,874)	Reversal of impairment on revaluation	0
180	Amortisation of intangible assets	215
695	Revenue expenditure funded from capital under statute	4,583
3,884	Amounts of non-current assets written off on disposal as part of the gain / loss on disposal posted to the CIES	24,849
(424)	Write out of revaluation gain on disposal from Revaluation Reserve	(807)
(2,248)	Depreciation, amortisation and impairment w/o from Reval. Res.	(3,213)
14,395	Net written out amount of the cost of non-current assets consumed in the year	44,992
	Capital financing applied in the year:	
(6,829)	Use of the Capital Receipts Reserve to finance new capital expenditure	(5,550)
(7,583)	Use of the Major Repairs Reserve to finance new capital expenditure	(10,455)
(427)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(776)
(844)	Application of grants to capital financing from the Capital Grants Unapplied Account	(2,023)
(1,113)	Statutory provision for the financing of capital investment charged against the General Fund balance	(997)
	Use of General Earmarked Reserved to finance new capital expenditure	
(5,889)	Capital expenditure charged against the General Fund and HRA balances	(12,496)
(22,685)		(32,297)
(520)	Movements in the market value of Investment Properties credited to the CIES	(15,001)
(3)	Other adjustment	(63)
(251,533)	Balance at 31 March	(253,902)

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 2022		31 March 2023
£000		£000
81,231	Balance at 1 April	59,104
(29,214)	Remeasurements of the net defined benefit liabilities	(65,397)
12,057	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	12,033
(4,970)	Employer's pensions contributions and direct payments to pensioners payable in the year	(5,313)
59,104	Balance at 31 March	427

Notes to the Statement of Accounts

(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 2022		31 March 2023
£000		£000
	(97) Balance at 1 April	(97)
	0 Movement in year	(9)
	(97) Balance at 31 March	(106)

(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 2022		31 March 2023
£000		£000
	8,743 Balance at 1 April	2,777
(5,988)	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	(3,852)
22	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	74
	2,777 Balance at 31 March	(1,001)

(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.

Notes to the Statement of Accounts

31 March 2022 £000	31 March 2023 £000
590 Balance at 1 April	383
(207) Settlement or cancellation of accrual made at the end of previous year	0
0 Amounts accrued at the end of current year	73
383 Balance at 31 March	456

21 Cash Flow Statement- Operating Activities

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

31 March 2022 £000	31 March 2023 £000
9,357 Depreciation	10,858
2,585 Impairment and upward revaluations	(6,269)
2,907 Increase / (decrease) in creditors	5,732
(1,363) Increase / (decrease) in provisions	(63)
6,850 (Increase) / decrease in debtors	2,432
(48) (Increase) / decrease in inventories	(46)
7,087 Pension Liability	6,720
3,908 Carrying amount of Non-Current Assets sold	25,088
2 Other Non-Cash Items Charged to the Net Surplus or deficit on the Provision of Services	1
31,285 Total	44,453

Notes to the Statement of Accounts

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

31 March 2022		31 March 2023
£000		£000
	(137) Creditors relating to Section 106 etc.	(2,193)
	(1,226) Creditors relating to Collection Fund Agencies	(7,243)
	(5,759) Debtors relating to Collection Fund Agencies	0
	(7,231) Proceeds from the sale of property and equipment, investment property and intangible assets	(33,241)
	(14,353) Total	(42,677)

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

31 March 2022		31 March 2023
£000		£000
	3,384 Interest Received	5,432
	(7,421) Interest Charge for the Year	(7,789)
	(4,037) Total	(2,357)

22 Cash Flow Statement- Investing Activities

31 March 2022		31 March 2023
£000		£000
	(25,230) Purchase of Property, Plant & Equipment, Investing Property	(27,000)
	(23,304) Purchase of Short-term and Long-term Investments	(18,466)
	6,000 Purchase of Short-term and Long-term Borrowing	(10,000)
	7,231 Proceeds from Sale of Property, Plant & Equipment, Investment	33,241
	0 Proceeds from Short-term and Long-term Investments	0
	(35,303) Total	(22,225)

Notes to the Statement of Accounts

23 Cash Flow Statement- Financing Activities

31 March 2022		31 March 2023
£000		£000
	137 Creditors relating to Section 106 etc.	2,193
	1,226 Creditors relating to Collection Fund Agencies	7,243
	5,759 Debtors relating to Collection Fund Agencies	0
	7,122 Total	9,436

24 Trading Operations

There were no trading operations at the Council in 2022/23 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 2022		31 March 2023
£		£
	358,381 Allowances	368,374
	4,847 Expenses	9,648
	363,228 Total	378,022

Notes to the Statement of Accounts

26 Officer Remuneration

Senior Officer Remuneration:

	2022/23				
	Salary (including fees and allowances)	Benefits in Kind	Pension Contributions	Compensation for Loss of Office	Total Remuneration including Pension Contributions
Chief Executive	138,766	0	23,590	0	162,356
Chief Operating Officer	115,959	0	19,713	0	135,672
Head of Housing	79,434	0	13,504	0	92,938
Head of Waste & Environment ³	0	0	0	0	0
Joint Director for Planning and Economic Development ¹	115,959	0	19,713	0	135,672
Head of Finance & Section 151 Officer	85,769	0	14,581	0	100,350
Head of Human Resources & Corporate Services ²	0	0	0	0	0
Head of Transformation HR & Corporate Services	82,440	0	14,015	0	96,455
Head of Climate, Environment & Waste	88,456	0	14,235	0	102,691
Total	706,783	0	119,351	0	826,134

¹ Shared Director with Cambridge City Council. 100% of Remuneration costs shown above. Costs shared 50:50.

² Post superseded by Head of Transformation, HR & Corporate Services

³ Post superseded by Head of Climate, Environment & Waste

Notes to the Statement of Accounts

	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
Chief Operating Officer	110,713	0	18,804	0	129,517
Head of Housing	75,271	0	12,779	0	88,050
Head of Waste & Environment ³	23,449	0	3,294	0	26,743
Joint Director for Planning and Economic Development ¹	114,134	0	19,386	0	133,520
Head of Finance & Section151 Officer	83,857	0	14,239	0	98,096
Head of Human Resources & Corporate Services ²	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
Total	704,688	0	118,891	73,338	896,917

¹ Shared Director with Cambridge City Council. 100% of Remuneration costs shown above. Costs shared 50:50.

² Post superseded by Head of Transformation, HR & Corporate Services

³ Post superseded by Head of Climate, Environment & Waste

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 2022		31 March 2023
No of Employees	Remuneration Band	No of Employees
10	£50,000 - £54,999	33
7	£55,000 - £59,999	11
5	£60,000 - £64,999	3
2	£65,000 - £69,999	2
2	£70,000 - £74,999	2
2	£75,000 - £79,999	0
0	£80,000 - £85,000	0
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
1	£105,000 - £109,999	1
29	Total	52

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 2022/23 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.

Notes to the Statement of Accounts

	2022/23			Total Cost of Exit Packages in Each Band £000
	No of Compulsory Redundancies	No of Other Departures	Total No of Exit Packages	
Exit Package Cost Band (inc. special payments)				
£0 - £20,000	5	5	10	27
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£200,001 - £220,000	1	0	1	119
Total Cost Included in Bandings and in the CIES	6	5	11	146

	2021/22			Total Cost of Exit Packages in Each Band £000
	No of Compulsory Redundancies	No of Other Departures	Total No of Exit Packages	
Exit Package Cost Band (inc. special payments)				
£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
Total Cost Included in Bandings and in the CIES	2	7	9	217

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:

Notes to the Statement of Accounts

31 March 2022		31 March 2023
£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
68	Total	68

Note 1 The 2022/23 audit fee presented in the table above of £40k is the scale of fees as determined by the PSAA, the final fee for 2021/22 is still to be determined.

28 Grants and Contributions

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

31 March 2022		31 March 2023
£000		£000
	Credited to Taxation and Non-Specific Grant Income	
(2,193)	New homes bonus	(2,375)
(250)	Other non-ringfenced government grants	(441)
(4,133)	Covid grants	(73)
(5,336)	Business Rates	(4,276)
(1,627)	Capital grants and other Contributions	(2,177)
(13,539)	Total Grants and Contributions	(9,342)
	Credited to Services	
(19,875)	Department for Work and Pensions (DWP)- Housing benefit	(18,800)
(11)	Cabinet Office (CO)- Electoral registration	(9)
(242)	Department for Levelling Up, Housing and Communities (DLUC)	0
(169)	Other government grants	(9)
(634)	Covid support grants	(172)
(33)	Contributions from local authorities	(3,439)
(20,964)	Total Grants and Contributions	(22,429)
(34,503)	Total	(31,771)

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 Mambery and two members P Sandford and J Hobro are Directors of South Cambs Limited T/A Ermine Street Housing. During 2022/23, the Council charged £3,991,203 (£5,311,262 2021/22) for its services to Ermine Street Housing. Amounts owed at the end of the year by Ermine Street Housing to the Council total £101,846,088 (£94,619,955 2021/22) related to recharges for contracted services and short term loans taken out to purchase investment properties.

Shire Homes Limited

One employee (H Wood) and one member (Councillor P Fane) of the Council are the company directors. During 2022/23 expenditure of £320,752 (£301,550 2021/22) was paid to Shire Homes Lettings Limited for contracted services to manage the Council's private sector scheme and the Council charged £240,269 (£190,235 2021/22) for its services. At the end of 2022/23 the net amount of £116,257 (£136,961 2021/22) was outstanding to the Council by Shire Homes.

Cambourne Business Park Limited

Two employees A Ainsworth and P Maddock are the company directors. At the end of 2022/23 the net amount of £8,169 (£0 2021/22) 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 2022/23, grant of £18,500 (£18,500 2021/22) 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 2022/23, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

Notes to the Statement of 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.

31 March 2022		31 March 2023		
		HRA	GF	Total
£000		£000	£000	£000
339,489	Opening Capital Financing Requirement	204,429	162,596	367,025
0	Adjustment to Opening CFR	0	0	0
	Capital Investment			
11,263	Loan to South Cambs Ltd *		4,165	4,165
369	Intangible Assets		247	247
21,765	Property, Plant and Equipment	21,405	4,726	26,131
3,096	Investment Properties		622	622
13,033	Loan to South Cambridgeshire Investment Partnership (SCIP)*		0	0
695	Rev. Expenditure Funded from Capital Under Statute		4,583	4,583
50,221	Total Capital Investment	21,405	14,343	35,748
	Sources of Finance			
(6,829)	Capital receipts	(3,704)	(1,846)	(5,550)
(5,889)	Revenue	(6,471)	(6,025)	(12,496)
(1,271)	Capital Grants	(775)	(2,024)	(2,799)
(7,583)	Major repairs reserve	(10,455)	0	(10,455)
(1,113)	MRP from Capital Adjustment Account		(997)	(997)
(22,685)	Total Capital Financing	(21,405)	(10,892)	(32,297)
367,025	Total	204,429	166,047	370,476

* 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.

Notes to the Statement of Accounts

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:

	2022/23	2021/22
	£000s	£000s
Other Land and Buildings		
Blackwell Site	865	1,255
Whaddon Site	900	1,255
Total	1,765	2,510

There were no Minimum Lease Payments to report in 2022/22 or 2021/23.

Operating Leases

Following a full review of the Council's related agreements there are no embedded leases to report for 2022/23 (£0k in 2021/22)

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:

	2022/23	2021/22
	£000s	£000s
Not later than one year	2,032	1,446
Later than one year and not later than five years	8,128	5,710
Later than five years	6,017	4,670
Total	16,177	11,826

Notes to the Statement of Accounts

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.

31 March 2022		31 March 2023
£000		£000
	Comprehensive Income and Expenditure Statement	
10,380	Service Cost	10,223
1,677	Net Interest Charged	1,810
12,057	Net Charge made to the CIES	12,033
	Re-Measurements in Other Comprehensive Income	
9,974	Return on Fund Assets in Excess of Interest	(19,594)
14,520	Changes in Financial Assumptions	79,445
4,720	Change in Demographic Assumptions	5,546
29,214	Re-Measurement of the Net Assets / (Defined Liability)	65,397
	Pension Assets and Liabilities Recognised in the Balance Sheet	
(219,511)	Present Value of the Funded Obligation	(168,088)
(1,743)	Present Value of the Unfunded Obligation	(1,649)
162,150	Fair Value of Scheme Assets	169,310
(59,104)	Net Liability in the Balance Sheet	(427)

Notes to the Statement of Accounts

Reconciliation of the fair value of the Scheme Liabilities

Unfunded Liabilities	Funded Liabilities		Unfunded Liabilities	Funded Liabilities
2021/22			2022/23	
£000	£000		£000	£000
(1,837)	(220,766)	Net pensions liability at 1 April	(1,743)	(219,511)
(41)	(4,475)	Interest Cost	(41)	(5,915)
(42)	4,762	Change in Demographic Assumptions	(42)	5,588
70	14,450	Change in Financial Assumptions	70	84,917
	(6,647)	Change in Other Assumptions		(26,340)
	(10,380)	Current Service Cost		(10,111)
	0	Past Service Cost Including Curtailments		(112)
	(1,284)	Contributions by Scheme Participants		(1,438)
107	4,829	Estimated Benefits Paid	107	4,834
(1,743)	(219,511)	Net Pension Liability at 31 March	(1,649)	(168,088)

Reconciliation of the fair value of the Scheme Assets

31 March 2022		31 March 2023
£000		£000
141,372	Fair Value of the Plan Assets at 1 April	162,150
2,839	Interest on Assets	4,146
16,621	Return on Assets less Interest	1,204
4,970	Employer Contributions including Unfunded	5,313
1,284	Contributions by Scheme Participants	1,438
(4,829)	Benefits Paid	(4,834)
(107)	Contribution in respect of unfunded benefits	(107)
162,150	Fair Value of the Plan Assets at 31 March	169,310

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

Notes to the Statement of Accounts

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 2023 are £5,316,000 (2021/22 £4,863,000).

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:

2021/22		2022/23
	Mortality Assumptions	
	Longevity at 65 for current pensioners in years:	
22	* Men	22.1
24.6	* Women	24.6
	Longevity at 65 for future pensioners in years:	
22.8	* Men	22.6
26.1	* Women	26.2
0.037	Rate of increase in salaries	3.45%
0.032	Rate of increase in pensions	2.95%
0.027	Rate for discounting scheme liabilities	4.75%

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 £000	Quoted non-active market £000	Total £000		Quoted active market £000	Quoted non-active market £000	Total £000
3,883	0	3,883	Cash and cash equivalents	3,863	0	3,863
			Equity inst: by industry type			
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	Sub-total equity	0	0	0
			Debt Securities: by sector			
0	0	0	Corporate Bonds(inv. grade)	0	0	0
0	0	0	Corporate Bonds (non-inv. grade)	0	0	0
0	7,958	7,958	UK Government	0	5,413	5,413
0	0	0	Other	0	0	0
0	7,958	7,958	Sub-total bonds	0	5,413	5,413
			Property: by type			
0	11,387	11,387	UK Property	0	10,446	10,446
0	0	0	Overseas Property	0	0	0
0	11,387	11,387	Sub-total property	0	10,446	10,446
			Private Equity:			
0	17,306	17,306	All (UK & Overseas)	0	19,845	19,845
0	17,306	17,306	Sub-total private equity	0	19,845	19,845
			Inv. Funds and Unit Trusts			
0	93,485	93,485	Equities	0	88,355	88,355
0	17,234	17,234	Bonds	0	17,264	17,264
0	0	0	Hedge Funds	0	0	0
0	0	0	Commodities	0	0	0
0	12,884	12,884	Infrastructure	0	14,059	14,059
0	0	0	Other	0	0	0
0	123,603	123,603	Sub-total other inv. funds	0	119,678	119,678
			Derivatives:			
0	328	328	Other	0	671	671
0	328	328	Sub-total derivatives	0	671	671
1,568	160,582	162,150	Total	3,863	156,053	159,916

Notes to the Statement of Accounts

Fair value of scheme assets

31 March 2022		31 March 2023
%		%
0.0%	Equity Instruments	0.0%
5.0%	Debt Securities	3.0%
7.0%	Property	7.0%
11.0%	Private Equity	12.0%
77.0%	Investment Funds and Unit Trusts	76.0%
0.0%	Derivatives	0.0%
1.0%	Cash and cash equivalents	2.0%
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 2023	Sensitivity 1	Assumptions	Sensitivity 2
	£000	£000	%
Adjustment to Discount Rate			
Present Value of Total Obligation	2,815	160,342	2%
Adjustment to Long Term Salary Increase			
Present Value of Total Obligation	272	160,342	0%
Adjustment to Pension Increases and Deferred Revaluation			
Present Value of Total Obligation	2,587	160,342	2%
Sensitivity Analysis as at 31 March 2022			
	£000	£000	%
Adjustment to Discount Rate			
Present Value of Total Obligation	4,106	221,254	2%
Adjustment to Long Term Salary Increase			
Present Value of Total Obligation	452	221,254	0%
Adjustment to Pension Increases and Deferred Revaluation			
Present Value of Total Obligation	3,622	221,254	2%

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 2023 (£329k in 2022/23). 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 2022			31 March 2023	
Customer Debt	Other Debtors		Customer Debt	Other Debtors
£000	£000		£000	£000
(1,768)	(1,231)	Balance at 1st April	(1,622)	(1,148)
120	7	(Increase)/decrease in provisions	123	(921)
26	76	Amounts used	14	328
(1,622)	(1,148)	Balance at 31st March	(1,485)	(1,741)

Notes to the Statement of Accounts

The Council does not normally extend credit beyond 21 days. At 31 March 2023, the total debtor balance can be analysed as follows:

31 March 2022 £000		31 March 2023 £000
	Customer Debts:	
7,947	Less than 3 months	6,314
2,325	More than 3 months	1,027
10,272	Balance at 31st March	7,341

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 2023, 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 2023						
	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	7,595	2,000			5,000	14,595
Building Societies	YES						0
South Cambs Ltd	YES					100,000	100,000
SCIP	YES					13,034	13,034
Housing Assoc	YES						0
Local Authorities	YES	4,000	3,000	7,000	5,000	500	19,500
CLIC	YES					2,290	2,290
Money Market Funds	YES	2,365					2,365
Total		13,960	5,000	7,000	5,000	120,824	151,784

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 2023 were £7.377m on Housing (£4.335m as at 31st March 2022).

Notes to the Statement of Accounts

35 Assets Held for Sale

31 March 2022		31 March 2023
£000		£000
	Cost or valuation	
0	At 1 April	20,350
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
20,350	Other movements / reclassifications within assets	(20,350)
20,350	Total	0

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

36 Intangible Assets

31 March 2022		31 March 2023
£000		£000
	Cost or valuation	
661	At 1 April	849
369	Additions- Purchase only	247
(180)	Amortisation	(215)
(1)	Other movements / reclassifications	(128)
849	Total	753

37 Contingencies

There were no material contingent assets to report for the Council as at 31 March 2023.

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.

2021/22	Note	2022/23
£000		£000
Income		
(29,582) Dwelling Rents		(31,473)
(375) Non Dwelling Rents		(398)
(1,331) Charges for Services and Facilities		(1,273)
0 Revaluation Gains of non-current assets		0
Contributions towards expenditure:		
(129) General Fund		(484)
(116) Other Sources		(67)
(31,533) Total Income		(33,695)
Expenditure		
5,321 Repairs and Maintenance		5,902
Supervision and Management:		
3,355 General		3,114
2,070 Repairs and Maintenance		2,138
1,324 Special Services		1,947
276 Rents, Rates and Other Charges		312
Depreciation and Amortisation:		
7,685 Depreciation		9,157
3,100 Impairments	H9	7,460
44 Treasury Management Costs		69
50 Inc./(Dec.) Provision for Bad/Doubtful Debts		87
23,225 Total Expenditure		30,186
(8,308) Net Cost of Services as Included in the Comprehensive Income and Expenditure Statement		(3,509)
646 HRA services share of Corporate Expenses		816
(7,662) Net Cost / (Income) of HRA Services		(2,693)
(7,662) HRA Share of the Income and Expenditure included in the Comprehensive Income and Expenditure Statement		(2,693)
(3,635) Loss/(Gain) on Sale of HRA Non-Current Assets		(3,507)
7,193 Interest Payable and similar charges		7,193
(1,159) Interest and Investment Income		(1,240)
194 Pensions Interest / Return on Assets		216
(429) Capital Grants and Contributions		(776)
(5,498) (Surplus) / Deficit for the Year on HRA Services		(807)

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.

2021/22	2022/23
£000	£000
(5,498)	(807)
(Surplus)/ deficit for the year on the Housing Revenue Account Income and Expenditure Statement	
4,078	2,472
Adjustments between accounting basis and funding basis under statute (including to or from reserves)	
(1,420)	1,665
(Increase) / decrease in the Housing Revenue Account Balance	
(3,080)	(4,500)
Housing Revenue Account Surplus Brought Forward	
(4,500)	(2,835)
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:

2021/22		2022/23			
Total		Conversion	Additions	Disposals	Total
1,125	1 Bedroom	0	25	(5)	1,145
2,404	2 Bedroom	0	50	(15)	2,440
1,846	3 Bedroom	0	15	(14)	1,847
73	4+ Bedroom	0	2	(2)	74
5,448		0	92	(35)	5,505

31 March 2022		31 March 2023
5,385	Stock (Whole Property Equivalent) as at 1 April	5,448
	Less:	
(27)	Other Movements *	(35)
90	New Properties #	92
5,448	Stock as at 31 March	5,505
	Other movements / reclassifications within assets	
	Number of houses:	
5,119	Houses and Bungalows	5,135
328	Flats and Maisonettes	370
	Other	
5,448	Stock as at 31 March	5,505
5,448	Total	5,505

* 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

2021/22		2022/23	
Asset Value	Depreciation	Asset Value	Depreciation
£000	£000	£000	£000
607,793	6,957	628,777	8,844
	(6,957)		(8,844)
19,142	394	18,382	612
	(394)		(612)
1,577	0	1,389	0
265	15	478	60
628,777	15	649,026	15

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 2023, based on vacant possession, was £1,650m.

H3 Gross Dwelling Rent Income

During 2022/23, 1.75% (1.80% in 2021/22) of all lettable dwellings were vacant.

Average rents were £112.79 (£107.35 in 2021/22) per week including affordable rents, an increase of £5.44 or 5.1% (£2.38 or 2.3% increase in 2021/22) on the previous year. 31.38% (33.69% in 2021/22) of all Council tenants received some help through rent rebates in 2022/23.

Rent arrears increased to £966,812 (£937,420 in 2021/2022), which represents 3.04% (3.18% in 2021/22) of gross dwelling rent income.

The provision for bad and doubtful debts on these arrears amounted to £714,422 (£703,859 in 2021/22). Amounts written off during the year totalled £76,368 (£28,492 in 2021/22). Dwelling rents are shown after allowing for voids.

Notes to the Housing Revenue Account

H4 Rent Arrears on Dwellings

31 March 2022 £000	31 March 2023 £000
937 Arrears	967
(704) Provision for uncollectable amounts	(714)
233 Net arrears	253
3.18% Arrears as a percentage of gross rents collectable	3.04%

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 £7,887,400 (£7,169,441 in 2021/22) in respect of HRA capital receipts during 2022/23.

This arose as a result of the sale of council houses including shared-ownership of £7,887,400 (£7,169,441 in 2021/22). Of this the Council had £3,191,082 (£2,350,366 in 2021/22) available for house building projects and £31,200 (£20,800 in 2021/22) for the administration of the sales which left £4,665,118 (£4,798,275 in 2021/22) to fund other capital projects. The requirement to pay an amount to the central government pool was waived in 2022/23 (£474,443 in 2021/22).

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 2022		31 March 2023
£000		£000
204,429	Opening capital financing requirement	204,429
	Expenditure:	
0	Acquisition and Improvement of land	0
9,525	New build- dwellings	12,628
0	Re-provision of existing dwellings	0
368	Acquisition of existing dwellings	16
7,586	Improvement of housing stock and other buildings	8,761
	Financing:	
(5,647)	Capital receipts and contributions	(3,704)
(3,824)	Revenue	(6,471)
(425)	Grants and Reserves	(775)
(7,583)	Major Repairs Allowance	(10,455)
204,429	Closing capital financing requirement	204,429

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

31 March 2022		31 March 2023
£000		£000
0	Sale of Land	0
2,601	Right to Buy	4,102
4,574	Other	3,785
7,175	Total	7,887

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

2021/22	2022/23
£000	£000
(3,345) Balance as at 1 April	(3,446)
(7,685) Transfer to Capital Adjustment Account	(9,157)
7,584 HRA capital expenditure charged to Major Repairs Reserve	10,455
(101) Total Expenditure	1,298
(3,446) Balance as at 31 March	(2,148)

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

2021/22	2022/23
£000	£000
(5,498) (Surplus)/Deficit for the year on the HRA Income and Expenditure Account	(807)
3,635 (Loss)/Gain on sale of HRA non-current assets	3,506
(816) HRA share of contributions to the Pensions Reserve	(804)
Reversal of Depreciation & Impairment	
(7,685) Depreciation	(9,157)
(3,100) Revaluation	(7,460)
427 Capital Grants and Contributions	776
7,685 Transfer from Major Repairs Reserve	9,157
(1) Accumulated Leave Reversal	(17)
3,933 Capital Expenditure funded by the HRA	6,471
4,078 Adjustments between accounting basis and funding basis under statute (including to or from reserves)	2,472
(1,420) Net increase/(decrease) before transfers to/from res.	1,665
0 Transfers To Earmarked Reserves	0
(1,420) Dec/(inc) in the HRA balance for the year	1,665
(3,080) HRA balance brought forward	(4,500)
(4,500) HRA balance carried forward	(2,835)

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).

2021/22				2022/23			
Non Domestic Rates £000	Council Tax £000	Collection Fund Total £000		Note	Non Domestic Rates £000	Council Tax £000	Collection Fund Total £000
			Income				
	(127,826)	(127,826)	Council Tax			(136,126)	(136,126)
(82,058)		(82,058)	Non Domestic Rates		(91,794)		(91,794)
(82,058)	(127,826)	(209,884)	Total Income		(91,794)	(136,126)	(227,921)
			Expenditure				
			Apportionment of previous years surplus/(deficit)				
(9,720)	0	(9,720)	Central Government		(3,482)	0	(3,482)
(1,750)	631	(1,119)	Cambridgeshire County Council		(627)	1,091	464
(194)	33	(161)	Cambridgeshire & Peterborough Fire Authority		(70)	57	(12)
	108	108	Cambridgeshire Police and Crime Commissioner			194	194
(7,776)	113	(7,663)	South Cambridgeshire District Council		(2,786)	195	(2,591)
			Precepts and Demands				
44,234	0	44,234	Central Government		41,652	0	41,652
7,962	90,107	98,069	Cambridgeshire County Council		7,497	96,160	103,657
885	4,733	5,618	Cambridgeshire & Peterborough Fire Authority		833	4,905	5,738
0	15,938	15,938	Cambridgeshire Police and Crime Commissioner		0	16,854	16,854
35,388	9,998	45,386	South Cambridgeshire District Council		33,321	10,489	43,811
0	6,105	6,105	Special Expenses- Parish Precepts		0	6,516	6,516
			Charges to the Collection Fund				
	22	22	Write Offs / (write backs)				0
(156)	207	51	BDP charge for year		117	215	332
(3,407)	0	(3,407)	Provision for Appeals		1,837	0	1,837
240	0	240	Cost of Collection Allowance		240	0	240
(30)	0	(30)	Transitional Payment Protection (TPP)		1,794	0	1,794
1,425	0	1,425	Disregarded Amounts		1,137	0	1,137
67,101	127,995	195,096	Total Expenditure		81,463	136,677	218,140
(14,957)	169	(14,788)	Deficit / (Surplus) for the Year		(10,331)	550	(9,781)
21,836	(1,370)	20,466	Balance Brought Forward		6,879	(1,201)	5,678
6,879	(1,201)	5,678	Balance Carried Forward		(3,452)	(650)	(4,103)

Notes to Collection Fund Statement

Collection Fund Balances:

Attribution of deficit/(surplus) carried forward:

2021/22				2022/23			
Non Domestic Rates £000	Council Tax £000	Collection Fund Total £000		Note	Non Domestic Rates £000	Council Tax £000	Collection Fund Total £000
			Proportional split				
			Cambridgeshire and Peterborough Combined Authority			(6)	(6)
3,439	0	3,439	Central Government		(1,726)	0	(1,726)
619	(852)	(233)	Cambridgeshire County Council		(311)	(460)	(771)
69	(45)	24	Cambridgeshire & Peterborough Fire Authority		(35)	(24)	(59)
0	(152)	(152)	Cambridgeshire Police and Crime Commissioner		0	(82)	(82)
4,127	(1,049)	3,078	Total		(2,072)	(571)	(2,643)
2,752	(152)	2,600	South Cambridgeshire District Council		(1,381)	(79)	(1,460)
6,879	(1,201)	5,678	Deficit / (Surplus)		(3,452)	(650)	(4,103)

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: 65,432 for 2022/23, (64,353.8 for 2021/22). The basic amount of Council Tax for a Band D property £2,062.05 for 2022/23, (£1,971.04 for 2021/22) is multiplied by the proportion specified for the particular band to give an individual amount due.

2021/22		2022/23			
Equivalent Number of Band D Dwellings		Chargeable Dwellings	Chargeable Dwellings after Discount, Exemptions and Disabled Relief	Ratio to Band D	Band D Equivalents
4.3	Band A Disabled	6.5	6.5	5/9	3.6
1,358.1	Band A	2,035.0	2,035.0	6/9	1,356.6
5,198.3	Band B	6,700.8	6,700.8	7/9	5,211.7
17,050.0	Band C	19,420.0	19,420.0	8/9	17,262.2
12,893.3	Band D	12,167.9	12,167.9	9/9	13,149.8
13,062.5	Band E	10,859.0	10,859.0	11/9	13,272.1
10,943.0	Band F	7,720.3	7,720.3	13/9	11,151.5
7,148.0	Band G	4,384.5	4,384.5	15/9	7,307.5
748.0	Band H	380.0	380.0	18/9	760.0
68,405.7	Total Band D	63,673.8	63,673.8		69,475.0
(3,765.0)	Less Band D equivalents entitled to Council Tax Support				(3,765.0)
101.1	MOD contribution				116.4
64,741.8	Total Band D Equivalents				65,826.4
(387.8)	Less Adjustment for Collection Rate		99.4%		(394.4)
64,354.0	Council Tax Base				65,432.0

Income of £128.4m for 2022/23 (£120.7m for 2021/22) 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 2022/23, (49.9p (small business) 51.2p (others) in 2021/22) 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 £281,107,688 (£220,767,832 in 2021/22).

Group Accounts and Consolidation with the Council

The Council has 3 wholly owned subsidiaries South Cambs Limited (Ermine Street Housing) , Shire Homes Lettings Limited and Cambourne Business Park 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 2021/22				2022/23		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£000	£000	£000	Note	£000	£000	£000
Continuing Operations						
2,894	(758)	2,136	Chief Executive	2,821	(457)	2,364
11,592	(4,694)	6,898	Director of Greater Cambridge Shared Planning	11,078	(3,869)	7,209
17,167	(8,188)	8,979	Head of Climate, Waste & Environment	18,712	(9,310)	9,402
26,438	(20,824)	5,614	Head of Finance	28,953	(19,295)	9,658
4,845	(2,988)	1,857	Head of Housing	7,199	(3,277)	3,922
3,924	(621)	3,303	Head of Transformation, HR & Corporate Services	6,919	(4,653)	2,266
23,861	(31,525)	(7,664)	Housing Revenue Account	31,162	(33,856)	(2,694)
4,391	(7,710)	(3,319)	Subsidiary Companies	G1 4,946	(8,693)	(3,747)
95,112	(77,308)	17,804	Net Cost of Services	111,790	(83,410)	28,380
		1,625	Other Operating Expenditure and Income			(6,993)
		6,994	Financing and Investment Income and Expenditure			(14,500)
		(35,119)	Taxation and Non-Specific Grant Income			(33,050)
		763	Tax expenses of Subsidiary Companies			2,247
		(7,933)	(Surplus) / Deficit on Provision of Services			(23,916)
		(67,008)	(Surplus) / Deficit on Revaluation of Property Plant & Equipment			4,506
		(29,214)	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(65,397)
		(104,155)	Total Comprehensive Income and Expenditure			(84,807)

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
Movements in 2021/22											
Balance as at 01 April 2021	(12,207)	(42,938)	(3,080)	(9,500)	(3,345)	(12,623)	(711)	(3,233)	(87,638)	(309,470)	(397,107)
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)	-
Net Increase / (Decrease) before Transfer to Earmarked Reserves	(1,068)	-	(1,420)	-	(101)	93	(35)	(175)	(2,706)	(101,449)	(104,155)
Transfer to Earmarked Reserves	(1,887)	1,887	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in Year	(2,955)	1,887	(1,420)	-	(101)	93	(35)	(175)	(2,706)	(101,449)	(104,155)
Balance as at 31 March 2022	(15,162)	(41,051)	(4,500)	(9,500)	(3,446)	(12,530)	(746)	(3,408)	(90,344)	(410,919)	(501,262)
Movements in 2022/23	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total Comprehensive Income and Exp.	(14,224)	-	(807)	-	-	-	-	(8,885)	(23,916)	(60,891)	(84,807)
Adjustment Between Accounting and Funding Basis Under Regulations	19,191	-	2,472	-	1,298	(27,691)	73	-	(4,657)	4,657	-
Net Increase / (Decrease) before Transfer to Earmarked Reserves	4,967	-	1,665	-	1,298	(27,691)	73	(8,885)	(28,573)	(56,234)	(84,807)
Transfer to Earmarked Reserves	(7,822)	7,822	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in Year	(2,855)	7,822	1,665	-	1,298	(27,691)	73	(8,885)	(28,573)	(56,234)	(84,807)
Balance as at 31 March 2023	(18,017)	(33,229)	(2,835)	(9,500)	(2,148)	(40,221)	(673)	(12,293)	(118,917)	(467,153)	(586,069)

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 2022			31 March 2023
£000		Note	£000
	Long Term Assets		
672,503	Property, Plant & Equipment		670,417
139,484	Investment Properties	G2	171,551
1,121	Intangible Assets		753
19,568	Long Term Investments		21,546
747	Long Term Debtors		747
833,423	Total Long Term Assets		865,014
	Current Assets		
1,000	Short Term Temporary Investments		12,021
294	Inventories		343
13,329	Debtors and Prepayments		9,424
16,740	Cash & Cash Equivalents		20,557
51,713	Total Current Assets		42,345
	Current Liabilities		
(62,004)	Short Term Creditors		(66,536)
(50,000)	Short Term Borrowing		(40,000)
(1,821)	Cash & Cash Equivalents		(1,313)
(3,282)	Provisions		(3,219)
(117,107)	Total Current Liabilities		(111,068)
	Long Term Liabilities		
(59,104)	Pensions Liability		(427)
(205,123)	Long Term Borrowing		(205,123)
(2,539)	Long Term Prov. (Tax) (Group only)		(4,671)
(266,766)	Total Long Term Liabilities		(210,221)
501,263	Total Assets Less Liabilities		586,070
(90,344)	Usable Reserves		(118,917)
(410,919)	Unusable Reserves		(467,153)
(501,263)	Total Reserves		(586,070)

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.

2021/22		2022/23
£000		£000
7,933	Net Surplus/(Deficit) on Provision of Services	23,916
31,373	Adjustments to net surplus or deficit on the provision of services for non-cash movements	35,827
(14,353)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(42,677)
24,953	Net cash flows from Operating Activities	17,066
(34,848)	Investing Activities	(22,177)
7,122	Financing Activities	9,436
(2,773)	Net Increase or (Decrease) in cash and cash equivalents	4,325
17,692	Cash and Cash Equivalents at the beginning of the reporting period	14,919
14,919	Cash and Cash equivalents at the end of the reporting period	19,244

Group Accounts

Group Notes

G1. Context of Group Accounts and Consolidation with the Council

The Council has three wholly owned subsidiaries South Cambs Limited (Ermine Street Housing) ,Shire Homes Lettings Limited and Cambourne Business Park 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;

	Cambourne Business Park	South Cambs	Shire Homes	Total
	£000	£000	£000	£000
Turnover	(5)	(7,656)	(1,032)	(8,693)
Service Expenses	24	4,979	1,032	6,035
Interest Payable	0	3,562	0	3,562
Interest and Investment Income Receivable	0	(8)	0	(8)
(Gain)/Loss on FV of Investment Properties	0	(12,027)	0	(12,027)
Tax Liability	0	2,246	0	2,246
Profit/(Loss) for the year after taxation	19	(8,904)	0	(8,885)
Useable Reserves				
Balance as at 01 April 2022	(356)	(3,052)	0	(3,408)
Profit/(Loss) for the year after taxation	19	(8,904)	0	(8,885)
Total company reserves position of Group Balance Sheet	(337)	(11,956)	0	(12,293)

Group Accounts

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

	Cambourne Business Park	South Cambs	Shire Homes	Total
	£000	£000	£000	£000
Property, Plant, Equipment	356	274	0	274
Investment Properties	0	120,774	0	120,774
Long Term Investments	0	0	0	0
Short Term Debtors & Cash	9	1,643	203	1,846
Short Term Creditors	(31)	(102,759)	(186)	(102,945)
Short Term Leases	0	0	0	0
Long Term Borrowing	0	0	0	0
Long Term Provisions (Tax)	0	(4,671)	0	(4,671)
Long Term Leases	0	0	0	0
Total assets net of Council share	334	15,261	17	15,278

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 2023 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.

2021/22	Cambourne Business Park	SCDC	SC Ltd	Shire Homes	2022/23
£000	£000	£000	£000	£000	£000
(8,229) Rental Income	(5)	(1,497)	(5,713)	(510)	(7,725)
2,656 Direct Expenses	18	602	1,746	324	2,690
(5,573) Total	13	(895)	(3,967)	(186)	(5,035)

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.

Group Accounts

2021/22		Cambourne Business Park	SCDC	SC Ltd	Shire Homes	2022/23
£000		£000	£000	£000	£000	£000
138,669	At 1st April	356	38,118	110,629	887	149,990
15,823	Acquisitions /Subsequent Expenditure	0	622	5,419	724	6,765
(24)	Disposals	0	0	0	(375)	(375)
18,481	Revaluation inc/(dec) in CIES	0	15,001	1,406	(1,236)	15,171
172,949	At 31st March	356	53,741	117,454	0	171,551
	Fair Value:					
138,669	At 1st April	356	38,118	110,629	887	149,990
172,949	At 31st March	356	53,741	117,454	0	171,551

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.

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 £101.302m (£95.835m 2021/22) 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 £52,291 in respect of vehicle contract hire were made in 2022/23 (£47,458 in 2021/22). South Cambs Ltd has operating leases with payments of £666,107 in 2022/23 (£619,967 in 2021/22) in respect of property leases. Shire Homes Lettings Limited had payments of £586,250 in 2022/23 (£584,336 in 2021/22) in respect of property leases.

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

Group Accounts

2021/22		Cambourne Business Park	SCDC	SC Ltd	Shire Homes	2022/23
£000		£000	£000	£000	£000	£000
(1,191)	Not later than 1 year	0	0	(666)	(585)	(1,251)
(2,020)	Later than 1 year, not later then 5 years	0	0	(939)	(483)	(1,422)
0	Later than 5 years	0	0	0	0	0
0	Future finance charges and other adj's	0	0	0	0	0
		0				
(3,211)	Total	0	0	(1,605)	(1,068)	(2,673)

G5. Related Party Transactions

The Council has three subsidiary companies wholly owned by the Council, South Cambs Limited (trading as Ermine Street Housing) , Shire Homes Lettings Limited and Cambourne Business Park 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 two members P Sandford and J Hobro are Directors of South Cambs Limited T/A Ermine Street Housing.

Shire Homes Limited

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

Cambourne Business Park Limited

Two employees A Ainsworth and P Maddock are the company directors.

Annual Governance Statement

The [Annual Governance Statement](#) (AGS) is published as a separate document on the Council's website.

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.

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).

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).

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.

Glossary

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.

