

# **Cambridge City Council**

**Draft Statement of Accounts  
for the year ended 31 March 2023**

## Introduction

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

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

The document is split into the following key sections:-

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

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## Introduction

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

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

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

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

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

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

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

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

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

## Organisational Overview and External Environment

### About Cambridge

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

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

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

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

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

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

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

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

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

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

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

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

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

### Council Vision and Priorities

Cambridge City Council has a vision:

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

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

To achieve this vision, our Corporate Plan priorities are:

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

Tackling poverty and inequality and helping people in the greatest need

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

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

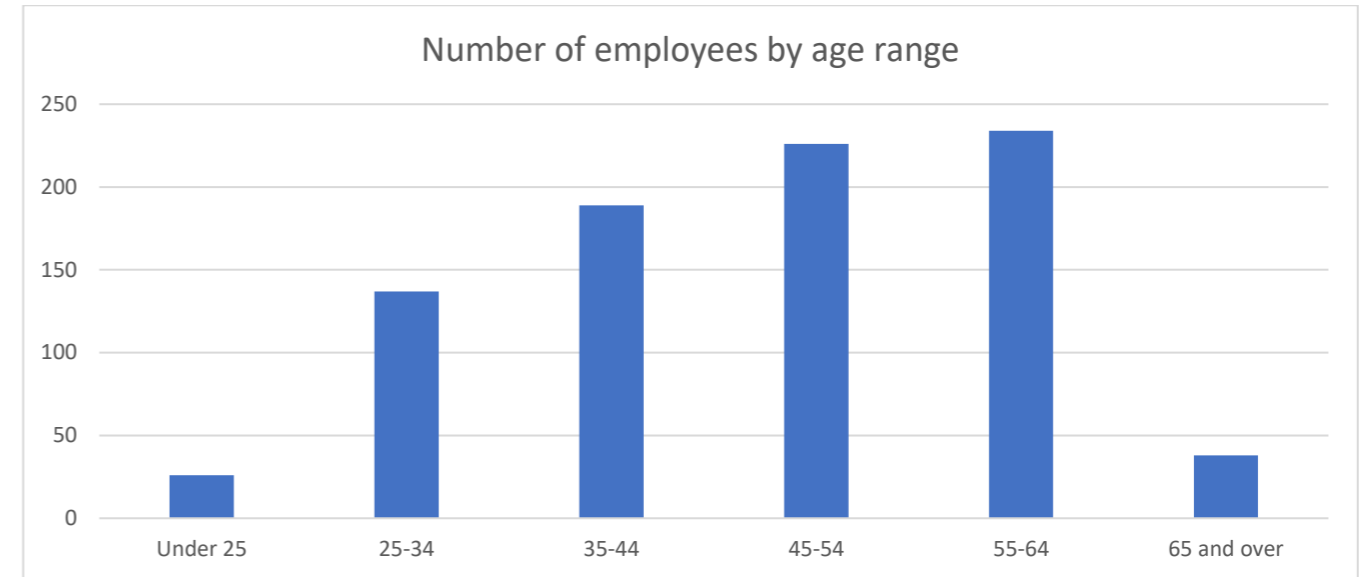
The [Corporate Plan 2022-27](https://www.cambridge.gov.uk/corporate-plan-2022-27)<sup>1</sup> can be found on the Council's website.

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

**Our Services**

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

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



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

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

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

**Our Companies**

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

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

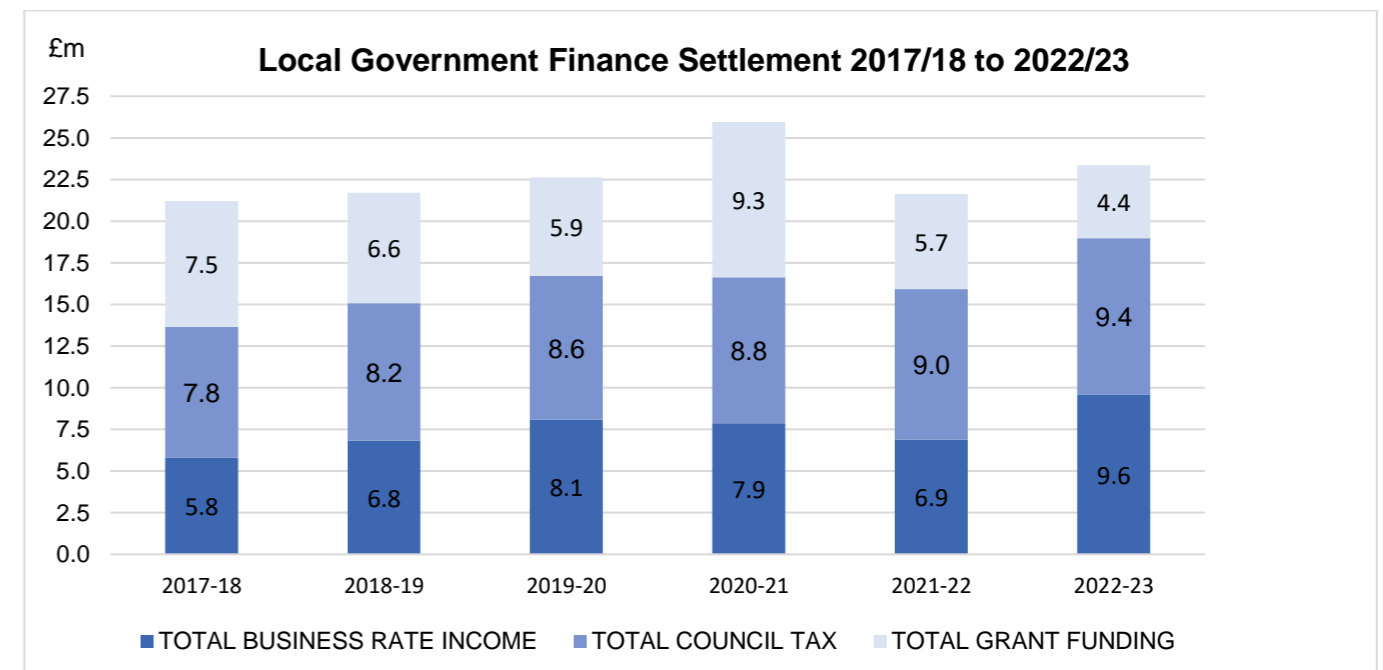
Further information can be found in the Group Financial Statements.

**Our People**

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

**Our Funding**

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





**Our External Economic Outlook**

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

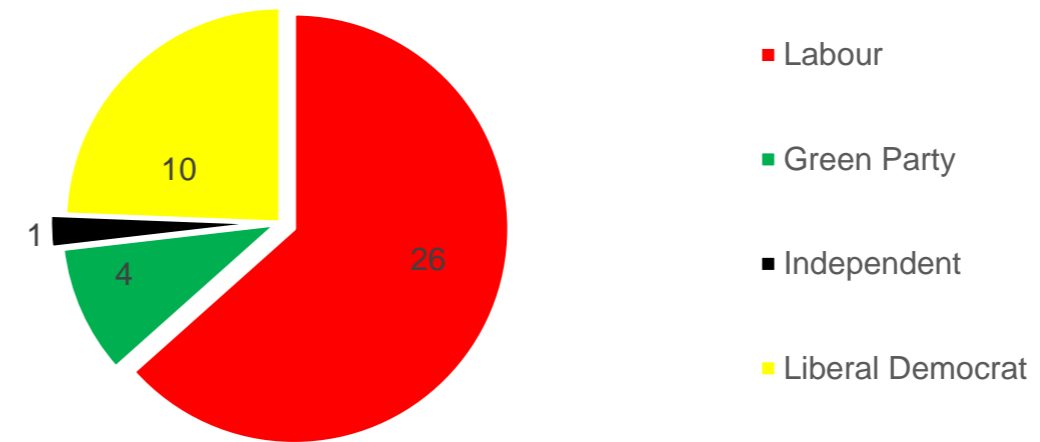
Soaring inflation, including the significant spike in energy prices, has impacted service delivery. Forward purchasing of energy, together with investment in energy-saving technologies, reduced the Council’s degree of exposure in 2022/23 but with prices not expected to return to levels seen prior to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

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

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

**How the Council is Governed**

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



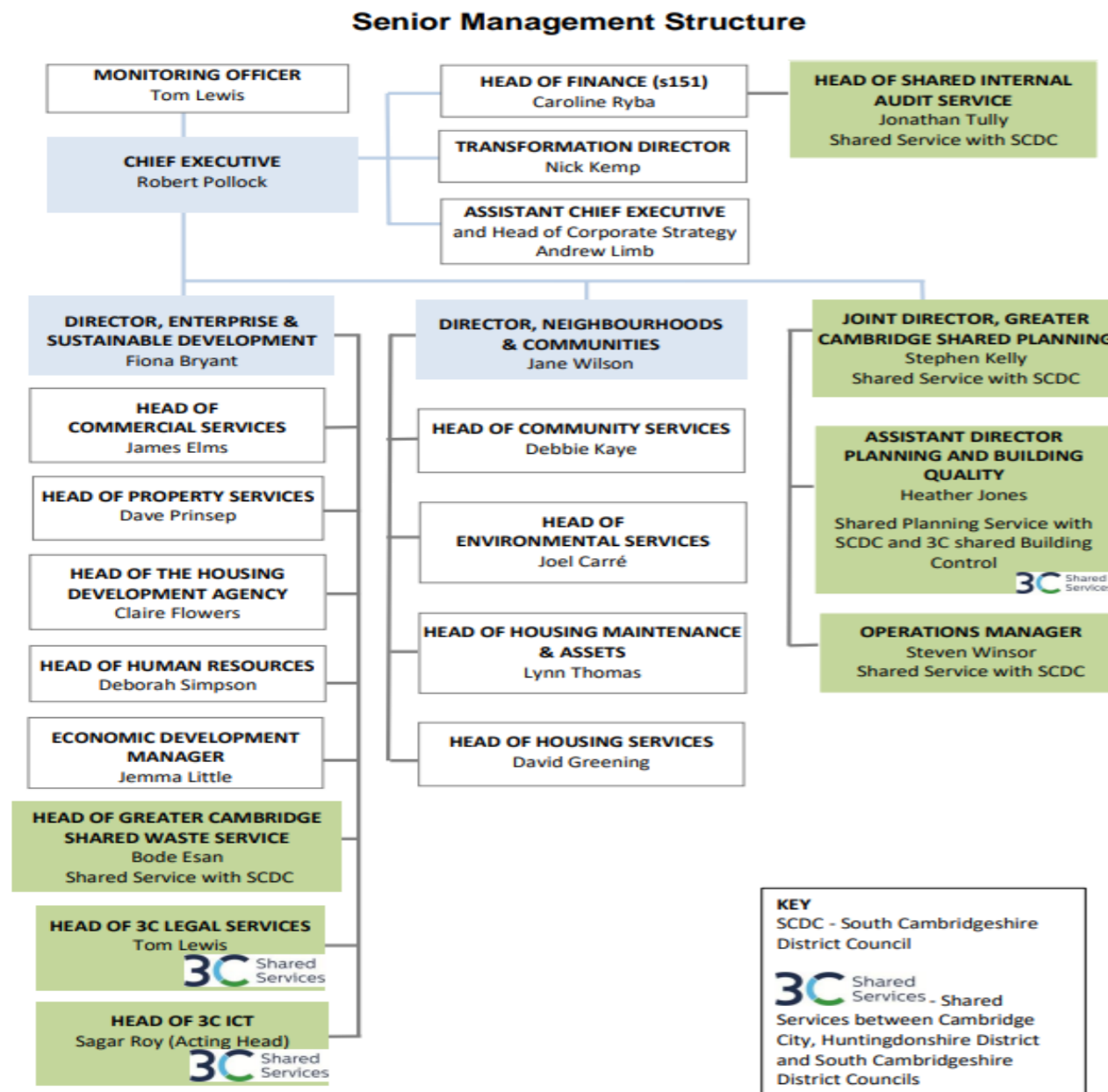
The Council’s constitution sets out the governance arrangements of the Council, comprising a hybrid Leader and Executive system with pre-scrutiny committees. This provides assurance to our citizens that decisions made in their name have been taken correctly. The [Constitution](#) can be found on the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

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

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

How the Council Operates

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



Highlights

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

**Leading Cambridge’s response to the climate change and biodiversity emergencies**

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

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

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

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

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

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

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

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

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

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

### Tackling poverty and inequality and helping people in the greatest need

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## Financial Performance

## General Fund

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

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

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

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

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

## Earmarked Reserves

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

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

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

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

The most significant movements were as follows:-

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

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

### Housing Revenue Account (HRA)

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

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

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

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

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

### Assets

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

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

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



## Liabilities

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

## Pension Fund Asset/Liability

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

## Collection Fund

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

## Group Performance

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

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

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

## Risks and Opportunities

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

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

The key strategic risks for the council are:

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

## Future Outlook

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

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

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

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

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

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

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund capital expenditure	45,124	15,107	15,047	952
Housing Revenue Account capital expenditure	122,943	93,993	104,072	78,111
<b>Total capital expenditure</b>	<b>168,067</b>	<b>109,100</b>	<b>119,119</b>	<b>79,063</b>
<b>Financed by:</b>				
Capital receipts	(6,994)	(3,918)	(4,385)	(4,924)
Capital grants	(21,561)	(10,268)	(7,905)	(4,496)
Other contributions (from capital and revenue resources)	(42,983)	(20,388)	(21,202)	(21,416)
<b>Total capital financing to be applied</b>	<b>(71,358)</b>	<b>(34,574)</b>	<b>(33,492)</b>	<b>(30,836)</b>
<b>Total to be financed from internal and external borrowing</b>	<b>96,529</b>	<b>74,526</b>	<b>85,627</b>	<b>48,227</b>



## Statement of Responsibilities

### The Council's Responsibilities

The Council is required to:

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

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

### The Chief Financial Officer and Section 151 Officer's Responsibilities

The Chief Financial Officer and Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code').

In preparing this Statement of Accounts, the Chief Financial Officer and Section 151 Officer has:

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

The Chief Financial Officer and Section 151 Officer has also:

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

### Certification

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

**Caroline Ryba**  
**Chief Financial Officer and Section 151 Officer**  
**22 June 2023**

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## Comprehensive Income and Expenditure Statement (CIES)

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

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

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

## Movement in Reserves Statement (MIRS)

This statement shows the movement on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The Movement in Reserves Statement shows how the movements in the Council's reserves are broken down between comprehensive income and expenditure incurred in accordance with generally accepted accounting practices (as shown in the Comprehensive Income and Expenditure Statement) and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The increase / decrease line shows the reserve movements for the year following those adjustments.

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



## Balance Sheet

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

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

**Caroline Ryba**  
**Chief Financial Officer (Section 151 Officer)**  
**22 June 2023**

## Cash Flow Statement (CFS)

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

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

## Note 1 – Expenditure and Funding Analysis

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

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

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

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

## Note 2 – Accounting Policies

### 1 General Principles

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

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

### 2 Going Concern

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

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

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

### 3 Changes in Accounting Policies and Estimates

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

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

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

### 4 Fair Value Measurement

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

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

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

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

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

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

For all assets, the Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs.

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

Input Level	Description
Level 1	Quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
Level 2	Inputs, other than quoted prices included within level 1, that are observable for the asset, either directly or indirectly
Level 3	Unobservable inputs for the asset

### 5 Income and Expenditure Accruals

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

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

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

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

## 6 Council Tax and Business Rates

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

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

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

## 7 Grants and Contributions

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

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

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

## 8 Employee Benefits

### Short-term Employee Benefits

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

### Termination Benefits

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

### Local Government Pension Scheme

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

The Council's share of pension fund liabilities is included on the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based upon assumptions about mortality rates, employee turnover rates, projected earnings for current employees, etc.

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

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

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

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



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

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

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

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

## 9 Overheads and Support Services

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

## 10 VAT

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

## 11 Investment Property

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

### Recognition and Measurement

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

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

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

### Investment Properties Held for Sale and Disposals

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

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

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

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

## 12 Property, Plant and Equipment

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

## Recognition and Measurement

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

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

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

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

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

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

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

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

Revaluation and impairment losses are accounted for as follows:-

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

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

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

## Depreciation

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

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

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

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

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

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

### Disposals

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

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

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

### Donations

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

## 13 Leases

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

### Council as Lessee – Finance Leases

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

Lease payments are apportioned between:

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

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

### Council as Lessor – Operating Leases

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

## 14 Investments in Other Entities

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

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

## 15 Financial Instruments

### Financial Assets

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

- Amortised cost
- Fair value through profit or loss

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

### Financial Assets Measured at Amortised Cost

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



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

### Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis.

Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an asset was recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

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

### Financial Assets Measured at Fair Value through Profit or Loss

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

### Financial Liabilities

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

## 16 Cash and Cash Equivalents

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

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

## 17 Provisions and Contingencies

### Provisions

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

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

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

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

### Contingent Assets

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

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

## 18 Earmarked Reserves

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

## Note 3 – Accounting Standards Issued but not yet Adopted

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

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

### Note 4 – Critical Judgement in Applying Accounting Policies

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

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

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

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

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

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

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

### Note 6 – Events After the Reporting Period

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

### Note 7 – Income and Expenditure Analysed by Nature

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



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

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

#### Note 8 – Segmental Fees, Charges and Other Service Income

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

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

#### Note 9 – Other Operating Income and Expenditure

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

#### Note 10 – Financing and Investment Income and Expenditure

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

**Note 11 – Taxation and Non-Specific Grant Income**

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

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

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

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

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

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

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

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

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

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

	2022/23						2021/22						Unusable Reserve Affected
	General Fund	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Unusable reserves	General Fund	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Unusable reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Pensions adjustments</b>													
Reversal of pension costs charged to the Comprehensive Income and Expenditure Statement in accordance with IAS 19	(12,943)	(2,488)	0	0	0	15,431	(13,040)	(2,396)	0	0	0	15,436	Pensions Reserve
Insertion of contributions due under the pension scheme regulations	5,974	1,774	0	0	0	(7,748)	5,942	1,739	0	0	0	(7,681)	Pensions Reserve
<b>Total pensions adjustments</b>	<b>(6,969)</b>	<b>(714)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,683</b>	<b>(7,098)</b>	<b>(657)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,755</b>	
<b>Total adjustments for capital purposes and pensions adjustments</b>	<b>(14,795)</b>	<b>12,620</b>	<b>7,410</b>	<b>3,857</b>	<b>20,331</b>	<b>(29,423)</b>	<b>(4,124)</b>	<b>25,468</b>	<b>6,444</b>	<b>(3,846)</b>	<b>(21,310)</b>	<b>(2,632)</b>	
<b>Other statutory adjustments</b>													
Transfers between the General Fund and Housing Revenue Account under statutory provisions	5	(5)	0	0	0	0	7	(7)	0	0	0	0	
<b>Adjustments for differences between the income and expenditure included in the Comprehensive Income and Expenditure Statement and the amounts charged to the General Fund and HRA under statutory provisions, in respect of:</b>													
Finance income and expenditure	(69)	0	0	0	0	69	(37)	0	0	0	0	37	Financial Instruments Adjustment Account
Council tax and business rates income	11,674	0	0	0	0	(11,674)	17,168	0	0	0	0	(17,168)	Collection Fund Adjustment Account
Fair value gains and losses on pooled investment funds	(2,843)	0	0	0	0	2,843	2,506	0	0	0	0	(2,506)	Pooled Investment Adjustment Account
Movements in the accumulated absences accrual	63	(10)	0	0	0	(53)	0	0	0	0	0	0	Accumulated Absences Account
<b>Total other statutory adjustments</b>	<b>8,830</b>	<b>(15)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,815)</b>	<b>19,644</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(19,637)</b>	
<b>Total adjustments between accounting basis and funding basis under statutory provisions</b>	<b>(5,965)</b>	<b>12,605</b>	<b>7,410</b>	<b>3,857</b>	<b>20,331</b>	<b>(38,238)</b>	<b>16,757</b>	<b>18,866</b>	<b>(2,926)</b>	<b>2,106</b>	<b>3,138</b>	<b>(37,941)</b>	

## Note 13 – Earmarked Reserves

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

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

## Note 14 – Unusable Reserves

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

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

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

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

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



	Note	Capital Adjustment Account	Revaluation Reserve	Pensions Reserve	Collection Fund Adjustment Account	Pooled Investment Adjustment Account	Accumulated Absences Account	Financial Instruments Adjustment Account	Deferred Capital Receipts Reserve	Total unusable reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2021</b>		<b>(587,781)</b>	<b>(200,586)</b>	<b>142,209</b>	<b>24,007</b>	<b>155</b>	<b>341</b>	<b>60</b>	<b>(2,777)</b>	<b>(624,372)</b>
<b>Other comprehensive income and expenditure:</b>										
(Surplus) / deficit on revaluation of non-current assets	CIES	0	(62,219)	0	0	0	0	0	0	(62,219)
Remeasurement of the net defined benefit liability	CIES	0	0	(46,003)	0	0	0	0	0	(46,003)
<b>Adjustments between accounting basis and funding basis under statutory provisions:</b>										
Adjustments for capital purposes	12	(28,764)	0	0	0	0	0	0	2,705	(27,252)
Pensions adjustments	12	0	0	7,755	0	0	0	0	0	7,755
Other statutory adjustments	12	0	0	0	(17,168)	(2,506)	0	37	0	(19,637)
<b>Transfers between unusable reserves:</b>										
Difference between fair value depreciation and historic cost depreciation		(3,566)	3,566	0	0	0	0	0	0	0
Accumulated gains on non-current assets disposed of		(630)	630	0	0	0	0	0	0	0
<b>Balance at 31 March 2022</b>		<b>(620,741)</b>	<b>(258,609)</b>	<b>103,961</b>	<b>6,839</b>	<b>(2,351)</b>	<b>341</b>	<b>97</b>	<b>(72)</b>	<b>(770,535)</b>
<b>Other comprehensive income and expenditure:</b>										
(Surplus) / deficit on revaluation of non-current assets	CIES	0	(31,519)	0	0	0	0	0	0	(31,519)
Remeasurement of the net defined benefit liability	CIES	0	0	(118,510)	0	0	0	0	0	(118,510)
<b>Adjustments between accounting basis and funding basis under statutory provisions:</b>										
Adjustments for capital purposes	12	(37,105)	0	0	0	0	0	0	0	(37,105)
Pensions adjustments	12	0	0	7,683	0	0	0	0	0	7,683
Other statutory adjustments	12	0	0	0	(11,674)	2,843	(54)	69	0	(8,816)
<b>Transfers between unusable reserves:</b>										
Difference between fair value depreciation and historic cost depreciation		(4,365)	4,365	0	0	0	0	0	0	0
Accumulated gains on non-current assets disposed of		(618)	618	0	0	0	0	0	0	0
<b>Balance at 31 March 2023</b>		<b>(662,829)</b>	<b>(285,145)</b>	<b>(6,866)</b>	<b>(4,835)</b>	<b>492</b>	<b>287</b>	<b>166</b>	<b>(72)</b>	<b>(958,802)</b>

## Note 15 – Property, Plant and Equipment

## Movements on Balances

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

## Valuation

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

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

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

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

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

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

## Finance Leases

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

## Capital Commitments

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

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

## Note 16 – Investment Property

## Movements on Balances

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

### Fair Value Measurement

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

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

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

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

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

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

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

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

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

### Income and Expenditure

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

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

### Highest and Best Use

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

### Operating Leases

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

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

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



## Note 17 – Financial Instruments

## Categories of Financial Instruments

## Financial Assets

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

## Financial Liabilities

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

## Income, Expense, Gains and Losses

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

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

## Fair Value

## Financial Assets Measured at Fair Value

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

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

## Financial Assets Not Measured at Fair Value

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

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

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

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

**Note 18 – Short-term Debtors**

	31 March 2023	31 March 2022
	£'000	£'000
Trade receivables	3,944	3,457
Prepayments	616	4,060
Other receivables	6,255	7,830
<b>Total short-term debtors</b>	<b>10,815</b>	<b>15,347</b>

**Note 19 – Short-term Creditors**

	31 March 2023	31 March 2022
	£'000	£'000
Trade creditors	(2,797)	(606)
Receipts in advance	(8,522)	(11,453)
Other creditors	(55,495)	(51,804)
<b>Total short-term creditors</b>	<b>(66,814)</b>	<b>(63,863)</b>

**Note 20 – Provisions and Contingencies****Provisions**

	Business rates appeals £'000	Other £'000	Total £'000
<b>Balance at 1 April 2021</b>	<b>(4,059)</b>	<b>(150)</b>	<b>(4,209)</b>
Additional provisions made	(478)	(159)	(637)
Amounts used	674	72	746
Unused amounts reversed	0	49	49
<b>Balance at 31 March 2022</b>	<b>(3,863)</b>	<b>(188)</b>	<b>(4,051)</b>
Additional provisions made	(2,984)	(719)	(3,703)
Amounts used	3,863	0	3,863
Unused amounts reversed	0	0	0
<b>Balance at 31 March 2023</b>	<b>(2,984)</b>	<b>(907)</b>	<b>(3,891)</b>

The **business rates appeals provision** represents the best estimate of the Council's share of the amount repayable to ratepayers, for years up to 31 March 2023, following successful rating valuation appeals. The estimate is calculated with the assistance of an external expert, using data from the Valuation Office Agency (VOA) on outstanding appeals and the outcomes of historic appeals. The timing and amount of payments remains uncertain, as the settlement of appeals is outside of the Council's control. **Other provisions** reflect amounts provided for in respect of redundancy costs linked to restructuring approved prior to 31 March 2023 and the Council's estimate of costs it will incur to settle insurance claims accepted by the Council's insurers as at 31 March 2023.

**Contingent Assets**

The Council has disposed of land in North East Cambridge for a consideration which is contingent on a number of events. The potential proceeds are so uncertain both in timing and amount that no asset has been recognised in respect of this.

**Note 21 – Defined Benefit Pension Scheme**

The Council participates in the Local Government Pension Scheme (LGPS) administered by Cambridgeshire County Council. The scheme provides defined benefits (lump sums and pensions) to members on retirement. It is funded through contributions from the Council and employees, calculated at a level intended to balance future pension liabilities with investment assets.

The scheme is operated under the regulatory framework for the LGPS, and its governance is the responsibility of the Pensions Committee and Investment Sub Committee of Cambridgeshire County Council, along with the Local Pension Board. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council arising from the scheme are statutory or structural changes to the scheme (e.g. large scale withdrawals), changes to actuarial assumptions (e.g. longevity, discount rates and inflation rates), and the performance of investments held by the scheme. These are mitigated to some extent by the statutory requirement to charge the General Fund and Housing Revenue Account only with the employer contributions payable for the year (see note 2 – accounting policy 8).

## Transactions Relating to Defined Benefit Pension Scheme

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of services:</b>				
Current service cost	12,557		12,822	
Past service costs (including settlements and curtailments)	42		(189)	
<b>Financing and investment expenditure:</b>				
Net interest expense	2,832		2,803	
<b>Total charged to surplus on the provision of services</b>	<b>15,431</b>		<b>15,436</b>	
<b>Remeasurement of the net defined benefit liability:</b>				
Return on plan assets (excluding amount included in net interest expense)	613		(16,638)	
Changes in demographic assumptions	(9,145)		(2,003)	
Changes in financial assumptions	(147,670)		(28,067)	
Other experience	36,098		705	
Limit to asset ceiling	1,594		0	
<b>Total charged to other comprehensive income and expenditure</b>	<b>(118,510)</b>		<b>(46,003)</b>	
<b>Total charged to Comprehensive Income and Expenditure Statement</b>	<b>(103,079)</b>		<b>(30,567)</b>	
<b>Movement in Reserves Statement – General Fund and Housing Revenue Account</b>				
Net charges included in surplus on the provision of services as above	15,431		15,436	
Reversal of net charges included in surplus on the provision of services	(15,431)		(15,436)	
Insertion of employer contributions due under the pension scheme regulations	7,499		7,681	
<b>Total charged to General Fund and Housing Revenue Account</b>	<b>7,499</b>		<b>7,681</b>	

## Reconciliation of Plan Assets and Liabilities

	Plan assets		Plan liabilities		Net defined benefit liability	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>292,693</b>	<b>271,102</b>	<b>(396,654)</b>	<b>(413,311)</b>	<b>(103,961)</b>	<b>(142,209)</b>
Current service cost	0	0	(12,557)	(12,821)	(12,557)	(12,822)
Past service costs (including settlements and curtailments)	0	(836)	(42)	1,025	(42)	189
Interest income and expense	7,936	5,490	(10,768)	(8,293)	(2,832)	(2,803)
<b>Remeasurement of the net defined benefit liability:</b>						
Return on plan assets (excluding amount included in net interest expense)	(613)	16,638	0	0	(613)	16,638
Changes in demographic assumptions	0	0	9,145	2,003	9,145	2,003
Changes in financial assumptions	0	0	147,670	28,067	147,670	28,067
Other experience	0	0	(36,098)	(705)	(36,098)	(705)
Contributions from employer	7,499	7,681	0	0	7,499	7,681
Contributions from employees	1,850	1,672	(1,850)	(1,672)	-	0
Benefits paid	(9,283)	(9,054)	9,531	9,054	248	0
Limit on Asset Ceiling	(1,594)	0	0	0	(1,594)	0
<b>Balance at 31 March</b>	<b>298,488</b>	<b>292,693</b>	<b>(291,623)</b>	<b>(396,654)</b>	<b>6,865</b>	<b>(103,961)</b>

## Fair Value of Plan Assets

	31 March 2023			31 March 2022		
	Quoted prices in active markets	Quoted prices not in active markets	Total	Quoted prices in active markets	Quoted prices not in active markets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Debt securities – UK government	0	10,103	10,103	0	14,364	14,364
Private equity	0	37,041	37,041	0	31,238	31,238
Real estate – UK property	0	19,497	19,497	0	20,554	20,554
Real estate – Overseas property	0	0	0	0	1	1
Derivatives	0	1,253	1,253	0	592	592
Cash and cash equivalents	7,211	0	7,211	2,830	0	2,830
<b>Investment funds and unit trusts:</b>						
Equities	0	164,918	164,918	0	168,748	168,748
Bonds	0	32,224	32,224	0	31,110	31,110
Infrastructure	0	26,241	26,241	0	23,256	23,256
<b>Total plan assets</b>	<b>7,249</b>	<b>291,277</b>	<b>298,488</b>	<b>2,830</b>	<b>289,863</b>	<b>292,693</b>

## Actuarial Assumptions

Plan liabilities have been assessed by an independent actuary, Hymans Robertson, based upon the latest full valuation of the scheme as at 31 March 2022, and the following significant assumptions:

	31 March 2023	31 March 2022
Pension increase rate (CPI)	2.95%	3.20%
Salary increase rate	3.45%	3.70%
Discount rate (for plan liabilities)	4.75%	2.70%
<b>Longevity at 65:</b>		
Current pensioners – men	21.6 years	22.0 years
Current pensioners – women	24.5 years	24.2 years
Future pensioners (aged 45 at last valuation date) – men	22.7 years	22.9 years
Future pensioners (aged 45 at last valuation date) – women	26.2 years	26.0 years

The estimation of the plan liabilities is sensitive to the actuarial assumptions in the table above. The sensitivity analysis below is based on reasonably possible changes to the assumptions used at the Balance Sheet date. It assumes in each case that the assumption analysed changes while all other assumptions remain constant. In practice, this is unlikely to occur, as changes in some of the assumptions may be interrelated. The estimations used in the sensitivity analysis have followed the accounting policies for the scheme.

Change in assumption as at 31 March 2023	Approximate increase in plan liabilities	
	%	£'000
0.1% decrease in discount rate	2	4,971
1 year increase in member life expectancy	4	11,665
0.1% increase in salary increase rate	0	516
0.1% increase in pension increase rate (CPI)	2	4,529

## Funding Policy

The objective of the scheme is to keep employer contributions at as constant a rate as possible. A strategy has been agreed with the scheme actuary to achieve an appropriate funding level over the period to 31 March 2026.

The Council paid a deficit repair contribution of £8,905,000 in April 2020, covering the three-year period ending 31 March 2023. This was accounted for initially as a prepayment and included within employer contributions across the three years. The full amount has now been recognised and therefore here is no remaining prepayment balance within the Council's balance sheet. A deficit repair contribution of £7,934,000 covering the three-year period ending 31 March 2026 was agreed with the Pension Fund and this was paid in May 2023.

Employer contributions in 2023/24 are projected to be £12,636,000, including the aforementioned deficit repair contribution.



## Note 22 – Cash Flows from Operating Activities

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

	2022/23 £'000	2021/22 £'000
Interest received	3,582	1,753
Interest paid	(7,494)	(7,494)
Dividends received	614	584

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

	2022/23 £'000	2021/22 £'000
<b><u>Non-cash movements</u></b>		
Depreciation	16,047	14,854
Impairment, derecognition and downward valuations	0	1,193
Amortisation	337	247
(Decrease) / increase in impairment for bad debts	(721)	(154)
(Increase) / decrease in creditors	(16,597)	1,957
Decrease / (increase) in debtors	964	3,995
Decrease / (increase) in inventories	(6)	4
Movement in pension liability	7,683	7,755
Carrying amount of non-current assets and assets held for sale disposed of	5,302	6,552
Other non-cash items credited to surplus on the provision of services	20,254	(12,233)
<b>Total adjustments to net surplus on the provision of services for non-cash movements</b>	<b>33,263</b>	<b>24,170</b>
<b><u>Items that are investing and financing activities</u></b>		
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(7,282)	(12,760)
Capital grants receivable	(13,824)	(9,530)
<b>Total adjustments from items included in the net surplus on the provision of services that are investing or financing activities</b>	<b>(21,106)</b>	<b>(22,290)</b>

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

	1 April 2021 £'000	Financing Cash Flows £'000	31 March 2022 £'000	Financing Cash Flows £'000	31 March 2023 £'000
Long-term borrowings	(213,572)	0	(213,572)	0	(213,572)
Short-term borrowings	(82)	0	(82)	0	(82)
Short-term creditors: business rates and council tax collected as an agent for others	23,774	(25,505)	(1,731)	(17,448)	(19,179)
<b>Total liabilities from financing activities</b>	<b>(189,880)</b>	<b>(25,505)</b>	<b>(215,385)</b>	<b>(17,448)</b>	<b>(232,833)</b>
Short-term debtors: business rates and council tax collected as an agent for others	5,511	(2,692)	2,819	(2,819)	0
<b>Total assets from financing activities</b>	<b>5,511</b>	<b>(2,692)</b>	<b>2,819</b>	<b>(2,819)</b>	<b>0</b>

**Note 24 – Members’ Allowances**

The total of members’ allowances and expenses paid in the year was £426,000 (2021/22: £372,000).

**Note 25 – Officers’ Remuneration****Senior Employees**

	2022/23			2021/22		
	Salary, fees and allowances £	Pension contribution £	Total £	Salary, fees and allowances £	Pension contribution £	Total £
Chief Executive <sup>1</sup>	127,280	22,147	149,427	119,087	20,721	139,808
Assistant Chief Executive and Head of Corporate Strategy	81,251	14,138	95,389	79,326	13,803	93,129
Director of Enterprise and Sustainable Development	105,670	18,387	124,057	103,745	18,052	121,797
Director of Neighbourhoods and Communities <sup>2</sup>	94,684	16,475	111,159	66,826	11,628	78,454
Strategic Director <sup>3</sup>	0	0	0	37,816	5,928	43,744
Head of Finance and Section 151 Officer	81,251	14,138	95,389	79,326	13,803	93,129
Head of Transformation <sup>4</sup>	0	0	0	62,620	10,857	73,477

Job titles in the table reflect those in place during the 2022/23 and 2021/22 financial year.

1. The current postholder was appointed to the role of Chief Executive on 15 May 2021. Prior to their appointment, the Council employed an Interim Chief Executive and Returning Officer in post from 1 October 2020 to 14 May 2021, who was paid through an agency arrangement. The cost for the 2021/22 was £31,646.

3. The postholder was appointed to their current role on 12 July 2021 – remuneration from previous role (as a non-senior employee) is not included in the table above.

3. The postholder left on 31 July 2021.

4. There was a Head of Transformation in post until 18 January 2022. Additionally, the Council employed a Director of Transformation from 6 December 2021 to 10 October 2022. The postholder was paid through an agency arrangement. The cost for the year was £93,047 (2021/22 £54,972). The

Council’s current management structure does not include a Director of Transformation. Under the current structure the Head of Transformation is not identified as meeting the definition of a senior employee.

**Other Employees**

The Council’s other employees (excluding the senior employees disclosed separately above) receiving more than £50,000 remuneration for the year (excluding employer pension contributions) were paid as follows:-

Remuneration band	2022/23 No. of employees	2021/22 No. of employees
£50,000 - £54,999	35	19
£55,000 - £59,999	18	13
£60,000 - £64,999	5	6
£65,000 - £69,999	3	1
£70,000 - £74,999	0	1
£75,000 - £79,999	2	9

**Exit Packages**

Exit package cost band (including special payments)	Total number of exit packages		Total cost of exit packages	
	2022/23 No.	2021/22 No.	2022/23 £'000	2021/22 £'000
£0 - £20,000	3	7	10	75
£20,001 - £40,000	1	0	21	0
£40,001 - £60,000	1	2	48	89
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
<b>Total</b>	<b>5</b>	<b>9</b>	<b>79</b>	<b>164</b>

All exit packages relate to compulsory redundancies.

## Note 26 – Related Party Transactions

### Central Government and Other Public Bodies

The UK government has significant influence over the operations of the Council. It is responsible for setting the statutory framework in which the Council operates, provides a significant level of funding, and prescribes the terms of many of the Council's transactions with others (e.g. relating to council tax and housing benefits).

The Council has a number of transactions and balances with central government and other public bodies (under its common control). Most of those which are material are disclosed elsewhere in this Statement of Accounts as follows:-

Transaction / Balance	Note
Government grant income and material year-end balances	27
Council tax and business rates collected on behalf of central government and local preceptors and related year-end balances	23, Collection Fund Statement
Transactions and balances with Local Government Pension Scheme administered by Cambridgeshire County Council	21

The Council shares a number of key services with Huntingdonshire District Council and South Cambridgeshire District Council under the banner of 3C Shared Services, including ICT, Building Control and Legal. The Council also shares waste, planning, internal audit and payroll services with South Cambridgeshire District Council. In each case, the Council accounts for its share of income and expenditure, and any year-end debtor or creditor balances, in accordance with Code requirements.

### Members

Members of the Council have direct control over its financial and operating policies. The total of members' allowances and expenses paid in 2022/23 is set out at note 24.

Members are required to make declarations of interest concerning third parties. Details are recorded in the Council's [Register of Interests](#)<sup>6</sup> which is open to public inspection and available on the Council's website. The following table sets out transactions and balances (material to either party) between the Council and other organisations in which members have declared a controlling interest:

Organisation	Relationship	Income from services provided		Grants paid to organisation		Year-end debtor / (creditor)	
		2022/23	2021/22	2022/23	2021/22	31 March 2023	31 March 2022
		£'000	£'000	£'000	£'000	£'000	£'000
Cambridge BID Ltd	One member is a director	(107)	(107)	59	47	0	(13)
Cambridge Sustainable Food CIC	Two members sit on Partnership Board	(8)	0	56	108	(8)	23
Granta Architects Ltd	One member is a director	0	0	0	2	0	0
Cherry Hinton Residents' Association	Three members sit on the Committee (including the Committee Chair)	0	0	2	1	0	0

In addition to the amounts in the table above, the Council acts as agent for Cambridge BID Ltd in collecting levy payments from local businesses. During 2022/23, the Council collected £1,013,451 (2021/22: £1,038,000) and paid £1,175,441 (2021/22: £984,000) to Cambridge BID. At 31 March 2023, the outstanding creditor balance in respect of levies due was £16,046 (31 March 2022: £127,000).

### Subsidiaries and Joint Ventures

The transactions and balances arising with the Council's subsidiaries and joint ventures are as follows:

	Cambridge Investment Partnership		Cambridge City Housing Company		Storey's Field Community Trust	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>						
Management fees and recharged costs	(312)	(281)	(59)	(64)	(159)	(145)
Rent and service charges	0	0	0	(27)	0	0
Section 106 capital contributions	0	(524)	0	0	0	0
Interest receivable on loans	(776)	(1,114)	(152)	(152)	0	0

<sup>6</sup> <https://www.cambridge.gov.uk/councillors-duties-conduct-and-allowances>

	Cambridge Investment Partnership		Cambridge City Housing Company		Storey's Field Community Trust	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
<b>Expenditure</b>						
Capital expenditure – new development	14,379	9,601	0	0	0	0
Grants paid	0	0	0	0	0	0
Services provided	78	80	0	0	5	3
Payment for loss of rental income due to property voids	0	0	29	23	0	0

	Cambridge Investment Partnership		Cambridge City Housing Company		Storey's Field Community Trust	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
<b>Balance Sheet</b>						
Loans	12,875	38,476	7,500	7,500	0	0
Short-term debtors	0	344	0	(4)		45
Short-term creditors	0	(958)	874	(15)	(1)	(1)

The **Cambridge Investment Partnership (CIP)** consists of the following four limited liability partnerships (LLPs) in which the Council holds a 50% interest and exercises joint control:

- Cambridge Investment Partnership LLP
- CIP (Mill Road Development) LLP
- CIP (Cromwell Road) LLP
- CIP Orchard Park L2 LLP

**Cambridge City Housing Company Ltd (CCHC)** is a wholly owned subsidiary of the Council.

**Storey's Field Community Trust** is a company limited by guarantee in which the Council exercises joint control.

In addition, the Council has significant influence over the following entities with which there were no transactions or balances in 2022/23 or 2021/22:

Entity	Relationship
Cambridge Live	Full control
Cambridge Live Trading Ltd	Full control
Iron Works (Cambridge) Management Company Ltd	Joint control (75%)
Cambridge 4 LLP	Joint control (50%)
Romsey Works Cambridge Management Company Ltd	Joint control (50%)
Virido Management Company Ltd	Joint control (50%)

### Note 27 – Grant Income

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
<b>Credited to taxation and non-specific grant income</b>				
<b>Covid-19 related grants and contributions:</b>				
Business rates relief grant – retail discount, nursery relief and Covid-19 Additional Relief Fund	(4,083)		(10,065)	
Other Covid-19 related grants and contributions	(6)		(1,778)	
<b>Other grants and contributions:</b>				
Capital grants and contributions	(13,824)		(9,530)	
New Homes Bonus	(1,957)		(3,458)	
Business rates relief grant – other	(2,192)		(961)	
Other grants and contributions	(2,782)		(1,449)	
<b>Total grants and contributions credited to taxation and non-specific grant income</b>		<b>(24,844)</b>		<b>(27,241)</b>
<b>Credited to services</b>				
<b>Covid-19 related grants and contributions:</b>				
Direct support for businesses and individuals	(17)		(1,470)	
Other Covid-19 related grants and contributions	24		(1,554)	
<b>Other grants and contributions:</b>				
Housing benefit subsidy	(27,072)		(27,951)	
Other grants and contributions	(7,896)		(4,384)	
<b>Total grants and contributions credited to services</b>		<b>(34,961)</b>		<b>(35,359)</b>
<b>Total grants and contributions</b>		<b>(59,805)</b>		<b>(62,600)</b>

## Council Acting as Distributory Agent

There are several arrangements by which the Council acts as a distributory agent for government grants. In these cases, grant amounts and eligibility criteria are set by central government, and the Council has no discretion to alter these. The Council is reimbursed in full (or paid in advance) for the expenditure incurred.

Income and expenditure related to such grants is not included in the Comprehensive Income and Expenditure Statement (or the tables above), as the Council does not have control over how the grants are spent. The material agency arrangements in place during the year were as follows:-

	Covid-19 business support grants £'000	Council tax rebate £'000	Housing Infrastructure Fund £'000	Other £'000
<b>Balance at 1 April 2021</b>	<b>(5,388)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash received from central government	(10,776)	(6,239)	(11,525)	0
Cash distributed to grant recipients	11,115	0	11,525	0
Cash repaid to central government	265	0	0	0
<b>Balance at 31 March 2022</b>	<b>(4,784)</b>	<b>(6,239)</b>	<b>0</b>	<b>0</b>
Cash received from central government	0	0	0	(989)
Cash distributed to grant recipients	0	6,071	0	663
Cash repaid to central government	4,784	168	0	0
<b>Balance at 31 March 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(326)</b>

The other column relates to amounts paid out to households and individuals in connection with the government's Homes for Ukraine scheme and the Energy Bill Support Scheme.

## Note 28 – External Audit Costs

	2022/23 £'000	2021/22 £'000
Fees payable to EY for external audit services carried out by the appointed auditor for the year	90	50
Additional fees payable to EY for external audit services carried out by the appointed auditor for previous years	52	38
Fees payable to EY for the certification of grant claims and returns	26	8
<b>Total fees payable to EY</b>	<b>168</b>	<b>96</b>

## Note 29 – Capital Expenditure and Financing

The table below shows the capital expenditure incurred along with the resources used to finance it. All capital expenditure must be financed, either at the point it is incurred, or in future years as the underlying assets are used. The balance of historic capital expenditure yet to be financed is known as the Capital Financing Requirement (CFR).

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
<b>Capital Financing Requirement at 1 April</b>	<b>285,618</b>		<b>286,451</b>	
<b>Capital investment:</b>				
Property, plant and equipment	84,632		51,110	
Investment property	1,872		179	
Intangible assets	35		214	
Revenue expenditure funded from capital under statute	4,062		1,108	
Repayment of Capital Grants	1,938		0	
Capital loans advanced	6,029		9,569	
<b>Capital financing applied:</b>				
Capital receipts	(45,965)		(29,979)	
Capital grants and contributions	(33,684)		(12,668)	
Major Repairs Reserve	(14,485)		(11,205)	
Direct revenue contributions (towards in year capital investment)	(18,579)		(8,855)	
Minimum revenue provision (towards historic unfinanced capital investment)	(1,509)		(306)	
<b>(Decrease) / increase in Capital Financing Requirement</b>	<b>(15,654)</b>		<b>(833)</b>	
<b>Capital Financing Requirement at 31 March</b>	<b>269,964</b>		<b>285,618</b>	



**Note 30 – Nature and Extent of Risks Arising from Financial Instruments**

The Council's activities expose it to a variety of financial risks, including:

- Credit risk – the risk that other parties may fail to pay amounts due to the Council
- Liquidity risk – the risk that the Council might not have funds available to meet its commitments to make payments
- Market risk – the risk that financial loss may occur as a result of changes in financial markets (e.g. interest rate and stock market movements).

The Council's approach to managing these risks is set out in the [Treasury Management Strategy](#) and [Capital Strategy](#). These are refreshed annually and approved by full Council, and are available to view on the Council's website. Day to day risk management is carried out by the Finance service in accordance with these strategies.

**Credit Risk**

Credit risk arises both from the Council's investments, and receivables from customers.

**Investments**

Credit risk management practices in relation to investments are set out in section 6 of the Capital Strategy. Investments with financial institutions are assessed using an external creditworthiness service provided by Link Asset Services. This uses credit ratings from three rating agencies, overlaid with credit watches, credit outlooks, and Credit Default Swap spreads to give early warning of likely changes. In making its investments, the Council prioritises security, liquidity and yield, in that order.

Investments with other local authorities are considered to have a low credit risk, due to the strong capacity of local authorities generally to meet future cash flow commitments, and the fact that they can only be discontinued through statutory provision.

Other significant investments (e.g. loans to subsidiaries and joint ventures) are only made where sufficient collateral is offered, for example through a charge on the assets of the borrower.

In light of the above, there are no expected credit losses arising from investments as at 31 March 2023 (31 March 2022: nil).

**Receivables**

There are written policies in place for the recovery and write-off of receivables from customers. An expected credit loss allowance is made for receivables, grouped by age and type, based upon previous collection experience. Movements in the credit loss allowance are follows:-

	2022/23 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>(3,160)</b>	<b>(3,169)</b>
Amounts written off	181	66
Other decrease / (increase) in credit loss allowance	(175)	(57)
<b>Balance at 31 March</b>	<b>(3,154)</b>	<b>(3,160)</b>

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

	31 March 2023			31 March 2022		
	Gross debtor £'000	Credit loss allowance £'000	Carrying value £'000	Gross debtor £'000	Credit loss allowance £'000	Carrying value £'000
Current and former HRA tenants	2,425	(1,951)	474	2,432	(1,966)	466
Other debtors	7,508	(1,201)	6,307	6,348	(1,194)	5,154
<b>Total</b>	<b>9,933</b>	<b>(3,152)</b>	<b>6,781</b>	<b>8,780</b>	<b>(3,160)</b>	<b>5,620</b>

**Liquidity Risk**

The Council has comprehensive cash flow management processes which ensure that cash is available as needed, with balances monitored and forecasts updated on a daily basis. Should unexpected events occur which require additional cash at short notice, the Council has ready access to borrowing from the money markets and other local authorities. Therefore, the risk that the Council will be unable to meet its commitments to make payments is considered very low. The maturity profile of the Council's borrowing is as follows:

	31 March 2023			31 March 2022		
	Principal repayments £'000	Interest payments £'000	Total payments £'000	Principal repayments £'000	Interest payments £'000	Total payments £'000
Less than 1 year	0	7,494	7,494	0	7,494	7,494
Between 1 and 5 years	0	29,977	29,977	0	29,977	29,977
Between 5 and 10 years	0	37,471	37,471	0	37,471	37,471
Between 10 and 15 years	10,679	37,471	48,150	0	37,471	37,471
Between 15 and 20 years	53,393	31,908	85,301	53,393	33,766	87,159
Between 20 and 25 years	53,393	22,548	75,941	53,393	24,426	77,819
Between 25 and 30 years	53,393	13,136	66,529	53,393	15,020	68,413
Between 30 and 35 years	42,714	3,744	46,458	53,393	5,618	59,011
<b>Total</b>	<b>213,572</b>	<b>183,749</b>	<b>397,321</b>	<b>213,572</b>	<b>191,243</b>	<b>404,815</b>

Borrowing consists of fixed-rate maturity loans from the Public Works Loan Board (PWLB), and was taken out to meet the cost of the Housing Revenue Account (HRA) self-financing settlement in March 2012. The HRA Business Plan anticipates the repayment of these loans on maturity.

### Market Risk

Since most of the Council's investments are at fixed interest rates, the Council is not exposed to significant risks arising from changes in interest rates.

Instead, the principal market risk to which the Council is exposed is the risk of price changes on investments held at fair value. This is mitigated to some extent by the fact that it is the Council's intention to hold such investments over the long term.

The following investment balances are subject to price risk:

Investment type	Fair value at 31 March 2023	Change in value considered reasonably possible		Impact on surplus on the provision of services of reasonably possible change in value
	£'000		%	£'000
Enhanced cash funds	9,973		2	199
Pooled investment vehicles	14,532		20	2,906

The change in value which is deemed reasonably possible has been based upon prior experience.

Please note that any movements in the fair value of pooled investment vehicles are transferred through the Movement in Reserves Statement to unusable reserves (the Pooled Investment Adjustment Account), so as not to affect the General Fund.

### Note 31 – Going Concern

The Council has applied the going concern basis to prepare these financial statements having considered its forecast reserve balances, forecast income and expenditure, and accompanying cash flows for the period to 30 June 2024.

### Reserve Balances

The availability of reserves forms a key aspect of the Council's arrangements to mitigate the impact of a short-term deterioration in its financial performance. Such a deterioration could be linked to increasing net expenditure on service delivery, particularly non-discretionary services, or a decline in the resources available to the Council.

The Council's year-end General Fund reserve balance, as reported in these statements, is as follows:

Date	General Fund £'000
31 March 2023	28,061

As part of the Budget Setting Report considered by Full Council in February 2023, the Council's Chief Financial Officer provided the following forecasts of General Fund Balances (before accounting for business rate growth) relating to the expected year-end position and the assessment period covered by this note.

Date	General Fund £'000
31 March 2023	21,505
31 March 2024	22,424
31 March 2025	22,184

The balance at 31 March 2023 reported in these accounts, which incorporates the outturn position on business rates for 2022/23, is comfortably above the forecast balance.

The Council has assessed the minimum balance that it should hold to mitigate against risks it has identified. This assessment is based on an analysis of the financial impact of risks identified and a consideration of their relative probability. The balances referred to above exceed both the prudent minimum balance and the target minimum balance (£6.9 million and £8.2 million respectively).

The balances above assume delivery of savings as part of the Council's transformation programme. However, the Council has determined that even if planned savings were not delivered in full by 31 March 2025 balances would still remain comfortably above both the prudent minimum balance and the target minimum balance.

### Liquidity

The Council's cash flow forecast is updated on an ongoing basis. Investments are managed pro-actively to ensure there is sufficient cash available to meet the Council's operational needs in respect of the General Fund, Housing Revenue Account and the capital programme.

The Council can access loans provided by the Public Works Loans Board to fund its capital programme. Whilst some use of external borrowing to finance the capital programme is anticipated prior to 31 March 2025, the medium-term cash flow forecast indicates the Council holds sufficient cash balances to prevent it needing to take out loans at interest rates which might be detrimental to its medium-term financial strategy to a material extent.

**External Factors**

The Council recognises that delivery of its medium-term financial strategy is partly dependent on the accuracy of the assumptions management have made about the economic environment in which the Council operates.

Current levels of inflation exceed that forecast and observed in recent years. The current MTFS includes provision to reflect the continuing impact of inflation on service budgets. Additionally, a specific earmarked reserve has been established to mitigate the impact on service budgets in 2023/24 of fluctuating energy prices recognising that the full impact of recent increases in commodity prices has not yet been felt by the Council. The MTFS also acknowledges declining demand for some discretionary services for reasons linked to ongoing pressure on households caused by high rates of inflation and high interest rates. As explained above, reserve balances provide additional contingency should the impact of the aforementioned factors exceed forecast amounts.

Future government policy could significantly impact the Council's financial position over the period covered by the MTFS. The Council is satisfied that there is sufficient resilience within the current MTFS to ensure that potential changes in government policy will not impact on its ability to operate as a going concern in the period covered by this assessment.

## Housing Revenue Account Income and Expenditure Statement

This statement shows the economic cost in the year of providing Housing Revenue Account (HRA) services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents. The Council charges rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The total increase or decrease on the HRA for the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
<b>Expenditure:</b>				
Repairs and maintenance	12,728		10,336	
Supervision and management	8,484		7,615	
Rents, rates, taxes and other charges	350		278	
Depreciation, impairment, derecognition and revaluation losses on non-current assets (net of reversals)	28,450		3,591	
Movement in the allowance for bad debts	309		132	
HRA share of corporate and democratic core costs	502		437	
<b>Total expenditure</b>		<b>50,823</b>		<b>22,389</b>
<b>Income:</b>				
Dwelling rents	(40,795)		(38,767)	
Non-dwelling rents	(827)		(846)	
Charges for services and facilities	(3,666)		(3,441)	
Contributions towards expenditure	(608)		(528)	
Reimbursement of costs	(44)		(14)	
<b>Total income</b>		<b>(45,940)</b>		<b>(43,596)</b>
<b>Net income from HRA services as included in the Comprehensive Income and Expenditure Statement</b>		<b>4,883</b>		<b>(21,207)</b>
<b>HRA share of other income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>				
(Gain) / loss on sale of HRA non-current assets		(2,315)		(4,399)
Interest payable and similar charges		7,494		7,494
HRA interest and investment income		(2,370)		(742)
Capital grants and contributions		(11,205)		(1,266)
<b>Surplus for the year on HRA services</b>		<b>(3,513)</b>		<b>(20,120)</b>

## Movement on the Housing Revenue Account Statement

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Surplus for the year on HRA services		(3,513)		(20,120)
<b>Adjustments between accounting basis and funding basis under statutory provisions:</b>				
Depreciation, derecognition, impairment and revaluation gains and losses on property, plant and equipment	(17,822)		5,508	
Movements in the fair value of investment properties	317		35	
Capital grants and contributions	11,205		1,266	
Revenue expenditure funded from capital under statute	(19)		0	
Costs of disposal funded from capital receipts	(142)		(165)	
Gain / (loss) on sale of HRA non-current assets	2,315		4,399	
Capital expenditure funded by the HRA	17,480		8,487	
HRA share of contributions to / (from) the Pensions Reserve	(714)		(657)	
Transfers from the General Fund under statutory provisions	(5)		(7)	
Movements in the accumulated absences accrual	(10)		0	
<b>Total adjustments between accounting basis and funding basis under statutory provisions</b>		<b>12,605</b>		<b>18,866</b>
<b>Net increase in HRA before transfers to / (from) earmarked reserves</b>		<b>9,092</b>		<b>(1,254)</b>
Transfers to / (from) earmarked reserves		(23)		84
<b>Increase in year in the HRA</b>		<b>9,069</b>		<b>(1,170)</b>
<b>Balance at 1 April</b>		<b>(19,590)</b>		<b>(18,420)</b>
<b>Balance at 31 March</b>		<b>(10,521)</b>		<b>(19,590)</b>

## Notes to the Housing Revenue Account Statements

## 1 Dwelling Stock

	31 March 2023 No.	31 March 2022 No.
Sheltered housing units	522	514
Shared ownership properties (whole property equivalent)	43	45
Other houses and bungalows	3,524	3,530
Other flats and maisonettes	3,302	3,111
<b>Total dwelling stock (whole property equivalent)</b>	<b>7,391</b>	<b>7,200</b>

## 2 Non-Current Assets

The value of non-current assets held by the HRA, and depreciation charged for the year, are as follows:-

	Net Book Value		Depreciation charged for the year	
	31 March 2023 £'000	31 March 2022 £'000	2022/23 £'000	2021/22 £'000
<b>Property, plant and equipment:</b>				
Council dwellings	784,298	726,429	10,067	8,694
Other land and buildings	10,404	10,258	274	152
Vehicles, plant, furniture and equipment	87	107	19	19
Infrastructure assets	4,476	3,393	91	116
Assets under construction	52,791	50,804	0	0
<b>Total property, plant and equipment</b>	<b>852,056</b>	<b>790,991</b>	<b>10,451</b>	<b>8,981</b>
Investment property	6,922	6,599	0	0
Intangible assets	209	354	177	118
<b>Total non-current assets</b>	<b>859,187</b>	<b>797,944</b>	<b>10,628</b>	<b>9,099</b>

The value of council dwellings at 31 March 2023, based upon vacant possession, was £2.064 billion (31 March 2022: £1.912 billion). This is the estimate of the total sum that would be received if all dwellings were sold with vacant possession on the open market. However, the Balance Sheet value above is calculated on the basis of existing use value – social housing (EUV-SH), which takes into account the fact that the dwellings are subject to ongoing tenancies at less than market rent. The difference between the two valuations shows the economic cost of providing housing at less than market rents.

## 3 Capital Expenditure and Financing

The following table sets out total capital expenditure on HRA assets, together with sources of capital financing:

	2022/23 £'000	2021/22 £'000
<b>Capital expenditure:</b>		
Property, plant and equipment	69,007	40,692
Investment property	160	44
Intangible assets	32	119
<b>Total capital expenditure</b>	<b>69,196</b>	<b>40,855</b>
<b>Financed by:</b>		
Capital receipts	(11,307)	(10,454)
Capital grants and contributions	(25,924)	(10,709)
Major Repairs Reserve	(14,485)	(11,205)
Direct revenue contributions	(17,480)	(8,487)
<b>Total capital financing applied</b>	<b>(69,196)</b>	<b>(40,855)</b>

## 4 Capital Receipts

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

	2022/23 £'000	2021/22 £'000
<b>Capital receipts from the disposal of:</b>		
Council dwellings	6,570	7,486
Other land	45	42
<b>Total capital receipts</b>	<b>6,615</b>	<b>7,528</b>
Payments to the central government housing capital receipts pool	(178)	(1,134)
<b>Total capital receipts retained by Council</b>	<b>6,437</b>	<b>6,394</b>

The capital receipts retained by the Council have been transferred to the Capital Receipts Reserve to finance future capital expenditure, in line with statutory requirements.

## 5 Rent Arrears

Rent arrears at 31 March 2023 were £2,425,000 (31 March 2022: £2,432,000). At 31 March 2023, a net provision for bad debt of £1,952,000 was held on the Balance Sheet (31 March 2022: £1,966,000).



## Collection Fund Statement

	Note	Council tax		Business rates	
		2022/23	2021/22	2022/23	2021/22
		£'000	£'000	£'000	£'000
<b>Income</b>					
Council tax and business rates receivable from taxpayers		(89,631)	(85,173)	(116,941)	(88,063)
Transfers from General Fund in respect of locally funded discounts		(82)	(83)	0	0
<b>Contributions towards previous year's collection fund deficit:</b>					
Cambridge City Council		(23)	(178)	(7,344)	(25,157)
Cambridgeshire County Council		(149)	(1,195)	(1,652)	(5,660)
Cambridgeshire and Peterborough Police and Crime Commissioner		(22)	(204)	0	0
Cambridgeshire and Peterborough Fire Authority		(8)	(63)	(183)	(629)
Central government		0	0	(9,180)	(31,446)
Reduction in provision for outstanding arrears		(727)	0	(215)	0
Reduction in provision for outstanding appeals		0	0	(2,197)	(491)
<b>Expenditure</b>					
<b>Council tax precepts and shares of business rates income distributed:</b>					
Cambridge City Council		9,371	9,033	43,381	43,111
Cambridgeshire County Council		64,809	60,933	9,761	9,700
Cambridgeshire and Peterborough Police and Crime Commissioner		11,359	10,778	0	0
Cambridgeshire and Peterborough Fire Authority		3,306	3,201	1,085	1,078
Central government		0	0	54,226	53,889
<b>Other expenditure:</b>					
Transitional protection payment payable to central government		0	0	316	322
Increase in provision for outstanding arrears		0	451	0	862
Allowable collection costs payable to General Fund		0	0	233	239
<b>Total movement on fund balance</b>		<b>(1,797)</b>	<b>(2,500)</b>	<b>(28,710)</b>	<b>(42,245)</b>
<b>Collection Fund deficit / (surplus) at 1 April</b>		<b>1,133</b>	<b>3,633</b>	<b>16,787</b>	<b>59,032</b>
<b>Collection Fund deficit / (surplus) at 31 March</b>		<b>(664)</b>	<b>1,133</b>	<b>(11,923)</b>	<b>16,787</b>

As a billing authority, the Council has a statutory obligation to maintain a separate collection fund in respect of council tax and business rates. This statement shows the amounts collected from tax and rate payers, together with the amounts distributed to local preceptors (including the Council's own share) and central government.

## Notes to the Collection Fund Statement

## 1 Collection Fund Balances

The deficit on the Collection Fund as at 31 March 2023 will be recovered in future years from local preceptors (including the Council) and central government in line with statutory requirements. Each entity's share of the balance is as follows:-

Entity	Council tax (surplus)/deficit		Business rates (surplus)/deficit	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Cambridge City Council	(66)	124	(4,769)	6,715
Cambridgeshire County Council	(486)	827	(1,073)	1,511
Cambridgeshire and Peterborough Police and Crime Commissioner	(89)	137	0	0
Cambridgeshire and Peterborough Fire Authority	(23)	45	(119)	167
Central government	0	0	(5,962)	8,394
<b>Total deficit</b>	<b>(664)</b>	<b>1,133</b>	<b>(11,923)</b>	<b>16,787</b>

## 2 Council Tax Base

Each domestic property within the Council's area is assigned to one of eight valuation bands for council tax purposes, based on its estimated value as at 1 April 1991. Council tax is set for band D properties (separately by the Council and each local preceptor), and the tax for other bands is calculated as a proportion of the band D amount.

The council tax for the year due on band D properties can be broken down as follows:-

Entity	Council tax per band D property	
	2022/23 £	2021/22 £
Cambridge City Council	212.50	207.50
Cambridgeshire County Council	1,469.61	1,399.77
Cambridgeshire and Peterborough Police and Crime Commissioner	257.58	247.59
Cambridgeshire and Peterborough Fire Authority	74.97	73.53
<b>Total council tax due per band D property</b>	<b>2014.66</b>	<b>1,928.39</b>

In setting council tax, the Council and preceptors must first calculate their council tax requirement for the year (the amount which must be raised to cover budgeted expenditure net of other sources of finance such as government grants). This is then divided by the council tax base, which is the number of domestic properties in the Council's area, expressed as the number of 'band D equivalent' dwellings.

The council tax base is forecast each January for the following financial year. The council tax base was calculated as follows:-

Valuation band	2022/23				2021/22			
	Total dwellings <u>No.</u>	Equivalent dwellings after discounts, reliefs and exemptions <u>No.</u>	Ratio to band D	Band D equivalent dwellings <u>No.</u>	Total dwellings <u>No.</u>	Equivalent dwellings after discounts, reliefs and exemptions <u>No.</u>	Ratio to band D	Band D equivalent dwellings <u>No.</u>
A	4,324	3,322	6/9	2,216	4,263	3,223	6/9	2,149
B	10,761	8,788	7/9	6,835	10,674	8,803	7/9	6,847
C	20,137	17,667	8/9	15,704	20,050	17,655	8/9	15,693
D	10,245	8,914	1	8,914	10,197	8,900	1	8,900
E	5,940	5,151	11/9	6,295	5,858	5,090	11/9	6,221
F	3,836	3,395	13/9	4,903	3,766	3,339	13/9	4,823
G	3,252	2,719	15/9	4,533	3,235	2,740	15/9	4,567
H	498	3145	18/9	627	493	306	18/9	612
<b>Total</b>				50,027	<b>58,536</b>	<b>50,056</b>		<b>49,812</b>
Adjustments to tax base				(5,917)				(6,281)
<b>Forecast tax base</b>				<b>44,110</b>				<b>43,531</b>

The adjustments to tax base in the table above are to take account of forecast growth in property numbers, changes in exemption status, local council tax support scheme claims and an allowance for non-collection.

## 3 Business Rates Multiplier and Rateable Value

The total rateable value of non-domestic properties within the Council area at 31 March 2023 was £313,496,554 (31 March 2022: £305,237,704). The standard business rates multiplier for 2022/23 as set by central government was 51.2p (2021/22: 51.2p).

## Group Comprehensive Income and Expenditure Statement (GCIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The amounts chargeable to taxation and rents for the year are set out in the Group Movement in Reserves Statement.

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

	Note	2022/23			2021/22 (Restated)		
		Gross expenditure £'000	Gross income £'000	Net expenditure £'000	Gross expenditure £'000	Gross income £'000	Net expenditure £'000
The Leader		4,372	(179)	4,193	3,461	(360)	3,101
Finance, Resources and Transformation		33,492	(28,283)	5,209	36,595	(31,083)	5,512
General Fund Housing		9,003	(3,051)	5,952	8,522	(3,228)	5,294
Environment, Climate Change and Biodiversity		18,737	(4,886)	13,851	14,812	(3,290)	11,522
Open Spaces, Food Justice and Community Development		23,799	(9,496)	14,303	18,397	(6,158)	12,239
Planning Policy and Infrastructure		10,530	(11,517)	(987)	10,945	(11,367)	(422)
Recovery, Employment and Community Safety		1,660	(764)	896	1,449	(667)	782
Housing Revenue Account		50,823	(45,914)	4,909	22,389	(43,577)	(21,188)
Other group housing services		157	(311)	(154)	120	(337)	(217)
<b>Cost of services</b>		<b>152,573</b>	<b>(104,401)</b>	<b>48,172</b>	<b>116,690</b>	<b>100,067</b>	<b>16,623</b>
Other operating income and expenditure		178	(1,980)	(1,802)	1,134	(6,208)	(5,074)
Financing and investment income and expenditure		16,780	(16,373)	407	13,111	(17,028)	(3,917)
Taxation and non-specific grant income		0	(39,347)	(39,347)	0	(31,995)	(31,995)
<b>(Surplus) / deficit on the provision of services</b>		<b>169,531</b>	<b>(162,101)</b>	<b>7,430</b>	<b>130,935</b>	<b>(155,298)</b>	<b>(24,363)</b>
Share of the (surplus) / deficit on the provision of services by joint ventures	3			(5,557)			(5,407)
<b>Group (surplus) / deficit</b>				<b>1,873</b>			<b>(29,770)</b>
(Surplus) / deficit on revaluation of non-current assets				(31,701)			(62,446)
Remeasurement of the net defined benefit liability				(118,510)			(46,003)
<b>Other comprehensive (income) / expenditure</b>				<b>(150,211)</b>			<b>(108,449)</b>
<b>Total comprehensive (income) / expenditure</b>				<b>(148,338)</b>			<b>(138,219)</b>

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

## Group Movement in Reserves Statement (GMIRS)

This statement shows the movement on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The Group Movement in Reserves Statement shows how the movements in the Group's reserves are broken down between comprehensive income and expenditure incurred in accordance with generally accepted accounting practices (as shown in the Group Comprehensive Income and Expenditure Statement) and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The increase / decrease line shows the reserve movements for the year following those adjustments.

	General Fund	Collection Fund deficit earmarked reserve	Other earmarked General Fund reserves	Housing Revenue Account (HRA)	Earmarked HRA reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total usable reserves	Unusable reserves	Total Council reserves	Council share of subsidiary and joint venture reserves	Total Group reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2021</b>	<b>(16,594)</b>	<b>(31,809)</b>	<b>(19,434)</b>	<b>(18,420)</b>	<b>(17,267)</b>	<b>(40,213)</b>	<b>(13,647)</b>	<b>(44,672)</b>	<b>(202,056)</b>	<b>(624,372)</b>	<b>(826,428)</b>	<b>(1,340)</b>	<b>(827,768)</b>
<b>Movement in reserves during 2021/22:</b>													
Total comprehensive income and expenditure	(4,045)	0	0	(20,101)	0	0	0	0	(24,146)	(108,222)	(132,368)	(5,851)	(138,219)
Adjustments between Group accounts and Council accounts	(174)	0	0	(19)	0	0	0	0	(193)	0	(193)	193	0
<b>Net (increase) / decrease before transfers</b>	<b>(4,219)</b>	<b>0</b>	<b>0</b>	<b>(20,120)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(24,339)</b>	<b>(108,222)</b>	<b>(132,561)</b>	<b>(5,658)</b>	<b>(138,219)</b>
Adjustments between accounting basis and funding basis under statutory provisions	16,757	0	0	18,866	0	(2,926)	2,106	3,138	37,941	(37,941)	0	0	0
Transfers to / from earmarked reserves	(21,477)	25,432	(3,955)	84	(84)	0	0	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>	<b>(8,939)</b>	<b>25,432</b>	<b>(3,955)</b>	<b>(1,170)</b>	<b>(84)</b>	<b>(2,926)</b>	<b>2,106</b>	<b>3,138</b>	<b>13,602</b>	<b>(146,163)</b>	<b>(132,561)</b>	<b>(5,657)</b>	<b>(138,219)</b>
<b>Balance at 31 March 2022</b>	<b>(25,533)</b>	<b>(6,377)</b>	<b>(23,389)</b>	<b>(19,590)</b>	<b>(17,351)</b>	<b>(43,139)</b>	<b>(11,541)</b>	<b>(41,534)</b>	<b>(188,454)</b>	<b>(770,535)</b>	<b>(958,989)</b>	<b>(6,997)</b>	<b>(965,987)</b>
<b>Movement in reserves during 2022/23:</b>													
Total comprehensive income and expenditure	11,071	0	0	(3,487)	0	0	0	0	7,584	(150,029)	(142,445)	(5,893)	(148,338)
Adjustments between Group accounts and Council accounts	(6,656)	0	0	(26)	0	0	0	0	(6,682)	0	(6,682)	6,682	0
<b>Net (increase) / decrease before transfers</b>	<b>4,415</b>	<b>0</b>	<b>0</b>	<b>(3,513)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>902</b>	<b>(150,029)</b>	<b>(149,127)</b>	<b>789</b>	<b>(148,338)</b>
Adjustments between accounting basis and funding basis under statutory provisions	(5,965)	0	0	12,605	0	7,410	3,857	20,331	38,238	(38,238)	0	0	0
Transfers to / from earmarked reserves	(978)	6,253	(5,275)	(23)	23	0	0	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>	<b>(2,528)</b>	<b>6,253</b>	<b>(5,275)</b>	<b>9,069</b>	<b>23</b>	<b>7,410</b>	<b>3,857</b>	<b>20,331</b>	<b>39,140</b>	<b>(188,267)</b>	<b>(149,127)</b>	<b>789</b>	<b>(148,338)</b>
<b>Balance at 31 March 2023</b>	<b>(28,061)</b>	<b>(124)</b>	<b>(28,664)</b>	<b>(10,521)</b>	<b>(17,328)</b>	<b>(35,729)</b>	<b>(7,684)</b>	<b>(21,203)</b>	<b>(149,314)</b>	<b>(958,802)</b>	<b>(1,108,116)</b>	<b>(6,208)</b>	<b>(1,114,324)</b>

## Group Balance Sheet

	Note	31 March 2023		31 March 2022	
		£'000	£'000	£'000	£'000
Property, plant and equipment	4	1,036,230		958,433	
Heritage assets		669		669	
Investment property		161,708		160,682	
Intangible assets		512		812	
Loans to joint ventures		12,875		38,476	
Investments in joint ventures	3	5,222		6,165	
Other long-term investments		23,424		22,451	
Long-term debtors		1,729		1,119	
Net defined benefit pension asset		6,865		0	
<b>Long-term assets</b>		<b>1,249,234</b>		<b>1,188,807</b>	
Investment property held for sale		825		620	
Short-term investments		105,709		116,235	
Short-term debtors		10,816		15,363	
Inventories		200		194	
Cash and cash equivalents		32,201		30,514	
<b>Current assets</b>		<b>149,751</b>		<b>162,926</b>	
Short-term borrowing		(82)		(82)	
Short-term creditors		(66,850)		(63,882)	
Provisions		(3,891)		(4,051)	
<b>Current liabilities</b>		<b>(70,823)</b>		<b>(68,015)</b>	
Long-term borrowing		(213,572)		(213,572)	
Long-term receipts in advance		(105)		(105)	
Net defined benefit pension liability		0		(103,961)	
Other long-term liabilities		(161)		(94)	
<b>Long-term liabilities</b>		<b>(213,838)</b>		<b>(317,732)</b>	
<b>Net assets</b>		<b>1,114,324</b>		<b>965,987</b>	
Usable reserves		(154,410)		(194,508)	
Unusable reserves		(959,914)		(771,479)	
<b>Total reserves</b>		<b>(1,114,324)</b>		<b>(965,987)</b>	

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



## Group Cash Flow Statement (GCFS)

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

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Net surplus on the provision of services	(7,430)		24,363	
Adjust net surplus on the provision of services for non-cash movements	39,896		24,190	
Adjust for items included in the net surplus on the provision of services that are investing and financing activities	(21,106)		(22,290)	
<b>Net cash flows from operating activities</b>		<b>11,360</b>		<b>26,263</b>
<b>Investing activities:</b>				
Purchase of property, plant and equipment, investment property and intangible assets	(84,953)		(50,429)	
Purchase of short-term and long-term investments	(263,250)		(197,640)	
Proceeds from the sale of property, plant and equipment, assets held for sale, investment property and intangible assets	7,117		15,465	
Proceeds from short-term and long-term investments	297,310		174,747	
Capital grants received	13,824		19,321	
Other receipts and payments from investing activities	12		25	
<b>Net cash flows from investing activities</b>		<b>(29,940)</b>		<b>(38,511)</b>
<b>Financing activities</b>		<b>20,267</b>		<b>28,197</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,687</b>		<b>15,949</b>
<b>Cash and cash equivalents at the beginning of the year:</b>				
Overnight money market funds	29,500		13,500	
Bank accounts	998		1,048	
Cash held by the Council	16		17	
<b>Total cash and cash equivalents at the beginning of the year</b>		<b>30,514</b>		<b>14,565</b>
<b>Cash and cash equivalents at the end of the year:</b>				
Overnight money market funds	30,000		29,500	
Bank accounts	2,191		998	
Cash held by the Council	10		16	
<b>Total cash and cash equivalents at the end of the year</b>		<b>32,201</b>		<b>30,514</b>

### Note 1 – Accounting Policies

The accounting policies applied to the Group Financial Statements are the same as those set out at note 2 to the Council Financial Statements, with the following additions:

#### Basis of Consolidation

##### Control and Joint Control

The Council is deemed to have control over another entity when both of the following conditions are met:

- The Council is exposed to variable returns from its involvement with the entity (for example a share of the entity's profits).
- The Council can use its power over the entity to affect these returns.

Joint control exists where decisions affecting the entity's returns can only be made by the unanimous consent of more than one investor.

##### Subsidiaries

Subsidiaries are separate entities which are controlled by the Council.

The financial statements of subsidiaries are consolidated on a line by line basis. This means that transactions and balances are included in the relevant lines in the Group Financial Statements. Adjustments are made to remove transactions and balances between the Council and its subsidiary, such that the Group Financial Statements present the financial performance and position of the Group as a whole, from an external perspective.

##### Joint Ventures

A joint venture is a separate entity which is jointly controlled by the Council and at least one other investor.

The financial statements of joint ventures are consolidated using the equity method. The Council's investment in the joint venture is initially recognised on the Balance Sheet at cost, and subsequently adjusted to match the Council's share of the entity's net assets. The change in the Council's share of net assets (effectively the Council's share of the entity's profit or loss) is recognised within other comprehensive income in the Group Comprehensive Income and Expenditure Statement (GCIES).

#### Alignment of Accounting Policies

The results of subsidiaries and joint ventures are adjusted where applicable to align their accounting policies with those of the Council:

- Cambridge City Housing Company Ltd holds a portfolio of dwellings for rent. Within the company accounts these are accounted for as investment properties under International Accounting

Standard (IAS) 40. However, adjustments are made within the Group Financial Statements to account for these dwellings as property, plant and equipment (other land and buildings) using the Council's accounting policies (see note 2 to the Council Financial Statements – accounting policy 12). The difference in treatment reflects the fact that the Group's primary reason for holding the properties is service related (i.e. the provision of affordable housing), rather than solely to generate rental income.

### Note 2 – Group Composition

#### Cambridge City Housing Company Ltd

Cambridge City Housing Company Ltd (CCHC) is a private limited company. It's main activity is to provide and manage housing for those in housing need in Cambridge and neighbouring districts, whilst also generating a financial return for the Council.

The Council owns 100% of the company's share capital and has the right to appoint all of the company's directors (all of whom are Council officers). As such, the Council is deemed to have full control over CCHC and it is accounted for as a subsidiary.

#### Cambridge Investment Partnership

The Cambridge Investment Partnership (CIP) consists of the four separate limited liability partnerships (LLPs), as follows:

- Cambridge Investment Partnership LLP
- CIP (Mill Road Development) LLP
- CIP (Cromwell Road) LLP
- CIP Orchard Park L2 LLP

The main activity of the partnership is the redevelopment of sites within Cambridge for the provision of housing, including affordable housing. The partnership is strategically important to the Council as the vehicle through which a significant proportion of its new build programme for council dwellings is to be delivered.

Each of the four LLPs is owned jointly by the Council and a private sector property developer, with each having a 50% interest and equal voting rights. As such, the Council is deemed to have joint control over each of the LLPs, and they are accounted for as separate joint ventures.

## Note 3 – Joint Ventures

The financial performance and position of the Council's joint ventures can be summarised as follows:-

	Cambridge Investment Partnership LLP		CIP (Mill Road Development) LLP		CIP (Cromwell Road) LLP		CIP Orchard Park L2 LLP		Total	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2020/21	2022/23	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	(26,089)	(44,660)	(37,847)	(32,918)	(51,908)	(32,907)	(8,522)	0	(124,366)	(110,485)
Expenditure	26,265	44,294	33,393	26,440	45,998	29,494	8,033	3	113,689	100,231
<b>(Profit) / loss from continuing operations and total comprehensive income</b>	<b>176</b>	<b>(366)</b>	<b>(4,454)</b>	<b>(6,478)</b>	<b>(5,910)</b>	<b>(3,413)</b>	<b>(489)</b>	<b>3</b>	<b>(10,677)</b>	<b>(10,254)</b>
Council share (50%)	88	(183)	(2,227)	(3,239)	(2,955)	(1,707)	(245)	2	(5,339)	(5,127)
Adjustments in respect of unrealised losses	0	0	0	0	0	3	4	(2)	4	1
Movements in provision for unrealised profit	0	0	0	(280)	0	0	0	0	0	(280)
Other adjustments	0	0	(222)	0	0	0	0	0	(222)	0
<b>Share of the (surplus) / deficit on the provision of services by joint ventures recognised in the Group Comprehensive Income and Expenditure Statement</b>	<b>88</b>	<b>(183)</b>	<b>(2,449)</b>	<b>(3,519)</b>	<b>(2,955)</b>	<b>(1,704)</b>	<b>(241)</b>	<b>0</b>	<b>(5,557)</b>	<b>(5,406)</b>

	Cambridge Investment Partnership LLP		CIP (Mill Road Development) LLP		CIP (Cromwell Road) LLP		CIP Orchard Park L2 LLP		Total	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current assets	10,846	12,618	2,172	13,784	17,270	39,951	3,117	3,607	33,405	69,960
Current liabilities (including members' loans)	(10,557)	(12,152)	(1,819)	(4,885)	(7,953)	(36,544)	(2,636)	(3,615)	(22,965)	(57,196)
<b>Members' capital (classified as a liability)</b>	<b>289</b>	<b>466</b>	<b>353</b>	<b>8,899</b>	<b>9,317</b>	<b>3,407</b>	<b>481</b>	<b>(8)</b>	<b>10,440</b>	<b>12,764</b>
Council share (50%)	145	233	177	4,449	4,659	1,704	241	(4)	5,222	6,382
Adjustments in respect of unrealised losses	0	0	0	0	0	0	0	4	0	4
Provision for unrealised profit	0	0	0	(221)	0	0	0	0	0	(221)
<b>Investments in joint ventures recognised in the Group Balance Sheet</b>	<b>145</b>	<b>233</b>	<b>177</b>	<b>4,228</b>	<b>4,659</b>	<b>1,704</b>	<b>241</b>	<b>0</b>	<b>5,222</b>	<b>6,165</b>
<b>Included in current assets above:</b>										
Cash and cash equivalents	308	396	1,982	3,546	4,724	297	2,372	1,703	9,386	5,942
Current financial liabilities (excluding trade and other payables)	9,398	9,633	0	0	7,557	27,797	0	3,051	16,955	40,481

## Note 4 – Property, Plant and Equipment

## Movements on Balances

	Council dwellings £'000	Other land and buildings £'000	Vehicles, plant, furniture and equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total property, plant and equipment £'000
<b>Balance at 1 April 2021:</b>								
Gross carrying amount	639,804	154,854	22,131	7,880	1,351	10	47,070	873,100
Accumulated depreciation and impairment	0	(1,087)	(12,731)	(1,293)	0	0	0	(15,111)
<b>Net book value</b>	<b>639,804</b>	<b>153,767</b>	<b>9,400</b>	<b>6,587</b>	<b>1,351</b>	<b>10</b>	<b>47,070</b>	<b>857,989</b>
Additions	16,053	715	420	608	0	0	33,314	51,110
Disposals	(3,131)	(420)	(68)	0	(20)	(8)	0	(3,647)
Revaluation increases / (decreases) recognised in the revaluation reserve	0	0	0	(1,193)	0	0	0	(1,193)
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	58,627	3,893	0	0	0	(192)	0	62,328
Assets reclassified (to) / from investment properties	6,318	769	(21)	0	0	(7)	0	7,095
Assets reclassified (to) / from intangible assets	0	300	0	0	0	0	(548)	(248)
Assets reclassified (to) / from other categories of property, plant and equipment	17,451	(2,682)	598	0	0	276	(15,643)	0
Depreciation charge	(8,693)	(3,869)	(2,190)	(213)	0	0	0	(14,965)
<b>Balance at 31 March 2022:</b>	<b>726,429</b>	<b>153,775</b>	<b>21,595</b>	<b>7,295</b>	<b>1,331</b>	<b>79</b>	<b>64,193</b>	<b>974,697</b>
Gross carrying amount	0	(1,302)	(13,456)	(1,506)	0	0	0	(16,264)
Accumulated depreciation and impairment	<b>726,429</b>	<b>152,473</b>	<b>8,139</b>	<b>5,789</b>	<b>1,331</b>	<b>79</b>	<b>64,193</b>	<b>958,433</b>
<b>Net book value</b>								
Additions	36,789	2,323	434	1,175	0	0	43,911	84,632
Donated Assets	(4,299)	0	(308)	(75)	0	0	0	(4,682)
Revaluation increases / (decreases) recognised in the revaluation reserve	13,715	4,563	0	0	0	(29)	0	18,249
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(17,015)	(1,130)	0	0	0	0	0	(18,145)
Assets reclassified (to) / from other categories of property, plant and equipment	28,742	366	200	17	15	0	(29,340)	0
Depreciation charge	(10,067)	(3,832)	(2,075)	(187)	0	0	0	(16,161)
<b>Balance at 31 March 2023:</b>	<b>784,298</b>	<b>160,252</b>	<b>20,671</b>	<b>8,238</b>	<b>1,346</b>	<b>50</b>	<b>78,764</b>	<b>1,053,619</b>
Gross carrying amount	0	(1,588)	(14,282)	(1,519)	0	0	0	(17,389)
Accumulated depreciation and impairment	<b>784,298</b>	<b>158,664</b>	<b>6,389</b>	<b>6,719</b>	<b>1,346</b>	<b>50</b>	<b>78,764</b>	<b>1,036,230</b>
<b>Net book value</b>								

### Valuation

Details of the valuation approach adopted for the Council's property, plant and equipment are set out at note 15 to the Council Financial Statements.

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

Valuations are carried out in accordance with 'Stock Valuation for Resource Accounting – Guidance for Valuers' published by DLUHC, and the RICS Valuation – Professional Standards ('Red Book') except where varied to reflect DLUHC requirements.

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

	Council dwellings	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000	£'000
<b>Valued at current value as at:</b>				
31 March 2023	784,298	145,103	50	929,451
31 March 2022	0	3,660	0	3,660
31 March 2021	0	4,990	0	4,990
31 March 2020	0	1,950	0	1,950
31 March 2019	0	2,787	0	2,787
Prior to 2019	0	174	0	174
<b>Total</b>	<b>784,298</b>	<b>158,664</b>	<b>0</b>	<b>943,012</b>

### Note 5 – Commitments with Joint Ventures

#### Capital Commitments

The Council has contracted with the Cambridge Investment Partnership for the construction of new build council dwellings. The amounts contractually committed but not yet recognised at the year-end were as follows:-

Entity	31 March 2023 £'000	31 March 2022 £'000
Cambridge Investment Partnership LLP	989	0
CIP (Mill Road Development) LLP	350	1,295
CIP (Cromwell Road) LLP	0	6,108
CIP Orchard Park L2 LLP	7,075	4,121
<b>Total</b>	<b>8,414</b>	<b>11,524</b>

#### Loan Commitments

The Council has entered into agreements with the Cambridge Investment Partnership to provide loan financing through the use of a revolving credit facility. Loans are secured on the property of the partnership (work in progress and unsold dwellings, excluding affordable housing), with a maximum loan to value ratio of 60% at any given time.

The balances on the facilities at year-end were as follows:-

Entity	31 March 2023			31 March 2022		
	Maximum facility £'000	Amount utilised £'000	Unutilised commitment £'000	Maximum facility £'000	Amount utilised £'000	Unutilised commitment £'000
Cambridge Investment Partnership LLP	28,000	(5,250)	22,750	28,000	(8,992)	19,008
CIP Orchard Park L2 LLP	8,000	0	8,000	8,000	(558)	7,442
<b>Total</b>	<b>36,000</b>	<b>(5,250)</b>	<b>30,750</b>	<b>36,000</b>	<b>(9,550)</b>	<b>26,450</b>

### Note 6 – External Audit Costs

Entity	Service	2022/23 £'000	2021/22 £'000
Council	External audit and certification of grant claims	168	96
Cambridge City Housing Company	External audit	6	6
	Taxation compliance services	1	1
	Other non-audit services	2	2
<b>Total</b>		<b>177</b>	<b>105</b>



## Glossary of Terms

Accrual	An item of income or expenditure which is included in the Statement of Accounts because it relates to goods or services provided or received during the year, even though payment has not yet been received or paid (and no formal invoices raised).
Amortisation	An expense recognised to reflect the consumption of intangible assets, similar to depreciation on property, plant and equipment. It is generally charged on a straight line basis over the useful life of the relevant asset.
Amortised cost	A method for determining the value of financial assets or liabilities based upon the principal invested or borrowed, adjusted for any interest accrued and expected credit losses (e.g. bad debt).
Business rates retention	The arrangements, set out by central government, which determine the proportion of the business rates collected which can be retained by the City Council, and the proportion which is paid to local preceptors and central government (for redistribution to other local authorities).
Capital expenditure	Expenditure on new long-term assets such as property, plant and equipment, intangible assets, and investment property. Also includes expenditure which enhances existing assets, for example through significantly prolonging their useful life or increasing their value. Under statutory requirements, loans to third parties to finance their own capital expenditure are also treated as capital expenditure of the Council.
Capital financing	The use of the Council's resources (revenue or capital) to fund capital expenditure in the current year, or to repay borrowing associated with capital expenditure in previous years.
Capital grants	Grants received by the Council which can only be used for capital financing.
Capital loans	Loans made by the Council to a third party to finance their capital expenditure, for example loans made to the Cambridge Investment Partnership to fund property development. Under statutory provisions, the making of these loans is treated as capital expenditure by the Council, whilst repayments are treated as capital receipts.
Capital receipts	Cash received from the sale of long-term assets such as council houses, land or other buildings. This may only be used to finance future capital expenditure.
Cash equivalents	Highly liquid investments that mature in three months or less from the date of acquisition, and that are readily convertible to known amounts of cash with insignificant risk of change in value.
Code	The Code of Practice on Local Authority Accounting in the United Kingdom, which sets out the rules which the Council must follow in preparing and presenting their Statement of Accounts.
Creditors	Amounts owed by the Council.
Current assets	Assets which are expected to be used or realised within 12 months of the Balance Sheet date.
Current liabilities	Liabilities which are due to be settled (or could be called in) within 12 months of the Balance Sheet date.
Current service cost	The increase in the Council's net pension liability as a result of future pension entitlement earned by employees as a result of their service during the year.
Debtors	Amounts owed to the Council.
Defined benefit	A type of pension scheme whereby the benefits paid on retirement (lump sums and pensions) are based upon length of service with the Council and salary earned.

Depreciated replacement cost (DRC)	An approach to valuing property assets based upon the estimated cost of rebuilding an equivalent asset from scratch (using modern methods and specifications), depreciated to reflect the actual condition of the existing asset (i.e. the proportion of its total useful life remaining).
Depreciation	An expense recognised to reflect the consumption of property, plant and equipment. It is generally charged on a straight line basis over the useful life of the relevant asset.
Discount rate	The rate used to discount future cash flows (for example future pension payments) to their value at today's prices.
Effective interest rate (EIR)	The rate which exactly discounts the future cash flows arising from a financial instrument to the amount at which it was originally recognised – essentially representing the average interest rate over the life of the instrument.
Enhanced cash funds	A managed investment fund, similar to a money market fund, but generally offering slightly higher potential returns in exchange for slightly higher levels of risk in terms of the security and liquidity of its investments.
Fair value	The price at which an asset could be sold, or liability settled, in an orderly transaction between market participants (i.e. knowledgeable, willing parties operating at arm's length).
Finance lease	A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee. The lease period tends to cover most or all of the useful life of the asset, and the value of lease payments made over the duration of the lease tends to approximately equal the value of the asset at the start of the lease.
Financial asset	An asset which represents cash, or the right to receive cash (or cash equivalents) in the future, for example fixed term deposits, investments in pooled investment vehicles, loans and trade debtors.
Financial instrument	A contract which gives rise to a financial asset in one entity and a financial liability in another.
Financial liability	A liability which will require the Council to pay out cash (or cash equivalents) in the future, for example borrowings and trade creditors.
Going concern	A basis of accounting which assumes that the Council will continue in existence for the foreseeable future.
Group	Includes the Council and all other entities which it controls (subsidiaries). The Group Financial Statements also incorporate the Council's share of the profits of its joint ventures.
Impairment	A reduction to the value of a non-financial asset as a result of its recoverable amount falling below its carrying value on the Balance Sheet, for example because it has been damaged or become obsolete. Impairments can also apply to financial assets, for example when there is an expectation that amounts due to the Council in the future will not be paid (credit losses).
Intangible assets	Assets without physical substance, which are expected to benefit the Council over the course of more than one year, for example software licences.
Joint venture	A separate entity which is deemed to be jointly controlled by the Council and at least one other investor, where strategic decision making is by unanimous consent. The Council's share of any profits is included in the Group Financial Statements.
Minimum revenue provision (MRP)	A charge to the General Fund which must be made each year for the repayment of borrowing (internal and external) undertaken to fund historic capital expenditure. Effectively this is to ensure that the Council has sufficient capital resources available to renew or replace assets at the end of their lives. The charge must be set in accordance with statutory guidance, which ensures that it is prudent.

Money market funds	A managed investment fund consisting of highly liquid, short-term investments such as cash, cash equivalents, and short-term debt-based securities with high credit ratings. They are designed to offer high liquidity and very low risk to investors.
Non-current assets	Assets which are expected to benefit the Council over the course of more than one year, for example property, plant and equipment, intangible assets and investment property.
Operating lease	A lease which does not in substance transfer ownership of an asset to the lessor (i.e. the opposite of a finance lease). In practice these tend to be short in nature (as compared to the total useful life of the asset). Since land is deemed to have an infinite useful life, all leases of land are classified as operating leases.
Outturn	Actual income or expenditure amounts as opposed to budgeted amounts.
Past service cost	A change in the Council's net pension liability as a result of changes to the pension scheme which affect the pension entitlement earned by employees in previous years.
Pooled investment vehicle	A managed investment fund which takes investment from a large number of investors and pools this together in order to maximise returns and diversify risk. Investors can buy and sell units in these funds, which generate returns through the payment of dividends, increase in the underlying value of units, or both. Under statutory provisions, any change in value of pooled investment fund units is not recognised in the General Fund until it is realised (i.e. the units are sold).
Preceptor	Another local authority who is not a billing authority, and on whose behalf the Council collects council tax (i.e. Cambridgeshire County Council, Cambridgeshire and Peterborough Police and Crime Commissioner, and Cambridgeshire and Peterborough Fire Authority)
Provision	A liability which represents a future obligation as a result of a past event, but where the timing or amount of the obligation is uncertain. An example is the settlement of business rates appeals, whose outcome is unknown and outside of the control of the Council.
Restricted grants	Grants which can only be spent on particular purposes (for example a specific service), under the terms of the grant agreement.
Revenue expenditure	Expenditure which is not capital, i.e. spending on the day to day running of the Council such as staff costs and general supplies and services.
Revenue Expenditure Funded from Capital under Statute (REFCUS)	Expenditure which is revenue in nature, but which statute permits to be funded from resources usually earmarked for capital use. This includes capital grants to third parties (such as Disabled Facilities Grants to residents).
Section 106 (S106) contributions	Contributions from developers agreed as part of planning conditions, for example to provide infrastructure improvements to support new housing development.
Soft loan	A loan made at a below-market interest rate (which could be nil), generally made in pursuit of service interests (for example the provision of interest-free home improvement loans to eligible residents).
Subsidiary	A separate entity which is deemed to be controlled by the Council, and whose results are therefore included in the Group Financial Statements.

## Abbreviations

CFS	Cash Flow Statement
CIC	Community interest company
CIES	Comprehensive Income and Expenditure Statement
CIP	Cambridge Investment Partnership
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer price inflation
HRA	Housing Revenue Account
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LGPS	Local Government Pension Scheme
LLP	Limited liability partnership
MIRS	Movement in Reserves Statement
RICS	Royal Institution of Chartered Surveyors
PSF	Per square foot